

**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)**
**Edmonson County Water District**
*(Name of Utility)*
**1128 KY Hwy 259 N**
*(Business Mailing Address - Number and Street, or P.O. Box)*
**Brownsville, KY 42210**
*(Business Mailing Address - City, State, and Zip)*
**270-597-2165**
*(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:

**Tony Sanders, General Manager**
*(Name)*
**1128 KY Hwy 259 N**
*(Address - Number and Street or P.O. Box)*
**Brownsville, KY 42210**
*(Address - City, State, Zip)*
**270-597-2165**
*(Telephone Number)*
**tony.sanders@ecwdwater.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 checked="" type="checkbox"/> | <input type="checkbox"/> |     |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year.  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |     |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years.  | <input checked="" type="checkbox"/> | <input type="checkbox"/> |     |
| 3. Applicant's records are kept separate from other commonly-owned enterprises.   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |     |

YES NO N/A

4. a. Applicant is a corporation that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky.
- c. Applicant is a limited partnership that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky.
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
- b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov.
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

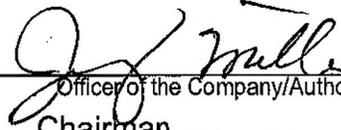
8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)**
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness 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 \$ 544,827 and total revenues from service rates of \$ 3,863,707. 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 10,584 +/- customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

- |   | YES                                 | NO                                  | N/A                                 |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| 16. a. Applicant is not required to file state and federal tax returns.   | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |                                     |
| b. Applicant is required to file state and federal tax returns.   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                                     |
| c. Applicant's most recent state and federal tax returns are attached to this Application. <b>(Attach a copy of returns.)</b>   | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 17. Approximately <u>0 - 5%</u> (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |                                     |
| 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.                                     | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |                                     |

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

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

Signed



Officer of the Company/Authorized Representative

Title

Chairman

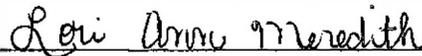
Date

December 8, 2020

COMMONWEALTH OF KENTUCKY

COUNTY OF EDMONSON

Before me appeared Jimmy Mills, 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.



Notary Public

My commission expires: May 27, 2022

**LIST OF ATTACHMENTS**  
**Edmonson 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
  - d. Table C - System Information
  - e. Table D - Wholesale Allocation Factors
  - f. Table E - Allocation of Depreciation Expense
  - g. Table F - Allocation of Plant Value and Debt Service
  - h. Table G - Wholesale Rate Computation
  - i. Table H - Allocation of Operation & Maintenance Expense - Retail
  - j. Table I - Summary of Allocations - Retail
  - k. Table J - Calculation of Water Rates - Retail
6. Current Billing Analysis
7. Proposed Billing Analysis
8. Depreciation Schedule
9. Outstanding Debt Instruments
  - a. USDA Bonds
  - b. KRWFC Loans
10. Amortization Schedules
11. Statements of Disclosure of Related Party Transactions
12. Board Resolution

# Attachment No. 1

## CUSTOMER NOTICE

Notice is hereby given that the Edmonson County Water District expects to file an application with the Kentucky Public Service Commission on or about January 22, 2021, 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 Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
First 1,500 Gals. (Minimum Bill)	\$14.00	\$16.37	\$2.37	16.9%
Over 1,500 Gallons	5.30	6.20	0.90	17.0%

If the Public Service Commission approves the proposed rates, then the monthly bill for a customer using an average of 3,000 gallons per month will increase from \$21.95 to \$25.67. This is an increase of \$3.72 or 17.0%.

The rates contained in this notice are the rates proposed by Edmonson 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.

Edmonson 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 1128 KY Hwy 259 N, Brownsville, KY 42210. You may contact the office at 270-597-2165.

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 Edmonson County Water District expects to file an application with the Kentucky Public Service Commission on or about January 22, 2021, 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>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	\$3.13	\$3.14	\$0.01	0.3%

If the Public Service Commission approves the proposed rates, then the monthly bill for a wholesale customer using an average of 3,000,000 gallons per month will increase from \$9,390.00 to \$9,420.00. This is an increase of \$30.00 or 0.3%.

The rates contained in this notice are the rates proposed by Edmonson 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.

Edmonson 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 1128 KY Hwy 259 N, Brownsville, KY 42210. You may contact the office at 270-597-2165.

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# Attachment No. 3

# Reasons for Application

Edmonson County Water District (“the District”) is requesting an average 17.0% rate increase for its retail water customers and a slight increase for wholesale customers. These rate increases will generate additional annual revenue of approximately \$544,500. The District needs the rate increases for the following reasons:

1. To enable the District to pay its annual principal payments on its existing long term debt from water 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**

**Edmonson County Water District**

**CURRENT RATE SCHEDULE**

**All Meter Sizes**

First 1,500 gallons \$ 14.00 Minimum Bill  
Over 1,500 gallons 5.30 per 1,000 gallons

**Wholesale Rate**

All water purchased \$ 3.13 per 1,000 gallons

**PROPOSED RATE SCHEDULE**

**All Meter Sizes**

First 1,500 gallons \$ 16.37 Minimum Bill  
Over 1,500 gallons 6.20 per 1,000 gallons

**Wholesale Rate**

All water purchased \$ 3.14 per 1,000 gallons

# Attachment No. 5

## SCHEDULE OF ADJUSTED OPERATIONS

### Edmonson County Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	\$ 2,936,011	\$ 270,478	A	\$ 3,206,489
Sales for Resale	103,879	8,512	A	112,391
Other Water Revenues:				-
Forfeited Discounts	57,807			57,807
Misc. Service Revenues	65,646			65,646
<b>Total Operating Revenues</b>	<b>\$ 3,163,343</b>			<b>\$ 3,442,333</b>
 <u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	915,724	(18,000)	B	
		77,109	C	974,833
Salaries and Wages - Officers	-	18,000	B	18,000
Employee Pensions and Benefits	256,866	5,464	C	
		(23,843)	D	
		(19,256)	E	219,232
Purchased Power	237,010	(24,552)	F	212,458
Chemicals	60,353	(6,252)	F	54,101
Materials and Supplies	139,177			139,177
Contractual Services	155,463			155,463
Transportation Expenses	56,397			56,397
Insurance - Gen. Liab. & Workers Comp.	64,945			64,945
Advertising	2,834			2,834
Bad Debt	10,213			10,213
Miscellaneous Expenses	38,107			38,107
Total Operation and Mnt. Expenses	1,937,089			1,945,759
Depreciation Expense	892,174	162,469	G	1,054,643
Taxes Other Than Income	78,649	5,899	C	84,548
<b>Total Operating Expenses</b>	<b>\$ 2,907,912</b>			<b>\$ 3,084,950</b>
<b>Net Utility Operating Income</b>	<b>\$ 255,431</b>			<b>\$ 357,382</b>

### REVENUE REQUIREMENTS

<b>Pro Forma Operating Expenses</b>		\$ 3,084,950
Plus: Average Annual Principal and Interest Payments		H 839,357
Additional Working Capital		I 167,871
Amortization of Debt Discount		(2,100)
<b>Overall Revenue Requirement</b>		4,090,079
Less: Other Operating Revenue		123,453
Nonutility Income less Expense	54,761	(45,713) J 9,048
Interest Income		93,871
Proposed Wholesale Sales Revenue		112,750
<b>Revenue Required From Retail Rates</b>		3,750,957
Less: Revenue from Retail Sales at Present Rates		3,206,489
<b>Required Retail Revenue Increase</b>		\$ 544,468
<b>Percent Retail Rate Increase</b>		17.0%

## **REFERENCES**

- A. The Current Billing Analysis results in pro forma Retail Sales revenue of \$3,206,489 and Wholesale revenue of \$112,391. This indicates additions to Metered Retail Sales of \$270,478 and to Sales for Resale of \$8,512 are required. These adjustments reflect a full year of sales at the water rates approved in late 2019.
- B. Expenses for Commissioners' salaries were included with Salaries and Wages - Employees. This expense are reclassified to its own category.
- C. After the test year of 2019, wages were increased for most employees and three new employees filled positions which had been vacated. These changes result in a net increase in Salaries and Wages expense of \$77,109. This increase in wages also results in additional retirement benefits expense and payroll taxes of \$5,464 and \$5,899, respectively.
- D. 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 \$23,843.
- E. The District has adopted a retiree health insurance plan which is funded completely by District contributions to a Grantor Trust. In 2019 benefit payments from the trust were reported as Employee Benefits expense although no contributions to the trust were required. The benefit payment total of \$31,568 should be deducted from operating expenses. However, in 2020 contributions to the trust are required from operations and will amount to \$12,312 for the year. The net adjustment to 2019 Employee Pension and Benefits expense is a deduction of \$19,256.
- F. The District's test year water loss was 25.359 percent. The PSC's maximum allowable loss for rate-making purposes is 15.0 percent. Therefore, the expenses for Purchased Power and Chemicals related to water treated and pumped above the 15 percent limit are not allowed in the rate base and must be deducted.
- G. 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. In 2020 the District purchased a large quantity of new AMR replacement meters at a total cost of \$324,824.

Also in 2020, construction on the 2017 Edmonson/Hart Water Line Project was substantially completed with a total expenditure of \$1,290,000. These two large asset additions were included in the depreciation adjustments. See Table A.

- H. 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.
- I. 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.
- J. The Nonutility Income reported for 2019 includes an audit adjustment of \$45,713 for prior period retained earnings in the retiree health insurance trust account. This amount is deducted from current operations.

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

<u>No.</u>	<u>Assets</u> <u>Description</u>	<u>Date in</u> <u>Service</u>	<u>Original</u> <u>Cost</u>	<u>Reported</u>		<u>Proforma</u>		<u>Depreciation</u>
				<u>Life</u>	<u>Depr. Exp.</u>	<u>Life</u>	<u>Depr. Exp.</u>	<u>Expense</u> <u>Adjustment</u>
<b>30430 - 30450: Structures &amp; Improvements</b>								
	Entire Group	various	4,390,993	varies	86,006	37.5	117,093	31,087
<b>30620: Lake, River and Other Intakes</b>								
	Entire Group	various	751,570	50.0	15,031	40.0	18,789	3,758
<b>30950: Supply Mains</b>								
	Entire Group	various	228,231	50.0	4,565	62.5	3,652	(913)
<b>31030/31120: Pumping Equipment</b>								
	Entire Group	various	1,550,047	varies	33,475	20.0	77,502	44,028
	2017 Edmonson/Hart WL Project	2020	367,151	-	-	37.5	9,791	9,791
<b>32030: Water Treatment Equipment</b>								
	Entire Group	various	1,753,607	varies	35,073	27.5	63,768	28,695
	2017 Edmonson/Hart WL Project	2020	58,643	-	-	37.5	1,564	1,564
<b>33040: Reservoirs and Tanks</b>								
	Tank Structures	various	5,312,811	50.0	106,256	45.0	118,062	11,806
	Tank Painting and Equipment	various	744,521	50.0	14,890	20.0	37,226	22,336
<b>33140: Transmission and Distribution Mains</b>								
	Entire Group	various	20,124,414	varies	402,317	62.5	321,991	(80,326)
	2017 Edmonson/Hart WL Project	2020	576,591	-	-	37.5	15,376	15,376
<b>33340: Services</b>								
	Entire Group	various	1,317,310	varies	26,255	40.0	32,933	6,678
	2017 Edmonson/Hart WL Project	2020	33,861	-	-	40.0	847	847
<b>33440: Meters</b>								
	Conventional Meters	various	17,608	50.0	352	40.0	440	88
	AMR Meters	various	1,307,693	varies	26,030	20.0	65,385	39,355
	2020 AMR Meter Replacements	2020	324,824	-	-	20.0	16,241	16,241
	2017 Edmonson/Hart WL Project	2020	22,719	-	-	40.0	568	568
<b>33450: Meter Installations</b>								
	Entire Group	various	1,643,117	varies	32,734	45.0	36,514	3,780
<b>33540: Hydrants</b>								
	Entire Group	various	150,851	50.0	2,993	50.0	3,017	24
	2017 Edmonson/Hart WL Project	2020	180,068	-	-	50.0	3,601	3,601
<b>33940/34050: Office Furniture and Equipment</b>								
	Furniture and equipment	various	51,523	varies	1,325	22.5	2,290	965
	Computers, electronics and software	various	150,303	varies	7,504	10.0	15,030	7,526
<b>34150: Transportation Equipment</b>								
	Entire Group	various	163,615	varies	24,829	7.0	23,374	(1,455)
<b>34340/34350: Tools, Shop &amp; Garage Equipment</b>								
	Entire Group	various	21,340	varies	1,813	17.5	1,219	(594)
<b>34430: Laboratory Equipment</b>								
	Entire Group	various	36,792	varies	2,554	17.5	2,102	(452)
<b>34550: Power Operated Equipment</b>								
	Entire Group	various	200,887	varies	19,469	12.5	16,071	(3,398)
	2017 Edmonson/Hart WL Project	2020	50,966	-	-	12.5	4,077	4,077
<b>34650: Communication Equipment</b>								
	Entire Group	various	451,080	varies	47,004	10.0	45,108	(1,896)
<b>34750: Miscellaneous Equipment</b>								
	Entire Group	various	17,718	varies	1,698	17.5	1,012	(686)
<b>TOTALS</b>					<b>892,174</b>		<b>1,054,643</b>	<b>162,469</b>

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

	<u>CY 2021</u>		<u>CY 2022</u>		<u>CY 2023</u>		<u>CY 2024</u>		<u>CY 2025</u>		<u>TOTALS</u>
	<u>Principal</u>	<u>Interest</u>									
RD Series 2001A	\$90,500	\$83,769	\$93,500	\$80,730	\$96,500	\$77,594	\$99,500	\$74,360	\$ 103,000	\$71,013	\$ 870,465
KRWFC 2008C	74,583	3,368	6,250	261	-	-	-	-	-	-	84,462
RD Series 2010A	11,000	10,823	11,500	10,564	11,500	10,305	12,000	10,035	12,000	9,765	109,491
RD Series 2010B	13,500	13,286	14,000	12,971	14,000	12,656	14,500	12,330	15,000	11,993	134,236
KRWFC 2012D	124,583	72,846	129,583	68,885	134,583	64,619	139,583	60,054	144,583	55,051	994,372
RD Series 2013A	9,500	9,733	9,500	9,531	10,000	9,318	10,000	9,106	10,500	8,883	96,069
RD Series 2013B	2,500	4,440	2,500	4,365	2,500	4,290	2,500	4,215	3,000	4,125	34,435
KRWFC 2013B	129,583	31,179	134,583	27,551	139,583	23,783	140,000	19,714	144,583	15,458	806,018
RD Series 2019	-	11,939	20,000	15,330	20,000	15,030	20,000	14,730	21,000	14,422	152,451
KRWFC 2020C	87,917	97,924	89,583	93,526	90,000	88,868	99,167	84,188	104,583	79,031	914,786
<b>TOTALS</b>	<b>543,667</b>	<b>339,306</b>	<b>511,000</b>	<b>323,713</b>	<b>518,667</b>	<b>306,462</b>	<b>537,250</b>	<b>288,731</b>	<b>558,250</b>	<b>269,740</b>	<b>\$ 4,196,785</b>
<b>Average Annual Principal &amp; Interest</b>											<b>\$ 839,357</b>
<b>Average Annual Coverage</b>											<b>\$ 167,871</b>

**Table C**  
**SYSTEM INFORMATION**  
**Edmonson County Water District**

**Schedule of All Mains and Jointly Used Mains**

<u>Main Size</u>	<u>Total System</u>			<u>Joint Use</u>	
	<u>Length (feet)</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>	<u>Miles of Mains</u>	<u>Inch - Miles</u>
16	12,672	2.40	38.40	1.63	26.09
12	44,194	8.37	100.44		
10	7,392	1.40	14.00		
8	162,466	30.77	246.16	1.21	9.65
6	888,624	168.30	1,009.80	0.13	0.80
4	2,022,240	383.00	1,532.00		
3	409,200	77.50	232.50		
2	83,424	15.80	31.60		
Totals	3,630,211	687.5	3,204.90	2.97	36.54

**Water Purchased, Sold and Used**

	<u>Gallons x 1,000</u>	<u>Percent</u>
Water Produced	635,794	
Retail Sales	403,365	
Wholesale Sales	35,820	
Total Water Sold	439,185	
Water Used at WTP	17,979	2.83%
System Flushing	12,411	1.95%
Fire Dept. & Other	4,987	
Line Losses	161,232	25.36%

**Table D**  
**WHOLESALE ALLOCATION FACTORS**  
**Edmonson County Water District**

	<u><b>FACTOR</b></u>
Line Loss Percentage	0.2536
Plant Use Percentage	0.0283
Line Loss + Plant Use	0.2819
Joint Use Inch-miles	36.54
Total Inch-Miles	3,204.90
Water Sold - Wholesale	35,820
Water Sold - Total	439,185

	1				
Production Multiplier	-----	=			1.3925
	1 - 0.2819				

	36.54				
Joint Use Pipeline Ratio	-----	=			0.0114
	3,204.90				

Joint Share of Line Loss	0.2536	x	0.0114	=	0.0029
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Joint Share Line Loss + Plant Use	0.0029	+	0.0283	=	0.0312
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	1				
Wholesale Production Multiplier	-----	=			1.0322
	1 - 0.0312				

	1.0322		35,820.0		
<b>Production Allocation Factor</b>	-----	x	-----	=	<b>0.0605</b>
	1.3925		439,185.0		

	35,820.0				
<b>Pipeline Transmission Factor</b>	-----	x	0.0114	=	<b>0.0009</b>
	439,185.0				

	35,820.0				
<b>Use Factor</b>	-----	=			<b>0.0816</b>
			439,185.0		

**Table E**  
**ALLOCATION OF DEPRECIATION EXPENSE**

**Edmonson County Water District**

	<u>Proforma</u> <u>Depr. Exp.</u>	<u>Supply &amp;</u> <u>Treatment</u>	<u>Trans. &amp;</u> <u>Distribution</u>	<u>Storage</u> <u>Tanks</u>	<u>General</u> <u>&amp; Admin.</u>	<u>Customer</u>
Structures & Improvements	117,093	102,925	6,323		7,845	
Lake, River and Other Intakes	18,789	18,789				
Supply Mains	3,652	3,652				
Pumping Equipment	87,293		87,293			
Water Treatment Equipment	65,331	65,331				
Reservoirs and Tanks	155,289			155,289		
Transmission and Distribution Mains	337,366		337,366			
Services	33,779					33,779
Meters	82,634					82,634
Meter Installations	36,514					36,514
Hydrants	6,618					6,618
Office Furniture and Equipment	17,320				17,320	
Laboratory Equipment	2,102	2,102				
<b>SUBTOTALS</b>	<b>963,781</b>	<b>192,800</b>	<b>430,982</b>	<b>155,289</b>	<b>25,165</b>	<b>159,545</b>
<b>SUBTOTAL PERCENTAGES</b>		<b>20.00%</b>	<b>44.72%</b>	<b>16.11%</b>	<b>2.61%</b>	<b>16.55%</b>
Transportation Equipment	23,374					
Tools, Shop & Garage Equipment	1,219					
Power Operated Equipment	20,148					
Communication Equipment	45,108					
Miscellaneous Equipment	1,012					
<b>SUBTOTAL</b>	<b>90,862</b>					
<b>PERCENTAGE ALLOCATIONS</b>		<b>18,176</b>	<b>40,631</b>	<b>14,640</b>	<b>2,373</b>	<b>15,041</b>
<b>TOTALS</b>	<b>1,054,643</b>	<b>210,976</b>	<b>471,614</b>	<b>169,929</b>	<b>27,538</b>	<b>174,587</b>

**Table F**  
**ALLOCATION OF PLANT VALUE AND DEBT SERVICE**  
**Edmonson County Water District**

	<u>Total</u> <u>Values</u>	<u>Water</u> <u>Treatment</u>	<u>Trans. &amp;</u> <u>Distribution</u>	<u>Storage</u> <u>Tanks</u>	<u>General</u> <u>&amp; Admin.</u>	<u>Customer</u>
Land and Land Rights	\$ 379,824	333,865	20,510		25,448	
Structures & Improvements	4,528,188	3,980,277	244,522		303,389	
Lake, River and Other Intakes	751,571	751,571				
Supply Mains	228,232	228,232				
Pumping Equipment	1,917,200		1,917,200			
Water Treatment Equipment	1,813,175	1,813,175				
Reservoirs and Tanks	6,057,332			6,057,332		
Transmission and Dist. Mains	20,701,005		20,701,005			
Services	1,351,171					1,351,171
Meters	1,672,844					1,672,844
Meter Installations	1,643,117					1,643,117
Hydrants	330,920					330,920
Office Furniture and Equipment	355,638				355,638	
Laboratory Equipment	37,534	37,534				
<b>SUBTOTALS</b>	<b>\$ 41,767,751</b>	<b>7,144,655</b>	<b>22,883,238</b>	<b>6,057,332</b>	<b>684,475</b>	<b>4,998,052</b>
<b>SUBTOTAL PERCENTAGES</b>		<b>17.1%</b>	<b>54.8%</b>	<b>14.5%</b>	<b>1.6%</b>	<b>12.0%</b>
Transportation Equipment	394,607					
Tools, Shop & Garage Equipment	60,471					
Power Operated Equipment	337,326					
Communication Equipment	471,348					
Miscellaneous Equipment	26,705					
<b>SUBTOTAL</b>	<b>1,290,457</b>					
<b>PERCENTAGE ALLOCATIONS</b>		<b>220,741</b>	<b>707,001</b>	<b>187,147</b>	<b>21,148</b>	<b>154,420</b>
<b>TOTALS</b>	<b>\$ 43,058,208</b>	<b>\$ 7,365,396</b>	<b>\$ 23,590,238</b>	<b>\$ 6,244,479</b>	<b>\$ 705,622</b>	<b>\$ 5,152,472</b>
<b>Plant Value Percentages</b>		<b>17.1%</b>	<b>54.8%</b>	<b>14.5%</b>	<b>1.6%</b>	<b>12.0%</b>
<b>Debt Serv. &amp; Coverage Allocation</b>	<b>\$ 1,005,128</b>	<b>\$ 171,934</b>	<b>\$ 550,678</b>	<b>\$ 145,768</b>	<b>\$ 16,472</b>	<b>\$ 120,277</b>

**Table G**  
**WHOLESALE RATE COMPUTATION**  
**Edmonson County Water District**

	<u>Proforma</u> <u>Expenses</u>	<u>Allocation</u> <u>Factor</u>	<u>Wholesale</u> <u>Allocation</u>	<u>Retail</u> <u>Allocation</u>
<b>Salaries &amp; Wages</b>				
Water Production	330,053	0.0605	19,953	310,099
Trans./Distribution	298,647	0.0009	278	298,370
Customer Accts.	161,413		0	161,413
Admin & General	184,719	0.0605	11,167	173,552
<b>Employee Benefits + Taxes</b>				
Water Production	55,674	0.0605	3,366	52,308
Trans./Distribution	111,751	0.0009	104	111,647
Customer Accts.	55,635		0	55,635
Admin & General	80,720	0.0605	4,880	75,840
Salaries - Officers	18,000	0.0605	1,088	16,912
<b>Purchased Power</b>				
Water Production	131,718	0.0605	7,963	123,755
Trans./Distribution	75,732	0.0009	70	75,662
Admin & General	5,007	0.0009	5	5,003
<b>Chemicals</b>				
Water Production	54,101	0.0605	3,271	50,830
<b>Materials &amp; Supplies</b>				
Water Production	19,435	0.0605	1,175	18,260
Trans./Distribution	43,947	0.0009	41	43,906
Customer Accts.	68,098		0	68,098
Admin & General	7,697	0.0009	7	7,690
Contr. Services - Acct. & Legal	24,000	0.0605	1,451	22,549
<b>Contr. Services - Water Testing</b>				
Water Production	28,851	0.0605	1,744	27,107
Trans./Distribution	11,745	0.0009	11	11,734
<b>Contr. Services - Other</b>				
Water Production	30,093	0.0605	1,819	28,274
Trans./Distribution	24,569	0.0009	23	24,546
Admin & General	36,205	0.0009	34	36,171
<b>Transportation Expense</b>				
Water Production	4,721	0.0605	285	4,436
Trans./Distribution	50,647	0.0009	47	50,600
Admin & General	1,029	0.0009	1	1,028
Insurance - Gen Liab & Other	49,889	0.0605	3,016	46,873

Insurance - Worker's Comp.				
Water Production	5,098	0.0605	308	4,789
Trans./Distribution	4,613	0.0009	4	4,608
Customer Accts.	2,493		0	2,493
Admin & General	2,853	0.0605	172	2,680
Advertising	2,834	0.0009	3	2,831
Bad Debt	10,213		0	10,213
Miscellaneous Expense				
Water Production	7,907	0.0605	478	7,429
Trans./Distribution	8,965	0.0009	8	8,957
Customer Accts.	158		0	158
Admin & General	21,077	0.0009	20	21,057
<b>Total Operating Expenses</b>	<b>2,030,307</b>		<b>62,793</b>	<b>1,967,514</b>
Depreciation Expense				
Water Production	210,976	0.0605	12,755	198,221
Trans. / Distribution	471,614	0.0009	439	471,175
Tanks & Reservoirs	169,929	0.0816	13,859	156,069
Admin & General	27,538	0.0009	26	27,512
Customer	174,587		0	174,587
Debt Service & Coverage				
Water Production	171,934	0.0605	10,394	161,540
Trans. / Distribution	550,678	0.0009	512	550,166
Tanks & Reservoirs	145,768	0.0816	11,889	133,879
Admin & General	16,472	0.0009	15	16,456
Customer	120,277		0	120,277
<b>Total Revenue Required</b>	<b>4,090,079</b>		<b>112,681</b>	<b>3,977,397</b>
Wholesale Gallons Sold (x 1,000)			35,908	
<b>Wholesale Rate per 1,000 Gallons</b>			<b><u><u>\$3.14</u></u></b>	

**Table H**  
**ALLOCATION OF OPERATION & MAINTENANCE EXPENSE - RETAIL**

**Edmonson County Water District**

	<u>Total</u>				<u>Admin. &amp;</u>
	<u>Values</u>	<u>Commodity</u>	<u>Demand</u>	<u>Customer</u>	<u>General</u>
Salaries & Wages	943,434	207,766	400,702	161,413	173,552
Employee Benefits + Taxes	295,430	35,046	128,909	55,635	75,840
Salaries - Officers (A & G)	16,912				16,912
Purchased Power	204,420	82,916	116,501		5,003
Chemicals	50,830	50,830			
Materials & Supplies	137,954	12,234	49,932	68,098	7,690
Contr. Services - Acct. & Legal	22,549				22,549
Contr. Services - Water Testing	38,841	27,107	11,734		
Contr. Services - Other	88,991	18,943	33,876		36,171
Transportation Expense	56,064	2,972	52,064		1,028
Insurance - Gen. Liability	46,873				46,873
Insurance - Workers Comp	14,571	3,209	6,189	2,493	2,680
Advertising	2,831				2,831
Bad Debt	10,213			10,213	
Misc. Expense	37,601	4,977	11,408	158	21,057
Depreciation	1,027,565		825,466	174,587	27,512
Totals	2,995,079	446,002	1,636,781	472,597	439,699
Less Admin. & General	<u>439,699</u>				
Total w/o A & G	2,555,380				
Percentages w/o A & G	100.00%	17.45%	64.05%	18.49%	
Allocation of Admin. & General	439,699	76,743	281,638	81,319	
Total O & M Expense Allocations	2,995,079	522,745	1,918,419	553,916	

**Table I**  
**SUMMARY OF ALLOCATIONS - RETAIL**

**Edmonson County Water District**

	<u>Total</u> <u>Values</u>	<u>Commodity</u>	<u>Demand</u>	<u>Customer</u>
Operation & Maintenance Expenses	2,995,079	522,745	1,918,419	553,916
Debt Service & Coverage	<u>982,318</u>	-	<u>845,585</u>	<u>136,733</u>
<b>Total Expenses - Retail</b>	<b>3,977,397</b>	<b>522,745</b>	<b>2,764,004</b>	<b>690,649</b>
<b>Less:</b>				
Forfeited Discounts	57,807			57,807
Miscellaneous Operating Revenue	65,646			65,646
Non-operating Revenues	<u>102,919</u>			<u>102,919</u>
<b>Revenue Required from Retail Rates</b>	<b>3,751,025</b>	<b>522,745</b>	<b>2,764,004</b>	<b>464,277</b>

**Table J**  
**CALCULATION OF WATER RATES - RETAIL**  
**Edmonson County Water District**

	<u>Total</u>	<u>First 1,500</u>	<u>Over 1,500</u>
Actual Commodity Sales	400,561,200	131,075,500	269,485,700
Commodity Percentages	100.00%	32.72%	67.28%
Demand Weighting Factor		2.25	1.00
Demand Weighted Sales	564,405,575	294,919,875	269,485,700
Demand Percentages	100.00%	52.25%	47.75%
Commodity Costs	522,745	171,058	351,687
Demand Costs	2,764,004	1,444,280	1,319,724
Customer Costs	464,277	464,277	-
Total Costs	<u>3,751,025</u>	<u>2,079,614</u>	<u>1,671,411</u>
No. of Bills or Gals. Sold		127,010	269,486
<b>PROPOSED RATES</b>		<b>\$ 16.37</b>	<b>\$ 6.20</b>

# Attachment No. 6

**CURRENT BILLING ANALYSIS WITH 2019 USAGE & EXISTING RATES**  
**Edmonson County Water District**

**SUMMARY**

	Gallons Sold	Revenue
All Retail Mtrs.	400,561,200	\$ 3,206,489
Wholesale	<u>35,907,600</u>	<u>112,391</u>
Total Sales	436,468,800	\$ 3,318,880

**ALL RETAIL METERS**

	USAGE	BILLS	GALLONS	FIRST 1,500	ALL OVER 1,500	TOTAL
FIRST	1,500	56,247	24,916,900	24,916,900	-	24,916,900
ALL OVER	1,500	70,763	375,644,300	106,144,500	269,499,800	375,644,300
		<u>127,010</u>	<u>400,561,200</u>	<u>131,061,400</u>	<u>269,499,800</u>	<u>400,561,200</u>

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	1,500	127,010	131,061,400	\$ 14.00	\$ 1,778,140
ALL OVER	1,500		269,499,800	5.30	1,428,349
TOTAL		<u>127,010</u>	<u>400,561,200</u>		<u>\$ 3,206,489</u>

**SALES FOR RESALE**

	GALLONS	RATE	TOTAL
ALL SALES	35,907,600	3.13	\$ 112,391

# Attachment No. 7

**PROPOSED BILLING ANALYSIS WITH 2019 USAGE & PROPOSED RATES**  
**Edmonson County Water District**

**SUMMARY**

	Gallons Sold	Revenue
All Retail Mtrs.	400,561,200	\$ 3,750,052
Wholesale	<u>35,907,600</u>	<u>112,750</u>
Total Sales	436,468,800	\$ 3,862,802

**ALL RETAIL METERS**

	USAGE	BILLS	GALLONS	FIRST 1,500	ALL OVER 1,500	TOTAL
FIRST	1,500	56,247	24,916,900	24,916,900	-	24,916,900
ALL OVER	1,500	70,763	375,644,300	106,144,500	269,499,800	375,644,300
		<u>127,010</u>	<u>400,561,200</u>	<u>131,061,400</u>	<u>269,499,800</u>	<u>400,561,200</u>

**REVENUE BY RATE INCREMENT**

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	1,500	127,010	131,061,400	\$ 16.37	\$ 2,079,154
ALL OVER	1,500		269,499,800	6.20	1,670,899
TOTAL		<u>127,010</u>	<u>400,561,200</u>		<u>\$ 3,750,052</u>

**SALES FOR RESALE**

	GALLONS	RATE	TOTAL
ALL SALES	35,907,600	3.14	\$ 112,750

# Attachment No. 8

ECWD - Water [ECW - Water]  
**Depreciation Expense**

Sorted: General - GL asset acct.

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>30200</b>												
1		Franchise	6/1/2000	No Calc / N/A	0.0000	10,262.00	100.0000	0.00	0.00	0.00	0.00	0.00
<b>Subtotal: 30200</b>						<b>10,262.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 30200</b>						<b>10,262.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>30330</b>												
2		Land & Land Rig	11/1/1990	No Calc / N/A	0.0000	3,480.27	100.0000	0.00	0.00	0.00	0.00	0.00
3		Land 4.46 Acres	11/2/1994	No Calc / N/A	0.0000	48,750.00	100.0000	0.00	0.00	0.00	0.00	0.00
4		Land 19.817 Ac	1/12/2001	No Calc / N/A	0.0000	130,900.00	100.0000	0.00	0.00	0.00	0.00	0.00
<b>Subtotal: 30330</b>						<b>183,130.27</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 30330</b>						<b>183,130.27</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>30340</b>												
82		Land & Land Rig	1/1/1990	No Calc / N/A	0.0000	32,587.00	100.0000	0.00	0.00	0.00	0.00	0.00
83		Recording Easem	1/1/1990	No Calc / N/A	0.0000	2,035.25	100.0000	0.00	0.00	0.00	0.00	0.00
84		Recording Easem	1/1/1992	No Calc / N/A	0.0000	2,068.50	100.0000	0.00	0.00	0.00	0.00	0.00
85		Survey-Hart Co	1/1/1992	No Calc / N/A	0.0000	250.00	100.0000	0.00	0.00	0.00	0.00	0.00
86		Option Tank Site	12/1/1993	No Calc / N/A	0.0000	100.00	100.0000	0.00	0.00	0.00	0.00	0.00
87		Recording Easem	12/1/1993	No Calc / N/A	0.0000	420.00	100.0000	0.00	0.00	0.00	0.00	0.00
88		Survey Tank Site	12/1/1993	No Calc / N/A	0.0000	250.00	100.0000	0.00	0.00	0.00	0.00	0.00
89		Tank Site-Ky 88	12/1/1994	No Calc / N/A	0.0000	2,400.00	100.0000	0.00	0.00	0.00	0.00	0.00
90		Recording Easem	11/1/1994	No Calc / N/A	0.0000	936.00	100.0000	0.00	0.00	0.00	0.00	0.00
91		314 Acre Lot-Hv	11/1/1996	No Calc / N/A	0.0000	3,000.00	100.0000	0.00	0.00	0.00	0.00	0.00
92		Record Tanksite	5/1/1999	No Calc / N/A	0.0000	150.00	100.0000	0.00	0.00	0.00	0.00	0.00
93		Survey Tank Site	5/1/1999	No Calc / N/A	0.0000	300.00	100.0000	0.00	0.00	0.00	0.00	0.00
94		Tank Site-70E P	5/1/1999	No Calc / N/A	0.0000	5,000.00	100.0000	0.00	0.00	0.00	0.00	0.00
95		Tanksite-Peonia	12/1/2000	No Calc / N/A	0.0000	1,500.00	100.0000	0.00	0.00	0.00	0.00	0.00
96		Tanksite-Hart Cx	7/1/2001	No Calc / N/A	0.0000	5,700.00	100.0000	0.00	0.00	0.00	0.00	0.00
97		Recording Easem	7/1/2001	No Calc / N/A	0.0000	216.00	100.0000	0.00	0.00	0.00	0.00	0.00
98		Title Exams-Hart	7/1/2001	No Calc / N/A	0.0000	193.00	100.0000	0.00	0.00	0.00	0.00	0.00
99		Recording Easem	6/1/2002	No Calc / N/A	0.0000	372.00	100.0000	0.00	0.00	0.00	0.00	0.00
100		Recording Easem	12/1/2002	No Calc / N/A	0.0000	504.00	100.0000	0.00	0.00	0.00	0.00	0.00
101		Recording Easem	1/1/2004	No Calc / N/A	0.0000	564.00	100.0000	0.00	0.00	0.00	0.00	0.00
102		Recording Easem	5/1/2006	No Calc / N/A	0.0000	12.00	100.0000	0.00	0.00	0.00	0.00	0.00
103		Recording Easem	9/1/2006	No Calc / N/A	0.0000	64.00	100.0000	0.00	0.00	0.00	0.00	0.00
104		Recording Easem	10/1/2006	No Calc / N/A	0.0000	32.00	100.0000	0.00	0.00	0.00	0.00	0.00
105		Tank Site-Poplar	12/1/2006	No Calc / N/A	0.0000	16,528.00	100.0000	0.00	0.00	0.00	0.00	0.00
106		Tank Site-KY 88	12/1/2006	No Calc / N/A	0.0000	12,528.00	100.0000	0.00	0.00	0.00	0.00	0.00
107		Tank Site-Hwy 1	12/1/2006	No Calc / N/A	0.0000	5,000.00	100.0000	0.00	0.00	0.00	0.00	0.00
108		Recording Easem	1/1/2007	No Calc / N/A	0.0000	1,598.00	100.0000	0.00	0.00	0.00	0.00	0.00
109		Tank Site-Hwy 1	1/5/2007	No Calc / N/A	0.0000	14,532.00	100.0000	0.00	0.00	0.00	0.00	0.00
110		Cleaning Tank S	5/1/2008	No Calc / N/A	0.0000	1,500.00	100.0000	0.00	0.00	0.00	0.00	0.00
111		Recording Easem	6/1/2008	No Calc / N/A	0.0000	17.00	100.0000	0.00	0.00	0.00	0.00	0.00

# ECWD - Water [ECW - Water] Depreciation Expense

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>30340</b>												
112		Recording Easer	6/1/2008	No Calc / N/A	0.0000	17.00	100.0000	0.00	0.00	0.00	0.00	0.00
113		Recording Easer	12/1/2008	No Calc / N/A	0.0000	493.00	100.0000	0.00	0.00	0.00	0.00	0.00
114		Recording Deed	1/1/2009	No Calc / N/A	0.0000	18.50	100.0000	0.00	0.00	0.00	0.00	0.00
115		Recording Easer	9/1/2009	No Calc / N/A	0.0000	34.00	100.0000	0.00	0.00	0.00	0.00	0.00
116		Recording Easer	12/1/2009	No Calc / N/A	0.0000	255.00	100.0000	0.00	0.00	0.00	0.00	0.00
117		Recording Easer	12/1/2009	No Calc / N/A	0.0000	323.00	100.0000	0.00	0.00	0.00	0.00	0.00
118		Recording Easer	12/1/2009	No Calc / N/A	0.0000	374.00	100.0000	0.00	0.00	0.00	0.00	0.00
119		Recording Easer	12/1/2009	No Calc / N/A	0.0000	663.00	100.0000	0.00	0.00	0.00	0.00	0.00
120		Quit Deed Cub f	6/1/2010	No Calc / N/A	0.0000	650.00	100.0000	0.00	0.00	0.00	0.00	0.00
121		Recording Easer	1/1/2011	No Calc / N/A	0.0000	323.00	100.0000	0.00	0.00	0.00	0.00	0.00
122		Recording Easer	1/1/2011	No Calc / N/A	0.0000	340.00	100.0000	0.00	0.00	0.00	0.00	0.00
123		Removing Tank-	1/1/2011	No Calc / N/A	0.0000	14,872.00	100.0000	0.00	0.00	0.00	0.00	0.00
124		Hart Co Clerk E	10/13/2014	No Calc / N/A	0.0000	17.00	100.0000	0.00	0.00	0.00	0.00	0.00
125		EC Clert Easem	1/14/2015	No Calc / N/A	0.0000	17.00	100.0000	0.00	0.00	0.00	0.00	0.00
864		easement renew	6/1/2017	No Calc / N/A	0.0000	2,617.00	100.0000	0.00	0.00	0.00	0.00	0.00
881		30X60 Lot 1238	5/10/2018	No Calc / N/A	0.0000	4,150.00	100.0000	0.00	0.00	0.00	0.00	0.00
884		Easement	12/6/2018	No Calc / N/A	0.0000	204.00	100.0000	0.00	0.00	0.00	0.00	0.00
885		Easement	12/7/2018	No Calc / N/A	0.0000	221.00	100.0000	0.00	0.00	0.00	0.00	0.00
896		Easement	5/17/2019	No Calc / N/A	0.0000	136.00	100.0000	0.00	0.00	0.00	0.00	0.00
899		Easement	12/27/2019	No Calc / N/A	0.0000	119.00	100.0000	0.00	0.00	0.00	0.00	0.00
<b>Subtotal: 30340</b>						<b>136,200.25</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 30340</b>						<b>136,200.25</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>30350</b>												
550		Land & Land Ric	1/1/1985	No Calc / N/A	0.0000	4,400.00	100.0000	0.00	0.00	0.00	0.00	0.00
551		1 1/2 acres-Stor	3/1/1992	No Calc / N/A	0.0000	9,000.00	100.0000	0.00	0.00	0.00	0.00	0.00
552		Survey Lot	9/3/2003	No Calc / N/A	0.0000	600.00	100.0000	0.00	0.00	0.00	0.00	0.00
553		Dozing-Clearing	10/1/2003	No Calc / N/A	0.0000	3,185.00	100.0000	0.00	0.00	0.00	0.00	0.00
554		2.02 Acres Lanc	10/1/2006	No Calc / N/A	0.0000	18,030.00	100.0000	0.00	0.00	0.00	0.00	0.00
555		1.861 Acres Lar	8/15/1200	No Calc / N/A	0.0000	15,017.00	100.0000	0.00	0.00	0.00	0.00	0.00
<b>Subtotal: 30350</b>						<b>50,232.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 30350</b>						<b>50,232.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>30430</b>												
5		Structures and Ir	1/1/1976	SL / N/A	50.0000	875,602.21	100.0000	0.00	0.00	733,891.11	17,512.04	751,403.15
6		Fencing	1/1/1982	SL / N/A	50.0000	11,060.00	100.0000	0.00	0.00	11,060.00	0.00	11,060.00
7		Double Doors	7/1/1993	SL / N/A	50.0000	2,550.00	100.0000	0.00	0.00	1,300.50	51.00	1,351.50
8		15" 20' Plastic F	12/1/1993	SL / N/A	50.0000	390.43	100.0000	0.00	0.00	199.15	7.81	206.96
9		11087 Sq Ft 36	12/1/1993	SL / N/A	50.0000	12,305.21	100.0000	0.00	0.00	6,275.55	246.10	6,521.65
10		Additions to Wa	12/1/1994	SL / N/A	50.0000	2,776.12	100.0000	0.00	0.00	1,360.24	55.52	1,415.76
11		Monument-Wax	12/1/1994	SL / N/A	50.0000	500.00	100.0000	0.00	0.00	245.00	10.00	255.00
12		Additions to Wa	12/1/1995	SL / N/A	50.0000	588,517.69	100.0000	0.00	0.00	276,603.23	11,770.35	288,373.58

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial  
01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>30430</b>												
13		540' Commercial	3/1/1997	SL / N/A	50.0000	1,125.00	100.0000	0.00	0.00	483.75	22.50	506.25
14		Lids & Rails for (	10/1/2000	SL / N/A	50.0000	12,174.00	100.0000	0.00	0.00	4,504.38	243.48	4,747.86
15		Doors-Brownsvil	10/1/2000	SL / N/A	50.0000	3,224.00	100.0000	0.00	0.00	1,192.88	64.48	1,257.36
16		Metal Roof-Filter	10/1/2002	SL / N/A	50.0000	3,338.16	100.0000	0.00	0.00	1,101.54	66.76	1,168.30
17		Upgrade Brown:	10/1/2002	SL / N/A	50.0000	1,808,907.74	100.0000	0.00	0.00	596,939.59	36,178.15	633,117.74
18		Pavement-Brow.	12/1/2002	SL / N/A	50.0000	17,747.00	100.0000	0.00	0.00	5,856.51	354.94	6,211.45
19		Treatment Tank	3/1/2008	SL / N/A	50.0000	336,561.53	100.0000	0.00	0.00	70,677.92	6,731.23	77,409.15
20		841' of 6' Chain	12/1/2010	SL / N/A	50.0000	18,318.20	100.0000	0.00	0.00	3,116.16	366.36	3,482.52
21		4' Chain Link Fe	12/1/2010	SL / N/A	50.0000	1,866.51	100.0000	0.00	0.00	317.53	37.33	354.86
22		4 Gate Valves-B	3/1/2011	SL / N/A	50.0000	5,076.12	100.0000	0.00	0.00	761.42	101.52	862.94
856		Doors and hard	12/1/2016	SL / N/A	5.0000	6,899.00	100.0000	0.00	0.00	2,874.58	1,379.80	4,254.38
865		wax improve	11/1/2017	SL / N/A	50.0000	9,932.51	100.0000	0.00	0.00	231.76	198.65	430.41
866		24" 90 elbow ol	9/20/2017	SL / N/A	50.0000	1,600.00	100.0000	0.00	0.00	40.00	32.00	72.00
882		6'x8'x3/8" alumi	5/18/2018	SL / N/A	62.5000	8,800.00	100.0000	0.00	0.00	82.13	140.80	222.93
883		24 Inch gate val	7/16/2018	SL / N/A	62.5000	3,200.00	100.0000	0.00	0.00	25.60	51.20	76.80
901		20 ft. Gate Chair	10/23/2019	SL / N/A	35.0000	2,300.00	100.0000	0.00	0.00	0.00	10.95	10.95
<b>Subtotal: 30430</b>						<b>3,734,771.43</b>		<b>0.00</b>	<b>0.00</b>	<b>1,719,140.53</b>	<b>75,632.97</b>	<b>1,794,773.50</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 30430</b>						<b>* 3,734,771.43</b>		<b>0.00</b>	<b>0.00</b>	<b>1,719,140.53</b>	<b>75,632.97</b>	<b>1,794,773.50</b>
<b>30440</b>												
126		Structures and I	1/1/1981	SL / N/A	50.0000	4,950.23	100.0000	0.00	0.00	3,652.84	99.00	3,751.84
127		Pump Stations-2	12/1/1995	SL / N/A	50.0000	20,540.49	100.0000	0.00	0.00	9,654.03	410.81	10,064.84
128		Welding Tops-Pt	11/1/1995	SL / N/A	50.0000	800.00	100.0000	0.00	0.00	376.00	16.00	392.00
129		Pump Station-H	12/1/1997	SL / N/A	50.0000	3,267.53	100.0000	0.00	0.00	1,405.03	65.35	1,470.38
130		10'X10' Block bl	12/1/1997	SL / N/A	50.0000	750.00	100.0000	0.00	0.00	322.50	15.00	337.50
131		(2) 5'X9'X6' Con	12/1/2001	SL / N/A	50.0000	14,701.56	100.0000	0.00	0.00	3,381.41	294.03	3,675.44
132		Pump Station-Fz	6/1/2008	SL / N/A	50.0000	36,964.76	100.0000	0.00	0.00	7,762.65	739.30	8,501.95
133		Pump Station-Ri	6/1/2008	SL / N/A	50.0000	32,972.08	100.0000	0.00	0.00	6,924.17	659.44	7,583.61
134		4,037' 3 Phase I	12/1/2010	SL / N/A	50.0000	26,541.17	100.0000	0.00	0.00	4,515.01	530.82	5,045.83
135		Pump Station-Bi	12/1/2010	SL / N/A	50.0000	17,333.64	100.0000	0.00	0.00	2,948.70	346.67	3,295.37
136		Pump Station-8f	12/1/2010	SL / N/A	50.0000	17,333.64	100.0000	0.00	0.00	2,948.70	346.67	3,295.37
137		Pump Station-Bi	12/1/2010	SL / N/A	50.0000	17,333.64	100.0000	0.00	0.00	2,948.70	346.67	3,295.37
138		400' Fencing Wi	6/1/2011	SL / N/A	50.0000	8,704.09	100.0000	0.00	0.00	1,501.46	174.08	1,675.54
139		400' Fencing Dc	6/1/2011	SL / N/A	50.0000	8,704.09	100.0000	0.00	0.00	1,501.46	174.08	1,675.54
855		Roof Repairs	6/17/2016	SL / N/A	50.0000	9,986.08	100.0000	0.00	0.00	499.30	199.72	699.02
886		12" wide saucer	2/26/2018	SL / N/A	62.5000	12,650.00	100.0000	0.00	0.00	168.67	202.40	371.07
906		Garage Doors	9/20/2019	SL / N/A	35.0000	2,118.00	100.0000	0.00	0.00	0.00	15.13	15.13
<b>Subtotal: 30440</b>						<b>235,651.00</b>		<b>0.00</b>	<b>0.00</b>	<b>50,510.63</b>	<b>4,635.17</b>	<b>55,145.80</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 30440</b>						<b>* 235,651.00</b>		<b>0.00</b>	<b>0.00</b>	<b>50,510.63</b>	<b>4,635.17</b>	<b>55,145.80</b>
<b>90450</b>												
556		Structures & Imj	1/1/1980	SL / N/A	50.0000	144,724.26	100.0000	0.00	0.00	144,724.26	0.00	144,724.26

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>30450</b>												
557		Paving Parking I	1/1/1981	SL / N/A	50.0000	13,506.76	100.0000	0.00	0.00	13,506.76	0.00	13,506.76
558		Fencing Storage	1/1/1983	SL / N/A	50.0000	7,380.00	100.0000	0.00	0.00	7,380.00	0.00	7,380.00
559		Addition to Mair	1/1/1990	SL / N/A	50.0000	5,187.73	100.0000	0.00	0.00	5,187.73	0.00	5,187.73
560		12x12x24 Door-	1/1/1991	SL / N/A	50.0000	370.00	100.0000	0.00	0.00	370.00	0.00	370.00
561		Concrete Retain	5/1/1992	SL / N/A	50.0000	4,370.00	100.0000	0.00	0.00	4,370.00	0.00	4,370.00
562		Office Sign	5/1/1992	SL / N/A	50.0000	860.00	100.0000	0.00	0.00	860.00	0.00	860.00
563		Storage Bins-Me	5/1/1992	SL / N/A	50.0000	309.11	100.0000	0.00	0.00	309.00	0.11	309.11
564		7x5x3 Gate	2/1/1993	SL / N/A	50.0000	101.66	100.0000	0.00	0.00	96.65	2.03	98.68
565		Condensing Uni	11/1/1993	SL / N/A	50.0000	1,850.00	100.0000	0.00	0.00	1,813.00	37.00	1,850.00
566		Concrete Garag-	8/1/1994	SL / N/A	50.0000	3,300.00	100.0000	0.00	0.00	3,036.00	66.00	3,102.00
567		(4) Bradford Pea	10/1/1994	SL / N/A	50.0000	165.32	100.0000	0.00	0.00	152.05	3.31	155.36
568		ReRoof Office B	11/1/1995	SL / N/A	50.0000	2,750.00	100.0000	0.00	0.00	2,420.00	55.00	2,475.00
569		Landscaping	4/1/1997	SL / N/A	50.0000	728.00	100.0000	0.00	0.00	582.40	14.56	596.96
570		Addition-Office	4/1/1900	SL / N/A	50.0000	94,173.00	100.0000	0.00	0.00	58,387.26	0.00	58,387.26
571		Drain Tiles (2) 1 1/2"	11/1/2003	SL / N/A	50.0000	637.18	100.0000	0.00	0.00	356.74	12.74	369.48
572		Drain Tiles (8) 4 1/2"	3/1/2004	SL / N/A	50.0000	3,594.35	100.0000	0.00	0.00	1,869.12	71.89	1,941.01
573		Rock & Mud Co-	12/1/2004	SL / N/A	50.0000	4,701.35	100.0000	0.00	0.00	2,444.76	94.03	2,538.79
574		Maintenance Bu	6/1/2005	SL / N/A	50.0000	89,688.22	100.0000	0.00	0.00	42,965.92	1,793.76	44,759.68
575		Drain Tiles (6) Br	6/1/2005	SL / N/A	50.0000	1,501.25	100.0000	0.00	0.00	720.62	30.03	750.65
576		Paving Parking I	9/1/2007	SL / N/A	50.0000	35,545.00	100.0000	0.00	0.00	17,239.33	710.90	17,950.23
577		206 Ton Channe	10/1/2007	SL / N/A	50.0000	2,931.97	100.0000	0.00	0.00	1,172.80	58.64	1,231.44
578		Paving Parking I	7/1/2008	SL / N/A	50.0000	67,325.00	100.0000	0.00	0.00	29,286.39	1,346.50	30,632.89
579		Additions Office	7/1/2008	SL / N/A	50.0000	38,251.42	100.0000	0.00	0.00	13,770.54	765.03	14,535.57
580		Tiling-Kitchen, H	12/1/2009	SL / N/A	50.0000	3,129.08	100.0000	0.00	0.00	2,221.61	62.58	2,284.19
581		810' Fencing Sh	7/1/2011	SL / N/A	50.0000	22,087.82	100.0000	0.00	0.00	5,301.08	441.76	5,742.84
582		New Metal Roof	12/1/2013	SL / N/A	50.0000	8,600.00	100.0000	0.00	0.00	1,204.00	172.00	1,376.00
<b>Subtotal: 30450</b>						<b>557,768.48</b>		<b>0.00</b>	<b>0.00</b>	<b>361,748.02</b>	<b>5,737.87</b>	<b>367,485.89</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 30450</b>						<b>557,768.48</b>		<b>0.00</b>	<b>0.00</b>	<b>361,748.02</b>	<b>5,737.87</b>	<b>367,485.89</b>
<b>30620</b>												
23		Lakes, River & C	1/1/1971	SL / N/A	50.0000	89,198.11	100.0000	0.00	0.00	85,154.30	1,783.96	86,938.26
24		Intake-WaxTrea	1/1/1991	SL / N/A	50.0000	57,902.55	100.0000	0.00	0.00	31,846.38	1,158.05	33,004.43
25		Additions to Int	12/1/1995	SL / N/A	50.0000	162,036.56	100.0000	0.00	0.00	76,157.16	3,240.73	79,397.89
26		New Service at I	5/1/1996	SL / N/A	50.0000	1,398.94	100.0000	0.00	0.00	629.55	27.98	657.53
27		Upgrade Intake-	10/1/2002	SL / N/A	50.0000	435,899.12	100.0000	0.00	0.00	143,846.67	8,717.98	152,564.65
867		16" gate valve	12/15/2017	SL / N/A	50.0000	5,135.00	100.0000	0.00	0.00	111.26	102.70	213.96
<b>Subtotal: 30620</b>						<b>751,570.28</b>		<b>0.00</b>	<b>0.00</b>	<b>337,745.32</b>	<b>15,031.40</b>	<b>352,776.72</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 30620</b>						<b>751,570.28</b>		<b>0.00</b>	<b>0.00</b>	<b>337,745.32</b>	<b>15,031.40</b>	<b>352,776.72</b>
<b>30950</b>												
140		CLA-VAL Contrc	1/1/2010	SL / N/A	50.0000	9,712.84	100.0000	0.00	0.00	1,651.21	194.26	1,845.47
141		660' 16" Main G	12/1/2010	SL / N/A	50.0000	189,903.12	100.0000	0.00	0.00	32,283.51	3,798.06	36,081.57

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Financial

Sorted: General - GL asset acct.

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>30950</b>												
142		595' 8" Main Rin	12/1/2010	SL / N/A	50.0000	6,816.82	100.0000	0.00	0.00	1,158.89	136.34	1,295.23
143		16" Gate Valve (	10/1/2011	SL / N/A	50.0000	5,866.78	100.0000	0.00	0.00	880.05	117.34	997.39
144		(2) 12" Kennedy	11/1/2013	SL / N/A	50.0000	14,654.26	100.0000	0.00	0.00	1,611.99	293.09	1,905.08
859		3" valve	11/22/2016	SL / N/A	50.0000	1,277.00	100.0000	0.00	0.00	53.21	25.54	78.75
		<b>Subtotal: 30950</b>				<b>228,230.82</b>		<b>0.00</b>	<b>0.00</b>	<b>37,638.86</b>	<b>4,584.63</b>	<b>42,203.49</b>
		Less dispositions and exchanges:				0.00				0.00	0.00	0.00
		<b>Net for: 30950</b>				<b>228,230.82</b>		<b>0.00</b>	<b>0.00</b>	<b>37,638.86</b>	<b>4,584.63</b>	<b>42,203.49</b>
<b>31030</b>												
28		200KW TRA Gen	4/1/1996	SL / N/A	50.0000	5,000.00	100.0000	0.00	0.00	2,250.00	100.00	2,350.00
29		Generator Hook	12/1/2010	SL / N/A	50.0000	26,282.43	100.0000	0.00	0.00	4,468.04	525.65	4,993.69
		<b>Subtotal: 31030</b>				<b>31,282.43</b>		<b>0.00</b>	<b>0.00</b>	<b>6,718.04</b>	<b>625.65</b>	<b>7,343.69</b>
		Less dispositions and exchanges:				0.00				0.00	0.00	0.00
		<b>Net for: 31030</b>				<b>31,282.43</b>		<b>0.00</b>	<b>0.00</b>	<b>6,718.04</b>	<b>625.65</b>	<b>7,343.69</b>
<b>31120</b>												
145		Pumping Equipr	1/1/1979	SL / N/A	50.0000	227,884.28	100.0000	0.00	0.00	176,341.58	4,557.69	180,899.27
146		Overhaul Water	1/1/1990	SL / N/A	50.0000	6,799.25	100.0000	0.00	0.00	3,875.72	135.99	4,011.71
147		Water Intake Pu	1/1/1990	SL / N/A	50.0000	70,637.30	100.0000	0.00	0.00	40,263.38	1,412.75	41,676.13
148		Pump	1/1/1990	SL / N/A	50.0000	7,085.00	100.0000	0.00	0.00	4,009.95	140.70	4,150.65
149		Pumping Equipr	1/1/1991	SL / N/A	50.0000	67,402.98	100.0000	0.00	0.00	37,071.65	1,348.06	38,419.71
150		Pumping Equipr	1/1/1991	SL / N/A	50.0000	39,150.04	100.0000	0.00	0.00	21,532.50	783.00	22,315.50
151		5 Stage Jacuzzi	1/1/1991	SL / N/A	50.0000	3,663.00	100.0000	0.00	0.00	2,014.65	73.26	2,087.91
152		3 Stage Pump	1/1/1991	SL / N/A	50.0000	1,557.00	100.0000	0.00	0.00	856.35	31.14	887.49
153		100HP Motor O	1/1/1991	SL / N/A	50.0000	1,296.80	100.0000	0.00	0.00	713.35	25.94	739.29
154		(2) Honeywell Mc	1/1/1993	SL / N/A	50.0000	1,306.18	100.0000	0.00	0.00	666.06	26.12	692.18
155		Ground System,	7/1/1993	SL / N/A	50.0000	710.27	100.0000	0.00	0.00	362.35	14.21	376.56
156		200 RSPs 2 HP	3/1/1994	SL / N/A	50.0000	465.00	100.0000	0.00	0.00	227.85	9.30	237.15
157		(3) SW-Amtrel Pl	8/1/1995	SL / N/A	50.0000	5,370.00	100.0000	0.00	0.00	2,523.90	107.40	2,631.30
158		Honeywell Reco	9/1/1995	SL / N/A	50.0000	1,182.00	100.0000	0.00	0.00	555.54	23.64	579.18
159		Bermad 700 Ser	12/1/1995	SL / N/A	50.0000	2,241.43	100.0000	0.00	0.00	1,053.50	44.83	1,098.33
160		Pumping Equipr	12/1/1995	SL / N/A	50.0000	107,571.44	100.0000	0.00	0.00	50,558.60	2,151.43	52,710.03
161		Electrical Servic	7/1/1995	SL / N/A	50.0000	1,020.00	100.0000	0.00	0.00	479.40	20.40	499.80
162		(2) Electrical Ser	12/1/1995	SL / N/A	50.0000	994.14	100.0000	0.00	0.00	467.18	19.88	487.06
163		(2) Intake Pump	6/1/1996	SL / N/A	50.0000	6,580.00	100.0000	0.00	0.00	2,961.00	131.60	3,092.60
164		1X1 1/4X5 GTV	9/1/1997	SL / N/A	50.0000	595.00	100.0000	0.00	0.00	255.85	11.90	267.75
165		Electrical Servic	4/1/1998	SL / N/A	50.0000	2,637.92	100.0000	0.00	0.00	1,081.58	52.76	1,134.34
166		Telemetry-Pump	8/1/1998	SL / N/A	50.0000	13,282.53	100.0000	0.00	0.00	5,445.83	265.65	5,711.48
167		Telemetry-Indus	12/1/1998	SL / N/A	50.0000	20,110.85	100.0000	0.00	0.00	8,245.51	402.22	8,647.73
168		Differential Pres:	3/1/1998	SL / N/A	50.0000	1,132.08	100.0000	0.00	0.00	464.12	22.64	486.76
169		Chemical Feed f	1/1/1998	SL / N/A	50.0000	531.30	100.0000	0.00	0.00	217.91	10.63	228.54
170		8" Water Turbin	8/1/1998	SL / N/A	50.0000	3,001.50	100.0000	0.00	0.00	1,230.62	60.03	1,290.65
171		Overhaul Intake	12/1/1998	SL / N/A	50.0000	7,018.40	100.0000	0.00	0.00	2,877.58	140.37	3,017.95
172		Fairview Booste	6/1/1999	SL / N/A	50.0000	6,313.10	100.0000	0.00	0.00	2,462.07	126.26	2,588.33

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus / Inv. %	Sec. 179/ Bonus (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
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173		Meysers 10HP-2c	8/1/1999 SL / N/A		50,000	2,400.00	100,000	0.00	0.00	936.00	48.00	984.00
174		Transmitter for f	5/1/2000 SL / N/A		50,000	2,087.00	100,000	0.00	0.00	772.19	41.74	813.93
175		High Service Pu	6/1/2000 SL / N/A		50,000	7,490.00	100,000	0.00	0.00	2,771.30	149.80	2,921.10
176		75HP Motor Sta	8/1/2000 SL / N/A		50,000	3,667.30	100,000	0.00	0.00	1,566.84	73.35	1,430.19
177		Chart Recorder-	8/1/2000 SL / N/A		50,000	602.00	100,000	0.00	0.00	222.74	12.04	234.78
178		(2) MSP 400 Tra	9/1/2000 SL / N/A		50,000	1,018.00	100,000	0.00	0.00	376.66	20.36	397.02
179		Rebuild (2) Pum	1/1/2000 SL / N/A		50,000	7,122.69	100,000	0.00	0.00	2,635.46	142.45	2,777.91
180		Telemetry Unit E	12/1/2000 SL / N/A		50,000	3,661.25	100,000	0.00	0.00	1,354.62	73.23	1,427.85
181		Pleuger Motor &	9/1/2000 SL / N/A		50,000	5,975.10	100,000	0.00	0.00	2,210.75	119.50	2,330.25
182		Upgrade Sleepi	6/1/2001 SL / N/A		50,000	4,702.00	100,000	0.00	0.00	1,645.70	94.04	1,739.74
183		Overhaul Wax tr	10/1/2001 SL / N/A		50,000	14,468.00	100,000	0.00	0.00	5,063.80	289.36	5,353.16
184		Honeywell Dry3	5/1/2002 SL / N/A		50,000	880.00	100,000	0.00	0.00	290.40	17.60	308.00
185		Upgrade Pumpi	10/1/2002 SL / N/A		50,000	252,926.29	100,000	0.00	0.00	83,465.63	5,058.53	88,524.16
186		700GPM High S	6/1/2002 SL / N/A		50,000	7,268.00	100,000	0.00	0.00	2,398.44	145.36	2,543.80
187		MIC 2000 Pump	1/1/2003 SL / N/A		50,000	641.20	100,000	0.00	0.00	198.71	12.82	211.53
188		Lutz Pump Tube	1/1/2003 SL / N/A		50,000	569.46	100,000	0.00	0.00	176.44	11.39	187.83
189		(2) Stenner Perc	1/1/2003 SL / N/A		50,000	594.31	100,000	0.00	0.00	184.19	11.89	196.08
190		Lutz Pump Tube	1/1/2003 SL / N/A		50,000	576.47	100,000	0.00	0.00	178.61	11.53	190.14
191		LMI Pump	1/1/2003 SL / N/A		50,000	647.00	100,000	0.00	0.00	200.57	12.94	213.51
192		Overhaul Raw W	10/1/2004 SL / N/A		50,000	10,730.77	100,000	0.00	0.00	3,111.99	214.62	3,326.61
193		Telemetry Cabin	12/1/2004 SL / N/A		50,000	4,650.00	100,000	0.00	0.00	1,448.50	93.00	1,441.50
194		30HP, 1800 RPI	11/1/2005 SL / N/A		50,000	18,755.00	100,000	0.00	0.00	5,063.85	375.10	5,438.95
195		RTU Pump Park	11/1/2005 SL / N/A		50,000	7,430.00	100,000	0.00	0.00	2,006.10	148.60	2,154.70
196		Pumping Equipr	6/1/2008 SL / N/A		50,000	97,309.67	100,000	0.00	0.00	20,435.55	1,946.19	22,381.72
197		Pumping Equipr	6/1/2008 SL / N/A		50,000	108,560.80	100,000	0.00	0.00	22,797.81	2,171.22	24,969.03
198		Myers 10HP3PF	7/1/2008 SL / N/A		50,000	3,137.67	100,000	0.00	0.00	1,364.90	62.75	1,427.65
199		Pumping Equipr	12/1/2010 SL / N/A		50,000	39,289.59	100,000	0.00	0.00	11,001.08	785.79	11,786.87
200		Pumping Equipr	12/1/2010 SL / N/A		50,000	46,223.04	100,000	0.00	0.00	12,942.46	924.46	13,866.92
201		3 Phase wiring f	12/1/2010 SL / N/A		50,000	4,744.80	100,000	0.00	0.00	1,300.37	94.90	1,425.27
202		Pumping Equipr	12/1/2010 SL / N/A		50,000	46,223.04	100,000	0.00	0.00	12,942.46	924.46	13,866.92
203		Pumping Equipr	12/1/2010 SL / N/A		50,000	52,000.94	100,000	0.00	0.00	14,560.28	1,040.02	15,600.30
204		Install (2) Delta \	12/1/2011 SL / N/A		50,000	20,441.16	100,000	0.00	0.00	4,905.89	408.82	5,314.71
205		Install (2) Delta \	12/1/2011 SL / N/A		50,000	20,441.16	100,000	0.00	0.00	4,905.82	408.82	5,314.71
206		Delta \	7/1/2011 SL / N/A		50,000	53,690.00	100,000	0.00	0.00	12,885.60	1,073.80	13,959.40
207		A/C End Mountc	7/1/2012 SL / N/A		50,000	3,485.45	100,000	0.00	0.00	697.10	69.71	766.81
208		Goulds Raw Inte	8/1/2012 SL / N/A		50,000	25,055.00	100,000	0.00	0.00	5,011.00	501.10	5,512.10
209		Stenner Pump 1	10/1/2013 SL / N/A		50,000	447.93	100,000	0.00	0.00	82.87	8.96	91.83
210		Stenner Pump 4	11/1/2013 SL / N/A		50,000	487.00	100,000	0.00	0.00	90.09	9.74	99.83
211		Pump and moto	1/1/2014 SL / N/A		50,000	4,622.13	100,000	0.00	0.00	739.54	92.44	831.98
860		AP - pumping ec	12/31/2016 SL / N/A		5,000	13,068.94	100,000	0.00	0.00	5,227.58	2,613.79	7,841.37
887		3500 RPM 30 H	10/26/2018 SL / N/A		20,000	6,171.00	100,000	0.00	0.00	51.43	308.55	359.98
907		Stratfer Pump	9/26/2019 SL / N/A		20,000	4,221.00	100,000	0.00	0.00	0.00	52.76	52.76
908		Submissible Lag	11/15/2019 SL / N/A		20,000	2,794.51	100,000	0.00	0.00	0.00	23.29	23.29
		<b>Subtotal: 31120</b>				<b>1,518,765.46</b>		<b>0.00</b>	<b>0.00</b>	<b>618,758.97</b>	<b>32,848.62</b>	<b>651,605.59</b>

Less dispositions and exchanges:

**ECWD - Water [ECW - Water]  
 Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
Net for: 31120						 1,518,785.46		0.00	0.00	618,756.97	32,848.62	651,605.59
32030												
30		Water Treatment	1/1/1980	SL / N/A	50.0000	283,517.58	100.0000	0.00	0.00	218,381.90	5,670.35	224,052.25
31		Heater	3/1/1987	SL / N/A	5.0000	925.18	100.0000	0.00	0.00	925.18	0.00	925.18
32		Wax Treatment I	1/1/1991	SL / N/A	50.0000	672,460.56	100.0000	0.00	0.00	369,853.28	13,449.21	383,302.49
33		Chain Foot for F	1/1/1991	SL / N/A	50.0000	1,100.75	100.0000	0.00	0.00	605.55	22.02	627.57
34		Over Haul Chlor	1/1/1991	SL / N/A	50.0000	1,284.04	100.0000	0.00	0.00	706.20	25.68	731.88
35		Monitor Wsyse	5/1/1992	SL / N/A	50.0000	513.08	100.0000	0.00	0.00	271.89	10.26	282.15
36		Reliance Motor I	7/1/1992	SL / N/A	50.0000	307.52	100.0000	0.00	0.00	162.98	6.15	169.13
37		Aluminum Auge	10/1/1992	SL / N/A	50.0000	177.16	100.0000	0.00	0.00	95.58	3.54	99.12
38		Universal Timer	10/1/1992	SL / N/A	50.0000	101.42	100.0000	0.00	0.00	53.79	2.03	55.82
39		Star Printer	10/1/1992	SL / N/A	50.0000	439.22	100.0000	0.00	0.00	232.67	8.78	241.45
40		Overhaul 40HP	12/1/1992	SL / N/A	50.0000	898.35	100.0000	0.00	0.00	476.20	17.97	494.17
41		Chlorine Analyz	12/1/1992	SL / N/A	50.0000	4,349.50	100.0000	0.00	0.00	2,348.73	86.99	2,435.72
42		Wyse 30-80 Col	7/1/1993	SL / N/A	50.0000	385.00	100.0000	0.00	0.00	196.35	7.70	204.05
43		2HP Variable Fr	2/1/1993	SL / N/A	50.0000	1,842.00	100.0000	0.00	0.00	939.42	36.84	976.26
44		Turbidimeter & t	6/1/1993	SL / N/A	50.0000	1,120.51	100.0000	0.00	0.00	571.46	22.41	593.87
45		44497 Wyse Ke	6/1/1993	SL / N/A	50.0000	145.00	100.0000	0.00	0.00	73.95	2.90	76.85
46		Chlorinator Equi	5/1/1994	SL / N/A	50.0000	403.01	100.0000	0.00	0.00	197.47	8.06	205.53
47		Dual Mechanical	8/1/1994	SL / N/A	50.0000	1,029.15	100.0000	0.00	0.00	504.21	20.58	524.79
48		Indelac 120 Vac	10/1/1994	SL / N/A	50.0000	1,286.33	100.0000	0.00	0.00	630.38	25.73	656.11
49		LMI BiPump 60	7/1/1995	SL / N/A	50.0000	514.97	100.0000	0.00	0.00	242.05	10.30	252.35
50		Bristol Bablock	7/1/1995	SL / N/A	50.0000	2,346.88	100.0000	0.00	0.00	1,103.09	46.94	1,150.03
51		(2) Basic Spill C	11/1/1995	SL / N/A	50.0000	385.27	100.0000	0.00	0.00	181.18	7.71	188.89
52		DR/2000 Spectr	12/1/1995	SL / N/A	50.0000	1,985.50	100.0000	0.00	0.00	933.19	39.71	972.90
53		Additions-Wax T	12/1/1995	SL / N/A	50.0000	53,751.75	100.0000	0.00	0.00	25,263.44	1,075.04	26,338.48
54		Install & Calibrat	2/1/1996	SL / N/A	50.0000	1,973.50	100.0000	0.00	0.00	888.08	39.47	927.55
55		(2) 1/3HP Indust	10/1/1997	SL / N/A	50.0000	356.92	100.0000	0.00	0.00	153.51	7.14	160.65
56		Dual Mechanical	12/1/1997	SL / N/A	50.0000	856.68	100.0000	0.00	0.00	368.30	17.13	385.43
57		Clarifier-Wax	4/1/1999	SL / N/A	50.0000	65,989.10	100.0000	0.00	0.00	25,735.71	1,319.78	27,055.49
58		Bench Top Turb	3/1/2000	SL / N/A	50.0000	1,073.10	100.0000	0.00	0.00	397.01	21.46	418.47
59		Chemical Feed r	4/1/2000	SL / N/A	50.0000	567.08	100.0000	0.00	0.00	209.79	11.34	221.13
60		Chart Recorder	5/1/2000	SL / N/A	50.0000	1,450.00	100.0000	0.00	0.00	536.50	29.00	565.50
61		Dual Cylinder St	5/1/2002	SL / N/A	50.0000	1,130.27	100.0000	0.00	0.00	372.95	22.61	395.56
62		Chemical Meteri	8/1/2002	SL / N/A	50.0000	500.84	100.0000	0.00	0.00	165.33	10.02	175.35
63		Dual Meter Cylir	10/1/2002	SL / N/A	50.0000	1,045.47	100.0000	0.00	0.00	344.90	20.91	365.81
64		1/2HP Drum Mi	10/1/2002	SL / N/A	50.0000	502.60	100.0000	0.00	0.00	165.94	10.05	175.99
65		Chemical Pump	10/1/2002	SL / N/A	50.0000	447.79	100.0000	0.00	0.00	250.88	8.96	259.84
66		Chemical Tanks	12/1/2002	SL / N/A	50.0000	2,578.55	100.0000	0.00	0.00	851.02	51.57	902.59
67		Chemical Tanks	12/1/2002	SL / N/A	50.0000	1,146.29	100.0000	0.00	0.00	378.23	22.93	401.16
68		(2) Stenner 45 M	12/1/2002	SL / N/A	50.0000	588.20	100.0000	0.00	0.00	194.04	11.76	205.80
69		Upgrade Treatm	10/1/2002	SL / N/A	50.0000	496,738.18	100.0000	0.00	0.00	163,923.54	9,934.76	173,858.30
70		500 Gallon Verti	1/1/2003	SL / N/A	50.0000	364.07	100.0000	0.00	0.00	112.84	7.28	120.12
71		Hach 2100P Tur	7/1/2003	SL / N/A	50.0000	895.85	100.0000	0.00	0.00	277.76	17.92	295.68
72		M/C 2000 Clear	10/1/2003	SL / N/A	50.0000	628.20	100.0000	0.00	0.00	194.68	12.56	207.24
73		Clearwell Vent E	4/1/2003	SL / N/A	50.0000	2,957.00	100.0000	0.00	0.00	916.67	59.14	975.81

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>32030</b>												
74		350X402 Beary	4/1/2004	SL / N/A	50.0000	369.96	100.0000	0.00	0.00	192.40	7.40	199.80
75		85MHP17 w/Tul	5/1/2004	SL / N/A	50.0000	360.75	100.0000	0.00	0.00	187.61	7.22	194.83
76		(3) Two Channel	7/1/2004	SL / N/A	50.0000	7,800.00	100.0000	0.00	0.00	4,056.00	156.00	4,212.00
77		(2) Agitator Chei	2/1/2008	SL / N/A	50.0000	2,450.04	100.0000	0.00	0.00	882.05	49.00	931.05
78		100 Gallon Ope	2/1/2008	SL / N/A	50.0000	1,551.28	100.0000	0.00	0.00	558.52	31.03	589.55
79		Chemical Feede	4/1/2008	SL / N/A	50.0000	90,981.05	100.0000	0.00	0.00	32,753.21	1,819.62	34,572.83
80		(2) 1720 E Turbi	2/1/2011	SL / N/A	50.0000	5,331.95	100.0000	0.00	0.00	1,279.68	106.64	1,386.32
81		(40) 4' X6'8" X1/	12/1/2013	SL / N/A	50.0000	4,980.40	100.0000	0.00	0.00	547.85	99.61	647.46
854		Chlorine Gas Re	12/21/2016	SL / N/A	50.0000	7,091.00	100.0000	0.00	0.00	283.64	141.82	425.46
868		Lighin Mixer	5/19/2017	SL / N/A	50.0000	2,353.00	100.0000	0.00	0.00	74.51	47.06	121.57
888		JN102A Meterin	7/16/2018	SL / N/A	20.0000	2,274.30	100.0000	0.00	0.00	56.86	113.72	170.58
909		Leeson 3/4 HP I	7/18/2019	SL / N/A	20.0000	2,171.00	100.0000	0.00	0.00	0.00	45.23	45.23
910		Spencer Blower	7/22/2019	SL / N/A	20.0000	1,358.25	100.0000	0.00	0.00	0.00	28.30	28.30
911		Rotary Actuator	7/23/2019	SL / N/A	20.0000	2,756.75	100.0000	0.00	0.00	0.00	57.43	57.43
912		Chlorine Gas Re	10/15/2019	SL / N/A	20.0000	9,642.56	100.0000	0.00	0.00	0.00	120.53	120.53
<b>Subtotal: 32030</b>						<b>1,754,531.71</b>		<b>0.00</b>	<b>0.00</b>	<b>862,260.15</b>	<b>35,073.30</b>	<b>897,333.45</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 32030</b>						<b>1,754,531.71</b>		<b>0.00</b>	<b>0.00</b>	<b>862,260.15</b>	<b>35,073.30</b>	<b>897,333.45</b>
<b>33040</b>												
212		Distribution Res	1/1/1982	SL / N/A	50.0000	935,119.85	100.0000	0.00	0.00	673,743.49	18,702.40	692,445.89
213		Painting Creek 1	1/1/1990	SL / N/A	50.0000	6,200.00	100.0000	0.00	0.00	3,534.00	124.00	3,658.00
214		Nolin Estates Ta	1/1/1990	SL / N/A	50.0000	208,434.35	100.0000	0.00	0.00	118,807.67	4,168.69	122,976.36
215		Painting Nolin E	1/1/1991	SL / N/A	50.0000	5,000.00	100.0000	0.00	0.00	2,750.00	100.00	2,850.00
216		Moving Tank at	11/1/1995	SL / N/A	50.0000	22,000.00	100.0000	0.00	0.00	10,340.00	440.00	10,780.00
217		Tank - 2.2 Proj	12/1/1995	SL / N/A	50.0000	96,248.13	100.0000	0.00	0.00	45,236.56	1,924.96	47,161.52
218		Tank - 860 Proje	12/1/1996	SL / N/A	50.0000	227,128.83	100.0000	0.00	0.00	102,208.05	4,542.58	106,750.63
219		Painting Dog Cr	11/1/1997	SL / N/A	50.0000	38,000.00	100.0000	0.00	0.00	16,340.00	760.00	17,100.00
220		Tank-Industrial F	12/1/1998	SL / N/A	50.0000	428,523.34	100.0000	0.00	0.00	175,694.61	8,570.47	184,265.08
221		Tank-Industrial F	6/1/1999	SL / N/A	50.0000	748.70	100.0000	0.00	0.00	291.92	14.97	306.89
222		Tank-Peonia	5/1/2001	SL / N/A	50.0000	77,000.00	100.0000	0.00	0.00	26,950.00	1,540.00	28,490.00
223		Tank-4.8 Project	10/1/2002	SL / N/A	50.0000	484,205.78	100.0000	0.00	0.00	159,787.98	9,684.12	169,472.10
224		Tank-Hart Couni	10/1/2002	SL / N/A	50.0000	349,365.80	100.0000	0.00	0.00	115,290.78	6,987.32	122,278.10
225		Tank-Hwy 101-3	9/1/2008	SL / N/A	50.0000	777,249.65	100.0000	0.00	0.00	163,222.45	15,544.99	178,767.44
226		250K Tank-Lind	12/1/2010	SL / N/A	50.0000	966,061.70	100.0000	0.00	0.00	164,230.47	19,321.23	183,551.70
227		100K Tank-Gray	12/1/2010	SL / N/A	50.0000	740,724.33	100.0000	0.00	0.00	125,923.16	14,814.49	140,737.65
228		Painting Cedar §	12/1/2010	SL / N/A	50.0000	68,756.78	100.0000	0.00	0.00	11,688.68	1,375.14	13,063.82
229		Painting Peary#	12/1/2010	SL / N/A	50.0000	100,939.58	100.0000	0.00	0.00	17,159.72	2,018.79	19,178.51
230		Painting RiverHi	12/1/2011	SL / N/A	50.0000	115,300.00	100.0000	0.00	0.00	17,295.00	2,306.00	19,601.00
231		Painting Lincoln	12/1/2011	SL / N/A	50.0000	99,800.00	100.0000	0.00	0.00	14,970.00	1,996.00	16,966.00
232		Painting Windyv	12/1/2011	SL / N/A	50.0000	92,300.00	100.0000	0.00	0.00	13,845.00	1,846.00	15,691.00
233		Painting Nolin E	12/1/2011	SL / N/A	50.0000	91,800.00	100.0000	0.00	0.00	13,770.00	1,836.00	15,606.00
234		Painting Wingfie	12/1/2011	SL / N/A	50.0000	89,800.00	100.0000	0.00	0.00	13,470.00	1,796.00	15,266.00
235		Mixing System-v	7/1/2012	SL / N/A	50.0000	36,625.00	100.0000	0.00	0.00	7,325.00	732.50	8,057.50

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>Subtotal: 33040</b>						<b>6,057,331.82</b>		<b>0.00</b>	<b>0.00</b>	<b>2,013,874.54</b>	<b>121,146.65</b>	<b>2,135,021.19</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 33040</b>						<b>6,057,331.82</b>		<b>0.00</b>	<b>0.00</b>	<b>2,013,874.54</b>	<b>121,146.65</b>	<b>2,135,021.19</b>
<b>33140</b>												
236		Transmission &	1/1/1981	SL / N/A	50.0000	5,429,209.25	100.0000	0.00	0.00	4,034,129.21	108,584.19	4,142,713.40
237		Line Additions	1/1/1990	SL / N/A	50.0000	2,670.16	100.0000	0.00	0.00	1,521.91	53.40	1,575.31
238		Line Additions-F	1/1/1990	SL / N/A	50.0000	303,407.12	100.0000	0.00	0.00	172,942.01	6,068.14	179,010.15
239		Line Additions-3	1/1/1991	SL / N/A	50.0000	855,255.16	100.0000	0.00	0.00	470,390.25	17,105.10	487,495.35
240		Line Additions-S	1/1/1991	SL / N/A	50.0000	15,500.00	100.0000	0.00	0.00	8,525.00	310.00	8,835.00
241		Line Additions	1/1/1991	SL / N/A	50.0000	20,679.38	100.0000	0.00	0.00	11,373.72	413.59	11,787.31
242		Line Additions-2	1/1/1992	SL / N/A	50.0000	535,678.21	100.0000	0.00	0.00	283,909.34	10,713.56	294,622.90
243		Line Additions-E	1/1/1992	SL / N/A	50.0000	453,400.04	100.0000	0.00	0.00	240,302.00	9,068.00	249,370.00
244		Line Additions-T	1/1/1992	SL / N/A	50.0000	166,887.00	100.0000	0.00	0.00	88,450.11	3,337.74	91,787.85
245		Line Additions	1/1/1992	SL / N/A	50.0000	4,744.89	100.0000	0.00	0.00	2,514.85	94.90	2,609.75
246		Line Additions-T	6/1/1993	SL / N/A	50.0000	2,206.84	100.0000	0.00	0.00	1,125.57	44.14	1,169.71
247		Line Additions	1/1/1993	SL / N/A	50.0000	9,306.22	100.0000	0.00	0.00	4,746.06	186.12	4,932.18
248		Line Additions-M	1/1/1994	SL / N/A	50.0000	3,354.00	100.0000	0.00	0.00	1,643.46	67.08	1,710.54
249		Line Additions-L	1/1/1994	SL / N/A	50.0000	16,994.00	100.0000	0.00	0.00	8,327.06	339.88	8,666.94
250		Line Additions-C	1/1/1994	SL / N/A	50.0000	2,722.25	100.0000	0.00	0.00	1,334.02	54.45	1,388.47
251		Engineering Fee	1/1/1994	SL / N/A	50.0000	2,672.00	100.0000	0.00	0.00	1,309.28	53.44	1,362.72
252		Relocate Line-H	9/1/1995	SL / N/A	50.0000	11,203.16	100.0000	0.00	0.00	5,265.41	224.06	5,489.47
253		8" Line-Hwy 185	11/1/1995	SL / N/A	50.0000	471.03	100.0000	0.00	0.00	221.37	9.42	230.79
254		Line Additions-C	1/1/1995	SL / N/A	50.0000	3,310.50	100.0000	0.00	0.00	1,555.94	66.21	1,622.15
255		Line Additions-2	12/1/1995	SL / N/A	50.0000	1,091,734.68	100.0000	0.00	0.00	513,115.22	21,834.69	534,949.91
256		Line Additions-8	12/1/1996	SL / N/A	50.0000	568,354.84	100.0000	0.00	0.00	257,379.75	11,367.10	268,746.85
257		Line Extension-F	11/1/1996	SL / N/A	50.0000	3,916.00	100.0000	0.00	0.00	1,762.20	78.32	1,840.52
258		Line Additions-C	1/1/1996	SL / N/A	50.0000	1,540.89	100.0000	0.00	0.00	693.45	30.82	724.27
259		Line Additions-8	3/1/1997	SL / N/A	50.0000	8,000.47	100.0000	0.00	0.00	3,440.21	160.01	3,600.22
260		Line Additions-T	12/1/1997	SL / N/A	50.0000	66,791.65	100.0000	0.00	0.00	28,720.35	1,335.83	30,056.18
261		Line Additions-C	1/1/1997	SL / N/A	50.0000	1,203.56	100.0000	0.00	0.00	517.51	24.07	541.58
262		Main Addition-H	12/1/1998	SL / N/A	50.0000	5,244.90	100.0000	0.00	0.00	2,150.45	104.90	2,255.35
263		Main Addition-8	12/1/1998	SL / N/A	50.0000	741,773.93	100.0000	0.00	0.00	304,127.34	14,835.48	318,962.82
264		Main-Industrial F	12/1/1998	SL / N/A	50.0000	123,754.74	100.0000	0.00	0.00	50,739.50	2,475.09	53,214.59
265		Mains-Other	1/1/1998	SL / N/A	50.0000	5,076.56	100.0000	0.00	0.00	2,081.52	101.53	2,183.05
266		Main-Industrial F	6/1/1999	SL / N/A	50.0000	216.20	100.0000	0.00	0.00	84.24	4.32	88.56
267		Mains-Other	1/1/1999	SL / N/A	50.0000	3,984.38	100.0000	0.00	0.00	1,526.95	79.69	1,606.64
268		Main Hwy 101 F	6/1/2000	SL / N/A	50.0000	206,701.95	100.0000	0.00	0.00	76,479.74	4,134.04	80,613.78
269		Mains-Other	1/1/2000	SL / N/A	50.0000	2,147.58	100.0000	0.00	0.00	794.71	42.95	837.66
270		Mains-CDBG-Se	7/1/2001	SL / N/A	50.0000	259,240.87	100.0000	0.00	0.00	90,734.35	5,184.82	95,919.17
271		Mains-Other	1/1/2001	SL / N/A	50.0000	8,528.33	100.0000	0.00	0.00	2,984.85	170.57	3,155.42
272		Mains-4.8Projec	10/1/2002	SL / N/A	50.0000	1,175,600.24	100.0000	0.00	0.00	387,948.00	23,512.00	411,460.00
273		Mains- HartCo. f	10/1/2002	SL / N/A	50.0000	381,723.74	100.0000	0.00	0.00	125,968.87	7,634.47	133,603.34
274		Mains-Grayson (	10/1/2002	SL / N/A	50.0000	120,729.05	100.0000	0.00	0.00	39,840.57	2,414.58	42,255.15
275		Mains-Other	1/1/2002	SL / N/A	50.0000	3,585.96	100.0000	0.00	0.00	1,183.38	71.72	1,255.10
276		6" Main-Lake Fo	11/1/2003	SL / N/A	50.0000	5,779.16	100.0000	0.00	0.00	1,791.49	115.58	1,907.07

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date in Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
33140												
277		Mains-Other	1/1/2003	SL / N/A	50.0000	2,735.22	100.0000	0.00	0.00	847.85	54.70	902.55
278		Mains-1.034M P	9/1/2004	SL / N/A	50.0000	1,085,278.77	100.0000	0.00	0.00	314,730.91	21,705.58	336,436.49
279		Mains-101 Reloc	10/1/2004	SL / N/A	50.0000	74,056.10	100.0000	0.00	0.00	21,476.24	1,481.12	22,957.36
280		Mains-Other	1/1/2004	SL / N/A	50.0000	5,074.36	100.0000	0.00	0.00	1,471.60	101.49	1,573.09
281		Mains-Eng Fees	1/1/2005	SL / N/A	50.0000	10,522.04	100.0000	0.00	0.00	2,840.94	210.44	3,051.38
282		Main Upgrade-K	9/1/2006	SL / N/A	50.0000	7,785.40	100.0000	0.00	0.00	1,946.37	155.71	2,102.08
283		Mains-Other	1/1/2006	SL / N/A	50.0000	286.89	100.0000	0.00	0.00	71.75	5.74	77.49
284		Main 8" Industri	6/1/2007	SL / N/A	50.0000	3,814.62	100.0000	0.00	0.00	877.40	76.29	953.69
285		Main-259 Hwy F	8/1/2007	SL / N/A	50.0000	129,457.97	100.0000	0.00	0.00	29,775.34	2,589.16	32,364.50
286		Mains-3.2 Proj	7/1/2008	SL / N/A	50.0000	1,516,980.73	100.0000	0.00	0.00	318,565.96	30,339.61	348,905.57
287		Main-3.38 Proj	12/1/2010	SL / N/A	50.0000	655,789.05	100.0000	0.00	0.00	111,484.13	13,115.78	124,599.91
288		Hwy 101 Reloca	12/1/2010	SL / N/A	50.0000	242,677.31	100.0000	0.00	0.00	41,255.17	4,853.55	46,108.72
289		Mains-Hart Co. f	12/1/2011	SL / N/A	50.0000	671,715.28	100.0000	0.00	0.00	100,757.33	13,434.31	114,191.64
290		Mains-Edmonso	12/1/2011	SL / N/A	50.0000	373,183.94	100.0000	0.00	0.00	55,977.60	7,463.68	63,441.28
291		Main-6" Relocat	9/1/2013	SL / N/A	50.0000	48,462.00	100.0000	0.00	0.00	5,330.82	969.24	6,300.06
292		Relocation HWY	12/1/2014	SL / N/A	50.0000	389,063.10	100.0000	0.00	0.00	38,906.30	7,781.26	46,687.56
293		Relocation HWY	12/1/2014	SL / N/A	50.0000	295,171.51	100.0000	0.00	0.00	29,517.15	5,903.43	35,420.58
294		HWY 743 abanc	12/1/2014	SL / N/A	50.0000	-56,970.00	100.0000	0.00	0.00	-56,970.00	0.00	-56,970.00
295		HWY 88 abanc	2/12/114	SL / N/A	50.0000	-38,680.00	100.0000	0.00	0.00	-38,680.00	0.00	-38,680.00
296		Emergency neer	8/1/2014	SL / N/A	50.0000	855,675.75	100.0000	0.00	0.00	68,454.08	17,113.52	85,567.60
297		Straw Line Ext.	1/1/1990	SL / N/A	50.0000	2,035.12	100.0000	0.00	0.00	1,159.95	40.70	1,200.65
298		Oakland Hill Dev	1/1/1990	SL / N/A	50.0000	4,844.33	100.0000	0.00	0.00	2,761.37	96.89	2,858.26
299		Moutardier Shor	1/1/1990	SL / N/A	50.0000	21,859.93	100.0000	0.00	0.00	12,460.20	437.20	12,897.40
300		Noel Johnson Li	1/1/1990	SL / N/A	50.0000	3,130.03	100.0000	0.00	0.00	1,784.10	62.60	1,846.70
301		VanMeter Road	1/1/1991	SL / N/A	50.0000	4,121.22	100.0000	0.00	0.00	2,266.55	82.42	2,348.97
302		Saw Mill Road 2	1/1/1991	SL / N/A	50.0000	2,946.87	100.0000	0.00	0.00	1,620.85	58.94	1,679.79
303		Denham Road 4	1/1/1991	SL / N/A	50.0000	5,708.17	100.0000	0.00	0.00	3,139.40	114.16	3,253.56
304		Birtles & Gullett	1/1/1991	SL / N/A	50.0000	4,181.03	100.0000	0.00	0.00	2,299.55	83.62	2,383.17
305		Logan Rd Ext. 2	1/1/1992	SL / N/A	50.0000	3,814.69	100.0000	0.00	0.00	2,021.69	76.29	2,097.98
306		Jones Rd 3520'	1/1/1992	SL / N/A	50.0000	3,837.63	100.0000	0.00	0.00	2,033.88	76.75	2,110.63
307		Harban-View Vill	1/1/1992	SL / N/A	50.0000	12,678.49	100.0000	0.00	0.00	6,719.61	253.57	6,973.18
308		Wala Line Ext. 2	1/1/1993	SL / N/A	50.0000	4,519.61	100.0000	0.00	0.00	2,304.95	90.39	2,395.34
309		Windy Ridge Rd	1/1/1994	SL / N/A	50.0000	6,433.33	100.0000	0.00	0.00	3,152.42	128.67	3,281.09
310		Deacan Lane 3-	1/1/1994	SL / N/A	50.0000	5,423.52	100.0000	0.00	0.00	2,657.52	108.47	2,765.99
311		Haycraft Subd.	1/1/1994	SL / N/A	50.0000	10,035.56	100.0000	0.00	0.00	4,917.40	200.71	5,118.11
312		Dr. Duvall 2500	1/1/1994	SL / N/A	50.0000	5,039.48	100.0000	0.00	0.00	2,469.36	100.79	2,570.15
313		Dover Ridge Rd	1/1/1994	SL / N/A	50.0000	7,256.50	100.0000	0.00	0.00	3,555.69	145.13	3,700.82
314		ABC 1480'	1/1/1994	SL / N/A	50.0000	2,885.24	100.0000	0.00	0.00	1,413.65	57.70	1,471.35
315		Powell Subd. 1-	1/1/1994	SL / N/A	50.0000	3,153.37	100.0000	0.00	0.00	1,545.22	63.07	1,608.29
316		Springview Subd	1/1/1995	SL / N/A	50.0000	6,473.62	100.0000	0.00	0.00	3,042.55	129.47	3,172.02
317		Lochober 3060	1/1/1995	SL / N/A	50.0000	14,635.00	100.0000	0.00	0.00	6,878.45	292.70	7,171.15
318		Browning Road	1/1/1995	SL / N/A	50.0000	1,969.70	100.0000	0.00	0.00	925.67	39.39	965.06
319		Sara Smith Farm	1/1/1996	SL / N/A	50.0000	5,253.31	100.0000	0.00	0.00	2,364.08	105.07	2,469.15
320		Mammoth Oaks	1/1/1996	SL / N/A	50.0000	16,276.43	100.0000	0.00	0.00	7,324.43	325.53	7,649.96
321		Nolin Lakeside 5	1/1/1996	SL / N/A	50.0000	3,568.29	100.0000	0.00	0.00	1,605.83	71.37	1,677.20

ECWD - Water [ECW - Water]  
Depreciation Expense

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
39140												
322		Reed Road Line	1/1/1996	SL / N/A	50.0000	4,371.07	100.0000	0.00	0.00	1,966.95	87.42	2,054.37
323		Little Eden Subc	1/1/1996	SL / N/A	50.0000	2,653.76	100.0000	0.00	0.00	1,194.30	53.08	1,247.38
324		Dallas Meredith	1/1/1996	SL / N/A	50.0000	7,775.78	100.0000	0.00	0.00	3,499.20	155.52	3,654.72
325		Forestville Rd 4	1/1/1996	SL / N/A	50.0000	5,082.02	100.0000	0.00	0.00	2,286.90	101.64	2,388.54
326		Horse Run Est.	1/1/1996	SL / N/A	50.0000	5,693.08	100.0000	0.00	0.00	2,561.85	113.86	2,675.71
327		Rollin Meadows	1/1/1997	SL / N/A	50.0000	4,981.65	100.0000	0.00	0.00	2,142.05	99.63	2,241.68
328		Poplar Ridge 2f	1/1/1997	SL / N/A	50.0000	8,186.47	100.0000	0.00	0.00	3,520.20	163.73	3,683.93
329		New Grove Est.	1/1/1997	SL / N/A	50.0000	8,020.00	100.0000	0.00	0.00	3,448.60	160.40	3,609.00
330		Pearson Branch	1/1/1997	SL / N/A	50.0000	4,256.61	100.0000	0.00	0.00	1,830.30	85.13	1,915.43
331		Harold Johnson	1/1/1997	SL / N/A	50.0000	9,684.43	100.0000	0.00	0.00	4,164.34	193.69	4,358.03
332		Audubon Hills 1	1/1/1997	SL / N/A	50.0000	5,803.27	100.0000	0.00	0.00	2,495.51	116.07	2,611.58
333		Sam Goodman I	1/1/1998	SL / N/A	50.0000	9,613.45	100.0000	0.00	0.00	3,941.38	192.27	4,133.65
334		Croghan Subd.	1/1/1998	SL / N/A	50.0000	7,822.12	100.0000	0.00	0.00	3,207.02	156.44	3,363.46
335		Honey Creek Rc	1/1/1998	SL / N/A	50.0000	4,752.36	100.0000	0.00	0.00	1,948.37	95.05	2,043.42
336		Crossroads Villa	1/1/1998	SL / N/A	50.0000	7,918.14	100.0000	0.00	0.00	3,246.38	158.36	3,404.74
337		Crossroads Sub	4/1/1999	SL / N/A	50.0000	5,447.21	100.0000	0.00	0.00	2,124.33	108.94	2,233.27
338		Irene Decker Rd	4/1/1999	SL / N/A	50.0000	6,213.45	100.0000	0.00	0.00	2,423.26	124.27	2,547.53
339		Seven Springs C	5/1/1999	SL / N/A	50.0000	7,832.80	100.0000	0.00	0.00	3,054.87	156.66	3,211.53
340		Meadow View S	7/1/1999	SL / N/A	50.0000	5,932.56	100.0000	0.00	0.00	2,315.12	118.65	2,433.77
341		Dreamland Subt	8/1/1999	SL / N/A	50.0000	3,975.68	100.0000	0.00	0.00	1,550.45	79.51	1,629.96
342		Ray Cobb Line	2/1/2000	SL / N/A	50.0000	7,060.08	100.0000	0.00	0.00	2,612.20	141.20	2,753.40
343		Greenward Sub.	4/1/2000	SL / N/A	50.0000	23,157.20	100.0000	0.00	0.00	7,178.67	0.00	7,178.67
344		Rolling Meadow	10/1/2000	SL / N/A	50.0000	5,521.35	100.0000	0.00	0.00	2,043.09	110.43	2,153.52
345		Creek Hills Est.	12/1/2000	SL / N/A	50.0000	5,249.83	100.0000	0.00	0.00	1,942.50	105.00	2,047.50
346		Tanglewood Sul	12/1/2000	SL / N/A	50.0000	32,223.26	100.0000	0.00	0.00	11,922.83	644.47	12,567.30
347		K. Collard & Du	5/1/2001	SL / N/A	50.0000	5,952.58	100.0000	0.00	0.00	2,083.50	119.05	2,202.55
348		Timber Ridge St	6/1/2001	SL / N/A	50.0000	20,189.50	100.0000	0.00	0.00	7,066.45	403.79	7,470.24
349		Cedar Point Sut	7/1/2001	SL / N/A	50.0000	4,817.98	100.0000	0.00	0.00	1,686.30	96.36	1,782.66
350		Barbee's Cross	10/1/2001	SL / N/A	50.0000	4,114.48	100.0000	0.00	0.00	1,439.95	82.29	1,522.24
351		Chalybeate Spr	10/1/2001	SL / N/A	50.0000	3,455.01	100.0000	0.00	0.00	1,209.25	69.10	1,278.35
352		Poplar Ridge Ph	11/1/2001	SL / N/A	50.0000	9,866.19	100.0000	0.00	0.00	3,453.10	197.32	3,650.42
353		Craddock Farm	12/1/2001	SL / N/A	50.0000	37,685.00	100.0000	0.00	0.00	13,189.75	753.70	13,943.45
354		Industrial Park L	6/1/2001	SL / N/A	50.0000	2,450.24	100.0000	0.00	0.00	857.50	49.00	906.50
355		County Barn Rd	1/1/2002	SL / N/A	50.0000	5,828.62	100.0000	0.00	0.00	1,923.52	116.57	2,040.09
356		Briar Creek Mea	6/1/2002	SL / N/A	50.0000	2,745.30	100.0000	0.00	0.00	905.90	54.91	960.81
357		Laurel Ridge Ca	7/1/2002	SL / N/A	50.0000	9,103.20	100.0000	0.00	0.00	3,003.99	182.06	3,186.05
358		Heather Heights	8/1/2002	SL / N/A	50.0000	7,148.41	100.0000	0.00	0.00	2,358.89	142.97	2,501.86
359		Rocky Hill Mobil	10/1/2002	SL / N/A	50.0000	24,969.36	100.0000	0.00	0.00	8,239.82	499.39	8,739.21
360		Mallard Poi ntPr	7/1/2003	SL / N/A	50.0000	11,006.49	100.0000	0.00	0.00	3,412.12	220.13	3,632.25
361		Lake Forrest Prc	2/1/2004	SL / N/A	50.0000	20,280.54	100.0000	0.00	0.00	5,881.35	405.61	6,286.96
362		Greensward Sut	8/1/2004	SL / N/A	50.0000	20,222.46	100.0000	0.00	0.00	5,864.52	404.45	6,268.97
363		Chalybeate Esta	5/1/2005	SL / N/A	50.0000	14,853.54	100.0000	0.00	0.00	4,010.45	297.07	4,307.52
364		Ironwood Acres	8/1/2005	SL / N/A	50.0000	16,170.25	100.0000	0.00	0.00	4,366.04	323.41	4,689.45
365		Cave Lake Subc	9/1/2005	SL / N/A	50.0000	13,067.43	100.0000	0.00	0.00	3,528.23	261.35	3,789.58
366		Lake Forrest Un	11/1/2005	SL / N/A	50.0000	25,600.55	100.0000	0.00	0.00	6,912.14	512.01	7,424.15

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>33140</b>												
367		Serenity Cove E	11/1/2005	SL / N/A	50.0000	8,108.97	100.0000	0.00	0.00	2,189.43	162.18	2,351.61
368		Green Meadows	11/1/2005	SL / N/A	50.0000	16,444.34	100.0000	0.00	0.00	4,440.02	328.89	4,768.91
369		Poplar Ridge Ph	3/1/2006	SL / N/A	50.0000	25,348.34	100.0000	0.00	0.00	6,337.05	506.97	6,844.02
370		Indian Cliff Estal	5/1/2006	SL / N/A	50.0000	45,128.34	100.0000	0.00	0.00	11,282.12	902.57	12,184.69
371		Hidden Springs	9/1/2006	SL / N/A	50.0000	11,078.39	100.0000	0.00	0.00	2,769.62	221.57	2,991.19
372		Richland Subdiv	9/1/2006	SL / N/A	50.0000	23,280.01	100.0000	0.00	0.00	5,820.00	465.60	6,285.60
373		Greensward Ph	9/1/2006	SL / N/A	50.0000	16,280.96	100.0000	0.00	0.00	4,070.25	325.62	4,395.87
374		Barton Run Sub	10/1/2006	SL / N/A	50.0000	46,551.98	100.0000	0.00	0.00	11,638.00	931.04	12,569.04
375		Bentfield Subdiv	10/1/2006	SL / N/A	50.0000	4,994.70	100.0000	0.00	0.00	1,248.63	99.89	1,348.52
376		Edmonson Cour	11/1/2006	SL / N/A	50.0000	34,399.16	100.0000	0.00	0.00	8,599.75	687.98	9,287.73
377		Cornerstone Est	4/1/2007	SL / N/A	50.0000	7,107.64	100.0000	0.00	0.00	1,634.79	142.15	1,776.94
378		Mayden Trace E	4/1/2007	SL / N/A	50.0000	29,578.12	100.0000	0.00	0.00	6,803.07	591.56	7,394.63
379		Rich/Goins Sub	4/1/2007	SL / N/A	50.0000	5,524.64	100.0000	0.00	0.00	1,270.70	110.49	1,381.19
380		By the Park Sub	4/1/2007	SL / N/A	50.0000	8,906.74	100.0000	0.00	0.00	2,048.56	178.13	2,226.69
381		Dreamland IV 9	4/1/2007	SL / N/A	50.0000	7,150.32	100.0000	0.00	0.00	1,644.68	143.01	1,787.69
382		Ironwood Subdi	5/1/2007	SL / N/A	50.0000	14,743.00	100.0000	0.00	0.00	3,390.89	294.86	3,685.75
383		Ambassador Sh	1/1/2008	SL / N/A	50.0000	8,133.54	100.0000	0.00	0.00	1,708.04	162.67	1,870.71
384		Moutardier Bluff	11/1/2008	SL / N/A	50.0000	28,194.04	100.0000	0.00	0.00	5,920.74	563.88	6,484.62
385		Willow Creek SL	8/1/2009	SL / N/A	50.0000	15,153.71	100.0000	0.00	0.00	2,576.11	303.07	2,879.18
386		Nolin River Run	12/1/2009	SL / N/A	50.0000	12,153.69	100.0000	0.00	0.00	2,066.11	243.07	2,309.18
387		Hickory Cabins I	7/1/2011	SL / N/A	50.0000	7,801.22	100.0000	0.00	0.00	1,170.15	156.02	1,326.17
388		Red Rock of Nol	8/1/2011	SL / N/A	50.0000	11,338.70	100.0000	0.00	0.00	1,700.78	226.77	1,927.55
389		The Pointe at Nk	6/1/2012	SL / N/A	50.0000	21,904.04	100.0000	0.00	0.00	2,847.52	438.08	3,285.60
390		Greenwood Unil	9/1/2012	SL / N/A	50.0000	12,890.41	100.0000	0.00	0.00	1,675.77	257.81	1,933.58
391		Fairview Ridge E	11/1/2012	SL / N/A	50.0000	7,380.91	100.0000	0.00	0.00	959.53	147.62	1,107.15
392		Wilderness Ridg	4/1/2013	SL / N/A	50.0000	24,316.46	100.0000	0.00	0.00	2,674.81	486.33	3,161.14
861		work orders	12/31/2016	SL / N/A	50.0000	341.26	100.0000	0.00	0.00	13.66	6.83	20.49
869		2017 work orde	11/30/2017	SL / N/A	50.0000	2,001.70	100.0000	0.00	0.00	43.37	40.03	83.40
889		March WO's	3/30/2018	SL / N/A	62.5000	777.88	100.0000	0.00	0.00	9.34	12.45	21.79
913		Trans & Dist Ma	4/23/2019	SL / N/A	62.5000	4,748.60	100.0000	0.00	0.00	0.00	50.65	50.65
914		May Workorders	5/31/2019	SL / N/A	62.5000	121,566.93	100.0000	0.00	0.00	0.00	1,134.62	1,134.62
915		June Workorder	6/21/2019	SL / N/A	62.5000	22,267.23	100.0000	0.00	0.00	0.00	178.14	178.14
916		September Worl	9/30/2019	SL / N/A	62.5000	602.36	100.0000	0.00	0.00	0.00	2.41	2.41
<b>Subtotal: 33140</b>						<b>20,124,414.49</b>		<b>0.00</b>	<b>0.00</b>	<b>8,623,279.48</b>	<b>402,317.13</b>	<b>9,025,596.59</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 33140</b>						<b>20,124,414.49</b>		<b>0.00</b>	<b>0.00</b>	<b>8,623,279.48</b>	<b>402,317.13</b>	<b>9,025,596.59</b>

<b>33340</b>												
393		Services	1/1/1981	SL / N/A	50.0000	444,284.66	100.0000	0.00	0.00	329,902.95	8,885.69	338,788.64
394		Services-90	1/1/1990	SL / N/A	50.0000	7,605.96	100.0000	0.00	0.00	4,335.42	152.12	4,487.54
395		Services-Hart Cx	1/1/1990	SL / N/A	50.0000	26,530.52	100.0000	0.00	0.00	15,122.39	530.61	15,653.00
396		Services-35mi P	1/1/1991	SL / N/A	50.0000	52,884.28	100.0000	0.00	0.00	29,086.47	1,057.69	30,144.16
397		Services-91	1/1/1991	SL / N/A	50.0000	8,853.18	100.0000	0.00	0.00	4,869.15	177.06	5,046.21
398		Services-22mi P	1/1/1992	SL / N/A	50.0000	32,274.97	100.0000	0.00	0.00	17,105.75	645.50	17,751.25

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>33340</b>												
399		Services-Edmon	1/1/1992	SL / N/A	50.0000	45,177.68	100.0000	0.00	0.00	23,944.08	903.55	24,847.63
400		Services-Hart Cx	1/1/1992	SL / N/A	50.0000	13,324.86	100.0000	0.00	0.00	7,062.25	266.50	7,328.75
401		Services-92	1/1/1992	SL / N/A	50.0000	8,468.51	100.0000	0.00	0.00	4,488.31	169.37	4,657.68
402		Services-93	1/1/1993	SL / N/A	50.0000	7,737.83	100.0000	0.00	0.00	3,946.38	154.76	4,101.14
403		Services-94	1/1/1994	SL / N/A	50.0000	11,343.79	100.0000	0.00	0.00	5,558.56	226.88	5,785.44
404		Services-2.2 Prc	12/1/1995	SL / N/A	50.0000	85,485.11	100.0000	0.00	0.00	40,177.95	1,709.70	41,887.65
405		Services-95	1/1/1995	SL / N/A	50.0000	11,141.93	100.0000	0.00	0.00	5,236.74	222.84	5,459.58
406		Services-860 Pr	1/1/1996	SL / N/A	50.0000	26,240.26	100.0000	0.00	0.00	11,808.22	524.81	12,333.03
407		Services-Larry N	1/1/1996	SL / N/A	50.0000	26,141.28	100.0000	0.00	0.00	11,763.67	522.83	12,286.50
408		Services-Other	1/1/1996	SL / N/A	50.0000	1,123.32	100.0000	0.00	0.00	505.57	22.47	528.04
409		Services-97	1/1/1997	SL / N/A	50.0000	9,216.25	100.0000	0.00	0.00	3,963.09	184.33	4,147.42
410		Services-891 Pr	12/1/1998	SL / N/A	50.0000	44,887.32	100.0000	0.00	0.00	18,403.72	897.75	19,301.47
411		Services-98	12/1/1998	SL / N/A	50.0000	12,446.95	100.0000	0.00	0.00	5,103.27	248.94	5,352.21
412		Services-99	12/1/1999	SL / N/A	50.0000	8,883.09	100.0000	0.00	0.00	3,464.37	177.66	3,642.03
413		Services-Hwy 1C	6/1/2000	SL / N/A	50.0000	3,419.41	100.0000	0.00	0.00	1,265.08	68.39	1,333.47
414		Services-2000	6/1/2000	SL / N/A	50.0000	8,320.36	100.0000	0.00	0.00	3,078.45	166.41	3,244.86
415		Services-CDBG,	7/1/2001	SL / N/A	50.0000	7,350.63	100.0000	0.00	0.00	2,572.80	147.01	2,719.81
416		Services-2001	7/1/2001	SL / N/A	50.0000	10,002.45	100.0000	0.00	0.00	3,500.75	200.05	3,700.80
417		Services-Hart Cx	10/1/2002	SL / N/A	50.0000	5,657.73	100.0000	0.00	0.00	1,867.09	113.15	1,980.24
418		Services-Grayso	10/1/2002	SL / N/A	50.0000	1,870.04	100.0000	0.00	0.00	617.10	37.40	654.50
419		Services-2002	10/1/2002	SL / N/A	50.0000	8,794.91	100.0000	0.00	0.00	2,892.35	175.90	3,068.25
420		Services-31 Roa	1/1/2003	SL / N/A	50.0000	882.00	100.0000	0.00	0.00	273.42	17.64	291.06
421		Services-2003	1/1/2003	SL / N/A	50.0000	8,431.54	100.0000	0.00	0.00	2,613.87	168.63	2,782.50
422		Services-1.034 F	9/1/2004	SL / N/A	50.0000	8,354.33	100.0000	0.00	0.00	2,422.80	167.09	2,589.89
423		Services-101 Re	10/1/2004	SL / N/A	50.0000	1,317.37	100.0000	0.00	0.00	382.07	26.35	408.42
424		Services-2004	10/1/2004	SL / N/A	50.0000	10,141.16	100.0000	0.00	0.00	2,940.89	202.82	3,143.71
425		Services-2005	1/1/2005	SL / N/A	50.0000	13,477.68	100.0000	0.00	0.00	3,638.93	269.55	3,908.48
426		Services-2006	1/1/2006	SL / N/A	50.0000	15,177.86	100.0000	0.00	0.00	3,794.50	303.56	4,098.06
427		Services-259 Hv	8/1/2007	SL / N/A	50.0000	15,425.74	100.0000	0.00	0.00	3,547.93	308.51	3,856.44
428		Services-2007	1/1/2007	SL / N/A	50.0000	16,320.96	100.0000	0.00	0.00	3,753.83	326.42	4,080.25
429		Services-3.2 Prc	7/1/2008	SL / N/A	50.0000	18,115.81	100.0000	0.00	0.00	3,804.36	362.32	4,166.68
430		Services-2008	1/1/2008	SL / N/A	50.0000	11,901.70	100.0000	0.00	0.00	2,499.37	238.03	2,737.40
431		Services-2009	1/1/2009	SL / N/A	50.0000	9,669.13	100.0000	0.00	0.00	1,643.73	193.38	1,837.11
432		Services-3.38 Pr	12/1/2010	SL / N/A	50.0000	6,074.28	100.0000	0.00	0.00	1,032.66	121.49	1,154.15
433		Service-Hwy 10	12/1/2010	SL / N/A	50.0000	15,495.08	100.0000	0.00	0.00	2,634.15	309.90	2,944.05
434		Service-2010	1/1/2010	SL / N/A	50.0000	10,114.26	100.0000	0.00	0.00	1,719.46	202.29	1,921.75
435		Services-Hart Cx	12/1/2011	SL / N/A	50.0000	9,110.08	100.0000	0.00	0.00	1,366.50	182.20	1,548.70
436		Services-Edmon	12/1/2011	SL / N/A	50.0000	4,884.27	100.0000	0.00	0.00	732.67	97.69	830.36
437		Services-2011	1/1/2011	SL / N/A	50.0000	9,543.06	100.0000	0.00	0.00	1,431.45	190.86	1,622.31
438		Services-2012	1/1/2012	SL / N/A	50.0000	9,737.23	100.0000	0.00	0.00	1,265.83	194.74	1,460.57
439		Services-Hwy 7C	9/1/2013	SL / N/A	50.0000	18,885.10	100.0000	0.00	0.00	2,077.35	377.70	2,455.05
440		Services-2013	1/1/2013	SL / N/A	50.0000	9,620.20	100.0000	0.00	0.00	1,058.20	192.40	1,250.60
441		Services 2014	1/1/2014	SL / N/A	50.0000	22,019.65	100.0000	0.00	0.00	2,201.95	440.39	2,642.34
442		Services 2015	1/1/2015	SL / N/A	50.0000	22,285.43	100.0000	0.00	0.00	1,782.84	445.71	2,228.55
853		2016 Services	6/1/2016	SL / N/A	50.0000	25,476.26	100.0000	0.00	0.00	1,316.29	509.53	1,825.82

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>33340</b>												
870		2017 work order	12/31/2017	SL / N/A	50.0000	31,154.49	100.0000	0.00	0.00	623.09	623.09	1,246.18
897		Work Orders	6/30/2018	SL / N/A	40.0000	31,243.56	100.0000	0.00	0.00	390.55	781.09	1,171.64
918		Workorders	6/30/2019	SL / N/A	40.0000	32,984.52	100.0000	0.00	0.00	0.00	412.31	412.31
<b>Subtotal: 33340</b>						<b>1,317,310.03</b>		<b>0.00</b>	<b>0.00</b>	<b>612,590.62</b>	<b>26,255.06</b>	<b>638,845.68</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 33340</b>						<b>1,317,310.03</b>		<b>0.00</b>	<b>0.00</b>	<b>612,590.62</b>	<b>26,255.06</b>	<b>638,845.68</b>
<b>33440</b>												
443		4" Meter-City of	1/1/1987	SL / N/A	50.0000	1,200.00	100.0000	0.00	0.00	745.12	24.00	769.12
444		4" Meter-Great C	1/1/1987	SL / N/A	50.0000	1,600.00	100.0000	0.00	0.00	993.51	32.00	1,025.51
445		2" Meters-4 Bad	9/1/1996	SL / N/A	50.0000	1,156.00	100.0000	0.00	0.00	520.20	23.12	543.32
446		Meter 2" Badget	5/1/2000	SL / N/A	50.0000	349.00	100.0000	0.00	0.00	129.13	6.98	136.11
447		2" Meter RCDL	9/1/2001	SL / N/A	50.0000	364.78	100.0000	0.00	0.00	127.75	7.30	135.05
448		1" Inven Sys SR	8/1/2002	SL / N/A	50.0000	91.00	100.0000	0.00	0.00	30.03	1.82	31.85
449		(10) 1" Meters Iv	1/1/2003	SL / N/A	50.0000	790.00	100.0000	0.00	0.00	244.90	15.80	260.70
450		(6) 2" meters M1	5/1/2003	SL / N/A	50.0000	2,130.00	100.0000	0.00	0.00	660.30	42.60	702.90
451		Meter-Industrial	1/1/2004	SL / N/A	50.0000	424.85	100.0000	0.00	0.00	220.89	8.50	229.39
452		(2) 2" Meters T1	4/1/2005	SL / N/A	50.0000	700.00	100.0000	0.00	0.00	336.00	14.00	350.00
453		1" Meter M70	8/1/2005	SL / N/A	50.0000	513.00	100.0000	0.00	0.00	246.24	10.26	256.50
454		(2) 2" T10 Meter	4/1/2006	SL / N/A	50.0000	625.00	100.0000	0.00	0.00	275.00	12.50	287.50
455		(6) 1" T10 Meter	11/1/2006	SL / N/A	50.0000	706.50	100.0000	0.00	0.00	310.86	14.13	324.99
456		Meters-Hwy 259	8/1/2007	SL / N/A	50.0000	252.76	100.0000	0.00	0.00	101.18	5.06	106.24
457		3" Sensus 125-v	6/1/2007	SL / N/A	50.0000	780.00	100.0000	0.00	0.00	312.06	15.60	327.66
458		(5) 2" M170 Met	10/1/2008	SL / N/A	50.0000	2,158.71	100.0000	0.00	0.00	777.13	43.17	820.30
459		(3) 2" T10 Meter	9/1/2009	SL / N/A	50.0000	1,179.00	100.0000	0.00	0.00	377.28	23.58	400.86
460		(10) 1" Sensus E	10/1/2009	SL / N/A	50.0000	1,205.00	100.0000	0.00	0.00	385.60	24.10	409.70
461		(1) 2" Compound	11/1/2010	SL / N/A	50.0000	1,381.20	100.0000	0.00	0.00	386.73	27.62	414.35
462		Ultrasonic Flow	12/1/2010	SL / N/A	50.0000	9,822.40	100.0000	0.00	0.00	2,750.30	196.45	2,946.75
463		(5500) AMR Met	12/1/2010	SL / N/A	50.0000	605,000.00	100.0000	0.00	0.00	202,675.00	12,100.00	214,775.00
464		(3750) AMR Met	1/1/2011	SL / N/A	50.0000	431,250.00	100.0000	0.00	0.00	122,906.25	8,625.00	131,531.25
465		(950) AMR Mete	1/1/2011	SL / N/A	50.0000	104,500.00	100.0000	0.00	0.00	29,782.50	2,090.00	31,872.50
466		Ultrasonic Flow	4/1/2013	SL / N/A	50.0000	2,667.00	100.0000	0.00	0.00	493.39	53.34	546.73
467		(12) ARM Model	7/1/2013	SL / N/A	50.0000	6,523.20	100.0000	0.00	0.00	1,206.77	130.46	1,337.23
468		(115) AMR Mete	7/1/2013	SL / N/A	50.0000	8,625.00	100.0000	0.00	0.00	1,595.62	172.50	1,768.12
469		Badger meter 30	8/18/2014	SL / N/A	50.0000	9,519.60	100.0000	0.00	0.00	1,523.13	190.39	1,713.52
470		Badger meter (1	6/1/2015	SL / N/A	50.0000	13,173.00	100.0000	0.00	0.00	1,449.03	263.46	1,712.49
852		Meters	5/11/2016	SL / N/A	50.0000	13,103.73	100.0000	0.00	0.00	698.85	262.07	960.92
879		100 meters	6/26/2017	SL / N/A	50.0000	15,194.00	100.0000	0.00	0.00	455.82	303.88	759.70
880		core and main	10/18/2017	SL / N/A	50.0000	3,303.24	100.0000	0.00	0.00	77.07	66.06	143.13
903		Meters	5/10/2018	SL / N/A	40.0000	19,508.96	100.0000	0.00	0.00	325.15	487.72	812.87
904		Meters	6/29/2018	SL / N/A	40.0000	15,446.94	100.0000	0.00	0.00	193.09	386.17	579.26
905		Meters	10/22/2018	SL / N/A	40.0000	3,404.38	100.0000	0.00	0.00	14.19	85.11	99.30
919		Meters	2/18/2019	SL / N/A	40.0000	6,968.00	100.0000	0.00	0.00	0.00	145.17	145.17
920		Meters	5/29/2019	SL / N/A	40.0000	3,532.95	100.0000	0.00	0.00	0.00	51.52	51.52

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>33440</b>												
921		Meters	5/17/2019	SL / N/A	40.0000	19,139.40	100.0000	0.00	0.00	0.00	279.12	279.12
922		Meters	8/31/2019	SL / N/A	40.0000	17,012.80	100.0000	0.00	0.00	0.00	141.77	141.77
<b>Subtotal: 33440</b>						<b>1,325,301.40</b>		<b>0.00</b>	<b>0.00</b>	<b>373,326.07</b>	<b>26,382.33</b>	<b>399,708.40</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 33440</b>						<b>1,325,301.40</b>		<b>0.00</b>	<b>0.00</b>	<b>373,326.07</b>	<b>26,382.33</b>	<b>399,708.40</b>
<b>33450</b>												
471		Meter Installatio	1/1/1983	SL / N/A	50.0000	395,250.58	100.0000	0.00	0.00	275,719.92	7,905.01	283,624.93
472		Meter Installatio	1/1/1990	SL / N/A	50.0000	9,419.71	100.0000	0.00	0.00	5,369.12	188.39	5,557.51
473		Meter Installatio	1/1/1990	SL / N/A	50.0000	41,893.68	100.0000	0.00	0.00	23,879.30	837.87	24,717.17
474		Meter Installatio	1/1/1991	SL / N/A	50.0000	12,355.07	100.0000	0.00	0.00	6,795.25	247.10	7,042.35
475		Meter Installatio	1/1/1992	SL / N/A	50.0000	11,271.80	100.0000	0.00	0.00	5,974.16	225.44	6,199.60
476		Meter Installatio	1/1/1993	SL / N/A	50.0000	17,697.31	100.0000	0.00	0.00	9,025.72	353.95	9,379.67
477		Meter Installatio	1/1/1994	SL / N/A	50.0000	15,702.31	100.0000	0.00	0.00	7,694.22	314.05	8,008.27
478		Meter Installatio	12/1/1995	SL / N/A	50.0000	65,183.01	100.0000	0.00	0.00	30,636.01	1,303.66	31,939.67
479		Meter Installatio	12/1/1995	SL / N/A	50.0000	17,481.30	100.0000	0.00	0.00	8,216.30	349.63	8,565.93
480		Meter Installatio	12/1/1996	SL / N/A	50.0000	31,691.66	100.0000	0.00	0.00	14,261.18	633.83	14,895.01
481		Meter Installatio	12/1/1996	SL / N/A	50.0000	27,000.46	100.0000	0.00	0.00	12,150.22	540.01	12,690.23
482		Meter Installatio	12/1/1996	SL / N/A	50.0000	6,420.77	100.0000	0.00	0.00	2,889.45	128.42	3,017.87
483		Meter Installatio	1/1/1997	SL / N/A	50.0000	28,271.38	100.0000	0.00	0.00	12,156.74	565.43	12,722.17
484		Meter Installatio	12/1/1998	SL / N/A	50.0000	41,475.96	100.0000	0.00	0.00	17,005.16	829.52	17,834.68
485		Meter Installatio	12/1/1998	SL / N/A	50.0000	37,181.49	100.0000	0.00	0.00	15,244.26	743.63	15,987.89
486		Meter Installatio	1/1/1999	SL / N/A	50.0000	37,124.20	100.0000	0.00	0.00	14,478.36	742.48	15,220.84
487		Meter Installatio	6/1/2000	SL / N/A	50.0000	6,231.64	100.0000	0.00	0.00	2,305.79	124.63	2,430.42
488		Meter Installatio	6/1/2000	SL / N/A	50.0000	32,923.43	100.0000	0.00	0.00	12,181.56	658.47	12,840.03
489		Meter Installatio	6/1/2001	SL / N/A	50.0000	13,747.91	100.0000	0.00	0.00	4,811.80	274.96	5,086.76
490		Meter Installatio	6/1/2001	SL / N/A	50.0000	43,214.52	100.0000	0.00	0.00	15,125.20	864.29	15,989.49
491		Meter Installatio	10/1/2002	SL / N/A	50.0000	11,334.60	100.0000	0.00	0.00	3,740.50	226.69	3,967.19
492		Meter Installatio	10/1/2002	SL / N/A	50.0000	3,293.76	100.0000	0.00	0.00	1,087.02	65.88	1,152.90
493		Meter Installatio	1/1/2002	SL / N/A	50.0000	32,748.94	100.0000	0.00	0.00	10,807.17	654.98	11,462.15
494		Meter Installatio	1/1/2003	SL / N/A	50.0000	32,171.36	100.0000	0.00	0.00	9,973.06	643.43	10,616.49
495		Meter Installatio	9/1/2004	SL / N/A	50.0000	22,257.90	100.0000	0.00	0.00	6,454.82	445.16	6,899.98
496		Meter Installatio	10/10/2004	SL / N/A	50.0000	1,588.73	100.0000	0.00	0.00	460.67	31.77	492.44
497		Meter Installatio	10/10/2004	SL / N/A	50.0000	35,493.77	100.0000	0.00	0.00	10,293.26	709.88	11,003.14
498		Meter Installatio	1/1/2005	SL / N/A	50.0000	42,473.36	100.0000	0.00	0.00	11,467.85	849.47	12,317.32
499		Meter Installatio	1/1/2006	SL / N/A	50.0000	47,552.58	100.0000	0.00	0.00	11,888.13	951.05	12,839.18
500		Meter Installatio	8/1/2007	SL / N/A	50.0000	749.18	100.0000	0.00	0.00	172.40	14.98	187.38
501		Meter Installatio	1/1/2007	SL / N/A	50.0000	45,757.44	100.0000	0.00	0.00	10,524.23	915.15	11,439.38
502		Meter Installatio	7/1/2008	SL / N/A	50.0000	21,043.66	100.0000	0.00	0.00	4,419.19	420.87	4,840.06
503		Meter Installatio	1/1/2008	SL / N/A	50.0000	38,671.68	100.0000	0.00	0.00	8,121.07	773.43	8,894.50
504		Meter Installatio	1/1/2009	SL / N/A	50.0000	29,962.00	100.0000	0.00	0.00	5,692.78	599.24	6,292.02
505		Meter Installatio	12/1/2010	SL / N/A	50.0000	29,176.29	100.0000	0.00	0.00	4,960.00	583.53	5,543.53
506		Meter Installatio	1/1/2010	SL / N/A	50.0000	35,008.51	100.0000	0.00	0.00	5,951.45	700.17	6,651.62
507		Meter Installatio	1/1/2011	SL / N/A	50.0000	25,459.55	100.0000	0.00	0.00	3,818.93	509.19	4,328.12

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	\$	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>33450</b>												
508		Meter Installatio	1/1/2011	SL / N/A	50.0000	15,110.50	100.0000	0.00	0.00	2,266.58	302.21	2,568.79
509		Meter Installatio	1/1/2011	SL / N/A	50.0000	26,035.16	100.0000	0.00	0.00	3,905.25	520.70	4,425.95
510		Meter Installatio	1/1/2012	SL / N/A	50.0000	25,989.85	100.0000	0.00	0.00	3,378.70	519.80	3,898.50
511		Meter Installatio	1/1/2013	SL / N/A	50.0000	33,544.71	100.0000	0.00	0.00	3,689.89	670.89	4,360.78
512		Meter Installatio	1/1/2014	SL / N/A	50.0000	25,492.78	100.0000	0.00	0.00	2,549.30	509.86	3,059.16
513		Meter Installatio	6/1/2015	SL / N/A	50.0000	26,932.81	100.0000	0.00	0.00	2,154.64	538.66	2,693.30
862		2016 work order	12/31/2016	SL / N/A	50.0000	29,406.31	100.0000	0.00	0.00	1,176.26	588.13	1,764.39
871		2017 work order	6/30/2017	SL / N/A	50.0000	34,559.62	100.0000	0.00	0.00	1,036.79	691.19	1,727.98
898		Meter Installatio	6/30/2018	SL / N/A	40.0000	37,551.98	100.0000	0.00	0.00	469.40	938.80	1,408.20
923		Workorders	6/30/2019	SL / N/A	40.0000	42,212.00	100.0000	0.00	0.00	0.00	527.65	527.65
<b>Subtotal: 33450</b>						<b>1,643,117.22</b>		<b>0.00</b>	<b>0.00</b>	<b>626,379.06</b>	<b>32,733.53</b>	<b>659,112.59</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 33450</b>						<b>1,643,117.22</b>		<b>0.00</b>	<b>0.00</b>	<b>626,379.06</b>	<b>32,733.53</b>	<b>659,112.59</b>

3,201



<b>33540</b>												
514		Hydrants	1/1/1977	SL / N/A	50.0000	18,837.00	100.0000	0.00	0.00	15,665.29	376.74	16,042.03
515		Hydrants-92	1/1/1992	SL / N/A	50.0000	1,584.00	100.0000	0.00	0.00	839.52	31.68	871.20
516		Hydrant	1/1/1996	SL / N/A	50.0000	160.80	100.0000	0.00	0.00	69.23	3.22	72.45
517		Hydrant	8/1/2001	SL / N/A	50.0000	5,548.24	100.0000	0.00	0.00	1,941.80	110.96	2,052.76
518		Hydrant w/ Acc	7/1/2002	SL / N/A	50.0000	1,838.00	100.0000	0.00	0.00	606.54	36.76	643.30
519		Priceville Fire D	5/1/2002	SL / N/A	50.0000	3,000.00	100.0000	0.00	0.00	990.00	60.00	1,050.00
520		Bear Creek Fire	5/1/2002	SL / N/A	50.0000	4,750.00	100.0000	0.00	0.00	1,567.50	95.00	1,662.50
521		Cub Run Fire D	6/1/2002	SL / N/A	50.0000	8,000.00	100.0000	0.00	0.00	2,640.00	160.00	2,800.00
522		Kyrook Fire Dep	8/1/2002	SL / N/A	50.0000	5,000.00	100.0000	0.00	0.00	1,650.00	100.00	1,750.00
523		Anetta Fire Dept	8/1/2002	SL / N/A	50.0000	5,000.00	100.0000	0.00	0.00	1,650.00	100.00	1,750.00
524		Wingfield Fire D	7/1/2002	SL / N/A	50.0000	6,500.00	100.0000	0.00	0.00	2,145.00	130.00	2,275.00
525		Wax Fire Dept	11/1/2002	SL / N/A	50.0000	11,000.00	100.0000	0.00	0.00	3,630.00	220.00	3,850.00
526		Rocky Hill Fire C	1/1/2002	SL / N/A	50.0000	2,000.00	100.0000	0.00	0.00	660.00	40.00	700.00
527		Hydrant Access	12/1/2002	SL / N/A	50.0000	242.55	100.0000	0.00	0.00	80.14	4.85	84.99
528		(6) 5 1/4 Hydran	6/1/2003	SL / N/A	50.0000	17,634.04	100.0000	0.00	0.00	5,466.74	352.68	5,819.42
529		Hydrants & Acc	6/1/2004	SL / N/A	50.0000	3,328.13	100.0000	0.00	0.00	965.12	66.56	1,031.68
530		Hydrants & Acc	6/1/2006	SL / N/A	50.0000	4,082.91	100.0000	0.00	0.00	1,020.75	81.66	1,102.41
531		(7) Hydrants w/	6/1/2007	SL / N/A	50.0000	6,534.00	100.0000	0.00	0.00	1,502.82	130.68	1,633.50
532		3" Hydrant w/ A	6/1/2007	SL / N/A	50.0000	1,030.40	100.0000	0.00	0.00	237.02	20.61	257.63
533		Nolin Lake Estaf	5/1/2008	SL / N/A	50.0000	1,912.20	100.0000	0.00	0.00	401.57	38.24	439.81
534		Nolin Lake Estaf	5/1/2008	SL / N/A	50.0000	1,073.92	100.0000	0.00	0.00	225.54	21.48	247.02
535		(2) Hydrants-3.2	5/1/2008	SL / N/A	50.0000	6,840.67	100.0000	0.00	0.00	1,436.56	136.81	1,573.37
536		Cub Run-5 1/4 t	10/1/2008	SL / N/A	50.0000	1,284.09	100.0000	0.00	0.00	269.69	25.68	295.37
537		Kessinger Rd Pc	10/1/2010	SL / N/A	50.0000	1,271.74	100.0000	0.00	0.00	216.16	25.43	241.59
538		Priceville Rd 5 1	10/1/2010	SL / N/A	50.0000	745.47	100.0000	0.00	0.00	126.73	14.91	141.64
539		Lincoln Fire Dep	11/1/2010	SL / N/A	50.0000	1,413.85	100.0000	0.00	0.00	240.38	28.28	268.66
540		Flush Type Hydr	12/1/2010	SL / N/A	50.0000	3,466.73	100.0000	0.00	0.00	589.31	69.33	658.64
541		Hwy 101 Reloca	12/1/2010	SL / N/A	50.0000	471.58	100.0000	0.00	0.00	80.16	9.43	89.59
542		3' Post Hydrant	6/1/2011	SL / N/A	50.0000	1,026.93	100.0000	0.00	0.00	154.05	20.54	174.59



**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
34050												
605		Front Desk	2/1/1998	SL / N/A	50.0000	320.00	100.0000	0.00	0.00	320.00	0.00	320.00
606		Typing Table	2/1/1998	SL / N/A	50.0000	98.00	100.0000	0.00	0.00	98.00	0.00	98.00
607		(2) Calculators	2/1/1995	SL / N/A	50.0000	278.00	100.0000	0.00	0.00	278.00	0.00	278.00
608		Blueprint Cabinet	2/1/1998	SL / N/A	50.0000	750.00	100.0000	0.00	0.00	750.00	0.00	750.00
609		4 Drawer File Cabinet	4/1/1998	SL / N/A	50.0000	100.00	100.0000	0.00	0.00	100.00	0.00	100.00
610		Executive Chair	2/1/1999	SL / N/A	50.0000	398.00	100.0000	0.00	0.00	398.00	0.00	398.00
611		DeskJet 112 GX	2/1/1999	SL / N/A	50.0000	562.28	100.0000	0.00	0.00	562.28	0.00	562.28
612		Dell Dimension 1	3/1/1999	SL / N/A	50.0000	1,621.00	100.0000	0.00	0.00	1,621.00	0.00	1,621.00
613		Desk	3/1/1999	SL / N/A	50.0000	460.00	100.0000	0.00	0.00	460.00	0.00	460.00
614		Relisys Monitor	4/1/1999	SL / N/A	50.0000	845.00	100.0000	0.00	0.00	845.00	0.00	845.00
615		Desk Black/Wal	9/1/1999	SL / N/A	50.0000	190.00	100.0000	0.00	0.00	190.00	0.00	190.00
616		Printer SNAIY1t	2/1/2000	SL / N/A	50.0000	360.00	100.0000	0.00	0.00	360.00	0.00	360.00
617		File Storage She	5/1/2000	SL / N/A	50.0000	171.50	100.0000	0.00	0.00	171.50	0.00	171.50
618		(30) Stack Chair	5/1/2000	SL / N/A	50.0000	1,170.00	100.0000	0.00	0.00	1,170.00	0.00	1,170.00
619		Desk 36" X 72"	5/1/2000	SL / N/A	50.0000	683.00	100.0000	0.00	0.00	683.00	0.00	683.00
620		(2) Desk 30" X 6	5/1/2000	SL / N/A	50.0000	1,298.00	100.0000	0.00	0.00	1,298.00	0.00	1,298.00
621		Credenza 24" X	5/1/2000	SL / N/A	50.0000	582.00	100.0000	0.00	0.00	582.00	0.00	582.00
622		Bookcase - 6 Sh	5/1/2000	SL / N/A	50.0000	163.90	100.0000	0.00	0.00	163.90	0.00	163.90
623		Executive Swive	5/1/2000	SL / N/A	50.0000	424.00	100.0000	0.00	0.00	424.00	0.00	424.00
624		(2) Chairs	5/1/2000	SL / N/A	50.0000	184.00	100.0000	0.00	0.00	184.00	0.00	184.00
625		(2) Work Station	5/1/2000	SL / N/A	50.0000	398.00	100.0000	0.00	0.00	398.00	0.00	398.00
626		(4) Office Panels	5/1/2000	SL / N/A	50.0000	552.00	100.0000	0.00	0.00	552.00	0.00	552.00
627		(4) 4 Drawer File	5/1/2000	SL / N/A	50.0000	536.00	100.0000	0.00	0.00	536.00	0.00	536.00
628		(2) 2 Drawer File	5/1/2000	SL / N/A	50.0000	196.00	100.0000	0.00	0.00	196.00	0.00	196.00
629		Folding Chair Cabinet	6/1/2000	SL / N/A	50.0000	178.00	100.0000	0.00	0.00	178.00	0.00	178.00
630		Black Chair	6/1/2000	SL / N/A	50.0000	92.00	100.0000	0.00	0.00	92.00	0.00	92.00
631		(2) File Storage Cabinet	7/1/2000	SL / N/A	50.0000	343.00	100.0000	0.00	0.00	343.00	0.00	343.00
632		Time Clock Wax	7/1/2000	SL / N/A	50.0000	340.00	100.0000	0.00	0.00	340.00	0.00	340.00
633		Work Station	7/1/2000	SL / N/A	50.0000	199.00	100.0000	0.00	0.00	199.00	0.00	199.00
634		Executive Swive	8/1/2000	SL / N/A	50.0000	420.00	100.0000	0.00	0.00	420.00	0.00	420.00
635		Recliner-Brown	9/1/2000	SL / N/A	50.0000	499.00	100.0000	0.00	0.00	499.00	0.00	499.00
636		Relisys Color Te	10/1/2000	SL / N/A	50.0000	795.00	100.0000	0.00	0.00	795.00	0.00	795.00
637		16 Port Digiboar	10/1/2000	SL / N/A	50.0000	1,095.00	100.0000	0.00	0.00	1,095.00	0.00	1,095.00
638		Desk 30' X 60" \	10/1/2000	SL / N/A	50.0000	649.00	100.0000	0.00	0.00	649.00	0.00	649.00
639		Executive Swive	10/1/2000	SL / N/A	50.0000	420.00	100.0000	0.00	0.00	420.00	0.00	420.00
640		Credit Card Mac	10/1/2000	SL / N/A	50.0000	1,450.00	100.0000	0.00	0.00	1,450.00	0.00	1,450.00
641		(4) Relisys Color	12/1/2000	SL / N/A	50.0000	2,780.00	100.0000	0.00	0.00	2,780.00	0.00	2,780.00
642		(2) Workabout H	12/1/2000	SL / N/A	50.0000	2,590.00	100.0000	0.00	0.00	2,590.00	0.00	2,590.00
643		Hand Held Mete	5/1/2001	SL / N/A	50.0000	1,295.00	100.0000	0.00	0.00	1,295.00	0.00	1,295.00
644		Scanner & Softv	8/1/2001	SL / N/A	50.0000	1,495.00	100.0000	0.00	0.00	1,495.00	0.00	1,495.00
645		Hon 2 Drawer fil	9/1/2001	SL / N/A	50.0000	106.00	100.0000	0.00	0.00	106.00	0.00	106.00
646		20" Television w	9/1/2001	SL / N/A	50.0000	516.00	100.0000	0.00	0.00	516.00	0.00	516.00
647		Work About Har	1/1/2002	SL / N/A	50.0000	1,302.80	100.0000	0.00	0.00	1,302.80	0.00	1,302.80
648		Calculator-Bville	2/1/2002	SL / N/A	50.0000	112.10	100.0000	0.00	0.00	112.10	0.00	112.10
649		Task Chair	2/1/2002	SL / N/A	50.0000	79.99	100.0000	0.00	0.00	79.99	0.00	79.99

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>34050</b>												
650		(2) Hon 4 Dr File	3/1/2002	SL / N/A	50.0000	378.00	100.0000	0.00	0.00	378.00	0.00	378.00
651		(3) Hon 4 Dr Ver	9/1/2002	SL / N/A	50.0000	435.00	100.0000	0.00	0.00	435.00	0.00	435.00
652		(2) Burgundy Ofi	2/1/2004	SL / N/A	50.0000	160.00	100.0000	0.00	0.00	160.00	0.00	160.00
653		Hamilton Payne	5/1/2004	SL / N/A	50.0000	4,150.00	100.0000	0.00	0.00	4,150.00	0.00	4,150.00
654		Dell Optiplex PC	6/1/2004	SL / N/A	50.0000	1,501.40	100.0000	0.00	0.00	1,501.40	0.00	1,501.40
655		HP LaserJet Col	11/1/2004	SL / N/A	50.0000	3,440.00	100.0000	0.00	0.00	3,440.00	0.00	3,440.00
656		HP Design Jet F	11/1/2004	SL / N/A	50.0000	9,469.00	100.0000	0.00	0.00	9,469.00	0.00	9,469.00
657		ArcView Mappin	11/1/2004	SL / N/A	50.0000	1,365.00	100.0000	0.00	0.00	1,365.00	0.00	1,365.00
658		Kodak Camera	12/1/2004	SL / N/A	50.0000	405.96	100.0000	0.00	0.00	405.96	0.00	405.96
659		(2) Surge Outlet	12/1/2004	SL / N/A	50.0000	435.95	100.0000	0.00	0.00	435.95	0.00	435.95
660		Display Case	12/1/2004	SL / N/A	50.0000	2,000.00	100.0000	0.00	0.00	2,000.00	0.00	2,000.00
661		GPS System & ε	12/1/2004	SL / N/A	50.0000	9,090.34	100.0000	0.00	0.00	9,090.34	0.00	9,090.34
662		Computer Table	12/1/2004	SL / N/A	50.0000	57.00	100.0000	0.00	0.00	57.00	0.00	57.00
663		(2) Awesome 65	12/1/2004	SL / N/A	50.0000	7,759.25	100.0000	0.00	0.00	7,759.25	0.00	7,759.25
664		5.86Hz Fax Mac	12/1/2004	SL / N/A	50.0000	229.98	100.0000	0.00	0.00	229.98	0.00	229.98
665		Explorer 1200 C	12/1/2004	SL / N/A	50.0000	2,452.00	100.0000	0.00	0.00	2,452.00	0.00	2,452.00
666		(2) Battery Back	1/1/2005	SL / N/A	50.0000	259.98	100.0000	0.00	0.00	259.98	0.00	259.98
667		Payroll Time Clo	4/1/2005	SL / N/A	50.0000	277.92	100.0000	0.00	0.00	277.92	0.00	277.92
668		Water Cooler	5/1/2005	SL / N/A	50.0000	655.00	100.0000	0.00	0.00	655.00	0.00	655.00
669		Lexmark T644 L	12/1/2005	SL / N/A	50.0000	1,895.00	100.0000	0.00	0.00	1,895.00	0.00	1,895.00
670		Arc GIS Map Pu	9/1/2006	SL / N/A	50.0000	2,000.00	100.0000	0.00	0.00	2,000.00	0.00	2,000.00
671		Hon Executive C	10/1/2006	SL / N/A	50.0000	455.04	100.0000	0.00	0.00	455.04	0.00	455.04
672		Optiplex 320 PC	3/1/2007	SL / N/A	50.0000	1,026.64	100.0000	0.00	0.00	934.33	20.53	954.86
673		Panasonic SP-8i	8/1/2007	SL / N/A	50.0000	5,539.00	100.0000	0.00	0.00	5,040.49	110.78	5,151.27
674		Geo XH Mappin	12/1/2007	SL / N/A	50.0000	17,908.00	100.0000	0.00	0.00	16,296.28	358.16	16,654.44
675		(3) Mayline Burg	5/1/2008	SL / N/A	50.0000	891.00	100.0000	0.00	0.00	721.71	17.82	739.53
676		Software Solutic	5/1/2008	SL / N/A	50.0000	1,634.00	100.0000	0.00	0.00	1,323.54	32.68	1,356.22
677		Software Solutic	5/1/2008	SL / N/A	50.0000	284.00	100.0000	0.00	0.00	230.04	5.68	235.72
678		Software Solutic	6/1/2008	SL / N/A	50.0000	1,764.00	100.0000	0.00	0.00	1,428.84	35.28	1,464.12
679		Grey High Back	3/1/2009	SL / N/A	50.0000	449.99	100.0000	0.00	0.00	319.50	9.00	328.50
680		2 Drawer File Ca	3/1/2009	SL / N/A	50.0000	344.99	100.0000	0.00	0.00	246.95	6.90	253.85
681		Intel Corel PC	3/1/2009	SL / N/A	50.0000	1,064.38	100.0000	0.00	0.00	755.73	21.29	777.02
682		MapSync GIS/G	9/1/2009	SL / N/A	50.0000	6,050.00	100.0000	0.00	0.00	4,295.50	121.00	4,416.50
683		Dell Optiplex 78	12/1/2009	SL / N/A	50.0000	1,801.61	100.0000	0.00	0.00	1,279.13	36.03	1,315.16
684		Hand Held Intra	4/1/2010	SL / N/A	50.0000	1,650.00	100.0000	0.00	0.00	1,006.50	33.00	1,039.50
685		Orion Mobile Me	4/1/2010	SL / N/A	50.0000	20,520.00	100.0000	0.00	0.00	12,517.20	410.40	12,927.60
686		Trimble Ranger I	4/1/2010	SL / N/A	50.0000	6,379.00	100.0000	0.00	0.00	3,891.19	127.58	4,018.77
687		Orion Premium I	4/1/2010	SL / N/A	50.0000	12,130.44	100.0000	0.00	0.00	7,399.55	242.61	7,642.16
688		Martin Yale Fold	4/1/2010	SL / N/A	50.0000	763.57	100.0000	0.00	0.00	465.79	15.27	481.06
689		(2) Hi Base Stoo	10/1/2010	SL / N/A	50.0000	378.20	100.0000	0.00	0.00	230.69	7.56	238.25
690		Chair	12/1/2010	SL / N/A	50.0000	280.00	100.0000	0.00	0.00	170.80	5.60	176.40
691		(2) Black Mesh E	12/1/2010	SL / N/A	50.0000	220.50	100.0000	0.00	0.00	134.51	4.41	138.92
692		HP LaserJet Pri	2/1/2011	SL / N/A	50.0000	431.00	100.0000	0.00	0.00	219.81	8.62	228.43
693		Hon 4 Drawer Fi	8/1/2011	SL / N/A	50.0000	514.99	100.0000	0.00	0.00	262.65	10.30	272.95
694		Ultra Evolution C	5/1/2012	SL / N/A	50.0000	885.37	100.0000	0.00	0.00	363.02	17.71	380.73

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>34050</b>												
695		OMNI VXS10 Cr	5/1/2012	SL / N/A	50.0000	330.00	100.0000	0.00	0.00	135.30	6.60	141.90
696		Municipal Notific	5/1/2012	SL / N/A	50.0000	32,664.02	100.0000	0.00	0.00	13,392.26	653.28	14,045.54
697		Oasis P8M Wat	11/1/2012	SL / N/A	50.0000	738.42	100.0000	0.00	0.00	302.77	14.77	317.54
698		Computer Softw	12/1/2012	SL / N/A	50.0000	9,500.00	100.0000	0.00	0.00	3,895.00	190.00	4,085.00
699		Office Chair Big	2/1/2013	SL / N/A	50.0000	309.99	100.0000	0.00	0.00	96.09	6.20	102.29
700		Brother Fax 288	3/1/2013	SL / N/A	50.0000	262.24	100.0000	0.00	0.00	81.27	5.24	86.51
701		Pyramid Office C	7/1/2013	SL / N/A	50.0000	528.00	100.0000	0.00	0.00	163.68	10.56	174.24
702		Winotek PC WA	10/1/2013	SL / N/A	50.0000	2,796.25	100.0000	0.00	0.00	1,565.91	55.93	1,621.84
703		toshiba busines	5/29/2014	SL / N/A	50.0000	3,592.35	100.0000	0.00	0.00	934.03	71.85	1,005.88
704		headsets	7/18/2014	SL / N/A	50.0000	753.24	100.0000	0.00	0.00	195.82	15.06	210.88
705		9 computers	6/1/2015	SL / N/A	50.0000	18,334.62	100.0000	0.00	0.00	1,100.07	366.69	1,466.76
706		badger meter laj	6/1/2015	SL / N/A	50.0000	7,950.00	100.0000	0.00	0.00	477.00	159.00	636.00
707		Wax Desk	6/1/2015	SL / N/A	50.0000	931.49	100.0000	0.00	0.00	55.89	18.63	74.52
708		HP Proliant ML :	8/19/2015	SL / N/A	50.0000	10,632.00	100.0000	0.00	0.00	637.92	212.64	850.56
709		HP internal tape	12/8/2015	SL / N/A	50.0000	4,701.45	100.0000	0.00	0.00	282.09	94.03	376.12
848		Laptop Mapping	1/21/2016	SL / N/A	5.0000	2,200.00	100.0000	0.00	0.00	1,283.33	440.00	1,723.33
849		Trimble GEO 7x	5/19/2016	SL / N/A	5.0000	8,120.39	100.0000	0.00	0.00	4,195.54	1,624.08	5,819.62
850		Filing Cabinets	12/7/2016	SL / N/A	10.0000	2,957.90	100.0000	0.00	0.00	616.23	295.79	912.02
851		Laptop - DC Bes	12/8/2016	SL / N/A	5.0000	1,415.10	100.0000	0.00	0.00	589.62	283.02	872.64
873		Precision prod/t	2/1/2017	SL / N/A	5.0000	8,326.91	100.0000	0.00	0.00	3,191.98	1,665.38	4,857.36
874		software solutio	3/20/2017	SL / N/A	5.0000	4,780.00	100.0000	0.00	0.00	1,673.00	956.00	2,629.00
<b>Subtotal: 34050</b>						<b>349,057.87</b>		<b>0.00</b>	<b>0.00</b>	<b>238,721.17</b>	<b>8,802.96</b>	<b>247,524.13</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 34050</b>						<b>349,057.87</b>		<b>0.00</b>	<b>0.00</b>	<b>238,721.17</b>	<b>8,802.96</b>	<b>247,524.13</b>
<b>34150</b>												
710		1995 24' x 8' Tr	4/1/1995	SL / N/A	3.0000	7,059.74	100.0000	0.00	0.00	7,059.74	0.00	7,059.74
712		1999 Chevy Dur	7/1/1999	SL / N/A	3.0000	30,416.92	100.0000	0.00	0.00	30,416.92	0.00	30,416.92
713		Backhoe Trailer	9/1/1999	SL / N/A	3.0000	613.77	100.0000	0.00	0.00	613.77	0.00	613.77
714		2000 Ford Rang	4/1/2000	SL / N/A	5.0000	15,357.00	100.0000	0.00	0.00	15,357.00	0.00	15,357.00
715		22'6" 10Ton Tra	5/1/2000	SL / N/A	5.0000	5,860.00	100.0000	0.00	0.00	5,860.00	0.00	5,860.00
717		2007 Chevrolet i	11/1/2007	SL / N/A	5.0000	54,475.00	100.0000	0.00	0.00	54,475.00	0.00	54,475.00
718		2009 Ford Explc	11/1/2008	SL / N/A	5.0000	21,034.00	100.0000	0.00	0.00	21,034.00	0.00	21,034.00
719		2010 White Forc	12/1/2009	SL / N/A	5.0000	16,467.00	100.0000	0.00	0.00	16,467.00	0.00	16,467.00
720		2010 White Forc	12/1/2009	SL / N/A	5.0000	16,467.00	100.0000	0.00	0.00	16,467.00	0.00	16,467.00
721		5'x8' Angle Utilit	4/1/2010	SL / N/A	10.0000	706.99	100.0000	0.00	0.00	600.95	70.70	671.65
723		2011 White Forc	5/1/2011	SL / N/A	5.0000	11,078.00	100.0000	0.00	0.00	10,708.73	0.00	10,708.73
724		2011 White Forc	5/1/2011	SL / N/A	5.0000	11,078.00	100.0000	0.00	0.00	10,708.73	0.00	10,708.73
725		2-2014 Ford F15	6/11/2014	SL / N/A	5.0000	41,086.00	100.0000	0.00	0.00	41,086.00	0.00	41,086.00
726		2015 Ford f150	11/24/2015	SL / N/A	5.0000	21,939.00	100.0000	0.00	0.00	13,163.40	4,387.80	17,551.20
846		2016 Ford Edge	5/26/2016	SL / N/A	7.0000	27,288.00	100.0000	0.00	0.00	10,070.58	3,898.29	13,968.87
847		2017 Ford F150	12/20/2016	SL / N/A	5.0000	22,515.00	100.0000	0.00	0.00	9,006.00	4,503.00	13,509.00
890		Trans Equipmen	4/20/2018	SL / N/A	7.0000	8,612.88	100.0000	0.00	0.00	820.27	1,230.41	2,050.68
891		Light Duty Work	10/5/2018	SL / N/A	7.0000	25,470.00	100.0000	0.00	0.00	909.64	3,638.57	4,548.21

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>34150</b>												
892		Truck 2.5 Flat	11/13/2018	SL / N/A	7.0000	7,000.00	100.0000	0.00	0.00	166.67	1,000.00	1,166.67
893		Light Duty Work	12/7/2018	SL / N/A	7.0000	25,470.00	100.0000	0.00	0.00	303.21	3,638.57	3,941.78
927		Ford Ranger 4X	7/8/2019	SL / N/A	5.0000	24,613.00	100.0000	0.00	0.00	0.00	2,461.30	2,461.30
<b>Subtotal: 34150</b>						<b>394,607.30</b>		<b>0.00</b>	<b>0.00</b>	<b>265,294.61</b>	<b>24,828.64</b>	<b>290,123.25</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 34150</b>						<b>394,607.30</b>		<b>0.00</b>	<b>0.00</b>	<b>265,294.61</b>	<b>24,828.64</b>	<b>290,123.25</b>
<b>34330</b>												
727		Tools & Equip-B	1/1/1996	SL / N/A	5.0000	78.47	100.0000	0.00	0.00	78.47	0.00	78.47
728		Pallet Truck	12/1/2000	SL / N/A	5.0000	285.00	100.0000	0.00	0.00	285.00	0.00	285.00
729		Wet-Dry Vac 16g	3/1/2003	SL / N/A	5.0000	109.99	100.0000	0.00	0.00	109.99	0.00	109.99
730		Blue pipe wrench	8/11/2014	SL / N/A	5.0000	88.35	100.0000	0.00	0.00	88.35	0.00	88.35
<b>Subtotal: 34330</b>						<b>561.81</b>		<b>0.00</b>	<b>0.00</b>	<b>561.81</b>	<b>0.00</b>	<b>561.81</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 34330</b>						<b>561.81</b>		<b>0.00</b>	<b>0.00</b>	<b>561.81</b>	<b>0.00</b>	<b>561.81</b>
<b>34340</b>												
731		Tools & Equip-W	1/1/1996	SL / N/A	5.0000	161.37	100.0000	0.00	0.00	161.37	0.00	161.37
894		Electric Actuato	8/13/2018	SL / N/A	17.5000	2,607.00	100.0000	0.00	0.00	62.07	148.97	211.04
<b>Subtotal: 34340</b>						<b>2,768.37</b>		<b>0.00</b>	<b>0.00</b>	<b>223.44</b>	<b>148.97</b>	<b>372.41</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 34340</b>						<b>2,768.37</b>		<b>0.00</b>	<b>0.00</b>	<b>223.44</b>	<b>148.97</b>	<b>372.41</b>
<b>34350</b>												
732		Tools, Shop & C	1/1/1990	SL / N/A	5.0000	11,421.52	100.0000	0.00	0.00	11,421.52	0.00	11,421.52
733		Assorted Small	1/1/1999	SL / N/A	5.0000	573.50	100.0000	0.00	0.00	573.50	0.00	573.50
734		Shovel & Rakes	3/1/1999	SL / N/A	5.0000	78.36	100.0000	0.00	0.00	78.36	0.00	78.36
735		Water Pump	5/1/1999	SL / N/A	5.0000	81.00	100.0000	0.00	0.00	81.00	0.00	81.00
736		Hand Tools	1/1/2000	SL / N/A	5.0000	180.13	100.0000	0.00	0.00	180.13	0.00	180.13
737		Pressure Recorr	7/1/2000	SL / N/A	5.0000	349.00	100.0000	0.00	0.00	349.00	0.00	349.00
738		Spreader Seede	7/1/2000	SL / N/A	5.0000	370.99	100.0000	0.00	0.00	370.99	0.00	370.99
739		Hand Box, Asso	4/1/2001	SL / N/A	10.0000	412.74	100.0000	0.00	0.00	412.74	0.00	412.74
740		44cr Stihl Chain	5/1/2001	SL / N/A	10.0000	279.95	100.0000	0.00	0.00	279.95	0.00	279.95
741		SLedge Hamme	5/1/2001	SL / N/A	10.0000	48.94	100.0000	0.00	0.00	48.94	0.00	48.94
742		Reed Plastic Pip	5/1/2001	SL / N/A	10.0000	47.70	100.0000	0.00	0.00	47.70	0.00	47.70
743		Ferro Magnetic I	6/1/2001	SL / N/A	10.0000	639.97	100.0000	0.00	0.00	639.97	0.00	639.97
744		*2) Mueller Shel	6/1/2001	SL / N/A	10.0000	611.00	100.0000	0.00	0.00	611.00	0.00	611.00
745		*Difference 1' Ac	2/1/2002	SL / N/A	10.0000	17.00	100.0000	0.00	0.00	17.00	0.00	17.00
746		Hydrant Seat W/	11/1/2002	SL / N/A	10.0000	273.00	100.0000	0.00	0.00	273.00	0.00	273.00
747		3/4" Vega Drill	1/1/2003	SL / N/A	10.0000	160.00	100.0000	0.00	0.00	160.00	0.00	160.00
748		(2) 14" Chains w	1/1/2003	SL / N/A	10.0000	52.22	100.0000	0.00	0.00	52.22	0.00	52.22
749		(5) Shovels, (2) F	4/1/2003	SL / N/A	10.0000	88.13	100.0000	0.00	0.00	88.13	0.00	88.13
750		Metrotech Mode	6/1/2004	SL / N/A	10.0000	2,348.12	100.0000	0.00	0.00	2,348.12	0.00	2,348.12

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>34350</b>												
751		Tool Box, Pliers,	11/1/2004	SL / N/A	10.0000	132.33	100.0000	0.00	0.00	132.33	0.00	132.33
752		Swivel Diffuser v	11/1/2004	SL / N/A	10.0000	359.08	100.0000	0.00	0.00	359.08	0.00	359.08
753		(7) Heaters w/ LI	12/1/2004	SL / N/A	10.0000	839.34	100.0000	0.00	0.00	839.34	0.00	839.34
754		Air Compressor	12/1/2005	SL / N/A	10.0000	100.00	100.0000	0.00	0.00	100.00	0.00	100.00
755		Small Tools-Ratr	3/1/2006	SL / N/A	10.0000	145.21	100.0000	0.00	0.00	145.21	0.00	145.21
756		Ford 12 Station	8/1/2007	SL / N/A	10.0000	14,890.00	100.0000	0.00	0.00	14,890.00	0.00	14,890.00
757		Ingensall Rand f	12/1/2007	SL / N/A	10.0000	1,224.04	100.0000	0.00	0.00	1,224.04	0.00	1,224.04
758		Maagna-Trak 10	2/1/2008	SL / N/A	10.0000	645.98	100.0000	0.00	0.00	619.06	0.00	619.06
759		Pressure Washe	12/1/2008	SL / N/A	10.0000	399.99	100.0000	0.00	0.00	399.99	0.00	399.99
760		Welder	12/1/2008	SL / N/A	10.0000	549.99	100.0000	0.00	0.00	549.99	0.00	549.99
761		Battery Charger	12/1/2008	SL / N/A	10.0000	139.99	100.0000	0.00	0.00	139.99	0.00	139.99
762		4 Ton Floor Jack	12/1/2008	SL / N/A	10.0000	129.99	100.0000	0.00	0.00	129.99	0.00	129.99
763		3500 Watt Gene	12/1/2008	SL / N/A	10.0000	349.99	100.0000	0.00	0.00	349.99	0.00	349.99
764		4 Ton Ray Syste	12/1/2008	SL / N/A	10.0000	265.25	100.0000	0.00	0.00	265.25	0.00	265.25
765		Tool Box, Pliers,	1/1/2009	SL / N/A	10.0000	200.93	100.0000	0.00	0.00	190.90	0.00	190.90
766		Tool Box, Socke	10/1/2009	SL / N/A	10.0000	154.72	100.0000	0.00	0.00	147.01	7.71	154.72
767		TSC Grader Blar	1/1/2010	SL / N/A	10.0000	299.99	100.0000	0.00	0.00	255.00	29.99	284.99
768		Air Hammer	6/1/2010	SL / N/A	10.0000	14.99	100.0000	0.00	0.00	12.75	1.50	14.25
769		Compressor	6/1/2010	SL / N/A	10.0000	89.99	100.0000	0.00	0.00	76.50	9.00	85.50
770		Quick Cut Saw	10/1/2010	SL / N/A	10.0000	799.96	100.0000	0.00	0.00	680.00	80.00	760.00
771		(7) Kobalt Comp	1/1/2011	SL / N/A	10.0000	976.50	100.0000	0.00	0.00	732.38	97.65	830.03
772		MH Pst Hyd Sez	1/1/2011	SL / N/A	10.0000	230.50	100.0000	0.00	0.00	172.88	23.05	195.93
773		(1) Kobalt Comp	5/1/2011	SL / N/A	10.0000	148.00	100.0000	0.00	0.00	111.00	14.80	125.80
774		Sears Tools Soc	5/1/2011	SL / N/A	10.0000	95.38	100.0000	0.00	0.00	71.55	9.54	81.09
775		14" Pipe Wrencl	5/1/2011	SL / N/A	10.0000	47.92	100.0000	0.00	0.00	35.93	4.79	40.72
776		Sears Piler, Hac	5/1/2011	SL / N/A	10.0000	87.09	100.0000	0.00	0.00	65.32	8.71	74.03
777		1/2 Drive Impact	9/1/2011	SL / N/A	10.0000	177.96	100.0000	0.00	0.00	133.50	17.80	151.30
778		Portable Transit	3/1/2011	SL / N/A	10.0000	5,215.00	100.0000	0.00	0.00	3,911.25	521.50	4,432.75
779		usa blue metal c	2/4/2014	SL / N/A	10.0000	680.57	100.0000	0.00	0.00	340.30	68.06	408.36
780		Sears - tools	3/14/2014	SL / N/A	10.0000	301.75	100.0000	0.00	0.00	150.90	30.18	181.08
781		USA blue meter	8/7/2014	SL / N/A	10.0000	862.35	100.0000	0.00	0.00	431.20	86.24	517.44
782		TSC tool box	12/22/2014	SL / N/A	10.0000	159.99	100.0000	0.00	0.00	80.00	16.00	96.00
875		Welder - Genera	5/10/2017	SL / N/A	10.0000	3,280.47	100.0000	0.00	0.00	546.75	328.05	874.80
895		Cub Cadet 50" t	3/19/2018	SL / N/A	12.5000	2,124.00	100.0000	0.00	0.00	127.44	169.92	297.36
928		Gas Ductile & Cl	5/23/2019	SL / N/A	12.5000	2,988.00	100.0000	0.00	0.00	0.00	139.44	139.44
<b>Subtotal: 34350</b>						<b>57,140.51</b>		<b>0.00</b>	<b>0.00</b>	<b>46,450.09</b>	<b>1,663.93</b>	<b>48,114.02</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 34350</b>						<b>57,140.51</b>		<b>0.00</b>	<b>0.00</b>	<b>46,450.09</b>	<b>1,663.93</b>	<b>48,114.02</b>
<b>34430</b>												
783		Microscope	2/1/2006	SL / N/A	10.0000	742.00	100.0000	0.00	0.00	711.08	0.00	711.08
784		DR 5000 UV/VIS	11/1/2010	SL / N/A	10.0000	4,684.30	100.0000	0.00	0.00	3,981.66	468.43	4,450.09
785		DR 5000 UV/VIS	4/1/2012	SL / N/A	10.0000	7,768.95	100.0000	0.00	0.00	5,049.85	776.90	5,826.75
786		KTO Chlorine Ar	12/1/2012	SL / N/A	10.0000	3,064.70	100.0000	0.00	0.00	1,992.06	306.47	2,298.53

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
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876		chlorine analyze	10/10/2017 SL / N/A		10.0000	3,393.67	100.0000	0.00	0.00	424.21	339.37	763.58
929		Analyzer	3/18/2019 SL / N/A		17.5000	13,550.00	100.0000	0.00	0.00	0.00	580.72	580.72
930		Chlorine Analyzr	8/30/2019 SL / N/A		17.5000	4,330.00	100.0000	0.00	0.00	0.00	82.48	82.48
		<b>Subtotal: 34430</b>				<b>37,533.62</b>		<b>0.00</b>	<b>0.00</b>	<b>12,158.66</b>	<b>2,554.37</b>	<b>14,713.23</b>
		Less dispositions and exchanges:				0.00		0.00	0.00	0.00	0.00	0.00
		Net for: 34430				<b>* 37,533.62</b>		<b>0.00</b>	<b>0.00</b>	<b>12,158.66</b>	<b>2,554.37</b>	<b>14,713.23</b>

787		Power Operatec	1/1/1990 SL / N/A		10.0000	1,544.00	100.0000	0.00	0.00	1,544.00	0.00	1,544.00
788		Lift Forks-Case	1/1/1991 SL / N/A		10.0000	780.00	100.0000	0.00	0.00	780.00	0.00	780.00
789		Clamp Pipe Pus	4/1/1992 SL / N/A		10.0000	360.00	100.0000	0.00	0.00	360.00	0.00	360.00
790		Bush Hog Mowr	5/1/1992 SL / N/A		10.0000	799.99	100.0000	0.00	0.00	799.99	0.00	799.99
791		Model 900 4"-8"	8/1/1994 SL / N/A		10.0000	8,634.62	100.0000	0.00	0.00	8,634.62	0.00	8,634.62
793		1999 John Deer	9/1/1999 SL / N/A		10.0000	16,355.38	100.0000	0.00	0.00	16,355.38	0.00	16,355.38
794		6'Grader Box	9/1/1999 SL / N/A		10.0000	365.00	100.0000	0.00	0.00	365.00	0.00	365.00
795		6' Rotary Hoe T	9/1/1999 SL / N/A		10.0000	1,840.00	100.0000	0.00	0.00	1,840.00	0.00	1,840.00
796		12" Case Bucke	12/1/1999 SL / N/A		10.0000	762.80	100.0000	0.00	0.00	762.80	0.00	762.80
797		Case 580 SM Lr	10/1/2002 SL / N/A		10.0000	54,031.00	100.0000	0.00	0.00	54,031.00	0.00	54,031.00
798		185 CFM Sulliat	3/1/2011 SL / N/A		10.0000	12,986.00	100.0000	0.00	0.00	9,739.50	1,298.60	11,038.10
799		Vermeer Horizor	3/1/2011 SL / N/A		10.0000	108,656.26	100.0000	0.00	0.00	81,492.22	10,865.63	92,357.85
800		HLI 80vx Compa	3/1/2011 SL / N/A		10.0000	69,500.00	100.0000	0.00	0.00	52,125.00	6,950.00	59,075.00
801		RCF2072 Landp	6/1/2012 SL / N/A		10.0000	2,000.00	100.0000	0.00	0.00	1,300.00	200.00	1,500.00
858		Air Motor Dist	11/4/2016 SL / N/A		50.0000	7,745.00	100.0000	0.00	0.00	335.62	154.90	490.52
		<b>Subtotal: 34550</b>				<b>286,360.05</b>		<b>0.00</b>	<b>0.00</b>	<b>290,465.13</b>	<b>19,469.13</b>	<b>249,934.26</b>
		Less dispositions and exchanges:				0.00		0.00	0.00	0.00	0.00	0.00
		Net for: 34550				<b>286,360.05</b>		<b>0.00</b>	<b>0.00</b>	<b>290,465.13</b>	<b>19,469.13</b>	<b>249,934.26</b>

802		Radio & Access	1/1/1992 SL / N/A		5.0000	867.33	100.0000	0.00	0.00	867.33	0.00	867.33
803		(3) Mobile Radio	1/1/1992 SL / N/A		5.0000	2,631.00	100.0000	0.00	0.00	2,631.00	0.00	2,631.00
804		Telemetering Sy	5/1/1993 SL / N/A		50.0000	42,319.80	100.0000	0.00	0.00	21,583.20	846.40	22,429.60
805		Low Bank Max	1/1/1995 SL / N/A		5.0000	740.00	100.0000	0.00	0.00	740.00	0.00	740.00
806		(2) Man Trac 10	4/1/1997 SL / N/A		5.0000	1,445.00	100.0000	0.00	0.00	1,445.00	0.00	1,445.00
807		Radio Installed-	8/1/1999 SL / N/A		5.0000	149.00	100.0000	0.00	0.00	149.00	0.00	149.00
808		William Johnsr	5/1/2000 SL / N/A		5.0000	95.00	100.0000	0.00	0.00	95.00	0.00	95.00
809		Star-Tel Telepho	6/1/2000 SL / N/A		5.0000	9,838.59	100.0000	0.00	0.00	9,838.59	0.00	9,838.59
810		TK-6110 Low Bc	5/1/2001 SL / N/A		5.0000	705.60	100.0000	0.00	0.00	705.60	0.00	705.60
811		Kenwood TK-61	6/1/2003 SL / N/A		5.0000	771.60	100.0000	0.00	0.00	771.60	0.00	771.60
812		LS 350 Pager	7/1/2003 SL / N/A		5.0000	59.99	100.0000	0.00	0.00	59.99	0.00	59.99
813		CDM 750 40-60	7/1/2004 SL / N/A		5.0000	766.50	100.0000	0.00	0.00	766.50	0.00	766.50
814		Kenwood TK-61	6/1/2007 SL / N/A		5.0000	765.50	100.0000	0.00	0.00	765.50	0.00	765.50
815		Motorola CDM71	2/1/2009 SL / N/A		5.0000	725.50	100.0000	0.00	0.00	725.50	0.00	725.50
816		CDM 750 36-42	3/1/2010 SL / N/A		50.0000	987.25	100.0000	0.00	0.00	276.44	19.75	296.19
817		30-50MHz Grou	9/1/2010 SL / N/A		50.0000	925.00	100.0000	0.00	0.00	259.00	18.50	277.50

**ECWD - Water [ECW - Water]  
Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Beg. Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>34650</b>												
818		(8) Honeywell Cl	12/1/2010	SL / N/A	50.0000	16,524.74	100.0000	0.00	0.00	4,626.91	330.49	4,957.40
819		Telemetry Syste	12/1/2010	SL / N/A	50.0000	143,811.45	100.0000	0.00	0.00	40,267.22	2,876.23	43,143.45
820		(2) CDM 750 40-	6/1/2011	SL / N/A	50.0000	1,713.50	100.0000	0.00	0.00	411.24	34.27	445.51
821		DC Base Termin	9/1/2011	SL / N/A	50.0000	1,907.00	100.0000	0.00	0.00	457.68	38.14	495.82
822		Kidd Communic	11/24/2014	SL / N/A	5.0000	718.05	100.0000	0.00	0.00	718.05	0.00	718.05
823		SCADA System	12/2/2015	SL / N/A	5.0000	204,700.00	100.0000	0.00	0.00	122,820.00	40,940.00	163,760.00
902		Communication	12/5/2018	SL / N/A	10.0000	14,880.00	100.0000	0.00	0.00	124.00	1,488.00	1,612.00
931		Badger Orion Tr	4/30/2019	SL / N/A	10.0000	3,750.00	100.0000	0.00	0.00	0.00	250.00	250.00
932		Mobile Radios a	12/13/2019	SL / N/A	10.0000	19,550.70	100.0000	0.00	0.00	0.00	162.92	162.92
<b>Subtotal: 34650</b>						<b>471,348.10</b>		<b>0.00</b>	<b>0.00</b>	<b>211,104.35</b>	<b>47,004.70</b>	<b>258,109.05</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 34650</b>						<b>471,348.10</b>		<b>0.00</b>	<b>0.00</b>	<b>211,104.35</b>	<b>47,004.70</b>	<b>258,109.05</b>
<b>34750</b>												
824		Miscellaneous E	7/1/1989	SL / N/A	10.0000	75.00	100.0000	0.00	0.00	75.00	0.00	75.00
825		(2) Microwaves	1/1/1991	SL / N/A	10.0000	298.00	100.0000	0.00	0.00	298.00	0.00	298.00
826		Whirlpool Refrig	1/1/1991	SL / N/A	10.0000	439.00	100.0000	0.00	0.00	439.00	0.00	439.00
827		Cam Corder	1/1/1991	SL / N/A	10.0000	1,011.98	100.0000	0.00	0.00	1,011.98	0.00	1,011.98
828		Air Conditioner-l	7/1/1993	SL / N/A	10.0000	499.00	100.0000	0.00	0.00	499.00	0.00	499.00
829		Pressure Recorc	3/1/1994	SL / N/A	10.0000	332.00	100.0000	0.00	0.00	332.00	0.00	332.00
830		4 Wheel Pal letL	7/1/1994	SL / N/A	10.0000	197.02	100.0000	0.00	0.00	197.02	0.00	197.02
831		Tandem Hand D	7/1/1994	SL / N/A	10.0000	207.68	100.0000	0.00	0.00	207.68	0.00	207.68
832		KF20 Test Pump	11/1/1999	SL / N/A	10.0000	1,448.66	100.0000	0.00	0.00	1,448.66	0.00	1,448.66
833		100gal Fuel Tan	11/1/1999	SL / N/A	10.0000	529.98	100.0000	0.00	0.00	529.98	0.00	529.98
834		Water Fountain-l	7/1/2000	SL / N/A	10.0000	382.20	100.0000	0.00	0.00	382.20	0.00	382.20
835		Refrigerator	12/1/2002	SL / N/A	10.0000	543.99	100.0000	0.00	0.00	543.99	0.00	543.99
836		Butcher Block T	12/1/2002	SL / N/A	10.0000	378.80	100.0000	0.00	0.00	378.80	0.00	378.80
837		GE 1000 BTU A	7/1/2003	SL / N/A	10.0000	355.00	100.0000	0.00	0.00	355.00	0.00	355.00
838		Whirlpool Refrig	4/1/2005	SL / N/A	10.0000	499.00	100.0000	0.00	0.00	499.00	0.00	499.00
839		Microwave	4/1/2005	SL / N/A	10.0000	75.45	100.0000	0.00	0.00	75.45	0.00	75.45
840		Husquarva Ridir	9/1/2005	SL / N/A	10.0000	1,600.00	100.0000	0.00	0.00	1,600.00	0.00	1,600.00
841		Mi crowave	12/1/2005	SL / N/A	10.0000	114.96	100.0000	0.00	0.00	114.96	0.00	114.96
842		18 Cubic Ft Reg	12/1/2009	SL / N/A	10.0000	457.99	100.0000	0.00	0.00	435.10	22.89	457.99
843		Kawasaki 25HP	8/1/2011	SL / N/A	10.0000	1,919.96	100.0000	0.00	0.00	1,440.00	192.00	1,632.00
844		Hoover Vacuum	9/1/2011	SL / N/A	10.0000	169.56	100.0000	0.00	0.00	127.20	16.96	144.16
845		Itron Digital Leal	5/1/2013	SL / N/A	10.0000	3,037.06	100.0000	0.00	0.00	1,822.25	303.71	2,125.96
857		2016 Cub Cade	6/21/2016	SL / N/A	10.0000	6,299.99	100.0000	0.00	0.00	1,575.00	630.00	2,205.00
877		DR4300 Chart F	10/26/2017	SL / N/A	10.0000	1,017.29	100.0000	0.00	0.00	118.69	101.73	220.42
878		Metrotech vm81	12/28/2017	SL / N/A	10.0000	2,921.92	100.0000	0.00	0.00	292.19	292.19	584.38
933		Honeywell 10' C	1/28/2019	SL / N/A	12.5000	1,893.59	100.0000	0.00	0.00	0.00	138.87	138.87
<b>Subtotal: 34750</b>						<b>26,705.08</b>		<b>0.00</b>	<b>0.00</b>	<b>14,798.15</b>	<b>1,698.35</b>	<b>16,496.50</b>
Less dispositions and exchanges:						0.00		0.00	0.00	0.00	0.00	0.00
<b>Net for: 34750</b>						<b>26,705.08</b>		<b>0.00</b>	<b>0.00</b>	<b>14,798.15</b>	<b>1,698.35</b>	<b>16,496.50</b>

ECWD - Water [ECW - Water]  
**Depreciation Expense**

Sorted: General - GL asset acct.

Financial

01/01/2019 - 12/31/2019

Business % Applied to Depreciation

System No.	S	Description	Date in Service	Method / Conv.	Life	Cost / Other Basis	Bus./ Inv. %	Sec. 179/ Bonus/ (Cur. Yr. Only)	Salvage/ Basis Adj.	Accum. Depreciation/ (Sec. 179)	Current Depreciation/ (Sec. 179)	Total Depreciation/ (Sec. 179)
<b>Subtotal:</b>						41,443,385.38		0.00	0.00	17,317,942.39	892,174.34	18,210,116.73
<b>Less dispositions and exchanges:</b>						0.00		0.00	0.00	0.00	0.00	0.00
<b>Grand Totals:</b>						41,443,385.38		0.00	0.00	17,317,942.39	892,174.34	18,210,116.73

18,209,746

Per Trial Balance

33340 audit adj = 1,552.75

33450 audit adj = 3,200.88

10500 = 112,794.02

\$368 to match trial balance  
 (34150)

\$112,794 in supplies & mains  
 for project (construction work in  
 progress)

105

# Attachment No. 9a

A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$4,113,000 WATER SYSTEM REVENUE BONDS, 2001 SERIES A AND B TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE MUNICIPAL WATER DISTRIBUTION SYSTEM; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

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A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$4,113,000 WATER SYSTEM REVENUE BONDS, 2001 SERIES A AND B TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE MUNICIPAL WATER DISTRIBUTION SYSTEM; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

WHEREAS, upon petition and hearing, an order and judgment (County Court Order Book 3, page 625) was duly entered by the County Court of Edmonson County, Kentucky, on March 10, 1967, determining necessity and creating and establishing the Edmonson County Water District (the "District") and defining the geographical area thereof, the same to constitute a public body corporate with all powers and authority as provided in KRS Chapter 74; and

WHEREAS, the District is at this time a *de jure* water district situated in Edmonson County, Kentucky, with existing extensions into Warren, Grayson and Hart Counties; and

WHEREAS, since 1969 the District has owned and operated a municipal water distribution system (the "System") to serve the area of the District, and in this connection the District has previously issued and there are presently outstanding the following bonds payable from and secured by a first pledge of the revenues of the System, on a parity one with the other:

(a) \$1,023,000 outstanding principal amount of Water System Revenue Bonds, 1988 Series A and B (the "1988 Bonds"), authorized by Resolution of the Commission of the District adopted on April 17, 1989, as amended by Resolutions adopted on November 11, 1991, and February 14, 1996 (collectively the "1988 Resolution");

(b) \$853,000 outstanding principal amount of Water System Revenue Bonds, Series 1990 (the "1990 Bonds"), authorized by Resolution of the Commission of the District adopted on January 22, 1990, as amended by Resolutions adopted on November 11, 1991, and February 14, 1996 (collectively the "1990 Resolution");

(c) \$275,000 outstanding principal amount of Water System Revenue Bonds, Series 1991A (the "1991A Bonds"), authorized by Resolution of the Commission of the District adopted on July 22, 1991 as amended by Resolutions adopted on November 11, 1991, and February 14, 1996 (collectively the "1991A Resolution");

(d) \$545,000 outstanding principal amount of Water System Revenue Bonds, Series 1991B (the "1991B Bonds"), authorized by Resolution of the Commission of the District adopted on November 11, 1991, as amended by Resolution adopted on February 14, 1996 (collectively the "1991B Resolution");

(e) \$2,060,500 outstanding principal amount of Water System Revenue Bonds, 1994 Series A and B (the "1994A and B Bonds"), authorized by Resolution of the Commission of the District adopted on January 24, 1994, as amended by Resolution adopted on February 14, 1996 (collectively the "1994A and B Resolution");

(f) \$816,000 outstanding principal amount of Water System Revenue Bonds, 1994 Series C (the "1994C Bonds"), authorized by Resolution of the Commission of the District adopted on December 12, 1994, as amended by Resolution adopted on February 14, 1996 (collectively the "1994C Resolution");

(g) \$1,300,000 outstanding principal amount of Water System Refunding Revenue Bonds, Series 1996A (the "1996A Bonds"), authorized by Resolution of the Commission of the District adopted on February 14, 1996 (the "1996A Resolution"); and

(h) \$580,500 outstanding principal amount of Water System Revenue Bonds, Series 1997 (the "1997 Bonds"), authorized by Resolution of the Commission of the District adopted on October 29, 1997 (the "1997 Resolution");

and further there are presently outstanding certain subordinate obligations of the District which are payable from and secured by a pledge of the revenues of the System subject to the priorities of the 1988, 1990, 1991A, 1991B, 1994A and B, 1994C, 1996A and 1997 Bonds; and

WHEREAS, it is provided in the 1988, 1990, 1991A, 1991B, 1994A and B, 1994C, 1996A and 1997 Resolutions (the "Prior Resolutions") that the District may issue additional parity bonds ranking on a basis of parity and equality with the outstanding 1988, 1990, 1991A, 1991B and 1994A and B, 1994C, 1996A and 1997 Bonds (the "Prior Bonds") for the purpose of adding new water distribution system facilities to the System upon a showing of compliance with the parity bond coverage test set forth in the 1997 Resolution, and it has been determined by the Commission of the District that the District may now meet such coverage test so that additional parity bonds, ranking on a parity with the Prior Bonds and styled "Water System Revenue Bonds, 2001 Series A and B (the "2001 Bonds"), may now be issued in the aggregate amount of \$4,113,000 for the purpose of financing a portion of the costs of major improvements and additions to the water facilities heretofore approved by the Commission of the District (the "Project"), all as more fully

described in the plans and specifications heretofore prepared on behalf of the District by Elrod-Dunson, Inc., Nashville, Tennessee, and on file in the office of the District; and

WHEREAS, in proceedings before the Public Service Commission of Kentucky, the District has obtained the right and authority to construct and operate major extensions and additions to the System, and plans and specifications have heretofore been prepared by Elrod-Dunson, Inc., Nashville, Tennessee, the District's consulting engineers, and approved by the District's Commission and all state and other supervisory authorities having jurisdiction thereof; and it is the opinion of the Commission of the District that it is feasible to undertake the construction and installation of such new facilities at this time; and

WHEREAS, it has been determined upon the basis of public bids for construction duly solicited in the manner required by law, and upon the basis of other costs and estimates, that the aggregate of all costs and expenses in connection with the aforesaid project will be \$4,896,000, and to provide a portion of such funds the District has received from USDA an offer to make a loan to the District in the amount of \$4,113,000 which, together with a USDA Grant in the amount of \$775,000 and a District contribution in the amount of at least \$8,000, will be sufficient to pay the estimated costs and expenses; and

WHEREAS, it is now appropriate for the District to provide for borrowing said sum of \$4,113,000 through issuance and sale of its Water System Revenue Bonds, 2001 Series A and B (the "2001 Bonds"), according to authority of Kentucky Revised Statutes ("KRS") Chapters 74 and 106 and the provisions of the Prior Resolutions permitting the issuance of parity bonds; and

WHEREAS, the 2001 Bonds will be payable as to both principal and interest solely (except as to capitalized interest) from the income and revenues to be derived from the operation of the System and will not constitute an indebtedness of the District within the meaning of debt-limiting provisions of the Constitution of Kentucky;

NOW, THEREFORE, THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1

AFFIRMATION OF PREAMBLE RECITALS;

AUTHORIZATION OF THE PROJECT;

DECLARATION OF NECESSITY

All statements and recitals set forth in the preamble of this Resolution, including the terms defined therein, are hereby affirmed and adopted as a part of this Resolution.

It is hereby further determined and declared to be necessary in the interests of the general welfare of the citizens and inhabitants of the District that the District undertake at this time the construction and installation of major additions and extensions (the "Project"), to the District's

municipal water distribution system (the "System"), all substantially according to the plans, specifications and designs prepared for the District by Elrod-Dunson, Inc., Nashville, Tennessee (the "Engineers"), and on file with the District. Immediate undertaking of such construction and installation is hereby authorized.

## SECTION 2

### PROJECT TO BE MUNICIPALLY OWNED AND OPERATED

The construction and installation of the Project is undertaken by the District for public purposes and the same shall constitute and be a part of the System, and so long as any of the 2001 Bonds hereinafter authorized, or bonds issued on a parity therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated and maintained by the District for the security and source of payment of the 2001 Bonds and all other parity bonds outstanding heretofore or hereafter issued. The Project is to be constructed, installed and acquired and the System is to be operated pursuant to the provisions of KRS Chapters 74 and 106, now in full force and effect.

## SECTION 3

### BOND ISSUE AUTHORIZED; CERTAIN TERMS AND DETAILS

(A) For the purpose of providing funds to defray the costs of the Project (to the extent not otherwise provided to be paid), including all necessary and proper appurtenances, and expenses incident thereto and incident to the issuance of the 2001 Bonds, there are hereby authorized to be issued the District's Water System Revenue Bonds, 2001 Series A and B, in the aggregate principal amount of \$4,113,000 (the "2001 Bonds"), with reservation of right on the part of the District to issue additional bonds in the future, payable from the income and revenues of the System, subject to the conditions and restrictions hereinafter reaffirmed, readopted and set forth. The 2001 Bonds hereby authorized shall be offered at public sale as provided in Section 4 hereof and shall be issuable in the form of a single fully registered bond for each series as provided in Section 5 hereof.

The 2001 Bonds shall be dated as of the date of delivery to the original purchaser thereof; shall mature as to principal in installments on January 1 in each of the years 2004 to 2041 inclusive, as set forth in the schedules appearing below; and shall bear interest from their date until payment of principal, such interest to the respective principal maturity dates to be payable semiannually on January 1 and July 1 of each year, and such interest to be at such rates as may be established by a supplemental Resolution upon the basis of competitive sale of the 2001 Bonds as hereinafter provided. The principal amounts and the installments of principal of the respective series of 2001 Bonds, in fully registered form as aforesaid, shall be as set forth in the following schedules:

2001 Series A Maturity Schedule (\$3,837,000)

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2004	\$ 52,500	2017	\$ 79,500	2030	\$ 121,000
2005	54,500	2018	82,500	2031	124,500
2006	56,000	2019	85,000	2032	129,000
2007	58,000	2020	87,500	2033	133,000
2008	59,500	2021	90,500	2034	137,000
2009	62,000	2022	93,500	2035	142,000
2010	63,500	2023	96,500	2036	146,000
2011	66,000	2024	99,500	2037	151,000
2012	68,000	2025	103,000	2038	156,000
2013	70,000	2026	106,000	2039	161,000
2014	72,500	2027	110,000	2040	166,500
2015	74,500	2028	113,000	2041	172,000
2016	77,500	2029	117,000		

2001 Series B Maturity Schedule (\$276,000)

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2004	\$ 2,900	2017	\$ 5,100	2030	\$ 9,000
2005	3,000	2018	5,300	2031	9,400
2006	3,100	2019	5,600	2032	9,900
2007	3,300	2020	5,800	2033	10,300
2008	3,400	2021	6,100	2034	10,700
2009	3,600	2022	6,300	2035	11,300
2010	3,700	2023	6,600	2036	11,700
2011	3,900	2024	6,900	2037	12,300
2012	4,100	2025	7,200	2038	12,800
2013	4,300	2026	7,600	2039	13,400
2014	4,400	2027	7,900	2040	14,000
2015	4,700	2028	8,300	2041	14,700
2016	4,800	2029	8,600		

The 2001 Bonds shall be issued as a single fully registered 2001 Bond, numbered R-1, maturing in principal installments in annual amounts corresponding to the schedules immediately above, provided, however, that installments of principal of 2001 Bonds maturing on and after January 1, 2012, shall be subject to prepayment at the option of the District prior to maturity in whole or from time to time in part in inverse order of maturities (less than all of a single maturity to be selected by lot) on any interest payment date on and after January 1, 2011, upon terms of par plus accrued interest without any prepayment premium, upon thirty (30) days' prior written notice mailed to the registered holder or holders of the 2001 Bonds; provided, that so long as USDA is the owner of any of the 2001

Bonds, the same may be prepaid in whole or in part at any time at par plus accrued interest, and without notice or prepayment premium. The 2001 Bonds may be prepaid only in increments of \$100.

Both principal of and interest on the 2001 Bonds shall be payable, without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, to the registered holder at the address shown on the registration books of the District or, so long as USDA is the registered holder, at the office or address as may be designated by USDA from time to time.

If any District officer whose signature appears on any 2001 Bond shall cease to be such officer prior to delivery, such signature shall nevertheless be valid and binding for all purposes, the same as if such officer had continued in office until the time of delivery of such 2001 Bond. The 2001 Bonds, together with the Prior Bonds, and the interest thereon, and any bonds which may hereafter be issued on a basis of parity therewith subject to the conditions and restrictions hereinafter set forth, shall be payable only out of the Waterworks Bond and Interest Sinking Fund of 1969 created by Resolution of the Commission of the District adopted on March 31, 1969 (the "1969 Resolution"), and continued by the Prior Resolutions, and shall be a valid claim of the holder thereof only against said Fund and the fixed portion or amount of the revenues of the System which the District has pledged to said Fund, subject to the terms hereof.

The District finds and declares that the 2001 Bonds shall rank on a basis of parity and equality as to security and source of payment with the District's previously issued and outstanding Prior Bonds inasmuch as the District is in compliance with all covenants and undertakings in connection with the Prior Bonds.

#### SECTION 4

#### PROVISIONS RELATING TO SALE OF BOND ISSUE

The 2001 Bonds authorized by this Resolution shall be publicly offered for sale according to a Notice of Sale of Bonds conforming to the requirements of KRS Chapter 424 (and particularly KRS 424.140(3) and KRS 424.360), which shall be published one time, not less than seven (7) days nor more than twenty-one (21) days prior to the date therein specified (by and at the discretion of the Chairman of the Commission of the District) for the opening and consideration of purchase bids, in each of the following: (a) the legal newspapers published in Edmonson, Hart, Grayson and Warren Counties, Kentucky, which are qualified under KRS 424.120 to publish advertisements for the District; and (b) The Courier-Journal, Louisville, Kentucky, a legal newspaper having statewide circulation.

Said Notice shall state the name and amount of 2001 Bonds to be sold, the time of the sale and other details concerning the 2001 Bonds and the sale, and shall inform prospective bidders that a copy of the Official Notice of Bond Sale, setting out the maturities, security of the 2001 Bonds, provisions as to redemption prior to maturity and related information, may be obtained from the

District. Such Official Notice shall contain, *inter alia*, substantially the following bidding requirements:

(A) Bidders shall be limited to institutions or persons having knowledge and experience in financial and business matters who are capable of evaluating the merits and risks of the 2001 Bonds and who are not purchasing for more than one account and do not intend to redistribute the 2001 Bonds. The District will make available to any such qualified bidder, upon written request, any financial or other material information regarding the District and the System in the District's possession. Bidders are required to bid a cash price of not less than par value for the 2001 Bonds.

(B) A single interest rate for each series must be bid in a multiple of 1/8 or 1/10 of one percent.

(C) Bids will be considered only for both series of 2001 Bonds, to be issued as a single fully executed bond for each series of 2001 Bonds.

(D) Bidders (except USDA) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of 2% of the face amount of the 2001 Bonds for which the bid is submitted, which good faith deposit may be applied as partial payment for such 2001 Bonds, or as liquidated damage in the event that such bidder, if successful, fails to comply with the terms of his bid.

(E) Preference in award will be given to the bid resulting in the lowest net interest cost to the District.

(F) The lowest net interest cost will be determined by deducting the total amount of any premium bid from the aggregate amount of interest upon the 2001 Bonds bid for, computed from the first day of the month following the date of sale of the 2001 Bonds (even though the 2001 Bonds will bear interest only from the date of delivery) to the final maturity specified in each bid.

(G) The District expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the 2001 Bonds at the office of the District within 45 days after notice is given of the award. If the 2001 Bonds are not ready for delivery and payment within 45 days from the aforesaid date of sale, the successful bidder shall be relieved of any liability to accept delivery of the 2001 Bonds, except that 2001 Bonds purchased by any agency of the federal government will be delivered to it at a place and time designated by such agency in accordance with its established practices and procedures.

(H) The District reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

(I) The District will furnish the 2001 Bonds, together with evidence of approval of the 2001 Bond issue by the Public Service Commission of Kentucky pursuant to the requirements of KRS Chapter 278, and customary closing documents, including a no-litigation certificate.

(J) The successful bidder will receive the approving legal opinion of Harper, Ferguson & Davis, Bond Counsel, Louisville, Kentucky, as to the legality of and tax-exempt status of interest on the 2001 Bonds, without additional cost to the successful bidder.

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

Bond Counsel having submitted to the Commission of the District forms of the Notice of Sale of Bonds and the Official Notice of Bond Sale, together with an Official Bid Form for use by all bidders except USDA, said documents are hereby approved and authorized for use in connection with the aforesaid sale of the 2001 Bonds.

## SECTION 5

### 2001 BONDS TO BE ISSUED IN FULLY REGISTERED FORM; FULLY REGISTERED BOND FORM

Upon the sale of the 2001 Bonds, the District shall issue a single fully registered 2001 Bond numbered R-1 (hereinafter referred to as a "Fully Registered Bond" for each series). Each Fully Registered Bond shall be in the aggregate principal amount of the series it represents, maturing as to principal in installments as set out in Section 3 hereof. Each Fully Registered Bond shall be of type composition, on paper of sufficient weight and strength to prevent deterioration until the last day of maturity of any installment of principal as stated therein, and shall conform in size to standard practice. Each Fully Registered Bond shall, upon execution on behalf of the District (which execution shall be by manual signatures of the Chairman and Secretary-Treasurer of the Commission, and actual impression of the corporate seal), constitute the Bond issue herein authorized and referred to, and shall be non-negotiable, without interest coupons, registered as to principal and interest, and payable as directed by the payee, and be in substantially the form hereinafter set forth.

The District hereby directs that books for the registration and for the transfer of each Fully Registered Bond shall be kept by the Secretary-Treasurer, who is hereby appointed as Bond Registrar in connection with such Bond. Each Fully Registered Bond shall be transferable only upon said Bond Registrar's books at the request of the registered holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered holder or his duly authorized attorney. Upon such transfer of the Fully Registered Bond, the Bond Registrar shall complete (with the name of the transferee), date and execute the registration schedule appearing on the Fully Registered Bond and deliver the Fully Registered Bond to such transferee. The person in whose name the Fully Registered Bond shall be properly registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal thereof or interest thereon shall be made only to or upon the order of the registered holder thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Fully Registered Bond to the extent of the sum or sums so paid. The face amount of each Fully Registered Bond, portions of which mature on different dates, will be reduced upon the

payment of each maturity, and the Secretary-Treasurer shall keep appropriate records of all payments (both principal and interest) with respect to each Fully Registered Bond.

Each Fully Registered Bond shall be in substantially the following form (with appropriate insertions and modifications):

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
EDMONSON COUNTY WATER DISTRICT  
WATER SYSTEM REVENUE BOND, 2001 SERIES \_\_\_\_

No. R-1

\$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS:

That Edmonson County Water District (the "District"), acting by and through its Commission, a public body corporate created and existing pursuant to Chapter 74 of the Kentucky Revised Statutes and situated in Edmonson, Warren, Grayson and Hart Counties, Kentucky, for value received, hereby promises to pay to the registered holder hereof, as hereinafter provided, solely from the special 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>
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(Here the printer will print the principal maturities for the 2001 Series A or Series B Bonds, respectively)

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of \_\_\_\_\_ (\_\_\_\_\_% ) per annum, semiannually on the first days of January and July in each year hereafter 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 to the registered holder hereof at the address shown on the registration books of the District or, so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, at the office or address as may be designated by said Department of Agriculture from time to time.

This Bond is the Bond in fully registered form representing a total authorized series of Bonds in the principal amount of \$ \_\_\_\_\_ issued by the District pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 74 and 106 of the Kentucky

Revised Statutes, and pursuant to a duly adopted Resolution of the District, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the construction and installation of major extensions and additions to the District's municipal water distribution system (the "System"), together with appurtenant facilities, and incidental expenses.

This Bond and the series which it represents, together with such additional bonds ranking on a parity therewith as have heretofore been issued and are outstanding and as may hereafter be issued and outstanding from time to time in accordance with the conditions and restrictions set forth in the resolution authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the series which it represents, and any outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Waterworks Bond and Interest Sinking Fund of 1969." This Bond and the series it represents rank on a basis of parity and equality with certain identically styled bonds designated 2001 Series \_\_\_ and issued simultaneously herewith pursuant to the Bond-authorizing Resolution.

A statutory mortgage lien upon the System and appurtenant facilities, together with all future additions and improvements thereto, and extensions thereof, is created by Section 106.080 of the Kentucky Revised Statutes and by the aforesaid Resolution for the benefit and protection of the holder of this Bond, and the same shall remain in effect until payment in full of the principal of and interest on this Bond.

This Bond does not in any manner constitute an indebtedness of the District within the meaning of the Statutes and Constitution of Kentucky, and the District is not and shall not be obligated to pay this Bond or the interest hereon except from said special fund. The District, acting by and through its Commission, covenants that it will fix, and if necessary adjust from time to time, such rates and charges for use of the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient to pay promptly the interest on and principal of this issue of Bonds, and all other bonds ranking on a parity therewith as may be issued and outstanding from time to time in accordance with the conditions and restrictions prescribed in that connection, as well as to pay the costs of operation and maintenance of the System.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Secretary-Treasurer of the District, as the Bond Registrar, with a written transfer duly acknowledged by the registered holder or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books 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, 2012, in the 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 multiples 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 holder of the Bond at least thirty (30) days prior to the date fixed for prepayment. Provided, however, that so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, this Bond may be prepaid at any time in whole or in part, at par or face value and without notice or prepayment premium.

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 provisions of this Bond or with the provisions of the resolution authorizing the issuance of this Bond, the registered holder may, at his option, institute proceedings to enforce all rights and remedies provided by law or by said resolution.

This Bond is exempt from ad valorem taxation in the Commonwealth of Kentucky.

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, being the total authorized amount of Bonds of the series which this Bond represents, 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, the Edmonson County Water District, in the Commonwealth of Kentucky, by its Commission, has caused this Bond to be executed by the Chairman of its Commission, attested by the Secretary-Treasurer, and its corporate seal to be hereunto affixed, on the date of this Bond, which is \_\_\_\_\_.

EDMONSON COUNTY WATER  
DISTRICT

ATTEST:

By \_\_\_\_\_  
Chairman of the Commission

\_\_\_\_\_  
Secretary-Treasurer

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the books of the Edmonson County Water District kept for that purpose by the Secretary-Treasurer, as Bond Registrar, upon presentation hereof to the Secretary-Treasurer, 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 holder or his attorney, such transfer to be made on said books and endorsed hereon.

(FORM OF REGISTRATION)

<u>Date of Registration</u>	<u>Name of Registered Holder</u>	<u>Signature of the Water District's Bond Registrar</u>
	United States of America Department of Agriculture State Office 771 Corporate Dr., Suite 200 Lexington, Kentucky 40503*	

\*(To be inserted if USDA purchases the 2001 Bonds)

SECTION 6

DISPOSITION OF 2001 BOND PROCEEDS: CONSTRUCTION FUND

The Secretary-Treasurer of the District shall be the custodian of all funds belonging to and associated with the System, as expanded and improved from time to time, and such funds shall be deposited in the Brownsville Deposit Bank, of Brownsville, Kentucky, or in such other bank or banks in Kentucky as the Commission of the District may from time to time designate (hereinafter sometimes referred to, singularly and collectively, as the "Depository Bank"). All such moneys of the District deposited in the Depository Bank in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The Secretary-Treasurer shall execute a fidelity bond in an amount and with a surety company approved by USDA so long as it is the holder of any of the 2001 Bonds; and USDA and the District shall be named co-obligees in such surety bond, and the amount thereof shall not be reduced without the written consent of USDA. The proceeds of the 2001 Bonds shall be applied as follows:

Upon the issuance and delivery of the 2001 Bonds authorized by this Resolution, the entire proceeds thereof shall be deposited in an account designated "Edmonson County Water District 2001 Construction Fund" (the "Construction Fund"), hereby created. Said 2001 Bond proceeds shall constitute a part of the Construction Fund and shall be applied, to the extent necessary, in paying the costs incident to constructing, installing and acquiring the Project, including expenses incurred in the

issuance of the 2001 Bonds and paying interim financing obligations (both principal and interest) incurred in connection with the Project as authorized by said separate interim financing Resolution of the Commission of the District; provided, however, any 2001 Bond proceeds so used to pay such interim financing obligations may be disbursed directly to the appropriate lending institution(s) without the requirement of being deposited to the Construction Fund.

A sum in the Construction Fund estimated to be equal to interest which will accrue on the 2001 Bonds (following delivery thereof) during construction and development of the Project shall be earmarked, used and applied to the payment of interest on the 2001 Bonds next becoming due.

Disbursements from the Construction Fund shall be made by checks signed by the District Secretary-Treasurer, and such disbursements shall be authorized and approved in writing by the District Chairman and Secretary-Treasurer and, if USDA is the purchaser of the 2001 Bonds, by USDA (if USDA so requires). Reference is made in this connection to the provisions of the separate interim financing Resolution adopted concurrently herewith.

Pending disbursement, the 2001 Bond proceeds shall be deposited, as aforesaid, in the Construction Fund, and to the extent that such deposit causes the aggregate deposits by the District in the Depository Bank to be in excess of the amount insured by FDIC, the same shall be secured by a surety bond or bonds furnished by a surety company or companies qualified to do business in Kentucky and approved by the Commission of the District, or by a valid pledge of direct obligations of the United States Government, or obligations as to which the payment of principal and interest are guaranteed by the United States Government, having a market value at least equivalent to such deposit.

Where the moneys on deposit in the Construction Fund exceed the estimated disbursements on account of the Project for the next 60 days, the District shall direct the Depository Bank to invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature not later than six months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such investments shall be deposited in the Construction Fund by the District, unless otherwise authorized by USDA.

In the event any unexpected balance shall remain in the Construction Fund after completion of the Project, and payment of all of the costs thereof, as certified by the Engineers, such unexpended balance, subject to the terms and conditions of the aforesaid USDA loan, and to USDA approval, shall be transferred and deposited in the Waterworks Bond and Interest Sinking Fund of 1969, hereinafter referred to, and shall be used at the earliest practicable date for the retirement of 2001 Bonds by purchase thereof (or principal prepayment) in inverse order of maturities or established annual payment amounts, and in proportion to the principal amount of the series (insofar as practicable).

In the event that the amount hereinabove provided to be set aside from 2001 Bond proceeds for payment for interest during the construction and development of the Project should prove to be

insufficient for such purpose, additional moneys may, upon approval by USDA, be withdrawn from the Construction Fund and so applied, inasmuch as interest during such period is a proper part of the cost of the Project, to the extent authorized by USDA.

Pending disbursements for the authorized purposes, the proceeds of all 2001 Bonds at any time issued pursuant to this Resolution shall be subject to a first and paramount lien and charge in favor of the holders of 2001 Bonds issued and outstanding hereunder and for their further security.

## SECTION 7

### OPERATION OF SYSTEM; FLOW OF FUNDS; ACCUMULATION OF REVENUES

Operation and Revenues of System; Funds and Accounts. From and after issuance and delivery of the 2001 Bonds, and so long as any of the 2001 Bonds or parity bonds remain outstanding and unpaid, the System shall continue to be operated on a fiscal year basis beginning each January 1 and ending on the last day of the next December, as at present, and on that basis the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created by the 1969 Resolution designated and identified as the District's "Waterworks Revenue Fund" (the "Revenue Fund"), which shall continue to be maintained by the District, and into which shall be deposited all income and revenues of the System (to the extent not otherwise provided to be deposited hereinafter). The moneys in the Revenue Fund from time to time shall be used and disbursed and applied by the District, as permitted by applicable statutes, as follows:

(A) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created in and by the 1969 Resolution and designated and identified as the "Waterworks Bond and Interest Sinking Fund of 1969" (the "Bond Fund"), which shall continue to be maintained so long as any of the Prior Bonds, 2001 Bonds or parity bonds herein permitted to be issued are outstanding; and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the Prior Bonds, 2001 Bonds and any parity bonds hereafter issued and outstanding pursuant to the provisions of this Resolution.

There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Bond Fund sums sufficient to pay when due the principal and interest requirements on the Prior Bonds, 2001 Bonds and any parity bonds. Specifically, there shall be paid into the Bond Fund on or before the 20th day of each month, on account of the Prior Bonds and 2001 Bonds, not less than the following:

- (i) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-sixth (1/6) of the next succeeding interest installment to become due on all Prior Bonds and 2001 Bonds then outstanding; and
- (ii) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-twelfth (1/12) of the principal of all Prior Bonds and 2001 Bonds maturing on the next succeeding January 1.

In the event additional parity bonds are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, the monthly deposits to the Bond Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Bond Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Bond Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need be made into the Bond Fund if and when the amount held therein and in the Debt Service Reserve Fund hereinafter created is at least equal to the amount required to retire all outstanding Prior Bonds, 2001 Bonds and parity bonds and paying all interest that will accrue thereon.

(B) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, is hereby created and designated and identified as the "Water System Revenue Bond Debt Service Reserve Fund" (the "Debt Service Reserve Fund"), which shall be maintained so long as there are outstanding any parity bonds herein permitted to be issued on a parity with the Prior Bonds and 2001 Bonds, except those parity bonds the original purchaser or purchasers of which have waived the benefit of, and any claim to, the Debt Service Reserve Fund. Parity bonds which may be issued and outstanding from time to time as hereinafter permitted and with respect to which the original purchaser or purchasers have not waived the benefit of and claim to the Debt Service Reserve Fund are hereafter referred to as "qualified parity bonds." The purchaser of the Prior Bonds, other than the 1996A Bonds, by its acceptance of the Prior Bonds, other than the 1996A Bonds, has been, and the purchaser of the 2001 Bonds shall be, deemed to have elected, for itself and on behalf of all subsequent holders of the Prior Bonds, other than the 1996A Bonds, and all subsequent holders of the 2001 Bonds, to waive the benefit of and any claim to the Debt Service Reserve Fund.

All moneys deposited in the Debt Service Reserve Fund from time to time shall be held and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the outstanding qualified parity bonds, if any, if and to the extent insufficient funds are available therefor in the Bond Fund. Whenever the amount in the Debt Service Reserve Fund is less than the Reserve Amount, hereinafter defined, the amount necessary to restore the balance in the Debt Service Reserve Fund to the Reserve Amount shall be paid into the Debt Service Reserve Fund in thirty-six (36) equal monthly installments, each payable on the twentieth (20th) day of the month (except that when the twentieth (20th) day of any month shall be a Sunday or a legal holiday, then

such payment shall be made on the next succeeding business day) from the Revenue Fund, after making the deposits set out in subsection (B) above, until the Reserve Amount is on deposit in the Debt Service Reserve Fund. The term "Reserve Amount" as used herein means an amount of money equal to the lesser of (i) the maximum principal and interest requirement on the outstanding qualified parity bonds in any year ending January 1, (ii) and amount equal to 125% of the average annual debt service on the outstanding qualified parity bonds in any year ending January 1, and (iii) an amount equal to 10% of the proceeds of all such qualified parity bonds within the meaning of Section 148(d) of the United States Internal Revenue Code of 1986, as amended.

Any amount in the Debt Service Reserve Fund in excess of the Reserve Amount shall be transferred to the Bond Fund and applied as credit against payments into the Bond Fund from the Revenue Fund on a monthly basis as described in the foregoing subsection (A).

(C) All moneys held in the Revenue Fund, the Bond Fund and the Debt Service Reserve Fund shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation ("FDIC"), and all such deposits which cause the aggregate deposits of the District in any one bank to be in excess of the amount insured by FDIC shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Revenue Fund and the Bond Fund may, and the Debt Service Reserve Fund shall, be invested in Investment Obligations, as hereinafter defined, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Fund which supplied the funds for such investments, and the income from such investments shall be credited to the Bond Fund; provided, however, if the amount in the Debt Service Reserve Fund is less than the Reserve Amount, income from investments in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund until the Reserve Amount is accumulated therein. Investment Obligations in the Debt Service Reserve Fund shall be valued at cost.

Investment income accruing to the Bond Fund shall be credited against payments into the Bond Fund from the Revenue Fund on a monthly basis as set out in the foregoing subsection (B) hereof.

As used herein, the term "Investment Obligations" shall mean any of the following, if and to the extent the following are legal investments for the moneys held in the funds and accounts established pursuant to this Resolution: (i) general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, and any certificate or other evidence of an ownership interest in any such securities or in specified portions thereof consisting of the principal thereof or the interest thereon or any combination thereof; (ii) obligations of any agency or instrumentality of the United States of America the payment of principal of and interest on which is backed by the full faith and credit of the United States of America; (iii) savings accounts, interest-bearing time deposits or certificates of deposit in any national bank or bank chartered in Kentucky authorized to engage in the banking business the deposits of which shall be insured by the FDIC and having a combined capital and surplus aggregating not less than Two Million Dollars (\$2,000,000); provided, however, that each such deposit shall be

continuously secured (to the extent not insured by FDIC) by lodging with a separate bank or trust company approved by the District, as custodian, collateral security in the form of obligations described in (i) or (ii) above having a market value (exclusive of accrued interest) at all times not less than the amount of such deposit (to the extent not insured by FDIC), which collateral security shall be valued by the District at least annually and must be unencumbered and not otherwise pledged and shall be subject to a perfected first lien for the benefit of the District; (iv) repurchase agreements with banks described in (iii) above, continuously secured as provided in (iii) above; (v) money market funds composed of securities described in (i) and (ii) above and rated AAA (or the equivalent thereof) by Standard and Poor's Corporation or Moody's Investors Service, Inc., provided that any such investment in money market funds shall not exceed six (6) months in duration; and (vi) bonds, notes or certificates of indebtedness of the Commonwealth of Kentucky and its agencies and instrumentalities.

(D) A separate and special fund or account of the District was created by the 1969 Resolution designated and identified as the District's "Depreciation Fund" (the "Depreciation Fund"). After observing the priority of deposits set forth in (A) through (C) above, which are cumulative, there shall be set apart and paid into the Depreciation Fund each month from the remaining funds in the Revenue Fund at least the following monthly deposits with respect to the indicated series of bonds, in the case of each series to continue so long as any bonds of such series remain outstanding or until the indicated minimum balance for such series is reached:

<u>Series</u>	<u>Monthly Deposit</u>	<u>Minimum Balance</u>
1988	\$575	\$ 69,000
1990	470	56,400
1991A	150	18,000
1991B	300	36,000
1994A	940	112,800
1994B	150	18,000
1994C	425	51,000
1996A	835	100,200
1997	280	33,600
2001	1,610	None

provided that for the above purpose the aggregate balance in the Depreciation Fund from time to time shall be allocated to the respective series of bonds outstanding (or bonds issued to refund any such series) in the order (earliest first) set out above.

In addition to the above deposits from the Revenue Fund, there shall also be deposited in the Depreciation Fund, as received, the proceeds of all property damage insurance (except public liability) maintained in connection with the System, and the cash proceeds of any surplus, worn-out or obsolescent properties of the System, if the same be sold upon order of the Commission. Any fees which may be levied and collected by the Commission of the District for the privilege of connecting

to the System (excluding initial deposits received in aid of a particular project) shall be paid, as received, into the Depreciation Fund.

The Depreciation Fund shall be available and may be withdrawn and used by the District, upon appropriate certification as to the authorization for such withdrawal, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals or replacements, not included in the Annual Budget of Current Expenses (as defined in Section 8 hereof), and the cost of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide a higher degree of service. The Depreciation Fund shall also be available for transfer to the Bond Fund in order to avoid default in connection with any bonds payable from the Bond Fund or to redeem or purchase Prior Bonds, 2001 Bonds or parity bonds in advance of maturity.

At any time when the accumulations in the Depreciation Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Commission in Investment Obligations (as described in subsection (C) of this Section) maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than five (5) years after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Depreciation Fund shall be carried to the credit of the Depreciation Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(E) A separate and special fund or account of the District was created by the 1969 Resolution designated the District's "Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), which shall continue to be maintained for the benefit of the System and all bonds payable from the income and revenues of the System. The District covenants that it will transfer monthly from the moneys in the Revenue Fund, after making the transfers required by (A) through (D) above, to the Operation and Maintenance Fund sums sufficient to pay as they accrue the Current Expenses of operating and maintaining the System pursuant to the Annual Budget, for which provision is hereafter made, and to accrue an operation and maintenance reserve not in excess of anticipated requirements for a two-month period pursuant to the Annual Budget.

At any time when the accumulations in the Operation and Maintenance Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Commission in Investment Obligations (as described in subsection (C) of this Section) maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than ninety (90) days after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Operation and Maintenance Fund shall be carried to the credit of the Operation and Maintenance Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and

any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(F) Subject to the provisions of subsections (A) through (E) above, which are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred within sixty (60) days after the end of each fiscal year the balance of excess funds in the Revenue Fund on such date to the Depreciation Fund.

\* \* \*

All payments into the above special 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 Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All moneys held in any of the above special funds shall be kept apart from all other District funds and shall be deposited in a bank or banks selected by the District from time to time (in each case, a "Depository Bank"), and all such deposits which cause the aggregate of all deposits of the District in any Depository Bank 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 pledge of direct obligations or by guaranteed bonds or securities of the United States Government having a market value at least equivalent to such excess deposit.

SECTION 8

COVENANTS TO BONDHOLDERS

The District hereby irrevocably covenants and agrees with the holder or holders of any and all 2001 Bonds and parity bonds at any time issued and outstanding pursuant to authority of this Resolution that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(A) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky, and by the terms and provisions of this Resolution.

(B) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(C) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(D) The District covenants and agrees that, so long as any of the 2001 Bonds are outstanding, it will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Resolution and in the Prior Resolutions, it 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 2001 Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (1) redemption of outstanding 2001 Bonds or parity 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;

(iii) it certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(iv) notwithstanding all of the foregoing, no such sale, abandonment or transfer of System facilities shall be made so long as USDA owns any of the 2001 Bonds herein authorized, without the written consent and approval of USDA.

(E) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of reserves as herein provided; and such rates and charges shall be adequate to meet all such requirements as provided in this Resolution, and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the date of issuance of the 2001 Bonds, the District will adopt a Budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any 2001 Bonds are outstanding, it will adopt an Annual Budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such Budget, and of any amendments thereto, in the office of the Secretary-Treasurer of the District, and furnish copies thereof to the holder of any Bond upon request. The term "Current Expenses," as herein used, includes all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System, but shall exclude any allowance for depreciation, payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance, and payments into the Bond Fund. The District covenants

that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution duly adopted by the Commission of the District determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the District agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that said cash income and revenues are insufficient to provide for all payments required to be made into the Bond Fund during such ensuing fiscal year, and to make the monthly payments specified by subsection (A) of Section 7 of this Resolution, and to pay Current Expenses, the District covenants and agrees that it will revise its rates and charges for services rendered by the System, so that the same will be adequate to meet all of such requirements.

(F) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a Consulting Engineer of national reputation that the proposed reduction will not adversely affect the ability of the District to meet all the requirements set forth in this Resolution.

(G) It will at all times segregate the revenues of the System from all other revenues, moneys, and funds of the District, and will promptly and regularly make application and distribution thereof into the special funds provided in the Prior Resolutions, and in this Resolution, in the amount and with due regard for the priorities herein attributed thereto.

(H) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries of all transactions relating to the System, and the same shall be available and open to inspection by any 2001 Bondholder, and any agent or representative of a 2001 Bondholder.

(I) It will, within ninety (90) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed accountant not in the employ of the District on a monthly salary basis, showing all receipts and disbursements, and reflecting in reasonable detail the financing condition and records of the System, including the status of the several funds hereinbefore created, the status of the insurance and fidelity bonding, the number and type of connections, and the current rates and charges, with comments of the auditor concerning whether the books and records are being kept in compliance with this Resolution and in accordance with recognized accounting practices, and will promptly cause a copy of the Audit Report to be filed in the Office of the Secretary-Treasurer where it will be available for public inspection, and will promptly mail a copy thereof to the original recipients of 2001 Bonds issued hereunder. If requested to do so, the District will furnish to any 2001 Bondholder a condensed form of the Balance Sheet, and a condensed form of the Operating Report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided. Provided, so long as

USDA holds any of the 2001 Bonds herein authorized, the District shall furnish operating and other financial statements in such form and substance and for such periods as may be requested by USDA.

(J) Any holder of 2001 Bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by the District and its officers and agents of all duties imposed or required by law or this Resolution in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(K) If there be any default in the payment of the principal of or interest on any of the 2001 Bonds, then upon the filing of suit by any holder of the 2001 Bonds or any of the coupons, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District, with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Resolution and the provisions of said statute laws of Kentucky aforesaid.

(L) The District will cause each municipal officer or other person (other than depository banks) having custody of any moneys administered under the provisions of this Resolution to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time; each such bond to have surety given by a surety corporation qualified to do business in Kentucky and approved by the Commission, and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(M) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in a special Fund. Such insurance shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percentum (80%) of the full insurable value of the damaged facility.

(N) The District will procure and at all times maintain public liability insurance relating to the operation of the System, with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District 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 District's operation of the System.

(O) The District will carry suitable worker's compensation insurance in accordance with law.

(ii) A statement is filed with the Secretary of the District by (a) an independent certified public accountant or firm of certified public accountants not in the regular employ of the District

(i) The net income and revenues of the System for the fiscal year preceding the year in which such additional party bonds are to be issued were at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to all 2001 Bonds and party bonds which are then outstanding and the additional party bonds then proposed to be issued. The term "net income and revenues" as herein used is defined as gross earnings accruing to the Bond Fund, the Depreciation Fund and the Operation and Maintenance Fund) less the sum of Current Expenses as defined in subsection (E) of Section 8 hereof. Such showing of net income and revenues for such preceding fiscal year may be represented by the report of the auditors.

The District hereby reserves 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 2001 Bonds and any outstanding party bonds (herein sometimes referred to as "additional party bonds") in order to pay the costs of extensions, additions and improvements to the System, provided that (a) the written consent of the holders of all 2001 Bonds and any outstanding party bonds is obtained or (b) either of the conditions set forth in (i) or (ii) below is met:

The 2001 Bonds and outstanding party bonds, together with any additional party bonds issued under the restrictions and conditions hereinafter set forth, 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 such bonds, regardless of the fact that they may be actually issued and delivered at different times.

**PARITY BONDS PERMITTED: TERMS**

**SECTION 9**

(Q) So long as USDA is the holder of any bonds of the District, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of such bonds held by USDA without immediately prepaying all of such bonds held by USDA.

(P) If the District owns or operates a vehicle in the operation of the System, the District will procure and at all times maintain vehicular public liability insurance with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District 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 District's operation of vehicles. Provided, notwithstanding (M), (N), (O) and (P) above, that so long as USDA holds any 2001 Bonds, the District will procure and maintain insurance of such types and amounts as USDA may specify, which shall not be less than the amounts specified in this Section & so long as the Prior Bonds and the 2001 Bonds are outstanding.

on a monthly salary basis or (b) an independent professional engineer or firm or firms of professional engineers not in the employ of the District on a monthly salary basis and of recognized expertise and good reputation in the field of water engineering and licensed in Kentucky, reciting the opinion based upon necessary investigation that the net income and revenues of the System as defined in (i) above for twelve (12) consecutive months out of the eighteen (18) months preceding the issuance of said additional parity bonds (with adjustments as hereinafter provided) were equal to at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to the 2001 Bonds and any parity bonds then outstanding and the proposed additional parity bonds. The net income and revenues may be adjusted for the purpose of the foregoing computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds, and also to reflect any increase in such net income and revenues by reason of the extensions, additions and improvements to the System the cost of which (in whole or in part) is to be paid through the issuance of such additional parity bonds; but such latter adjustments shall only be made if contracts for the immediate construction or acquisition of such extensions, additions and improvements have been or will be entered into prior to the issuance of such additional parity bonds. All such adjustments to reflect any revision of rates and charges or an increase in net income and revenues by reason of extensions, additions and improvements to the System as aforesaid shall be based upon written certification by (a) an independent professional engineer or firm of professional engineers not in the employ of the District on a monthly salary basis and of recognized expertise and good reputation in the field of water engineering and licensed in Kentucky or (b) an independent certified public accountant or firm of certified public accountants not in the employ of the District on a monthly salary basis.

The District hereby further reserves the right and privilege of issuing additional parity bonds for the purpose of refunding the 2001 Bonds and any parity bonds, or any portion thereof, as may be outstanding, provided that before any additional parity bonds are issued for such purpose, there shall have been procured and filed with the Secretary of the District either (a) the written consent of the holders of all 2001 Bonds and any outstanding parity bonds (other than the bonds being refunded) to such issuance or (b) a statement by an independent certified public accountant or firm of independent certified public accountants reciting the opinion based upon necessary investigation that after the issuance of such additional parity bonds, the net income and revenues, as adjusted and defined above, of the System for the fiscal year preceding the date of issuance of such additional parity bonds, after taking into account the revised maximum annual debt service resulting from the issuance of such additional parity bonds and from the elimination of the bonds being refunded thereby, are equal to not less than 120% of the maximum annual debt service requirement for any year ending January 1 with respect to the 2001 Bonds and any parity bonds then outstanding and the proposed additional parity bonds and calculated in the manner specified above.

The original purchaser or purchasers of a series of additional parity bonds may waive the benefit of and any claim to the Debt Service Reserve Fund, in which event such bonds shall not be secured by or payable from the Debt Service Reserve Fund; and the District may make it a condition to the original sale of any series of additional parity bonds that the purchaser or purchasers thereof, by offering to purchase or by purchasing the same, has agreed to such waiver.

The interest payment dates for all such additional parity bonds shall be semiannually on January 1 and July 1 of each year, and the principal maturities thereof shall be on January 1 of the year in which any such principal is scheduled to become due.

The additional parity bonds, the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the income and revenues of the System on a parity with the 2001 Bonds and outstanding parity bonds, and shall not be deemed to include or prohibit the issuance of other obligations the security and source of payment of which is subordinate and subject to the priority of the payments into the Bond Fund and the Debt Service Reserve Fund for account of the 2001 Bonds and any parity bonds.

#### SECTION 10

#### PROVISIONS OF RESOLUTION CONSTITUTE CONTRACT

The provisions of this Resolution shall constitute a contract between the District and the holders of the 2001 Bonds herein authorized and any parity bonds herein permitted to be issued, and after the issuance of any of the 2001 Bonds, no change, variation or alteration of any kind of the provisions of this Resolution shall be made in any manner without the written consent of the holder or holders of the 2001 Bonds, except as herein provided, until such time as all of the 2001 Bonds and parity bonds issued hereunder, and the interest thereon, have been paid in full.

#### SECTION 11

#### STATUTORY MORTGAGE LIEN ACKNOWLEDGED

A statutory mortgage lien upon the System, together with all appurtenances and additions thereto and extensions thereof, and including the revenues thereof, is granted and created by Section 106.080 of the Kentucky Revised Statutes for the benefit and protection of the holders of the 2001 Bonds issued and parity bonds permitted to be issued under authority of this Resolution, and previously issued and outstanding parity bonds, and of the interest payable thereon; and said statutory mortgage lien is hereby recognized and shall be effective upon delivery of any of the 2001 Bonds and shall continue in full force and effect so long as there shall remain unpaid any part of the principal of or interest on the 2001 Bonds and any parity bonds.

#### SECTION 12

#### TAX COVENANTS AND REPRESENTATIONS

(A) The District certifies, covenants and agrees that the Project will be constructed expeditiously and the expenditure of the portion of the proceeds of the 2001 Bonds deposited in the Construction Fund for the payment of the costs of the Project will be made promptly in order that the Project will be completed and in operation at the earliest possible date. The District further certifies

and covenants with the holders of the 2001 Bonds that so long as any of the 2001 Bonds remain outstanding, moneys on deposit in any fund or account in connection with the 2001 Bonds, whether or not such moneys were derived from the proceeds of the sale of the 2001 Bonds or from any other sources, will not be invested or used in a manner which will cause the 2001 Bonds to be "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any lawful regulations promulgated or proposed thereunder, including Sections 1.103-13 and 1.103-14 of the Income Tax Regulations (26 CFR Part 1), as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Chairman and/or Secretary-Treasurer as the officers of the District charged with the responsibility for issuing the 2001 Bonds, are authorized and directed, for and on behalf of the District, to execute all papers, documents, certificates and other instruments that may be required for evidencing compliance with federal "arbitrage bond" regulations, and any representations and certifications contained in such papers, documents, certificates and other instruments so executed shall be deemed to constitute representations and certifications of the District.

(B) The District further represents, warrants, agrees and covenants as follows:

(i) Within the meaning of Section 141 of the Code and the Income Tax Regulations issued thereunder, over the terms of the Bonds (i) less than 10% of the proceeds of the 2001 Bonds, if any, will be applied for any private business use, and the payment of principal of or interest on less than 10% of the amount of the 2001 Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived directly or indirectly from payments (whether or not to the District) in respect of such property; (ii) at least 90% of the proceeds of the 2001 Bonds will be applied for a governmental use of the District; (iii) any private business use of the Project will be related to such governmental use of the District and will not be unrelated or disproportionate; and (iv) none of the proceeds of the 2001 Bonds will be used, directly or indirectly, to make or finance loans to private persons. It is reasonably expected that over the term of the 2001 Bonds (a) the Project will be available for general public use, in that it will be reasonably available for use by natural persons not engaged in a trade or business on the same basis as any other person or entity, (b) no nongovernmental person will have any special legal entitlement to use the Project, and (c) there will be no direct or indirect payments made with respect to the Project or the security of the 2001 Bonds by any persons or entities other than payments by the general public as described in clause (a) above.

(ii) Within the meaning of Section 148(f)(4)(B), it is reasonably expected at least 75% of the net proceeds (including investment proceeds) of the 2001 Bonds will be used for construction expenditures with respect to property which is owned by a governmental unit, at least 10% of such proceeds will be spent for the governmental purposes of the issue within six months from the date the 2001 Bonds are issued, at least 45% of such proceeds will be spent for such purposes within one year from such date, at least 75% of such proceeds will be spent for such purposes within eighteen months from such date, and at least 100% of such proceeds will be spent within two years from such date. It is also reasonably expected at least 50% of all proceeds (including investment proceeds) of the Bonds will be used for expenditures on the Project within six months, at least 60% will be so used within 12 months and 100% will be so used within 18 months from the date of issuance of the 2001 Bonds. If

for any reason the arbitrage rebate requirements of Section 148(f) of the Code should be deemed to apply to the 2001 Bonds, the District will take all action necessary to comply therewith.

(iii) It is reasonably expected that during the term of the 2001 Bonds the Project will not be disposed of, provided, however, should there be any disposition of any personal property constituting a part of the Project because it is no longer suitable for its governmental purpose, it is reasonably expected that the fair market value of such personal property will not exceed 25% of its cost.

(iv) The weighted average maturity of the 2001 Bonds does not exceed 120% of the weighted average useful life of the facilities comprising the Project.

(v) The District has not heretofore expended any sums on the Project which are to be reimbursed from the proceeds of the 2001 Bonds, other than (a) certain preliminary expenditures such as engineering and planning costs not exceeding 20% of the 2001 Bond proceeds, (b) expenditures made within 60 days prior to the date of adoption of this Resolution, and (c) expenditures prior to which the District had adopted an official intent resolution regarding reimbursement from tax-exempt bond proceeds.

(vi) The 2001 Bonds are not federally guaranteed within the meaning of Section 149(b) of the Code.

(vii) The District will comply with the information reporting requirements of Section 149(e) of the Code.

(viii) The District will not use or permit the use of any of the funds provided by the 2001 Bonds in such manner as to, or take or omit to take any action which would, impair the exclusion from gross income for federal income tax purposes of interest on the 2001 Bonds. The District shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the District on the 2001 Bonds shall, for the purposes of federal income taxation, be excludable from gross income.

(ix) This Resolution is intended to and does constitute, in part, a declaration of official intent under applicable Income Tax Regulations.

### SECTION 13

#### 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.

SECTION 14

REPEAL OF INCONSISTENT PROVISIONS

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

SECTION 15

WHEN RESOLUTION EFFECTIVE

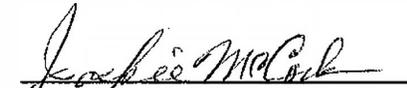
This Resolution shall be in full force and effect from and after its adoption, approval and attestation as provided by law.

ADOPTED BY THE COMMISSION OF THE EDMONSON COUNTY WATER DISTRICT, EDMONSON COUNTY, KENTUCKY, at a meeting held on the 12<sup>th</sup> day of March, 2001, on the same occasion signed by the Chairman, attested under seal by the Secretary-Treasurer, and declared to be in full force and effect.

(SEAL)

ATTEST:

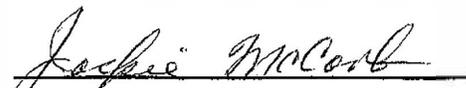
  
Chairman of the Commission

  
Secretary-Treasurer

CERTIFICATION

The undersigned, Secretary-Treasurer of the Commission of Edmonson County Water District, Edmonson County, Kentucky, hereby certifies that the foregoing is a true, complete and correct copy of a Resolution adopted by the Commission of said District, signed by the Chairman thereof, and attested under seal by me as Secretary-Treasurer upon the occasion of a properly convened meeting of the Commission of said District held on the 12<sup>th</sup> day of March, 2001, as shown by the official records in my custody and under my control.

WITNESS my hand this 12<sup>th</sup> day of March, 2001.

  
Secretary-Treasurer

A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$570,000 WATER SYSTEM REVENUE BONDS, TAXABLE SERIES 2010A (BUILD AMERICA BONDS -- DIRECT PAYMENT TO ISSUER), TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE MUNICIPAL WATER DISTRIBUTION SYSTEM; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

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A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$570,000 WATER SYSTEM REVENUE BONDS, TAXABLE SERIES 2010A (BUILD AMERICA BONDS -- DIRECT PAYMENT TO ISSUER), TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE MUNICIPAL WATER DISTRIBUTION SYSTEM; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

WHEREAS, upon petition and hearing, an order and judgment (County Court Order Book 3, page 625) was duly entered by the County Court of Edmonson County, Kentucky, on March 10, 1967, determining necessity and creating and establishing the Edmonson County Water District (the "District") and defining the geographical area thereof, the same to constitute a public body corporate with all powers and authority as provided in KRS Chapter 74; and

WHEREAS, the District is at this time a *de jure* water district situated in Edmonson County, Kentucky, with existing extensions into Warren, Grayson and Hart Counties; and

WHEREAS, since 1969 the District has owned and operated a municipal water distribution system (the "System") to serve the area of the District, and in this connection the District has previously issued and there are presently outstanding the following bonds and obligations payable from and secured by a first pledge of the revenues of the System, on a parity one with the other:

- (a) \$1,757,500 outstanding principal amount of Water System Revenue Bonds, 1994 Series A and B (the "1994A and B Bonds"), authorized by Resolution of the Commission of the District adopted on January 24, 1994, as amended by Resolution adopted on February 14, 1996 (collectively the "1994A and B Resolution");

(b) \$704,000 outstanding principal amount of Water System Revenue Bonds, 1994 Series C (the "1994C Bonds"), authorized by Resolution of the Commission of the District adopted on December 12, 1994, as amended by Resolution adopted on February 14, 1996 (collectively the "1994C Resolution");

(c) \$504,000 outstanding principal amount of Water System Revenue Bonds, Series 1997 (the "1997 Bonds"), authorized by Resolution of the Commission of the District adopted on October 29, 1997 (the "1997 Resolution");

(d) \$3,684,000 outstanding principal amount of Water System Revenue Bonds, 2001 Series A and B (the "2001 Bonds"), authorized by Resolution of the Commission of the District adopted on March 12, 2001 (the "2001 Resolution");

(e) \$411,000 outstanding principal amount of Water System Revenue Bonds, Series 2003 (the "2003 Bonds"), authorized by Resolution of the Commission of the District adopted October 28, 2003 (the "2003 Resolution");

(f) Loan repayment obligation to the Kentucky Rural Water Finance Corporation under an Assistance Agreement dated April 27, 2004 (the "2004 Resolution"), in an outstanding principal amount not exceeding \$2,188,500 (the "2004 Bonds");

(g) Loan repayment obligation to Kentucky Rural Water Finance Corporation under an Assistance Agreement dated May 29, 2008 (the "2008C Resolution"), in an outstanding principal amount not exceeding \$735,000 (the "Series 2008C Bonds");

(h) \$1,701,000 outstanding principal amount of Water System Revenue Bonds, Series 2007A and Series 2007B (collectively the "2007 Bonds"), authorized by Resolution of the Commission of the District adopted July 10, 2007 (the "2007 Resolution"); and

(i) \$1,511,000 outstanding principal amount of Water System Revenue Bonds, Series 2009 (the "2009 Bonds"), authorized by Resolution of the Commission of the District adopted March 10, 2009 (the "2009 Resolution");

and further there are presently outstanding certain subordinate obligations of the District which are payable from and secured by a pledge of the revenues of the System subject to the priorities of the 1994A and B, 1994C, 1997, 2001, 2003, 2004, 2008C, 2007 and 2009 Bonds; and

WHEREAS, it is provided in the 1994A and B, 1994C, 1997, 2001, 2003, 2004, 2008C, 2007 and 2009 Resolutions (collectively, the "Prior Resolutions") that the District may issue additional parity bonds ranking on a basis of parity and equality with the outstanding 1994A and B, 1994C, 1997, 2001, 2003, 2004, 2008C, 2007 and 2009 Bonds (collectively, the "Prior Bonds") for the purpose of adding new water distribution system facilities to the System upon a showing of compliance with the parity bond coverage test set forth in the 2003 Resolution; and it has been determined by the Commission of the District that the District may now meet such coverage test so that additional parity bonds, ranking on a parity with the Prior Bonds and styled "Water System Revenue Bonds, Series 2010A," may now be issued in the aggregate amount of \$570,000 for the

purpose of financing a portion of the costs of major improvements and additions to the water facilities heretofore approved by the Commission of the District (the "Project"), all as more fully described in the plans and specifications heretofore prepared on behalf of the District by GRW Engineers, Inc., Nashville, Tennessee, and on file in the office of the District; and

WHEREAS, in proceedings before the Public Service Commission of Kentucky, the District has obtained the right and authority to construct and operate major extensions and additions to the System, and plans and specifications have heretofore been prepared by GRW Engineers, Inc., Nashville, Tennessee, the District's consulting engineers, and approved by the District's Commission and all state and other supervisory authorities having jurisdiction thereof; and it is the opinion of the Commission of the District that it is feasible to undertake the construction and installation of such new facilities at this time; and

WHEREAS, it has been determined upon the basis of public bids for construction duly solicited in the manner required by law, and upon the basis of other costs and estimates, that the aggregate of all costs and expenses in connection with the Project will be \$1,279,000; and to provide a portion of such funds the District has received from the United States Department of Agriculture, Rural Development ("USDA"), an offer to make a loan to the District in the amount of \$570,000 which, together with a USDA Grant in the amount of \$249,500, a Kentucky Infrastructure Authority Grant in the amount of \$450,000, and new user connection fees in the amount of at least \$9,500, will be sufficient to pay the estimated costs and expenses; and

WHEREAS, the American Recovery and Reinvestment Act of 2009 (the "Recovery Act") authorizes the District to issue taxable bonds known as "Build America Bonds" to finance capital expenditures for which it could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds, and the District will issue the 2010A Bonds as described below as taxable Build America Bonds; and

WHEREAS, it is now appropriate for the District to provide for borrowing the sum of \$570,000 through issuance and sale of its Water System Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment to Issuer) (the "2010A Bonds"), according to authority of Kentucky Revised Statutes ("KRS") Chapters 74 and 106 and the provisions of the Prior Resolutions permitting the issuance of parity bonds; and

WHEREAS, the 2010A Bonds will be payable as to both principal and interest solely (except as to capitalized interest) from the income and revenues to be derived from the operation of the System and will not constitute an indebtedness of the District within the meaning of debt-limiting provisions of the Constitution of Kentucky;

NOW, THEREFORE, THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1

AFFIRMATION OF PREAMBLE RECITALS:

AUTHORIZATION OF THE PROJECT;  
DECLARATION OF NECESSITY

All statements and recitals set forth in the preamble of this Resolution, including the terms defined therein, are hereby affirmed and adopted as a part of this Resolution.

It is hereby further determined and declared to be necessary in the interests of the general welfare of the citizens and inhabitants of the District that the District undertake at this time the construction and installation of major additions and extensions (the "Project"), to the District's municipal water distribution system (the "System"), all substantially according to the plans, specifications and designs prepared for the District by GRW Elrod-Dunson, Inc., Nashville, Tennessee (the "Engineers"), and on file with the District. Immediate undertaking of such construction and installation is hereby authorized.

SECTION 2

PROJECT TO BE MUNICIPALLY  
OWNED AND OPERATED

The construction and installation of the Project is undertaken by the District for public purposes and the same shall constitute and be a part of the System, and so long as any of the 2010A Bonds hereinafter authorized, or bonds issued on a parity therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated and maintained by the District for the security and source of payment of the 2010A Bonds and all other parity bonds outstanding heretofore or hereafter issued. The Project is to be constructed, installed and acquired and the System is to be operated pursuant to the provisions of KRS Chapters 74 and 106, now in full force and effect.

SECTION 3

2010A BOND ISSUE AUTHORIZED;  
CERTAIN TERMS AND DETAILS

(A) For the purpose of providing funds to defray the costs of the Project (to the extent not otherwise provided to be paid), including all necessary and proper appurtenances, and expenses incident thereto and incident to the issuance of the 2010A Bonds, there are hereby authorized to be issued the District's \$570,000 Water System Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment to Issuer) (the "2010A Bonds"), with reservation of right on the part of the District to issue additional bonds in the future, payable from the income and revenues of the System, subject to the conditions and restrictions hereinafter reaffirmed, readopted and set forth. The 2010A Bonds hereby authorized shall be offered at public sale as provided in Section 4 hereof and shall be issuable in the form of a single fully registered bond as provided in Section 5 hereof.

The 2010A Bonds shall be dated as of the date of delivery to the original purchaser thereof; shall mature as to principal in installments on January 1 in each of the years 2013 to 2050

inclusive, as set forth in the respective schedules appearing below; and shall bear interest from their date until payment of principal, such interest to the respective principal maturity dates to be payable annually on January 1 and July 1 of each year, and such interest to be at such rate as shall be established by a supplemental resolution upon the basis of competitive sale of the 2010A Bonds as hereinafter provided. The installments of principal of the 2010A Bonds, in fully registered form as aforesaid, shall be as set forth in the following schedule:

Series 2010A Maturity Schedule

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2013	\$ 9,000	2026	\$12,500	2039	\$17,500
2014	9,000	2027	13,000	2040	18,000
2015	9,500	2028	13,000	2041	18,500
2016	9,500	2029	13,500	2042	19,000
2017	10,000	2030	14,000	2043	19,500
2018	10,000	2031	14,000	2044	20,000
2019	10,500	2032	14,500	2045	20,500
2020	10,500	2033	15,000	2046	21,000
2021	11,000	2034	15,500	2047	21,500
2022	11,500	2035	16,000	2048	22,000
2023	11,500	2036	16,000	2049	22,500
2024	12,000	2037	16,500	2050	23,500
2025	12,000	3038	17,000		

provided, however, that installments of principal of 2010A Bonds maturing on and after January 1, 2021, shall be subject to prepayment at the option of the District prior to maturity in whole or from time to time in part in inverse order of maturities (less than all of a single maturity to be selected by lot) on any interest payment date on and after January 1, 2020, upon terms of par plus accrued interest without any prepayment premium, upon thirty (30) days' prior written notice mailed to the registered holder or holders of the 2010A Bonds; provided, that so long as USDA is the owner of any of the 2010A Bonds, the same may be prepaid in whole or in part at any time at par plus accrued interest, and without notice or prepayment premium. The 2010A Bonds may be prepaid only in increments of \$500.

Both principal of and interest on the 2010A Bonds shall be payable, without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, to the registered holder at the address shown on the registration books of the District or, so long as USDA is the registered holder, at the office or address as may be designated by USDA from time to time.

If any District officer whose signature appears on any 2010A Bond shall cease to be such officer prior to delivery, such signature shall nevertheless be valid and binding for all purposes, the same as if such officer had continued in office until the time of delivery of such 2010A Bond.

The 2010A Bonds, together with the Prior Bonds, and the interest thereon, and any bonds which may hereafter be issued on a basis of parity therewith subject to the conditions and restrictions hereinafter set forth, shall be payable only out of the Waterworks Bond and Interest Sinking Fund of 1969 created by Resolution of the Commission of the District adopted on March 31, 1969 (the "1969 Resolution"), and continued by the Prior Resolutions, and shall be a valid claim of the holder thereof only against said Fund and the fixed portion or amount of the revenues of the System which the District has pledged to said Fund, subject to the terms hereof.

The District finds and declares that the 2010A Bonds shall rank on a basis of parity and equality as to security and source of payment with each other and with the District's previously issued and outstanding Prior Bonds inasmuch as the District is in compliance with all covenants and undertakings in connection with the Prior Bonds.

#### SECTION 4

#### PROVISIONS RELATING TO SALE OF BOND ISSUE

The 2010A Bonds authorized by this Resolution shall be publicly offered for sale according to a Notice of Sale of Bonds conforming to the requirements of KRS Chapter 424 (and particularly KRS 424.140(3) and KRS 424.360), which shall be published one time, not less than seven (7) days nor more than twenty-one (21) days prior to the date therein specified (by and at the discretion of the Chairman of the Commission of the District) for the opening and consideration of purchase bids, in each of the following: (a) the legal newspapers published in Edmonson, Hart, Grayson and Warren Counties, Kentucky, which are qualified under KRS 424.120 to publish advertisements for the District; and (b) The Courier-Journal, Louisville, Kentucky, a legal newspaper having statewide circulation.

Said Notice shall state the name and amount of the 2010A Bonds to be sold, the time of the sale and other details concerning the 2010A Bonds and the sale, and shall inform prospective bidders that a copy of the Official Notice of Bond Sale, setting out the maturities, security of the 2010A Bonds, provisions as to redemption prior to maturity and related information, may be obtained from the District. Such Official Notice shall contain, *inter alia*, substantially the following bidding requirements:

(A) Bidders shall be limited to institutions or persons having knowledge and experience in financial and business matters who are capable of evaluating the merits and risks of the 2010A Bonds and who are not purchasing for more than one account and do not intend to redistribute the 2010A Bonds. The District will make available to any such qualified bidder, upon written request, any financial or other material information regarding the District and the System in the District's possession. Bidders are required to bid a cash price of not less and not more than par value for the 2010A Bonds. No premium shall be bid.

(B) A single interest rate must be bid in a multiple of 1/8 or 1/10 of one percent.

(C) Bids will be considered only for the entire 2010A Bond issue, to be issued as a single fully registered bond.

(D) Bidders (except USDA) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of 2% of the face amount of the 2010A Bonds for which the bid is submitted, which good faith deposit may be applied as partial payment for such 2010A Bonds, or as liquidated damage in the event that such bidder, if successful, fails to comply with the terms of his bid.

(E) Preference in award will be given to the bid resulting in the lowest net interest cost to the District.

(F) The lowest net interest cost will be determined by applying the aggregate amount of interest on the 2010A Bonds bid for, computed from the first day of the month following the date of sale of the 2010A Bonds (even though the 2010A Bonds will bear interest only from the date of delivery) to the final maturity specified in each bid.

(G) The District expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the 2010A Bonds at the office of the District within 45 days after notice is given of the award. If the 2010A Bonds are not ready for delivery and payment within 45 days from the aforesaid date of sale, the successful bidder shall be relieved of any liability to accept delivery of the 2010A Bonds, except that 2010A Bonds purchased by any agency of the federal government will be delivered to it at a place and time designated by such agency in accordance with its established practices and procedures.

(H) The District reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

(I) The District will furnish the 2010A Bonds, together with evidence of approval of the 2010A Bond issue by the Public Service Commission of Kentucky pursuant to the requirements of KRS Chapter 278, and customary closing documents, including a no-litigation certificate.

(J) The successful bidder will receive the approving legal opinion of Stoll Keenon Ogden PLLC, Bond Counsel, Louisville, Kentucky, as to the legality of the 2010A Bonds, without additional cost to the successful bidder.

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

Bond Counsel having submitted to the Commission of the District forms of the Notice of Sale of Bonds and the Official Notice of Bond Sale, together with an Official Bid Form for use by all bidders except USDA, said documents are hereby approved and authorized for use in connection with the aforesaid sale of the 2010A Bonds.

SECTION 5

2010A BONDS TO BE ISSUED IN FULLY REGISTERED FORM;  
FULLY REGISTERED BOND FORM

Upon the sale of the 2010A Bonds, the District shall issue a single fully registered 2010A Bond numbered R-1 (hereinafter referred to as the "Fully Registered Bond"). The Fully Registered Bond shall be in the aggregate principal amount of the 2010A Bonds it represents, maturing as to principal in installments as set out in Section 3 hereof. The Fully Registered Bond shall be of type composition, on paper of sufficient weight and strength to prevent deterioration until the last day of maturity of any installment of principal as stated therein, and shall conform in size to standard practice. The Fully Registered Bond shall, upon execution on behalf of the District (which execution shall be by manual signatures of the Chairman and Secretary-Treasurer of the Commission, and actual impression of the corporate seal), constitute the 2010A Bond issue it represents and shall be non-negotiable, without interest coupons, registered as to principal and interest, and payable as directed by the payee, and be in substantially the form hereinafter set forth.

The District hereby directs that books for the registration and for the transfer of the Fully Registered Bond shall be kept by the Secretary-Treasurer, who is hereby appointed as Bond Registrar in connection with such Bond. The Fully Registered Bond shall be transferable only upon said Bond Registrar's books at the request of the registered holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered holder or his duly authorized attorney. Upon such transfer of the Fully Registered Bond, the Bond Registrar shall complete (with the name of the transferee), date and execute the registration schedule appearing on the Fully Registered Bond and deliver the Fully Registered Bond to such transferee. The person in whose name the Fully Registered Bond shall be properly registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal thereof or interest thereon shall be made only to or upon the order of the registered holder thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Fully Registered Bond to the extent of the sum or sums so paid. The face amount of the Fully Registered Bond, portions of which mature on different dates, will be reduced upon the payment of each maturity, and the Secretary-Treasurer shall keep appropriate records of all payments (both principal and interest) with respect to the Fully Registered Bond.

The Fully Registered Bond shall be in substantially the following form (with appropriate insertions and modifications):

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
EDMONSON COUNTY WATER DISTRICT  
WATER SYSTEM REVENUE BOND, TAXABLE SERIES 2010A  
(BUILD AMERICA BONDS – DIRECT PAYMENT TO ISSUER)

No. R-1

\$570,000

KNOW ALL MEN BY THESE PRESENTS:

That Edmonson County Water District (the "District"), acting by and through its Commission, a public body corporate created and existing pursuant to Chapter 74 of the Kentucky Revised Statutes and situated in Edmonson, Warren, Grayson and Hart Counties, Kentucky, for value received, hereby promises to pay to the registered holder hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of Five Hundred Seventy Thousand Dollars (\$570,000) 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>
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(Here insert the principal maturities of the 2010A Bonds)

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of \_\_\_\_\_ (\_\_\_\_%) per annum, semiannually on the first days of January and July in each year hereafter 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 to the registered holder hereof at the address shown on the registration books of the District or, so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, at the office or address as may be designated by said Department of Agriculture from time to time.

This Bond is the Bond in fully registered form representing a total authorized series of Bonds in the principal amount of \$570,000 issued by the District pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 74 and 106 of the Kentucky Revised Statutes, and pursuant to a duly adopted Resolution of the District, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the construction and installation of major extensions and additions to the District's municipal water distribution system (the "System"), together with appurtenant facilities, and incidental expenses.

This Bond and the issue which it represents, together with the 2010A Bonds and such additional bonds ranking on a parity therewith as have heretofore been issued and are outstanding and as may hereafter be issued and outstanding from time to time in accordance with the

conditions and restrictions set forth in the resolution authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the issue which it represents, and any outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Waterworks Bond and Interest Sinking Fund of 1969."

A statutory mortgage lien upon the System and appurtenant facilities, together with all future additions and improvements thereto, and extensions thereof, is created by Section 106.080 of the Kentucky Revised Statutes and by the aforesaid Resolution for the benefit and protection of the holder of this Bond, and the same shall remain in effect until payment in full of the principal of and interest on this Bond.

This Bond does not in any manner constitute an indebtedness of the District within the meaning of the Statutes and Constitution of Kentucky, and the District is not and shall not be obligated to pay this Bond or the interest hereon except from said special fund. The District, acting by and through its Commission, covenants that it will fix, and if necessary adjust from time to time, such rates and charges for use of the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient to pay promptly the interest on and principal of this issue of Bonds, and all other bonds ranking on a parity therewith as may be issued and outstanding from time to time in accordance with the conditions and restrictions prescribed in that connection, as well as to pay the costs of operation and maintenance of the System.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Secretary-Treasurer of the District, as the Bond Registrar, with a written transfer duly acknowledged by the registered holder or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books 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, 2020, in the 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 multiples of Five Hundred Dollars (\$500) 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 holder of the Bond at least thirty (30) days prior to the date fixed for prepayment. Provided, however, that so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, this Bond may be prepaid at any time in whole or in part, at par or face value and without notice or prepayment premium.

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 provisions of this Bond or with the provisions of the resolution authorizing the issuance of this Bond, the registered holder may, at his option, institute proceedings to enforce all rights and remedies provided by law or by said resolution.

This Bond is exempt from *ad valorem* taxation in the Commonwealth of Kentucky.

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, being the total authorized amount of Bonds of the issue which this Bond represents, 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, the Edmonson County Water District, in the Commonwealth of Kentucky, by its Commission, has caused this Bond to be executed by the Chairman of its Commission, attested by the Secretary-Treasurer, and its corporate seal to be hereunto affixed, on the date of this Bond, which is \_\_\_\_\_

EDMONSON COUNTY WATER  
DISTRICT

Attest:

\_\_\_\_\_  
Secretary-Treasurer

By \_\_\_\_\_  
Chairman of the Commission

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the books of the Edmonson County Water District kept for that purpose by the Secretary-Treasurer, as Bond Registrar, upon presentation hereof to the Secretary-Treasurer, 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 holder or his attorney, such transfer to be made on said books and endorsed hereon.

(FORM OF REGISTRATION)

<u>Date of Registration</u>	<u>Name of Registered Holder</u>	<u>Signature of the Water District's Bond Registrar</u>
	United States of America Department of Agriculture State Office 771 Corporate Dr., Suite 200 Lexington, Kentucky 40503*	

\*(To be inserted if USDA purchases the 2010A Bonds)

SECTION 6

DISPOSITION OF 2010A BOND PROCEEDS; CONSTRUCTION FUND

The Secretary-Treasurer of the District shall be the custodian of all funds belonging to and associated with the System, as expanded and improved from time to time, and such funds shall be deposited in the Brownsville Deposit Bank, of Brownsville, Kentucky, or in such other bank or banks in Kentucky as the Commission of the District may from time to time designate (hereinafter sometimes referred to, singularly and collectively, as the "Depository Bank"). All such moneys of the District deposited in the Depository Bank in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The Secretary-Treasurer shall execute a fidelity bond in an amount and with a surety company approved by USDA so long as it is the holder of any of the 2010A Bonds; and USDA and the District shall be named co-obligees in such surety bond, and the amount thereof shall not be reduced without the written consent of USDA. The proceeds of the 2010A Bonds shall be applied as follows:

Upon the issuance and delivery of the 2010A Bonds authorized by this Resolution, the entire proceeds thereof shall be deposited in an account designated "Edmonson County Water District 2010A Construction Fund" (the "Construction Fund"), hereby created. Said 2010A Bond proceeds shall constitute a part of the Construction Fund and shall be applied, to the extent necessary, in paying the costs incident to constructing, installing and acquiring the Project, including expenses incurred in the issuance of the 2010A Bonds and paying interim financing obligations (both principal and interest) incurred in connection with the Project as authorized by said separate interim financing Resolution of the Commission of the District; provided, however, any 2010A Bond proceeds so used to pay such interim financing obligations may be disbursed directly to the appropriate lending institution(s) without the requirement of being deposited to the Construction Fund.

A sum in the Construction Fund estimated to be equal to interest which will accrue on the 2010A Bonds (following delivery thereof) during construction and development of the Project shall be earmarked, used and applied to the payment of interest on the 2010A Bonds next becoming due.

Disbursements from the Construction Fund shall be made by checks signed by the District Secretary-Treasurer, and such disbursements shall be authorized and approved in writing by the District Chairman and Secretary-Treasurer and, if USDA is the purchaser of the 2010A Bonds, by USDA (if USDA so requires). Reference is made in this connection to the provisions of the separate interim financing Resolution adopted concurrently herewith.

Pending disbursement, the 2010A Bond proceeds shall be deposited, as aforesaid, in the Construction Fund, and to the extent that such deposit causes the aggregate deposits by the District in the Depository Bank to be in excess of the amount insured by FDIC, the same shall be secured by a surety bond or bonds furnished by a surety company or companies qualified to do business in Kentucky and approved by the Commission of the District, or by a valid pledge of direct obligations of the United States Government, or obligations as to which the payment of principal and interest are guaranteed by the United States Government, having a market value at least equivalent to such deposit.

Where the moneys on deposit in the Construction Fund exceed the estimated disbursements on account of the Project for the next 60 days, the District shall direct the Depository Bank to invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature not later than six months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such investments shall be deposited in the Construction Fund by the District, unless otherwise authorized by USDA.

In the event any unexpected balance shall remain in the Construction Fund after completion of the Project, and payment of all of the costs thereof, as certified by the Engineers, such unexpended balance, subject to the terms and conditions of the aforesaid USDA loan, and to USDA approval, shall be transferred and deposited in the Waterworks Bond and Interest Sinking Fund of 1969, hereinafter referred to, and shall be used at the earliest practicable date for the retirement of 2010A Bonds by purchase thereof (or principal prepayment) in inverse order of maturities or established annual payment amounts, and in proportion to the principal amount of the series (insofar as practicable).

In the event that the amount hereinabove provided to be set aside from 2010A Bond proceeds for payment for interest during the construction and development of the Project should prove to be insufficient for such purpose, additional moneys may, upon approval by USDA, be withdrawn from the Construction Fund and so applied, inasmuch as interest during such period is a proper part of the cost of the Project, to the extent authorized by USDA.

Pending disbursements for the authorized purposes, the proceeds of all 2010A Bonds at any time issued pursuant to this Resolution shall be subject to a first and paramount lien and

charge in favor of the holders of 2010A Bonds issued and outstanding hereunder and for their further security.

## SECTION 7

### OPERATION OF SYSTEM; FLOW OF FUNDS; ACCUMULATION OF REVENUES

Operation and Revenues of System; Funds and Accounts. From and after issuance and delivery of the 2010A Bonds, and so long as any of the 2010A Bonds or parity bonds remain outstanding and unpaid, the System shall continue to be operated on a fiscal year basis beginning each January 1 and ending on the last day of the next December, as at present, and on that basis the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created by the 1969 Resolution designated and identified as the District's "Waterworks Revenue Fund" (the "Revenue Fund"), which shall continue to be maintained by the District, and into which shall be deposited all income and revenues of the System (to the extent not otherwise provided to be deposited hereinafter). The moneys in the Revenue Fund from time to time shall be used and disbursed and applied by the District, as permitted by applicable statutes, as follows:

(A) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created in and by the 1969 Resolution and designated and identified as the "Waterworks Bond and Interest Sinking Fund of 1969" (the "Bond Fund"), which shall continue to be maintained so long as any of the Prior Bonds, 2010A Bonds or parity bonds herein permitted to be issued are outstanding; and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the Prior Bonds, 2010A Bonds and any parity bonds hereafter issued and outstanding pursuant to the provisions of this Resolution.

There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Bond Fund sums sufficient to pay when due the principal and interest requirements on the Prior Bonds, 2010A Bonds and any parity bonds. Specifically, there shall be paid into the Bond Fund on or before the 20th day of each month, on account of the Prior Bonds and 2010A Bonds, not less than the following:

- (i) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-sixth (1/6) of the next succeeding interest installment to become due on all Prior Bonds and 2010A Bonds then outstanding; and
- (ii) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-twelfth (1/12) of the principal of all Prior Bonds and 2010A Bonds maturing on the next succeeding January 1.

In the event additional parity bonds are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, the monthly deposits to the Bond Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Bond Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Bond Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need be made into the Bond Fund if and when the amount held therein and in the Debt Service Reserve Fund hereinafter created is at least equal to the amount required to retire all outstanding Prior Bonds, 2010A Bonds and parity bonds and paying all interest that will accrue thereon.

(B) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, is hereby created and designated and identified as the "Water System Revenue Bond Debt Service Reserve Fund" (the "Debt Service Reserve Fund"), which shall be maintained so long as there are outstanding any parity bonds herein permitted to be issued on a parity with the Prior Bonds and 2010A Bonds, except those parity bonds the original purchaser or purchasers of which have waived the benefit of, and any claim to, the Debt Service Reserve Fund. Parity bonds which may be issued and outstanding from time to time as hereinafter permitted and with respect to which the original purchaser or purchasers have not waived the benefit of and claim to the Debt Service Reserve Fund are hereafter referred to as "qualified parity bonds." The purchasers of the Prior Bonds, other than the 1996A Bonds, by their acceptance of the Prior Bonds, have been, and the purchaser of the 2010A Bonds shall be, deemed to have elected, for themselves and on behalf of all subsequent holders of the Prior Bonds, and all subsequent holders of the 2010A Bonds, to waive the benefit of and any claim to the Debt Service Reserve Fund.

All moneys deposited in the Debt Service Reserve Fund from time to time shall be held and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the outstanding qualified parity bonds, if any, if and to the extent insufficient funds are available therefor in the Bond Fund. Whenever the amount in the Debt Service Reserve Fund is less than the Reserve Amount, hereinafter defined, the amount necessary to restore the balance in the Debt Service Reserve Fund to the Reserve Amount shall be paid into the Debt Service Reserve Fund in thirty-six (36) equal monthly installments, each payable on the twentieth (20th) day of the month (except that when the twentieth (20th) day of any month shall be a Sunday or a legal holiday, then such payment shall be made on the next succeeding business day) from the Revenue Fund, after making the deposits set out in subsection (B) above, until the Reserve Amount is on deposit in the Debt Service Reserve Fund. The term "Reserve Amount" as used herein means an amount of money equal to the lesser of (i) the maximum principal and interest requirement on the outstanding qualified parity bonds in any year ending January 1, (ii) an amount equal to 125% of the average annual debt service on the outstanding qualified parity bonds in any year ending January 1, and (iii) an amount equal to 10% of the proceeds of all such qualified parity bonds within the meaning of Section 148(d) of the United States Internal Revenue Code of 1986, as amended.

Any amount in the Debt Service Reserve Fund in excess of the Reserve Amount shall be transferred to the Bond Fund and applied as credit against payments into the Bond Fund from the Revenue Fund on a monthly basis as described in the foregoing subsection (A).

(C) All moneys held in the Revenue Fund, the Bond Fund and the Debt Service Reserve Fund shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation ("FDIC"), and all such deposits which cause the aggregate deposits of the District in any one bank to be in excess of the amount insured by FDIC shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Revenue Fund and the Bond Fund may, and the Debt Service Reserve Fund shall, be invested in Investment Obligations, as hereinafter defined, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Fund which supplied the funds for such investments, and the income from such investments shall be credited to the Bond Fund; provided, however, if the amount in the Debt Service Reserve Fund is less than the Reserve Amount, income from investments in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund until the Reserve Amount is accumulated therein. Investment Obligations in the Debt Service Reserve Fund shall be valued at cost.

Investment income accruing to the Bond Fund shall be credited against payments into the Bond Fund from the Revenue Fund on a monthly basis as set out in the foregoing subsection (B) hereof.

As used herein, the term "Investment Obligations" shall mean any of the following, if and to the extent the following are legal investments for the moneys held in the funds and accounts established pursuant to this Resolution: (i) general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, and any certificate or other evidence of an ownership interest in any such securities or in specified portions thereof consisting of the principal thereof or the interest thereon or any combination thereof; (ii) obligations of any agency or instrumentality of the United States of America the payment of principal of and interest on which is backed by the full faith and credit of the United States of America; (iii) savings accounts, interest-bearing time deposits or certificates of deposit in any national bank or bank chartered in Kentucky authorized to engage in the banking business the deposits of which shall be insured by the FDIC and having a combined capital and surplus aggregating not less than Two Million Dollars (\$2,000,000); provided, however, that each such deposit shall be continuously secured (to the extent not insured by FDIC) by lodging with a separate bank or trust company approved by the District, as custodian, collateral security in the form of obligations described in (i) or (ii) above having a market value (exclusive of accrued interest) at all times not less than the amount of such deposit (to the extent not insured by FDIC), which collateral security shall be valued by the District at least annually and must be unencumbered and not otherwise pledged and shall be subject to a perfected first lien for the benefit of the District; (iv) repurchase agreements with banks described in (iii) above, continuously secured as provided in (iii) above; (v) money market funds composed of securities described in (i) and (ii) above and rated AAA (or the equivalent thereof) by Standard and Poor's Ratings Service or Moody's Investors Service, Inc., provided that any such investment in money

market funds shall not exceed six (6) months in duration; and (vi) bonds, notes or certificates of indebtedness of the Commonwealth of Kentucky and its agencies and instrumentalities.

(D) A separate and special fund or account of the District was created by the 1969 Resolution designated and identified as the District's "Depreciation Fund" (the "Depreciation Fund"). After observing the priority of deposits set forth in (A) through (C) above, which are cumulative, there shall be set apart and paid into the Depreciation Fund each month from the remaining funds in the Revenue Fund at least the following monthly deposits with respect to the indicated series of bonds, in the case of each series to continue so long as any bonds of such series remain outstanding or until the indicated minimum balance for such series is reached:

<u>Series</u>	<u>Monthly Deposit</u>	<u>Minimum Balance</u>
1994A	940	\$112,800
1994B	150	18,000
1994C	425	51,000
1997	280	33,600
2001	1,610	None
2003	205	24,600
2004	1,495	292,200
2007A	555	66,600
2007B	225	26,400
2009	690	82,800
2010A	200	24,000

provided that for the above purpose the aggregate balance in the Depreciation Fund from time to time shall be allocated to the respective series of bonds outstanding (or bonds issued to refund any such series) in the order (earliest first) set out above.

In addition to the above deposits from the Revenue Fund, there shall also be deposited in the Depreciation Fund, as received, the proceeds of all property damage insurance (except public liability) maintained in connection with the System, and the cash proceeds of any surplus, worn-out or obsolescent properties of the System, if the same be sold upon order of the Commission. Any fees which may be levied and collected by the Commission of the District for the privilege of connecting to the System (excluding initial deposits received in aid of a particular project) shall be paid, as received, into the Depreciation Fund.

The Depreciation Fund shall be available and may be withdrawn and used by the District, upon appropriate certification as to the authorization for such withdrawal, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals or replacements, not included in the Annual Budget of Current Expenses (as defined in Section 8 hereof), and the cost of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide a higher degree of service. The Depreciation Fund shall also be available for transfer to the Bond Fund in order to avoid default in connection with any bonds payable from the Bond Fund or to redeem or purchase Prior Bonds, 2010A Bonds or parity bonds in advance of maturity.

At any time when the accumulations in the Depreciation Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Commission in Investment Obligations (as described in subsection (C) of this Section) maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than five (5) years after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Depreciation Fund shall be carried to the credit of the Depreciation Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(E) A separate and special fund or account of the District was created by the 1969 Resolution designated the District's "Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), which shall continue to be maintained for the benefit of the System and all bonds payable from the income and revenues of the System. The District covenants that it will transfer monthly from the moneys in the Revenue Fund, after making the transfers required by (A) through (D) above, to the Operation and Maintenance Fund sums sufficient to pay as they accrue the Current Expenses of operating and maintaining the System pursuant to the Annual Budget, for which provision is hereafter made, and to accrue an operation and maintenance reserve not in excess of anticipated requirements for a two-month period pursuant to the Annual Budget.

At any time when the accumulations in the Operation and Maintenance Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Commission in Investment Obligations (as described in subsection (C) of this Section) maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than ninety (90) days after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Operation and Maintenance Fund shall be carried to the credit of the Operation and Maintenance Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(F) Subject to the provisions of subsections (A) through (E) above, which are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred within sixty (60) days after the end of each fiscal year the balance of excess funds in the Revenue Fund on such date to the Depreciation Fund.

\* \* \*

All payments into the above special 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 Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All moneys held in any of the above special funds shall be kept apart from all other District funds and shall be deposited in a bank or banks selected by the District from time to time (in each case, a "Depository Bank"), and all such deposits which cause the aggregate of all deposits of the District in any Depository Bank 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 pledge of direct obligations or by guaranteed bonds or securities of the United States Government having a market value at least equivalent to such excess deposit.

## SECTION 8

### COVENANTS TO BONDHOLDERS

The District hereby irrevocably covenants and agrees with the holder or holders of any and all 2010A Bonds and parity bonds at any time issued and outstanding pursuant to authority of this Resolution that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(A) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky, and by the terms and provisions of this Resolution.

(B) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(C) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(D) The District covenants and agrees that, so long as any of the 2010A Bonds are outstanding, it will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Resolution and in the Prior Resolutions, it 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 2010A Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (1) redemption of outstanding 2010A Bonds or parity 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;

(iii) it certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(iv) notwithstanding all of the foregoing, no such sale, abandonment or transfer of System facilities shall be made so long as USDA owns any of the 2010A Bonds herein authorized, without the written consent and approval of USDA.

(E) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of reserves as herein provided; and such rates and charges shall be adequate to meet all such requirements as provided in this Resolution, and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the date of issuance of the 2010A Bonds, the District will adopt a Budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any 2010A Bonds are outstanding, it will adopt an Annual Budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such Budget, and of any amendments thereto, in the office of the Secretary-Treasurer of the District, and furnish copies thereof to the holder of any Bond upon request. The term "Current Expenses," as herein used, includes all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System, but shall exclude any allowance for depreciation, payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance, and payments into the Bond Fund. The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution duly adopted by the Commission of the District determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the District agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that said cash income and revenues are insufficient to provide for all payments required to be made into the Bond Fund during such ensuing fiscal year, and to make the monthly payments specified by subsection (A) of Section 7 of this Resolution, and to pay Current Expenses, the District covenants and agrees that it will revise its rates and charges for services rendered by the System, so that the same will be adequate to meet all of such requirements.

(F) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a Consulting Engineer of national reputation that the proposed

reduction will not adversely affect the ability of the District to meet all the requirements set forth in this Resolution.

(G) It will at all times segregate the revenues of the System from all other revenues, moneys, and funds of the District, and will promptly and regularly make application and distribution thereof into the special funds provided in the Prior Resolutions, and in this Resolution, in the amount and with due regard for the priorities herein attributed thereto.

(H) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries of all transactions relating to the System, and the same shall be available and open to inspection by any 2010A Bondholder, and any agent or representative of a 2010A Bondholder.

(I) It will, within ninety (90) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed accountant not in the employ of the District on a monthly salary basis, showing all receipts and disbursements, and reflecting in reasonable detail the financing condition and records of the System, including the status of the several funds hereinbefore created, the status of the insurance and fidelity bonding, the number and type of connections, and the current rates and charges, with comments of the auditor concerning whether the books and records are being kept in compliance with this Resolution and in accordance with recognized accounting practices, and will promptly cause a copy of the Audit Report to be filed in the Office of the Secretary-Treasurer where it will be available for public inspection, and will promptly mail a copy thereof to the original recipients of 2010A Bonds issued hereunder. If requested to do so, the District will furnish to any 2010A Bondholder a condensed form of the Balance Sheet, and a condensed form of the Operating Report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided. Provided, so long as USDA holds any of the 2010A Bonds herein authorized, the District shall furnish operating and other financial statements in such form and substance and for such periods as may be requested by USDA.

(J) Any holder of 2010A Bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by the District and its officers and agents of all duties imposed or required by law or this Resolution in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(K) If there be any default in the payment of the principal of or interest on any of the 2010A Bonds, then upon the filing of suit by any holder of the 2010A Bonds or any of the coupons, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District, with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the

System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Resolution and the provisions of the statute laws of Kentucky aforesaid.

(L) The District will cause each municipal officer or other person (other than depository banks) having custody of any moneys administered under the provisions of this Resolution to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time; each such bond to have surety given by a surety corporation qualified to do business in Kentucky and approved by the Commission, and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(M) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in a special Fund. Such insurance shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percentum (80%) of the full insurable value of the damaged facility.

(N) The District will procure and at all times maintain public liability insurance relating to the operation of the System, with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District 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 District's operation of the System.

(O) The District will carry suitable worker's compensation insurance in accordance with law.

(P) If the District owns or operates a vehicle in the operation of the System, the District will procure and at all times maintain vehicular public liability insurance with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District 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 District's operation of vehicles. Provided, notwithstanding (M), (N), (O) and (P) above, that so long as USDA holds any 2010A Bonds, the District will procure and maintain insurance of such types and amounts as USDA may specify, which shall not be less than the amounts specified in this Section 8 so long as the Prior Bonds and the 2010A Bonds are outstanding.

(Q) So long as USDA is the holder of any bonds of the District, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of such bonds held by USDA without immediately prepaying all of such bonds held by USDA.

## SECTION 9

### PARITY BONDS PERMITTED; TERMS

The 2010A Bonds and outstanding parity bonds, together with any additional parity bonds issued under the restrictions and conditions hereinafter set forth, 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 such bonds, regardless of the fact that they may be actually issued and delivered at different times.

The District hereby reserves 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 2010A Bonds and any outstanding parity bonds (herein sometimes referred to as "additional parity bonds") in order to pay the costs of extensions, additions and improvements to the System, provided that (a) the written consent of the holders of all 2010A Bonds and any outstanding parity bonds is obtained or (b) either of the conditions set forth in (i) or (ii) below is met:

(i) The net income and revenues of the System for the fiscal year preceding the year in which such additional parity bonds are to be issued were at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to all 2010A Bonds and parity bonds which are then outstanding and the additional parity bonds then proposed to be issued. The term "net income and revenues" as herein used is defined as gross income and revenues of the System (including all payments to the Revenue Fund and interest earnings accruing to the Bond Fund, the Depreciation Fund and the Operation and Maintenance Fund) less the sum of Current Expenses as defined in subsection (E) of Section 8 hereof. Such showing of net income and revenues for such preceding fiscal year may be represented by the report of the auditors.

(ii) A statement is filed with the Secretary of the District by (a) an independent certified public accountant or firm of certified public accountants not in the regular employ of the District on a monthly salary basis or (b) an independent professional engineer or firm or firms of professional engineers not in the employ of the District on a monthly salary basis and of recognized expertise and good reputation in the field of water engineering and licensed in Kentucky, reciting the opinion based upon necessary investigation that the net income and revenues of the System as defined in (i) above for twelve (12) consecutive months out of the eighteen (18) months preceding the issuance of said additional parity bonds (with adjustments as hereinafter provided) were equal to at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to the 2010A Bonds and any parity bonds then outstanding and the proposed additional parity bonds. The net income and revenues may be adjusted for the purpose of the foregoing computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds, and also to reflect any increase in such net income and revenues by reason of the extensions, additions and improvements to the System the cost of which (in whole or in part) is to be paid through the issuance of such additional parity bonds; but such latter adjustments shall

only be made if contracts for the immediate construction or acquisition of such extensions, additions and improvements have been or will be entered into prior to the issuance of such additional parity bonds. All such adjustments to reflect any revision of rates and charges or an increase in net income and revenues by reason of extensions, additions and improvements to the System as aforesaid shall be based upon written certification by (a) an independent professional engineer or firm of professional engineers not in the employ of the District on a monthly salary basis and of recognized expertise and good reputation in the field of water engineering and licensed in Kentucky or (b) an independent certified public accountant or firm of certified public accountants not in the employ of the District on a monthly salary basis.

The District hereby further reserves the right and privilege of issuing additional parity bonds for the purpose of refunding the 2010A Bonds and any parity bonds, or any portion thereof, as may be outstanding, provided that before any additional parity bonds are issued for such purpose, there shall have been procured and filed with the Secretary of the District either (a) the written consent of the holders of all 2010A Bonds and any outstanding parity bonds (other than the bonds being refunded) to such issuance or (b) a statement by an independent certified public accountant or firm of independent certified public accountants reciting the opinion based upon necessary investigation that after the issuance of such additional parity bonds, the net income and revenues, as adjusted and defined above, of the System for the fiscal year preceding the date of issuance of such additional parity bonds, after taking into account the revised maximum annual debt service resulting from the issuance of such additional parity bonds and from the elimination of the bonds being refunded thereby, are equal to not less than 120% of the maximum annual debt service requirement for any year ending January 1 with respect to the 2010A Bonds and any parity bonds then outstanding and the proposed additional parity bonds and calculated in the manner specified above.

The original purchaser or purchasers of a series of additional parity bonds may waive the benefit of and any claim to the Debt Service Reserve Fund, in which event such bonds shall not be secured by or payable from the Debt Service Reserve Fund; and the District may make it a condition to the original sale of any series of additional parity bonds that the purchaser or purchasers thereof, by offering to purchase or by purchasing the same, has agreed to such waiver.

The interest payment dates for all such additional parity bonds shall be semiannually on January 1 and July 1 of each year, and the principal maturities thereof shall be on January 1 of the year in which any such principal is scheduled to become due.

The additional parity bonds, the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the income and revenues of the System on a parity with the 2010A Bonds and outstanding parity bonds, and shall not be deemed to include or prohibit the issuance of other obligations the security and source of payment of which is subordinate and subject to the priority of the payments into the Bond Fund and the Debt Service Reserve Fund for account of the 2010A Bonds and any parity bonds.

## SECTION 10

### PROVISIONS OF RESOLUTION CONSTITUTE CONTRACT

The provisions of this Resolution shall constitute a contract between the District and the holders of the 2010A Bonds herein authorized and any parity bonds herein permitted to be issued, and after the issuance of any of the 2010A Bonds, no change, variation or alteration of any kind of the provisions of this Resolution shall be made in any manner without the written consent of the holder or holders of the 2010A Bonds, except as herein provided, until such time as all of the 2010A Bonds and parity bonds issued hereunder, and the interest thereon, have been paid in full.

## SECTION 11

### STATUTORY MORTGAGE LIEN ACKNOWLEDGED

A statutory mortgage lien upon the System, together with all appurtenances and additions thereto and extensions thereof, and including the revenues thereof, is granted and created by Section 106.080 of the Kentucky Revised Statutes for the benefit and protection of the holders of the 2010A Bonds issued and parity bonds permitted to be issued under authority of this Resolution, and previously issued and outstanding parity bonds, and of the interest payable thereon; and said statutory mortgage lien is hereby recognized and shall be effective upon delivery of any of the 2010A Bonds and shall continue in full force and effect so long as there shall remain unpaid any part of the principal of or interest on the 2010A Bonds and any parity bonds.

## SECTION 12

### TAX COVENANTS AND REPRESENTATIONS

(A) The District certifies, covenants and agrees that the Project will be constructed expeditiously and the expenditure of the portion of the proceeds of the 2010A Bonds deposited in the Construction Fund for the payment of the costs of the Project will be made promptly in order that the Project will be completed and in operation at the earliest possible date. The District further certifies and covenants with the holders of the 2010A Bonds that so long as any of the 2010A Bonds remain outstanding, moneys on deposit in any fund or account in connection with the 2010A Bonds, whether or not such moneys were derived from the proceeds of the sale of the 2010A Bonds or from any other sources, will not be invested or used in a manner which will cause the 2010A Bonds to be "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 54AA of the Code, and any regulations issued or proposed thereunder, and notices issued thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Chairman and/or Secretary-Treasurer as the officers of the District charged with the responsibility for issuing the 2010A Bonds, are authorized and directed, for and on behalf of the District, to execute all papers, documents, certificates and other instruments that may be required for evidencing compliance with federal "arbitrage bond" regulations, and any representations and

certifications contained in such papers, documents, certificates and other instruments so executed shall be deemed to constitute representations and certifications of the District.

(B) The District further represents, warrants, agrees and covenants as follows:

(i) Within the meaning of Section 141 of the Code and the Income Tax Regulations issued thereunder, over the terms of the Bonds (i) less than 10% of the proceeds of the 2010A Bonds, if any, will be applied for any private business use, and the payment of principal of or interest on less than 10% of the amount of the 2010A Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived directly or indirectly from payments (whether or not to the District) in respect of such property; (ii) at least 90% of the proceeds of the 2010A Bonds will be applied for a governmental use of the District; (iii) any private business use of the Project will be related to such governmental use of the District and will not be unrelated or disproportionate; and (iv) none of the proceeds of the 2010A Bonds will be used, directly or indirectly, to make or finance loans to private persons. It is reasonably expected that over the term of the 2010A Bonds (a) the Project will be available for general public use, in that it will be reasonably available for use by natural persons not engaged in a trade or business on the same basis as any other person or entity, (b) no nongovernmental person will have any special legal entitlement to use the Project, and (c) there will be no direct or indirect payments made with respect to the Project or the security of the 2010A Bonds by any persons or entities other than payments by the general public as described in clause (a) above.

(ii) Within the meaning of Section 148(f)(4)(B), it is reasonably expected at least 75% of the net proceeds (including investment proceeds) of the 2010A Bonds will be used for construction expenditures with respect to property which is owned by a governmental unit, at least 10% of such proceeds will be spent for the governmental purposes of the issue within six months from the date the 2010A Bonds are issued, at least 45% of such proceeds will be spent for such purposes within one year from such date, at least 75% of such proceeds will be spent for such purposes within eighteen months from such date, and at least 100% of such proceeds will be spent within two years from such date. It is also reasonably expected at least 50% of all proceeds (including investment proceeds) of the Bonds will be used for expenditures on the Project within six months, at least 60% will be so used within 12 months and 100% will be so used within 18 months from the date of issuance of the 2010A Bonds. If for any reason the arbitrage rebate requirements of Section 148(f) of the Code should be deemed to apply to the 2010A Bonds, the District will take all action necessary to comply therewith.

(iii) It is reasonably expected that during the term of the 2010A Bonds the Project will not be disposed of, provided, however, should there be any disposition of any personal property constituting a part of the Project because it is no longer suitable for its governmental purpose, it is reasonably expected that the fair market value of such personal property will not exceed 25% of its cost.

(iv) The weighted average maturity of the 2010A Bonds does not exceed 120% of the weighted average useful life of the facilities comprising the Project.

(v) The District has not heretofore expended any sums on the Project which are to be reimbursed from the proceeds of the 2010A Bonds, other than (a) certain preliminary expenditures such as engineering and planning costs not exceeding 20% of the 2010A Bond proceeds, (b) expenditures made within 60 days prior to the date of adoption of this Resolution, and (c) expenditures prior to which the District had adopted an official intent resolution regarding reimbursement from tax-exempt bond proceeds. Proceeds of the 2010A Bonds will only be used for capital expenditures paid or incurred after the effective date of the Recovery Act.

(vi) The 2010A Bonds are not federally guaranteed within the meaning of Section 149(b) of the Code.

(vii) The District will comply with the information reporting requirements of Section 149(e) of the Code.

(viii) The District will not use or permit the use of any of the funds provided by the 2010A Bonds in such manner as to, or take or omit to take any action which would, impair the exclusion from gross income for federal income tax purposes of interest on the 2010A Bonds. The District shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the District on the 2010A Bonds shall, for the purposes of federal income taxation, be excludable from gross income.

(ix) This Resolution is intended to and does constitute, in part, a declaration of official intent under applicable Income Tax Regulations.

(x) In addition, in respect of the issuance of the 2010A Bonds as taxable bonds under the Recovery Act:

(a) All of the excess of (1) the available project proceeds (as defined in Section 54A of the Code to mean sale proceeds of such 2010A Bonds less not more than 2% of such proceeds used to pay costs of issuance plus investment proceeds thereon), over (2) any amounts in a reasonably required reserve fund (within the meaning of Section 150(a)(3) of the Code) with respect to such issue, is to be used for capital expenditures;

(b) The District will make an irrevocable election to have Section 54AA(g) of the Code apply to such 2010A Bonds so that the City will receive a refundable credit under Section 6431 of the Code equal to 35% of the stated interest paid on such Bonds;

(c) The District will comply with the requirements of Section 54AA(g) of the Code to assure eligibility of the District for receipt of the direct pay interest credit;

(d) The issue price (reoffering price) of such 2010A Bonds of the same maturity cannot exceed the par amount by more than .25% multiplied by the number

of complete years to the earlier of the maturity date or the first optional redemption date for such 2010A Bonds; and

(e) The District will not use or permit the use of any of the funds provided by such 2010A Bonds in such a manner as to, or take or omit to take any action which would, impair the status of such 2010A Bonds as "qualified bonds" under Section 54AA of the Code. In the foregoing connection, the District agrees to file, in a timely manner, any and all necessary forms required by the Code, including without limitation IRS Form 8038-B, Information Return for Build America Bonds and Recovery Zone Economic Development Bonds, and IRS Form 8038-CP, Return for Credit Payments for Issuers of Qualified Bonds. The District also agrees to complete and file, in a timely manner, any and all other forms and questionnaires received by the District with respect to the 2010A Bonds, including without limitation IRS Form 14127, Direct Pay Bonds Compliance Questionnaire. The General Manager of the District is further instructed to prepare, with the assistance of counsel, written procedures to assure the future compliance with the Build America Bond Requirements of the Code.

### SECTION 13

#### 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.

### SECTION 14

#### REPEAL OF INCONSISTENT PROVISIONS

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

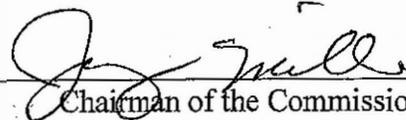
### SECTION 15

#### WHEN RESOLUTION EFFECTIVE

This Resolution shall be in full force and effect from and after its adoption, approval and attestation as provided by law.

ADOPTED BY THE COMMISSION OF THE EDMONSON COUNTY WATER DISTRICT, EDMONSON COUNTY, KENTUCKY, at a meeting held on the 11th day of May, 2010, signed by the Chairman, attested by the Secretary-Treasurer and declared to be in full force and effect.

Attest:

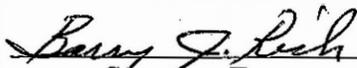
  
Chairman of the Commission

  
Secretary-Treasurer

Certification

The undersigned, Secretary-Treasurer of the Commission of Edmonson County Water District, Edmonson County, Kentucky, hereby certifies that the foregoing is a true, complete and correct copy of a Resolution adopted by the Commission of said District, signed by the Chairman thereof, and attested under seal by me as Secretary-Treasurer upon the occasion of a properly convened meeting of the Commission of said District held on the 11th day of May, 2010, as shown by the official records in my custody and under my control.

WITNESS my hand this 11th day of May, 2010.

  
Secretary-Treasurer

A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$700,000 WATER SYSTEM REVENUE BONDS, TAXABLE SERIES 2010B (BUILD AMERICA BONDS – DIRECT PAYMENT TO ISSUER), TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE MUNICIPAL WATER DISTRIBUTION SYSTEM; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

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A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE CONSTRUCTION AND INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S \$700,000 WATER SYSTEM REVENUE BONDS, TAXABLE SERIES 2010B (BUILD AMERICA BONDS - DIRECT PAYMENT TO ISSUER), TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE MUNICIPAL WATER DISTRIBUTION SYSTEM; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

WHEREAS, upon petition and hearing, an order and judgment (County Court Order Book 3, page 625) was duly entered by the County Court of Edmonson County, Kentucky, on March 10, 1967, determining necessity and creating and establishing the Edmonson County Water District (the "District") and defining the geographical area thereof, the same to constitute a public body corporate with all powers and authority as provided in KRS Chapter 74; and

WHEREAS, the District is at this time a *de jure* water district situated in Edmonson County, Kentucky, with existing extensions into Warren, Grayson and Hart Counties; and

WHEREAS, since 1969 the District has owned and operated a municipal water distribution system (the "System") to serve the area of the District, and in this connection the District has previously issued and there are presently outstanding the following bonds and obligations payable from and secured by a first pledge of the revenues of the System, on a parity one with the other:

(a) \$1,757,500 outstanding principal amount of Water System Revenue Bonds, 1994 Series A and B (the "1994A and B Bonds"), authorized by Resolution of the Commission of the District adopted on January 24, 1994, as amended by Resolution adopted on February 14, 1996 (collectively the "1994A and B Resolution");

(b) \$704,000 outstanding principal amount of Water System Revenue Bonds, 1994 Series C (the "1994C Bonds"), authorized by Resolution of the Commission of the

District adopted on December 12, 1994, as amended by Resolution adopted on February 14, 1996 (collectively the "1994C Resolution");

(c) \$504,000 outstanding principal amount of Water System Revenue Bonds, Series 1997 (the "1997 Bonds"), authorized by Resolution of the Commission of the District adopted on October 29, 1997 (the "1997 Resolution");

(d) \$3,684,000 outstanding principal amount of Water System Revenue Bonds, 2001 Series A and B (the "2001 Bonds"), authorized by Resolution of the Commission of the District adopted on March 12, 2001 (the "2001 Resolution");

(e) \$411,000 outstanding principal amount of Water System Revenue Bonds, Series 2003 (the "2003 Bonds"), authorized by Resolution of the Commission of the District adopted October 28, 2003 (the "2003 Resolution");

(f) Loan repayment obligation to the Kentucky Rural Water Finance Corporation under an Assistance Agreement dated March 24, 2004 (the "2004 Resolution"), in an outstanding principal amount not exceeding \$2,188,500 (the "2004 Bonds");

(g) Loan repayment obligation to Kentucky Rural Water Finance Corporation under an Assistance Agreement dated May 29, 2008 (the "2008C Resolution"), in an outstanding principal amount not exceeding \$735,000 (the "Series 2008C Bonds");

(h) \$1,701,000 outstanding principal amount of Water System Revenue Bonds, Series 2007A and Series 2007B (collectively the "2007 Bonds"), authorized by Resolution of the Commission of the District adopted July 10, 2007 (the "2007 Resolution");

(i) \$1,511,000 outstanding principal amount of Water System Revenue Bonds, Taxable Series 2009 (Build America Bonds – Direct Payment to Issuer) (the "2009 Bonds"), authorized by Resolutions of the Commission of the District adopted March 18, 2009 and April 13, 2010 (collectively, the "2009 Resolution"); and

(j) \$570,000 outstanding principal amount of Water System Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment to Issuer) (the "2010A Bonds"), authorized by Resolution of the Commission of the District adopted May 11, 2010 (the "2010A Resolution");

and further there are presently outstanding certain subordinate obligations of the District which are payable from and secured by a pledge of the revenues of the System subject to the priorities of the 1994A and B, 1994C, 1997, 2001, 2003, 2004, 2008C, 2007, 2009 and 2010A Bonds; and

WHEREAS, it is provided in the 1994A and B, 1994C, 1997, 2001, 2003, 2004, 2008C, 2007, 2009 and 2010A Resolutions (collectively, the "Prior Resolutions") that the District may issue additional parity bonds ranking on a basis of parity and equality with the outstanding 1994A and B, 1994C, 1997, 2001, 2003, 2004, 2008C, 2007, 2009 and 2010A Bonds (collectively, the "Prior Bonds") for the purpose of adding new water distribution system facilities to the System upon a showing of compliance with the parity bond coverage test set forth in the 2003 Resolution, and it has been determined by the Commission of the District that the District may now meet such coverage test so that additional parity bonds, ranking on a parity with the Prior Bonds and styled "Water System

Revenue Bonds, Taxable Series 2010B (Build America Bonds – Direct Payment to Issuer),” may now be issued in the aggregate amount of \$700,000 for the purpose of financing a portion of the costs of major improvements and additions to the water facilities heretofore approved by the Commission of the District (the “Project”), all as more fully described in the plans and specifications heretofore prepared on behalf of the District by GRW Engineers, Inc., Nashville, Tennessee, and on file in the office of the District; and

WHEREAS, in proceedings before the Public Service Commission of Kentucky, the District has obtained the right and authority to construct and operate major extensions and additions to the System, and plans and specifications have heretofore been prepared by GRW Engineers, Inc., Nashville, Tennessee, the District’s consulting engineers, and approved by the District’s Commission and all state and other supervisory authorities having jurisdiction thereof; and it is the opinion of the Commission of the District that it is feasible to undertake the construction and installation of such new facilities at this time; and

WHEREAS, it has been determined upon the basis of public bids for construction duly solicited in the manner required by law, and upon the basis of other costs and estimates, that the aggregate of all costs and expenses in connection with the Project will be \$1,000,000; and to provide a portion of such funds the District has received from the United States Department of Agriculture, Rural Development (“USDA”), an offer to make a loan to the District in the amount of \$700,000 which, together with a USDA Grant in the amount of \$295,500, and new user connection fees in the amount of at least \$5,000, will be sufficient to pay the estimated costs and expenses; and

WHEREAS, the American Recovery and Reinvestment Act of 2009 (the “Recovery Act”) authorizes the District to issue taxable bonds known as “Build American Bonds” to finance capital expenditures for which it could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds, and the District will issue the 2010B Bonds as described below as taxable Build America Bonds; and

WHEREAS, it is now appropriate for the District to provide for borrowing the sum of \$700,000 through issuance and sale of its Water System Revenue Bonds, Taxable Series 2010B (Build America Bonds – Direct Payment to Issuer) (the “2010B Bonds”), according to authority of Kentucky Revised Statutes (“KRS”) Chapters 74 and 106 and the provisions of the Prior Resolutions permitting the issuance of parity bonds; and

WHEREAS, the 2010B Bonds will be payable as to both principal and interest solely (except as to capitalized interest) from the income and revenues to be derived from the operation of the System and will not constitute an indebtedness of the District within the meaning of debt-limiting provisions of the Constitution of Kentucky;

NOW, THEREFORE, THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

(A) For the purpose of providing funds to defray the costs of the Project (to the extent not otherwise provided to be paid), including all necessary and proper appurtenances, and expenses incident thereto and incident to the issuance of the 2010B Bonds, there are hereby authorized to be issued the District's \$700,000 Water System Revenue Bonds, Taxable Series 2010B (Build America Bonds - Direct Payment to Issuer) (the "2010B Bonds"), with reservation of right on the part of the District to issue additional bonds in the future, payable from the income and revenues of the System, subject to the conditions and restrictions hereinafter reaffirmed, readopted and set forth. The 2010B Bonds hereby authorized shall be offered at public sale as provided in Section 4 hereof and shall be issuable in the form of a single fully registered bond as provided in Section 5 hereof.

2010B BOND ISSUE AUTHORIZED;  
CERTAIN TERMS AND DETAILS

SECTION 3

The construction and installation of the Project is undertaken by the District for public purposes and the same shall constitute and be a part of the System, and so long as any of the 2010B Bonds hereinafter authorized, or bonds issued on a party therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated and maintained by the District for the security and source of payment of the 2010B Bonds and all other party bonds outstanding heretofore or hereafter issued. The Project is to be constructed, installed and acquired and the System is to be operated pursuant to the provisions of KRS Chapters 74 and 106, now in full force and effect.

PROJECT TO BE MUNICIPALLY  
OWNED AND OPERATED

SECTION 2

All statements and recitals set forth in the preamble of this Resolution, including the terms defined therein, are hereby affirmed and adopted as a part of this Resolution.

It is hereby further determined and declared to be necessary in the interests of the general welfare of the citizens and inhabitants of the District that the District undertake at this time the construction and installation of major additions and extensions (the "Project"), to the District's municipal water distribution system (the "System"), all substantially according to the plans, specifications and designs prepared for the District by GRW Elrod-Dunson, Inc., Nashville, Tennessee (the "Engineers"), and on file with the District. Immediate undertaking of such construction and installation is hereby authorized.

AFFIRMATION OF PREAMBLE RECITALS;  
AUTHORIZATION OF THE PROJECT;  
DECLARATION OF NECESSITY

SECTION 1

The 2010B Bonds shall be dated as of the date of delivery to the original purchaser thereof; shall mature as to principal in installments on January 1 in each of the years 2013 to 2050 inclusive, as set forth in the respective schedules appearing below; and shall bear interest from their date until payment of principal, such interest to the respective principal maturity dates to be payable annually on January 1 and July 1 of each year, and such interest to be at such rate as shall be established by a supplemental resolution upon the basis of competitive sale of the 2010B Bonds as hereinafter provided. The installments of principal of the 2010B Bonds, in fully registered form as aforesaid, shall be as set forth in the following schedule:

Series 2010B Maturity Schedule

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2013	\$11,000	2026	\$15,500	2039	\$21,500
2014	11,000	2027	16,000	2040	22,000
2015	11,500	2028	16,000	2041	22,500
2016	12,000	2029	16,500	2042	23,000
2017	12,000	2030	17,000	2043	24,000
2018	12,500	2031	17,500	2044	24,500
2019	13,000	2032	18,000	2045	25,000
2020	13,000	2033	18,500	2046	26,000
2021	13,500	2034	19,000	2047	26,500
2022	14,000	2035	19,500	2048	27,000
2023	14,000	2036	20,000	2049	28,000
2024	14,500	2037	20,500	2050	28,000
2025	15,000	3038	21,000		

provided, however, that installments of principal of 2010B Bonds maturing on and after January 1, 2021, shall be subject to prepayment at the option of the District prior to maturity in whole or from time to time in part in inverse order of maturities (less than all of a single maturity to be selected by lot) on any interest payment date on and after January 1, 2020, upon terms of par plus accrued interest without any prepayment premium, upon thirty (30) days' prior written notice mailed to the registered holder or holders of the 2010B Bonds; provided, that so long as USDA is the owner of any of the 2010B Bonds, the same may be prepaid in whole or in part at any time at par plus accrued interest, and without notice or prepayment premium. The 2010B Bonds may be prepaid only in increments of \$500.

Both principal of and interest on the 2010B Bonds shall be payable, without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, to the registered holder at the address shown on the registration books of the District or, so long as USDA is the registered holder, at the office or address as may be designated by USDA from time to time.

If any District officer whose signature appears on any 2010B Bond shall cease to be such officer prior to delivery, such signature shall nevertheless be valid and binding for all purposes, the same as if such officer had continued in office until the time of delivery of such 2010B Bond.

The 2010B Bonds, together with the Prior Bonds, and the interest thereon, and any bonds which may hereafter be issued on a basis of parity therewith subject to the conditions and restrictions hereinafter set forth, shall be payable only out of the Waterworks Bond and Interest Sinking Fund of 1969 created by Resolution of the Commission of the District adopted on March 31, 1969 (the "1969 Resolution"), and continued by the Prior Resolutions, and shall be a valid claim of the holder thereof only against said Fund and the fixed portion or amount of the revenues of the System which the District has pledged to said Fund, subject to the terms hereof.

The District finds and declares that the 2010B Bonds shall rank on a basis of parity and equality as to security and source of payment with each other and with the District's previously issued and outstanding Prior Bonds inasmuch as the District is in compliance with all covenants and undertakings in connection with the Prior Bonds.

#### SECTION 4

##### PROVISIONS RELATING TO SALE OF BOND ISSUE

The 2010B Bonds authorized by this Resolution shall be publicly offered for sale according to a Notice of Sale of Bonds conforming to the requirements of KRS Chapter 424 (and particularly KRS 424.140(3) and KRS 424.360), which shall be published one time, not less than seven (7) days nor more than twenty-one (21) days prior to the date therein specified (by and at the discretion of the Chairman of the Commission of the District) for the opening and consideration of purchase bids, in each of the following: (a) the legal newspapers published in Edmonson, Hart, Grayson and Warren Counties, Kentucky, which are qualified under KRS 424.120 to publish advertisements for the District; and (b) The Courier-Journal, Louisville, Kentucky, a legal newspaper having statewide circulation.

Said Notice shall state the name and amount of the 2010B Bonds to be sold, the time of the sale and other details concerning the 2010B Bonds and the sale, and shall inform prospective bidders that a copy of the Official Notice of Bond Sale, setting out the maturities, security of the 2010B Bonds, provisions as to redemption prior to maturity and related information, may be obtained from the District. Such Official Notice shall contain, *inter alia*, substantially the following bidding requirements:

(A) Bidders shall be limited to institutions or persons having knowledge and experience in financial and business matters who are capable of evaluating the merits and risks of the 2010B Bonds and who are not purchasing for more than one account and do not intend to redistribute the 2010B Bonds. The District will make available to any such qualified bidder, upon written request, any financial or other material information regarding the District and the System in the District's possession. Bidders are required to bid a cash price of not less and not more than par value for the 2010B Bonds. No premium shall be bid.

(B) A single interest rate must be bid in a multiple of 1/8 or 1/10 of one percent.

(C) Bids will be considered only for the entire 2010B Bond issue, to be issued as a single fully registered bond.

(D) Bidders (except USDA) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of 2% of the face amount of the 2010B Bonds for which the bid is submitted, which good faith deposit may be applied as partial payment for such 2010B Bonds, or as liquidated damage in the event that such bidder, if successful, fails to comply with the terms of his bid.

(E) Preference in award will be given to the bid resulting in the lowest net interest cost to the District.

(F) The lowest net interest cost will be determined by applying the aggregate amount of interest on the 2010B Bonds bid for, computed from the first day of the month following the date of sale of the 2010B Bonds (even though the 2010B Bonds will bear interest only from the date of delivery) to the final maturity specified in each bid.

(G) The District expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the 2010B Bonds at the office of the District within 45 days after notice is given of the award. If the 2010B Bonds are not ready for delivery and payment within 45 days from the aforesaid date of sale, the successful bidder shall be relieved of any liability to accept delivery of the 2010B Bonds, except that 2010B Bonds purchased by any agency of the federal government will be delivered to it at a place and time designated by such agency in accordance with its established practices and procedures.

(H) The District reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

(I) The District will furnish the 2010B Bonds, together with evidence of approval of the 2010B Bond issue by the Public Service Commission of Kentucky pursuant to the requirements of KRS Chapter 278, and customary closing documents, including a no-litigation certificate.

(J) The successful bidder will receive the approving legal opinion of Stoll Keenon Ogden PLLC, Bond Counsel, Louisville, Kentucky, as to the legality of the 2010B Bonds, without additional cost to the successful bidder.

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

Bond Counsel having submitted to the Commission of the District forms of the Notice of Sale of Bonds and the Official Notice of Bond Sale, together with an Official Bid Form for use by all bidders except USDA, said documents are hereby approved and authorized for use in connection with the aforesaid sale of the 2010B Bonds.

## SECTION 5

### 2010B BONDS TO BE ISSUED IN FULLY REGISTERED FORM: FULLY REGISTERED BOND FORM

Upon the sale of the 2010B Bonds, the District shall issue a single fully registered 2010B Bond numbered R-1 (hereinafter referred to as the "Fully Registered Bond"). The Fully Registered Bond shall be in the aggregate principal amount of the 2010B Bonds it represents, maturing as to principal in installments as set out in Section 3 hereof. The Fully Registered Bond shall be of type composition, on paper of sufficient weight and strength to prevent deterioration until the last day of maturity of any installment of principal as stated therein, and shall conform in size to standard practice. The Fully Registered Bond shall, upon execution on behalf of the District (which execution shall be by manual signatures of the Chairman and Secretary-Treasurer of the Commission, and actual impression of the corporate seal), constitute the 2010B Bond issue it represents and shall be non-negotiable, without interest coupons, registered as to principal and interest, and payable as directed by the payee, and be in substantially the form hereinafter set forth.

The District hereby directs that books for the registration and for the transfer of the Fully Registered Bond shall be kept by the Secretary-Treasurer, who is hereby appointed as Bond Registrar in connection with such Bond. The Fully Registered Bond shall be transferable only upon said Bond Registrar's books at the request of the registered holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered holder or his duly authorized attorney. Upon such transfer of the Fully Registered Bond, the Bond Registrar shall complete (with the name of the transferee), date and execute the registration schedule appearing on the Fully Registered Bond and deliver the Fully Registered Bond to such transferee. The person in whose name the Fully Registered Bond shall be properly registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal thereof or interest thereon shall be made only to or upon the order of the registered holder thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Fully Registered Bond to the extent of the sum or sums so paid. The face amount of the Fully Registered Bond, portions of which mature on different dates, will be reduced upon the payment of each maturity, and the Secretary-Treasurer shall keep appropriate records of all payments (both principal and interest) with respect to the Fully Registered Bond.

The Fully Registered Bond shall be in substantially the following form (with appropriate insertions and modifications):

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
EDMONSON COUNTY WATER DISTRICT  
WATER SYSTEM REVENUE BOND, TAXABLE SERIES 2010B  
(BUILD AMERICA BONDS – DIRECT PAYMENT TO ISSUER)

No. R-1

\$700,000

KNOW ALL MEN BY THESE PRESENTS:

That Edmonson County Water District (the "District"), acting by and through its Commission, a public body corporate created and existing pursuant to Chapter 74 of the Kentucky Revised Statutes and situated in Edmonson, Warren, Grayson and Hart Counties, Kentucky, for value received, hereby promises to pay to the registered holder hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of Seven Hundred Thousand Dollars (\$700,000) on the first day of January in years and installments as follows:

Year            Principal            Year            Principal            Year    Principal

(Here insert the principal maturities of the 2010B Bonds)

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of \_\_\_\_\_ (\_\_\_\_%) per annum, semiannually on the first days of January and July in each year hereafter 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 to the registered holder hereof at the address shown on the registration books of the District or, so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, at the office or address as may be designated by said Department of Agriculture from time to time.

This Bond is the Bond in fully registered form representing a total authorized series of Bonds in the principal amount of \$700,000 issued by the District pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 74 and 106 of the Kentucky Revised Statutes, and pursuant to a duly adopted Resolution of the District, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the construction and installation of major extensions and additions to the District's municipal water distribution system (the "System"), together with appurtenant facilities, and incidental expenses.

This Bond and the issue which it represents, together with the 2010B Bonds and such additional bonds ranking on a parity therewith as have heretofore been issued and are outstanding and as may hereafter be issued and outstanding from time to time in accordance with the conditions and restrictions set forth in the resolution authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived

from the operation of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the issue which it represents, and any outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Waterworks Bond and Interest Sinking Fund of 1969."

A statutory mortgage lien upon the System and appurtenant facilities, together with all future additions and improvements thereto, and extensions thereof, is created by Section 106.080 of the Kentucky Revised Statutes and by the aforesaid Resolution for the benefit and protection of the holder of this Bond, and the same shall remain in effect until payment in full of the principal of and interest on this Bond.

This Bond does not in any manner constitute an indebtedness of the District within the meaning of the Statutes and Constitution of Kentucky, and the District is not and shall not be obligated to pay this Bond or the interest hereon except from said special fund. The District, acting by and through its Commission, covenants that it will fix, and if necessary adjust from time to time, such rates and charges for use of the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient to pay promptly the interest on and principal of this issue of Bonds, and all other bonds ranking on a parity therewith as may be issued and outstanding from time to time in accordance with the conditions and restrictions prescribed in that connection, as well as to pay the costs of operation and maintenance of the System.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Secretary-Treasurer of the District, as the Bond Registrar, with a written transfer duly acknowledged by the registered holder or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books 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, 2020, in the 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 multiples of Five Hundred Dollars (\$500) 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 holder of the Bond at least thirty (30) days prior to the date fixed for prepayment. Provided, however, that so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, this Bond may be prepaid at any time in whole or in part, at par or face value and without notice or prepayment premium.

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 provisions of this Bond or with the provisions of the resolution authorizing the issuance of this Bond, the registered holder may, at his option, institute proceedings to enforce all rights and remedies provided by law or by said resolution.

This Bond is exempt from *ad valorem* taxation in the Commonwealth of Kentucky.

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, being the total authorized amount of Bonds of the issue which this Bond represents, 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, the Edmonson County Water District, in the Commonwealth of Kentucky, by its Commission, has caused this Bond to be executed by the Chairman of its Commission, attested by the Secretary-Treasurer, and its corporate seal to be hereunto affixed, on the date of this Bond, which is \_\_\_\_\_.

EDMONSON COUNTY WATER  
DISTRICT

Attest:

By \_\_\_\_\_  
Chairman of the Commission

\_\_\_\_\_  
Secretary-Treasurer

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the books of the Edmonson County Water District kept for that purpose by the Secretary-Treasurer, as Bond Registrar, upon presentation hereof to the Secretary-Treasurer, 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 holder or his attorney, such transfer to be made on said books and endorsed hereon.

(FORM OF REGISTRATION)

<u>Date of Registration</u>	<u>Name of Registered Holder</u>	<u>Signature of the Water District's Bond Registrar</u>
	United States of America Department of Agriculture State Office 771 Corporate Dr., Suite 200 Lexington, Kentucky 40503*	

\*(To be inserted if USDA purchases the 2010B Bonds)

## SECTION 6

### DISPOSITION OF 2010B BOND PROCEEDS; CONSTRUCTION FUND

The Secretary-Treasurer of the District shall be the custodian of all funds belonging to and associated with the System, as expanded and improved from time to time, and such funds shall be deposited in the Brownsville Deposit Bank, of Brownsville, Kentucky, or in such other bank or banks in Kentucky as the Commission of the District may from time to time designate (hereinafter sometimes referred to, singularly and collectively, as the "Depository Bank"). All such moneys of the District deposited in the Depository Bank in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The Secretary-Treasurer shall execute a fidelity bond in an amount and with a surety company approved by USDA so long as it is the holder of any of the 2010B Bonds; and USDA and the District shall be named co-obligees in such surety bond, and the amount thereof shall not be reduced without the written consent of USDA. The proceeds of the 2010B Bonds shall be applied as follows:

Upon the issuance and delivery of the 2010B Bonds authorized by this Resolution, the entire proceeds thereof shall be deposited in an account designated "Edmonson County Water District 2010B Construction Fund" (the "Construction Fund"), hereby created. Said 2010B Bond proceeds shall constitute a part of the Construction Fund and shall be applied, to the extent necessary, in paying the costs incident to constructing, installing and acquiring the Project, including expenses incurred in the issuance of the 2010B Bonds and paying interim financing obligations (both principal and interest) incurred in connection with the Project as authorized by said separate interim financing Resolution of the Commission of the District; provided, however, any 2010B Bond proceeds so used to pay such interim financing obligations may be disbursed directly to the appropriate lending institution(s) without the requirement of being deposited to the Construction Fund.

A sum in the Construction Fund estimated to be equal to interest which will accrue on the 2010B Bonds (following delivery thereof) during construction and development of the Project shall be earmarked, used and applied to the payment of interest on the 2010B Bonds next becoming due.

Disbursements from the Construction Fund shall be made by checks signed by the District Secretary-Treasurer, and such disbursements shall be authorized and approved in writing by the District Chairman and Secretary-Treasurer and, if USDA is the purchaser of the 2010B Bonds, by USDA (if USDA so requires). Reference is made in this connection to the provisions of the separate interim financing Resolution adopted concurrently herewith.

Pending disbursement, the 2010B Bond proceeds shall be deposited, as aforesaid, in the Construction Fund, and to the extent that such deposit causes the aggregate deposits by the District in the Depository Bank to be in excess of the amount insured by FDIC, the same shall be secured by a surety bond or bonds furnished by a surety company or companies qualified to do business in Kentucky and approved by the Commission of the District, or by a valid pledge of direct obligations of the United States Government, or obligations as to which the payment of principal and interest are guaranteed by the United States Government, having a market value at least equivalent to such deposit.

A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created by the 1969 Resolution designated and identified as the District's "Waterworks Revenue Fund" (the "Revenue Fund"), which shall continue to be maintained by the District, and into which shall be deposited all income and revenues of the System (to the extent not otherwise provided to be deposited hereinafter). The moneys in the Revenue Fund from time

distributed as follows:  
 the income and revenues of the System shall be collected, segregated, accounted for and each January 1 and ending on the last day of the next December, as at present, and on that basis outstanding and unpaid, the System shall continue to be operated on a fiscal year basis beginning delivery of the 2010B Bonds, and so long as any of the 2010B Bonds or parity bonds remain Operation and Revenues of System; Funds and Accounts. From and after issuance and

OPERATION OF SYSTEM; FLOW  
OF FUNDS; ACCUMULATION OF REVENUES

SECTION 7

Pending disbursements for the authorized purposes, the proceeds of all 2010B Bonds at any time issued pursuant to this Resolution shall be subject to a first and paramount lien and charge in favor of the holders of 2010B Bonds issued and outstanding hereunder and for their further security.

In the event that the amount hereinabove provided to be set aside from 2010B Bond proceeds for payment for interest during the construction and development of the Project should prove to be insufficient for such purpose, additional moneys may, upon approval by USDA, be withdrawn from the Construction Fund and so applied, inasmuch as interest during such period is a proper part of the cost of the Project, to the extent authorized by USDA.

In the event any unexpected balance shall remain in the Construction Fund after completion of the Project, and payment of all of the costs thereof, as certified by the Engineers, such unexpended balance, subject to the terms and conditions of the aforesaid USDA loan, and to USDA approval, shall be transferred and deposited in the Waterworks Bond and Interest Sinking Fund of 1969, hereinafter referred to, and shall be used at the earliest practicable date for the retirement of 2010B Bonds by purchase thereof (or principal prepayment) in inverse order of maturities or established annual payment amounts, and in proportion to the principal amount of the series (insofar as practicable).

Where the moneys on deposit in the Construction Fund exceed the estimated disbursements on account of the Project for the next 60 days, the District shall direct the Depository Bank to invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by the United States Government, which shall mature not later than six months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such investments shall be deposited in the Construction Fund by the District, unless otherwise authorized by USDA.

to time shall be used and disbursed and applied by the District, as permitted by applicable statutes, as follows:

(A) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created in and by the 1969 Resolution and designated and identified as the "Waterworks Bond and Interest Sinking Fund of 1969" (the "Bond Fund"), which shall continue to be maintained so long as any of the Prior Bonds, 2010B Bonds or parity bonds herein permitted to be issued are outstanding; and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the Prior Bonds, 2010B Bonds and any parity bonds hereafter issued and outstanding pursuant to the provisions of this Resolution.

There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Bond Fund sums sufficient to pay when due the principal and interest requirements on the Prior Bonds, 2010B Bonds and any parity bonds. Specifically, there shall be paid into the Bond Fund on or before the 20th day of each month, on account of the Prior Bonds and 2010B Bonds, not less than the following:

- (i) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-sixth (1/6) of the next succeeding interest installment to become due on all Prior Bonds and 2010B Bonds then outstanding; and
- (ii) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-twelfth (1/12) of the principal of all Prior Bonds and 2010B Bonds maturing on the next succeeding January 1.

In the event additional parity bonds are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, the monthly deposits to the Bond Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Bond Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Bond Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need be made into the Bond Fund if and when the amount held therein and in the Debt Service Reserve Fund hereinafter created is at least equal to the amount required to retire all outstanding Prior Bonds, 2010B Bonds and parity bonds and paying all interest that will accrue thereon.

(B) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, is hereby created and designated and identified as the "Water System Revenue Bond Debt Service Reserve Fund" (the "Debt Service Reserve Fund"), which shall be maintained so long as there are outstanding any parity bonds herein permitted to be issued on a parity with the Prior Bonds and 2010B Bonds, except those parity bonds the original purchaser or purchasers of which have waived the benefit of, and any claim to, the Debt Service Reserve Fund. Parity bonds which may be issued and outstanding from time to time as hereinafter permitted and

with respect to which the original purchaser or purchasers have not waived the benefit of and claim to the Debt Service Reserve Fund are hereafter referred to as "qualified parity bonds." The purchasers of the Prior Bonds, other than the 1996A Bonds, by their acceptance of the Prior Bonds, have been, and the purchaser of the 2010B Bonds shall be, deemed to have elected, for themselves and on behalf of all subsequent holders of the Prior Bonds, and all subsequent holders of the 2010B Bonds, to waive the benefit of and any claim to the Debt Service Reserve Fund.

All moneys deposited in the Debt Service Reserve Fund from time to time shall be held and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the outstanding qualified parity bonds, if any, if and to the extent insufficient funds are available therefor in the Bond Fund. Whenever the amount in the Debt Service Reserve Fund is less than the Reserve Amount, hereinafter defined, the amount necessary to restore the balance in the Debt Service Reserve Fund to the Reserve Amount shall be paid into the Debt Service Reserve Fund in thirty-six (36) equal monthly installments, each payable on the twentieth (20th) day of the month (except that when the twentieth (20th) day of any month shall be a Sunday or a legal holiday, then such payment shall be made on the next succeeding business day) from the Revenue Fund, after making the deposits set out in subsection (B) above, until the Reserve Amount is on deposit in the Debt Service Reserve Fund. The term "Reserve Amount" as used herein means an amount of money equal to the lesser of (i) the maximum principal and interest requirement on the outstanding qualified parity bonds in any year ending January 1, (ii) an amount equal to 125% of the average annual debt service on the outstanding qualified parity bonds in any year ending January 1, and (iii) an amount equal to 10% of the proceeds of all such qualified parity bonds within the meaning of Section 148(d) of the United States Internal Revenue Code of 1986, as amended.

Any amount in the Debt Service Reserve Fund in excess of the Reserve Amount shall be transferred to the Bond Fund and applied as credit against payments into the Bond Fund from the Revenue Fund on a monthly basis as described in the foregoing subsection (A).

(C) All moneys held in the Revenue Fund, the Bond Fund and the Debt Service Reserve Fund shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation ("FDIC"), and all such deposits which cause the aggregate deposits of the District in any one bank to be in excess of the amount insured by FDIC shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Revenue Fund and the Bond Fund may, and the Debt Service Reserve Fund shall, be invested in Investment Obligations, as hereinafter defined, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Fund which supplied the funds for such investments, and the income from such investments shall be credited to the Bond Fund; provided, however, if the amount in the Debt Service Reserve Fund is less than the Reserve Amount, income from investments in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund until the Reserve Amount is accumulated therein. Investment Obligations in the Debt Service Reserve Fund shall be valued at cost.

Investment income accruing to the Bond Fund shall be credited against payments into the Bond Fund from the Revenue Fund on a monthly basis as set out in the foregoing subsection (B) hereof.

As used herein, the term "Investment Obligations" shall mean any of the following, if and to the extent the following are legal investments for the moneys held in the funds and accounts established pursuant to this Resolution: (i) general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, and any certificate or other evidence of an ownership interest in any such securities or in specified portions thereof consisting of the principal thereof or the interest thereon or any combination thereof; (ii) obligations of any agency or instrumentality of the United States of America the payment of principal of and interest on which is backed by the full faith and credit of the United States of America; (iii) savings accounts, interest-bearing time deposits or certificates of deposit in any national bank or bank chartered in Kentucky authorized to engage in the banking business the deposits of which shall be insured by the FDIC and having a combined capital and surplus aggregating not less than Two Million Dollars (\$2,000,000); provided, however, that each such deposit shall be continuously secured (to the extent not insured by FDIC) by lodging with a separate bank or trust company approved by the District, as custodian, collateral security in the form of obligations described in (i) or (ii) above having a market value (exclusive of accrued interest) at all times not less than the amount of such deposit (to the extent not insured by FDIC), which collateral security shall be valued by the District at least annually and must be unencumbered and not otherwise pledged and shall be subject to a perfected first lien for the benefit of the District; (iv) repurchase agreements with banks described in (iii) above, continuously secured as provided in (iii) above; (v) money market funds composed of securities described in (i) and (ii) above and rated AAA (or the equivalent thereof) by Standard and Poor's Ratings Service or Moody's Investors Service, Inc., provided that any such investment in money market funds shall not exceed six (6) months in duration; and (vi) bonds, notes or certificates of indebtedness of the Commonwealth of Kentucky and its agencies and instrumentalities.

(D) A separate and special fund or account of the District was created by the 1969 Resolution designated and identified as the District's "Depreciation Fund" (the "Depreciation Fund"). After observing the priority of deposits set forth in (A) through (C) above, which are cumulative, there shall be set apart and paid into the Depreciation Fund each month from the remaining funds in the Revenue Fund at least the following monthly deposits with respect to the indicated series of bonds, in the case of each series to continue so long as any bonds of such series remain outstanding or until the indicated minimum balance for such series is reached:

<u>Series</u>	<u>Monthly Deposit</u>	<u>Minimum Balance</u>
1994A	940	\$112,800
1994B	150	18,000
1994C	425	51,000
1997	280	33,600
2001	1,610	None
2003	205	24,600
2004	1,495	292,200
2007A	555	66,600
2007B	225	26,400
2009	690	82,800
2010A	200	24,000
2010B	245	29,400

provided that for the above purpose the aggregate balance in the Depreciation Fund from time to time shall be allocated to the respective series of bonds outstanding (or bonds issued to refund any such series) in the order (earliest first) set out above.

In addition to the above deposits from the Revenue Fund, there shall also be deposited in the Depreciation Fund, as received, the proceeds of all property damage insurance (except public liability) maintained in connection with the System, and the cash proceeds of any surplus, worn-out or obsolescent properties of the System, if the same be sold upon order of the Commission. Any fees which may be levied and collected by the Commission of the District for the privilege of connecting to the System (excluding initial deposits received in aid of a particular project) shall be paid, as received, into the Depreciation Fund.

The Depreciation Fund shall be available and may be withdrawn and used by the District, upon appropriate certification as to the authorization for such withdrawal, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals or replacements, not included in the Annual Budget of Current Expenses (as defined in Section 8 hereof), and the cost of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide a higher degree of service. The Depreciation Fund shall also be available for transfer to the Bond Fund in order to avoid default in connection with any bonds payable from the Bond Fund or to redeem or purchase Prior Bonds, 2010B Bonds or parity bonds in advance of maturity.

At any time when the accumulations in the Depreciation Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Commission in Investment Obligations (as described in subsection (C) of this Section) maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than five (5) years after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Depreciation Fund shall be carried to the credit of the Depreciation Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

The District shall also make monthly deposits of \$1,000 into a special segregated subaccount within the Depreciation Fund to fund costs of short-lived water system assets, as required by USDA.

(E) A separate and special fund or account of the District was created by the 1969 Resolution designated the District's "Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), which shall continue to be maintained for the benefit of the System and all bonds payable from the income and revenues of the System. The District covenants that it will transfer monthly from the moneys in the Revenue Fund, after making the transfers required by (A) through (D) above, to the Operation and Maintenance Fund sums sufficient to pay as they accrue the Current Expenses of operating and maintaining the System pursuant to the Annual Budget, for which provision is hereafter made, and to accrue an operation and maintenance reserve not in excess of anticipated requirements for a two-month period pursuant to the Annual Budget.

At any time when the accumulations in the Operation and Maintenance Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Commission in Investment Obligations (as described in subsection (C) of this Section) maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than ninety (90) days after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Operation and Maintenance Fund shall be carried to the credit of the Operation and Maintenance Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(F) Subject to the provisions of subsections (A) through (E) above, which are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred within sixty (60) days after the end of each fiscal year the balance of excess funds in the Revenue Fund on such date to the Depreciation Fund.

\* \* \*

All payments into the above special 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 Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All moneys held in any of the above special funds shall be kept apart from all other District funds and shall be deposited in a bank or banks selected by the District from time to time (in each case, a "Depository Bank"), and all such deposits which cause the aggregate of all deposits of the District in any Depository Bank 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 pledge of direct obligations or by guaranteed bonds or securities of the United States Government having a market value at least equivalent to such excess deposit.

## SECTION 8

### COVENANTS TO BONDHOLDERS

The District hereby irrevocably covenants and agrees with the holder or holders of any and all 2010B Bonds and parity bonds at any time issued and outstanding pursuant to authority of this Resolution that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(A) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky, and by the terms and provisions of this Resolution.

(B) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(C) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(D) The District covenants and agrees that, so long as any of the 2010B Bonds are outstanding, it will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Resolution and in the Prior Resolutions, it 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 2010B Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (1) redemption of outstanding 2010B Bonds or parity 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;

(iii) it certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(iv) notwithstanding all of the foregoing, no such sale, abandonment or transfer of System facilities shall be made so long as USDA owns any of the 2010B Bonds herein authorized, without the written consent and approval of USDA.

(E) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of reserves as herein provided; and such rates and charges shall be adequate to meet all such requirements as provided in this Resolution, and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the date of issuance of the 2010B Bonds, the District will adopt a Budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any 2010B Bonds are outstanding, it will adopt an Annual Budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such Budget, and of any amendments thereto, in the office of the Secretary-Treasurer of the District, and furnish copies thereof to the holder of any Bond upon request. The term "Current Expenses," as herein used, includes all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System, but shall exclude any allowance for depreciation, payments into the

Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance, and payments into the Bond Fund. The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution duly adopted by the Commission of the District determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the District agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that said cash income and revenues are insufficient to provide for all payments required to be made into the Bond Fund during such ensuing fiscal year, and to make the monthly payments specified by subsection (A) of Section 7 of this Resolution, and to pay Current Expenses, the District covenants and agrees that it will revise its rates and charges for services rendered by the System, so that the same will be adequate to meet all of such requirements.

(F) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a Consulting Engineer of national reputation that the proposed reduction will not adversely affect the ability of the District to meet all the requirements set forth in this Resolution.

(G) It will at all times segregate the revenues of the System from all other revenues, moneys, and funds of the District, and will promptly and regularly make application and distribution thereof into the special funds provided in the Prior Resolutions, and in this Resolution, in the amount and with due regard for the priorities herein attributed thereto.

(H) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries of all transactions relating to the System, and the same shall be available and open to inspection by any 2010B Bondholder, and any agent or representative of a 2010B Bondholder.

(I) It will, within ninety (90) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed accountant not in the employ of the District on a monthly salary basis, showing all receipts and disbursements, and reflecting in reasonable detail the financing condition and records of the System, including the status of the several funds hereinbefore created, the status of the insurance and fidelity bonding, the number and type of connections, and the current rates and charges, with comments of the auditor concerning whether the books and records are being kept in compliance with this Resolution and in accordance with recognized accounting practices, and will promptly cause a copy of the Audit Report to be filed in the Office of the Secretary-Treasurer where it will be available for public inspection, and will promptly mail a copy thereof to the original recipients of 2010B Bonds issued hereunder. If requested to do so, the District will furnish to any 2010B Bondholder a condensed form of the Balance Sheet, and a condensed form of the Operating Report, in reasonable detail. All expenses incurred in causing such audits to be

made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided. Provided, so long as USDA holds any of the 2010B Bonds herein authorized, the District shall furnish operating and other financial statements in such form and substance and for such periods as may be requested by USDA.

(J) Any holder of 2010B Bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by the District and its officers and agents of all duties imposed or required by law or this Resolution in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(K) If there be any default in the payment of the principal of or interest on any of the 2010B Bonds, then upon the filing of suit by any holder of the 2010B Bonds or any of the coupons, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District, with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Resolution and the provisions of the statute laws of Kentucky aforesaid.

(L) The District will cause each municipal officer or other person (other than depository banks) having custody of any moneys administered under the provisions of this Resolution to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time; each such bond to have surety given by a surety corporation qualified to do business in Kentucky and approved by the Commission, and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(M) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in a special Fund. Such insurance shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percentum (80%) of the full insurable value of the damaged facility.

(N) The District will procure and at all times maintain public liability insurance relating to the operation of the System, with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District 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 District's operation of the System.

(O) The District will carry suitable worker's compensation insurance in accordance with law.

(P) If the District owns or operates a vehicle in the operation of the System, the District will procure and at all times maintain vehicular public liability insurance with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District 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 District's operation of vehicles. Provided, notwithstanding (M), (N), (O) and (P) above, that so long as USDA holds any 2010A Bonds, the District will procure and maintain insurance of such types and amounts as USDA may specify, which shall not be less than the amounts specified in this Section 8 so long as the Prior Bonds and the 2010B Bonds are outstanding.

(Q) So long as USDA is the holder of any bonds of the District, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of such bonds held by USDA without immediately prepaying all of such bonds held by USDA.

## SECTION 9

### PARITY BONDS PERMITTED; TERMS

The 2010B Bonds and outstanding parity bonds, together with any additional parity bonds issued under the restrictions and conditions hereinafter set forth, 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 such bonds, regardless of the fact that they may be actually issued and delivered at different times.

The District hereby reserves 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 2010B Bonds and any outstanding parity bonds (herein sometimes referred to as "additional parity bonds") in order to pay the costs of extensions, additions and improvements to the System, provided that (a) the written consent of the holders of all 2010B Bonds and any outstanding parity bonds is obtained or (b) either of the conditions set forth in (i) or (ii) below is met:

(i) The net income and revenues of the System for the fiscal year preceding the year in which such additional parity bonds are to be issued were at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to all 2010B Bonds and parity bonds which are then outstanding and the additional parity bonds then proposed to be issued. The term "net income and revenues" as herein used is defined as gross income and revenues of the System (including all payments to the Revenue Fund and interest earnings accruing to the Bond Fund, the Depreciation Fund and the Operation and Maintenance Fund) less the sum of Current Expenses as defined in subsection (E) of Section 8 hereof. Such showing of net income and revenues for such preceding fiscal year may be represented by the report of the auditors.

(ii) A statement is filed with the Secretary of the District by (a) an independent certified public accountant or firm of certified public accountants not in the regular employ of the District on a monthly salary basis or (b) an independent professional engineer or

firm or firms of professional engineers not in the employ of the District on a monthly salary basis and of recognized expertise and good reputation in the field of water engineering and licensed in Kentucky, reciting the opinion based upon necessary investigation that the net income and revenues of the System as defined in (i) above for twelve (12) consecutive months out of the eighteen (18) months preceding the issuance of said additional parity bonds (with adjustments as hereinafter provided) were equal to at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to the 2010B Bonds and any parity bonds then outstanding and the proposed additional parity bonds. The net income and revenues may be adjusted for the purpose of the foregoing computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds, and also to reflect any increase in such net income and revenues by reason of the extensions, additions and improvements to the System the cost of which (in whole or in part) is to be paid through the issuance of such additional parity bonds; but such latter adjustments shall only be made if contracts for the immediate construction or acquisition of such extensions, additions and improvements have been or will be entered into prior to the issuance of such additional parity bonds. All such adjustments to reflect any revision of rates and charges or an increase in net income and revenues by reason of extensions, additions and improvements to the System as aforesaid shall be based upon written certification by (a) an independent professional engineer or firm of professional engineers not in the employ of the District on a monthly salary basis and of recognized expertise and good reputation in the field of water engineering and licensed in Kentucky or (b) an independent certified public accountant or firm of certified public accountants not in the employ of the District on a monthly salary basis.

The District hereby further reserves the right and privilege of issuing additional parity bonds for the purpose of refunding the 2010B Bonds and any parity bonds, or any portion thereof, as may be outstanding, provided that before any additional parity bonds are issued for such purpose, there shall have been procured and filed with the Secretary of the District either (a) the written consent of the holders of all 2010B Bonds and any outstanding parity bonds (other than the bonds being refunded) to such issuance or (b) a statement by an independent certified public accountant or firm of independent certified public accountants reciting the opinion based upon necessary investigation that after the issuance of such additional parity bonds, the net income and revenues, as adjusted and defined above, of the System for the fiscal year preceding the date of issuance of such additional parity bonds, after taking into account the revised maximum annual debt service resulting from the issuance of such additional parity bonds and from the elimination of the bonds being refunded thereby, are equal to not less than 120% of the maximum annual debt service requirement for any year ending January 1 with respect to the 2010B Bonds and any parity bonds then outstanding and the proposed additional parity bonds and calculated in the manner specified above.

The original purchaser or purchasers of a series of additional parity bonds may waive the benefit of and any claim to the Debt Service Reserve Fund, in which event such bonds shall not be secured by or payable from the Debt Service Reserve Fund; and the District may make it a condition to the original sale of any series of additional parity bonds that the purchaser or purchasers thereof, by offering to purchase or by purchasing the same, has agreed to such waiver.

The interest payment dates for all such additional parity bonds shall be semiannually on January 1 and July 1 of each year, and the principal maturities thereof shall be on January 1 of the year in which any such principal is scheduled to become due.

The additional parity bonds, the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds payable from the income and revenues of the System on a parity with the 2010B Bonds and outstanding parity bonds, and shall not be deemed to include or prohibit the issuance of other obligations the security and source of payment of which is subordinate and subject to the priority of the payments into the Bond Fund and the Debt Service Reserve Fund for account of the 2010B Bonds and any parity bonds.

#### SECTION 10

#### PROVISIONS OF RESOLUTION CONSTITUTE CONTRACT

The provisions of this Resolution shall constitute a contract between the District and the holders of the 2010B Bonds herein authorized and any parity bonds herein permitted to be issued, and after the issuance of any of the 2010B Bonds, no change, variation or alteration of any kind of the provisions of this Resolution shall be made in any manner without the written consent of the holder or holders of the 2010B Bonds, except as herein provided, until such time as all of the 2010B Bonds and parity bonds issued hereunder, and the interest thereon, have been paid in full.

#### SECTION 11

#### STATUTORY MORTGAGE LIEN ACKNOWLEDGED

A statutory mortgage lien upon the System, together with all appurtenances and additions thereto and extensions thereof, and including the revenues thereof, is granted and created by Section 106.080 of the Kentucky Revised Statutes for the benefit and protection of the holders of the 2010B Bonds issued and parity bonds permitted to be issued under authority of this Resolution, and previously issued and outstanding parity bonds, and of the interest payable thereon; and said statutory mortgage lien is hereby recognized and shall be effective upon delivery of any of the 2010B Bonds and shall continue in full force and effect so long as there shall remain unpaid any part of the principal of or interest on the 2010B Bonds and any parity bonds.

#### SECTION 12

#### TAX COVENANTS AND REPRESENTATIONS

(A) The District certifies, covenants and agrees that the Project will be constructed expeditiously and the expenditure of the portion of the proceeds of the 2010B Bonds deposited in the Construction Fund for the payment of the costs of the Project will be made promptly in order that the Project will be completed and in operation at the earliest possible date. The District further certifies and covenants with the holders of the 2010B Bonds that so long as any of the 2010B Bonds remain outstanding, moneys on deposit in any fund or account in connection with the 2010B Bonds, whether or not such moneys were derived from the proceeds of the sale of the

2010B Bonds or from any other sources, will not be invested or used in a manner which will cause the 2010B Bonds to be "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and Section 54AA of the Code, and any regulations issued or proposed thereunder, and notices issued thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Chairman and/or Secretary-Treasurer as the officers of the District charged with the responsibility for issuing the 2010B Bonds, are authorized and directed, for and on behalf of the District, to execute all papers, documents, certificates and other instruments that may be required for evidencing compliance with federal "arbitrage bond" regulations, and any representations and certifications contained in such papers, documents, certificates and other instruments so executed shall be deemed to constitute representations and certifications of the District.

(B) The District further represents, warrants, agrees and covenants as follows:

(i) Within the meaning of Section 141 of the Code and the Income Tax Regulations issued thereunder, over the terms of the Bonds (i) less than 10% of the proceeds of the 2010B Bonds, if any, will be applied for any private business use, and the payment of principal of or interest on less than 10% of the amount of the 2010B Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived directly or indirectly from payments (whether or not to the District) in respect of such property; (ii) at least 90% of the proceeds of the 2010B Bonds will be applied for a governmental use of the District; (iii) any private business use of the Project will be related to such governmental use of the District and will not be unrelated or disproportionate; and (iv) none of the proceeds of the 2010B Bonds will be used, directly or indirectly, to make or finance loans to private persons. It is reasonably expected that over the term of the 2010B Bonds (a) the Project will be available for general public use, in that it will be reasonably available for use by natural persons not engaged in a trade or business on the same basis as any other person or entity, (b) no nongovernmental person will have any special legal entitlement to use the Project, and (c) there will be no direct or indirect payments made with respect to the Project or the security of the 2010B Bonds by any persons or entities other than payments by the general public as described in clause (a) above.

(ii) Within the meaning of Section 148(f)(4)(B), it is reasonably expected at least 75% of the net proceeds (including investment proceeds) of the 2010B Bonds will be used for construction expenditures with respect to property which is owned by a governmental unit, at least 10% of such proceeds will be spent for the governmental purposes of the issue within six months from the date the 2010B Bonds are issued, at least 45% of such proceeds will be spent for such purposes within one year from such date, at least 75% of such proceeds will be spent for such purposes within eighteen months from such date, and at least 100% of such proceeds will be spent within two years from such date. It is also reasonably expected at least 50% of all proceeds (including investment proceeds) of the Bonds will be used for expenditures on the Project within six months, at least 60% will be so used within 12 months and 100% will be so used within 18 months from the date of issuance of the 2010B Bonds. If for any reason the arbitrage rebate requirements of Section 148(f) of the Code should be deemed to apply to the 2010B Bonds, the District will take all action necessary to comply therewith.

(iii) It is reasonably expected that during the term of the 2010B Bonds the Project will not be disposed of, provided, however, should there be any disposition of any personal

property constituting a part of the Project because it is no longer suitable for its governmental purpose, it is reasonably expected that the fair market value of such personal property will not exceed 25% of its cost.

(iv) The weighted average maturity of the 2010B Bonds does not exceed 120% of the weighted average useful life of the facilities comprising the Project.

(v) The District has not heretofore expended any sums on the Project which are to be reimbursed from the proceeds of the 2010B Bonds, other than (a) certain preliminary expenditures such as engineering and planning costs not exceeding 20% of the 2010B Bond proceeds, (b) expenditures made within 60 days prior to the date of adoption of this Resolution, and (c) expenditures prior to which the District had adopted an official intent resolution regarding reimbursement from tax-exempt bond proceeds. Proceeds of the 2010B Bonds will only be used for capital expenditures paid or incurred after the effective date of the Recovery Act.

(vi) The 2010B Bonds are not federally guaranteed within the meaning of Section 149(b) of the Code.

(vii) The District will comply with the information reporting requirements of Section 149(e) of the Code.

(viii) The District will not use or permit the use of any of the funds provided by the 2010B Bonds in such manner as to, or take or omit to take any action which would, if the 2010B Bonds were issued on a tax-exempt basis, impair the exclusion from gross income for federal income tax purposes of interest on the 2010B Bonds. The District shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the District on the 2010B Bonds would, if the 2010B Bonds were issued on a tax-exempt basis, for the purposes of federal income taxation, be excludable from gross income.

(ix) This Resolution is intended to and does constitute, in part, a declaration of official intent under applicable Income Tax Regulations.

(x) In addition, in respect of the issuance of the 2010B Bonds as taxable bonds under the Recovery Act:

(a) All of the excess of (1) the available project proceeds (as defined in Section 54A of the Code to mean sale proceeds of such 2010B Bonds less not more than 2% of such proceeds used to pay costs of issuance plus investment proceeds thereon), over (2) any amounts in a reasonably required reserve fund (within the meaning of Section 150(a)(3) of the Code) with respect to such issue, is to be used for capital expenditures;

(b) The District will make an irrevocable election to have Section 54AA(g) of the Code apply to such 2010B Bonds so that the City will receive a refundable credit under Section 6431 of the Code equal to 35% of the stated interest paid on such Bonds;

(c) The District will comply with the requirements of Section 54AA(g) of the Code to assure eligibility of the District for receipt of the direct pay interest credit;

(d) The issue price (reoffering price) of such 2010B Bonds of the same maturity cannot exceed the par amount by more than .25% multiplied by the number of complete years to the earlier of the maturity date or the first optional redemption date for such 2010B Bonds; and

(e) The District will not use or permit the use of any of the funds provided by such 2010B Bonds in such a manner as to, or take or omit to take any action which would, impair the status of such 2010B Bonds as "qualified bonds" under Section 54AA of the Code. In the foregoing connection, the District agrees to file, in a timely manner, any and all necessary forms required by the Code, including without limitation IRS Form 8038-B, Information Return for Build America Bonds and Recovery Zone Economic Development Bonds, and IRS Form 8038-CP, Return for Credit Payments for Issuers of Qualified Bonds. The District also agrees to complete and file, in a timely manner, any and all other forms and questionnaires received by the District with respect to the 2010B Bonds, including without limitation IRS Form 14127, Direct Pay Bonds Compliance Questionnaire. The General Manager of the District is further instructed to prepare, with the assistance of counsel, written procedures to assure the future compliance with the Build America Bond Requirements of the Code.

### SECTION 13

#### 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.

### SECTION 14

#### REPEAL OF INCONSISTENT PROVISIONS

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

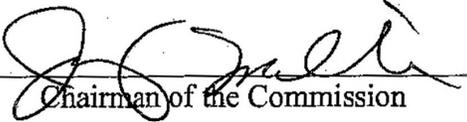
### SECTION 15

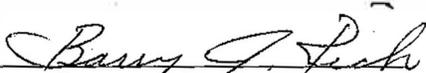
#### WHEN RESOLUTION EFFECTIVE

This Resolution shall be in full force and effect from and after its adoption, approval and attestation as provided by law.

ADOPTED BY THE COMMISSION OF THE EDMONSON COUNTY WATER DISTRICT, EDMONSON COUNTY, KENTUCKY, at a meeting held on the 9th day of November, 2010, signed by the Chairman, attested by the Secretary-Treasurer and declared to be in full force and effect.

Attest:

  
Chairman of the Commission

  
Secretary-Treasurer

Certification

The undersigned, Secretary-Treasurer of the Commission of Edmonson County Water District, Edmonson County, Kentucky, hereby certifies that the foregoing is a true, complete and correct copy of a Resolution adopted by the Commission of said District, signed by the Chairman thereof, and attested under seal by me as Secretary-Treasurer upon the occasion of a properly convened meeting of the Commission of said District held on the 9th day of November, 2010, as shown by the official records in my custody and under my control.

WITNESS my hand this \_\_\_ day of November, 2010.

  
Secretary-Treasurer

A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE CONSTRUCTION AND THE INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S WATER SYSTEM REVENUE BONDS, SERIES 2013A AND SERIES 2013B IN AN AGGREGATE PRINCIPAL AMOUNT OF \$664,000, TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE MUNICIPAL WATER DISTRIBUTION SYSTEM; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

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Adopted July 23, 2014

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A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE CONSTRUCTION AND THE INSTALLATION OF MAJOR IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S WATER SYSTEM REVENUE BONDS, SERIES 2013A AND SERIES 2013B IN AN AGGREGATE PRINCIPAL AMOUNT OF \$664,000, TO PAY THE COSTS THEREOF (TO THE EXTENT NOT OTHERWISE PROVIDED TO BE PAID); CONFIRMING, RATIFYING AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE MUNICIPAL WATER DISTRIBUTION SYSTEM; CONFIRMING, RATIFYING AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS OUTSTANDING; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE BONDS HEREIN AUTHORIZED.

WHEREAS, upon petition and hearing, and upon proper public notice according to the provisions of Chapter 74 of the Kentucky Revised Statutes ("KRS"), an order was duly entered by the County Court of Edmonson County, Kentucky, on March 10, 1967, determining necessity for and creating and establishing the Edmonson County Water District (the "District"), defining the geographical area thereof, the same thereupon constituting and being a public body corporate with all powers and authority as provided in KRS Chapter 74; and

WHEREAS, the District is at this time a *de jure* water district situated in Edmonson County, Kentucky, with extensions into Warren, Grayson and Hart Counties; and

WHEREAS, since 1969 the District has owned and operated a municipal water distribution system (the "System") to serve the area within the District, and in this connection the District has previously issued and there are presently outstanding the following bonds and obligations payable from and secured by a first pledge of the revenues of the System, on a parity one with the other:

- (a) \$3,467,700 outstanding principal amount of Water System Revenue Bonds, 2001 Series A and B (the "Series 2001 Bonds"), authorized by Resolution of the Commission of the District adopted on March 12, 2001 (the "Series 2001 Resolution");

- (b) \$392,000 outstanding principal amount of Water System Revenue Bonds, Series 2003 (the "Series 2003 Bonds"), authorized by Resolution of the Commission of the District adopted October 28, 2003 (the "Series 2003 Resolution");
- (c) Loan repayment obligation to the Kentucky Rural Water Finance Corporation under an Assistance Agreement dated March 24, 2004, as amended and supplemented by a First Amendment and Supplement to Assistance Agreement dated as of February 27, 2013 (as amended and supplemented, the "2004 Agreement"), in an outstanding principal amount not exceeding \$1,914,000 (the "2004 Loan");
- (d) Loan repayment obligation to Kentucky Rural Water Finance Corporation under an Assistance Agreement dated May 29, 2008 (the "2008C Agreement"), in an outstanding principal amount not exceeding \$561,250 (the "2008C Loan");
- (e) \$1,640,000 outstanding principal amount of Water System Revenue Bonds, Series 2007A and Series 2007B (collectively the "Series 2007 Bonds"), authorized by Resolution of the Commission of the District adopted July 10, 2007 (the "Series 2007 Resolution");
- (f) \$1,460,500 outstanding principal amount of Water System Revenue Bonds, Taxable Series 2009 (Build America Bonds - Direct Payment to Issuer) (the "Series 2009 Bonds"), authorized by Resolutions of the Commission of the District adopted March 18, 2009 and April 13, 2010 (collectively, the "Series 2009 Resolution");
- (g) \$561,000 outstanding principal amount of Water System Revenue Bonds, Taxable Series 2010A (Build America Bonds - Direct Payment to Issuer) (the "Series 2010A Bonds"), authorized by Resolution of the Commission of the District adopted May 11, 2010 (the "Series 2010A Resolution");
- (h) \$689,000 outstanding principal amount of Water System Revenue Bonds, Taxable Series 2010B (Build America Bonds - Direct Payment to Issuer) (the "Series 2010B Bonds"), authorized by Resolution of the Commission of the District adopted November 9, 2010 (the "Series 2010B Resolution"); and
- (i) Loan repayment obligation to Kentucky Rural Water Finance Corporation under an Assistance Agreement dated May 30, 2012 (the "2012 Agreement"), in an outstanding principal amount not exceeding \$2,787,500 (the "2012 Loan"); and

and further there are presently outstanding certain subordinate obligations of the District that are payable from and secured by a pledge of the revenues of the System subject to the priorities of the Series 2001 Bonds, the Series 2003 Bonds, the 2004 Loan, the 2008C Loan, the Series 2007 Bonds, the Series 2009 Bonds, the Series 2010A Bonds, the Series 2010B Bonds and the 2012 Loan (the "Prior Obligations"); and

WHEREAS, it is provided in the Series 2001 Resolution, the Series 2003 Resolution, the 2004 Agreement, the 2008C Agreement, the Series 2007 Resolution, the Series 2009 Resolution,

the Series 2010A Resolution, the Series 2010B Resolution and the 2012 Agreement (collectively, the "Prior Resolutions") that the District may issue additional parity bonds ranking on a parity and equality with the outstanding Prior Obligations for the purpose of adding new municipal water distribution system facilities to the System upon a showing of compliance with the parity bond coverage test set forth in the 2003 Resolution, and it has been determined by the Commission of the District that the District may now meet such coverage test so that two series of additional parity bonds, ranking on a parity with the Prior Obligations and styled "Water System Revenue Bonds, Series 2013A" and "Water System Revenue Bonds, Series 2013B," may now be issued in the aggregate principal amount of \$664,000 for the purpose of financing a portion of the costs of major improvements and additions to the municipal water facilities heretofore approved by the Commission of the District (the "Project"), all as more fully described in the plans and specifications heretofore prepared on behalf of the District by GRW Engineers, Inc., Nashville, Tennessee (the "Engineers"), and on file in the office of the District; and

WHEREAS, in proceedings before the Public Service Commission of Kentucky, the District has obtained the right and authority to construct and operate major extensions and additions to the System, and plans and specifications have heretofore been prepared by the Engineers and approved by the District's Commission and all state and other supervisory authorities having jurisdiction thereof; and it is the opinion of the Commission of the District that it is feasible to undertake the construction and installation of such new facilities at this time; and

WHEREAS, it has been determined upon the basis of public bids for construction duly solicited in the manner required by law, and upon the basis of other costs and estimates, that the aggregate of all costs and expenses in connection with the Project will be \$950,000; and to provide a portion of such funds the District has received from the United States Department of Agriculture, Rural Development ("USDA"), an offer to make a two loans to the District in the amounts of \$504,000 and \$160,000, respectively (\$664,000 total), which, together with USDA grants in the aggregate amount of \$286,000, will be sufficient to pay such estimated costs and expenses; and

WHEREAS, it is now appropriate for the District to provide for borrowing such sum of \$664,000 through the issuance and sale of its Water System Revenue Bonds, Series 2013A in an aggregate principal amount of \$504,000 (the "Series 2013A Bonds") and Water System Revenue Bonds, Series 2013B in an aggregate principal amount of \$160,000 (the "Series 2013B Bonds") and, collectively with the Series 2013A Bonds, the "Series 2013 Bonds"), according to authority of Kentucky Revised Statutes ("KRS") Chapters 74 and 106; and

WHEREAS, the Series 2013 Bonds will be payable as to both principal and interest solely (except as to capitalized interest) from the income and revenues to be derived from the operation of the System and will not constitute an indebtedness of the District within the meaning of debt-limiting provisions of the Constitution of Kentucky;

NOW, THEREFORE, THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1  
AFFIRMATION OF PREAMBLE RECITALS;  
AUTHORIZATION OF THE PROJECT;  
DECLARATION OF NECESSITY

All statements and recitals set forth in the preamble of this Resolution, including the terms defined therein, are hereby affirmed and adopted as a part of this Resolution.

It is hereby further determined and declared to be necessary in the interests of the general welfare of the citizens and inhabitants of the District that the District undertake at this time the construction and installation of the Project, all substantially according to the plans, specifications and designs prepared for the District by the Engineers and on file with the District. Immediate undertaking of such construction and installation is hereby authorized.

SECTION 2  
PROJECT TO BE MUNICIPALLY  
OWNED AND OPERATED

The construction and installation of the Project is undertaken by the District for public purposes and the same shall constitute and be a part of the System, and so long as any of the Series 2013 Bonds hereinafter authorized, or bonds or obligations issued on a parity therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated and maintained by the District for the security and source of payment of the Series 2013 Bonds and all other parity bonds or obligations outstanding heretofore or hereafter issued. The Project is to be constructed, installed and acquired and the System is to be operated pursuant to the provisions of KRS Chapters 74 and 106, now in full force and effect.

SECTION 3  
SERIES 2013 BONDS AUTHORIZED;  
CERTAIN TERMS AND DETAILS

For the purpose of providing funds to defray the costs of the Project (to the extent not otherwise provided to be paid), including all necessary and proper appurtenances, and expenses incident thereto and incident to the issuance of the Series 2013 Bonds, there are hereby authorized to be issued the District's Water System Revenue Bonds, Series 2013A in an aggregate principal amount of \$504,000 and Water System Revenue Bonds, Series 2013B in an aggregate principal amount of \$160,000, with reservation of right on the part of the District to issue additional bonds or obligations in the future, payable from the income and revenues of the System, subject to the conditions and restrictions hereinafter prescribed and set forth. The Series 2013 Bonds hereby authorized shall be offered at public sale as provided in Section 4 hereof and each series of the Series 2013 Bonds shall be issuable in the form of a single fully registered bond as provided in Section 5 hereof.

Each series of the Series 2013 Bonds shall be dated as of the date of delivery to the original purchaser thereof; shall mature as to principal in installments on January 1 in each of the years 2016 to 2053, inclusive, as set forth in the respective schedule appearing below; and shall bear interest from their date until payment of principal, such interest to the respective principal maturity dates to be payable semiannually on January 1 and July 1 of each year, and such interest to be at such rate as may be established by a supplemental Resolution upon the basis of competitive sale of such series of the Series 2013 Bonds as hereinafter provided. The installments of principal of each series of the Series 2013 Bonds, in fully registered form as aforesaid, shall be as set forth in the following respective maturity schedule:

Series 2013A Bonds Maturity Schedule (\$504,000):

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2017	\$ 9,000	2030	\$11,500	2043	\$15,000
2018	9,000	2031	12,000	2044	15,500
2019	9,000	2032	12,000	2045	16,000
2020	9,500	2033	12,500	2046	16,000
2021	9,500	2034	12,500	2047	16,500
2022	9,500	2035	13,000	2048	17,000
2023	10,000	2036	13,000	2049	17,000
2024	10,000	2037	13,500	2050	17,500
2025	10,500	2038	13,500	2051	18,000
2026	10,500	2039	14,000	2052	18,500
2027	11,000	2040	14,000	2053	18,500
2028	11,000	2041	14,500	2054	17,500
2029	11,500	2042	15,000		

Series 2013B Bonds Maturity Schedule (\$160,000):

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2017	\$2,000	2030	\$3,500	2043	\$5,000
2018	2,500	2031	3,500	2044	5,000
2019	2,500	2032	3,500	2045	5,500
2020	2,500	2033	3,500	2046	5,500
2021	2,500	2034	4,000	2047	5,500
2022	2,500	2035	4,000	2048	6,000
2023	2,500	2036	4,000	2049	6,000
2024	2,500	2037	4,000	2050	6,500
2025	3,000	2038	4,500	2051	6,500
2026	3,000	2039	4,500	2052	6,500
2027	3,000	2040	4,500	2053	7,000
2028	3,000	2041	4,500	2054	7,500
2029	3,000	2042	5,000		

The 2013A Bonds and the 2013B Bonds shall each be issued as a single fully registered bond, numbered R-1, maturing in principal installments in annual amounts corresponding to the respective schedule immediately above, provided, however, that installments of principal of Series 2013 Bonds maturing on and after January 1, 2024, shall be subject to prepayment at the option of the District before maturity in whole or from time to time in part in inverse order of maturities (less than all of a single maturity to be selected by lot) on any interest payment date on and after January 1, 2023, upon terms of par plus accrued interest without any prepayment premium, upon thirty (30) days' prior written notice mailed to the registered holder or holders of the Series 2013 Bonds; provided, that so long as USDA is the owner of any of the Series 2013 Bonds, the same may be prepaid in whole or in part at any time at par plus accrued interest, and without notice or prepayment premium. The Series 2013 Bonds may be prepaid only in increments of \$500.

Both principal of and interest on the Series 2013 Bonds shall be payable, without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, to the registered holder at the address shown on the registration books of the District or, so long as USDA is the registered holder, at the office or address as may be designated by USDA from time to time.

If any District officer whose signature appears on any 2013 Bond shall cease to be such officer before delivery, such signature shall nevertheless be valid and binding for all purposes, the same as if such officer had continued in office until the time of delivery of such 2013 Bond.

The Series 2013 Bonds, together with the Prior Obligations, and the interest thereon, and any bonds which may hereafter be issued on a basis of parity therewith subject to the conditions and restrictions hereinafter set forth, shall be payable as to principal and interest only out of the Bond Fund hereinafter defined and shall be a valid claim of the holder thereof only against said Bond Fund and the fixed portion or amount of the revenues of the System which the District has pledged to said Bond Fund, subject to the terms hereof.

The District finds and declares that the Series 2013 Bonds shall rank on a basis of parity and equality as to security and source of payment with each other and with the District's previously issued and outstanding Prior Obligations inasmuch as the District is in compliance with all covenants and undertakings in connection with the Prior Obligations.

#### SECTION 4 PROVISIONS RELATING TO SALE OF SERIES 2013 BONDS

The Series 2013 Bonds authorized by this Resolution shall be publicly offered for sale according to a Combined Notice of Sale of Bonds conforming to the requirements of KRS Chapter 424 (and particularly KRS 424.140(3) and KRS 424.360), which shall be published one time, not less than seven (7) days nor more than twenty-one (21) days before the date therein specified (by and at the discretion of the Chairman of the Commission of the District) for the opening and consideration of purchase bids, in each of the following: (a) the legal newspapers published in Edmonson, Hart, Grayson and Warren Counties, Kentucky, which are qualified

under KRS 424.120 to publish advertisements for the District; and (b) The Courier-Journal, Louisville, Kentucky, a legal newspaper having statewide circulation.

Said Notice shall state the name and amount of each series of the Series 2013 Bonds to be sold, the time of the sale and other details concerning each series of the Series 2013 Bonds and the sale, and shall inform prospective bidders that a copy of the Official Notice of Bond Sale, setting out the maturities, security of the Series 2013 Bonds, provisions as to redemption before maturity and related information, may be obtained from the District. Such Official Notice shall contain, *inter alia*, substantially the following bidding requirements:

(a) Bidders shall be limited to institutions or persons having knowledge and experience in financial and business matters who are capable of evaluating the merits and risks of the Series 2013 Bonds and who are not purchasing for more than one account and do not intend to redistribute the Series 2013 Bonds. The District will make available to any such qualified bidder, upon written request, any financial or other material information regarding the District and the System in the District's possession. Bidders are required to bid a cash price of not less and not more than par value for the Series 2013 Bonds. No premium shall be bid.

(b) A single interest rate must be bid in a multiple of 1/8 or 1/10 of one percent.

(c) Bids will be considered only for both series of the Series 2013 Bonds, to be issued as a single fully registered bond for each series.

(d) Bidders (except USDA) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of 2.0% of the face amount of the Series 2013 Bonds for which the bid is submitted, which good faith deposit may be applied as partial payment for such Series 2013 Bonds, or as liquidated damage in the event that such bidder, if successful, fails to comply with the terms of his bid.

(e) Preference in award will be given to the bid resulting in the lowest net interest cost to the District.

(f) The lowest net interest cost will be determined by applying the aggregate amount of interest on the Series 2013 Bonds bid for, computed from the first day of the month following the date of sale of the Series 2013 Bonds (even though the Series 2013 Bonds will bear interest only from the date of delivery) to the final maturity specified in each bid.

(g) The District expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the Series 2013 Bonds at the office of the District within forty-five (45) days after notice is given of the award. If the Series 2013 Bonds are not ready for delivery and payment within forty-five (45) days from the aforesaid date of sale, the successful bidder shall be relieved of any liability to accept delivery of the Series 2013 Bonds, except that Series 2013 Bonds purchased by any agency of the federal government will be delivered to it at a place and time designated by such agency in accordance with its established practices and procedures.

(h) The District reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

(i) The District will furnish the Series 2013 Bonds, together with evidence of approval of the 2013 Bond issue by the Public Service Commission of Kentucky pursuant to the requirements of KRS Chapter 278, and customary closing documents, including a no-litigation certificate.

(j) The successful bidder will receive the approving legal opinion of Stoll Keenon Ogden PLLC, Bond Counsel, Louisville, Kentucky, as to the legality of the Series 2013 Bonds, without additional cost to the successful bidder.

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

Bond Counsel having submitted to the Commission of the District forms of the Combined Notice of Sale of Bonds and the Official Notice of Bond Sale, together with an Official Bid Form for use by all bidders except USDA, said documents are hereby approved and authorized for use in connection with the aforesaid sale of the Series 2013 Bonds.

**SECTION 5**  
**SERIES 2013 BONDS TO BE ISSUED IN FULLY REGISTERED FORM:**  
**FULLY REGISTERED BOND FORM**

Upon the sale of the Series 2013 Bonds, the District shall issue a single fully registered 2013A Bond numbered R-1 for the 2013A Bonds and a single fully registered 2013B Bond numbered R-1 for the 2013B Bonds (each fully registered bond being individually referred to herein as a "Fully Registered Bond"). Each Fully Registered Bond shall be in the aggregate principal amount of the series of the Series 2013 Bonds it represents, maturing as to principal in installments as set out in Section 3 hereof. Each Fully Registered Bond shall be of type composition, on paper of sufficient weight and strength to prevent deterioration until the last day of maturity of any installment of principal as stated therein, and shall conform in size to standard practice. Each Fully Registered Bond shall, upon execution on behalf of the District (which execution shall be by manual signatures of the Chairman and Secretary-Treasurer of the Commission, and actual impression of the corporate seal), constitute the series of the Series 2013 Bonds it represents and shall be non-negotiable, without interest coupons, registered as to principal and interest, and payable as directed by the payee, and be in substantially the form hereinafter set forth.

The District hereby directs that books for the registration and for the transfer of each Fully Registered Bond shall be kept by the Secretary-Treasurer, who is hereby appointed as Bond Registrar in connection with each 2013 Bond. Each Fully Registered Bond shall be transferable only upon said Bond Registrar's books at the request of the registered holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered holder or his duly authorized attorney. Upon such transfer of a Fully Registered Bond, the Bond Registrar shall complete (with the name of the transferee), date and execute the registration schedule appearing on such Fully Registered Bond and deliver such Fully Registered Bond to such transferee. The person in whose name a Fully Registered Bond shall be properly registered

shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal thereof or interest thereon shall be made only to or upon the order of the registered holder thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon a Fully Registered Bond to the extent of the sum or sums so paid. The face amount of each Fully Registered Bond, portions of which mature on different dates, will be reduced upon the payment of each maturity for such series, and the Secretary-Treasurer shall keep appropriate records of all payments (both principal and interest) with respect to each Fully Registered Bond.

The Fully Registered Bond for each series of Series 2013 Bonds shall be in substantially the following form (with appropriate insertions and modifications):

(FORM OF EACH FULLY REGISTERED SERIES 2013 BOND)

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
EDMONSON COUNTY WATER DISTRICT  
WATER SYSTEM REVENUE BOND, SERIES 2013\_\_\_

No. R-1 \$ \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS:

That Edmonson County Water District (the "District"), acting by and through its Commission, a public body corporate created and existing pursuant to Chapter 74 of the Kentucky Revised Statutes and situated in Edmonson, Warren, Grayson and Hart Counties, Kentucky, for value received, hereby promises to pay to the registered holder hereof, as hereinafter provided, solely from the special 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>
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(Here the printer will print the principal maturities of the 2013A Bonds or the 2013B Bonds.)

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of \_\_\_\_\_% per annum, semiannually on the first days of January and July in each year hereafter 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 to the registered holder hereof at the address shown on the registration books of the District or, so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, at the office or address as may be designated by said Department of Agriculture from time to time.

This Bond is the Bond in fully registered form representing a total authorized series of Bonds in the aggregate principal amount of \$ \_\_\_\_\_ issued by the District pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including KRS Chapters 74 and 106, and pursuant to a duly adopted Resolution of the District, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the construction and installation of major improvements and additions to the District's municipal water distribution system (the "System"), together with appurtenant facilities, and incidental expenses.

This Bond and the series which it represents, together with such additional bonds and obligations ranking on a parity therewith as have heretofore been issued and are outstanding and as may hereafter be issued and outstanding from time to time in accordance with the conditions and restrictions set forth in the Resolution authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the series of which it forms a part, and any outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Waterworks Bond and Interest Sinking Fund of 1969." This Bond and the series it represents rank on a basis of parity and equality with certain identically styled bonds designated Series 2013\_\_ and issued simultaneously herein pursuant to the Bond-authorizing Resolution.

A statutory mortgage lien upon the System and appurtenant facilities, together with all future additions and improvements thereto, and extensions thereof, is created by Section 106.080 of the Kentucky Revised Statutes and by the aforesaid Resolution for the benefit and protection of the holder of this Bond, and the same shall remain in effect until payment in full of the principal of and interest on this Bond.

This Bond does not in any manner constitute an indebtedness of the District within the meaning of the Statutes and Constitution of Kentucky, and the District is not and shall not be obligated to pay this Bond or the interest hereon except from said special fund. The District, acting by and through its Commission, covenants that it will fix, and if necessary adjust from time to time, such rates and charges for use of the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient to pay promptly the interest on and principal of this series of Bonds and all other bonds and obligations ranking on a parity therewith that may be outstanding from time to time, as well as to pay the costs of operation and maintenance of the System.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Secretary-Treasurer of the District, as the Bond Registrar, with a written transfer duly acknowledged by the registered holder or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books 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, 2023, in the 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 multiples of Five Hundred Dollars (\$500) 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 holder of this Bond at least thirty (30) days before the date fixed for prepayment. Provided, however, that so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, this Bond may be prepaid at any time in whole or in part, at par or face value and without notice or prepayment premium.

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 provisions of this Bond or with the provisions of the resolution authorizing the issuance of this Bond, the registered holder may, at his option, institute proceedings to enforce all rights and remedies provided by law or by said resolution.

This Bond is exempt from *ad valorem* taxation in the Commonwealth of Kentucky.

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, being the total authorized amount of Bonds of the series of which this Bond is a part, 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, the Edmonson County Water District, in the Commonwealth of Kentucky, by its Commission, has caused this Bond to be executed by the Chairman of its Commission, attested by the Secretary-Treasurer, and its corporate seal to be hereunto affixed, on the date of this Bond, which is \_\_\_\_\_.

EDMONSON COUNTY WATER  
DISTRICT

By: \_\_\_\_\_  
Chairman of the Commission

Attest:

\_\_\_\_\_  
Secretary-Treasurer

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the books of the Edmonson County Water District kept for that purpose by its Secretary-Treasurer, as Bond Registrar, upon presentation hereof to the

Secretary-Treasurer, 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 holder or his attorney, such transfer to be made on said books and endorsed hereon.

(FORM OF REGISTRATION)

<u>Date of Registration</u>	<u>Name of Registered Holder</u>	<u>Signature of the District's Bond Registrar</u>
	United States of America Department of Agriculture State Office 771 Corporate Dr., Suite 200 Lexington, Kentucky 40503*	

\*(To be inserted if USDA purchases the Series 2013 Bonds)

SECTION 6  
DISPOSITION OF BOND PROCEEDS; CONSTRUCTION FUND

The Secretary-Treasurer of the District shall be the custodian of all funds belonging to and associated with the System, as expanded and improved from time to time, and such funds shall be deposited in a bank or banks in Kentucky as the Commission of the District may from time to time designate (hereinafter sometimes referred to, singularly and collectively, as the "Depository Bank"). All such moneys of the District deposited in the Depository Bank in excess of the amount insured by the Federal Deposit Insurance Corporation ("FDIC") shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The Secretary-Treasurer shall execute a fidelity bond in an amount and with a surety company approved by USDA so long as it is the holder of any of the Series 2013 Bonds; and USDA and the District shall be named co-obligees in such surety bond, and the amount thereof shall not be reduced without the written consent of USDA. The proceeds of the Series 2013 Bonds shall be applied as follows:

Upon the issuance and delivery of the Series 2013 Bonds authorized by this Resolution, the entire proceeds thereof shall be deposited in an account designated "Edmonson County Water District 2013 Construction Fund" (the "Construction Fund"), hereby created. Said 2013 Bond proceeds shall constitute a part of the Construction Fund and shall be applied, to the extent necessary, in paying the costs incident to constructing, installing and acquiring the Project, including expenses incurred in the issuance of the Series 2013 Bonds and paying any interim financing obligations (both principal and interest) incurred in connection with the Project; provided, however, any 2013 Bond proceeds so used to pay such interim financing obligations

may be disbursed directly to the appropriate lending institution(s) without the requirement of being deposited to the Construction Fund.

A sum in the Construction Fund estimated to be equal to interest which will accrue on the Series 2013 Bonds (following delivery thereof) during construction and development of the System shall be earmarked, used and applied to the payment of interest on the Series 2013 Bonds next becoming due.

Disbursements from the Construction Fund shall be made by checks signed by the District Secretary-Treasurer, and such disbursements shall be authorized and approved in writing by the District Chairman and Secretary-Treasurer and, if USDA is the purchaser of the Series 2013 Bonds, by USDA (if USDA so requires). Reference is made in this connection to the provisions of the separate interim financing Resolution adopted concurrently herewith.

Pending disbursement, the 2013 Bond proceeds shall be deposited, as aforesaid, in the Construction Fund, and to the extent that such deposit causes the aggregate deposits by the District in the Depository Bank to be in excess of the amount insured by FDIC, the same shall be secured by a surety bond or bonds furnished by a surety company or companies qualified to do business in Kentucky and approved by the Commission of the District, or by a valid pledge of direct obligations of the United States Government, or obligations as to which the payment of principal and interest are guaranteed by the United States Government, having a market value at least equivalent to such deposit.

Where the moneys on deposit in the Construction Fund exceed the estimated disbursements on account of the System for the next sixty (60) days, the District shall direct the Depository Bank to invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature not later than six (6) months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such investments shall be deposited in the Construction Fund by the District, unless otherwise authorized by USDA.

In the event any unexpected balance shall remain in the Construction Fund after completion of the Project, and payment of all of the costs thereof, as certified by the Engineers, such unexpended balance, subject to the terms and conditions of the aforesaid USDA loan, and to USDA approval, shall be transferred and deposited in the Bond Fund hereinafter defined, and shall be used at the earliest practicable date for the retirement of the Series 2013 Bonds by purchase thereof (or principal prepayment) in inverse order of maturities or established annual payment amounts, and in proportion to the principal amount of the series (insofar as practicable).

In the event that the amount hereinabove provided to be set aside from 2013 Bond proceeds for payment for interest during the construction and development of the System should prove to be insufficient for such purpose, additional moneys may, upon approval by USDA, be withdrawn from the Construction Fund and so applied, inasmuch as interest during such period is a proper part of the cost of the System, to the extent authorized by USDA.

Pending disbursements for the authorized purposes, the proceeds of all Series 2013 Bonds at any time issued pursuant to this Resolution shall be subject to a first and paramount lien

and charge in favor of the holders of Series 2013 Bonds issued and outstanding hereunder and for their further security.

SECTION 7  
OPERATION OF SYSTEM; FLOW OF FUNDS;  
ACCUMULATION OF REVENUES

Operation and Revenues of System; Funds and Accounts. From and after issuance and delivery of the Series 2013 Bonds, and so long as any of the Series 2013 Bonds or parity bonds remain outstanding and unpaid, the System shall continue to be operated on a fiscal year basis beginning each January 1 and ending on the last day of the next December, as at present, and on that basis the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created by the 1969 Resolution designated and identified as the District's "Waterworks Revenue Fund" (the "Revenue Fund"), which shall continue to be maintained by the District, and into which shall be deposited all income and revenues of the System (to the extent not otherwise provided to be deposited hereinafter). The moneys in the Revenue Fund from time to time shall be used and disbursed and applied by the District, as permitted by applicable statutes, as follows:

(a) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was created in and by the 1969 Resolution and designated and identified as the "Waterworks Bond and Interest Sinking Fund of 1969" (the "Bond Fund"), which shall continue to be maintained so long as any of the Prior Obligations, Series 2013 Bonds or parity bonds herein permitted to be issued are outstanding; and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the Prior Obligations, Series 2013 Bonds and any parity bonds hereafter issued and outstanding pursuant to the provisions of this Resolution.

There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Bond Fund sums sufficient to pay when due the principal and interest requirements on the Prior Obligations, Series 2013 Bonds and any parity bonds. Specifically, there shall be paid into the Bond Fund on or before the 20th day of each month, on account of the Prior Obligations and Series 2013 Bonds, not less than the following:

- (i) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-sixth (1/6) of the next succeeding interest installment to become due on all Prior Obligations and Series 2013 Bonds then outstanding; and

- (ii) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-twelfth (1/12) of the principal of all Prior Obligations and Series 2013 Bonds maturing on the next succeeding January 1.

In the event additional parity bonds are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, the monthly deposits to the Bond Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Bond Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Bond Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need be made into the Bond Fund if and when the amount held therein and in the Debt Service Reserve Fund hereinafter created is at least equal to the amount required to retire all outstanding Prior Obligations, Series 2013 Bonds and parity bonds and paying all interest that will accrue thereon.

(b) A separate and special fund or account of the District, distinct and apart from all other funds and accounts, is hereby created and designated and identified as the "Water System Revenue Bond Debt Service Reserve Fund" (the "Debt Service Reserve Fund"), which shall be maintained so long as there are outstanding any parity bonds or obligations herein permitted to be issued on a parity with the Prior Obligations and Series 2013 Bonds, except those parity bonds the original purchaser or purchasers of which have waived the benefit of, and any claim to, the Debt Service Reserve Fund. Parity bonds which may be issued and outstanding from time to time as hereinafter permitted and with respect to which the original purchaser or purchasers have not waived the benefit of and claim to the Debt Service Reserve Fund are hereafter referred to as "qualified parity bonds." The purchasers of the Prior Obligations, by their acceptance of the Prior Obligations, have been, and the purchaser of the Series 2013 Bonds shall be, deemed to have elected, for themselves and on behalf of all subsequent holders of the Prior Obligations, and all subsequent holders of the Series 2013 Bonds, to waive the benefit of and any claim to the Debt Service Reserve Fund.

All moneys deposited in the Debt Service Reserve Fund from time to time shall be held and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the outstanding qualified parity bonds, if any, if and to the extent insufficient funds are available therefor in the Bond Fund. Whenever the amount in the Debt Service Reserve Fund is less than the Reserve Amount, hereinafter defined, the amount necessary to restore the balance in the Debt Service Reserve Fund to the Reserve Amount shall be paid into the Debt Service Reserve Fund in thirty-six (36) equal monthly installments, each payable on the twentieth (20th) day of the month (except that when the twentieth (20th) day of any month shall be a Sunday or a legal holiday, then such payment shall be made on the next succeeding business day) from the Revenue Fund, after making the deposits set out in subsection (b) above, until the Reserve Amount is on deposit in the Debt Service Reserve Fund. The term "Reserve Amount" as used herein means an amount of money equal to the lesser of (i) the maximum principal and interest requirement on the outstanding qualified parity bonds in any year ending January 1, (ii)

and amount equal to 125% of the average annual debt service on the outstanding qualified parity bonds in any year ending January 1, and (iii) an amount equal to 10% of the proceeds of all such qualified parity bonds within the meaning of Section 148(d) of the United States Internal Revenue Code of 1986, as amended.

Any amount in the Debt Service Reserve Fund in excess of the Reserve Amount shall be transferred to the Bond Fund and applied as credit against payments into the Bond Fund from the Revenue Fund on a monthly basis as described in the foregoing subsection (a).

(c) All moneys held in the Revenue Fund, the Bond Fund and the Debt Service Reserve Fund shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation ("FDIC"), and all such deposits which cause the aggregate deposits of the District in any one bank to be in excess of the amount insured by FDIC shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Revenue Fund and the Bond Fund may, and the Debt Service Reserve Fund shall, be invested in Investment Obligations, as hereinafter defined, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the Fund which supplied the funds for such investments, and the income from such investments shall be credited to the Bond Fund; provided, however, if the amount in the Debt Service Reserve Fund is less than the Reserve Amount, income from investments in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund until the Reserve Amount is accumulated therein. Investment Obligations in the Debt Service Reserve Fund shall be valued at cost.

Investment income accruing to the Bond Fund shall be credited against payments into the Bond Fund from the Revenue Fund on a monthly basis as set out in the foregoing subsection (b) hereof.

As used herein, the term "Investment Obligations" shall mean any of the following, if and to the extent the following are legal investments for the moneys held in the funds and accounts established pursuant to this Resolution: (i) general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, and any certificate or other evidence of an ownership interest in any such securities or in specified portions thereof consisting of the principal thereof or the interest thereon or any combination thereof; (ii) obligations of any agency or instrumentality of the United States of America the payment of principal of and interest on which is backed by the full faith and credit of the United States of America; (iii) savings accounts, interest-bearing time deposits or certificates of deposit in any national bank or bank chartered in Kentucky authorized to engage in the banking business the deposits of which shall be insured by the FDIC and having a combined capital and surplus aggregating not less than Two Million Dollars (\$2,000,000); provided, however, that each such deposit shall be continuously secured (to the extent not insured by FDIC) by lodging with a separate bank or trust company approved by the District, as custodian, collateral security in the form of obligations described in (i) or (ii) above having a market value (exclusive of accrued interest) at all times not less than the amount of such deposit (to the extent not insured by FDIC), which collateral security shall be valued by the District at least annually and must be unencumbered and not otherwise pledged and shall be subject to a

perfected first lien for the benefit of the District; (iv) repurchase agreements with banks described in (iii) above, continuously secured as provided in (iii) above; (v) money market funds composed of securities described in (i) and (ii) above and rated AAA (or the equivalent thereof) by Standard and Poor's Ratings Service or Moody's Investors Service, Inc., provided that any such investment in money market funds shall not exceed six (6) months in duration; and (vi) bonds, notes or certificates of indebtedness of the Commonwealth of Kentucky and its agencies and instrumentalities.

(d) A separate and special fund or account of the District was created by the 1969 Resolution designated and identified as the District's "Depreciation Fund" (the "Depreciation Fund"). After observing the priority of deposits set forth in (a) through (c) above, which are cumulative, there shall be set apart and paid into the Depreciation Fund each month from the remaining funds in the Revenue Fund at least the following monthly deposits with respect to the indicated series of bonds, in the case of each series to continue so long as any bonds of such series remain outstanding or until the indicated minimum balance for such series is reached:

<u>Series</u>	<u>Monthly Deposit</u>	<u>Minimum Balance</u>
1994A	\$940	\$112,800
1994B	150	18,000
1994C	425	51,000
1997	280	33,600
2001	1,610	None
2003	205	24,600
2004	1,495	292,200
2007A	555	66,600
2007B	225	26,400
2009	690	82,800
2010A	200	24,000
2010B	245	29,400
2013A and 2013B	230	27,600

provided that for the above purpose the aggregate balance in the Depreciation Fund from time to time shall be allocated to the respective series of bonds outstanding (or bonds issued to refund any such series) in the order (earliest first) set out above.

In addition to the above deposits from the Revenue Fund, there shall also be deposited in the Depreciation Fund, as received, the proceeds of all property damage insurance (except public liability) maintained in connection with the System, and the cash proceeds of any surplus, worn-out or obsolescent properties of the System, if the same be sold upon order of the Commission. Any fees which may be levied and collected by the Commission of the District for the privilege of connecting to the System (excluding initial deposits received in aid of a particular project) shall be paid, as received, into the Depreciation Fund.

The Depreciation Fund shall be available and may be withdrawn and used by the District, upon appropriate certification as to the authorization for such withdrawal, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals or replacements, not

included in the Annual Budget of Current Expenses (as defined in Section 8 hereof), and the cost of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide a higher degree of service. The Depreciation Fund shall also be available for transfer to the Bond Fund in order to avoid default in connection with any bonds payable from the Bond Fund or to redeem or purchase Prior Obligations, Series 2013 Bonds or parity bonds in advance of maturity.

At any time when the accumulations in the Depreciation Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Commission in Investment Obligations (as described in subsection (c) of this Section 7) maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than five (5) years after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Depreciation Fund shall be carried to the credit of the Depreciation Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

The District shall also make monthly deposits of \$2,000 into a special segregated subaccount within the Depreciation Fund to fund costs of short-lived water system assets, as required by USDA.

(e) A separate and special fund or account of the District was created by the 1969 Resolution designated the District's "Operation and Maintenance Fund" (the "Operation and Maintenance Fund"), which shall continue to be maintained for the benefit of the System and all bonds payable from the income and revenues of the System. The District covenants that it will transfer monthly from the moneys in the Revenue Fund, after making the transfers required by (a) through (d) above, to the Operation and Maintenance Fund sums sufficient to pay as they accrue the Current Expenses of operating and maintaining the System pursuant to the Annual Budget, for which provision is hereafter made, and to accrue an operation and maintenance reserve not in excess of anticipated requirements for a two-month period pursuant to the Annual Budget.

At any time when the accumulations in the Operation and Maintenance Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Commission in Investment Obligations (as described in subsection (c) of this Section 7) maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than ninety (90) days after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Operation and Maintenance Fund shall be carried to the credit of the Operation and Maintenance Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(f) Subject to the provisions of subsections (a) through (f) above, which are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred within sixty (60) days after the end of each fiscal year the balance of excess funds in the Revenue Fund on such date to the Depreciation Fund.

\* \* \*

All payments into the above special 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 Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All moneys held in any of the above special funds shall be kept apart from all other District funds and shall be deposited in a bank or banks selected by the District from time to time (in each case, a "Depository Bank"), and all such deposits which cause the aggregate of all deposits of the District in any Depository Bank 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 pledge of direct obligations or by guaranteed bonds or securities of the United States Government having a market value at least equivalent to such excess deposit.

#### SECTION 8 COVENANTS TO BONDHOLDERS

The District hereby irrevocably covenants and agrees with the holder or holders of any and all Series 2013 Bonds and parity bonds at any time issued and outstanding pursuant to authority of this Resolution that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(a) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky, and by the terms and provisions of this Resolution.

(b) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(c) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(d) The District covenants and agrees that, so long as any of the Series 2013 Bonds are outstanding, it will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Resolution and the Prior Resolutions, it will not create or permit to be created any charge or lien on the revenues thereof ranking equal or before the charge or lien of the Series 2013 Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (A) redemption of outstanding Series 2013 Bonds or parity bonds in accordance with the provisions governing prepayment of bonds in advance of maturity, or (B) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinbefore provided;

(iii) it certifies, before any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(iv) notwithstanding all of the foregoing, no such sale, abandonment or transfer of System facilities shall be made so long as USDA owns any of the Series 2013 Bonds herein authorized, without the written consent and approval of USDA.

(e) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of funds as herein provided; and such rates and charges shall be adequate to meet all such requirements as provided in this Resolution, and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the date of issuance of the Series 2013 Bonds, the District will adopt a Budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any Series 2013 Bonds are outstanding, it will adopt an Annual Budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such Budget, and of any amendments thereto, in the office of the Secretary-Treasurer of the District, and furnish copies thereof to the holder of any Bond upon request. The term "Current Expenses," as herein used, includes all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System, but shall exclude any allowance for depreciation, payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance, and payments into the Bond Fund. The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution duly adopted by the Commission of the District determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the District agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that said cash income and revenues are insufficient to provide for all payments required to be made into the Bond Fund during such ensuing fiscal year, and to make the monthly payments specified by subsection (a) of Section 7 of this Resolution, and to pay Current

Expenses, the District covenants and agrees that it will revise its rates and charges for services rendered by the System, so that the same will be adequate to meet all of such requirements.

(f) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a consulting engineer of national reputation that the proposed reduction will not adversely affect the ability of the District to meet all the requirements set forth in this Resolution.

(g) It will at all times segregate the revenues of the System from all other revenues, moneys, and funds of the District, and will promptly and regularly make application and distribution thereof into the special funds provided in this Resolution, in the amount and with due regard for the priorities herein attributed thereto.

(h) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries of all transactions relating to the System, and the same shall be available and open to inspection by any 2013 Bondholder, and any agent or representative of a 2013 Bondholder.

(i) It will, within ninety (90) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed certified public accountant not in the employ of the District on a monthly salary basis, showing all receipts and disbursements, and reflecting in reasonable detail the financing condition and records of the System, including the status of the several funds hereinbefore created, the status of the insurance and fidelity bonding, the number and type of connections, and the current rates and charges, with comments of the auditor concerning whether the books and records are being kept in compliance with this Resolution and in accordance with recognized accounting practices, and will promptly cause a copy of the audit report to be filed in the office of the Secretary-Treasurer where it will be available for public inspection, and will promptly mail a copy thereof to the original purchaser of Series 2013 Bonds issued hereunder. If requested to do so, the District will furnish to any 2013 Bondholder a condensed form of the balance sheet, and a condensed form of the operating report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided. Provided, so long as USDA holds any of the Series 2013 Bonds herein authorized, the District shall furnish operating and other financial statements in such form and substance and for such periods as may be requested by USDA.

(j) Any holder of Bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by the District and its officers and agents of all duties imposed or required by law or this Resolution in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(k) If there be any default in the payment of the principal of or interest on any of the Series 2013 Bonds, then upon the filing of suit by any holder of the Series 2013 Bonds any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District, with power to charge and collect rates sufficient to provide for the payment of any

bonds or obligations outstanding against the System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Resolution and the provisions of said statute laws of Kentucky aforesaid.

(l) The District will cause each municipal officer or other person (other than Depository Banks) having custody of any moneys administered under the provisions of this Resolution to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time, each such bond to have surety given by a surety corporation qualified to do business in Kentucky and approved by the Commission; and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(m) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in a special Fund. Such insurance 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.

(n) The District will procure and at all times maintain public liability insurance relating to the operation of the System, with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District 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 District's operation of the System.

(o) The District will carry suitable worker's compensation insurance in accordance with law.

(p) If the District owns or operates a vehicle in the operation of the System, the District will procure and at all times maintain vehicular public liability insurance with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District 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 District's operation of vehicles. Provided, notwithstanding (m), (n), (o) and (p) above, that so long as USDA holds any Series 2013 Bonds, the District will procure and maintain insurance of such types and amounts as USDA may specify, which shall not be less than the amounts specified in this Section 8 so long as the Series 2013 Bonds are outstanding.

(q) So long as USDA is the holder of any bonds of the District, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of such bonds held by USDA without immediately prepaying all of such bonds held by USDA.

## SECTION 9

### PARITY BONDS PERMITTED; TERMS

The Series 2013 Bonds and outstanding parity bonds, together with any additional parity bonds issued under the restrictions and conditions hereinafter set forth, 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 such bonds, regardless of the fact that they may be actually issued and delivered at different times.

The District hereby reserves the right and privilege of issuing additional bonds and obligations from time to time payable from the income and revenues of the System ranking on a parity with the Series 2013 Bonds and any outstanding parity bonds (herein sometimes referred to as "additional parity bonds") in order to pay the costs of extensions, additions and improvements to the System, provided that (a) the written consent of the holders of all Series 2013 Bonds and any outstanding parity bonds is obtained or (b) either of the conditions set forth in (i) or (ii) below is met:

(i) The net income and revenues of the System for the fiscal year preceding the year in which such additional parity bonds are to be issued were at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to all Series 2013 Bonds and parity bonds which are then outstanding and the additional parity bonds then proposed to be issued. The term "net income and revenues" as herein used is defined as gross income and revenues of the System (including all payments to the Revenue Fund and interest earnings accruing to the Bond Fund, the Depreciation Fund and the Operation and Maintenance Fund) less the sum of Current Expenses as defined in Section 8(e) hereof. Such showing of net income and revenues for such preceding fiscal year may be represented by the report of the auditors.

(ii) A statement is filed with the Secretary of the District by (a) an independent certified public accountant or firm of certified public accountants not in the regular employ of the District on a monthly salary basis or (b) an independent professional engineer or firm or firms of professional engineers not in the employ of the District on a monthly salary basis and of recognized expertise and good reputation in the field of water engineering and licensed in Kentucky, reciting the opinion based upon necessary investigation that the net income and revenues of the System as defined in (i) above for twelve (12) consecutive months out of the eighteen (18) months preceding the issuance of said additional parity bonds (with adjustments as hereinafter provided) were equal to at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1 with respect to the Series 2013 Bonds and any parity bonds then outstanding and the proposed additional parity bonds. The net income and revenues may be adjusted for the purpose of the foregoing computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds, and also to reflect any increase in such net income and revenues by reason of the extensions, additions and improvements to the System the cost of which (in whole or in part) is to be paid through the issuance of such additional parity bonds; but such latter adjustments shall only be made if contracts for the immediate construction or acquisition of such

extensions, additions and improvements have been or will be entered into prior to the issuance of such additional parity bonds. All such adjustments to reflect any revision of rates and charges or an increase in net income and revenues by reason of extensions, additions and improvements to the System as aforesaid shall be based upon written certification by (a) an independent professional engineer or firm of professional engineers not in the employ of the District on a monthly salary basis and of recognized expertise and good reputation in the field of water engineering and licensed in Kentucky or (b) an independent certified public accountant or firm of certified public accountants not in the employ of the District on a monthly salary basis.

The District hereby further reserves the right and privilege of issuing additional parity bonds for the purpose of refunding the Series 2013 Bonds and any parity bonds, or any portion thereof, as may be outstanding, provided that before any additional parity bonds are issued for such purpose, there shall have been procured and filed with the Secretary of the District either (a) the written consent of the holders of all Series 2013 Bonds and any outstanding parity bonds (other than the bonds being refunded) to such issuance or (b) a statement by an independent certified public accountant or firm of independent certified public accountants reciting the opinion based upon necessary investigation that after the issuance of such additional parity bonds, the net income and revenues, as adjusted and defined above, of the System for the fiscal year preceding the date of issuance of such additional parity bonds, after taking into account the revised maximum annual debt service resulting from the issuance of such additional parity bonds and from the elimination of the bonds being refunded thereby, are equal to not less than 120% of the maximum annual debt service requirement for any year ending January 1 with respect to the Series 2013 Bonds and any parity bonds then outstanding and the proposed additional parity bonds and calculated in the manner specified above.

The original purchaser or purchasers of a series of additional parity bonds may waive the benefit of and any claim to the Debt Service Reserve Fund, in which event such bonds shall not be secured by or payable from the Debt Service Reserve Fund; and the District may make it a condition to the original sale of any series of additional parity bonds that the purchaser or purchasers thereof, by offering to purchase or by purchasing the same, has agreed to such waiver.

The interest payment dates for all such additional parity bonds shall be semiannually on January 1 and July 1 of each year, and the principal maturities thereof shall be on January 1 of the year in which any such principal is scheduled to become due.

The additional parity bonds, the issuance of which is restricted and conditioned by this Section 9, shall be understood to mean bonds and obligations payable from the income and revenues of the System on a parity with the Series 2013 Bonds and outstanding parity bonds, and shall not be deemed to include or prohibit the issuance of other obligations the security and source of payment of which is subordinate and subject to the priority of the payments into the Bond Fund and the Debt Service Reserve Fund for account of the Series 2013 Bonds and any parity bonds.

SECTION 10  
PROVISIONS OF RESOLUTION CONSTITUTE CONTRACT

The provisions of this Resolution shall constitute a contract between the District and the holders of the Series 2013 Bonds herein authorized and any parity bonds herein permitted to be issued, and after the issuance of any of the Series 2013 Bonds, no change, variation or alteration of any kind of the provisions of this Resolution shall be made in any manner without the written consent of the holder or holders of the Series 2013 Bonds, except as herein provided, until such time as all of the Series 2013 Bonds and parity bonds issued hereunder, and the interest thereon, have been paid in full.

SECTION 11  
STATUTORY MORTGAGE LIEN ACKNOWLEDGED

A statutory mortgage lien upon the System, together with all appurtenances and additions thereto and extensions thereof, and including the revenues thereof, is granted and created by Section 106.080 of the Kentucky Revised Statutes for the benefit and protection of the holders of the Prior Obligations and Series 2013 Bonds issued and parity bonds permitted to be issued under authority of this Resolution, and of the interest payable thereon; and said statutory mortgage lien is hereby recognized and shall be effective upon delivery of any of the Series 2013 Bonds and shall continue in full force and effect so long as there shall remain unpaid any part of the principal of or interest on the Series 2013 Bonds and any parity bonds.

SECTION 12  
TAX COVENANTS AND REPRESENTATIONS

(a) The District certifies, covenants and agrees that the Project will be constructed expeditiously and the expenditure of the portion of the proceeds of the Series 2013 Bonds deposited in the Construction Fund for the payment of the costs of the Project will be made promptly in order that the Project will be completed and in operation at the earliest possible date. The District further certifies and covenants with the holders of the Series 2013 Bonds that so long as any of the Series 2013 Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Series 2013 Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2013 Bonds or from any other sources, will not be invested or used in a manner which will cause the Series 2013 Bonds to be "arbitrage bonds" within the meaning of Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any lawful regulations promulgated or proposed thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Chairman and/or Secretary-Treasurer as the officers of the District charged with the responsibility for issuing the Series 2013 Bonds, are authorized and directed, for and on behalf of the District, to execute all papers, documents, certificates and other instruments that may be required for evidencing compliance with federal "arbitrage bond" regulations, and any representations and certifications contained in such papers, documents, certificates and other instruments so executed shall be deemed to constitute representations and certifications of the District.

(b) The District further represents, warrants, agrees and covenants as follows:

(i) Within the meaning of Section 141 of the Code and the Income Tax Regulations issued thereunder, over the terms of the Series 2013 Bonds (A) less than 10% of the proceeds of the Series 2013 Bonds, if any, will be applied for any private business use, and the payment of principal of or interest on less than 10% of the amount of the Series 2013 Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived directly or indirectly from payments (whether or not to the District) in respect of such property; (B) at least 90% of the proceeds of the Series 2013 Bonds will be applied for a governmental use of the District; (C) any private business use of the Project will be related to such governmental use of the District and will not be unrelated or disproportionate; and (D) none of the proceeds of the Series 2013 Bonds will be used, directly or indirectly, to make or finance loans to private persons. It is reasonably expected that over the term of the Series 2013 Bonds (a) the Project will be available for general public use, in that it will be reasonably available for use by natural persons not engaged in a trade or business on the same basis as any other person or entity, (b) no nongovernmental person will have any special legal entitlement to use the Project, and (c) there will be no direct or indirect payments made with respect to the Project or the security of the Series 2013 Bonds by any persons or entities other than payments by the general public as described in clause (a) above.

(ii) Within the meaning of Section 148(f)(4)(B), it is reasonably expected at least 75% of the net proceeds (including investment proceeds) of the Series 2013 Bonds will be used for construction expenditures with respect to property which is owned by a governmental unit, at least 10% of such proceeds will be spent for the governmental purposes of the issue within six (6) months from the date the Series 2013 Bonds are issued, at least 45% of such proceeds will be spent for such purposes within one year from such date, at least 75% of such proceeds will be spent for such purposes within eighteen (18) months from such date, and at least 100% of such proceeds will be spent within two years from such date. It is also reasonably expected at least 50% of all proceeds (including investment proceeds) of the Series 2013 Bonds will be used for expenditures on the Project within six (6) months, at least 60% will be so used within twelve (12) months and 100% will be so used within eighteen (18) months from the date of issuance of the Series 2013 Bonds. If for any reason the arbitrage rebate requirements of Section 148(f) of the Code should be deemed to apply to the Series 2013 Bonds, the District will take all action necessary to comply therewith.

(iii) It is reasonably expected that during the term of the Series 2013 Bonds the Project will not be disposed of, provided, however, should there be any disposition of any personal property constituting a part of the Project because it is no longer suitable for its governmental purpose, it is reasonably expected that the fair market value of such personal property will not exceed 25% of its cost.

(iv) The weighted average maturity of the Series 2013 Bonds does not exceed 120% of the weighted average useful life of the facilities comprising the Project.

(v) The District has not heretofore expended any sums on the Project which are to be reimbursed from the proceeds of the Series 2013 Bonds, other than (A) certain

preliminary expenditures such as engineering and planning costs not exceeding 20% of the 2013 Bond proceeds, (B) expenditures made within sixty (60) days before the date of adoption of this Resolution, and (C) expenditures before which the District had adopted an official intent resolution regarding reimbursement from tax-exempt bond proceeds.

(vi) The Series 2013 Bonds are not federally guaranteed within the meaning of Section 149(b) of the Code.

(vii) The District will comply with the information reporting requirements of Section 149(e) of the Code.

(viii) The District will not use or permit the use of any of the funds provided by the Series 2013 Bonds in such manner as to, or take or omit to take any action which would, impair the exclusion from gross income for federal income tax purposes of interest on the Series 2013 Bonds. The District shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the District on the Series 2013 Bonds shall, for the purposes of federal income taxation, be excludable from gross income.

(c) This Resolution is intended to and does constitute, in part, a declaration of official intent under applicable Income Tax Regulations.

#### SECTION 13 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.

#### SECTION 14 REPEAL OF INCONSISTENT PROVISIONS

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

#### SECTION 15 WHEN RESOLUTION EFFECTIVE

This Resolution shall be in full force and effect from and after its adoption, approval and attestation as provided by law.

(Signature page to follow)

ADOPTED BY THE COMMISSION OF THE EDMONSON COUNTY WATER DISTRICT, at a meeting held on July 23, 2014, on the same occasion signed by the Chairman, attested by the Secretary-Treasurer, and declared to be in full force and effect.

[District Seal]

  
\_\_\_\_\_  
Jimmy Mills  
Chairman

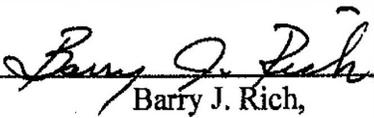
Attest:

  
\_\_\_\_\_  
Barry J. Rich,  
Secretary-Treasurer

CERTIFICATION

The undersigned, Secretary-Treasurer of the Commission of Edmonson County Water District, hereby certifies that the foregoing is a true, complete and correct copy of a Resolution adopted by the Commission of the District at a properly convened meeting of the Commission of the District held on July 23, 2014, signed by the Chairman and attested by me as Secretary-Treasurer, as shown by the official records in my custody and under my control.

WITNESS my hand this February 12, 2015.

  
\_\_\_\_\_  
Barry J. Rich,  
Secretary-Treasurer

5/42

A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE ACQUISITION, CONSTRUCTION, INSTALLATION, AND EQUIPPING OF IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S WATER SYSTEM REVENUE BONDS, SERIES 2019, TO PAY A PORTION OF THE COSTS THEREOF; CONFIRMING, RATIFYING, AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION, AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE SYSTEM; CONFIRMING, RATIFYING, AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS AND OBLIGATIONS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE SERIES 2019 BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS AND OBLIGATIONS THEN OUTSTANDING; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE SERIES 2019 BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE SERIES 2019 BONDS HEREIN AUTHORIZED.

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Adopted November 12, 2019

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A RESOLUTION OF THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT PROVIDING FOR THE ACQUISITION, CONSTRUCTION, INSTALLATION, AND EQUIPPING OF IMPROVEMENTS AND ADDITIONS TO THE DISTRICT'S MUNICIPAL WATER DISTRIBUTION SYSTEM; AUTHORIZING THE ISSUANCE OF THE DISTRICT'S WATER SYSTEM REVENUE BONDS, SERIES 2019, TO PAY A PORTION OF THE COSTS THEREOF; CONFIRMING, RATIFYING, AND CONTINUING PRE-EXISTING PROVISIONS HERETOFORE ADOPTED BY THE DISTRICT RELATING TO THE COLLECTION, SEGREGATION, DISTRIBUTION, AND DISBURSEMENT OF THE INCOME AND REVENUES OF THE SYSTEM; CONFIRMING, RATIFYING, AND CONTINUING CONDITIONS AND RESTRICTIONS UNDER WHICH ADDITIONAL BONDS AND OBLIGATIONS MAY BE ISSUED IN THE FUTURE, PAYABLE FROM THE INCOME AND REVENUES OF THE SYSTEM AND RANKING ON A BASIS OF PARITY WITH THE SERIES 2019 BONDS HEREIN AUTHORIZED AND OTHER PARITY BONDS AND OBLIGATIONS THEN OUTSTANDING; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE SERIES 2019 BONDS HEREIN AUTHORIZED AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE SERIES 2019 BONDS HEREIN AUTHORIZED.

#### RECITALS

WHEREAS, all capitalized terms used in these Recitals shall have the meanings set forth in EXHIBIT A attached hereto; and

WHEREAS, upon petition and hearing, and upon proper public notice according to the provisions of KRS Chapter 74, an order was duly entered by the County Court of Edmonson County, Kentucky, on March 10, 1967, determining necessity for and creating and establishing the Edmonson County Water District, defining the geographical area thereof, the same thereupon constituting and being a public body corporate with all powers and authority as provided in KRS Chapter 74; and

WHEREAS, the District is at this time a de jure water district situated in Edmonson County, Kentucky, with extensions into Warren, Grayson, Butler and Hart Counties; and

WHEREAS, since 1969 the District has owned and operated a municipal water distribution system to serve the area within the District, and in this connection the District has previously issued and there are presently outstanding the following bonds and obligations payable from and secured by a first pledge of the revenues of the System, on a parity one with another:

- (i) The Series 2001A Bonds, which are currently outstanding in an aggregate principal amount of \$2,755,500, such Series 2001A Bonds having been

authorized, sold, issued, and administered by the District pursuant to the Series 2001 Bond Resolution;

- (ii) The Series 2001B Bonds, which are currently outstanding in an aggregate principal amount of \$210,800, the Series 2001B Bonds having been authorized, sold, issued, and administered by the District pursuant to the Series 2001 Bond Resolution;
- (iii) The Series 2003 Bonds, which are currently outstanding in an aggregate principal amount of \$346,000, the Series 2003 Bonds having been authorized, sold, issued, and administered by the District pursuant to the Series 2003 Bond Resolution;
- (iv) The 2004B KRWFC Loan, which is currently outstanding in an aggregate principal amount of \$1,270,833, which 2004B KRWFC Loan is governed by the 2004B KRWFC Assistance Agreement;
- (v) The Series 2007A Bonds, which are currently outstanding in an aggregate principal amount of \$1,043,000, the Series 2007A Bonds having been authorized, sold, issued, and administered by the District pursuant to the Series 2007 Bond Resolution;
- (vi) The Series 2007B Bonds, which are currently outstanding in an aggregate principal amount of \$450,000, the Series 2007B Bonds having been authorized, sold, issued, and administered by the District pursuant to the Series 2007 Bond Resolution;
- (vii) The 2008C KRWFC Loan, which is currently outstanding in a principal amount of \$225,883, which 2008C KRWFC Loan is governed by the 2008C KRWFC Assistance Agreement;
- (viii) The Series 2009 Bonds, which are currently outstanding in an aggregate principal amount of \$1,337,000, the Series 2009 Bonds having been authorized, sold, issued, and administered pursuant to the Series 2009 Bond Resolution;
- (ix) The Series 2010A Bonds, which are currently outstanding in an aggregate principal amount of \$502,500, the Series 2010A Bonds having been authorized, sold, issued, and administered by the District pursuant to the Series 2010A Bond Resolution;
- (x) The Series 2010B Bonds, which are currently outstanding in an aggregate principal amount of \$617,000, the Series 2010B Bonds having been authorized, sold, issued, and administered by the District pursuant to the Series 2010B Bond Resolution;

- (xi) The 2012D KRWFC Loan, which is currently outstanding in a principal amount of \$2,224,167, which 2012D KRWFC Loan is governed by the 2012D KRWFC Assistance Agreement;
- (xii) The Series 2013A Bonds, which are currently outstanding in an aggregate principal amount of \$477,000, the Series 2013A Bonds having been authorized, sold, issued, and administered by the District pursuant to the Series 2013 Bond Resolution; and
- (xiii) The Series 2013B Bonds, which are currently outstanding in an aggregate principal amount of \$153,000, the Series 2013B Bonds having been authorized, sold, issued, and administered by the District pursuant to the Series 2013 Bond Resolution; and

**WHEREAS**, it is provided in the Existing Parity Resolutions and Agreements that the District may issue additional parity bonds ranking on a parity and equality with the outstanding Existing Parity Obligations for the purpose of adding new municipal water distribution system facilities to the System upon a showing of compliance with the parity bond coverage test set forth in the Existing Parity Resolutions and Agreements, and it has been determined by the Board of Commissioners that the District may now meet such coverage test so that a series of additional parity bonds, ranking on a parity with the Existing Parity Obligations and styled "Water System Revenue Bonds, Series 2019" may now be issued in the aggregate principal amount of \$1,032,000 for the purpose of financing a portion of the costs of major improvements and additions to the municipal water facilities heretofore approved by the Board of Commissioners, all as more fully described in the plans and specifications heretofore prepared on behalf of the District by GRW Engineers, Inc., Nashville, Tennessee, and on file in the office of the District; and

**WHEREAS**, in proceedings before the Public Service Commission of Kentucky, the District has obtained the right and authority to construct and operate major extensions and additions to the System, and plans and specifications have heretofore been prepared by the Engineers and approved by the Board of Commissioners and all state and other supervisory authorities having jurisdiction thereof; and it is the opinion of the Board of Commissioners that it is feasible to undertake the construction and installation of such new facilities at this time; and

**WHEREAS**, it has been determined upon the basis of public bids for construction duly solicited in the manner required by law, and upon the basis of other costs and estimates, that the aggregate of all costs and expenses in connection with the Project will be \$1,290,000; and to provide a portion of such funds the District has received from the United States Department of Agriculture, Rural Development, an offer to make a loan to the District in the amount of \$1,032,000, which, together with a grant from USDA in the aggregate amount of \$258,000, will be sufficient to pay such estimated costs and expenses; and

**WHEREAS**, it is now appropriate for the District to provide for borrowing such sum through the issuance and sale of its Water System Revenue Bonds, Series 2019 in an aggregate principal amount of \$1,032,000 according to authority of KRS Chapters 74 and 106; and

**WHEREAS**, the Series 2019 Bonds will be payable as to both principal and interest solely (except as to capitalized interest) from the income and revenues to be derived from the operation of the System and will not constitute an indebtedness of the District within the meaning of debt-limiting provisions of the Constitution of the Commonwealth;

**NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE EDMONSON COUNTY WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:**

**ARTICLE I  
AFFIRMATION OF RECITALS**

The District hereby finds, determines, and declares that the facts, recitals, determinations, and declarations set forth in the recitals of this Series 2019 Bond Resolution are true and correct and hereby affirms and approves all acts described in the recitals. Such facts, recitals, determinations, and declarations are hereby adopted and incorporated as part of this Series 2019 Bond Resolution.

**ARTICLE II  
DEFINED TERMS**

Capitalized terms used in this Series 2019 Bond Resolution shall have the meanings provided in **EXHIBIT A** attached hereto.

**ARTICLE III  
DECLARATION OF NECESSITY AND PUBLIC PURPOSE**

The Board of Commissioners hereby declares it to be necessary and in the interests of the general welfare of the District's citizens and inhabitants to acquire, construct, install, and equip the Project, all substantially according to the plans, specifications, and designs prepared for the District by the Engineers. The District has undertaken the construction, acquisition, installation, and equipping of the Project for public purposes. By its adoption of this Series 2019 Bond Resolution, the District hereby declares the Project a public project in accordance with and pursuant to the laws of the Commonwealth.

**ARTICLE IV  
PROJECT TO BE MUNICIPALLY  
OWNED AND OPERATED**

The construction and installation of the Project is undertaken by the District for public purposes and the same shall constitute and be a part of the System, and so long as any of the Series 2019 Bonds hereinafter authorized, or bonds or obligations issued on a parity therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated, and maintained by the District for the security and source of payment of the Series 2019 Bonds and all other parity bonds or obligations outstanding heretofore or hereafter issued. The Project is to be acquired, constructed, installed, and equipped and the System is to be operated pursuant to the provisions of KRS Chapters 74 and 106, now in full force and effect.

**ARTICLE V  
SERIES 2019 BONDS AUTHORIZED;  
CERTAIN TERMS AND DETAILS**

For the purpose of providing funds to defray the costs of the Project (to the extent not otherwise provided to be paid), including all necessary and proper appurtenances, and expenses incident thereto and incident to the issuance of the Series 2019 Bonds, there are hereby authorized to be issued the District's Water System Revenue Bonds, Series 2019 in an aggregate principal amount of \$1,032,000, with reservation of right on the part of the District to issue Additional Parity Obligations in the future, payable from the income and revenues of the System, subject to the conditions and restrictions hereinafter prescribed and set forth. The Series 2019 Bonds hereby authorized shall be offered at public sale as provided in ARTICLE VI hereof and the Series 2019 Bonds shall be issuable in the form of a single fully registered bond as provided in ARTICLE VIII hereof.

The Series 2019 Bonds shall be dated as of the date of delivery to the original purchaser thereof; shall mature as to principal in installments on January 1<sup>st</sup> in each of the years 2022 to 2060, inclusive, as set forth in the respective schedule appearing below; and shall bear interest from their date until payment of principal, such interest to the respective principal maturity dates to be payable semiannually on January 1<sup>st</sup> and July 1<sup>st</sup> of each year, and such interest to be at such rate as may be established by a supplemental Resolution upon the basis of competitive sale of the Series 2019 Bonds as hereinafter provided. The installments of principal of the Series 2019 Bonds, in fully registered form as aforesaid, shall be as set forth in the following maturity schedule:

Year	Principal	Year	Principal	Year	Principal
2022	\$14,000	2035	\$20,500	2048	\$31,000
2023	14,500	2036	21,500	2049	32,000
2024	15,000	2037	22,000	2050	33,000
2025	15,500	2038	22,500	2051	34,000
2026	15,500	2039	23,500	2052	35,000
2027	16,000	2040	24,000	2053	36,000
2028	16,500	2041	25,000	2054	37,000
2029	17,000	2042	25,500	2055	38,500
2030	18,000	2043	26,500	2056	39,500
2031	18,500	2044	27,500	2057	41,000
2032	19,000	2045	28,000	2058	42,000
2033	19,500	2046	29,000	2059	43,500
2034	20,000	2047	30,000	2060	45,000

The 2019 Bonds shall be issued as a single fully registered bond, numbered R-1, maturing in principal installments in annual amounts corresponding to the schedule immediately above, provided, however, that installments of principal of Series 2019 Bonds maturing on and after January 1, 2030, shall be subject to prepayment at the option of the District before maturity in whole or from time to time in part in inverse order of maturities (less than all of a single maturity to be selected by lot) on any interest payment date on and after January 1, 2029, upon terms of par plus accrued interest without any prepayment premium, upon thirty days' prior written notice mailed to the registered holder or holders of the Series 2019 Bonds; provided, that so long as USDA is the owner of any Series 2019 Bond, the same may be prepaid in whole or in part at any time at par plus accrued interest, and without notice or prepayment premium. Refunds, extra payments, and loan proceeds obtained from outside sources for the purposes of making prepayments hereunder shall, after payment of interest, be applied to scheduled payments of principal in their inverse order of maturity and shall not affect the District's obligation to pay the remaining scheduled principal installments or maturities as they come due and payable. The Series 2019 Bonds may be prepaid only in increments of \$500.

Both principal of and interest on the Series 2019 Bonds shall be payable, without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, to the registered holder at the address shown on the registration books of the District or, so long as USDA is the registered holder, at the office or address as may be designated by USDA from time to time.

If any District officer whose signature appears on any Series 2019 Bond shall cease to be such officer before delivery, such signature shall nevertheless be valid and binding for all purposes, the same as if such officer had continued in office until the time of delivery of such Series 2019 Bond.

The Series 2019 Bonds, together with the Existing Parity Obligations, and the interest thereon, and any obligations which may hereafter be issued on a basis of parity therewith subject to the conditions and restrictions hereinafter set forth, shall be payable as to principal and interest only out of the Bond Fund hereinafter defined and shall be a valid claim of the holder thereof only against said Bond Fund and the fixed portion or amount of the revenues of the System which the District has pledged to said Bond Fund, subject to the terms hereof.

The District finds and declares that the Series 2019 Bonds shall rank on a basis of parity and equality as to security and source of payment with each other and with the District's previously issued and outstanding Existing Parity Obligations inasmuch as the District is in compliance with all covenants and undertakings in connection with the Existing Parity Obligations.

## **ARTICLE VI PROVISIONS RELATING TO SALE OF THE SERIES 2019 BONDS**

The Series 2019 Bonds authorized by this Series 2019 Bond Resolution shall be publicly offered for sale according to a Notice of Bond Sale conforming to the requirements of KRS Chapter 424 (and particularly KRS 424.140(3) and KRS 424.360), which shall be published one time, not less than seven days nor more than twenty-one days before the date therein specified (by and at the discretion of the Chairman of the Board of Commissioners) for the opening and consideration of purchase bids, in each of the following: (a) the legal newspapers published in Edmonson, Hart, Grayson, Warren and Butler Counties, Kentucky, which are qualified under KRS 424.120 to publish advertisements for the District; and (b) THE COURIER-JOURNAL, Louisville, Kentucky, a legal newspaper having statewide circulation.

The Notice shall state the name and amount of the Series 2019 Bonds to be sold, the time of the sale and other details concerning the Series 2019 Bonds and the sale, and shall inform prospective bidders that a copy of the Official Notice of Bond Sale, setting out the maturities, security of the Series 2019 Bonds, provisions as to redemption before maturity and related information, may be obtained from the District. The Official Notice shall contain, among other things, substantially the following bidding requirements:

(a) Bidders shall be limited to institutions or persons having knowledge and experience in financial and business matters who are capable of evaluating the merits and risks of the Series 2019 Bonds and who are not purchasing for more than one account and do not intend to redistribute the Series 2019 Bonds. The District will make available to any such qualified bidder, upon written request, any financial or other material information regarding the District and the System in the District's possession. Bidders are required to bid a cash price of not less and not more than par value for the Series 2019 Bonds. No premium shall be bid.

(b) A single interest rate must be bid in a multiple of 1/8 or 1/10 of one percent.

(c) Bids will be considered only for all of the Series 2019 Bonds, to be issued as a single fully registered bond.

(d) Bidders (except USDA) are required to deposit a good faith check by cashier's check or certified check in the minimum amount of 2.0% of the face amount of the Series 2019 Bonds, which good faith deposit may be applied as partial payment for the Series 2019 Bonds, or as liquidated damage in the event that such bidder, if successful, fails to comply with the terms of its bid.

(e) Preference in award will be given to the bid resulting in the lowest net interest cost to the District.

(f) The lowest net interest cost will be determined by applying the aggregate amount of interest on the Series 2019 Bonds bid for, computed from the first day of the month following the date of sale of the Series 2019 Bonds (even though the Series 2019 Bonds will bear interest only from the date of delivery) to the final maturity specified in each bid.

(g) The District expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the Series 2019 Bonds at the office of the District within forty-five days after notice is given of the award. If the Series 2019 Bonds are not ready for delivery and payment within forty-five days from the aforesaid date of sale, the successful bidder shall be relieved of any liability to accept delivery of the Series 2019 Bonds, except that Series 2019 Bonds purchased by any agency of the federal government will be delivered to it at a place and time designated by such agency in accordance with its established practices and procedures.

(h) The District reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

(i) The District will furnish the Series 2019 Bonds, together with evidence of approval of the 2019 Bond issue by the Public Service Commission of Kentucky pursuant to the requirements of KRS Chapter 278, and customary closing documents, including a no-litigation certificate.

(j) The successful bidder will receive the approving legal opinion of Stoll Keenon Ogden PLLC, Bond Counsel, Lexington, Kentucky, as to the legality of the Series 2019 Bonds, without additional cost to the successful bidder.

If there is no bid, or that all bids are rejected, the District may re-advertise the sale pursuant to this Series 2019 Bond Resolution.

Bond Counsel having submitted to the Board of Commissioners forms of the Notice of Bond Sale and the Official Notice of Bond Sale, together with an Official Bid Form for use by all bidders except USDA, said documents are hereby approved and authorized for use in connection with the aforesaid sale of the Series 2019 Bonds.

**ARTICLE VII**  
**SERIES 2019 BONDS TO BE ISSUED IN FULLY REGISTERED FORM;**  
**FULLY REGISTERED BOND FORM**

Upon the sale of the Series 2019 Bonds, the District shall issue a single fully registered 2019 Bond numbered R-1. The Fully Registered Bond shall be in the aggregate principal amount of the Series 2019 Bonds, maturing as to principal in installments as set out in ARTICLE V hereof. The Fully Registered Bond shall be of type composition, on paper of sufficient weight and strength to prevent deterioration until the last day of maturity of any installment of principal as stated therein, and shall conform in size to standard practice. Each Fully Registered Bond shall, upon execution on behalf of the District (which execution shall be by manual signatures of the Chairman and Secretary-Treasurer of the Board of Commissioners, and actual impression of the corporate seal), constitute the Series 2019 Bonds and shall be non-negotiable, without interest coupons, registered as to principal and interest, and payable as directed by the payee, and be in substantially the form set forth herein.

The District hereby directs that books for the registration and for the transfer of the Fully Registered Bond shall be kept by the Secretary-Treasurer, who is hereby appointed as Bond Registrar in connection with the Series 2019 Bond. The Fully Registered Bond shall be transferable only upon said Bond Registrar's books at the request of the registered holder thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered holder or his duly authorized attorney. Upon such transfer of the Fully Registered Bond, the Bond Registrar shall complete (with the name of the transferee), date and execute the registration schedule appearing on such Fully Registered Bond and deliver such Fully Registered Bond to such transferee. The person in whose name a Fully Registered Bond shall be properly registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal thereof or interest thereon shall be made only to or upon the order of the registered holder thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon a Fully Registered Bond to the extent of the sum or sums so paid. The face amount of each Fully Registered Bond, portions of which mature on different dates, will be reduced upon the payment of each maturity, and the Secretary-Treasurer shall keep appropriate records of all payments (both principal and interest) with respect to the Fully Registered Bond.

**ARTICLE VIII**  
**FORM OF SERIES 2019 BOND**

The Series 2019 Bonds shall be issued only in the form of bonds registered as to payment of both principal and interest in substantially the form attached hereto as **EXHIBIT B**, with

necessary and appropriate variations, omissions, and insertions as permitted or required by this Series 2019 Bond Resolution or customary practice.

**ARTICLE IX  
DISPOSITION OF BOND PROCEEDS;  
CONSTRUCTION FUND**

The Secretary-Treasurer of the District shall be the custodian of all funds belonging to and associated with the System, as expanded and improved from time to time, and such funds shall be deposited in a bank or banks in Kentucky as the Board of Commissioners may from time to time designate (the "Depository Bank"). All such moneys of the District deposited in the Depository Bank in excess of the amount insured by the FDIC shall be secured by the Depository Bank in accordance with U.S. Treasury Department Circular No. 176. The Secretary-Treasurer shall execute a fidelity bond in an amount and with a surety company approved by USDA so long as it is the holder of any of the Series 2019 Bonds; and USDA and the District shall be named co-obligees in such surety bond, and the amount thereof shall not be reduced without the written consent of USDA. The proceeds of the Series 2019 Bonds shall be applied as follows:

Upon the issuance and delivery of the Series 2019 Bonds authorized by this Series 2019 Bond Resolution, the entire proceeds thereof shall be deposited in an account designated "Edmonson County Water District 2019 Construction Fund," hereby created. The Series 2019 Bond proceeds shall constitute a part of the Construction Fund and shall be applied, to the extent necessary, in paying the costs incident to acquiring, constructing, installing, and equipping the Project, including expenses incurred in the issuance of the Series 2019 Bonds and paying any interim financing obligations (both principal and interest) incurred in connection with the Project; provided, however, any Series 2019 Bond proceeds so used to pay such interim financing obligations may be disbursed directly to the appropriate lending institution(s) without the requirement of being deposited to the Construction Fund.

A sum in the Construction Fund estimated to be equal to interest which will accrue on the Series 2019 Bonds (following delivery thereof) during construction and development of the System shall be earmarked, used, and applied to the payment of interest on the Series 2019 Bonds next becoming due.

Disbursements from the Construction Fund shall be made by checks signed by the District's Secretary-Treasurer, and such disbursements shall be authorized and approved in writing by the District's Chairman and Secretary-Treasurer and, if USDA is the purchaser of the Series 2019 Bonds, by USDA (if USDA so requires). Reference is made in this connection to the provisions of the separate interim financing resolution adopted concurrently herewith and loan agreement authorized therein.

Pending disbursement, the Series 2019 Bond proceeds shall be deposited, as aforesaid, in the Construction Fund, and to the extent that such deposit causes the aggregate deposits by the

District in the Depository Bank to be in excess of the amount insured by FDIC, the same shall be secured by a surety bond or bonds furnished by a surety company or companies qualified to do business in the Commonwealth and approved by the Board of Commissioners, or by a valid pledge of direct obligations of the United States Government, or obligations as to which the payment of principal and interest are guaranteed by the United States Government, having a market value at least equivalent to such deposit.

Where the moneys on deposit in the Construction Fund exceed the estimated disbursements on account of the System for the next sixty days, the District shall direct the Depository Bank to invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature not later than six months after the date of such investment and which shall be subject to redemption at any time by the holder thereof. The earnings from any such investments shall be deposited in the Construction Fund by the District, unless otherwise authorized by USDA.

If any unexpected balance shall remain in the Construction Fund after completion of the Project, and payment of all of the costs thereof, as certified by the Engineers, such unexpended balance, subject to the terms and conditions of the aforesaid USDA loan, and to USDA approval, shall be transferred and deposited in the Bond Fund hereinafter defined, and shall be used at the earliest practicable date for the retirement of the Series 2019 Bonds by purchase thereof (or principal prepayment) in inverse order of maturities or established annual payment amounts, and in proportion to the principal amount of the series (insofar as practicable).

If the amount hereinabove provided to be set aside from Series 2019 Bond proceeds for payment for interest during the construction and development of the System should prove to be insufficient for such purpose, additional moneys may, upon approval by USDA, be withdrawn from the Construction Fund and so applied, inasmuch as interest during such period is a proper part of the cost of the System, to the extent authorized by USDA.

Pending disbursements for the authorized purposes, the proceeds of all Series 2019 Bonds at any time issued pursuant to this Series 2019 Bond Resolution shall be subject to a first and paramount lien and charge in favor of the holders of Series 2019 Bonds issued and outstanding hereunder and for their further security.

**ARTICLE X**  
**OPERATION OF SYSTEM; FLOW OF FUNDS;**  
**ACCUMULATION OF REVENUES**

All proceedings preliminary to and in connection with the issuance of the Existing Parity Obligations, particularly the Existing Parity Resolutions and Agreements, whereby provision was made for the operation of the System on a revenue-producing basis, for the segregation, allocation, and custody of revenues derived from the System's operation, and for the enforcement and payment of the Existing Parity Obligations, are hereby ratified and confirmed and shall continue in full force and effect, the same as if such provisions and proceedings were

herein set out in full, and nothing herein shall be construed as altering, revising, or amending said contractual relationships; and so long as any Existing Parity Obligations remain outstanding and unpaid, the District shall maintain all funds and accounts required to be maintained and created or continued by the terms of the Existing Parity Resolutions and Agreements.

From and after issuance and delivery of the Series 2019 Bonds, and so long as any of the Series 2019 Bonds or Existing Parity Obligations remain outstanding and unpaid, the System shall continue to be operated on a fiscal year basis beginning each January 1<sup>st</sup> and ending on the last day of the next December, as at present, and on that basis the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

The District previously established the "Waterworks Revenue Fund" for the benefit of bond issues now paid and discharged and the Existing Parity Obligations. The Revenue Fund is hereby continued for the benefit and payment of the Existing Parity Obligations and the Series 2019 Bonds. The Revenue Fund has been and shall continue to be a separate and special fund or account of the District, distinct and apart from its other funds and accounts. The District shall maintain the Revenue Fund so long as any Existing Parity Obligation or Series 2019 Bonds is outstanding. The moneys in the Revenue Fund from time to time shall be used and disbursed and applied by the District, as permitted by applicable statutes, as follows:

(a) The District previously established the "Waterworks Bond and Interest Sinking Fund of 1969" for the benefit of bond issues now paid and discharged and the Existing Parity Obligations. The Bond Fund is hereby continued for the benefit and payment of the Existing Parity Obligations and the Series 2019 Bonds. The Bond Fund has been and shall continue to be a separate and special fund or account of the District, distinct and apart from its other funds and accounts. The District shall maintain the Bond Fund so long as any Existing Parity Obligation, Series 2019 Bond, or Additional Parity Obligation is outstanding. All moneys deposited in the Bond Fund from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the Existing Parity Obligations, the Series 2019 Bonds, and the Additional Parity Obligations hereafter issued and outstanding pursuant to the provisions of this Series 2019 Bond Resolution.

There shall be set aside and transferred on or before the 20<sup>th</sup> day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Bond Fund sums sufficient to pay when due the principal and interest requirements on the Existing Parity Obligations, Series 2019 Bonds, and any Additional Parity Obligations. Specifically, there shall be paid into the Bond Fund on or before the 20<sup>th</sup> day of each month, on account of the Existing Parity Obligations and the Series 2019 Bonds, not less than the following:

(i) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-sixth (1/6<sup>th</sup>) of the next succeeding interest installment to become due on all Existing Parity Obligations, Series 2019 Bonds, and Additional Parity Obligations then outstanding; and

(ii) a sum which together with other funds available in the Bond Fund for such purpose will be equal to one-twelfth (1/12<sup>th</sup>) of the principal of all Existing Parity Obligations, Series 2019 Bonds, and Additional Parity Obligations maturing on the next succeeding January 1<sup>st</sup>.

If Additional Parity Obligations are issued pursuant to the conditions and restrictions hereinafter prescribed in that connection, the monthly deposits to the Bond Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Bond Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Bond Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need be made into the Bond Fund if and when the amount held therein and in the Debt Service Reserve Fund hereinafter created is at least equal to the amount required to retire all outstanding Existing Parity Obligations, Series 2019 Bonds, and Additional Parity Obligations and paying all interest that will accrue thereon.

(b) The District previously established the "Water System Revenue Bond Debt Service Reserve Fund" for the benefit of bond issues now paid and discharged. The Debt Service Reserve Fund is hereby continued for the benefit and payment of future Qualified Parity Obligations (as defined below). The Debt Service Reserve Fund has been and shall continue to be a separate and special fund or account of the District, distinct and apart from its other funds and accounts. The District shall maintain the Debt Service Reserve Fund so long as any parity bonds or obligations herein permitted to be issued on a parity with the Existing Parity Obligations and Series 2019 Bonds is outstanding, except those parity bonds or obligations the original purchaser or purchasers of which have waived the benefit of, and any claim to, the Debt Service Reserve Fund. Additional Parity Obligations which may be issued and outstanding from time to time as hereinafter permitted and with respect to which the original purchaser or purchasers have not waived the benefit of and claim to the Debt Service Reserve Fund are hereafter referred to as "**Qualified Parity Obligations.**" The purchasers of the Existing Parity Obligations, by their acceptance of the Existing Parity Obligations, have been, and the purchaser of the Series 2019 Bonds shall be, deemed to have elected, for themselves and on behalf of all subsequent holders of the Existing Parity Obligations, and all subsequent holders of the Series 2019 Bonds, to waive the benefit of and any claim to the Debt Service Reserve Fund.

All moneys deposited in the Debt Service Reserve Fund from time to time shall be held and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the outstanding Qualified Parity Obligations, if any, if and to the extent insufficient funds are available therefor in the Bond Fund. Whenever the amount in the Debt Service Reserve Fund is less than the Reserve Amount, the amount necessary to restore the

balance in the Debt Service Reserve Fund to the Reserve Amount shall be paid into the Debt Service Reserve Fund in thirty-six equal monthly installments, each payable on the twentieth day of the month (except that when the twentieth day of any month shall be a Sunday or a legal holiday, then such payment shall be made on the next succeeding Business Day) from the Revenue Fund, after making the deposits set out in subsection (b) above, until the Reserve Amount is on deposit in the Debt Service Reserve Fund.

Any amount in the Debt Service Reserve Fund in excess of the Reserve Amount shall be transferred to the Bond Fund and applied as credit against payments into the Bond Fund from the Revenue Fund on a monthly basis as described in the foregoing subsection (a).

(c) All moneys held in the Revenue Fund, the Bond Fund and the Debt Service Reserve Fund shall be deposited in a bank or banks which are members of the FDIC, and all such deposits which cause the aggregate deposits of the District in any one bank to be in excess of the amount insured by FDIC shall be continuously secured by a valid pledge of direct obligations of the United States of America having an equivalent market value. All or any part of the Revenue Fund and the Bond Fund may, and the Debt Service Reserve Fund shall, be invested in Investment Obligations, as hereinafter defined, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest or principal payments, and all such investments shall be carried to the credit of the Fund which supplied the funds for such investments, and the income from such investments shall be credited to the Bond Fund; provided, however, if the amount in the Debt Service Reserve Fund is less than the Reserve Amount, income from investments in the Debt Service Reserve Fund shall be credited to the Debt Service Reserve Fund until the Reserve Amount is accumulated therein. Investment Obligations in the Debt Service Reserve Fund shall be valued at cost.

Investment income accruing to the Bond Fund shall be credited against payments into the Bond Fund from the Revenue Fund on a monthly basis as set out in the foregoing subsection (b) hereof.

(d) The District previously established the "Depreciation Fund" for the benefit of bond issues now paid and discharged and the Existing Parity Obligations. The Depreciation Fund is hereby continued for the benefit and payment of the Existing Parity Obligations and the Series 2019 Bonds. The Depreciation Fund has been and shall continue to be a separate and special fund or account of the District, distinct and apart from its other funds and accounts. The District shall maintain the Depreciation Fund so long as any Existing Parity Obligation, Series 2019 Bond, or Additional Parity Obligation is outstanding. After observing the priority of deposits set forth in (a) through (c) above, which are cumulative, there shall be set apart and paid into the Depreciation Fund each month from the remaining funds in the Revenue Fund at least the following monthly deposits with respect to the indicated series of bonds, in the case of each series to continue so long as any bonds of such series remain outstanding or until the indicated minimum balance for such series is reached:

Series	Monthly Deposit	Minimum Balance
2001	\$1,610	None
2003	\$205	\$24,600
2004	\$1,495	\$292,200
2007A	\$555	\$66,600
2007B	\$225	\$26,400
2009	\$690	\$82,800
2010A	\$200	\$24,000
2010B	\$245	\$29,400
2013A and 2013B	\$230	\$27,600
2019	\$385	\$46,200

provided that for the above purpose the aggregate balance in the Depreciation Fund from time to time shall be allocated to the respective series of bonds outstanding (or bonds issued to refund any such series) in the order (earliest first) set out above.

In addition to the above deposits from the Revenue Fund, there shall also be deposited in the Depreciation Fund, as received, the proceeds of all property damage insurance (except public liability) maintained in connection with the System, and the cash proceeds of any surplus, worn-out or obsolescent properties of the System, if the same be sold upon order of the Board of Commissioners. Any fees which may be levied and collected by the Board of Commissioners for the privilege of connecting to the System (excluding initial deposits received in aid of a particular project) shall be paid, as received, into the Depreciation Fund.

The Depreciation Fund shall be available and may be withdrawn and used by the District, upon appropriate certification as to the authorization for such withdrawal, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals, or replacements, not included in the Annual Budget of Current Expenses, and the cost of constructing additions and improvements to the System which will either enhance its revenue-producing capacity or provide a higher degree of service. The Depreciation Fund shall also be available for transfer to the Bond Fund in order to avoid default in connection with any obligations payable from the Bond Fund or to redeem or purchase Existing Parity Obligations, Series 2019 Bonds, or Additional Parity Obligations in advance of maturity.

At any time when the accumulations in the Depreciation Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Board of Commissioners in Investment Obligations maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than five years after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Depreciation Fund shall be carried to the credit of the Depreciation Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses

incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

The District shall also make monthly deposits of \$8,417 into a special segregated subaccount within the Depreciation Fund to fund costs of short-lived water system assets, as required by USDA.

(e) The District previously established the "Operation and Maintenance Fund" for the benefit of bond issues now paid and discharged and the Existing Parity Obligations. The Operation and Maintenance Fund is hereby continued for the benefit and payment of the Existing Parity Obligations and the Series 2019 Bonds. The Operation and Maintenance Fund has been and shall continue to be a separate and special fund or account of the District, distinct and apart from its other funds and accounts. The District shall maintain the Operation and Maintenance Fund so long as any Existing Parity Obligation, Series 2019 Bond, or Additional Parity Obligation is outstanding. The District covenants that it will transfer monthly from the moneys in the Revenue Fund, after making the transfers required by (a) through (d) above, to the Operation and Maintenance Fund sums sufficient to pay as they accrue the Current Expenses of operating and maintaining the System pursuant to the Annual Budget, for which provision is hereafter made, and to accrue an operation and maintenance reserve not in excess of anticipated requirements for a two-month period pursuant to the Annual Budget.

At any time when the accumulations in the Operation and Maintenance Fund shall exceed the anticipated current needs for authorized purposes, all or any portion of such excess may be invested and reinvested upon order of the Board of Commissioners in Investment Obligations maturing or subject to redemption at the option of the holder not later than the time anticipated to be needed by the District, but in any event not later than ninety days after the date of investment; but as and when funds may be required for authorized purposes a sufficient portion thereof shall be converted into cash and so applied. All investments of money in the Operation and Maintenance Fund shall be carried to the credit of the Operation and Maintenance Fund; all income from investments and any profit from the sale thereof shall be credited thereto; and any expenses incident to investment or reinvestment, together with any loss from forced conversion of investments into cash, shall be charged thereto.

(f) Subject to the provisions of subsections (a) through (e) above, which 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.

\* \* \*

All payments into the above special funds shall be made on or before the twentieth day of each month, except that when the twentieth day of any month shall be a Sunday or a legal holiday, then such payment shall be made on the next succeeding Business Day.

All moneys held in any of the above special funds shall be kept apart from all other District funds and shall be deposited in a Depository Bank, and all such deposits which cause the aggregate of all deposits of the District in any Depository Bank 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 pledge of direct obligations or by guaranteed bonds or securities of the United States Government having a market value at least equivalent to such excess deposit.

## **ARTICLE XI COVENANTS TO BONDHOLDERS**

The District hereby irrevocably covenants and agrees with the holder or holders of any and all Series 2019 Bonds and any Additional Parity Obligations at any time issued and outstanding pursuant to authority of this Series 2019 Bond Resolution that so long as the same or any part thereof or interest thereon remain outstanding and unpaid:

(a) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Series 2019 Bond Resolution.

(b) It will at all times operate the System on a revenue-producing basis, and will permit no free services to be rendered or afforded thereby.

(c) It will maintain the System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided; and will make unusual or extraordinary repairs, renewals and replacements, as the same may be required, through application of revenues accumulated and set aside for such purposes.

(d) The District covenants and agrees that, so long as any of the Series 2019 Bonds are outstanding, it will not sell or otherwise dispose of any of the System facilities or any part thereof, and, except as provided for in this Series 2019 Bond Resolution and the Existing Parity Resolutions and Agreements, it will not create or permit to be created any charge or lien on the revenues thereof ranking equal or before the charge or lien of the Series 2019 Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(i) it is in compliance with all covenants and undertakings in connection with all of its bonds and obligations then outstanding and payable from the revenues of the System;

(ii) it will, in the event of sale, apply the proceeds to either (A) redemption of outstanding Series 2019 Bonds or parity bonds in accordance with the provisions governing prepayment of bonds in advance of maturity, or (B) replacement of the facility so disposed of by another facility the revenues of which shall be incorporated into the System as hereinbefore provided;

(iii) it certifies, before any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing net revenues; and

(iv) notwithstanding all of the foregoing, no such sale, abandonment or transfer of System facilities shall be made so long as USDA owns any of the Series 2019 Bonds herein authorized, without the written consent and approval of USDA.

(e) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by the System; and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all outstanding bonds as aforesaid and the accruing interest thereon, and the accumulation of funds as herein provided; and such rates and charges shall be adequate to meet all such requirements as provided in this Series 2019 Bond Resolution, and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the date of issuance of the Series 2019 Bonds, the District will adopt a Budget of Current Expenses for the System for the remainder of the then current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any Series 2019 Bonds are outstanding, it will adopt an annual budget of Current Expenses for the ensuing fiscal year, and will file a copy of each such Budget, and of any amendments thereto, in the office of the Secretary-Treasurer of the District, and furnish copies thereof to the holder of any Bond upon request (the "**Annual Budget**"). The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon resolution duly adopted by the Board of Commissioners determining that such expenses are necessary in order to operate and maintain the System. At the same time, and in like manner, the District agrees that it will prepare an estimate of cash income and revenues to be derived from operation of the System for each fiscal year, and to the extent that said cash income and revenues are insufficient to provide for all payments required to be made into the Bond Fund during such ensuing fiscal year, and to make the monthly payments specified by ARTICLE X of this Series 2019 Bond Resolution, and to pay Current Expenses, the District covenants and agrees that it will revise its rates and charges for services rendered by the System, so that the same will be adequate to meet all of such requirements.

(f) It will not at any time make any reduction in any prevailing schedule of rates and charges for use of the services and facilities of the System without first obtaining the written determination of a consulting engineer of national reputation that the proposed reduction will not adversely affect the ability of the District to meet all the requirements set forth in this Series 2019 Bond Resolution.

(g) It will at all times segregate the revenues of the System from all other revenues, moneys, and funds of the District, and will promptly and regularly make application and distribution thereof into the special funds provided in this Series 2019 Bond Resolution, in the amount and with due regard for the priorities herein attributed thereto.

(h) It will keep proper books of record and account, separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries of all transactions relating to the System, and the same shall be available and open to inspection by any Bondholder, and any agent or representative of a Bondholder.

(i) It will, within ninety days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed certified public accountant not in the employ of the District on a monthly salary basis, showing all receipts and disbursements, and reflecting in reasonable detail the financing condition and records of the System, including the status of the several funds hereinbefore created, the status of the insurance and fidelity bonding, the number and type of connections, and the current rates and charges, with comments of the auditor concerning whether the books and records are being kept in compliance with this Series 2019 Bond Resolution and in accordance with recognized accounting practices, and will promptly cause a copy of the audit report to be filed in the office of the Secretary-Treasurer where it will be available for public inspection, and will promptly mail a copy thereof to the original purchaser of Series 2019 Bonds issued hereunder. If requested to do so, the District will furnish to any Bondholder a condensed form of the balance sheet, and a condensed form of the operating report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided. Provided, so long as USDA holds any of the Series 2019 Bonds herein authorized, the District shall furnish operating and other financial statements in such form and substance and for such periods as may be requested by USDA.

(j) Any holder of Series 2019 Bonds may either at law or in equity, by suit, action, mandamus, or other proceedings, enforce and compel performance by the District and its officers and agents of all duties imposed or required by law or this Series 2019 Bond Resolution in connection with the operation of the System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(k) If there be any default in the payment of the principal of or interest on any of the Series 2019 Bonds, then upon the filing of suit by any holder of the Series 2019 Bonds any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District, with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System, and for the payment of Current Expenses, and to apply the revenues in conformity with this Series 2019 Bond Resolution and the provisions of the laws of the Commonwealth.

(l) The District will cause each municipal officer or other person (other than Depository Banks) having custody of any moneys administered under the provisions of this Series 2019 Bond Resolution to be bonded at all times in an amount at least equal to the maximum amount of such moneys in his custody at any time, each such bond to have surety given by a surety corporation qualified to do business in the Commonwealth and approved by the Board of Commissioners; and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from moneys available in the Operation and Maintenance Fund.

(m) It will procure, and at all times maintain in force, insurance of all insurable properties constituting parts of, or being appurtenant to, the System to the full insurable value thereof, against damage or destruction by fire, windstorm, and the hazards covered by the standard "extended coverage" policy endorsements or provisions, the premiums therefor to be paid from the Operation and Maintenance Fund; and will deposit all sums collected under the terms of such policies in a special Fund. Such insurance 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 of the full insurable value of the damaged facility.

(n) The District will procure and at all times maintain public liability insurance relating to the operation of the System, with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District from claims for bodily injury or death; and not less than \$200,000 from claims for damage to property of others which may arise from the District's operation of the System.

(o) The District will carry suitable worker's compensation insurance in accordance with law.

(p) If the District owns or operates a vehicle in the operation of the System, the District will procure and at all times maintain vehicular public liability insurance with limits of not less than \$200,000 for one person and \$500,000 for more than one person involved in one accident to protect the District 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 District's operation of vehicles. Provided, notwithstanding (m), (n), (o), and (p) above, that so long as USDA holds any Series 2019 Bonds, the District will procure and maintain insurance of such types and amounts as USDA may specify, which shall not be less than the amounts specified in this subsection (p) so long as the Series 2019 Bonds are outstanding.

(q) So long as USDA is the holder of any bonds of the District, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of such bonds held by USDA without immediately prepaying all of such bonds held by USDA.

**ARTICLE XII**  
**ADDITIONAL PARITY OBLIGATIONS PERMITTED**

The Series 2019 Bonds and outstanding Existing Parity Obligations, together with any Additional Parity Obligations issued under the restrictions and conditions hereinafter set forth, 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 such bonds and obligations, regardless of the fact that they may be actually issued and delivered at different times.

The District hereby reserves the right and privilege of issuing Additional Parity Obligations from time to time payable from the income and revenues of the System ranking on a parity with the Series 2019 Bonds and the outstanding Existing Parity Obligations in order to pay the costs of extensions, additions, and improvements to the System, provided that (a) the written consent of the holders of all Series 2019 Bonds and any then outstanding Existing Parity Obligations is obtained or (b) either of the conditions set forth in (i) or (ii) below is met:

(i) The Net Income and Revenues of the System for the fiscal year preceding the year in which such additional parity bonds are to be issued were at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1<sup>st</sup> with respect to all Series 2019 Bonds and Existing Parity Obligations which are then outstanding and the Additional Parity Obligations then proposed to be issued. Such showing of Net Income and Revenues for such preceding fiscal year may be represented by the report of the auditors.

(ii) A statement is filed with the Secretary-Treasurer of the District by (A) an independent certified public accountant or firm of certified public accountants not in the regular employ of the District on a monthly salary basis or (B) an independent professional engineer or firm or firms of professional engineers not in the employ of the District on a monthly salary basis and of recognized expertise and good reputation in the field of water engineering and licensed in the Commonwealth, reciting the opinion based upon necessary investigation that the Net Income and Revenues of the System for twelve consecutive months out of the eighteen months preceding the issuance of the Additional Parity Obligations (with adjustments as hereinafter provided) were equal to at least 120% of the maximum annual debt service requirement (principal and interest) for any year ending January 1<sup>st</sup> with respect to the Series 2019 Bonds and any Existing Parity Obligations then outstanding and the proposed Additional Parity Obligations. The Net Income and Revenues may be adjusted for the purpose of the foregoing computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such Additional Parity Obligations, and also to reflect any increase in such Net Income and Revenues by reason of the extensions, additions, and improvements to the System the cost of which (in whole or in part) is to be paid through the issuance of such Additional Parity Obligations; but such latter adjustments shall only be made if contracts for the immediate construction or acquisition of such extensions, additions, and improvements have been or will be entered into before the issuance of such Additional Parity Obligations. All such adjustments to reflect any revision of rates and charges or an increase in Net Income and Revenues by reason of extensions, additions, and improvements to the System as aforesaid shall be based upon written certification by (y) an independent professional engineer or firm of professional engineers not in the employ of the District on a monthly salary

basis and of recognized expertise and good reputation in the field of water engineering and licensed in Kentucky or (z) an independent certified public accountant or firm of certified public accountants not in the employ of the District on a monthly salary basis.

The District hereby further reserves the right and privilege of issuing Additional Parity Obligations for the purpose of refunding the Series 2019 Bonds and any Existing Parity Obligations, or any portion thereof, as may be outstanding, provided that before any Additional Parity Obligations are issued for such purpose, there shall have been procured and filed with the Secretary-Treasurer of the District either (a) the written consent of the holders of all Series 2019 Bonds and any outstanding Existing Parity Obligations (other than the obligations being refunded) to such issuance or (b) a statement by an independent certified public accountant or firm of independent certified public accountants reciting the opinion based upon necessary investigation that after the issuance of such Additional Parity Obligations, the Net Income and Revenues, as adjusted and defined above, of the System for the fiscal year preceding the date of issuance of such Additional Parity Obligations, after taking into account the revised maximum annual debt service resulting from the issuance of such Additional Parity Obligations and from the elimination of the obligations being refunded thereby, are equal to not less than 120% of the maximum annual debt service requirement for any year ending January 1<sup>st</sup> with respect to the Series 2019 Bonds and any Existing Parity Obligations to remain outstanding and the proposed Additional Parity Obligations and calculated in the manner specified above.

The original purchaser or purchasers of a series of Additional Parity Obligations may waive the benefit of and any claim to the Debt Service Reserve Fund, in which event such obligations shall not be secured by or payable from the Debt Service Reserve Fund; and the District may make it a condition to the original sale of any series of Additional Parity Obligations that the purchaser or purchasers thereof, by offering to purchase or by purchasing the same, has agreed to such waiver.

The interest payment dates for all such Additional Parity Obligations shall be semiannually on January 1<sup>st</sup> and July 1<sup>st</sup> of each year, and the principal maturities thereof shall be on January 1<sup>st</sup> of the year in which any such principal is scheduled to become due.

The Additional Parity Obligations, the issuance of which is restricted and conditioned by this ARTICLE XII, shall be understood to mean bonds and obligations payable from the income and revenues of the System on a parity with the Series 2019 Bonds and outstanding Existing Parity Obligations, and shall not be deemed to include or prohibit the issuance of other obligations the security and source of payment of which is subordinate and subject to the priority of the payments into the Bond Fund and the Debt Service Reserve Fund for account of the Series 2019 Bonds and any Existing Parity Obligations.

**ARTICLE XIII**  
**PROVISIONS OF RESOLUTION CONSTITUTE CONTRACT**

The provisions of this Series 2019 Bond Resolution shall constitute a contract between the District and the holders of the Series 2019 Bonds herein authorized and any Additional Parity Obligations herein permitted to be issued, and after the issuance of any of the Series 2019 Bonds, no change, variation, or alteration of any kind of the provisions of this Series 2019 Bond Resolution shall be made in any manner without the written consent of the holder or holders of the Series 2019 Bonds, except as herein provided, until such time as all of the Series 2019 Bonds and parity bonds issued hereunder, and the interest thereon, have been paid in full.

**ARTICLE XIV  
STATUTORY MORTGAGE LIEN ACKNOWLEDGED**

A statutory mortgage lien upon the System, together with all appurtenances and additions thereto and extensions thereof, and including the revenues thereof, is granted and created by KRS 106.080 for the benefit and protection of the holders of the Existing Parity Obligations, the Series 2019 Bonds, and the Additional Parity Obligations permitted to be issued under authority of this Series 2019 Bond Resolution, and of the interest payable thereon; and said statutory mortgage lien is hereby recognized and shall be effective upon delivery of any of the Series 2019 Bonds and shall continue in full force and effect so long as there shall remain unpaid any part of the principal of or interest on the Series 2019 Bonds and any Additional Parity Obligations.

**ARTICLE XV**  
**TAX COVENANTS AND REPRESENTATIONS**

(a) The District certifies, covenants, and agrees that the Project will be constructed expeditiously and the expenditure of the portion of the proceeds of the Series 2019 Bonds deposited in the Construction Fund for the payment of the costs of the Project will be made promptly in order that the Project will be completed and in operation at the earliest possible date. The District further certifies and covenants with the holders of the Series 2019 Bonds that so long as any of the Series 2019 Bonds remain outstanding, moneys on deposit in any fund or account in connection with the Series 2019 Bonds, whether or not such moneys were derived from the proceeds of the sale of the Series 2019 Bonds or from any other sources, will not be invested or used in a manner which will cause the Series 2019 Bonds to be "arbitrage bonds" within the meaning of Code Sections 103(b)(2) and 148 and any lawful regulations promulgated or proposed thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented, or revised. The Chairman or Secretary-Treasurer as the officers of the District charged with the responsibility for issuing the Series 2019 Bonds, are authorized and directed, for and on behalf of the District, to execute all papers, documents, certificates, and other instruments that may be required for evidencing compliance with federal "arbitrage bond" regulations, and any representations and certifications contained in such papers, documents, certificates, and other instruments so executed shall be deemed to constitute representations and certifications of the District.

(b) The District further represents, warrants, agrees, and covenants as follows:

(i) Within the meaning of Code Section 141 and the Income Tax Regulations issued thereunder, over the terms of the Series 2019 Bonds (A) less than 10% of the proceeds of the Series 2019 Bonds, if any, will be applied for any private business use, and the payment of principal of or interest on less than 10% of the amount of the Series 2019 Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived directly or indirectly from payments (whether or not to the District) in respect of such property; (B) at least 90% of the proceeds of the Series 2019 Bonds will be applied for a governmental use of the District; (C) any private business use of the Project will be related to such governmental use of the District and will not be unrelated or disproportionate; and (D) none of the proceeds of the Series 2019 Bonds will be used, directly or indirectly, to make or finance loans to private persons. It is reasonably expected that over the term of the Series 2019 Bonds (1) the Project will be available for general public use, in that it will be reasonably available for use by natural persons not engaged in a trade or business on the same basis as any other person or entity, (2) no nongovernmental person will have any special legal entitlement to use the Project, and (3) there will be no direct or indirect payments made with respect to the Project or the security of the Series 2019 Bonds by any persons or entities other than payments by the general public as described in clause (1) above.

(ii) Within the meaning of Code Section 148(f)(4)(B), it is reasonably expected at least 75% of the net proceeds (including investment proceeds) of the Series 2019 Bonds will be used for construction expenditures with respect to property which is owned by a governmental unit, at least 10% of such proceeds will be spent for the governmental purposes of the issue within six months from the date the Series 2019 Bonds are issued, at least 45% of such proceeds will be spent for such purposes within one year from such date, at least 75% of such proceeds will be spent for such purposes within eighteen months from such date, and at least 100% of such proceeds will be spent within two years from such date. It is also reasonably expected at least 50% of all proceeds (including investment proceeds) of the Series 2019 Bonds will be used for expenditures on the Project within six months, at least 60% will be so used within twelve months and 100% will be so used within eighteen months from the date of issuance of the Series 2019 Bonds. If for any reason the arbitrage rebate requirements of Code Section 148(f) should be deemed to apply to the Series 2019 Bonds, the District will take all action necessary to comply therewith.

(iii) It is reasonably expected that during the term of the Series 2019 Bonds the Project will not be disposed of, provided, however, should there be any disposition of any personal property constituting a part of the Project because it is no longer suitable for its governmental purpose, it is reasonably expected that the fair market value of such personal property will not exceed 25% of its cost.

(iv) The weighted average maturity of the Series 2019 Bonds does not exceed 120% of the weighted average useful life of the facilities comprising the Project.

(v) The District has not heretofore expended any sums on the Project which are to be reimbursed from the proceeds of the Series 2019 Bonds, other than (A) certain preliminary expenditures such as engineering and planning costs not exceeding 20% of the Series 2019 Bond proceeds, (B) expenditures made within sixty days before the date of adoption of this Series 2019 Bond Resolution, and (C) expenditures before which the District had adopted an official intent resolution regarding reimbursement from tax-exempt bond proceeds.

(vi) The Series 2019 Bonds are not federally guaranteed within the meaning of Code Section 149(b).

(vii) The District will comply with the information reporting requirements of Code Section 149(e).

(viii) The District will not use or permit the use of any of the funds provided by the Series 2019 Bonds in such manner as to, or take or omit to take any action which would, impair the exclusion from gross income for federal income tax purposes of interest on the Series 2019 Bonds. The District shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the District on the Series 2019 Bonds shall, for the purposes of federal income taxation, be excludable from gross income.

(c) This Series 2019 Bond Resolution is intended to and does constitute, in part, a declaration of official intent under applicable Income Tax Regulations.

## **ARTICLE XVI REBATE FUND**

The District hereby establishes the Rebate Fund for the benefit of the Series 2019 Bonds and the maintenance of the exclusion of the interest thereon from taxation under the laws of the United States of America.

Moneys held in the Rebate Fund from time to time shall be invested in Investment Obligations to the extent practicable.

Moneys held in the Rebate Fund from time to time shall not be subject to the pledge of this Series 2019 Bond Resolution, shall not constitute a part of the funds held or pledged by the District for the benefit of the holders of the Series 2019 Bonds and shall be dedicated to the United States of America to the extent of any obligation on the part of the District to rebate Cumulative Excess Earnings to the United States of America as described in the following paragraph.

Within five days after the end of each Computation Period and within five days after the payment in full of all outstanding Series 2019 Bonds, the District shall calculate the amount of Cumulative Excess Earnings as of the end of such Computation Period or the date of such payment, and shall also determine the amount then on deposit in the Rebate Fund. If the amount then on deposit in the Rebate Fund is in excess of the Cumulative Excess Earnings, the District shall forthwith deposit the excess amount in the Bond Fund. If the amount then on deposit in the Rebate Fund is less than the Cumulative Excess Earnings, the District shall within five days deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Cumulative Excess Earnings. Within thirty days after the end of the fifth anniversary date of the issuance of the Series 2019 Bonds and every such fifth anniversary date thereafter, the District shall pay to the United States of America in accordance with Code Section 148(f) from the moneys then on deposit in the Rebate Fund an amount equal to 90% (or such greater percentage not in excess of 100% as the District may direct) of the Cumulative Excess Earnings as of the end of such fifth anniversary date. Within sixty days after the payment in full of all outstanding Series 2019 Bonds, the District shall pay to the United States in accordance with Code Section 148(f) from the moneys then on deposit in the Rebate Fund an amount equal to 100% of the Cumulative Excess Earnings as of the date of such payment and any moneys remaining in the Rebate Fund following such payment shall be transferred to the Bond Fund.

(Signature page to follow)

The singular form of any word used herein, including the terms defined in EXHIBIT A attached hereto, shall include the plural, and vice versa. The use herein of a word of any gender shall include correlative words of all genders. Unless otherwise specified, the word "including" shall mean "including without limitation", the word "or" shall mean "and/or", and the word "any" shall mean "any and all." Unless otherwise specified, references to Articles, Sections, and other subdivisions of this Series 2019 Bond Resolution are to the designated Articles, Sections, and other subdivisions of this Series 2019 Bond Resolution as originally executed. The words "hereof," "herein," "hereunder," and words of similar import refer to this Series 2019 Bond Resolution as a whole. The captions or headings in this Series 2019 Bond Resolution are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or sections of this Series 2019 Bond Resolution. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP. EXHIBITS A and B attached hereto are hereby incorporated by reference into this Series 2019 Bond Resolution and constitute a part hereof.

**ARTICLE XX  
RULES OF CONSTRUCTION**

This Series 2019 Bond Resolution shall be in full force and effect from and after its adoption, approval, and attestation as provided by law.

**ARTICLE XIX  
WHEN RESOLUTION EFFECTIVE**

All resolutions and orders, or parts thereof, in conflict with the provisions of this Series 2019 Bond Resolution are, to the extent of such conflict, hereby repealed.

**ARTICLE XVIII  
REPEAL OF INCONSISTENT PROVISIONS**

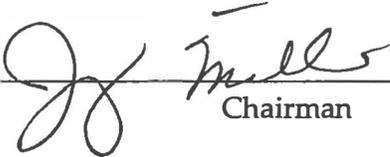
If any section, paragraph, clause, or provision of this Series 2019 Bond Resolution shall be held invalid, the invalidity of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Series 2019 Bond Resolution.

**ARTICLE XVII  
SEVERABILITY CLAUSE**

[SIGNATURE PAGE TO SERIES 2019 BOND RESOLUTION]

ADOPTED BY THE BOARD OF COMMISSIONERS OF THE EDMONSON COUNTY WATER DISTRICT, at a meeting held on November 12, 2019 on the same occasion signed by the Chairman, attested by the Secretary-Treasurer, and declared to be in full force and effect.

[District Seal]

  
Chairman

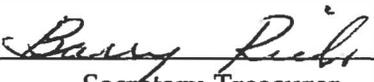
Attest:

  
Secretary-Treasurer

CERTIFICATION

The undersigned, Secretary-Treasurer of the Board of Commissioners of Edmonson County Water District, hereby certifies that the foregoing is a true, complete, and correct copy of a Resolution adopted by the Board of Commissioners at a properly convened meeting of the Board of Commissioners held on November 12, 2019, signed by the Chairman and attested by me as Secretary-Treasurer, as shown by the official records in my custody and under my control.

WITNESS my hand this November 12, 2019

  
Secretary-Treasurer

## EXHIBIT A

### DEFINITIONS

In addition to the words and terms elsewhere defined in this Series 2019 Bond Ordinance, the following words and terms as used in this Series 2019 Bond Ordinance shall have the following meanings unless the context or use indicates another or different meaning or intent:

**"Additional Parity Obligations"** means any bonds or other obligations issued by the District on a parity as to security and source of payment with any then outstanding Existing Parity Obligations, Series 2019 Bonds, and Additional Parity Obligations previously issued by the District before such date of determination pursuant to the requirements of ARTICLE XII hereof.

**"Annual Budget"** has the meaning provided in subsection (e) of ARTICLE XI hereof.

**"Board of Commissioners"** means the Board of Commissioners of the District duly appointed and acting pursuant to the requirements of KRS Chapter 74.

**"Bond Fund"** means the fund previously established by the District named the "Waterworks Bond and Interest Sinking Fund of 1969" for the benefit of bond issues now paid and discharged and the Existing Parity Obligations and continued in accordance with ARTICLE X hereof in connection with the District's authorization and issuance of the Series 2019 Bonds.

**"Bond Registrar"** means the Secretary-Treasurer of the District, as appointed pursuant to ARTICLE VII hereof.

**"Bondholder"** means a registered holder of any Series 2019 Bond.

**"Business Day"** means (i) any day other than a Saturday, Sunday, federal holiday, or other day on which the New York Stock Exchange is regularly closed; and (ii) in all other cases, any other day on which commercial banks in Edmonson County, Kentucky are required by law to be open for business.

**"Code"** means the Internal Revenue Code of 1986, as amended from time to time, including, when appropriate, the statutory predecessor thereof, or any applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context hereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of the Treasury (including applicable final or temporary regulations and also including regulations issued pursuant to the statutory predecessor of the Code, the

applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings), and applicable court decisions).

"Commonwealth" means the Commonwealth of Kentucky.

"Computation Period" means the period of time over which Excess Earnings are required to be computed under Code Section 148(f).

"Construction Fund" means an account established by the District with a Depository Bank pursuant to ARTICLE IX hereof and designated the "Edmonson County Water District 2019 Construction Fund."

"Cumulative Excess Earnings" means the amount of all Excess Earnings earned from the date of original delivery of the Series 2019 Bonds through the end of the relevant computation date, less the amount of any Excess Earnings paid to the United States pursuant to ARTICLE XVI hereof.

"Current Expenses" for any period means all reasonable and necessary costs of operating, repairing, maintaining, and insuring the System for such period, but excluding (i) any allowance for depreciation for such period, (ii) any payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance during such period, and (iii) any payment into the Bond Fund during such period.

"Depository Bank" means such bank or banks in Edmonson County, Kentucky, as the Board of Commissioners may from designate time to time as provided in ARTICLE IX hereof.

"District" means Edmonson County Water District, a water district and political subdivision of the Commonwealth created and existing pursuant to KRS Chapter 74 and serving residents and customers in Edmonson, Warren, Grayson, and Hart Counties, Kentucky.

"Engineers" means GRW Engineers, Inc., Nashville, Tennessee, a professional engineering firm having an expertise in municipal water projects maintaining an office in Nashville, Tennessee.

"Excess Earnings" means an amount equal to the sum of (i) plus (ii) where:

(i) is the excess of:

(a) the aggregate amount earned on all Nonpurpose Investments in which Gross Proceeds of the Series 2019 Bonds are invested (other than investments

attributable to an excess described in this clause (i)), over

(b) the amount which would have been earned if such Nonpurpose Investments (other than amounts attributable to an excess described in this clause (i)) were invested at a rate equal to the Yield on the Series 2019 Bonds; and

(ii) is any income attributable to the excess described in clause (i).

The sum of (i) plus (ii) shall be determined in accordance with Code Section 148(f).

**"Existing Parity Obligations"** means the Series 2001A Bonds, the Series 2001B Bonds, the Series 2003 Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the 2008C KRWFC Loan, the Series 2009 Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the 2012D KRWFC Loan, the Series 2013A Bonds, and the Series 2013B Bonds.

**"Existing Parity Resolutions and Agreements"** means the Series 2001 Bond Resolution, the Series 2003 Bond Resolution, the 2004B KRWFC Assistance Agreement, the Series 2007 Bond Resolution, the 2008C KRWFC Assistance Agreement, the Series 2009 Bond Resolution, the Series 2010A Bond Resolution, the Series 2010B Bond Resolution, the 2012D KRWFC Assistance Agreement, and the Series 2013A Bond Resolution.

**"FDIC"** means the independent agency of the United States federal government named the Federal Deposit Insurance Corporation.

**"Fully Registered Bond"** means the single Series 2019 Bond, numbered R-1, and registered in accordance with the requirements of ARTICLE VII hereof.

**"GAAP"** means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied. Whenever any accounting term is used herein which is not otherwise defined, it shall have the meaning ascribed thereto under GAAP.

**“Investment Obligations”** means any of the following, if and to the extent the following are legal investments for the moneys held in the various funds established or continued pursuant to this Series 2019 Bond Ordinance:

- (i) 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, which investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in the Commonwealth;
- (ii) 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: (1) United States Treasury; (2) Export-Import Bank of the United States; (3) Government National Mortgage Corporation; and (4) Merchant Marine;
- (iii) Obligations of any corporation of the United States government, including but not limited to: (1) Federal Home Loan Mortgage Corporation; (2) Federal Farm Credit Banks; (3) Bank for Cooperatives; (4) Federal Intermediate Credit Banks; (5) Federal Land Banks; (6) Federal Home Loan Banks; (7) Federal National Mortgage Association; and (8) Tennessee Valley Authority;
- (iv) Certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution that are insured by the FDIC or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4);
- (v) Uncollateralized certificates of deposit, time deposits, trust accounts, trust deposits and demand deposits, including interest bearing money market accounts, of any bank or savings and loan institution, rated in one of the three highest categories by a nationally recognized rating agency;
- (vi) Bankers’ acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency;
- (vii) Commercial paper rated in the highest category by a nationally recognized rating agency;

- (viii) Bonds or certificates of indebtedness of the Commonwealth and of its agencies and instrumentalities;
- (ix) Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency;
- (x) Shares of mutual funds, each of which shall have the following characteristics:
  - (1) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
  - (2) The management company of the investment company shall have been in operation for at least five years; and
  - (3) All of the securities in the mutual fund shall be investments in any one or more of the investments described in (i) through (ix) above;
- (xi) Investment agreements with any financial institution the long-term debt, claims and paying ability or financial program strength of which is rated not lower than the second highest category (without regard to gradations within such category) by at least one of the nationally recognized rating agencies; provided that if the investment agreement is guaranteed by a third party, then the above rating requirement will apply to the guarantor only; and
- (xii) Such other investments as may be authorized by law, including without limitation those authorized KRS 66.480.

**"KRS"** means the Kentucky Revised Statutes.

**"KRWFC"** means the Kentucky Rural Water Finance Corporation, a Kentucky nonprofit corporation.

**"Net Income and Revenues"** means, for any period, gross income and revenues of the System (including all payments to the Revenue Fund and interest earnings accruing to the Bond Fund, the Depreciation Fund, and the Operation and Maintenance Fund) less the sum of Current Expenses for that period.

**"Nonpurpose Investments"** has the meaning provided by Code Section 148(f).

**“Project”** means the acquisition, construction, installation, and equipping of major improvements and additions to the System, the costs of which will be partially financed by the proceeds of the Series 2019 Bonds.

**“Qualified Parity Obligations”** has the meaning provided in ARTICLE X hereof.

**“Rebate Fund”** has the meaning provided in ARTICLE XVI hereof.

**“Reserve Amount”** means an amount of money equal to the lesser of (i) the maximum principal and interest requirement on the outstanding Qualified Parity Bonds in any year ending January 1<sup>st</sup>, (ii) and amount equal to 125% of the average annual debt service on the outstanding Qualified Parity Bonds in any year ending January 1<sup>st</sup>, and (iii) an amount equal to 10% of the proceeds of all such Qualified Parity Bonds within the meaning of Code Section 148(d).

**“Series 2001 Bond Resolution”** means the resolution adopted by the Board of Commissioners on March 12, 2001, authorizing the sale, issuance, delivery, and administration of the Series 2001A Bonds and the Series 2001B Bonds.

**“Series 2001A Bonds”** means the Edmonson County Water District, Water System Revenue Bonds, 2001 Series A, dated May 15, 2002, issued by the District pursuant to the Series 2001 Bond Resolution and originally issued in an principal amount of \$3,837,000.

**“Series 2001B Bonds”** means the Edmonson County Water District, Water System Revenue Bonds, 2001 Series B, dated May 15, 2002, issued by the District pursuant to the Series 2001 Bond Resolution and originally issued in an principal amount of \$276,000.

**“Series 2003 Bond Resolution”** means the resolution adopted by the Board of Commissioners on October 28, 2003, authorizing the sale, issuance, delivery, and administration of the Series 2003 Bonds.

**“Series 2003 Bonds”** means the Edmonson County Water District, Water System Revenue Bonds, Series 2003, dated June 16, 2004, issued by the District pursuant to the Series 2003 Bond Resolution and originally issued in an principal amount of \$442,000.

**“Series 2007 Bond Resolution”** means the resolution adopted by the Board of Commissioners on July 10, 2007, authorizing the sale, issuance, delivery, and administration of the Series 2007A Bonds and the Series 2007B Bonds.

**“Series 2007A Bonds”** means the Edmonson County Water District, Water System Revenue Bonds, Series 2007A, dated June 11, 2008, issued by the

District pursuant to the Series 2007 Bond Resolution and originally issued in an principal amount of \$1,200,000.

**“Series 2007B Bonds”** means the Edmonson County Water District, Water System Revenue Bonds, Series 2007B, dated June 11, 2008, issued by the District pursuant to the Series 2007 Bond Resolution and originally issued in an principal amount of \$520,000.

**“Series 2009 Bond Resolution”** means the resolution adopted by the Board of Commissioners on March 10, 2009, as amended and supplemented on April 13, 2010, authorizing the sale, issuance, delivery, and administration of the Series 2009 Bonds.

**“Series 2009 Bonds”** means the Edmonson County Water District, Water System Revenue Bonds, Taxable Series 2009 (Build America Bonds - Direct Payment to Issuer), dated May 25, 2010, issued by the District pursuant to the Series 2009 Bond Resolution and originally issued in an principal amount of \$1,511,000.

**“Series 2010A Bond Resolution”** means the resolution adopted by the Board of Commissioners on May 11, 2010, authorizing the sale, issuance, delivery, and administration of the Series 2010A Bonds.

**“Series 2010A Bonds”** means the Edmonson County Water District, Water System Revenue Bonds, Taxable Series 2010A (Build America Bonds - Direct Payment to Issuer), dated December 15, 2010, issued by the District pursuant to the Series 2010A Bond Resolution and originally issued in an principal amount of \$570,000.

**“Series 2010B Bond Resolution”** means the resolution adopted by the Board of Commissioners on November 9, 2010, authorizing the sale, issuance, delivery, and administration of the Series 2010B Bonds.

**“Series 2010B Bonds”** means the Edmonson County Water District, Water System Revenue Bonds, Taxable Series 2010B (Build America Bonds - Direct Payment to Issuer), dated November 24, 2010, issued by the District pursuant to the Series 2010B Bond Resolution and originally issued in an principal amount of \$700,000.

**“Series 2013 Bond Resolution”** means the resolution adopted by the Board of Commissioners on July 23, 2014, authorizing the sale, issuance, delivery, and administration of the Series 2013A Bonds and the Series 2013B Bonds.

**“Series 2013A Bonds”** means the Edmonson County Water District, Water System Revenue Bonds, Series 2013A, dated February 12, 2015, issued by

the District pursuant to the Series 2013 Bond Resolution and originally issued in an principal amount of \$504,000.

**“Series 2013B Bonds”** means the Edmonson County Water District Water System Revenue Bonds, Series 2013B, dated February 12, 2015, issued by the District pursuant to the Series 2013 Bond Resolution and originally issued in an principal amount of \$160,000.

**“Series 2019 Bond Resolution”** means this Resolution adopted by the Board of Commissioners on November 12, 2019 authorizing the sale, issuance, delivery, and administration of the Series 2019 Bonds.

**“Series 2019 Bond”** means the Edmonson County Water District, Water System Revenue Bonds, Series 2019 to be dated as of their date of delivery by the District pursuant to the requirements of this Series 2019 Bond Resolution and to be issued in an original principal amount of \$1,032,000.

**“System”** means the water facilities owned and operated by the District as a municipal water distribution system, including all future improvements to, replacements of, and additions to currently existing water facilities.

**“USDA”** means the United States Department of Agriculture, Rural Development, the Kentucky state office of which has a business address of 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503.

**“Yield”** has the meaning provided by Code Section 148(f).

**“2004B KRWFC Assistance Agreement”** means the Assistance Agreement dated as of March 24, 2004, as amended and supplemented by a First Amendment and Supplement to Assistance Agreement dated as of February 27, 2013, by and between the District and KRWFC governing the 2004B KRWFC Loan.

**“2004B KRWFC Loan”** means the payment obligation of the District to the KRWFC originally incurred in a principal amount of \$2,654,000 pursuant to the 2004B KRWFC Assistance Agreement, which represented a loan by the KRWFC to the District from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program) Series 2004B.

**“2008C KRWFC Assistance Agreement”** means the Assistance Agreement dated as of May 29, 2008, by and between the District and KRWFC governing the 2008C KRWFC Loan.

**"2008C KRWFC Loan"** means the payment obligation of the District to the KRWFC originally incurred in a principal amount of \$830,000 pursuant to the 2008C KRWFC Assistance Agreement, which represented a loan by the KRWFC to the District from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program) Series 2004B.

**"2012D KRWFC Assistance Agreement"** means the Assistance Agreement dated as of May 30, 2012, by and between the District and KRWFC governing the 2012D KRWFC Loan.

**"2012D KRWFC Loan"** means the payment obligation of the District to the KRWFC originally incurred in an principal amount of \$2,900,000 pursuant to the 2012D KRWFC Assistance Agreement, which represented a loan by the KRWFC to the District from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program) Series 2012D.

**EXHIBIT B**

**FORM OF SERIES 2019 BONDS**

**UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
EDMONSON COUNTY WATER DISTRICT  
WATER SYSTEM REVENUE BOND, SERIES 2019**

**No. R-1** **\$1,032,000**

**KNOW ALL MEN BY THESE PRESENTS:**

That Edmonson County Water District (the "District"), acting by and through its Commission, a public body corporate created and existing pursuant to Chapter 74 of the Kentucky Revised Statutes and situated in Edmonson, Warren, Grayson, and Hart Counties, Kentucky, for value received, hereby promises to pay to the registered holder hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of **ONE MILLION THIRTY-TWO THOUSAND DOLLARS AND NO CENTS (\$1,032,000)** on the first day of January in years and installments as follows:

<b>Year</b>	<b>Principal</b>	<b>Year</b>	<b>Principal</b>	<b>Year</b>	<b>Principal</b>
2022	\$14,000	2035	\$20,500	2048	\$31,000
2023	14,500	2036	21,500	2049	32,000
2024	15,000	2037	22,000	2050	33,000
2025	15,500	2038	22,500	2051	34,000
2026	15,500	2039	23,500	2052	35,000
2027	16,000	2040	24,000	2053	36,000
2028	16,500	2041	25,000	2054	37,000
2029	17,000	2042	25,500	2055	38,500
2030	18,000	2043	26,500	2056	39,500
2031	18,500	2044	27,500	2057	41,000
2032	19,000	2045	28,000	2058	42,000
2033	19,500	2046	29,000	2059	43,500
2034	20,000	2047	30,000	2060	45,000

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, without deduction for exchange or collection charges and in like coin or currency, at the rate of \_\_\_\_ percent (\_\_\_%) per annum, semiannually on the first days of January and July in each year hereafter 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 to the registered holder

hereof at the address shown on the registration books of the District or, so long as the United States of America, Department of Agriculture, is the registered holder of this Bond, at the office or address as may be designated by said Department of Agriculture from time to time.

This Bond is the Bond in fully registered form representing a total authorized series of Bonds in the principal amount of \$1,032,000 issued by the District pursuant to the Constitution and Statutes of the Commonwealth of Kentucky, including KRS Chapters 74 and 106, and pursuant to a duly adopted Resolution of the District, for the purpose of paying the costs (to the extent not otherwise provided to be paid) of the construction and installation of major improvements and additions to the District's municipal water distribution system (the "System"), together with appurtenant facilities, and incidental expenses.

This Series 2019 Bond and the series which it represents, together with such additional bonds and obligations ranking on a parity therewith as have heretofore been issued and are outstanding and as may hereafter be issued and outstanding from time to time in accordance with the conditions and restrictions set forth in the Resolution authorizing the issuance of this Bond, are payable from and secured by a pledge of a fixed portion of the income and revenues to be derived from the operation of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Series 2019 Bond and the series of which it forms a part, and any outstanding parity bonds, as and when the same shall become due and payable, and which shall be set aside as a special fund for that purpose and identified as the "Waterworks Bond and Interest Sinking Fund of 1969." This Series 2019 Bond and the series it represents rank on a basis of parity and equality with certain identically styled bonds designated Series 2019 and issued simultaneously herein pursuant to the Bond-authorizing Resolution.

A statutory mortgage lien upon the System and appurtenant facilities, together with all future additions and improvements thereto, and extensions thereof, is created by Section 106.080 of the Kentucky Revised Statutes and by the aforesaid Resolution for the benefit and protection of the holder of this Series 2019 Bond, and the same shall remain in effect until payment in full of the principal of and interest on this Series 2019 Bond.

This Series 2019 Bond does not in any manner constitute an indebtedness of the District within the meaning of the Statutes and Constitution of Kentucky, and the District is not and shall not be obligated to pay this Series 2019 Bond or the interest hereon except from said special fund. The District, acting by and through its Commission, covenants that it will fix, and if necessary adjust from time to time, such rates and charges for use of the services and facilities of the System and will collect and account for the income and revenues therefrom sufficient to pay promptly the interest on and principal of this series of Series 2019 Bond and all other bonds and obligations ranking on a parity therewith that may be outstanding from time to time, as well as to pay the costs of operation and maintenance of the System.

This Series 2019 Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Secretary-Treasurer of the District, as the Bond Registrar, with a written transfer duly acknowledged by

the registered holder or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books 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, 2029, in the inverse chronological order of the installments due on this Bond, the entire principal amount of this Series 2019 Bond then remaining unpaid, or such lesser portion thereof in multiples of Five Hundred Dollars (\$500) 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 holder of this Series 2019 Bond at least thirty days before the date fixed for prepayment. Provided, however, that so long as the United States of America, Department of Agriculture, is the registered holder of this Series 2019 Bond, this Series 2019 Bond may be prepaid at any time in whole or in part, at par or face value and without notice or prepayment premium.

Upon default in the payment of any principal or interest payment on this Series 2019 Bond or upon failure by the District to comply with any other provisions of this Series 2019 Bond or with the provisions of the resolution authorizing the issuance of this Series 2019 Bond, the registered holder may, at his option, institute proceedings to enforce all rights and remedies provided by law or by said resolution.

This Series 2019 Bond is exempt from ad valorem taxation in the Commonwealth of Kentucky.

**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 Series 2019 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 Series 2019 Bond, being the total authorized amount of Series 2019 Bonds of the series of which this Series 2019 Bond is a part, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

[Signature page to follow]

[SIGNATURE PAGE TO SERIES 2019 BOND]

IN WITNESS WHEREOF, the Edmonson County Water District, in the Commonwealth of Kentucky, by its Commission, has caused this Series 2019 Bond to be executed by the Chairman of its Commission, attested by the Secretary-Treasurer, and its corporate seal to be hereunto affixed, on the date of this Series 2019 Bond, which is \_\_\_\_\_.

**EDMONSON COUNTY WATER DISTRICT**

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

Attest:

\_\_\_\_\_  
Secretary-Treasurer

(Seal of District)

**PROVISION FOR REGISTRATION**

This Bond shall be registered on the books of the Edmonson County Water District kept for that purpose by its Secretary-Treasurer, as Bond Registrar, upon presentation hereof to the Secretary-Treasurer, who shall make notation of such registration in the registration blank, and this Series 2019 Bond may thereafter be transferred only upon written transfer acknowledged by the registered holder or his attorney, such transfer to be made on said books and endorsed hereon.

**(FORM OF REGISTRATION)**

<b>Date of Registration</b>	<b>Name of Registered Holder</b>	<b>Signature of the District's Bond Registrar</b>
	United States of America Department of Agriculture State Office 771 Corporate Drive, Suite 200 Lexington, KY 40503*	

\*(To be inserted if USDA purchases the Series 2019 Bond)

# Attachment No. 9b

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**ASSISTANCE AGREEMENT**  
**BETWEEN**  
**KENTUCKY RURAL WATER FINANCE CORPORATION**  
**AND**  
**EDMONSON COUNTY WATER DISTRICT**  
**DATED**  
**MAY 29, 2008**  
**IN THE AMOUNT OF \$830,000**

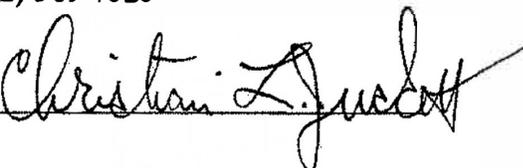
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This document was prepared by:

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

By



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## **ASSISTANCE AGREEMENT**

This Assistance Agreement made and entered into as of May 29, 2008 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of the various entities of the Commonwealth of Kentucky (the "Issuer") and the Edmonson County Water District, P.O. Box 208, Brownsville, Kentucky 42210 (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 The Bank of New York Trust Company, N.A. (as successor in interest to Fifth Third Bank), as 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 Revenue Bonds (Flexible Term Program), Series 2008C (the "Series 2008C Bonds") in the aggregate principal amount of \$7,300,000, pursuant to a Supplemental Trust Indenture No. 31, dated as of May 29, 2008 by and between the Issuer and Regions Bank, Nashville, Tennessee (the "Trustee"), which Series 2008C 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 Edmonson County Water District Water System Refunding Revenue Bonds, Series 1996A, dated February 1, 1996, in the original authorized principal amount of \$1,605,000 (the "Series 1996A Bonds"), which bonds were issued by the Governmental Agency to refund the outstanding FmHA Series 1984 Bonds and the outstanding promissory note to the Bank of Edmonson County, which were issued to make improvements and extensions to the Governmental Agency's waterworks system (the "System"), authorized by a Resolution adopted by the Board of Commissioners (the "Governing Body") on February 14, 1996; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to currently refund the Series 1996A 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 \$830,000 [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 construction and 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 Fund*" refers to the Edmonson County Water District Waterworks Bond and Interest Sinking Fund of 1969 created and confirmed in the Prior Bond Legislation and which Bond Fund will continue to be maintained for the benefit of the System.

"*Bond Legislation of 1988*" or "*1988 Bond Legislation*" refers to the resolution authorizing the Series 1988A Bonds and Series 1988B Bonds, which was adopted by the Governing Body on April 17, 1989, as amended by resolutions adopted on November 11, 1991, and February 14, 1996.

"*Bond Legislation of 1990*" or "*1990 Bond Legislation*" refers to the resolution authorizing the Series 1990 Bonds, which was adopted by the Governing Body on January 22, 1990, as amended by resolutions adopted on November 11, 1991, and February 14, 1996.

"*Bond Legislation of 1991A*" or "*1991A Bond Legislation*" refers to the resolution authorizing the Series 1991A Bonds, which was adopted by the Governing Body on July 22, 1991, as amended by resolutions adopted on November 11, 1991, and February 14, 1996.

"*Bond Legislation of 1991B*" or "*1991B Bond Legislation*" refers to the resolution authorizing the Series 1991B Bonds, which was adopted by the Governing Body on November 11, 1991, as amended by resolution adopted on February 14, 1996.

"*Bond Legislation of 1994A and B*" or "*1994A and B Bond Legislation*" refers to the resolution authorizing the Series 1994A Bonds and the Series 1994B Bonds, which was adopted by the Governing Body on January 24, 1994, as amended by resolution adopted on February 14, 1996.

"*Bond Legislation of 1994C*" or "*1994C Bond Legislation*" refers to the resolution authorizing the Series 1994C Bonds, which was adopted by the Governing Body on December 12, 1994, as amended by resolution adopted on February 14, 1996.

"*Bond Legislation of 1996A*" or "*1996A Bond Legislation*" refers to the resolution authorizing the Series 1996A Bonds, which was adopted by the Governing Body on February 14, 1996.

"*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 October 29, 1997.

"*Bond Legislation of 2001A and B*" or "*2001A and B Bond Legislation*" refers to the resolution authorizing the Series 2001A Bonds and Series 2001B Bonds, which was adopted by the Governing Body on March 12, 2001.

"*Bond Legislation of 2003*" or "*2003 Bond Legislation*" refer to the Resolution authorizing the Bonds of 2003, duly adopted by the Board of Commissioners of the District on October 28, 2003.

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

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

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

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

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

"*Depreciation Fund*" refers to the Edmonson County Water District Depreciation Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

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

"*Funds*" refers to the Revenue Fund, the Bond Fund, the Depreciation Fund, the Operation and Maintenance 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 Edmonson County Water District, P.O. Box 208, Brownsville, Kentucky 42210.

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

"*Governmental Agency Clerk*" refers to the Secretary/Treasurer 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. 31, dated May 29, 2008, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1<sup>st</sup> day of each month, commencing July 1, 2008 and continuing through and including January 1, 2022 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 \$830,000.

"*Operation and Maintenance Fund*" refers to the Edmonson County Water District Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation and which Operation and Maintenance 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 investments of funds on deposit in the various funds created herein and includes:

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;
- (3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;
- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;
- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;
- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;

- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;
- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) 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 in investments in any one or more of the investments described in (1) and (3) above.

*"Prior Bond Legislation"* collectively refers to the 1994A and B Bond Legislation, 1994C Bond Legislation, 1997 Bond Legislation, 2001A and B Bond Legislation, 2003 Bond Legislation, and Series 2004D Assistance Agreement.

*"Prior Bonds"* refers to the Series 1994A Bonds, Series 1994B Bonds, Series 1994C Bonds, Series 1997 Bonds, Series 2001A Bonds, Series 2001B Bonds, Series 2003 Bonds, and Series 2004D Assistance Agreement.

*"Program"* refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvements 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 Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

*"Project"* refers to financing the cost to currently refund the outstanding Series 1996A Bonds, with the proceeds of the Obligations.

"*Revenue Fund*" refers to the Edmonson 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 1994A Bonds*" refers to the Edmonson County Water District Water System Revenue Bonds, 1994 Series A, dated December 12, 1994, in the original authorized principal amount of \$1,900,000.

"*Series 1994B Bonds*" refers to the Edmonson County Water District Water System Revenue Bonds, 1994 Series B, dated December 12, 1994, in the original authorized principal amount of \$300,000.

"*Series 1994C Bonds*" refers to the Edmonson County Water District Water System Revenue Bonds, 1994 Series C, dated August 11, 1995, in the original authorized principal amount of \$860,000.

"*Series 1996A Bonds*" refers to the Edmonson County Water District Water System Refunding Revenue Bonds, Series 1996A, dated February 1, 1996, in the original authorized principal amount of \$1,605,000.

"*Series 1997 Bonds*" refers to the Edmonson County Water District Water System Revenue Bonds, Series 1997, dated May 27, 1998, in the original authorized principal amount of \$600,000.

"*Series 2001A Bonds*" refers to the Edmonson County Water District Water System Revenue Bonds, Series of 2001A, dated May 15, 2002, in the original authorized principal amount of \$3,837,000.

"*Series 2001B Bonds*" refers to the Edmonson County Water District Water System Revenue Bonds, Series of 2001B, dated May 15, 2002, in the original authorized principal amount of \$276,000.

"*Series 2003 Bonds*" refers to the Edmonson County Water District Water System Revenue Bonds, Series of 2003, dated June 16, 2004, in the original authorized principal amount of \$442,000.

"*Series 2004B Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated April 27, 2004, authorizing the loan in the principal amount of \$2,654,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004B.

"*Series 2004B Loan*" refers to the loan to the Governmental Agency in the principal amount of \$2,654,000, dated April 27, 2004, from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004B.

"*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 municipal 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 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$830,000 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, beginning July 1, 2008 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

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

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

#### **Section 4. Redemption.**

(a) *Optional Redemption.* Obligations maturing on and prior to January 1, 2018 shall not be subject to redemption prior to maturity. Subject to the prior written approval of the Compliance Group, Obligations maturing on or after January 1, 2019, are subject to redemption, in whole or in part, by the Governmental Agency prior to their stated maturities, at any time falling on or after January 1, 2018, 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. 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 Sinking Fund 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.

There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Bond Fund sums sufficient to pay when due the principal and interest requirements on the Outstanding Bonds. Specifically, there shall be paid into the Bond Fund on or before the 20th day of each month, on account of the Outstanding Bonds, not less than the following:

**B. Bond Fund.** A separate and special fund or account of the Governmental Agency, distinct and apart from all other funds and accounts, was created in and by the Prior Bond Resolution and designated and identified as the "Edmonson County Water District Waterworks Bond and Interest Sinking Fund of 1969," which shall continue to be maintained so long as any of the Outstanding Bonds or any additional Party Bonds herein permitted to be issued are outstanding; and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the Outstanding Bonds and any Party Bonds hereafter issued and outstanding pursuant to the provisions of this Assistance Agreement.

**A. Revenue Fund.** The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, which shall be maintained in the Depository Bank, 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.

**Section 7. Flow of Funds.** All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders 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 Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

**Section 6. Compliance with Party 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 party from the income and revenues of said System with said outstanding Prior Bonds.

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

In the event additional Parity Bonds are issued pursuant to the conditions and restrictions hereinafter prescribed, the monthly deposits to the Bond Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Bond Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Bond Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need to be made into the Bond Fund if and when the amount held therein and in any other available fund is at least equal to the amount required to retire all Outstanding Bonds and Parity Bonds and paying all interest that will accrue thereon.

Pursuant to Section 4.3(b)(iv) of the Indenture, the money and investments in the Principal and Interest Account (as defined in the Indenture) may be returned to the Governmental Agency and applied to the final Loan Payment (as defined in the Indenture) for the Governmental Agency.

**C. Depreciation Fund.** Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

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

**D. Operation and Maintenance Fund.** There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance

maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

**E. Surplus Funds.** Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Bond 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 8. Disposition of Proceeds of the Obligations; Governmental Agency Account.** Upon (i) the execution of this Assistance Agreement, (ii) the deliverance 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 "Edmonson County Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to pay the interest on the Series 1996A Bonds through July 1, 2008, as the same becomes due and payable, and to call for redemption on July 1, 2008 at a price of 100% the unpaid outstanding Series 1996A 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 9. Arbitrage Limitations.**

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

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

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

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service

(even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

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

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

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

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

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

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

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

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

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the

Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

**Section 10. 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 facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance 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 equal at least 120% of the maximum annual debt service requirements for principal of and interest on all outstanding Bonds payable from the revenues of the System, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of maximum annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such 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:

(i) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(ii) 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 a 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:

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

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

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:

(a) 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 maximum 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

(b) in the alternative, that the maximum 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 maximum 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 11. Rates and Charges for Services of the System.** While any Bonds are 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 net income and revenues (as defined in Section 10 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 maximum 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 10 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 maximum 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 10 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 maximum 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 12. 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 13. 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 direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States of America, 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 Permitted Investments 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 14. 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 15. 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 16. 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 17. 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 18. 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 19. 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 20. 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 most recently ended ) 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 21. 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 22. 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 23. 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 24. 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 25. 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 26. 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.

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 Edmonson 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 David J. Stewart  
President

Attest:

By [Signature]  
Secretary/Treasurer

EDMONSON COUNTY WATER DISTRICT

By \_\_\_\_\_  
Chairman

Attest:

By \_\_\_\_\_  
Secretary/Treasurer

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 Edmonson 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

EDMONSON COUNTY WATER DISTRICT

By Jimmy Miller  
Chairman

Attest:

By Jackie McNeil  
Secretary/Treasurer

ISSUER ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF Warren

The foregoing instrument was acknowledged before me this May 29, 2008 by David Peterson who is the President of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this May 29, 2008.

My Commission expires: 7-11-10.

Bobbie S. Shanahan  
Notary Public, State at Large, Kentucky

COMMONWEALTH OF KENTUCKY

COUNTY OF Warren

The foregoing instrument was acknowledged before me this May 29, 2008 by Gary Larimore who is the Secretary/Treasurer of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this May 29, 2008.

My Commission expires: 7/11/10.

Bobbie S. Shanahan  
Notary Public, State at Large, Kentucky

**GOVERNMENTAL AGENCY ACKNOWLEDGMENT**

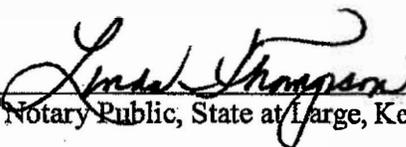
COMMONWEALTH OF KENTUCKY

COUNTY OF EDMONSON

The foregoing instrument was acknowledged before me this May 27, 2008, by Jimmy Mills who is the Chairman of the Edmonson County Water District, on behalf of said District.

WITNESS my hand this May 27, 2008.

My Commission expires: 12-7-2010

  
Notary Public, State at Large, Kentucky

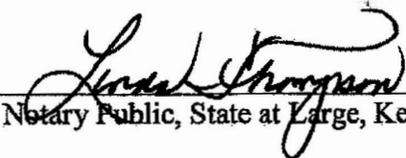
COMMONWEALTH OF KENTUCKY

COUNTY OF EDMONSON

The foregoing instrument was acknowledged before me this May 27, 2008, by Jackie McCombs who is the Secretary/Treasurer of the Edmonson County Water District, on behalf of said District.

WITNESS my hand this May 27, 2008.

My Commission expires: 12-7-2010

  
Notary Public, State at Large, Kentucky

**EXHIBIT A**

**Debt Service Schedule**

**KRWFC Flexible Term Program Series 2008 C  
Sinking Fund Payment Schedule**

**Borrower: Edmonson County Water District  
Closing Date: 05/29/08**

	<b>Monthly Principal</b>	<b>Monthly Interest</b>	<b>Total Monthly Sinking Fund Payments</b>
8/09-1/09	7,500.00	3,332.40	10,832.40
2/09-7/09	4,166.67	2,390.52	6,557.19
8/09-1/10	4,166.67	2,390.52	6,557.19
2/10-7/10	4,583.33	2,284.27	6,867.61
8/10-1/11	4,583.33	2,284.27	6,867.61
2/11-7/11	4,166.67	2,144.48	6,311.15
8/11-1/12	4,166.67	2,144.48	6,311.15
2/12-7/12	4,583.33	2,017.40	6,600.73
8/12-1/13	4,583.33	2,017.40	6,600.73
2/13-7/13	4,583.33	1,866.15	6,449.48
8/13-1/14	4,583.33	1,866.15	6,449.48
2/14-7/14	5,000.00	1,714.90	6,714.90
8/14-1/15	5,000.00	1,714.90	6,714.90
2/15-7/15	4,583.33	1,537.40	6,120.73
8/15-1/16	4,583.33	1,537.40	6,120.73
2/16-7/16	5,000.00	1,374.69	6,374.69
8/16-1/17	5,000.00	1,374.69	6,374.69
2/17-7/17	5,416.67	1,172.19	6,588.86
8/17-1/18	5,416.67	1,172.19	6,588.86
2/18-7/18	5,416.67	952.81	6,369.48
8/18-1/19	5,416.67	952.81	6,369.48
2/19-7/19	5,833.33	733.44	6,566.77
8/19-1-20	5,833.33	733.44	6,566.77
2/20-7/20	5,833.33	497.19	6,330.52
8/20-1/21	5,833.33	497.19	6,330.52
2/21-7/21	6,250.00	260.94	6,510.94
8/21-1/22	6,250.00	260.94	6,510.94
	<u>830,000.00</u>	<u>247,350.79</u>	<u>1,077,350.79</u>

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**ASSISTANCE AGREEMENT**  
**BETWEEN**  
**KENTUCKY RURAL WATER FINANCE CORPORATION**  
**AND**  
**EDMONSON COUNTY WATER DISTRICT**

**DATED**

**MAY 30, 2012**

**IN THE AMOUNT OF \$2,900,000**

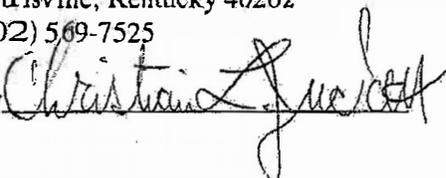
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This document was prepared by:

**RUBIN & HAYS**  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 509-7525

By



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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 Edmonson County Water District, P.O. Box 208, Brownsville, Kentucky 42210 (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) Edmonson County Water District Water System Revenue Bonds, 1994 Series A, dated December 12, 1994, in the original principal amount of \$1,900,000, (ii) Edmonson County Water District Water System Revenue Bonds, 1994 Series B, dated December 12, 1994, in the original principal amount of \$300,000, (iii) Edmonson County Water District Water System Revenue Bonds, 1994 Series C, dated August 11, 1995, in the original principal amount of \$860,000, and (iv) Edmonson County Water District Water System Revenue Bonds, Series 1997, dated May 27, 1998, in the original principal amount of \$600,000 (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 \$2,900,000 [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 Fund"* refers to the Edmonson County Water District Waterworks Bond and Interest Sinking Fund of 1969 created and confirmed in the Prior Bond Legislation and which Bond Fund will continue to be maintained for the benefit of the System.

*"Bond Legislation of 1994A and B"* or *"1994A and B Bond Legislation"* refers to the resolution authorizing the Series 1994A Bonds and the Series 1994B Bonds, which was adopted by the Governing Body on January 24, 1994, as amended by resolution adopted on February 14, 1996.

*"Bond Legislation of 1994C"* or *"1994C Bond Legislation"* refers to the resolution authorizing the Series 1994C Bonds, which was adopted by the Governing Body on December 12, 1994, as amended by resolution adopted on February 14, 1996.

*"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 October 29, 1997.

*"Bond Legislation of 2001A and B"* or *"2001A and B Bond Legislation"* refers to the resolution authorizing the Series 2001A Bonds and Series 2001B Bonds, which was adopted by the Governing Body on March 12, 2001.

*"Bond Legislation of 2003"* or *"2003 Bond Legislation"* refer to the Resolution authorizing the Bonds of 2003, duly adopted by the Governing Body on October 28, 2003.

*"Bond Legislation of 2007"* or *"2007 Bond Legislation"* refer to the Resolution authorizing the Series 2007A Bonds and Series 2007B Bonds, duly adopted by the Governing Body on July 10, 2007.

*"Bond Legislation of 2009"* or *"2009 Bond Legislation"* refer to the Resolution authorizing the Series 2009 Bonds, duly adopted by the Governing Body on March 18, 2009.

*"Bond Legislation of 2010A"* or *"2010A Bond Legislation"* refer to the Resolution authorizing the Series 2010A Bonds, duly adopted by the Governing Body on May 11, 2010.

"*Bond Legislation of 2010B*" or "*2010B Bond Legislation*" refer to the Resolution authorizing the Series 2010B Bonds, duly adopted by the Governing Body on November 9, 2010.

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

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

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

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

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

"*Depreciation Fund*" refers to the Edmonson County Water District Depreciation Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

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

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

"*Funds*" refers to the Revenue Fund, the Bond Fund, the Depreciation Fund, the Operation and Maintenance 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 Edmonson County Water District, P.O Box 208, Brownsville, Kentucky 42210.

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

*"Governmental Agency Clerk"* refers to the Secretary/Treasurer 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 1<sup>st</sup> day of each month, commencing July 1, 2012 and continuing through and including January 1, 2036 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 \$2,900,000, maturing January 1, 2036.

*"Operation and Maintenance Fund"* refers to the Edmonson County Water District Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation and which Operation and Maintenance 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"* collectively refers to the 2001A and B Bond Legislation, 2003 Bond Legislation, 2003 Bond Legislation, Series 2004B Assistance Agreement, 2007 Bond Legislation, 2008C Assistance Agreement, 2009 Bond Legislation, 2010A Bond Legislation, and 2010B Bond Legislation.

*"Prior Bonds"* refers to the Series 2001A Bonds, Series 2001B Bonds, Series 2003 Bonds, Series 2004B Loan, Series 2007A Bonds, Series 2007B Bonds, Series 2008C Loan, Series 2009 Bonds, Series 2010A Bonds and Series 2010B Bonds.

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

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

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

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

*"Refunded Bonds"* refers to the Series 1994 A, B and C Bonds, and Series 1997 Bonds.

*"Revenue Fund"* refers to the Edmonson 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 1994A Bonds"* refer to the outstanding Edmonson County Water District Water System Revenue Bonds, 1994 Series A, dated December 12, 1994, in the original authorized principal amount of \$1,900,000.

*"Series 1994B Bonds"* refers to the outstanding Edmonson County Water District Water System Revenue Bonds, 1994 Series B, dated December 12, 1994, in the original authorized principal amount of \$300,000.

"*Series 1994C Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, 1994 Series C, dated August 11, 1995, in the original authorized principal amount of \$860,000.

"*Series 1996A Bonds*" refers to the outstanding Edmonson County Water District Water System Refunding Revenue Bonds, Series 1996A, dated February 1, 1996, in the original authorized principal amount of \$1,605,000.

"*Series 1997 Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series 1997, dated May 27, 1998, in the original authorized principal amount of \$600,000.

"*Series 2001A Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2001A, dated May 15, 2002, in the original authorized principal amount of \$3,837,000.

"*Series 2001B Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2001B, dated May 15, 2002, in the original authorized principal amount of \$276,000.

"*Series 2003 Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2003, dated June 16, 2004, in the original authorized principal amount of \$442,000.

"*Series 2004B Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated April 27, 2004, authorizing the loan in the principal amount of \$2,654,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004B.

"*Series 2004B Loan*" refers to the outstanding loan to the Governmental Agency in the principal amount of \$2,654,000, dated April 27, 2004, from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004B.

"*Series 2007A Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2007A, dated June 11, 2008, in the original principal amount of \$1,200,000.

"*Series 2007B Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2007B, dated June 11, 2008, in the original principal amount of \$520,000.

"*Series 2008C Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 29, 2008,

authorizing the loan in the principal amount of \$830,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2008C.

"*Series 2008C Loan*" refers to the outstanding loan in the amount of \$830,000, dated May 29, 2008, to the Governmental Agency from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2008C.

"*Series 2009 Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Taxable Series 2009 (Build America Bonds - Direct Payment to Issuer), dated May 24, 2010, in the original principal amount of \$1,511,000.

"*Series 2010A Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Taxable Series 2010A (Build America Bonds - Direct Payment to Issuer), in the original principal amount of \$570,000.

"*Series 2010B Bonds*" refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Taxable Series 2010B (Build America Bonds - Direct Payment to Issuer), dated November 24, 2010, in the original principal amount of \$700,000.

"*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 municipal 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 \$2,900,000 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 Bond 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 Bond 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. 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 Bond Fund, 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 6. 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 7. Flow of Funds.** All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders 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 Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, 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. Bond Fund.** A separate and special fund or account of the Governmental Agency, distinct and apart from all other funds and accounts, was created in and by the Prior Bond Resolution and designated and identified as the "Edmonson County Water District Waterworks Bond and Interest Sinking Fund of 1969," which shall continue to be maintained so long as any of the Outstanding Bonds or any additional Parity Bonds herein permitted to be issued are outstanding; and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the

principal of and interest on the Outstanding Bonds and any Parity Bonds hereafter issued and outstanding pursuant to the provisions of this Assistance Agreement.

There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Bond Fund sums sufficient to pay when due the principal and interest requirements on the Outstanding Bonds. Specifically, there shall be paid into the Bond Fund on or before the 20th day of each month, on account of the Outstanding Bonds, not less than the following:

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

In the event additional Parity Bonds are issued pursuant to the conditions and restrictions hereinafter prescribed, the monthly deposits to the Bond Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Bond Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Bond Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need to be made into the Bond Fund if and when the amount held therein and in any other available fund is at least equal to the amount required to retire all Outstanding Bonds and Parity Bonds and paying all interest that will accrue thereon.

Pursuant to Section 4.3(b)(iv) of the Indenture, the money and investments in the Principal and Interest Account (as defined in the Indenture) may be returned to the Governmental Agency and applied to the final Loan Payment (as defined in the Indenture) for the Governmental Agency.

**C. Depreciation Fund.** Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

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

of principal and interest on the Bonds if the amount on deposit in the Bond Fund is not sufficient to make such payments.

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

**E. Surplus Funds.** Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Bond 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 8. 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 "Edmonson 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 Bond Fund, to be used for the purposes thereof.

#### **Section 9. 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 Bond 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 Bond 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 Bond Fund.

(5) That amounts accumulated in the Bond 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 10. 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 facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance 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 equal at least 120% of the maximum annual debt service requirements for principal of and interest on all outstanding Bonds payable from the revenues of the System, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of maximum annual debt

service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such 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:

(i) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(ii) 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 a 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 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 maximum 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 maximum 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 maximum 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 11. Rates and Charges for Services of the System.** While any Bonds are 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 net income and revenues (as defined in Section 10 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 maximum 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 10 hereof.

**Section 12. 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 13. 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 14. 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 15. 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 16. 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 17. 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 18. 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 19. 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 20. 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 21. 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 22. 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 23. 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 24. 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 25. 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 26. 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 Edmonson 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

EDMONSON 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 Edmonson 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

EDMONSON 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 Edmonson 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

EDMONSON COUNTY WATER DISTRICT

By  \_\_\_\_\_  
Chairman

Attest:

By  \_\_\_\_\_  
Secretary

**EXHIBIT A**  
**Debt Service Schedule**

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

**Borrower:** Edmonson County Water District  
**Closing Date:** 05/30/12

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
7/12-1/13	9,285.71	9,364.69	554.68	19,205.09
2/13-7/13	7,916.67	7,943.44	472.50	16,332.61
8/13-1/14	7,916.67	7,943.44	472.50	16,332.61
2/14-8/14	8,333.33	7,626.77	456.67	16,416.77
8/14-1/15	8,333.33	7,626.77	456.67	16,416.77
2/15-7/15	8,750.00	7,293.44	440.00	16,483.44
8/15-1/16	8,750.00	7,293.44	440.00	16,483.44
2/16-7/16	8,750.00	7,030.94	422.50	16,203.44
8/16-1/17	8,750.00	7,030.94	422.50	16,203.44
2/17-7/17	9,166.67	6,855.94	405.00	16,427.61
8/17-1/18	9,166.67	6,855.94	405.00	16,427.61
2/18-7/18	9,583.33	6,580.94	386.67	16,550.94
8/18-1/19	9,583.33	6,580.94	386.67	16,550.94
2/19-7/19	10,000.00	6,293.44	367.50	16,660.94
8/19-1/20	10,000.00	6,293.44	367.50	16,660.94
2/20-7/20	10,000.00	5,993.44	347.50	16,340.94
8/20-1/21	10,000.00	5,993.44	347.50	16,340.94
2/21-7/21	10,416.67	5,718.44	327.50	16,462.61
8/21-1/22	10,416.67	5,718.44	327.50	16,462.61
2/22-7/22	10,833.33	5,405.94	306.67	16,545.94
8/22-1/23	10,833.33	5,405.94	306.67	16,545.94
2/23-7/23	11,250.00	5,070.11	285.00	16,605.11
8/23-1/24	11,250.00	5,070.11	285.00	16,605.11
2/24-7/24	11,666.67	4,710.11	262.50	16,639.27
8/24-1/25	11,666.67	4,710.11	262.50	16,639.27
2/25-7/25	12,083.33	4,313.44	239.17	16,635.94
8/25-1/26	12,083.33	4,313.44	239.17	16,635.94
2/26-7/26	12,500.00	3,902.61	215.00	16,617.61
8/26-1/27	12,500.00	3,902.61	215.00	16,617.61
2/27-7/27	12,916.67	3,465.11	190.00	16,571.77
8/27-1/28	12,916.67	3,465.11	190.00	16,571.77
2/28-7/28	13,333.33	3,013.02	164.17	16,510.52
8/28-1/29	13,333.33	3,013.02	164.17	16,510.52
2/29-7/29	14,166.67	2,546.36	137.50	16,850.52
8/29-1/30	14,166.67	2,546.36	137.50	16,850.52
2/30-7/30	14,583.33	2,032.81	109.17	16,725.31
8/30-1/31	14,583.33	2,032.81	109.17	16,725.31
2/31-7/31	15,000.00	1,504.17	80.00	16,584.17
8/31-1/32	15,000.00	1,504.17	80.00	16,584.17
2/32-7/32	15,833.33	941.67	50.00	16,825.00
8/32-1/33	15,833.33	941.67	50.00	16,825.00
2/33-7/33	5,833.33	347.92	18.33	6,199.58
8/33-1/34	5,833.33	347.92	18.33	6,199.58
2/34-7/34	1,666.67	129.17	6.67	1,802.50
8/34-1/35	1,666.67	129.17	6.67	1,802.50
2/35-7/35	1,666.67	66.67	3.33	1,736.67
8/35-1/36	1,666.67	66.67	3.33	1,736.67
	<u>2,900,000.00</u>	<u>1,250,983.02</u>	<u>72,202.77</u>	<u>4,223,185.79</u>

**FIRST AMENDMENT AND SUPPLEMENT TO  
ASSISTANCE AGREEMENT**

This First Amendment and Supplement to Assistance Agreement made and entered into as of February 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 Edmonson County Water District, P.O. Box 208, Brownsville, Kentucky 42210 (the "Governmental Agency"):

**WITNESSETH**

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2013B (the "Series 2013B Bonds") in the aggregate principal amount of \$17,365,000, pursuant to a Supplemental Trust Indenture No. 51, dated as of February 27, 2013 by and between the Issuer and the Trustee, which Series 2013B Bonds will rank on a parity with the Bonds and the proceeds of which will be used by certain Governmental Agencies to 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 April 27, 2004, pursuant to which the Issuer provided the Governmental Agency with a loan dated April 27, 2004, in the original principal amount of \$2,654,000, from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004B (the "Loan"); and

WHEREAS, the proceeds of the Loan were used to refund five bond issues secured by the District'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 April 27, 2004, 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. 51, dated February 27, 2013, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1<sup>st</sup> day of each month, commencing April 1, 2013 and continuing through and including January 1, 2029 or until the Loan has been paid in full.

"*Loan*" refers to the loan in the amount of \$2,654,000, dated April 27, 2004, to the Governmental Agency from the Issuer, as amended herein.

"Obligations" refers to the Loan originally authorized by the Assistance Agreement, which loan is supplemented, amended, modified and reauthorized by this First Amendment to Assistance Agreement, maturing January 1, 2029.

"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 maturing on and prior to January 1, 2023 shall not be subject to optional redemption prior to maturity. Subject to the prior written

approval of the Compliance Group, the Obligations maturing on or after January 1, 2024 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after January 1, 2023 at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

**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 \$1,960,000, which amount was calculated as follows:

Outstanding principal balance of the Loan on February 27, 2013	1,922,000.00
Plus accrued interest from February 1 to February 27, 2013	5,902.00
Plus fee to bondholders for early call of the Loan	19,220.00
Plus net costs associated with amending the debt service on the Loan	34,720.90
Plus deposit to Governmental Agency's Sinking Fund (rounding)	2,844.93
Credit for current balance in Governmental Agency's Sinking Fund	<u>(24,687.83)</u>
<b>Revised principal amount of the Loan</b>	<b>\$1,960,000.00</b>

*[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 Edmonson 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 \_\_\_\_\_  
Secretary/Treasurer

EDMONSON COUNTY WATER DISTRICT

By \_\_\_\_\_  
Chairman

Attest:

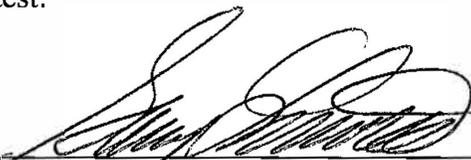
By \_\_\_\_\_  
Secretary

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 Edmonson 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

EDMONSON 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 Edmonson 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

EDMONSON COUNTY WATER DISTRICT

By J. J. Gull  
Chairman

Attest:

By Barry J. Pich  
Secretary

**EXHIBIT A**

**Debt Service Schedule**

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

**Borrower:** Edmonson County Water District  
**Closing Date:** 02/27/13

	<b>Monthly Principal</b>	<b>Monthly Interest</b>	<b>Total Monthly Sinking Fund Payments</b>
4/13-7/13	11,500.00	5,683.05	17,183.05
8/13-1/14	11,500.00	4,428.54	15,928.54
2/14-8/14	9,583.33	4,208.13	13,791.46
8/14-1/15	9,583.33	4,208.13	13,791.46
2/15-7/15	9,583.33	3,987.71	13,571.04
8/15-1/16	9,583.33	3,987.71	13,571.04
2/16-7/16	10,000.00	3,767.29	13,767.29
8/16-1/17	10,000.00	3,767.29	13,767.29
2/17-7/17	10,000.00	3,537.29	13,537.29
8/17-1/18	10,000.00	3,537.29	13,537.29
2/18-7/18	10,416.67	3,307.29	13,723.96
8/18-1/19	10,416.67	3,307.29	13,723.96
2/19-7/19	10,416.67	3,067.71	13,484.38
8/19-1-20	10,416.67	3,067.71	13,484.38
2/20-7/20	10,416.67	2,828.13	13,244.79
8/20-1/21	10,416.67	2,828.13	13,244.79
2/21-7/21	10,833.33	2,536.46	13,369.79
8/21-1/22	10,833.33	2,536.46	13,369.79
2/22-7/22	11,250.00	2,233.13	13,483.13
8/22-1/23	11,250.00	2,233.13	13,483.13
2/23-7/23	11,666.67	1,918.13	13,584.79
8/23-1/24	11,666.67	1,918.13	13,584.79
2/24-7/24	11,666.67	1,576.88	13,243.54
8/24-1/25	11,666.67	1,576.88	13,243.54
2/25-7/25	12,083.33	1,221.04	13,304.38
8/25-1/26	12,083.33	1,221.04	13,304.38
2/26-7/26	12,500.00	852.50	13,352.50
8/26-1/27	12,500.00	852.50	13,352.50
2/27-7/27	13,333.33	440.00	13,773.33
8/27-1/28	13,333.33	440.00	13,773.33
	<u>1,960,000.00</u>	<u>475,083.43</u>	<u>2,435,083.43</u>

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**ASSISTANCE AGREEMENT**  
**BETWEEN**  
**KENTUCKY RURAL WATER FINANCE CORPORATION**  
**AND**  
**EDMONSON COUNTY WATER DISTRICT**  
**DATED**  
**MARCH 17, 2020**  
**IN THE AMOUNT OF \$3,325,000**

---

---

This document was prepared by:

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

By



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## **ASSISTANCE AGREEMENT**

This Assistance Agreement made and entered into as of March 17, 2020 (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 Edmonson County Water District, 1128 Highway 259 North, Brownsville, Kentucky 42210 (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) 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 2020C (the "Series 2020C Bonds") in the aggregate principal amount of \$12,160,000, pursuant to a Supplemental Trust Indenture No. 75, dated as of March 17, 2020 by and between the Issuer and the Trustee, which Series 2020C Bonds will rank on a parity with the other outstanding bonds issued under the terms of the Indenture 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) Edmonson County Water District Water System Revenue Bonds, Series of 2001B, dated May 15, 2002, in the original principal amount of \$276,000; (ii) Edmonson County Water District Water System Revenue Bonds, Series 2003, dated June 16, 2004, in the original principal amount of \$442,000; (iii) Edmonson County Water District Water System Revenue Bonds, Series of 2007A, dated June 11, 2008, in the original principal amount of \$1,200,000; (iv) Edmonson County Water District Water System Revenue Bonds, Series of 2007B, dated June 11, 2008, in the original principal amount of \$520,000; and (v) Edmonson County Water District Water System Revenue Bonds, Taxable Series 2009 (Build America Bonds - Direct Payment to Issuer), dated May 24, 2010, in the original principal amount of \$1,511,000 (the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks and sewer 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 "Refunding Program"), and the Issuer has determined that the Refunding Program 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 Refunding Program; 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 cost 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 \$3,325,000 for the Refunding Program, 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 Loan 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 Refunding Program 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 Refunding Program subject to 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:

**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 hereunder.

*“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 Fund”* refers to the Edmonson County Water District Waterworks Bond and Interest Sinking Fund of 1969 created and confirmed in the Prior Bond Legislation and which Bond Fund will continue to be maintained for the benefit of the System.

*“Bond Legislation of 2001A and B”* or *“2001A and B Bond Legislation”* refers to the resolution authorizing the Series 2001A Bonds and Series 2001B Bonds, which was adopted by the Governing Body on March 12, 2001.

*“Bond Legislation of 2003”* or *“2003 Bond Legislation”* refer to the Resolution authorizing the Bonds of 2003, duly adopted by the Governing Body on October 28, 2003.

*“Bond Legislation of 2005”* or *“2005 Bond Legislation”* refer to the Resolution authorizing the Bonds of 2005, duly adopted by the Governing Body.

*“Bond Legislation of 2007”* or *“2007 Bond Legislation”* refer to the Resolution authorizing the Series 2007A Bonds and Series 2007B Bonds, duly adopted by the Governing Body on July 10, 2007.

*“Bond Legislation of 2009”* or *“2009 Bond Legislation”* refer to the Resolution authorizing the Series 2009 Bonds, duly adopted by the Governing Body on March 18, 2009.

*“Bond Legislation of 2010A”* or *“2010A Bond Legislation”* refer to the Resolution authorizing the Series 2010A Bonds, duly adopted by the Governing Body on May 11, 2010.

*“Bond Legislation of 2010B”* or *“2010B Bond Legislation”* refer to the Resolution authorizing the Series 2010B Bonds, duly adopted by the Governing Body on November 9, 2010.

*“Bond Legislation of 2013”* or *“2013 Bond Legislation”* refer to the Resolution authorizing the Series 2013A and B Bonds, duly adopted by the Governing Body on July 23, 2014.

“*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 Loan, the Prior Bonds and any additional Parity Bonds.

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

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

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

“*Depreciation Fund*” refers to the Edmonson County Water District Depreciation Fund created in the Prior Bond Legislation and which Depreciation Fund will continue to be maintained for the benefit of all of the Bonds.

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

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

“*Funds*” refers collectively to the Revenue Fund, the Bond Fund, the Depreciation Fund, the Operation and Maintenance 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 Edmonson County Water District, 1128 Highway 259 North, Brownsville, Kentucky 42210.

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

“*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. 75, dated March 17, 2020, by and between the Issuer and the Trustee.

*“Interest Payment Date”* shall mean the 1<sup>st</sup> day of each month, commencing April 1, 2020 and continuing through and including January 1, 2048 or until the Loan has been paid in full.

*“Issuer”* refers to the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, 1151 Old Porter Pike, Bowling Green, Kentucky 42103.

*“Loan”* refers to the loan authorized by this Assistance Agreement from the Issuer to the Governmental Agency, in the principal amount of \$3,325,000, maturing January 1, 2048, to defray the cost of the Refunding Program.

*“Operation and Maintenance Fund”* refers to the Edmonson County Water District Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

*“Outstanding Bonds”* refers collectively to all outstanding Prior Bonds, the Loan 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 Loan and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Loan.

*“Permitted Investments”* refers to investments of funds on deposit in the various funds created herein and includes:

(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 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:

1. United States Treasury;
2. Export-Import Bank of the United States;
3. Farmers Home Administration;
4. Government National Mortgage Corporation; and
5. Merchant Marine bonds;

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

1. Federal Home Loan Mortgage Corporation;
2. Federal Farm Credit Banks;
3. Bank for Cooperatives;
4. Federal Intermediate Credit Banks;
5. Federal Land Banks;
6. Federal Home Loan Banks;
7. Federal National Mortgage Association; and
8. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky 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 41.240(4) ;

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one (1) of the three (3) highest categories by a competent rating agency;

(f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a competent rating agency;

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

(h) Bonds or certificates of indebtedness of this state 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 competent rating agency;

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

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

(k) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall

not exceed twenty-five percent (25%) of the equity allocation; and

(l) Individual high-quality corporate bonds that are managed by a professional investment manager that:

1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
2. Have a standard maturity of no more than ten (10) years; and
3. Are rated in the three (3) highest rating categories by at least two (2) competent credit rating agencies.

(m) Any other lawful investment authorized by the Kentucky Revised Statutes to be utilized by local governments with a rating equal to or higher than the rating of the Bonds, as rated by each rating agency then rating the Bonds, including an investment agreement with investment agreement provider whose obligations have a current rating at least equal to the rating on the Bonds.

*"Prior Bond Legislation"* refers collectively to the 2001A Bond Legislation, Series 2004B Assistance Agreement, 2005 Bond Legislation, Series 2008C Assistance Agreement, 2010A Bond Legislation, 2010B Bond Legislation, Series 2012D Assistance Agreement, and 2013 Bond Legislation.

*"Prior Bonds"* refers collectively to the Series 2001A Bonds, Series 2004B Loan, Series 2005 Bonds, 2008C Loan, Series 2010A Bonds, Series 2010B Bonds, Series 2012D Loan, 2013A Bonds, and Series 2013B Bonds.

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

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

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

*"Refunded Bonds"* refers to the outstanding Series 2001B Bonds, Series 2003 Bonds, Series 2007A Bonds, Series 2007B Bonds, and Series 2009 Bonds.

*"Refunding Program"* refers to the current refunding of the Refunded Bonds with the proceeds of the Loan.

*"Revenue Fund"* refers to the Edmonson 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 2001A Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2001A, dated May 15, 2002, in the original authorized principal amount of \$3,837,000.

“*Series 2001B Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2001B, dated May 15, 2002, in the original authorized principal amount of \$276,000.

“*Series 2003 Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2003, dated June 16, 2004, in the original authorized principal amount of \$442,000.

“*Series 2004B Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated April 27, 2004, authorizing the loan in the principal amount of \$2,654,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004B.

“*Series 2004B Loan*” refers to the outstanding loan to the Governmental Agency in the principal amount of \$2,654,000, dated April 27, 2004, from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004B.

“*Series 2005 Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2005, dated June 22, 2005, in the original principal amount of \$100,000.

“*Series 2007A Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2007A, dated June 11, 2008, in the original principal amount of \$1,200,000.

“*Series 2007B Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series of 2007B, dated June 11, 2008, in the original principal amount of \$520,000.

“*Series 2008C Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 29, 2008, authorizing the loan in the principal amount of \$830,000 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2008C.

“*Series 2008C Loan*” refers to the outstanding loan in the amount of \$830,000, dated May 29, 2008, to the Governmental Agency from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2008C.

“*Series 2009 Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Taxable Series 2009 (Build America Bonds - Direct Payment to Issuer), dated May 24, 2010, in the original principal amount of \$1,511,000.

“*Series 2010A Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Taxable Series 2010A (Build America Bonds - Direct Payment to Issuer), dated December 15, 2010, in the original principal amount of \$570,000.

“*Series 2010B Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Taxable Series 2010B (Build America Bonds - Direct Payment to Issuer), dated November 24, 2010, in the original principal amount of \$700,000.

“*Series 2012D Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 30, 2012, authorizing the loan in the principal amount of \$2,900,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012D.

“*Series 2012D Loan*” refers to the outstanding loan in the amount of \$2,900,000, dated May 30, 2012, to the Governmental Agency from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012D.

“*Series 2013A Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series 2013A, dated February 12, 2015, in the original principal amount of \$504,000.

“*Series 2013B Bonds*” refers to the outstanding Edmonson County Water District Water System Revenue Bonds, Series 2013B, dated February 12, 2015, in the original principal amount of \$160,000.

“*System*” refers to the Governmental Agency’s waterworks and sewer 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 and sewer 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 and sewer system are hereby in all respects ratified and confirmed; and so long as the Loan 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 Loan. 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 Loan; Place of Payment; Manner of Execution.** That pursuant to the Constitution and laws of Kentucky, and particularly the Act, the Governmental Agency hereby authorizes the borrowing of \$3,325,000 from the Program, to provide funds for the Refunding Program.

The Loan is payable on the Interest Payment Date in such principal and interest amounts as set forth in **Exhibit A** attached hereto.

The principal of, redemption price, if any, and interest on the Loan 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 Bond 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 Bond 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 Loan 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 Loan payments due on or after January 1, 2029 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, 2028 at a redemption price equal to 100% of the principal amount of the Loan payments 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 Loan payments, 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 Loan payments 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. Loan Payable Out of Gross Revenues on a Parity with Prior Bonds.** The Loan, the Prior Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable out of the gross revenues of the System.

**Section 6. 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 the Loan 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 Loan hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

**Section 7. Flow of Funds.** All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders 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 Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, 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. Bond Fund.** A separate and special fund or account of the Governmental Agency, distinct and apart from all other funds and accounts, was created in and by the Prior Bond Resolution and designated and identified as the "Edmonson County Water District Waterworks Bond and Interest Sinking Fund of 1969", which shall continue to be maintained so long as any of the Outstanding Bonds or any additional Parity Bonds herein permitted to be

issued are outstanding; and all moneys deposited therein from time to time shall be used and disbursed and applied, and are hereby irrevocably pledged, solely for the purpose of paying the principal of and interest on the Outstanding Bonds and any Parity Bonds hereafter issued and outstanding pursuant to the provisions of this Assistance Agreement.

There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Bond Fund sums sufficient to pay when due the principal and interest requirements on the Outstanding Bonds. Specifically, there shall be paid into the Bond Fund on or before the 20th day of each month, on account of the Outstanding Bonds, not less than the following:

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

In the event additional Parity Bonds are issued pursuant to the conditions and restrictions hereinafter prescribed, the monthly deposits to the Bond Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Bond Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Bond Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need to be made into the Bond Fund if and when the amount held therein and in any other available fund is at least equal to the amount required to retire all Outstanding Bonds and Parity Bonds and paying all interest that will accrue thereon.

Pursuant to Section 4.3(b)(iv) of the Indenture, the money and investments in the Principal and Interest Account (as defined in the Indenture) may be returned to the Governmental Agency and applied to the final Loan Payment (as defined in the Indenture) for the Governmental Agency.

**C. Depreciation Fund.** Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions

and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Bond Fund is not sufficient to make such payments.

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

**E. Surplus Funds.** Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each Fiscal Year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Bond 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 8. Disposition of Proceeds of the Loan; 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 Loan, the proceeds shall be applied as follows:

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

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Edmonson 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 March 19, 2020; and

(2) To redeem on March 19, 2020 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 Refunding Program as approved by the Governmental Agency.

After completion of the Refunding Program, 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 Loan from Federal income taxation, upon orders of the Governing Body, be transferred to the Bond Fund, to be used for the purposes thereof.

#### **Section 9. Arbitrage Limitations.**

(a) The Governmental Agency covenants that neither the proceeds of the Loan, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments that will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Loan, if such investment would cause such Loan 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 Loan 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 Loan, in excess of "Exempt Revenues," which Exempt Revenues are:

(1) amounts deposited in the Bond 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 a 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 Loan will be used or invested in any manner which will cause the Loan 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 Loan, which, if such use had been reasonably anticipated on the date of issuance of the Loan, would have caused the Loan 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 Loan will not be treated as arbitrage bonds.

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

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

(6) That it is not reasonably anticipated that amounts accumulated in a 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 Loan, 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 Loan, 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 Loan will be exempt from all federal income taxes and that the Loan will not constitute or be treated as arbitrage bonds.

**Section 10. Parity Bonds.** 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 Loan 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 Loan, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Loan.

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 Loan, provided;

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the outstanding Prior Bonds and Loan.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) The annual net revenues (defined as gross revenues less essential operation and maintenance 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 equal at least 120% of the maximum annual debt service requirements for principal of and interest on all outstanding Bonds payable from the revenues of the System, plus the anticipated requirements of any Parity Bonds then proposed to be issued. The calculation of maximum annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such Parity Bonds are to be serial or term bonds, be determined on the

**Section 11. Rates and Charges for Services of the System.** While any Bonds are 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,

(2) in the alternative, that the maximum debt service requirements for the Prior Bonds, the Loan, any previously issued Party Bonds and the proposed refunding Party Bonds, in any year of maturities thereof after the redemption of the Bonds, shall not exceed the maximum debt service requirements applicable to the then outstanding Prior Bonds, the Loan and any previously issued Party Bonds for any year prior to the issuance of such proposed Party Bonds and the redemption of the Bonds to be refunded.

(1) after the issuance of such party 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 Party Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Party Bonds and from the elimination of the Bonds being refunded or refinanced thereby, are equal to not less than 120% of the maximum 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

(f) The Governmental Agency reserves the right to issue party bonds to refund or refinance any part or all of the Prior Bonds and the Loan, provided that prior to the issuance of such additional party 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:

(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.

(ii) 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 Party Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(i) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Party Bonds, and

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

basis of the principal of and interest on such Party Bonds being payable in approximately equal annual installments.

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 Loan 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 net income and revenues (as defined in Section 10 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 maximum 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 10 hereof.

**Section 12. All Obligations of this Loan 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 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 13. Defeasance and/or Refunding of the Loan.** The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Loan 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 Loan, 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 Loan to and on said date, or (b) to pay all principal and interest requirements on the outstanding Loan as same matures, 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 Loan 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 14. 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 the Loan, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

**Section 15. Appointment and Duties of Trustee.** The Trustee is hereby designated as the bond registrar and paying agent with respect to the Loan.

Its duties as Trustee shall be as follows:

- (a) To register the Loan in the name 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 Loan 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 Loan obligations to be redeemed and to redeem the Loan prior to its 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 Loan 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 Loan to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Loan.

**Section 16. 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 17. 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 Loan 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 Loan to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Loan will be used for any purpose which would cause the interest on the Loan 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 Loan.

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 Loan 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 the Loan, or the application of such proceeds or of the revenues of the System. The purchasers of the Loan 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 Loan. 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 Loan to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is executed in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Loan from Kentucky ad valorem taxation and as to exemption of interest on the Loan 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 Loan. The Governmental Agency has been advised

that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Loan is not an “arbitrage bond” within the meaning of Section 148 of the Code.

**Section 18. 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 Loan, 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 Loan is 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 the Loan is 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 Loan, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as the Loan is 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 19. 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 Loan when due and payable, either at maturity or by proceedings for redemption;

(b) The failure to pay any installment of interest on the Loan 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 Loan, 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 Loan, 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 the Loan 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 20. 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, 2019) 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 180 days after the end of each Fiscal Year.

**Section 21. 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 22. 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 23. 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 24. 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.

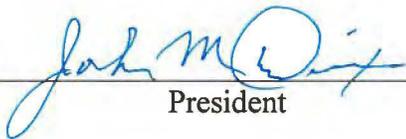
**Section 25. Signatures of Officers.** If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Loan cease to be such officers before delivery of the Loan, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

**Section 26. 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 Edmonson 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

EDMONSON 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 Edmonson 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 Barry J. Rich  
Secretary/Treasurer

EDMONSON COUNTY WATER DISTRICT

By J. J. Miller  
Chairman

Attest:

By Barry J. Rich  
Secretary

**EXHIBIT A**

**Debt Service Schedule**

**KRWFC Flexible Term Program Series 2020 C**  
**Sinking Fund Payment Schedule**

**Borrower:** Edmonson County Water District  
**Closing Date:** 03/17/20

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
	-		
3/20-7/20	6,666.67	12,567.15	19,233.82
8/20-1/21	10,000.00	8,440.63	18,440.63
2/21-7/21	7,083.33	8,093.96	15,177.29
8/21-1/22	7,083.33	8,093.96	15,177.29
2/22-7/22	7,500.00	7,725.63	15,225.63
8/22-1/23	7,500.00	7,725.63	15,225.63
2/23-7/23	7,500.00	7,335.63	14,835.63
8/23-1/24	7,500.00	7,335.63	14,835.63
2/24-7/24	8,333.33	6,945.63	15,278.96
8/24-1/25	8,333.33	6,945.63	15,278.96
2/25-7/25	8,750.00	6,512.29	15,262.29
8/25-1/26	8,750.00	6,512.29	15,262.29
2/26-7/26	9,166.67	6,057.29	15,223.96
8/26-1/27	9,166.67	6,057.29	15,223.96
2/27-7/27	9,583.33	5,580.63	15,163.96
8/27-1/28	9,583.33	5,580.63	15,163.96
2/28-7/28	10,000.00	5,082.29	15,082.29
8/28-1/29	10,000.00	5,082.29	15,082.29
2/29-7/29	10,000.00	4,862.29	14,862.29
8/29-1/30	10,000.00	4,862.29	14,862.29
2/30-7/30	10,416.67	4,642.29	15,058.96
8/30-2/31	10,416.67	4,642.29	15,058.96
2/31-7/31	10,416.67	4,413.13	14,829.79
8/31-1/32	10,416.67	4,413.13	14,829.79
2/32-7/32	10,833.33	4,183.96	15,017.29
8/32-1/33	10,833.33	4,183.96	15,017.29
2/33-7/33	10,833.33	3,945.63	14,778.96
8/33-1/34	10,833.33	3,945.63	14,778.96
2/34-7/34	10,833.33	3,707.29	14,540.63
8/34-1/35	10,833.33	3,707.29	14,540.63
2/35-7/35	11,250.00	3,468.96	14,718.96
8/35-1/36	11,250.00	3,468.96	14,718.96
2/36-7/36	11,666.67	3,221.46	14,888.13
8/36-1/37	11,666.67	3,221.46	14,888.13
2/37-7/37	11,666.67	2,950.21	14,616.88
8/37-1/37	11,666.67	2,950.21	14,616.88
2/38-7/38	12,083.33	2,678.96	14,762.29
8/38-1/39	12,083.33	2,678.96	14,762.29
2/39-7/39	12,500.00	2,398.02	14,898.02
8/39-1/40	12,500.00	2,398.02	14,898.02
2/40-7/40	12,500.00	2,091.77	14,591.77
8/40-1/41	12,500.00	2,091.77	14,591.77
2/41-7/41	11,666.67	1,769.90	13,436.56
8/41-1/42	11,666.67	1,769.90	13,436.56
2/42-7/42	10,000.00	1,469.48	11,469.48
8/42-1/43	10,000.00	1,469.48	11,469.48
2/43-7/43	10,000.00	1,211.98	11,211.98
8/43-1/44	10,000.00	1,211.98	11,211.98
2/44-7/44	10,416.67	954.48	11,371.15
8/44-1/45	10,416.67	954.48	11,371.15
2/45-7/45	10,833.33	686.25	11,519.58
8/45-1/46	10,833.33	686.25	11,519.58
2/46-7/46	11,250.00	393.75	11,643.75
8/46-1/47	11,250.00	393.75	11,643.75
2/47-7/47	3,333.33	90.00	3,423.33
8/47-1/48	3,333.33	90.00	3,423.33
2/48-7/48	-	-	-
	<u>3,325,000.00</u>	<u>1,318,022.77</u>	<u>4,681,338.89</u>

# Attachment No. 10

91-20  
3,837,000 Bond  
3.25% Interest

Year	Principal Payment	Principal Balance	Total Interest	1/2 Interest	Principal plus 1/2 Int
		\$ 3,837,000.00	\$ 124,702.50	\$ 62,351.25	
2004	\$ 52,500.00	\$ 3,784,500.00	\$ 122,996.25	\$ 61,498.13	\$ 115,998.13
2005	\$ 54,500.00	\$ 3,730,000.00	\$ 121,225.00	\$ 60,612.50	\$ 116,612.50
2006	\$ 56,000.00	\$ 3,674,000.00	\$ 119,405.00	\$ 59,702.50	\$ 117,702.50
2007	\$ 58,000.00	\$ 3,616,000.00	\$ 117,520.00	\$ 58,760.00	\$ 118,260.00
2008	\$ 59,500.00	\$ 3,556,500.00	\$ 115,586.25	\$ 57,793.13	\$ 119,793.13
2009	\$ 62,000.00	\$ 3,494,500.00	\$ 113,571.25	\$ 56,785.63	\$ 120,285.63
2010	\$ 63,500.00	\$ 3,431,000.00	\$ 111,507.50	\$ 55,753.75	\$ 121,753.75
2011	\$ 66,000.00	\$ 3,365,000.00	\$ 109,362.50	\$ 54,681.25	\$ 122,681.25
2012	\$ 68,000.00	\$ 3,297,000.00	\$ 107,152.50	\$ 53,576.25	\$ 123,576.25
2013	\$ 70,000.00	\$ 3,227,000.00	\$ 104,877.50	\$ 52,438.75	\$ 124,938.75
2014	\$ 72,500.00	\$ 3,154,500.00	\$ 102,521.25	\$ 51,260.63	\$ 125,760.63
2015	\$ 74,500.00	\$ 3,080,000.00	\$ 100,100.00	\$ 50,050.00	\$ 127,550.00
2016	\$ 77,500.00	\$ 3,002,500.00	\$ 97,581.25	\$ 48,790.63	\$ 128,290.63
2017	\$ 79,500.00	\$ 2,923,000.00	\$ 94,997.50	\$ 47,498.75	\$ 129,998.75
2018	\$ 82,500.00	\$ 2,840,500.00	\$ 92,316.25	\$ 46,158.13	\$ 131,158.13
2019	\$ 85,000.00	\$ 2,755,500.00	\$ 89,553.75	\$ 44,776.88	\$ 132,276.88
2020	\$ 87,500.00	\$ 2,668,000.00	\$ 86,710.00	\$ 43,355.00	\$ 133,855.00
2021	\$ 90,500.00	\$ 2,577,500.00	\$ 83,768.75	\$ 41,884.38	\$ 135,384.38
2022	\$ 93,500.00	\$ 2,484,000.00	\$ 80,730.00	\$ 40,365.00	\$ 136,865.00
2023	\$ 96,500.00	\$ 2,387,500.00	\$ 77,593.75	\$ 38,796.88	\$ 138,296.88
2024	\$ 99,500.00	\$ 2,288,000.00	\$ 74,360.00	\$ 37,180.00	\$ 140,180.00
2025	\$ 103,000.00	\$ 2,185,000.00	\$ 71,012.50	\$ 35,506.25	\$ 141,506.25
2026	\$ 106,000.00	\$ 2,079,000.00	\$ 67,567.50	\$ 33,783.75	\$ 143,783.75
2027	\$ 110,000.00	\$ 1,969,000.00	\$ 63,992.50	\$ 31,996.25	\$ 144,996.25
2028	\$ 113,000.00	\$ 1,856,000.00	\$ 60,320.00	\$ 30,160.00	\$ 147,160.00
2029	\$ 117,000.00	\$ 1,739,000.00	\$ 56,517.50	\$ 28,258.75	\$ 149,258.75
2030	\$ 121,000.00	\$ 1,618,000.00	\$ 52,585.00	\$ 26,292.50	\$ 150,792.50
2031	\$ 124,500.00	\$ 1,493,500.00	\$ 48,538.75	\$ 24,269.38	\$ 153,269.38
2032	\$ 129,000.00	\$ 1,364,500.00	\$ 44,346.25	\$ 22,173.13	\$ 155,173.13
2033	\$ 133,000.00	\$ 1,231,500.00	\$ 40,023.75	\$ 20,011.88	\$ 157,011.88
2034	\$ 137,000.00	\$ 1,094,500.00	\$ 35,571.25	\$ 17,785.63	\$ 159,785.63
2035	\$ 142,000.00	\$ 952,500.00	\$ 30,956.25	\$ 15,478.13	\$ 161,478.13
2036	\$ 146,000.00	\$ 806,500.00	\$ 26,211.25	\$ 13,105.63	\$ 164,105.63
2037	\$ 151,000.00	\$ 655,500.00	\$ 21,303.75	\$ 10,651.88	\$ 166,651.88
2038	\$ 156,000.00	\$ 499,500.00	\$ 16,233.75	\$ 8,116.88	\$ 169,116.88
2039	\$ 161,000.00	\$ 338,500.00	\$ 11,001.25	\$ 5,500.63	\$ 172,000.63
2040	\$ 166,500.00	\$ 172,000.00	\$ 5,590.00	\$ 2,795.00	\$ 174,795.00
2041	\$ 172,000.00				

**KRWFC Flexible Term Program Series 2008 C**  
**Sinking Fund Payment Schedule**

**Borrower:** Edmonson County Water District  
**Closing Date:** 05/29/08

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
	Dr 22100	Dr 4230	Cr 12630
8/08-1/09	7,500.00	3,332.40	10,832.40
2/09-7/09	4,166.67	2,390.52	6,557.19
8/09-1/10	4,166.67	2,390.52	6,557.19
2/10-7/10	4,583.33	2,284.27	6,867.61
8/10-1/11	4,583.33	2,284.27	6,867.61
2/11-7/11	4,166.67	2,144.48	6,311.15
8/11-1/12	4,166.67	2,144.48	6,311.15
2/12-7/12	4,583.33	2,017.40	6,600.73
8/12-1/13	4,583.33	2,017.40	6,600.73
2/13-7/13	4,583.33	1,866.15	6,449.48
8/13-1/14	4,583.33	1,866.15	6,449.48
2/14-7/14	5,000.00	1,714.90	6,714.90
8/14-1/15	5,000.00	1,714.90	6,714.90
2/15-7/15	4,583.33	1,537.40	6,120.73
8/15-1/16	4,583.33	1,537.40	6,120.73
2/16-7/16	5,000.00	1,374.69	6,374.69
8/16-1/17	5,000.00	1,374.69	6,374.69
2/17-7/17	5,416.67	1,172.19	6,588.86
8/17-1/18	5,416.67	1,172.19	6,588.86
2/18-7/18	5,416.67	952.81 ✓	6,369.48
8/18-1/19	5,416.67	952.81 ✓	6,369.48
2/19-7/19	5,833.33	733.44	6,566.77
8/19-1/20	5,833.33	733.44	6,566.77
2/20-7/20	5,833.33	497.19	6,330.52
8/20-1/21	5,833.33	497.19	6,330.52
2/21-7/21	6,250.00	260.94	6,510.94
8/21-1/22	6,250.00	260.94	6,510.94
	<u>830,000.00</u>	<u>247,350.79</u>	<u>1,077,350.79</u>

91-35  
 570,000 Series 2010A Bond  
 2.25%

Year	Principal Payment	Principal Balance	Total Interest	1/2 Interest	Principal plus 1/2 Int
2010		\$ 570,000.00	641.25		
2011		\$ 570,000.00	\$12,825.00	\$ 6,412.50	\$ 6,412.50
2012		\$ 570,000.00	\$12,825.00	\$ 6,412.50	\$ 15,412.50
2013	\$9,000	\$ 561,000.00	\$12,622.50	\$ 6,311.25	\$ 15,311.25
2014	\$9,000	\$ 552,000.00	\$12,420.00	\$ 6,210.00	\$ 15,710.00
2015	\$9,500	\$ 542,500.00	\$12,206.25	\$ 6,103.13	\$ 15,603.13
2016	\$9,500	\$ 533,000.00	\$11,992.50	\$ 5,996.25	\$ 15,996.25
2017	\$10,000	\$ 523,000.00	\$11,767.50	\$ 5,883.75	\$ 15,883.75
2018	\$10,000	\$ 513,000.00	\$11,542.50	\$ 5,771.25	\$ 16,271.25
2019	\$10,500	\$ 502,500.00	\$11,306.25	\$ 5,653.13	\$ 16,153.13
2020	\$10,500	\$ 492,000.00	\$11,070.00	\$ 5,535.00	\$ 16,535.00
2021	\$11,000	\$ 481,000.00	\$10,822.50	\$ 5,411.25	\$ 16,911.25
2022	\$11,500	\$ 469,500.00	\$10,563.75	\$ 5,281.88	\$ 16,781.88
2023	\$11,500	\$ 458,000.00	\$10,305.00	\$ 5,152.50	\$ 17,152.50
2024	\$12,000	\$ 446,000.00	\$10,035.00	\$ 5,017.50	\$ 17,017.50
2025	\$12,000	\$ 434,000.00	\$ 9,765.00	\$ 4,882.50	\$ 17,382.50
2026	\$12,500	\$ 421,500.00	\$ 9,483.75	\$ 4,741.88	\$ 17,741.88
2027	\$13,000	\$ 408,500.00	\$ 9,191.25	\$ 4,595.63	\$ 17,595.63
2028	\$13,000	\$ 395,500.00	\$ 8,898.75	\$ 4,449.38	\$ 17,949.38
2029	\$13,500	\$ 382,000.00	\$ 8,595.00	\$ 4,297.50	\$ 18,297.50
2030	\$14,000	\$ 368,000.00	\$ 8,280.00	\$ 4,140.00	\$ 18,140.00
2031	\$14,000	\$ 354,000.00	\$ 7,965.00	\$ 3,982.50	\$ 18,482.50
2032	\$14,500	\$ 339,500.00	\$ 7,638.75	\$ 3,819.38	\$ 18,819.38
2033	\$15,000	\$ 324,500.00	\$ 7,301.25	\$ 3,650.63	\$ 19,150.63
2034	\$15,500	\$ 309,000.00	\$ 6,952.50	\$ 3,476.25	\$ 19,476.25
2035	\$16,000	\$ 293,000.00	\$ 6,592.50	\$ 3,296.25	\$ 19,296.25
2036	\$16,000	\$ 277,000.00	\$ 6,232.50	\$ 3,116.25	\$ 19,616.25
2037	\$16,500	\$ 260,500.00	\$ 5,861.25	\$ 2,930.63	\$ 19,930.63
2038	\$17,000	\$ 243,500.00	\$ 5,478.75	\$ 2,739.38	\$ 20,239.38
2039	\$17,500	\$ 226,000.00	\$ 5,085.00	\$ 2,542.50	\$ 20,542.50
2040	\$18,000	\$ 208,000.00	\$ 4,680.00	\$ 2,340.00	\$ 20,840.00
2041	\$18,500	\$ 189,500.00	\$ 4,263.75	\$ 2,131.88	\$ 21,131.88
2042	\$19,000	\$ 170,500.00	\$ 3,836.25	\$ 1,918.13	\$ 21,418.13
2043	\$19,500	\$ 151,000.00	\$ 3,397.50	\$ 1,698.75	\$ 21,698.75
2044	\$20,000	\$ 131,000.00	\$ 2,947.50	\$ 1,473.75	\$ 21,973.75
2045	\$20,500	\$ 110,500.00	\$ 2,486.25	\$ 1,243.13	\$ 22,243.13
2046	\$21,000	\$ 89,500.00	\$ 2,013.75	\$ 1,006.88	\$ 22,506.88
2047	\$21,500	\$ 68,000.00	\$ 1,530.00	\$ 765.00	\$ 22,765.00
2048	\$22,000	\$ 46,000.00	\$ 1,035.00	\$ 517.50	\$ 23,017.50
2049	\$22,500	\$ 23,500.00	\$ 528.75	\$ 264.38	\$ 23,764.38
2050	\$23,500	\$ -	\$ -	\$ -	\$ -

91-37  
 700,000 Series 2010B Bond  
 2.25%

Year	Principal Payment	Principal Balance	Total Interest	1/2 Interest	Principal plus 1/2 Int
2010		\$ 700,000.00	1706.25		
2011		\$ 700,000.00	\$15,750.00	\$ 7,875.00	\$ 7,875.00
2012		\$ 700,000.00	\$15,750.00	\$ 7,875.00	\$ 18,875.00
2013	\$11,000	\$ 689,000.00	\$15,502.50	\$ 7,751.25	\$ 18,751.25
2014	\$11,000	\$ 678,000.00	\$15,255.00	\$ 7,627.50	\$ 19,127.50
2015	\$11,500	\$ 666,500.00	\$14,996.25	\$ 7,498.13	\$ 19,498.13
2016	\$12,000	\$ 654,500.00	\$14,726.25	\$ 7,363.13	\$ 19,363.13
2017	\$12,000	\$ 642,500.00	\$14,456.25	\$ 7,228.13	\$ 19,728.13
2018	\$12,500	\$ 630,000.00	\$14,175.00	\$ 7,087.50	\$ 20,087.50
2019	\$13,000	\$ 617,000.00	\$13,882.50	\$ 6,941.25	\$ 19,941.25
2020	\$13,000	\$ 604,000.00	\$13,590.00	\$ 6,795.00	\$ 20,295.00
2021	\$13,500	\$ 590,500.00	\$13,286.25	\$ 6,643.13	\$ 20,643.13
2022	\$14,000	\$ 576,500.00	\$12,971.25	\$ 6,485.63	\$ 20,485.63
2023	\$14,000	\$ 562,500.00	\$12,656.25	\$ 6,328.13	\$ 20,828.13
2024	\$14,500	\$ 548,000.00	\$12,330.00	\$ 6,165.00	\$ 21,165.00
2025	\$15,000	\$ 533,000.00	\$11,992.50	\$ 5,996.25	\$ 21,496.25
2026	\$15,500	\$ 517,500.00	\$11,643.75	\$ 5,821.88	\$ 21,821.88
2027	\$16,000	\$ 501,500.00	\$11,283.75	\$ 5,641.88	\$ 21,641.88
2028	\$16,000	\$ 485,500.00	\$10,923.75	\$ 5,461.88	\$ 21,961.88
2029	\$16,500	\$ 469,000.00	\$10,552.50	\$ 5,276.25	\$ 22,276.25
2030	\$17,000	\$ 452,000.00	\$10,170.00	\$ 5,085.00	\$ 22,585.00
2031	\$17,500	\$ 434,500.00	\$ 9,776.25	\$ 4,888.13	\$ 22,888.13
2032	\$18,000	\$ 416,500.00	\$ 9,371.25	\$ 4,685.63	\$ 23,185.63
2033	\$18,500	\$ 398,000.00	\$ 8,955.00	\$ 4,477.50	\$ 23,477.50
2034	\$19,000	\$ 379,000.00	\$ 8,527.50	\$ 4,263.75	\$ 23,763.75
2035	\$19,500	\$ 359,500.00	\$ 8,088.75	\$ 4,044.38	\$ 24,044.38
2036	\$20,000	\$ 339,500.00	\$ 7,638.75	\$ 3,819.38	\$ 24,319.38
2037	\$20,500	\$ 319,000.00	\$ 7,177.50	\$ 3,588.75	\$ 24,588.75
2038	\$21,000	\$ 298,000.00	\$ 6,705.00	\$ 3,352.50	\$ 24,852.50
2039	\$21,500	\$ 276,500.00	\$ 6,221.25	\$ 3,110.63	\$ 25,110.63
2040	\$22,000	\$ 254,500.00	\$ 5,726.25	\$ 2,863.13	\$ 25,363.13
2041	\$22,500	\$ 232,000.00	\$ 5,220.00	\$ 2,610.00	\$ 25,610.00
2042	\$23,000	\$ 209,000.00	\$ 4,702.50	\$ 2,351.25	\$ 26,351.25
2043	\$24,000	\$ 185,000.00	\$ 4,162.50	\$ 2,081.25	\$ 26,581.25
2044	\$24,500	\$ 160,500.00	\$ 3,611.25	\$ 1,805.63	\$ 26,805.63
2045	\$25,000	\$ 135,500.00	\$ 3,048.75	\$ 1,524.38	\$ 27,524.38
2046	\$26,000	\$ 109,500.00	\$ 2,463.75	\$ 1,231.88	\$ 27,731.88
2047	\$26,500	\$ 83,000.00	\$ 1,867.50	\$ 933.75	\$ 27,933.75
2048	\$27,000	\$ 56,000.00	\$ 1,260.00	\$ 630.00	\$ 28,630.00
2049	\$28,000	\$ 28,000.00	\$ 630.00	\$ 315.00	\$ 28,315.00
2050	\$28,000	\$ -	\$ -	\$ -	\$ -

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

**Borrower:** Edmonson County Water District  
**Closing Date:** 05/30/12

*Draw 100 Draw 130 Draw 100 Draw 120*

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
7/12-1/13	9,285.71	9,364.69	554.68	19,205.09
2/13-7/13	7,916.67	7,943.44	472.50	16,332.61
8/13-1/14	7,916.67	7,943.44	472.50	16,332.61
2/14-8/14	8,333.33	7,626.77	456.67	16,416.77
8/14-1/15	8,333.33	7,626.77	456.67	16,416.77
2/15-7/15	8,750.00	7,293.44	440.00	16,483.44
8/15-1/16	8,750.00	7,293.44	440.00	16,483.44
2/16-7/16	8,750.00	7,030.94	422.50	16,203.44
8/16-1/17	8,750.00	7,030.94	422.50	16,203.44
2/17-7/17	9,166.67	6,855.94	405.00	16,427.61
8/17-1/18	9,166.67	6,855.94	405.00	16,427.61
2/18-7/18	9,583.33	6,580.94	386.67	16,550.94
8/18-1/19	9,583.33	6,580.94	386.67	16,550.94
2/19-7/19	10,000.00	6,293.44	367.50	16,660.94
8/19-1-20	10,000.00	6,293.44	367.50	16,660.94
2/20-7/20	10,000.00	5,993.44	347.50	16,340.94
8/20-1/21	10,000.00	5,993.44	347.50	16,340.94
2/21-7/21	10,416.67	5,718.44	327.50	16,462.61
8/21-1/22	10,416.67	5,718.44	327.50	16,462.61
2/22-7/22	10,833.33	5,405.94	306.67	16,545.94
8/22-1/23	10,833.33	5,405.94	306.67	16,545.94
2/23-7/23	11,250.00	5,070.11	285.00	16,605.11
8/23-1/24	11,250.00	5,070.11	285.00	16,605.11
2/24-7/24	11,666.67	4,710.11	262.50	16,639.27
8/24-1/25	11,666.67	4,710.11	262.50	16,639.27
2/25-7/25	12,083.33	4,313.44	239.17	16,635.94
8/25-1/26	12,083.33	4,313.44	239.17	16,635.94
2/26-7/26	12,500.00	3,902.61	215.00	16,617.61
8/26-1/27	12,500.00	3,902.61	215.00	16,617.61
2/27-7/27	12,916.67	3,465.11	190.00	16,571.77
8/27-1/28	12,916.67	3,465.11	190.00	16,571.77
2/28-7/28	13,333.33	3,013.02	164.17	16,510.52
8/28-1/29	13,333.33	3,013.02	164.17	16,510.52
2/29-7/29	14,166.67	2,546.36	137.50	16,850.52
8/29-1/30	14,166.67	2,546.36	137.50	16,850.52
2/30-7/30	14,583.33	2,032.81	109.17	16,725.31
8/30-2/31	14,583.33	2,032.81	109.17	16,725.31
2/31-7/31	15,000.00	1,504.17	80.00	16,584.17
8/31-1/32	15,000.00	1,504.17	80.00	16,584.17
2/32-7/32	15,833.33	941.67	50.00	16,825.00
8/32-1/33	15,833.33	941.67	50.00	16,825.00
2/33-7/33	5,833.33	347.92	18.33	6,199.58
8/33-1/34	5,833.33	347.92	18.33	6,199.58
2/34-7/34	1,666.67	129.17	6.67	1,802.50
8/34-1/35	1,666.67	129.17	6.67	1,802.50
2/35-7/35	1,666.67	66.67	3.33	1,736.67
8/35-1/36	1,666.67	66.67	3.33	1,736.67
	<u>2,900,000.00</u>	<u>1,250,983.02</u>	<u>72,202.77</u>	<u>4,223,185.79</u>

91-39  
504,000 Series 2013A Bond  
2.125%

Year	Principal Payment	Principal Balance	Total Interest	Paid 1/2 Interest	Principal plus 1/2 Int
2015		\$ 504,000.00	\$10,710.00	\$ 4,078.61	\$ 5,355.00
2016		\$ 504,000.00	\$10,710.00	\$ 5,355.00	\$ 14,355.00
2017	\$9,000	\$ 495,000.00	\$10,518.75	\$ 5,259.38	\$ 14,259.38
2018	\$9,000	\$ 486,000.00	\$10,327.50	\$ 5,163.75	\$ 14,163.75
2019	\$9,000	\$ 477,000.00	\$10,136.25	\$ 5,068.13	\$ 14,568.13
2020	\$9,500	\$ 467,500.00	\$ 9,934.38	\$ 4,967.19	\$ 14,467.19
2021	\$9,500	\$ 458,000.00	\$ 9,732.50	\$ 4,866.25	\$ 14,366.25
2022	\$9,500	\$ 448,500.00	\$ 9,530.63	\$ 4,765.31	\$ 14,765.31
2023	\$10,000	\$ 438,500.00	\$ 9,318.13	\$ 4,659.06	\$ 14,659.06
2024	\$10,000	\$ 428,500.00	\$ 9,105.63	\$ 4,552.81	\$ 15,052.81
2025	\$10,500	\$ 418,000.00	\$ 8,882.50	\$ 4,441.25	\$ 14,941.25
2026	\$10,500	\$ 407,500.00	\$ 8,659.38	\$ 4,329.69	\$ 15,329.69
2027	\$11,000	\$ 396,500.00	\$ 8,425.63	\$ 4,212.81	\$ 15,212.81
2028	\$11,000	\$ 385,500.00	\$ 8,191.88	\$ 4,095.94	\$ 15,595.94
2029	\$11,500	\$ 374,000.00	\$ 7,947.50	\$ 3,973.75	\$ 15,473.75
2030	\$11,500	\$ 362,500.00	\$ 7,703.13	\$ 3,851.56	\$ 15,851.56
2031	\$12,000	\$ 350,500.00	\$ 7,448.13	\$ 3,724.06	\$ 15,724.06
2032	\$12,000	\$ 338,500.00	\$ 7,193.13	\$ 3,596.56	\$ 16,096.56
2033	\$12,500	\$ 326,000.00	\$ 6,927.50	\$ 3,463.75	\$ 15,963.75
2034	\$12,500	\$ 313,500.00	\$ 6,661.88	\$ 3,330.94	\$ 16,330.94
2035	\$13,000	\$ 300,500.00	\$ 6,385.63	\$ 3,192.81	\$ 16,192.81
2036	\$13,000	\$ 287,500.00	\$ 6,109.38	\$ 3,054.69	\$ 16,554.69
2037	\$13,500	\$ 274,000.00	\$ 5,822.50	\$ 2,911.25	\$ 16,411.25
2038	\$13,500	\$ 260,500.00	\$ 5,535.63	\$ 2,767.81	\$ 16,767.81
2039	\$14,000	\$ 246,500.00	\$ 5,238.13	\$ 2,619.06	\$ 16,619.06
2040	\$14,000	\$ 232,500.00	\$ 4,940.63	\$ 2,470.31	\$ 16,970.31
2041	\$14,500	\$ 218,000.00	\$ 4,632.50	\$ 2,316.25	\$ 17,316.25
2042	\$15,000	\$ 203,000.00	\$ 4,313.75	\$ 2,156.88	\$ 17,156.88
2043	\$15,000	\$ 188,000.00	\$ 3,995.00	\$ 1,997.50	\$ 17,497.50
2044	\$15,500	\$ 172,500.00	\$ 3,665.63	\$ 1,832.81	\$ 17,832.81
2045	\$16,000	\$ 156,500.00	\$ 3,325.63	\$ 1,662.81	\$ 17,662.81
2046	\$16,000	\$ 140,500.00	\$ 2,985.63	\$ 1,492.81	\$ 17,992.81
2047	\$16,500	\$ 124,000.00	\$ 2,635.00	\$ 1,317.50	\$ 18,317.50
2048	\$17,000	\$ 107,000.00	\$ 2,273.75	\$ 1,136.88	\$ 18,136.88
2049	\$17,000	\$ 90,000.00	\$ 1,912.50	\$ 956.25	\$ 18,456.25
2050	\$17,500	\$ 72,500.00	\$ 1,540.63	\$ 770.31	\$ 18,770.31
2051	\$18,000	\$ 54,500.00	\$ 1,158.13	\$ 579.06	\$ 19,079.06
2052	\$18,500	\$ 36,000.00	\$ 765.00	\$ 382.50	\$ 18,882.50
2053	\$18,500	\$ 17,500.00	\$ 371.88	\$ 185.94	\$ 17,685.94
2054	\$17,500	\$ -	\$ -	\$ -	\$ -

91-41

106,000 Series 2013B Bond

3.000%

Year	Principal Payment	Principal Balance	Total Interest	Paid 1/2 Interest	Principal plus 1/2 Int
2015		\$ 160,000.00	\$ 4,800.00	\$ 1,827.95	\$ 2,400.00
2016		\$ 160,000.00	\$ 4,800.00	\$ 2,400.00	\$ 4,400.00
2017	\$2,000	\$ 158,000.00	\$ 4,740.00	\$ 2,370.00	\$ 4,870.00
2018	\$2,500	\$ 155,500.00	\$ 4,665.00	\$ 2,332.50	\$ 4,832.50
2019	\$2,500	\$ 153,000.00	\$ 4,590.00	\$ 2,295.00	\$ 4,795.00
2020	\$2,500	\$ 150,500.00	\$ 4,515.00	\$ 2,257.50	\$ 4,757.50
2021	\$2,500	\$ 148,000.00	\$ 4,440.00	\$ 2,220.00	\$ 4,720.00
2022	\$2,500	\$ 145,500.00	\$ 4,365.00	\$ 2,182.50	\$ 4,682.50
2023	\$2,500	\$ 143,000.00	\$ 4,290.00	\$ 2,145.00	\$ 4,645.00
2024	\$2,500	\$ 140,500.00	\$ 4,215.00	\$ 2,107.50	\$ 5,107.50
2025	\$3,000	\$ 137,500.00	\$ 4,125.00	\$ 2,062.50	\$ 5,062.50
2026	\$3,000	\$ 134,500.00	\$ 4,035.00	\$ 2,017.50	\$ 5,017.50
2027	\$3,000	\$ 131,500.00	\$ 3,945.00	\$ 1,972.50	\$ 4,972.50
2028	\$3,000	\$ 128,500.00	\$ 3,855.00	\$ 1,927.50	\$ 4,927.50
2029	\$3,000	\$ 125,500.00	\$ 3,765.00	\$ 1,882.50	\$ 5,382.50
2030	\$3,500	\$ 122,000.00	\$ 3,660.00	\$ 1,830.00	\$ 5,330.00
2031	\$3,500	\$ 118,500.00	\$ 3,555.00	\$ 1,777.50	\$ 5,277.50
2032	\$3,500	\$ 115,000.00	\$ 3,450.00	\$ 1,725.00	\$ 5,225.00
2033	\$3,500	\$ 111,500.00	\$ 3,345.00	\$ 1,672.50	\$ 5,672.50
2034	\$4,000	\$ 107,500.00	\$ 3,225.00	\$ 1,612.50	\$ 5,612.50
2035	\$4,000	\$ 103,500.00	\$ 3,105.00	\$ 1,552.50	\$ 5,552.50
2036	\$4,000	\$ 99,500.00	\$ 2,985.00	\$ 1,492.50	\$ 5,492.50
2037	\$4,000	\$ 95,500.00	\$ 2,865.00	\$ 1,432.50	\$ 5,932.50
2038	\$4,500	\$ 91,000.00	\$ 2,730.00	\$ 1,365.00	\$ 5,865.00
2039	\$4,500	\$ 86,500.00	\$ 2,595.00	\$ 1,297.50	\$ 5,797.50
2040	\$4,500	\$ 82,000.00	\$ 2,460.00	\$ 1,230.00	\$ 5,730.00
2041	\$4,500	\$ 77,500.00	\$ 2,325.00	\$ 1,162.50	\$ 6,162.50
2042	\$5,000	\$ 72,500.00	\$ 2,175.00	\$ 1,087.50	\$ 6,087.50
2043	\$5,000	\$ 67,500.00	\$ 2,025.00	\$ 1,012.50	\$ 6,012.50
2044	\$5,000	\$ 62,500.00	\$ 1,875.00	\$ 937.50	\$ 6,437.50
2045	\$5,500	\$ 57,000.00	\$ 1,710.00	\$ 855.00	\$ 6,355.00
2046	\$5,500	\$ 51,500.00	\$ 1,545.00	\$ 772.50	\$ 6,272.50
2047	\$5,500	\$ 46,000.00	\$ 1,380.00	\$ 690.00	\$ 6,690.00
2048	\$6,000	\$ 40,000.00	\$ 1,200.00	\$ 600.00	\$ 6,600.00
2049	\$6,000	\$ 34,000.00	\$ 1,020.00	\$ 510.00	\$ 7,010.00
2050	\$6,500	\$ 27,500.00	\$ 825.00	\$ 412.50	\$ 6,912.50
2051	\$6,500	\$ 21,000.00	\$ 630.00	\$ 315.00	\$ 6,815.00
2052	\$6,500	\$ 14,500.00	\$ 435.00	\$ 217.50	\$ 7,217.50
2053	\$7,000	\$ 7,500.00	\$ 225.00	\$ 112.50	\$ 7,612.50
2054	\$7,500	\$ -	\$ -	\$ -	\$ -

- Revised -

Feb. 1st each yr:  
Trustee Fee  
\$450/year  
Drfaw00

# 1st pymt will cancel  
out March 20, 2013  
or April 1st, 2013  
replaced 2004 B

KRWFC Flexible Term Program Series 2013 B  
Sinking Fund Payment Schedule

Borrower: Edmonson County Water District  
Closing Date: 02/27/13

cr1aw00

	Dr 22100 Monthly Principal	Dr 42130 Monthly Interest	Total Monthly Sinking Fund Payments
4/13-7/13	11,500.00	5,683.30	17,183.30
8/13-1/14	11,500.00	4,428.54	15,928.54
2/14-8/14	9,583.33	4,208.13	13,791.46
8/14-1/15	9,583.33	4,208.13	13,791.46
2/15-7/15	9,583.33	3,987.71	13,571.04
8/15-1/16	9,583.33	3,987.71	13,571.04
2/16-7/16	10,000.00	3,767.29	13,767.29
8/16-1/17	10,000.00	3,767.29	13,767.29
2/17-7/17	10,000.00	3,537.29	13,537.29
8/17-1/18	10,000.00	3,537.29	13,537.29
2/18-7/18	10,416.67	3,307.29	13,723.96
8/18-1/19	10,416.67	3,307.29	13,723.96
2/19-7/19	10,416.67	3,067.71	13,484.38
8/19-1-20	10,416.67	3,067.71	13,484.38
2/20-7/20	10,416.67	2,828.13	13,244.79
8/20-1/21	10,416.67	2,828.13	13,244.79
2/21-7/21	10,833.33	2,536.46	13,369.79
8/21-1/22	10,833.33	2,536.46	13,369.79
2/22-7/22	11,250.00	2,233.13	13,483.13
8/22-1/23	11,250.00	2,233.13	13,483.13
2/23-7/23	11,666.67	1,918.13	13,584.79
8/23-1/24	11,666.67	1,918.13	13,584.79
2/24-7/24	11,666.67	1,576.88	13,243.54
8/24-1/25	11,666.67	1,576.88	13,243.54
2/25-7/25	12,083.33	1,221.04	13,304.38
8/25-1/26	12,083.33	1,221.04	13,304.38
2/26-7/26	12,500.00	852.50	13,352.50
8/26-1/27	12,500.00	852.50	13,352.50
2/27-7/27	13,333.33	440.00	13,773.33
8/27-1/28	13,333.33	440.00	13,773.33
	<u>1,960,000.00</u>	<u>475,084.43</u>	<u>2,435,084.43</u>

**BONDS**

**DATE OF ISSUE**  
**AMOUNT OF ISSUE**  
**INTEREST RATE**  
**DATE OF FIRST PAYMENT**

**Loan 91-43**  
**9/24/2020**  
**\$1,032,000**  
**1.500%**  
**1/1/2021**



Edmonson 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
01/01/21	\$4,198.69		\$4,198.69	\$1,032,000
07/01/21	\$7,740.00		\$7,740.00	\$1,032,000
01/01/22	\$7,740.00	\$20,000	\$27,740.00	\$1,012,000
07/01/22	\$7,590.00		\$7,590.00	\$1,012,000
01/01/23	\$7,590.00	\$20,000	\$27,590.00	\$992,000
07/01/23	\$7,440.00		\$7,440.00	\$992,000
01/01/24	\$7,440.00	\$20,000	\$27,440.00	\$972,000
07/01/24	\$7,290.00		\$7,290.00	\$972,000
01/01/25	\$7,290.00	\$21,000	\$28,290.00	\$951,000
07/01/25	\$7,132.50		\$7,132.50	\$951,000
01/01/26	\$7,132.50	\$21,000	\$28,132.50	\$930,000
07/01/26	\$6,975.00		\$6,975.00	\$930,000
01/01/27	\$6,975.00	\$21,000	\$27,975.00	\$909,000
07/01/27	\$6,817.50		\$6,817.50	\$909,000
01/01/28	\$6,817.50	\$22,000	\$28,817.50	\$887,000
07/01/28	\$6,652.50		\$6,652.50	\$887,000
01/01/29	\$6,652.50	\$22,000	\$28,652.50	\$865,000
07/01/29	\$6,487.50		\$6,487.50	\$865,000
01/01/30	\$6,487.50	\$22,000	\$28,487.50	\$843,000
07/01/30	\$6,322.50		\$6,322.50	\$843,000
01/01/31	\$6,322.50	\$23,000	\$29,322.50	\$820,000
07/01/31	\$6,150.00		\$6,150.00	\$820,000
01/01/32	\$6,150.00	\$23,000	\$29,150.00	\$797,000
07/01/32	\$5,977.50		\$5,977.50	\$797,000
01/01/33	\$5,977.50	\$23,000	\$28,977.50	\$774,000
07/01/33	\$5,805.00		\$5,805.00	\$774,000
01/01/34	\$5,805.00	\$24,000	\$29,805.00	\$750,000
07/01/34	\$5,625.00		\$5,625.00	\$750,000
01/01/35	\$5,625.00	\$24,000	\$29,625.00	\$726,000
07/01/35	\$5,445.00		\$5,445.00	\$726,000
01/01/36	\$5,445.00	\$24,000	\$29,445.00	\$702,000
07/01/36	\$5,265.00		\$5,265.00	\$702,000
01/01/37	\$5,265.00	\$25,000	\$30,265.00	\$677,000
07/01/37	\$5,077.50		\$5,077.50	\$677,000
01/01/38	\$5,077.50	\$25,000	\$30,077.50	\$652,000
07/01/38	\$4,890.00		\$4,890.00	\$652,000
01/01/39	\$4,890.00	\$25,000	\$29,890.00	\$627,000
07/01/39	\$4,702.50		\$4,702.50	\$627,000
01/01/40	\$4,702.50	\$26,000	\$30,702.50	\$601,000
07/01/40	\$4,507.50		\$4,507.50	\$601,000
01/01/41	\$4,507.50	\$26,000	\$30,507.50	\$575,000
07/01/41	\$4,312.50		\$4,312.50	\$575,000
01/01/42	\$4,312.50	\$27,000	\$31,312.50	\$548,000
07/01/42	\$4,110.00		\$4,110.00	\$548,000
01/01/43	\$4,110.00	\$27,000	\$31,110.00	\$521,000
07/01/43	\$3,907.50		\$3,907.50	\$521,000
01/01/44	\$3,907.50	\$27,000	\$30,907.50	\$494,000
07/01/44	\$3,705.00		\$3,705.00	\$494,000
01/01/45	\$3,705.00	\$28,000	\$31,705.00	\$466,000
07/01/45	\$3,495.00		\$3,495.00	\$466,000
01/01/46	\$3,495.00	\$28,000	\$31,495.00	\$438,000
07/01/46	\$3,285.00		\$3,285.00	\$438,000
01/01/47	\$3,285.00	\$29,000	\$32,285.00	\$409,000
07/01/47	\$3,067.50		\$3,067.50	\$409,000
01/01/48	\$3,067.50	\$29,000	\$32,067.50	\$380,000
07/01/48	\$2,850.00		\$2,850.00	\$380,000
01/01/49	\$2,850.00	\$29,000	\$31,850.00	\$351,000
07/01/49	\$2,632.50		\$2,632.50	\$351,000
01/01/50	\$2,632.50	\$30,000	\$32,632.50	\$321,000
07/01/50	\$2,407.50		\$2,407.50	\$321,000
01/01/51	\$2,407.50	\$30,000	\$32,407.50	\$291,000
07/01/51	\$2,182.50		\$2,182.50	\$291,000
01/01/52	\$2,182.50	\$31,000	\$33,182.50	\$260,000
07/01/52	\$1,950.00		\$1,950.00	\$260,000
01/01/53	\$1,950.00	\$31,000	\$32,950.00	\$229,000
07/01/53	\$1,717.50		\$1,717.50	\$229,000
01/01/54	\$1,717.50	\$32,000	\$33,717.50	\$197,000
07/01/54	\$1,477.50		\$1,477.50	\$197,000

01/01/55	\$1,477.50	\$32,000	\$33,477.50	\$165,000
07/01/55	\$1,237.50		\$1,237.50	\$165,000
01/01/56	\$1,237.50	\$33,000	\$34,237.50	\$132,000
07/01/56	\$990.00		\$990.00	\$132,000
01/01/57	\$990.00	\$33,000	\$33,990.00	\$99,000
07/01/57	\$742.50		\$742.50	\$99,000
01/01/58	\$742.50	\$34,000	\$34,742.50	\$65,000
07/01/58	\$487.50		\$487.50	\$65,000
01/01/59	\$487.50	\$34,000	\$34,487.50	\$31,000
07/01/59	\$232.50		\$232.50	\$31,000
01/01/60	\$232.50	\$31,000	\$31,232.50	

Replaced  
RD-91-22  
91-28  
91-30  
91-32  
91-33

KRWFC Flexible Term Program Series 2020 C  
Sinking Fund Payment Schedule

Borrower: Edmonson County Water District  
Closing Date: 03/17/20

+ 450  
yearly Trustee  
Fee

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
3/20-7/20	6,666.67	12,567.15	19,233.82
8/20-1/21	10,000.00	8,440.63	18,440.63
2/21-7/21	7,083.33	8,093.96	15,177.29
8/21-1/22	7,083.33	8,093.96	15,177.29
2/22-7/22	7,500.00	7,725.63	15,225.63
8/22-1/23	7,500.00	7,725.63	15,225.63
2/23-7/23	7,500.00	7,335.63	14,835.63
8/23-1/24	7,500.00	7,335.63	14,835.63
2/24-7/24	8,333.33	6,945.63	15,278.96
8/24-1/25	8,333.33	6,945.63	15,278.96
2/25-7/25	8,750.00	6,512.29	15,262.29
8/25-1/26	8,750.00	6,512.29	15,262.29
2/26-7/26	9,166.67	6,057.29	15,223.96
8/26-1/27	9,166.67	6,057.29	15,223.96
2/27-7/27	9,583.33	5,580.63	15,163.96
8/27-1/28	9,583.33	5,580.63	15,163.96
2/28-7/28	10,000.00	5,082.29	15,082.29
8/28-1/29	10,000.00	5,082.29	15,082.29
2/29-7/29	10,000.00	4,862.29	14,862.29
8/29-1/30	10,000.00	4,862.29	14,862.29
2/30-7/30	10,416.67	4,642.29	15,058.96
8/30-2/31	10,416.67	4,642.29	15,058.96
2/31-7/31	10,416.67	4,413.13	14,829.79
8/31-1/32	10,416.67	4,413.13	14,829.79
2/32-7/32	10,833.33	4,183.96	15,017.29
8/32-1/33	10,833.33	4,183.96	15,017.29
2/33-7/33	10,833.33	3,945.63	14,778.96
8/33-1/34	10,833.33	3,945.63	14,778.96
2/34-7/34	10,833.33	3,707.29	14,540.63
8/34-1/35	10,833.33	3,707.29	14,540.63
2/35-7/35	11,250.00	3,468.96	14,718.96
8/35-1/36	11,250.00	3,468.96	14,718.96
2/36-7/36	11,666.67	3,221.46	14,888.13
8/36-1/37	11,666.67	3,221.46	14,888.13
2/37-7/37	11,666.67	2,950.21	14,616.88
8/37-1/37	11,666.67	2,950.21	14,616.88
2/38-7/38	12,083.33	2,678.96	14,762.29
8/38-1/39	12,083.33	2,678.96	14,762.29
2/39-7/39	12,500.00	2,398.02	14,898.02
8/39-1/40	12,500.00	2,398.02	14,898.02
2/40-7/40	12,500.00	2,091.77	14,591.77
8/40-1/41	12,500.00	2,091.77	14,591.77
2/41-7/41	11,666.67	1,769.90	13,436.56
8/41-1/42	11,666.67	1,769.90	13,436.56
2/42-7/42	10,000.00	1,469.48	11,469.48
8/42-1/43	10,000.00	1,469.48	11,469.48
2/43-7/43	10,000.00	1,211.98	11,211.98
8/43-1/44	10,000.00	1,211.98	11,211.98
2/44-7/44	10,416.67	954.48	11,371.15
8/44-1/45	10,416.67	954.48	11,371.15
2/45-7/45	10,833.33	686.25	11,519.58
8/45-1/46	10,833.33	686.25	11,519.58
2/46-7/46	11,250.00	393.75	11,643.75
8/46-1/47	11,250.00	393.75	11,643.75
2/47-7/47	3,333.33	90.00	3,423.33
8/47-1/48	3,333.33	90.00	3,423.33
2/48-7/48			
	<u>3,325,000.00</u>	<u>1,318,022.77</u>	<u>4,681,338.89</u>

# Attachment No. 11

**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 Edmonson 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."

Jimmy Mills  
(Print Name)

  
(Signed)

Chairman  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Edmonson

Subscribed and sworn to before me by Jimmy Mills  
(Name)

this 8 day of December, 2020.

Lori Ann Meredith  
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 Edmonson 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."

Barry Rich  
(Print Name)

Barry Rich  
(Signed)

Sec. / Treas.  
(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 Edmonson

Subscribed and sworn to before me by Barry Rich  
(Name)

this 8 day of December, 2020.

Lois Ann Meredith  
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 Edmonson 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."

N.E. Reed  
(Print Name)

[Signature]  
(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 Edmonson

Subscribed and sworn to before me by N. E. Reed  
(Name)

this 8 day of December, 2020.

Lori Ann Meredith  
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 Edmonson 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.
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Tony Sanders  
(Print Name)

Tony Sanders  
(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 Edmonson

Subscribed and sworn to before me by Tony Sanders  
(Name)

this 8 day of December, 2020.

Lori Ann Meredith  
NOTARY PUBLIC  
State-at-Large

# Attachment No. 12

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE EDMONSON 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 Edmonson 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 EDMONSON 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.

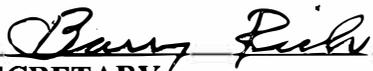
**Section 4.** The Chairman, General Manger, and all other appropriate District Staff are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

**Section 5.** This Resolution shall take effect upon its adoption.

**ADOPTED BY THE COMMISSION OF EDMONSON COUNTY WATER DISTRICT** at a meeting held on December 8, 2020, signed by the Chairman, and attested by the Secretary.

  
CHAIRMAN

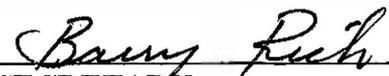
ATTEST:

  
SECRETARY

#### CERTIFICATION

I, Secretary of the Edmonson 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 December 8, 2020, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 8th day of December, 2020.

  
SECRETARY

## APPENDIX A

### PROPOSED RATE SCHEDULE

#### All Meter Sizes

First 1,500 gallons	\$ 16.37	Minimum Bill
Over 1,500 gallons	6.20	per 1,000 gallons

#### Wholesale Rate

All water purchased	\$ 3.14	per 1,000 gallons
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