

**REVENUE LEASE AGREEMENT**  
(Water Meter Project)

**By and Between**

**FARMERS NATIONAL BANK**  
Lessor

**and**

**MARION COUNTY WATER DISTRICT**  
Lessee

\* \* \* \* \*

Dated as of:

January 6, 2022

**REVENUE LEASE AGREEMENT**  
**(Water Meter Project)**

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This Revenue Lease Agreement is made, entered into, and effective as of the 6<sup>th</sup> day of January 2022 (the "Effective Date") by and between **FARMERS NATIONAL BANK** ("Lessor"), with its principal office at 136 West Main Street Lebanon, Kentucky 40033 and **MARION COUNTY WATER DISTRICT** ("Lessee"), with its principal address at 1835 Campbellsville Road, Lebanon, Kentucky 40033, a special purpose governmental entity and political subdivision of the Commonwealth of Kentucky, organized and existing under and by virtue of the laws and Constitution of the Commonwealth of Kentucky and specifically KRS 74.010 et. seq.

**RECITALS:**

WHEREAS, the governing body of the Lessee (the "Governing Body"), as a special district has the power, pursuant to Section 65.940 *et seq.* of the Kentucky Revised Statutes to enter into lease agreements, with or without the option to purchase, in order to provide for the use of property for public purposes;

WHEREAS, the Governing Body has determined, and hereby determines, that it is in the best interests of the Lessee that the Lessee and the Lessor enter into this Lease for the purpose of financing the Project, as hereinafter defined.

WHEREAS, the execution, delivery, and performance of this Lease, have been authorized, approved, and directed by the Commissioners of the Lessee, as the Governing Body, by a Resolution finally passed and adopted by the Governing Body; and

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

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

**Section 1. Definitions.** All words and phrases will have the meanings specified below unless the context clearly requires otherwise. References to Sections mean Sections of this Lease unless otherwise indicated.

"Act" means Section 65.940 *et seq* of the Kentucky Revised Statutes ("KRS") referred to as the "Governmental Leasing Act".

"Additional Rentals" means the aggregate of (i) any expenses (including attorneys' fees and expenses) of the Lessor in defending an action or proceeding in connection with this Lease or in enforcing the provisions of this Lease; (ii) any taxes or any other expenses, including, but not limited to, licenses, permits, state, and local sales and use or ownership taxes or property taxes and

recording fees and/or other fees which the Lessor is expressly required to pay as a result of or in connection with this Lease.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein will be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto and applicable to the Lease or the use of the proceeds thereof.

"Commissioners" means the board of commissioners appointed by the County Judge/Executive pursuant to KRS 74.020 who administer and manage the affairs of the District.

"Costs" means all costs incident to the Facility, including but not being limited to, the Cost of Issuance.

"Cost of Issuance" means those expenses incident to the issuance of the Lease, including, but not being limited to, Lessor's attorney fees and cost, and publication cost, and any other cost associated with the issuance and delivery of this Lease.

"County" means Marion County, Kentucky.

"Determination of Taxability" means with respect to this Lease (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling, or technical advice by any federal judicial or administrative authority which has the effect of requiring the interest component of the Lease Rental Payments to be included in the gross income of the Lessor for federal income tax purposes or (ii) the receipt by the Lessor or Lessee of a written opinion of counsel to the Bank, Bond Counsel, as defined in the Lessee's Resolution, or such other qualified Bond Counsel appointed by the Lessee, to the effect that the interest component of the Lease Rental Payments must be included in the gross income of the Lessor for federal income tax purposes; provided that no decision by any court or decision, ruling or technical advice by any administrative authority shall be considered final until the Lessee has had the opportunity to contest the determination of taxability and such determination of taxability has become final and not appealable.

"District Revenues" means the totality of all water service rates, rentals, and charges of any and all types and varieties imposed, enforced, and collected by the District for any service rendered by the works and facilities of the District, together with other income received by the District, if any, from any agency of government, both federal and state, as representing income or operating subsidies, as distinguished from capital grants.

"Event of Default" means the events described in Section 23 hereof.

"Facility" or "Facilities" means the water meters to be acquired, installed, and operated by the district, which have a useful life of more than one (1) year.

"Interest Rate" means 2.14%, per annum, fixed.

"KRS" means the Kentucky Revised Statutes, as amended.

"Lease" means this Lease Agreement and any amendments or supplements entered into in

accordance with the provisions hereof, in the principal amount not to exceed \$1,600,000.

"Lease Rental Payments" means (i) interest only payments for a period of eighteen (18) months on the actual principal amount advanced to the Lessee by the Lessor during the initial Lease Term of eighteen (18) months, not to exceed \$1,600,000, as set forth in Section 5 below and, thereafter, (ii) beginning in the nineteenth (19<sup>th</sup>) month until the Maturity Date, the payments of principal and interest as set forth in the loan amortization scheduled attached hereto and made a part hereof as Exhibit "A", plus any Additional Rentals.

"Lease Term" means the period set forth in Section 6 hereof.

"Lessee" or "District" means the Marion County Water District.

"Lessor" means Farmers National Bank, acting as lessor under this Lease, or any successor thereto acting as lessor under this Lease.

"Maturity Date" means July 6, 2033.

"Project" means the financing of (i) the acquisition, installation, and replacement of water meters, as detailed in Section 2(l) herein and (ii) capitalized and/or accrued interest, if any.

"Resolution" means the Resolution duly adopted by the Commissioners on December 16, 2021, authorizing issuance of the Lease Agreement and financing of the Project.

"State" means the Commonwealth of Kentucky.

**Section 2. Representations, Covenants, and Warranties of the Lessee.** The Lessee represents, covenants, and warrants as follows:

(a) It is a special district, as defined in KRS 65.940(15), established as a water district by the County and governed by the provisions of KRS 74.010 to 74.415 and a political subdivision of the State.

(b) It has full power and authority to enter into and perform its obligations under this Lease and all related documents.

(c) It has duly authorized this Lease and all related documents.

(d) This Lease and all related documents are valid, legal, and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms.

(e) The execution and delivery of this Lease and all related documents does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessee is bound or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessee.

(f) There is no action, suit, proceeding or investigation before or by any court or public

body wherein an unfavorable decision would materially and adversely affect the transactions contemplated by this Lease.

(g) The Facilities further the Lessee's governmental purposes, serve a public purpose, and are in the best interests of the Lessee and at the time of execution and delivery of this Lease, the Lessee intends to annually appropriate the Lease Rental Payments due hereunder;

(h) The total principal amount of qualified tax-exempt obligations which the Lessee will issue during calendar years ending December 31, 2022, will not exceed \$10,000,000 and, therefore, the Lessee has designated this Lease as a "qualified tax-exempt obligation" within the meaning of the Section 265(b)(3) of the Code.

(i) The lessee is subject to the jurisdiction of the State Public Service Commission and has secured approval from the Public Service Commission to proceed with the acquisition and installation of the Facilities and the financing as set forth in this Lease, as set forth in an Order, dated December 6, 2021, in Case No. 2021-303.

(j) The Lessee shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest portion of the Lease Rental Payments paid by the Lessee with respect to this Lease, shall be excludable from the gross income of the Lessor for Federal income tax purposes under any valid provision of the Code.

(k) The Lessee shall not permit at any time or times any of the proceeds of this Lease to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause such Leases to be "Arbitrage Bonds" as defined in Section 148 of the Code, as then in effect.

(l) Proceeds from the Lease will be used to finance the cost of construction for (1) the replacement of 6,000 Sensus SR water meters, (2) the replacement of concrete or tar meter boxes, (3) two Neptune AMR Truck Reading Systems, and (4) the installation of zone meters on the Lessee's distribution mains. Proceeds from the Lease will be completed in three (3) years. None of the proceeds from the Lease will be used for working capital nor to reimburse the Lessee for prior capital expenditures.

Further, in compliance with requirements set forth in the Resolution, the Lessee hereby certifies that on the basis of the facts, estimates, and circumstances in existence as of the date of the issuance of this Lease, it is not expected that the proceeds from this Lease will be used in a manner which would cause the obligations evidenced by this Lease to be "Arbitrage Bonds" under the Code.

**Section 3. Representations, Covenants and Warranties of Lessor.** The Lessor represents, covenants, and warrants as follows:

(a) It is a national banking association duly created and validly existing under the laws of the United States of America authorized to do business in the Commonwealth of Kentucky, has all necessary power and authority to perform its obligations under this Lease and has duly authorized the execution and delivery of this Lease.

(b) The execution and delivery of this Lease does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessor is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessor.

(c) There is no litigation or proceeding pending or threatened against the Lessor or any other person affecting the right of the Lessor to execute or deliver this Lease or to comply with its obligations under this Lease.

(d) That the Lessor intends to treat this Lease as a loan and to hold this Lease to final maturity, unless sooner paid as hereinafter provided. Notwithstanding, the Lessor may participate with other financial institutions in providing the financing described in this Lease.

**Section 4. Demising Clause and Title.** The Lessor leases the Facilities to the Lessee and the Lessee leases the Facilities from the Lessor, in accordance with the provisions of this Lease, the Act and the Resolution, to have and to hold for the Lease Term.

The Lessee has possession of the Facilities. Pursuant to KRS 65.952, legal title to the Facilities, and all interests therein, will be held by the Lessee, subject to Lessor's rights under this Lease.

The Lessor's interest shall terminate upon the complete payment and performance by the Lessee of all of its obligations hereunder.

**Section 5. Draw Down Lease Financing.** This is a draw down lease financing. The principal amount, or principal component of this Lease, shall be disbursed by the Lessor to, or for the benefit of, the Lessee, for the acquisition and installation of the Facilities, as "Draw-Downs", in the amounts and at the times requested by the Lessee, up to the aggregate principal amount not to exceed One Million Six Hundred Thousand Dollars (\$1,600,000). Lessee shall make payments on the amounts due hereunder as provided in Section 8.

**Section 6. Lease Term.** Subject to the early termination provisions set forth in Section 21 the Lease Term will commence on the Effective Date and terminate on the Maturity Date.

**Section 7. Enjoyment.** The Lessor hereby covenants that the Lessee will during the Lease Term peaceably and quietly have and hold and enjoy the Facility without hindrance from the Lessor, except as expressly required or permitted by this Lease. The Lessor will, at the request and cost of the Lessee, join and cooperate fully in any legal action regarding the Facility and the Lessee may, at its own expense, join in any legal action affecting the Facility.

**Section 8. Lease Rental Payments; Cost of Issuance; Triple Net Lease.**

(a) The Lessee shall pay interest only for a period of eighteen (18) months on the actual principal amount advanced to the Lessee by the Lessor during the initial Lease Term of eighteen (18) months, not to exceed \$1,600,000, as set forth in Section 5 above. Interest only payments shall begin thirty (30) days after the first draw down by the Lessee.

(b) Upon the expiration of the initial eighteen (18) months of interest only payments as

set forth in Section 8(a) above, the Lessee shall pay principal and interest payments as set forth in the loan amortization schedule attached hereto and made a part hereof as Exhibit "A", with a balloon payment due on the Maturity Date as set forth in Exhibit "A".

(c) The Lessee shall pay any Additional Rentals that may become due pursuant to the terms of this Lease.

(d) During the eighteen (18) month period that interest only payments are due and payable the Lessor shall submit a monthly invoice to the Lessee the amount of the interest payment which invoice shall be sent to the Lessee by the 15<sup>th</sup> day preceding the date of the interest payment, which interest payments may be made by check, wire transfer or electronic transfer from an account maintained by the Lessee with the Lessor. Following the eighteen (18) interest payment period, Lessee shall pay Lease Rental Payments, as authorized in Section 9 hereof, in accordance with the amortization schedule attached hereto as Exhibit "A", without the need for an invoice.

(e) The Lessee, as a condition of closing the financing evidenced by this Lease, shall pay all Cost of Issuance.

(f) This Lease will be deemed and construed to be a "triple net lease," in that the Lessee will be responsible for payment of all costs relating to the Facilities, if any, during the Lease Term, in addition to the Lease Rental Payments and all other payments required hereunder, free of any deductions, and without abatement, deduction or set-off (other than credits against Lease Rental Payments expressly provided for in this Lease).

(g) The interest component of the Lease Rental Payments will be calculated on a 365/360 day actuarial basis.

**Section 9. Manner of Payment.** Unless otherwise agreed by both the Lessee and Lessor, all Lease Rental Payments may be paid by check made payable and delivered to the Lessor, by wire transfer, or electronic transfers from an account established by the Lessee and maintained by the Lessor. The obligation of the Lessee to pay the Lease Rental Payments and to perform and observe the covenants and conditions contained herein during the Lease Term will be absolute and unconditional except as otherwise expressly provided in this Lease and payment of the Lease Rental Payments may not be abated through accident or unforeseen circumstances or damage to or destruction of the Facilities. Lessee will not assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lessor (or any of its assigns) will affect the Lessee's obligation to pay all Lease Rental Payment during the Lease Term.

**Section 10. Expression of Lessee's Need for the Facilities; Determination as to Useful Life.** The Lessee hereby declares its current need for the Facilities and further determines and declares its expectations that the Facilities will (so long as it is subject to the terms hereof) adequately serve the public needs for which it is being used throughout the Lease Term. The Lessee hereby determines and declares that, to the best of its knowledge, the term of this Lease does not exceed the useful life of the Facilities.

**Section 11. General Obligation of Lessee; Special Fund; Pledge; and Rate Covenant.**

(a) The obligation of the Lessee created by this Lease shall be a full general obligation of the Lessee to which the District Revenues are hereby pledged for the prompt payment of the Lease Rental Payments due hereunder.

(b) In accordance with KRS 74.600(2), as set forth in the Resolution, and upon execution of this Lease, the Lessee shall establish a "Special Fund", with the Lessor (which shall constitute a sinking fund for the Lease Rental Payments) and shall set aside and deposit into the Special Fund, the District Revenues, sufficient in amount to make the Lease Rental Payments due hereunder.

(c) The Special Fund is hereby irrevocably pledged to the payment of the Lease Rental Payments when and as the same fall due. The amount of District Revenues to be set aside and applied to the payment of the Lease Rental Payments shall be equal to the interest only payments due in the first eighteen (18) months of the Lease Term and the amounts set forth in Exhibit "A", attached hereto, plus any Additional Rentals. The balance of District Revenues shall be for the District's operations.

(d) The District further covenants and agrees, that as long as any amounts remain due under this Lease, that the rates to be charged for the service from the District shall be sufficient to provide for the payment of the Lease Rental Payments. Further, the District covenants that it will as all times establish, enforce, and collect rates, rentals, and charges for services provided by the District's works and facilities, the same to be adequate to operate and maintain the District's public water system, provide necessary allowances for depreciation and for extensions and additions, and to timely retire all outstanding financial obligations, including this Lease, and sufficient to maintain the Special Fund established pursuant to the Resolution and this Lease, subject, as all times to PSC approval as may be required.

**Section 12. Acquisition and Use of Facilities; Authority of Lessee; and, Assignment of Rights in Facility.** The Facilities are owned and used for a public purpose. So long as this Lease is in full force and effect, the Lessee will have full power to carry out the acts and agreements provided in this Section, and such power is granted and conferred under this Lease to the Lessee, and is accepted by the Lessee, and will not be terminated or restricted by act of the Lessor, except as provided in this Section.

**Section 13. Insurance.**

(a) Lessee, during the term of this Lease, shall maintain, with any loss deductible commonly used by Lessee, casualty and liability insurance covering all parts of the Facilities and their use.

(b) Casualty and liability insurance may be provided under blanket or similar coverage insuring other facilities and equipment of the Lessee. Such insurance may be a combination of self-insurance and an excess liability policy.

(c) The proceeds of any casualty and liability insurance or appropriation awards, to the



extent they are not promptly used or encumbered for the purposes stated in Section 14 hereof, shall be paid to the Lessor for deposit in the Special Fund or such other fund established by the Lessee and authorized by the Resolution.

**Section 14. Risk of Loss; Damage; Destruction.** Lessee assumes all risk of loss or damage to the Facilities from any cause whatsoever. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Facilities will relieve Lessee of its obligations under this Lease. Lessee will promptly repair or replace any portions of the Facilities destroyed, damaged, or appropriated which are necessary to maintain the Facilities in sound operating condition so that at all times during the Lease Term the Facilities will be able to carry out its intended functions.

The net proceeds of any insurance policies, performance certificates, condemnation awards or net proceeds received as a consequence of default or breach of warranty under a contract relating to the Facilities will be deposited in the Special Fund or such other fund established by the Lessee and authorized by the Resolution, if received before the completion or repair of the Facilities and will be applied in the same manner described in Section 13. The balance remaining after renovation, repair, restoration, modification, or improvement of the Facilities has been completed will be applied to satisfy payment of Lease Rental Payments.

**Section 15. Disclaimer of Warranties.** THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR FITNESS FOR USE OF THE FACILITIES, OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE FACILITIES OR ANY PORTION THEREOF.

**Section 16. Audited Financial Reports.** The Lessee shall provide the Lessor with a copy of its audited year-end financial statements within thirty (30) days of receipt by the Lessee.

**Section 17. Inspection and Lessee Reports.** The Lessor and their respective authorized representatives shall at any time during normal business hours have the right to enter the Facility for the purpose of inspecting and examining the Facilities and its condition, use, and operation and the books and records of the Lessee relating thereto.

**Section 18. Maintenance of the Facilities by the Lessee.** The Lessee agrees that, at all times during the Lease Term, the Lessee will maintain, preserve and keep the Facilities or cause the Facilities to be maintained, preserved and kept in good repair, working order and condition, ordinary wear and tear excepted, and that the Lessee will from time to time promptly make or cause to be made all necessary and proper repairs, except as otherwise provided herein. The Lessor will not have any responsibility in any of these matters or for the making of any additions, modifications, improvements, or replacements to the Facilities.

**Section 19. Assignment by Lessor.** As the source of payment of the Lease, the Lessor has been assigned all of the Lessee's right, title and interest in, to and under this Lease, including but not limited to the right to receive the Lease Rental Payments and other amounts due hereunder. The Lessee acknowledges and agrees that this assignment will entitle the Lessor to enforce any obligation of the Lessee hereunder and to exercise any remedy or right of the Lessor hereunder.

**Section 20. Assignment and Subleasing by the Lessee.**

This Lease may not be assigned by the Lessee for any reason. The Facilities may be subleased by the Lessee, as a whole or in part, but only with the prior written consent of the Lessor.

**Section 21. Redemption of Lease.**

(a) This Lease may be prepaid in full, without premium or penalty, at any time upon payment, in full, of its Lease Rental Payments, which amount shall be equal to the unpaid principal component of the Lease Rental Payments increased by the sum of (a) the amount of any due or past due Lease Rental Payments, together with interest on such past due Lease rental Payments to the date of such prepayment in full, plus (b) unpaid accrued interest on the outstanding principal component of the Lease Rental Payments to the next date on which the Lease can be redeemed. The Lessee shall provide the Lessor with no less than seven (7) business days' written notice of its intent to redeem the Lease.

(b) In the event of a Determination of Taxability, the Lessee may, at its election, (i) pay, in full, without premium or penalty, the Lease Rental Payments then due and owing in accordance with the provisions of Section 21(a) above or (ii) increase the interest component of the Lease Rental Payments to the Taxable Rate. The Taxable Rate shall be the rate of the interest component of the Lease Rental Payments as agreed to by the Lessor and the Lessee at the time the Determination of Taxability is initially made not to exceed 3.00% per annum, whichever rate is less. In addition, the Lessee will pay an amount equal to the difference between the interest component of the Lease Rental Payment which was actually paid, at 2.14%, and the interest component of the Lease Rental Payment which would have been paid if such rate was the Taxable Rate from the Date of Original Issue, plus any penalties, interest, assessments, and additions payable by the Lessor as a result of the loss of the tax-exempt status of the interest rate component on the Lease Rental Payment.

**Section 22. Release and Indemnification.** To the extent ;permitted by law, the Lessee will and hereby agrees to indemnify and save the Lessor harmless against and from any or all claims, by or on behalf of any person, firm, corporation or other legal entity, and all liabilities, obligations, losses and damages whatsoever, regardless of the cause thereof and the expenses, penalties and fees in connection therewith (including counsel fees and expenses), arising from or as a result of the operation, ordering, ownership, acquisition, construction, use, condition, delivery, rejection, storage, return or management of the Facilities during the Lease Term, or the entering into of the Lease or any other document or instrument relating thereto (collectively, "Indemnified Claims"), including, but not limited to: (i) any condition of the Facilities; (ii) any act of negligence of the Lessee or of any of the agents, contractors or employees or any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder; (iii) any accident in connection therewith resulting in damage to property or injury or death to any person; and (iv) the incurring of any cost or expense in connection with the use of the Facilities in excess of the moneys available therefor. To the extent permitted by law, the Lessee will indemnify and save the Lessor harmless from any such Indemnified Claim, or in connection with any action or proceeding brought thereon and, upon notice from the Lessor, will defend or pay the cost of defending the Lessor, in any such action or proceeding.

The indemnification arising under this Section will continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease for any reason.

**Section 23. Events of Default Defined.** The following will be "Events of Default" under this Lease and the term "Event of Default" or "Default" will mean, whenever it is used in this Lease, any one or more of the following events:

(a) failure by the Lessee to pay any Lease Rental Payments at the time specified herein;  
or

(b) failure by the Lessee to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than referred to in subsection (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied will have been given to the Lessee by the Lessor unless the Lessor agrees in writing to an extension of such time prior to its expiration; or

(c) the discovery by Lessor that any material statement, representation, or warranty made by Lessee in this Agreement or in any writing delivered by Lessee pursuant to or in connection with this Lease is false, misleading or erroneous in any material respect; or

(d) the initiation by Lessee of a proceeding under any federal or state bankruptcy or insolvency law seeking relief under such laws concerning the indebtedness of Lessee; or

(e) Lessee shall be or become insolvent, or admit in writing its inability to pay its debts as they mature, or make an assignment for the benefit of creditors; or Lessee shall apply for or consent to the appointment of any receiver, trustee or similar officer for it or for all or any substantial part of its property; or such receiver, trustee or similar officer shall be appointed without the application or consent of Lessee; or Lessee shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or any such proceeding shall be instituted (by petition, application or otherwise) against Lessee, or any judgment, writ, warrant of attachment or execution or similar process shall be issued or levied against a substantial part of the property of Lessee.

**Section 24. Remedies on Default.** Whenever any Event of Default has occurred and is continuing, the Lessor may, without any further demand or notice, take one or any combination of the following remedial steps:

(a) by appropriate court action, enforce the pledge set forth in the Resolution and Section 11 of this Lease so that during the remaining Lease Term there is levied on all the taxable property within the County, in addition to all other taxes, without limitation as to the rate or amount, a direct tax annually in an amount sufficient to pay the Lease Rental Payments when and as due;

(b) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Facility under this Lease (including, without limitation, the right to possession of the Facility and the right to sell or re-lease or otherwise dispose of the Facility in

accordance with applicable law), and/or take whatever action at law or in equity may appear necessary or desirable to enforce performance by the Lessee of the applicable covenants and agreements of the Lessee under this Lease (subject, however, to the limitations thereon contained in this Lease) and to recover damages for the breach thereof.

No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient. If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

The Lessee will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by the Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred.

**Section 25. Notices.** All notices, certificates, requests, or other communications hereunder, except for payment due invoices as provided in Section 8, will be in writing and mailed (postage prepaid, and certified or registered with return receipt requested), emailed, or delivered (including delivery by courier service) as follows:

If to the Lessor:

136 West Main Street  
P.O. Box 631  
Lebanon, Kentucky 40033  
Attn: Steven B. Mattingly, Executive Vice President  
Email: [bradmattingly@farmersnational.bank](mailto:bradmattingly@farmersnational.bank)

If to the Lessee:

1835 Campbellsville Road  
Lebanon, Kentucky 40033  
Attn: Toby Spalding, General Manager  
Email: [mewdh2o@yahoo.com](mailto:mewdh2o@yahoo.com)

Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications will be sent hereunder. All notices, certificates, requests and other communications pursuant to this Lease will be effective when received (if given by mail) or when delivered (if given by delivery).

**Section 26. Amendments, Changes and Modifications.** This Lease may not be amended, changed, modified or altered, or any provision hereof waived, without the written consent of the Lessor and the Lessee.

**Section 27. Third Party Beneficiary.** No person other than a party hereto, will have any right, remedy or claim under or by reason of this Lease or otherwise be a third party beneficiary of any rights, remedies, claims or agreements hereunder.

**Section 28. Miscellaneous.**

(a) This Lease will inure to the benefit of and will be binding upon the Lessor and the Lessee and their respective successors and assigns (including, without limitation, security assigns).

(b) This Lease may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. This Lease may be executed by electronic and/or facsimile signature, such electronic and/or facsimile signature satisfying the requirements of the Uniform Electronic Transactions Act, KRS 369.101 to 369.120.

(c) This Lease will be governed by and construed in accordance with the laws of the State.

(d) The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Lease.

(e) If for any reason any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

*[Signatures for this Lease Agreement appear on following page S-1)]*

IN WITNESS WHEREOF, the Lessor has executed this Lease in its name; and the Lessee has caused this Lease to be executed in its name and attested by duly authorized officers thereof, effective as of the date first above written.

**FARMERS NATIONAL BANK, as Lessor**

By: Steven B. Mattingly  
Steven B. Mattingly, Executive Vice President

**MARION COUNTY WATER DISTRICT, as Lessee**

By: Toby Spalding  
Toby Spalding, General Manager

**EXHIBIT "A"**  
**LEASE RENTAL PAYMENTS**

## AMORTIZATION SCHEDULE

App. Date 05-10-2021	Application No.	Loan Amount 1,600,000.00	Dept.	Collateral	Officer MWILSON	Init.
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.						

**Applicant:** MARION COUNTY WATER DISTRICT  
1835 Campbellsville Rd  
Lebanon, KY 40033

**Lender:** Farmers National Bank  
136 W. Main Street  
Lebanon, KY 40033  
(270) 692-3177

Disbursement Date: January 6, 2022  
Interest Rate: 2.140

Repayment Schedule: Irregular  
Calculation Method: 365/360 Actuarial

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	02-06-2022	2,948.44	2,948.44	0.00	1,600,000.00
2	03-06-2022	2,663.11	2,663.11	0.00	1,600,000.00
3	04-06-2022	2,948.44	2,948.44	0.00	1,600,000.00
4	05-06-2022	2,853.33	2,853.33	0.00	1,600,000.00
5	06-06-2022	2,948.44	2,948.44	0.00	1,600,000.00
6	07-06-2022	2,853.33	2,853.33	0.00	1,600,000.00
7	08-06-2022	2,948.44	2,948.44	0.00	1,600,000.00
8	09-06-2022	2,948.44	2,948.44	0.00	1,600,000.00
9	10-06-2022	2,853.33	2,853.33	0.00	1,600,000.00
10	11-06-2022	2,948.44	2,948.44	0.00	1,600,000.00
11	12-06-2022	2,853.33	2,853.33	0.00	1,600,000.00
<b>2022 TOTALS:</b>		<b>31,767.07</b>	<b>31,767.07</b>	<b>0.00</b>	
12	01-06-2023	2,948.44	2,948.44	0.00	1,600,000.00
13	02-06-2023	2,948.44	2,948.44	0.00	1,600,000.00
14	03-06-2023	2,663.11	2,663.11	0.00	1,600,000.00
15	04-06-2023	2,948.44	2,948.44	0.00	1,600,000.00
16	05-06-2023	2,853.33	2,853.33	0.00	1,600,000.00
17	06-06-2023	2,948.44	2,948.44	0.00	1,600,000.00
18	07-06-2023	2,853.33	2,853.33	0.00	1,600,000.00
19	08-06-2023	14,845.16	2,948.44	11,896.72	1,588,103.28
20	09-06-2023	14,845.16	2,926.52	11,918.64	1,576,184.64
21	10-06-2023	14,845.16	2,810.86	12,034.30	1,564,150.34
22	11-06-2023	14,845.16	2,882.38	11,962.78	1,552,187.56
23	12-06-2023	14,845.16	2,768.07	12,077.09	1,540,110.47
<b>2023 TOTALS:</b>		<b>94,389.33</b>	<b>34,499.80</b>	<b>59,889.53</b>	
24	01-06-2024	14,845.16	2,838.08	12,007.08	1,528,103.39
25	02-06-2024	14,845.16	2,815.96	12,029.20	1,516,074.19
26	03-06-2024	14,845.16	2,613.54	12,231.62	1,503,842.57
27	04-06-2024	14,845.16	2,771.25	12,073.91	1,491,768.66
28	05-06-2024	14,845.16	2,660.32	12,184.84	1,479,583.82
29	06-06-2024	14,845.16	2,726.54	12,118.62	1,467,465.20
30	07-06-2024	14,845.16	2,616.98	12,228.18	1,455,237.02
31	08-06-2024	14,845.16	2,681.68	12,163.48	1,443,073.54
32	09-06-2024	14,845.16	2,659.26	12,185.90	1,430,887.64
33	10-06-2024	14,845.16	2,551.75	12,293.41	1,418,594.23
34	11-06-2024	14,845.16	2,614.15	12,231.01	1,406,363.22
35	12-06-2024	14,845.16	2,508.01	12,337.15	1,394,026.07
<b>2024 TOTALS:</b>		<b>178,141.92</b>	<b>32,057.52</b>	<b>146,084.40</b>	
36	01-06-2025	14,845.16	2,568.88	12,276.28	1,381,749.79
37	02-06-2025	14,845.16	2,546.26	12,298.90	1,369,450.89
38	03-06-2025	14,845.16	2,279.38	12,565.78	1,356,885.11
39	04-06-2025	14,845.16	2,500.44	12,344.72	1,344,540.39
40	05-06-2025	14,845.16	2,397.76	12,447.40	1,332,092.99
41	06-06-2025	14,845.16	2,454.75	12,390.41	1,319,702.58
42	07-06-2025	14,845.16	2,353.47	12,491.69	1,307,210.89
43	08-06-2025	14,845.16	2,408.90	12,436.26	1,294,774.63
44	09-06-2025	14,845.16	2,385.98	12,459.18	1,282,315.45
45	10-06-2025	14,845.16	2,286.80	12,558.36	1,269,757.09
46	11-06-2025	14,845.16	2,339.88	12,505.28	1,257,251.81
47	12-06-2025	14,845.16	2,242.10	12,603.06	1,244,648.75
<b>2025 TOTALS:</b>		<b>178,141.92</b>	<b>28,764.60</b>	<b>149,377.32</b>	
48	01-06-2026	14,845.16	2,293.61	12,551.55	1,232,097.20
49	02-06-2026	14,845.16	2,270.48	12,574.68	1,219,522.52
50	03-06-2026	14,845.16	2,029.83	12,815.33	1,206,707.19
51	04-06-2026	14,845.16	2,223.69	12,621.47	1,194,085.72
52	05-06-2026	14,845.16	2,129.45	12,715.71	1,181,370.01
53	06-06-2026	14,845.16	2,177.00	12,668.16	1,168,701.85



**AMORTIZATION SCHEDULE  
(Continued)**

54	07-06-2026	14,845.16	2,084.19	12,760.97	1,155,940.88
55	08-06-2026	14,845.16	2,130.14	12,715.02	1,143,225.86
56	09-06-2026	14,845.16	2,106.71	12,738.45	1,130,487.41
57	10-06-2026	14,845.16	2,016.04	12,829.12	1,117,658.29
58	11-06-2026	14,845.16	2,059.60	12,785.56	1,104,872.73
59	12-06-2026	14,845.16	1,970.36	12,874.80	1,091,997.93
<b>2026 TOTALS:</b>		<b>178,141.92</b>	<b>25,491.10</b>	<b>152,650.82</b>	
60	01-06-2027	14,845.16	2,012.31	12,832.85	1,079,165.08
61	02-06-2027	14,845.16	1,988.66	12,856.50	1,066,308.58
62	03-06-2027	14,845.16	1,774.81	13,070.35	1,053,238.23
63	04-06-2027	14,845.16	1,940.88	12,904.28	1,040,333.95
64	05-06-2027	14,845.16	1,855.26	12,989.90	1,027,344.05
65	06-06-2027	14,845.16	1,893.17	12,951.99	1,014,392.06
66	07-06-2027	14,845.16	1,809.00	13,036.16	1,001,355.90
67	08-06-2027	14,845.16	1,845.28	12,999.88	988,356.02
68	09-06-2027	14,845.16	1,821.32	13,023.84	975,332.18
69	10-06-2027	14,845.16	1,739.34	13,105.82	962,226.36
70	11-06-2027	14,845.16	1,773.17	13,071.99	949,154.37
71	12-06-2027	14,845.16	1,692.66	13,152.50	936,001.87
<b>2027 TOTALS:</b>		<b>178,141.92</b>	<b>22,145.86</b>	<b>155,996.06</b>	
72	01-06-2028	14,845.16	1,724.84	13,120.32	922,881.55
73	02-06-2028	14,845.16	1,700.67	13,144.49	909,737.06
74	03-06-2028	14,845.16	1,568.29	13,276.87	896,460.19
75	04-06-2028	14,845.16	1,651.98	13,193.18	883,267.01
76	05-06-2028	14,845.16	1,575.16	13,270.00	869,997.01
77	06-06-2028	14,845.16	1,603.21	13,241.95	856,755.06
78	07-06-2028	14,845.16	1,527.88	13,317.28	843,437.78
79	08-06-2028	14,845.16	1,554.27	13,290.89	830,146.89
80	09-06-2028	14,845.16	1,529.78	13,315.38	816,831.51
81	10-06-2028	14,845.16	1,456.68	13,388.48	803,443.03
82	11-06-2028	14,845.16	1,480.57	13,364.59	790,078.44
83	12-06-2028	14,845.16	1,408.97	13,436.19	776,642.25
<b>2028 TOTALS:</b>		<b>178,141.92</b>	<b>18,782.30</b>	<b>159,359.62</b>	
84	01-06-2029	14,845.16	1,431.18	13,413.98	763,228.27
85	02-06-2029	14,845.16	1,406.46	13,438.70	749,789.57
86	03-06-2029	14,845.16	1,247.98	13,597.18	736,192.39
87	04-06-2029	14,845.16	1,356.64	13,488.52	722,703.87
88	05-06-2029	14,845.16	1,288.82	13,556.34	709,147.53
89	06-06-2029	14,845.16	1,306.80	13,538.36	695,609.17
90	07-06-2029	14,845.16	1,240.50	13,604.66	682,004.51
91	08-06-2029	14,845.16	1,256.78	13,588.38	668,416.13
92	09-06-2029	14,845.16	1,231.74	13,613.42	654,802.71
93	10-06-2029	14,845.16	1,167.73	13,677.43	641,125.28
94	11-06-2029	14,845.16	1,181.45	13,663.71	627,461.57
95	12-06-2029	14,845.16	1,118.97	13,726.19	613,735.38
<b>2029 TOTALS:</b>		<b>178,141.92</b>	<b>15,235.05</b>	<b>162,906.87</b>	
96	01-06-2030	14,845.16	1,130.98	13,714.18	600,021.20
97	02-06-2030	14,845.16	1,105.71	13,739.45	586,281.75
98	03-06-2030	14,845.16	975.83	13,869.33	572,412.42
99	04-06-2030	14,845.16	1,054.83	13,790.33	558,622.09
100	05-06-2030	14,845.16	996.21	13,848.95	544,773.14
101	06-06-2030	14,845.16	1,003.90	13,841.26	530,931.88
102	07-06-2030	14,845.16	946.83	13,898.33	517,033.55
103	08-06-2030	14,845.16	952.78	13,892.38	503,141.17
104	09-06-2030	14,845.16	927.18	13,917.98	489,223.19
105	10-06-2030	14,845.16	872.45	13,972.71	475,250.48
106	11-06-2030	14,845.16	875.78	13,969.38	461,281.10
107	12-06-2030	14,845.16	822.62	14,022.54	447,258.56
<b>2030 TOTALS:</b>		<b>178,141.92</b>	<b>11,665.10</b>	<b>166,476.82</b>	
108	01-06-2031	14,845.16	824.20	14,020.96	433,237.60
109	02-06-2031	14,845.16	798.36	14,046.80	419,190.80
110	03-06-2031	14,845.16	697.72	14,147.44	405,043.36
111	04-06-2031	14,845.16	746.40	14,098.76	390,944.60
112	05-06-2031	14,845.16	697.18	14,147.98	376,796.62
113	06-06-2031	14,845.16	694.35	14,150.81	362,645.81
114	07-06-2031	14,845.16	646.72	14,198.44	348,447.37
115	08-06-2031	14,845.16	642.11	14,203.05	334,244.32
116	09-06-2031	14,845.16	615.94	14,229.22	320,015.10
117	10-06-2031	14,845.16	570.69	14,274.47	305,740.63
118	11-06-2031	14,845.16	563.41	14,281.75	291,458.88
119	12-06-2031	14,845.16	519.77	14,325.39	277,133.49

**AMORTIZATION SCHEDULE  
(Continued)**

<b>2031 TOTALS:</b>		<b>178,141.92</b>	<b>8,016.85</b>	<b>170,125.07</b>	
120	01-06-2032	14,845.16	510.70	14,334.46	262,799.03
121	02-06-2032	14,845.16	484.28	14,360.88	248,438.15
122	03-06-2032	14,845.16	428.28	14,416.88	234,021.27
123	04-06-2032	14,845.16	431.25	14,413.91	219,607.36
124	05-06-2032	14,845.16	391.63	14,453.53	205,153.83
125	06-06-2032	14,845.16	378.05	14,467.11	190,686.72
126	07-06-2032	14,845.16	340.06	14,505.10	176,181.62
127	08-06-2032	14,845.16	324.66	14,520.50	161,661.12
128	09-06-2032	14,845.16	297.91	14,547.25	147,113.87
129	10-06-2032	14,845.16	262.35	14,582.81	132,531.06
130	11-06-2032	14,845.16	244.23	14,600.93	117,930.13
131	12-06-2032	14,845.16	210.31	14,634.85	103,295.28
<b>2032 TOTALS:</b>		<b>178,141.92</b>	<b>4,303.71</b>	<b>173,838.21</b>	
132	01-06-2033	14,845.16	190.35	14,654.81	88,640.47
133	02-06-2033	14,845.16	163.34	14,681.82	73,958.65
134	03-06-2033	14,845.16	123.10	14,722.06	59,236.59
135	04-06-2033	14,845.16	109.16	14,736.00	44,500.59
136	05-06-2033	14,845.16	79.36	14,765.80	29,734.79
137	06-06-2033	14,845.16	54.79	14,790.37	14,944.42
138	07-06-2033	14,971.07	26.65	14,944.42	0.00
<b>2033 TOTALS:</b>		<b>104,042.03</b>	<b>746.75</b>	<b>103,295.28</b>	
<b>TOTALS:</b>		<b>1,833,475.71</b>	<b>233,475.71</b>	<b>1,600,000.00</b>	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.