

TRANSCRIPT OF PROCEEDINGS

ASSISTANCE AGREEMENT
BETWEEN THE
KENTUCKY INFRASTRUCTURE AUTHORITY
AND
ADAIR COUNTY WATER DISTRICT

DATED JULY 15, 2021
PROJECT NUMBER A20-016

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

INDEX TO TRANSCRIPT OF PROCEEDINGS

In re: Assistance Agreement between Kentucky Infrastructure Authority (the “Authority”) and Adair County Water District (the “Governmental Agency”), regarding Project Number A20-016.

1. Minutes of Kentucky Infrastructure Authority authorizing the Assistance Agreement.
2. Minutes of Capital Projects and Bond Oversight Committee.
3. Certification by the Division of Water.
4. PSC Certificate of Public Convenience and Necessity.
5. Commitment Letter of Kentucky Infrastructure Authority.
6. Resolution of the Governmental Agency authorizing the Assistance Agreement.
7. Minutes of the Meeting of the Governing Body of the Governmental Agency adopting Resolution authorizing Assistance Agreement.
8. Assistance Agreement.
9. General Closing Certificate of the Governmental Agency.
10. Opinion of Counsel to the Governmental Agency.
11. Distribution List.

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: **March 5, 2020 – 1:00 p.m.**
 Kentucky Infrastructure Authority
 100 Airport Road, Third Floor, Frankfort

Members present:

Mr. Dennis Keene, Commissioner, Department for Local Government
Mr. Winston Miller, proxy for. Holly M. Johnson, Secretary, Finance and Administration Cabinet
Mr. Paul Miller, proxy for Rebecca Goodman, Secretary, Energy and Environment Cabinet
Mr. Claude Christensen, representing Kentucky League of Cities
Mr. Ron Lovan, Representing the Kentucky Section of the American Water Works Association
Mr. Jeb Pinney, proxy for Kent Chandler, Executive Director), Public Service Commission
Mr. Bobby Aldridge, proxy for Interim Secretary Larry Hayes, Cabinet for Economic Development
Mr. Russell Rose, representing Kentucky Rural Water Association
Mr. David A. Voegele, representing Kentucky Association of Counties
Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association
Mr. Kurt Stafford, representing the For-Profit Water Companies

DLG Staff:

Mr. Matthew Stephens, General Counsel
Ms. Kim Wooldridge, Executive Assistant

KIA Staff:

Ms. Edith Halbleib, Executive Director
Ms. Linda Bridwell, Deputy Executive Director
Ms. Ashley Adams, Financial Analyst
Mr. Jeff Abshire, Fiscal Officer and KIA Treasurer
Ms. Julie Bickers, Regional Compliance Coordinator
Mr. Dustin Horn, WRIS Geoprocessing Specialist
Ms. Meg Link, Administrative Specialist III and KIA Secretary
Mr. Don Schierer, WRIS Resource Management Analyst
Mr. Tom Schubert, GIS Specialist
Mr. Lennon Stone, Columbia Adair Utilities District

Guests:

Mr. William Ballard, East Clark County Water District
Mr. Jory Becker, Division of Water
Mr. Joe Burns, Kentucky Rural Water
Ms. Bethany Couch, Office of Financial Management
Ms. Lori Dials, Division of Water
Mr. Joe Dunaway, Jr., City of Flemingsburg
Mr. John Hodges, Paducah-McCracken Joint Sewer Agency
Mr. Gary Larimore, Kentucky Rural Water
Ms. Lisa Mattingly, Lebanon Water Works.
Mr. Bobby Money, City of Flemingsburg
Mr. Russell Neal, Division of Water
Ms. Holly Nichols, Kentucky Engineering
Mr. Roger Recktenwald

Mr. Paul Reynolds, Bluegrass Engineering
Ms. Cindy Ring, Buffalo Trace Area Development District
Mr. Daren Thompson, Lebanon Water Works
Mr. Jim Thompson, Kentucky Engineers
Ms. Julia Wang, Legislative Research Commission

PROCEEDINGS

Commissioner Dennis Keene, called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. He noted that the press notification distribution had been done appropriately and confirmed a quorum was present. Guests at the table were asked to introduce themselves.

I. BUSINESS (Board Action Required)

1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of February 6, 2020

Mr. Kent Chandler with the PSC, noted that Mr. Jeb Pinney abstained from voting on Action Item #2.

Mr. Russ Rose moved to approve the minutes of the February 6, 2020, regular board meeting, including the requested addition of Mr. Pinney recusing himself from voting. Mr. Ron Lovan seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

Commissioner Keene noted two projects for the Adair County Water District would be presented together with a vote for each loan taking place at the end of discussion.

1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-016) FOR AN AMOUNT UP TO \$2,104,870 TO THE ADAIR COUNTY WATER DISTRICT DBA COLUMBIA/ADAIR UTILITIES DISTRICT, ADAIR COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Meili Sun, KIA and Mr. Lennon Stone, representing the Adair County Water District, discussed the District's request for a Fund A Loan, (A20-016) in an amount up to \$2,104,870 for the Downtown Sewer System Improvement project. This project will replace or rehab approximately 12,865 linear feet of 8-inch gravity sewer and public service laterals in portions of downtown Columbia. Also included in the scope of work are replacements of 75 existing manholes, Long Hunter Lift Stations #1 and #2, and the pumps in the Don Franklin Lift Station.

The purpose of this project is to eliminate health and safety threats from sewer stoppages and overflows. The existing manholes are in poor condition that causes constant inflow and infiltration. Most of the current lift stations have exceeded their life expectancy and are in need of larger capacities or pumps to handle the sewage volume.

ACWD is a Public Service Commission (PSC) regulated utility producing 93% of the water supply and purchasing the remainder to serve approximately 1,700 retail customers in Adair County and 3 wholesale customers. All retail and wholesale rate adjustments are subject to PSC approval.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F20-009) FOR AN AMOUNT UP TO \$1,342,530 TO THE ADAIR COUNTY WATER DISTRICT DBA COLUMBIA/ADAIR UTILITIES DISTRICT, ADAIR COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Meili Sun, KIA, and Mr. Lennon Stone, representing the Adair County Water District, discussed the District's request for a Fund F Loan, (F20-009) in an amount up to \$1,342,530 for the Water Main Replacement project. This project will construct 7,400 linear feet of 8-inch water main to replace existing undersized asbestos-cement waterlines along Tutt Street and Bomar Heights and 5,250 linear feet of 6-inch water main on some cross streets in the area, which will require replacement of approximately 89 customer services along the new water main route. Additionally, the project will renovate and repaint the 300,000 gallon City Industrial Tank and demolish the 500,000 gallon Paige Street and the 200,000 gallon Bomar Heights Tanks.

The aging asbestos-cement waterlines are considered hazardous as they become brittle and prone to breaking. They must be removed for protection of public health.

The City Industrial Tank is in poor condition and overdue for renovation and repainting. The other two tanks were taken out of service when a new tank was constructed in the past. They are no longer useful and have become a liability to ACWD.

ACWD is a Public Service Commission (PSC) regulated utility producing 93% of the water supply and purchasing the remainder to serve approximately 1,700 retail customers in Adair County and 3 wholesale customers. All retail and wholesale rate adjustments are subject to PSC approval.

Mr. Russ Rose asked what the approximate age of the infrastructure that is being replaced. Mr. Stone noted the sewer lines were 40-50 years old and the water lines 30. He noted that Adair County Water District merged with the City of Columbia 8 or 9 years ago and they took over the water and sewer portion. They took a proactive approach with upgrades in the city and are now moving out further from town in upgrading the system. Mr. Rose asked if the storage tanks were approximately the same age and Mr. Stone said yes. Mr. Bob Amato asked about the storage tanks and their capacity. Mr. Stone said the District took a couple of smaller tanks out of service. Mr. Amato asked if lateral lines were being replaced. Mr. Stone said they were up to the property line. Judge Voegelé asked about the rate increase had been approved. Mr. Stone noted they are doing a Rural Development project at the same time, and that both projects will require the rate increase and hope to get things finalized in the next two months.

Mr. Stone thanked KIA and the Board for their financial assistance, noting they would not be able to upgrade without the Agency's support.

Mr. Kent Chandler recused himself from voting. Mr. Ron Lovan moved to approve the Fund A Loan, (A20-016), in an amount up to \$2,104,870 with the standard conditions the following special conditions: 1.) ACWD shall apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for KIA loan A20-016, F20-009, and the pending RD loan. This debt authorization application should include a forecast meeting debt service projected through 2025; 2.) By March 31, 2020, ACWD shall pass a resolution for a 20.7% or \$650,000 increase to water revenues and 38.8% or \$250,000 to sewer revenues, effective October 1, 2020 to meet operating expenses and debt service requirements when principal and interest repayments begin; and 3.) Prior to the assistance agreement being executed, ACWD must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement. Mr. Bob Amato seconded and the motion was unanimously approved.

Mr. Kent Chandler recused himself from voting. Mr. Claude Christiansen moved to approve the Fund F Loan, (F20-009), in an amount up to \$1,342,530 with the standard conditions the following special conditions: 1.) ACWD shall apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for KIA loan A20-016, F20-009, and the pending RD loan. This debt authorization application should include a forecast meeting debt service projected through 2025; 2.) By March 1, 2020, ACWD shall pass a resolution for a 20.7% or \$650,000 increase to water revenues and 38.8% or \$250,000 to sewer revenues, effective October 1, 2020 to meet operating expenses and debt service requirements when principal and interest repayments begin; and 3.) Prior to the assistance agreement being executed, ACWD must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement. Mr. Winston Miller seconded and the motion was unanimously approved.

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-032) FOR AN AMOUNT UP TO \$5,170,000 TO THE PADUCAH-McCRACKEN COUNTY JOINT SEWER AGENCY, McCRACKEN COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Ashley Adams, KIA, and, Mr. John Hodges, representing the Paducah-McCracken County Joint Sewer Agency, discussed the Agency's request for a Fund A Loan in an amount up to \$5,170,000 for the LTCP Project #3 - Outfall 003 Fine Screening - Phase One project. The project is phase one of Project #3 of the approved Long Term Control Plan (LTCP) for the Paducah JSA, associated with the outfall (EPA Outfall 003) located adjacent to the Paducah Wastewater Treatment Plant. The project will be constructed next to the recently completed 15 MG combined sewer wet weather tank (SX21145023), and will allow for the tank to be placed in service. The full scope of Project #3 is the pumping and fine screening capability of 77 MGD at Outfall 003.

This phase will construct the shell of the pump station, two of the four 20 MGD pumps, screening prior to the pump station, a new structure over the existing 102-inch combined sewer with modulating valve, along with various electrical and piping components.

Project #3 is required by the approved Long Term Control Plan for the Paducah JSA. By performing this project in phases, JSA can realize increased capture volumes related to their LTCP at Outfall 003 with the expedited use of the Harrison Street Phase One 15 MG Storage Tank. Increased capture volumes promote public health by reducing Combined Sewer Overflow volumes and pollutants to the Ohio River.

The next phase of Project #3 will include installing the final two pumps for the pump station, increasing its ultimate capacity to 80 MGD, additional fine screening, and discharge piping to the Ohio River. The final component related to Outfall 003 is listed as Project #5 and includes the disinfection component.

Mr. Hodges thanked KIA for their assistance.

Mr. Claude Christensen moved to approve the Fund A Loan (A20-032) in an amount up to \$5,170,000 for with the standard conditions. Mr. Kent Chandler seconded and the motion was unanimously approved.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B20-001) FOR AN AMOUNT UP TO \$77,405 TO THE CITY OF FLEMINGSBURG, FLEMING COUNTY, KENTUCKY

Ms. Meili Sun, KIA, and Mr. Paul Reynolds, Bluegrass Engineering, representing the City of Flemingsburg, discussed the City of Flemingsburg's request for a Fund B loan in an amount up to \$77,405 for the E Water St, E Main St, and Mills Ave Waterline Replacement project. This project involves replacement of approximately 1,650 linear feet of asbestos cement distribution mains along East Water Street with 6-inch PVC waterline, and 600 linear feet of cast iron distribution mains along East Main Street and Mills Avenue with 2-inch PVC waterline. The project will also replace and reconnect 32 customer meters.

The City purchases over 80% of its water supply from the Greater Fleming Regional Water Commission and the City of Maysville to serve approximately 1,900 existing customers

Mr. Claude Christensen moved to approve the Fund B Loan (B20-001) in an amount up to \$77,405 to the City of Flemingsburg with the standard conditions. Mr. Bob Amato seconded and the motion was unanimously approved.

5. KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F20-002) FOR AN AMOUNT UP TO \$5,238,230 TO THE CITY OF LEBANON F/B/O LEBANON WATER WORKS COMPANY INC., MARION COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Meili Sun, KIA and Mr. Daren Thompson, representing the Lebanon Water Works Company discussed the City's request for a Fund F Loan in an amount

up to \$5,238,230 for the Water Main Replacement project. This project will replace old water mains located along Old Calvary Road and other main feed lines through downtown and central supply areas. The scope of work involves 80,000 linear feet of old cast iron lines, galvanized water mains of various sizes, and adjacent old service lines. Many of the older service lines may still have lead gooseneck connections that will be removed. The purpose of this project is to improve water quality and increase flow in areas where pipes are prone to frequent breaks and leaks. The removal of potential lead connections will also ensure safe water distribution to the customers.

The City produces 86% of its water supply and purchases the remainder from the City of Campbellsville (“Campbellsville”) to serve approximately 2,600 retail customers and supplies wholesale water to the Marion County Water District (MCWD) which is a PSC regulated utility.

Mr. Russ Rose commended Lebanon and the others for being proactive and upgrading their systems before problem arose.

Mr. Thompson thanked KIA for their continued financial assistance.

Mr. Russ Rose moved to approve the Fund F Loan (F20-002) in an amount up to \$5,238,230 to the City of Lebanon with the standard conditions. Mr. Ron Lovan seconded and the motion was unanimously approved.

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

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

<u>BORROWER</u>	<u>FUND</u>	<u>AMOUNT UP TO</u>
Adair County Water District	A20-016	\$ 2,104,870
Paducah McCracken Joint Sewer Agency	A20-032	\$ 5,170,000
City of Flemingsburg	B20-001	\$ 77,405
City of Lebanon F/B/O Lebanon Water Works	F20-002	\$5,238, 230
Adair County Water District	F20-009	\$ 1,342,530

Mr. Ron Lovan moved to approve the reimbursement resolution. Mr. Bob Amato seconded and the motion carried unanimously.

EXECUTIVE DIRECTOR’S REPORT

Executive Director Edith Halbleib addressed the group and noted the Division of Water has been working on the Project Priority List and should be available on April 1st. Invitation letters will be sent out following completion of the list. A change from recent years, this year we will

include information on whether the loan applicants will qualify as a disadvantaged community, which sets the stage for whether they will qualify for financial assistance. The financial assistance is defined in the Intended Use Plan (IUP). A community is 'disadvantaged' if its area Median Household Income (MHI) is lower than 80% of the state average. Financial assistance is awarded to the extent available, for disadvantaged communities, ranked by affordability index, in the amount of 50% up to 1.3 million. Interest rates break into 3 tiers: 2.5, 1.5, and 0.5, with the top tier for those above the average MHI; and the 0.5 for those below 80%.

There is a bill moving through the legislature, which may add certain broadband grants the KIA's responsibilities. No details as to funding at this point. Updates will be provided as available.

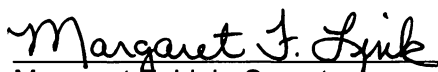
KIA GIS staff is rolling out a new technology that will allow the area development districts to communicate more effectively. Each of the ADDS now has a virtual computer that they will be able to synchronize the GIS mapping data, with the office. Staff strives to improve increased efficiency and transparency in reporting activities.

ANNOUNCEMENTS/NOTIFICATIONS

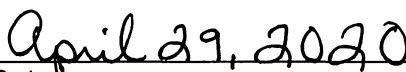
- Next scheduled KIA board meeting:
Thursday, April 2, 2020, 1:00 p.m.
100 Airport Road, Third Floor
Frankfort, Kentucky

There being no further business, Mr. Ron Lovan moved to adjourn. Mr. Russ Rose seconded and the motion carried unanimously. The March 5, 2020 meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



Margaret F. Link, Secretary
Kentucky Infrastructure Authority



Date

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

June 25, 2020

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Thursday, June 25, 2020, at 12:00 PM, via videoconference. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Walker Thomas, Co-Chair; Senator Rick Girdler, Co-Chair; Senators Christian McDaniel and Robby Mills; and Representatives Phillip Pratt, Steven Rudy, and Maria Sorolis.

Guests: Janice Tomes, Deputy State Budget Director; Brigadier General (Retired) Benjamin Adams, Executive Director, Office of Management and Administration, Department of Military Affairs; Edith Halbleib, Executive Director, Kentucky Infrastructure Authority; Linda Bridwell, Deputy Executive Director, Kentucky Infrastructure Authority; Katie Smith, Commissioner, Department for Financial Services, Cabinet for Economic Development; and Sandy Williams, Deputy Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; Julia Wang, Legislative Analyst; and Jenny Wells Lathrem, Committee Assistant.

Approval of Minutes

Representative Rudy moved to approve the May 19, 2020 meeting minutes. Representative Pratt seconded the motion, and the committee approved without objection.

Information Items

Pursuant to KRS 45.760(5), the University of Louisville reported a \$598,400 mass spectrometer purchase from federal National Institute of Health Shared Instrument Grant funds.

Pursuant to KRS 45.812(1), the Covington Independent and Walton-Verona school districts, which did not need an additional tax levy to pay debt service, reported an estimated \$3.75 million, for three elementary school roof replacements, and \$380,000, for high school athletic improvements, respective upcoming debt issuances.

Pursuant to KRS 45A.860(3), the Auditor of Public Accounts provided reports certifying procedural statutory compliance for five selection committees.

Report from the University of Kentucky

Ms. Baker reported three funding source revisions without aggregate appropriation increases. The first two were for projects from the Improve Center for Applied Energy Research restricted funds project authorization. UK opted to utilize a U.S. Department of Defense (DoD) federal grant rather than restricted funds for its \$1.5 million, 2,000 square foot Mineral Process Building Expansion; climate controlled space for raw materials to develop high performing concrete [replacing heavy precast rebar-laden components] for DOD and U.S. Army Corps of Engineers military applications. UK will use a U.S. Department of Energy federal grant rather than restricted funds for its \$2.5 million, 5,000 square foot Carbon Fiber Development Facility; a pilot-scale process plant producing high-value carbon products from coal at the largest scale in the United States, in partnership with the Oak Ridge National Laboratory. The high-value carbon products will replace traditional metals used in aerospace and automotive applications. Representative Thomas praised UK for initiating development of the largest scale high-value carbon fiber facility in the United States.

The third funding source revision was from the Acquire Land restricted funds project authorization. UK will use a [USDA National Institute of Food and Agriculture] federal capacity grant available to land-grant institutions rather than restricted funds for its \$2 million purchase of 287.54 acres in Caldwell County adjacent to its Research and Education Center. UK has leased the land, which has the two soil types and is within eighty miles of eighty percent of the acreage for Kentucky grains, since 2016 for agricultural research. Representative Thomas encouraged members to visit the Research and Education Center.

Ms. Baker submitted one lease renewal and one new lease. Representative Pratt moved to roll the leases into one roll call vote, seconded by Representative Sorolis, and approved without objection. The UK HealthCare Information Technology lease renewal, authorized in House Bill 352, was for 25,903 square feet of space at 245 Fountain Court, costing \$595,769 annually. The new lease, 4,907 square feet of space in Edgewood close to the St. Elizabeth Medical Center costing \$112,135 annually, will provide additional space for the UK/Northern Kentucky University/St. Elizabeth Healthcare medical education program.

Representative Rudy moved to approve the leases, seconded by Representative Pratt, and unanimously approved by roll call vote.

Report from the Finance and Administration Cabinet

Ms. Tomes submitted six new Department of Military Affairs projects at four facilities. Representative Rudy moved to roll the projects into one roll call vote, seconded by Representative Pratt, and approved without objection.

The first was the \$1.946 million Barbourville Readiness Center Latrine Upgrade project; using \$1,459,500 in federal funds, \$449,000 in state investment income, and \$37,500 in bond funds. Interior upgrades include new female latrine/shower and lactation room, existing male latrine/shower, boiler system replacement to more energy efficient HVAC system, windows to antiterrorism/force protection standards, and new organizational clothing individual equipment storage.

The second was the \$1.965 million Richmond Readiness Center Interior Modernization project; using \$1,473,750 in federal funds, \$460,000 in state investment income, and \$31,250 in bond funds. Interior upgrades include existing female and male latrines/showers, new lactation room, windows to antiterrorism/force protection standards, kitchen facilities, drill hall, new organizational clothing individual equipment storage, and new HVAC direct digital controls for energy efficiency.

The third was the \$1,745,495 Boone National Guard Center Auditorium project; using \$1,309,121 in federal funds, \$423,100 in state agency restricted funds, and \$13,274 in state investment income. The 5,500 – 6,000 square foot multi-use auditorium seating style facility, designed for multi-tiered seating with work tables that include data and electric, will accommodate staff briefings, soldier/employee training classes, general presentations/ceremonies, and stage performances by the Kentucky National Guard.

The next three projects were for the Wendell H. Ford Regional Training Center (WHFRTC). The first was the \$1,785,550 WHFRTC 1103rd Law and Order Military Police Readiness Center/Provost/Welcome Center project; using 75 percent federal funds and 25 percent state agency restricted funds. This facility will have administrative office space, female and male latrines, lactation area, weapons vault, organizational clothing individual equipment storage, and visitor control center space for all military and civilian visitors to check-in and receive room assignments or be directed to training areas. WHFRTC has over 100,000 military and civilian annual visitors and serves as a training site for the Kentucky National Guard, state and local police and fire departments, as well as other states' National Guard and Emergency Services personnel. This facility is critical for the control and vetting of all WHFRTC visitors.

The second was the 6,000 square foot, solely federally funded \$1.650 million WHFRTC Fire Station Addition; multiuse storage, billeting, and office space, necessary due to fleet modernization and increase in WHFRTC firefighters and apparatus.

The last was the solely federally funded \$1.375 million WHFRTC Multipurpose Athletic Field project; providing access and a location for formal ceremonies, athletic

events, and collective physical fitness activities, including Army Physical Fitness Test/Army Combat Fitness Test training.

Brigadier General (Retired) Benjamin Adams reintroduced himself, stating it was good to be working with this committee as well as the Veterans, Military Affairs, and Public Protection committee. Representative Thomas said he appreciated his service.

Representative Pratt moved to approve the new projects, seconded by Representative Sorolis, and approved by unanimous roll call vote.

Report from the Office of Financial Management Kentucky Infrastructure Authority

Ms. Bridwell submitted seven Clean Water State Revolving Fund (Fund A) Program loans. Representative Rudy moved to roll the loans into one roll call vote, seconded by Senator Mills, and approved without objection.

The Adair County Water District requested a \$2,104,870 Fund A loan for its Downtown Sewer System Improvements – Phase 1 project; 12,865 linear feet of 8-inch gravity sewer and service laterals. For 4,000 gallons, effective since February 2015, the monthly sewer rate is \$25.80 and the district has a proposed 39 percent sewer rate increase pending Public Service Commission approval. The term is 30 years at a 0.50 interest rate.

The City of Morehead, Rowan County, requested a \$1,363,200 Fund A loan for its \$1,963,200 Derrickson Lift Station Upgrade project; replacement of the lift station and adjacent force sewer main. The Transportation Cabinet is funding the remaining project costs. For 4,000 gallons, effective since August 1, 2018, the monthly inside city sewer rate is \$29.76. The term is 20 years at a 1.50 percent interest rate.

The City of Kuttawa, Lyon County, requested a \$453,236 Fund A loan increase to its previously approved \$1,264,200 Fund A loan for a \$1,717,436 total Fund A loan amount. The Lift Station and Force Main Replacement project will replace the existing Magnolia and Kuttawa lift stations and adjacent force sewer main. For 4,000 gallons, effective since February 1, 2019, the monthly sewer rate is \$30.00. The term is 20 years at a 1.50 percent interest rate.

The City of Maysville, Mason County, requested an \$850,000 Fund A loan for its Wall Street Combined Sewer Elimination project; separating combined sewer lines to adjacent storm sewer lines. For 4,000 gallons, the monthly sewer rate has been \$31.60 since July 1, 2013; however, the city added an annual CPI clause to its water and sewer ordinance this year, increasing the monthly sewer rate by 2.30 percent to \$32.32 this July. The term is 20 years at a 0.50 percent interest rate.

The City of South Shore, Greenup County, requested a \$1,035,000 Fund A loan, of which KIA will apply \$517,500 in principal forgiveness, for its South Shore: Upgrade Forest Heights Collection Lines project; 4,300 linear feet of sewer lines and laterals. For 4,000 gallons, effective since May of this year, the monthly inside city sewer rate is \$48.00. The term is 30 years at a 0.50 percent interest rate.

The McCreary County Water District requested a \$3,244,500 Fund A loan, of which KIA will apply \$450,000 in principal forgiveness, for its \$3,644,500 MCWD - Sanitary Sewer Collection System Expansion - Phase 1 project; providing sewer service to 305 unserved homes. MCWD obtained a Rural Development loan to finance the remaining project costs. For 4,000 gallons, effective since August 29, 2019, the monthly sewer rate is \$41.07. The term is 30 years at a 0.50 percent interest rate.

The Hart County Industrial Authority requested an \$853,442 Fund A loan for its \$2,353,442 Progress Park Industrial Park Pretreatment Expansion project, pretreatment facility upgrades. An Appalachian Regional Commission grant and a Community Development Block Grant funded the remaining project costs. The term is 20 years at a 0.50 percent interest rate.

Representative Rudy moved to approve the Fund A loans, contingent upon necessary PSC approvals, seconded by Senator Mills, and approved by unanimous roll call vote.

The Crittenden-Livingston County Water District, Livingston County, requested a \$300,000 Governmental Agencies (Fund C) Program loan for its AMR Meter Replacement project; replacement of approximately 1,400 meters with radio read meters. For 4,000 gallons, effective since May 23 of this year, the monthly water rate is \$61.37. The term is 20 years at a 2.75 percent interest rate.

Senator Mills moved to approve the Fund C loan, contingent upon necessary PSC approvals, seconded by Representative Pratt, and approved by unanimous roll call vote.

Ms. Bridwell submitted five Drinking Water State Revolving Fund (Fund F) Program loans. Senator Mills moved to roll the loans into one roll call vote, seconded by Representative Rudy, and approved without objection.

The City of Olive Hill, Carter County, requested a \$122,344 Fund F loan increase to its previously approved \$883,000 Fund F loan for a total \$1,005,344 Fund F loan amount. The \$1,248,344 Olive Hill: Replace Downtown Area Waterline Replacement project replaced 5,900 linear feet of cast iron waterlines. An ARC grant funded the remaining project costs. For 4,000 gallons, effective since January 1, 2019, the inside and outside city monthly water rates are \$27.43 and \$43.14. The term is 30 years at a 0.25 percent interest rate.

The Adair County Water District requested a \$1,342,530 Fund F loan, of which KIA will apply \$671,265 in principal forgiveness, for its CAUD - Water Main Replacement project; 7,400 linear feet of 8-inch water lines (replacing asbestos-cement) plus 5,250 linear feet of 6-inch water lines, renovation of the City Industrial Tank, and demolition of two other tanks. For 4,000 gallons, effective since February 2012, the monthly water rate is \$33.90 and the district has a 21 percent water rate increase pending PSC approval. The term is 30 years at a 0.50 percent interest rate.

The City of Salem, Livingston County, requested a \$585,000 Fund F loan, of which KIA will apply \$292,500 in principal forgiveness, for its Salem - Water Main Replacement project; 5,500 linear feet of water lines on its western supply route connecting to the Crittenden-Livingston County Water District. For 4,000 gallons, effective since March 27 of this year, the monthly water rate is \$36.48. The term is 30 years at 0.50 percent interest rate.

The Cave Run Water Commission, Menifee County, requested a \$1,171,350 Fund F loan for its Cave Run Water Commission Elevated Water Storage Tank Construction project; a 300,000 gallon elevated storage tank serving the Cities of Frenchburg and Jeffersonville as well as the Morgan County Water District. The commission is a wholesale water provider only. The term is 20 years at a 1.50 percent interest rate.

The Northern Kentucky Water District, Kenton County, requested an \$8 million Fund F loan for its \$10.05 million Taylor Mill Treatment Plant Emergency Generator/Fort Thomas Treatment Plant Phase 2 Basin Improvements project. NKWD is funding the remaining project costs. For 4,000 gallons, effective since March 26 of this year, the monthly water rate is \$38.78. The term is 20 years at a 1.50 percent interest rate.

Senator Mills moved to approve the Fund F loans, contingent upon necessary PSC approvals, seconded by Representative Rudy, and approved by unanimous roll call vote.

Cabinet for Economic Development

Ms. Smith submitted two Economic Development Fund (EDF) grants for the Cabinet for Economic Development (CED). Senator Mills moved to roll the grants into one roll call vote, seconded by Representative Pratt, and approved without objection. Both EDF grants were for projects among the eight recommended by an independent site consultant to receive Kentucky Product Development Initiative program funds for industrial site upgrades, administered in conjunction with the Kentucky Association for Economic Development. Disbursements of grant funds will occur on a reimbursement basis to local governments after CED reviews the required supporting documentation.

The first grant was \$175,000 to Henderson County for the benefit of the City of Henderson, to finance the approximately 4,400 foot municipal gas line extension to the

property site located along the Highway 425 bypass. The city and Henderson County Economic Development have committed \$75,000 and \$100,000 respectively for the match.

The second grant was \$198,189 to the County of Marion for the benefit of the Marion County Industrial Foundation, to finance an access road to the 250 acre business and industrial park in Lebanon. MCIF has committed funding equal to the grant for the match.

Senator Mills moved to approve the grants, seconded by Senator McDaniel, and approved by unanimous roll call vote.

Previous Debt Issue

Ms. Williams reported the \$66.71 million State Property and Buildings Commission (SPBC) Revenue Refunding Bonds, Project No. 122, Series C, which refunded \$68 million of SPBC Project No. 98 debt for \$1.7 million in net present value savings. The issue priced last October and closed May of this year. The forward delivery structure was used as it generated more savings than a taxable advance refunding.

School District Debt Issue with School Facilities Construction Commission Debt Service Participation

Ms. Williams submitted an anticipated \$6.73 million Breckinridge County School District debt issue with SFCC debt service participation. The district did not need an additional tax levy to pay debt service and the proceeds will be used for high school renovations.

Representative Rudy moved to approve the school district debt issue with SFCC debt service participation, seconded by Senator Mills, and approved by unanimous roll call vote.

Adjournment

Representative Thomas announced upcoming meeting dates and times: July 22, 2020, 12:00 p.m.; and August 19, 2020, 3:00 p.m.

Senator McDaniel referenced a utility's increases in administrative expenses and rates, stating that administrative expenses at all levels of government need to be closely monitored. Representative Thomas said he appreciated Senator McDaniel's comments.

With there being no further business the meeting adjourned at 1:49 p.m.



ANDY BESHEAR
GOVERNOR

REBECCA W. GOODMAN
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

May 11, 2021

Ray A. Perry, Interim Executive Director
Kentucky Infrastructure Authority
100 Airport Road, 3rd Floor
Frankfort, Kentucky 40601

Re: A20-016
Columbia WWTP--2
Activity ID: FGL20200003
Assistance Agreement

Dear Mr. Perry:

The Division of Water (DOW) hereby certifies that the Adair County Water District has satisfied the following Clean Water State Revolving Fund general conditions for the Downtown Sewer System Improvements-Phase Project as specified in the Conditional Commitment Letter dated March 6, 2020.

1. An environmental review was completed and approved by DOW on May 6, 2020.
2. Plans and specifications, including a completed SRF checklist, were approved by the DOW on June 25, 2020.
3. Plans and specifications indicated that American Iron and Steel components were included in the project as approved on June 25, 2020.
4. All easements and/or land purchases were completed as demonstrated by the provisions of a Clear Site Certificate to the DOW on March 23, 2021.
5. This project did not have a "Green Reserve" component.
6. Bids were opened on March 11, 2021 and the ATA package was approved on March 29, 2021.

If you have any questions or require additional information, please contact Amber Vaughn, Project Manager, at (502) 782-7121.

Sincerely,

 Recoverable Signature

Paul Miller, P.E.
Director, Division of Water

PM/JB:av

c: Julie Bickers, KIA
William Harris, Adair County Water District
Holly Nicholas, Kentucky Engineering Group, PLLC
James Thompson, PE, Kentucky Engineering Group, PLLC



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ADAIR)	
COUNTY WATER DISTRICT FOR THE)	
ISSUANCE OF A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT A SEWER SYSTEM)	CASE NO.
IMPROVEMENTS PROJECT AND AN ORDER)	2021-00156
AUTHORIZING THE ISSUANCE OF)	
SECURITIES PURSUANT TO THE)	
PROVISIONS OF KRS 278.020, KRS 278.300,)	
AND 807 KAR 5:001)	

ORDER

On April 14, 2021, Adair County Water District (Adair District) filed an electronic application, pursuant to KRS 278.020 and KRS 278.300, for a Certificate of Public Convenience and Necessity (CPCN) and approval of financing for replacement and rehabilitation of approximately 13,600 linear feet of 8-inch clay tile sewer lines along various streets in the city of Columbia, Kentucky, as well as the replacement of two lift stations and the pump in a third lift station. No party has sought intervention in this matter. The record in this case is complete, and the matter stands ready for a decision.

Adair District, a water district organized under KRS Chapter 74, provides retail water service to approximately 7,848 customers¹ and sewer service to approximately 1,709 customers in Adair County, Kentucky.²

PROPOSED PROJECT

The proposed Phase 19 Project includes the replacement or rehabilitation of approximately 13,600 linear feet of 8-inch clay tile sewer main along various streets in the city of Columbia, Kentucky.³ Adair District states that approximately 4,050 linear feet will be replaced with 8-inch PVC and the remaining 9,450 feet with slip lined 8-inch PVC.⁴ In addition, as part of the project, existing lift stations Long Hunter #1 and #2 will be replaced as well as the pumps in the Don Franklin lift station.⁵

Adair District intends to finance the \$2,104,870 project cost through the issuance of a loan from the Kentucky Infrastructure Authority (KIA) of \$2,104,870.⁶ The proposed KIA loan will mature over a 30-year term, bearing an interest rate of 0.50 percent per annum.⁷ Adair District does not propose to adjust its water service rates to its customers as a result of the proposed project.⁸

¹ *Annual Water Report of Adair County Water District to the Public Service Commission for the Year Ended December 31, 2019* at 48.

² *Annual Sewer Report of Adair County Water District to the Public Service Commission for the Year Ended December 31, 2019* at 36.

³ Application, Exhibit A.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*, paragraph 5, section (vi).

⁷ *Id.*, Exhibit C, Attachment A.

⁸ *Id.*, paragraph 11.

Kentucky Engineering Group, PLLC (KEG) prepared the plans and specifications for the proposed Phase 19 Project.⁹ The Kentucky Division of Water (KDOW) approved the plans and specifications for the proposed construction of Phase 19 on June 25, 2020.¹⁰

Adair District states the installation of the water main is necessary to eliminate health and safety threats from sewer stoppages and overflows stemming from the poor condition of existing manholes as well as the lift stations having exceeded their useful life expectancies and are now in need of larger capacities or pumps to handle sewage volumes.¹¹

LEGAL STANDARD

The Commission's standard of review of a request for a CPCN is well settled. No utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from this Commission except as provided in KRS 278.020(1) and (2) and 807 KAR 5:001, Section 15(3), which are provisions not applicable to this matter. To obtain a CPCN, a utility must demonstrate a need for such facilities and an absence of wasteful duplication.¹²

"Need" requires:

[A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated.

⁹ *Id.*, Bid Documents 1 and Bid Documents 2.

¹⁰ *Id.*, Exhibit B.

¹¹ *Id.*, Exhibit A.

¹² *Kentucky Utilities Co. v. Public Service Comm'n*, 252 S.W.2d 885 (Ky. 1952).

[T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.¹³

“Wasteful duplication” is defined as “an excess of capacity over need” and “an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties.”¹⁴ To demonstrate that a proposed facility does not result in wasteful duplication, we have held that the applicant must demonstrate that a thorough review of all reasonable alternatives has been performed.¹⁵ Selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.¹⁶ All relevant factors must be balanced.¹⁷ The statutory touchstone for ratemaking in Kentucky is the requirement that rates set or approved by the Commission must be fair, just and reasonable.¹⁸

KRS 278.300(2) requires a finding by the Commission that the proposed Assistance Agreement is for some lawful object within the corporate purposes of Adair

¹³ *Id.* at 890.

¹⁴ *Id.*

¹⁵ Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005).

¹⁶ See *Kentucky Utilities Co. v. Public Service Comm’n*, 390 S.W.2d 168, 175 (Ky. 1965). See also Case No. 2005-00089, *Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of a 138 kV Electric Transmission Line in Rowan County, Kentucky* (Ky. PSC Aug. 19, 2005), final Order.

¹⁷ Case No. 2005-00089, *East Kentucky Power Cooperative, Inc.* (Ky. PSC Aug. 19, 2005), final Order at 6.

¹⁸ KRS 278.190(3).

District, is necessary or appropriate for – or consistent with – the proper performance by Adair District of its service to the public, and will not impair its ability to perform that service. Any such agreement must also be reasonably necessary and appropriate for such purpose.

FINDINGS

Having reviewed the application, supporting materials, and being otherwise sufficiently advised, the Commission finds that:

1. The proposed construction will not result in wasteful duplication of existing facilities. Adair District conducted a thorough review of reasonable alternatives and does not propose to duplicate existing infrastructure.¹⁹

2. The proposed construction does not conflict with any existing certificates or the service of any other utility operating in the area.

3. Public convenience and necessity require the proposed construction, which allows Adair District to continue to provide adequate, reliable, and safe service to its customers.

4. KDOW has approved the plans and specifications for the proposed project.

5. The proposed Assistance Agreement with KIA is for lawful objects within Adair District's corporate purpose. It is necessary for, appropriate for, and consistent with the proper performance of Adair District's service to the public. It will not impair Adair District's ability to perform that service. It is reasonably necessary and appropriate for such purpose.

¹⁹ Application, Exhibit I.

6. The Commission notes that Adair District is still under requirement to file for an adjustment in base rates or file for an alternative rate filing within one year of the date of filing of the final Order in Commission Case No. 2020-00148²⁰ to ensure that its rates are sufficient. In that Order, the Commission noted that a lack of insight into Adair District's financial records due to extended absence from a rate adjustment proceeding as well as concerns surrounding the financial health and depreciation reserve of the utility led the Commission to order Adair District to file for a general rate adjustment or alternative rate filing.

IT IS THEREFORE ORDERED that:

1. Adair District is granted a CPCN to proceed with the proposed construction of the Phase 19 Project as set forth in its application.
2. Adair District shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.
3. Any deviation from the approved construction shall be undertaken only with prior approval of the Commission.
4. Adair District shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

²⁰ Case No. 2020-00148 *Electronic Application of the Adair County Water District to Issue Securities in the Approximate Principal Amount of \$5,405,000 for the Purpose of Refunding Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 And 807 KAR 5:001*(Ky. PSC Sept. 4, 2020), Order at 1–3.

5. Adair District is authorized to supplement the executed Assistance Agreement with KIA and, under the terms of that Agreement, to borrow from KIA an amount not to exceed \$2,104,870, said amount to be repaid over a 30-year period at an interest rate of 0.50 percent per annum and loan servicing fee of 0.20 percent per annum.

6. Adair District shall file a copy of the “as-built” drawings and a certified statement from the engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of substantial completion of the construction certified herein.

7. Adair District shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs (e.g., engineering, legal, and administrative), within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

8. Any documents filed in the future pursuant to ordering paragraphs 2, 6, 7, and 8 of this Order shall reference this case number and shall be retained in the utility’s post-case correspondence file.

9. The Executive Director is delegated authority to grant reasonable extensions of time for filing of any documents required by this Order upon Adair District’s showing of good cause for such extension.

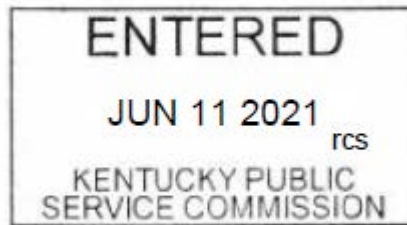
10. The Commission notes that Adair District is still under requirement to file for an adjustment in base rates or file for an alternative rate filing within one year of the date of filing of the final Order in Commission Case No. 2020-00148 to ensure that its rates

are sufficient. In that Order, the Commission noted that a lack of insight into Adair District's financial records due to extended absence from a rate adjustment proceeding as well as concerns surrounding the financial health and depreciation reserve of the utility led the Commission to order Adair District to file for a general rate adjustment or alternative rate filing

11. This case is closed and removed from the Commission's docket.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky, or any agency thereof.

By the Commission



ATTEST:

A handwritten signature in blue ink that reads "Linda C. Bidwell". The signature is written in a cursive style and is positioned above a horizontal line.

Executive Director

*Holly Nicholas
Kentucky Eng Group PLLC
P.O. Box 1034
Versailles, KENTUCKY 40383

*Lenny Stone
General Manager
Adair County Water District
109 Grant Lane
P. O. Box 567
Columbia, KY 42728

*Adair County Water District
109 Grant Lane
P. O. Box 567
Columbia, KY 42728

*Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KENTUCKY 40202



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
(502) 696-0676 (fax)
kia.ky.gov

Edith Halbleib
Executive Director

March 6, 2020

The Honorable William Harris, Chairman
Adair County Water District DBA Columbia/Adair Utilities District
109 Grant Lane, PO Box 567
Columbia, KY 42728

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (A20-016)

Dear Chairman Harris:

The Kentucky Infrastructure Authority (“the Authority”) commends your efforts to improve public service facilities in your community. On March 5, 2020, the Authority approved your loan for the Downtown Sewer System Improvement - Phase 1 project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$2,104,870, without prior authorization, of which the Authority is the sole source of the funding. The final loan amount will be equal to the amount of funds disbursed for the project. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Adair County Water District DBA Columbia/Adair Utilities District upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by March 6, 2021 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

Chairman Harris
March 6, 2020
Page 2

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

Sincerely,



Linda Bridwell, PE
Deputy Executive Director
Kentucky Infrastructure Authority

Attachments

cc: Holly Nicholas, Kentucky Engineering Group, PLLC
Kentucky Engineering Group, PLLC, James C Thompson

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms along with the completed "Transparency Act Reporting Information Form". Complete the attached "Authorization for Electronic Deposit of Vendor Payment Form" and the "ACH Debit Authorization Form" **and return to the US Bank address at the bottom of each form**. Also included are the "Legal Counsel Certification Letter" sample and the "Statement of Approval of Projections of Revenue and Expenses" for you to complete at the appropriate time.

We have attached an SRF loan checklist to use as a guide.


Accepted


Date

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

1. The Authority project loan shall not exceed \$2,104,870 without prior authorization.
2. This loan was not eligible for principal forgiveness.
3. The loan shall bear interest at the rate of 0.50% per annum commencing with the first draw of funds.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day. Please complete and return the attached authorization to U.S. Bank for processing.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 30 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds may be considered to be federal funds. If more than \$750,000 of federal funds is disbursed during any one (borrower) fiscal year, the borrower is required to have a single or program-specific audit conducted for that year in accordance with 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
13. The borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment B must be satisfied before the project is presented before the Committee.
4. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
5. The Borrower must complete and forward the attached "Authorization for Electronic Deposit of Vendor Payment" form to US Bank.
6. The Borrower must provide documentation of Eclearinghouse Endorsement and Eclearinghouse Comments.
7. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving State Revolving Fund ("SRF") money.
8. Technical plans and specifications and a complete SRF specifications checklist shall be approved by the Division of Water prior to project bid.

9. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
10. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the SRF loan project.
11. Borrower must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
12. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
13. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates for all work relating to the subject Project.
14. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
15. This project qualifies for Green Project Reserve (GPR) funding for \$2,104,870, for the Energy Efficiency category.
16. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.
17. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.
18. Pursuant to the Water Resources Reform and Development Act (WRRDA)

Chairman Harris
March 6, 2020
Attachment A

of 2014, all CWSRF loan recipients must certify that they have a Fiscal Sustainability Plan for projects that involve the repair, replacement, or expansion of treatment works. Additionally, borrowers must also certify that they have studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for the funded project and that they have selected, to the maximum extent practicable, a project that maximizes the potential for efficient water and energy conservation, taking into consideration capital cost, operation and maintenance, and replacement cost.

Any special conditions stated in Attachment B must be resolved.

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE ADAIR COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$2,104,870 OF LOAN FUNDS FOR PROJECT NUMBER A20-016.

WHEREAS, the Board of Commissioners (“Governing Authority”) of the Adair County Water District (“Governmental Agency”) has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the “Project”) to the Governmental Agency’s sewer system (the “System”);

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement (the “Assistance Agreement”) with the Authority.

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

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number A20-016 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on July 15, 2021.

GOVERNMENTAL AGENCY:
ADAIR COUNTY WATER DISTRICT

By: William Harris
Chairman

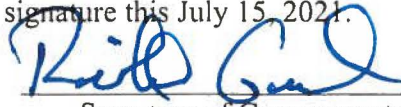
ATTEST:

By: Rick Gaud
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Adair County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Adair County Water District at a meeting duly held on July 15, 2021; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this July 15, 2021.

A handwritten signature in blue ink, appearing to read "Rick Gault", written over a horizontal line.

Secretary of Governmental Agency

**Columbia/Adair Utilities District
Minutes of Special Regular Meeting of the
Board of Commissioners**

July 15, 2021

Chairman William Harris called the Special Regular Meeting to order on July 15, 2021 at 4:30 p.m. This meeting is a special regular meeting due to a change in meeting date. Commissioners present for the meeting were Chairman William Harris, David Jones, and Richard Grant. Commissioners Junior Brown and Joseph Pyles were absent due to illness. Others present was Matthew Hazel with Wise, Buckner, Sprowles & Associates, Attorney Marshall Loy and Jim Thompson with Kentucky Engineering Group. There was no media present at the meeting. Staff present for the meeting was General Manager Lenny Stone.

Approval of Minutes: After reviewing the minutes for the June 10, 2021 Regular Meeting, a motion was made by Commissioner Jones to accept the minutes as presented which was seconded by Commissioner Grant and passed unanimously.

Approval of Bills: Commissioner Grant made a motion to approve the bills for June 2021 and open invoices for July 2021 which was seconded by Commissioner Jones and unanimously approved.

2020 Audit Approval: General Manager Stone introduced Matthew Hazel with Wise, Buckner, Sprowles & Associates who presented the audit. Mr. Hazel pointed out in their independent auditor's report that in their opinion the financial statements present fairly the respective financial position of the District. He discussed the statement of revenue, expenses and changes in net position. Revenues were down mainly due to not being able to charge penalties in 2020 due to Covid. Expenses were down as well. Those combined bring operating loss down from prior year. He added that the net income is due to a slight decrease in depreciation and other factors. Commissioner Grant asked about the restated from page 10 of the audit. Mr. Hazel explained that we had restated in the past year from the OPEd and it has to be listed this year as well. Commissioner Grant asked if we are spending more than we are taking in each year. He went on to explain that the audits show that each year we are spending more than our revenues. Mr. Hazel explained that we are not traditionally trending that way, but this past year with the bond issuance cost we did show a positive in 2019 and this year's is due to the refinancing. Commissioner Jones made a motion to approve the audit which was seconded by Commissioner Grant and unanimously approved.

2019 Phase 18 (RD) Project: General Manager Stone let the board know the project is almost complete. The telemetry work is ongoing at this time. He explained that there should be some funds left over from the sewer system work. On August 5, 2021 at 10:00 we will have a loan closing. Jim Thompson with Kentucky Engineering Group added there is a few months left to complete the project work.

2019 Phase 19 Sewer Project: General Manager Stone let the board we had the contract signing in June and the project should start in August contingent that they receive all their materials. This project is funded by KIA and we have several documents that have to be adopted and signed.

General Manager Stone read the documents that need to be signed and adopted the first is to adopt the loan resolution. Commissioner Jones made a motion to adopt the loan resolution authorizing the Chairman and Secretary to sign which was seconded by Commissioner Grant and unanimously approved.

Commissioner Jones made a motion for the Chairman and Secretary to sign the general closing certificate which was seconded by Commissioner Grant and unanimously approved.

Commissioner Jones made a motion for The Chairman and Secretary to sign Exhibit A Project Specifics which was seconded by Commissioner Grant and unanimously approved.

General Manager Stone added that they met with the contractor today. Jim Thompson went on to add that we are waiting on the assistance agreement from KIA to be approved.

2019 Phase 20 Water Project: Jim Thompson let the board know that the contractor will be deconstructing the Page Street and Bomar Heights tank next week. General Manager Stone let the board know that we have the same paperwork for the KIA funding on this project.

Commissioner Jones made a motion to adopt the loan resolution authorizing the Chairman and Secretary to sign which was seconded by Commissioner Grant and unanimously approved.

Commissioner Jones made a motion for the Chairman and Secretary to sign the general closing certificate which was seconded by Commissioner Grant and unanimously approved.

Commissioner Jones made a motion for The Chairman and Secretary to sign Exhibit A Project Specifics which was seconded by Commissioner Grant and unanimously approved.

2021 Phase 21 New (Water) Project: General Manager Stone discussed this funding was discussed last month. There are funds available to use for new projects and existing projects. The first \$705,000 funds we have submitted a project profile for these funds which includes water and sewer funding. We have several petitions that we have had for a while and a few lines that need to be connected to other lines for the next set of funds. The third funding could be used for a line at plum point across the river so we can have another water feed for the Knifley area. General Manger Stone will meet with the Judge in the morning to discuss more funds that are available to utilities and hopefully we will be able to obtain these funds. Jim Thompson discussed that the rules for this funding are very vague and are very confusing, but there is money for water and sewer projects. General Manager Stone discussed that a detailed plan will be presented to the board when everything is gone through and determined what we need to submit for the funding.

Sewer Report: General Manager Stone discussed the monthly sewer report. He added that the sewer system is running well. We did have a sewer backup that caused sewer to be in the town branch. The EPA was called by the Mayor, the problem has been resolved.

Water Report: General Manager Stone discussed the water plant has started feeding the chemicals to help with the odor and taste problems that we experience this time of the year. He added that we had an inspection from the Division of Water they found no violations.

He discussed the monthly totals for the distribution system, water plant and office reports. He discussed we have several meters to set, but have been behind due to rain and leaks.

Adjourn: With no other business to discuss Chairman Harris adjourned the meeting.

Columbia/Adair Utilities District

By: William Harris
William Harris, Chairman

Date Approved: 8-12-21

By: Richard Grant
Richard Grant, Secretary/Treasurer

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM
FUND A**

PROJECT NUMBER: A20-016

GOVERNMENTAL AGENCY (Borrower): Adair County Water District

GOVERNMENTAL AGENCY'S ADDRESS: 109 Grant Lane
Columbia, Kentucky 42728

DATE OF ASSISTANCE AGREEMENT: July 15, 2021

CFDA NO.: 66.458

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

WHEREAS, the Program is funded in part pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990 (the "Federal Agreement"), under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

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

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

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

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

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

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

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

ARTICLE I DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*Federal Agreement*” means Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990, under which the Authority is responsible for providing certain “match funding”.

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

“*Indenture*” shall mean the General Trust Indenture dated as of March 1, 1989 between the Authority and the Trustee, as amended and supplemented from time to time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*System*” shall mean the utility system owned and operated by the Governmental Agency of which the Project shall become a part.

“*Treatment Works*” has the same meaning as set forth in the Act.

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

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority.

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

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

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

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

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

Section 2.2. Representations and Warranties of the Governmental Agency.

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

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

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

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

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

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, or an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Pursuant to the Resolution of the governing body, the Governmental Agency has approved and authorized the execution and delivery of this Assistance Agreement. Such Resolution was duly enacted or adopted at a duly called meeting held in accordance with the law of the governing body of the Governmental Agency at which a quorum was present and acting throughout; is in full force and effect; and has not been superseded, altered, amended or repealed as of the date hereof.

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

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the System and the Project, to charge and collect the Service Charges, and to enter into this Assistance Agreement. The Governmental

Agency is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

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

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

ARTICLE III AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility.

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

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds.

The principal amount of the Loan shall be the Loan Amount as identified in the Loan Term Schedule, subject to such adjustments as may be set forth in any amendment or supplement to said Loan Term Schedule. Principal payments shall be made in the amounts and on the Loan Payment Dates established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the repayment term set forth in the Schedule of Payments, commencing on the Amortization Commencement Date.

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

Subject to the terms of Section IV hereof, the Authority may advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as **Exhibit B** hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement. The Governmental Agency shall pay interest on the unpaid balance of disbursements at the Loan Rate payable on each Loan Payment Date prior to the Amortization Commencement Date.

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

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

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

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

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

Section 3.4. Subordination of Loan.

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

**ARTICLE IV
CONDITIONS PRECEDENT TO DISBURSEMENT
REQUISITION FOR FUNDS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(V) The Governmental Agency shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2015 (the "2015 Appropriations Act") and related Program policy guidelines) which the Governmental Agency understands includes, among other requirements, that all of the iron and steel products used in the Project are to be produced in the United States (the "American Iron and Steel Requirement") unless (i) the Governmental Agency has requested and obtained a waiver from the United States Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Governmental Agency in writing that the American Iron and Steel Requirement is not applicable to the Project.

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

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

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

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

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

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

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

(D) That all real property or property rights required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR 24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4.3. Disbursements of Loan Funds; Requisition for Funds.

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

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

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

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

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

Upon the Authority's receipt of the Requisition for Funds and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan. If directed by the Authority, the Governmental Agency shall establish, with the Trustee, an electric fund transfer system, which may be an ACH Payment Method.

The Authority may disburse proceeds of the Loan directly to the Governmental Agency. The Governmental Agency, if so directed by the Authority, shall establish itself as a vendor under the eMars system of the Commonwealth of Kentucky.

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

Section 5.1. Imposition of Service Charges.

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

Section 5.2. Governmental Agency's Obligation to Repay Loan.

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

Section 5.3. Covenant to Adjust Service Charges.

In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to (i) provide for the required coverage of all debt service payments on obligations payable from the revenues of the System as set forth in Section 5.4 hereof, (ii) provide for the operation of the System as required under this Assistance Agreement, and (iii) make the required deposits to the Maintenance and Replacement Reserve; the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and Kentucky, immediately adjust and increase such Schedule of Service Charges or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities so as to provide funds sufficient to pay the debt service requirements set forth in the Schedule of Payments and the Authority's Administrative Fee, to provide for the operation of the System as required under this Assistance Agreement, and to make required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges.

The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in **Exhibit C** hereto so qualifies) as shall be at least adequate to provide revenues equal to the sum of (i) 110% of the debt service coming due during each fiscal year on this Loan and all other obligations secured and payable from the revenues of the System, in each case computed as of the beginning of such fiscal year (except to the extent the Governmental Agency has by binding ordinance or resolution committed reserves to the payment of such debt service), (ii) the amounts required to provide for the operation of the System during each fiscal year as required under this Assistance Agreement, and (iii) the amounts to be deposited hereunder to the Maintenance and Replacement Reserve in each fiscal year.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System, both existing and new users, and accordingly the Project. The Governmental Agency shall deliver to the Authority, on or before each Loan Payment Date, a report of all collections and any delinquencies.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve.

The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times

set forth in the Project Specifics. Funds in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the System or for the unbudgeted costs of replacing worn or obsolete portions of the System, subject to approval of the Authority.

Section 5.6. Reports; Inspection.

The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That it will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

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

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

Section 5.7. Segregation of Funds.

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

Section 5.8. Mandatory Sewer Connection.

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

**ARTICLE VI
OTHER COVENANTS OF THE GOVERNMENTAL AGENCY**

Section 6.1. Further Assurance.

At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights,

assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project.

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

Section 6.3. Establishment of Completion Date.

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

Section 6.4. Commitment to Operate.

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

Section 6.5. Continue to Operate.

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

Section 6.6. Tax Covenant.

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

Section 6.7. Accounts and Reports.

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

Section 6.8. Audit Requirements.

Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, including disclosure of the Maintenance and Replacement Reserve, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$750,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with 2 CFR Part 200.

Section 6.9. General Compliance With All Duties.

The Governmental Agency shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of the Act, the Federal Act and this Assistance Agreement and any other Debt Obligations.

Section 6.10. System Not to Be Disposed Of.

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

Section 6.11. Further Covenants under the Federal Agreement.

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

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by Sections 603 and 606 of the Federal Act can be maintained and (iii) the Authority can furnish the information required of it under the Federal Agreement.

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

(C) All residents in the service area of the System must be offered the same opportunity to become users of the System regardless of race, religion, color, national origin, sex, disability or level of income.

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

- (1) Federal;
 - (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970;
 - (b) 40 CFR 35.3140 (And Appendix A to Subpart K) – NEPA-Like State Environmental Review Process;
 - (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans;
 - (d) 40 CFR, Part 7, 8, and 12, Nondiscrimination and Equal Employment Opportunity Act;
 - (e) 40 CFR, Part 29, Intergovernmental Review;
 - (f) 40 CFR, Part 32, Debarment and Suspension;
 - (g) Executive Order 11246, as amended, 11625 and 12138;
 - (h) Title VI of the Civil Rights Act of 1964, as amended;
 - (i) Age Discrimination Act;
 - (j) Rehabilitation Act of 1973; and
 - (k) Contract work Hours and Safety Standards Act; and
- (2) State:
 - (a) KRS 224;
 - (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund;
 - (c) KRS Chapter 337, Labor Laws; and
 - (d) 401 KAR Chapter 5.

Section 6.12. Continuing Disclosure Obligation.

The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the SEC Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.12 by an action in mandamus, for specific performance, or similar remedy to compel performance.

ARTICLE VII
MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System.

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

Section 7.2. Additions and Improvements.

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

Section 7.3. Compliance with State and Federal Standards.

The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel

properly certified by the Commonwealth will be retained to operate the System during the entire term of this Assistance Agreement.

Section 7.4. Access to Records.

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

Section 7.5. Covenant to Insure - Casualty.

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

Section 7.6. Authority as Named Insured.

For so long as any amounts are due and payable under this Assistance Agreement, any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency and the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability.

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

Section 7.8. Covenant Regarding Worker's Compensation.

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

Section 7.9. Application of Casualty Insurance Proceeds.

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

resulting from claims for such losses shall be paid to the Governmental Agency and shall be promptly applied as herein provided.

Section 7.10. Eminent Domain.

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

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

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

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

Section 7.11. Flood Insurance.

For so long as any amounts are due and payable under this Assistance Agreement, all structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the replacement cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less.

**ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES**

Section 8.1. Events of Default Defined.

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

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

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

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

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

Section 8.2. Remedies on Default.

Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.12 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare the principal of and interest on the Loan, and all other payments due hereunder, to be immediately due and payable.

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

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

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

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.12 hereof shall be those remedies specifically set forth in Section 6.12 hereof.

Section 8.3. Appointment of Receiver.

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

Section 8.4. No Remedy Exclusive.

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

Section 8.5. Consent to Powers of Authority Under Act.

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

Section 8.6. Waivers.

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

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses.

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

**ARTICLE IX
MISCELLANEOUS PROVISIONS**

Section 9.1. Approval not to be Unreasonably Withheld.

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

Section 9.2. Approval.

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

Section 9.3. Effective Date.

This Assistance Agreement shall become effective on the Effective Date and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect.

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

Section 9.5. Severability.

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

Section 9.6. Assignability.

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

Section 9.7. Execution in Counterparts.

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

Section 9.8. Applicable Law.

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

Section 9.9. Captions.

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

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the Effective Date.

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: *J. Kean*
Chairman

ATTEST:

By: *Margaret F. Link*
Margaret F. Link (Jul 26, 2021 14:39 EDT)
Secretary of Kentucky Infrastructure Authority

GOVERNMENTAL AGENCY:
ADAIR COUNTY WATER DISTRICT

By: *William Harris*
Chairman

ATTEST:

By: *Ribell G*
Secretary of Governmental Agency

APPROVED:

By: *Holly Johnson*
Holly Johnson (Aug 5, 2021 13:56 EDT)
Secretary/Finance and Administration
Cabinet of the Commonwealth of Kentucky

EXAMINED:

By: *Rubincamp*
Legal Counsel to the *by g*
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND
LEGALITY:

By: *Patrick McGee*
Patrick McGee (Jul 27, 2021 07:48 EDT)
Approved, Finance and
Administration Cabinet

EXHIBIT A
ADAIR COUNTY WATER DISTRICT DBA COLUMBIA/ADAIR UTILITIES DISTRICT
PROJECT SPECIFICS
A20-016

GOVERNMENTAL AGENCY:

Name: Adair County Water District DBA Columbia/Adair Utilities District
109 Grant Lane, PO Box 567
Columbia, KY 42728

Contact Person: William Harris
Chairman

SYSTEM: Wastewater

PROJECT:

This project will replace or rehab approximately 12,865 LF of 8 inch gravity sewer and public service laterals to alleviate health and safety threats from the stoppages and overflows in portions of downtown Columbia. The scope of work also includes replacements of 75 existing manholes, the Long Hunter Lift Station #1 and #2, and the pumps in the Don Franklin Lift Station.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 7,500
Legal Expenses	2,500
Planning	15,000
Engineering Fees - Design	93,919
Engineering Fees - Construction	40,251
Engineering Fees - Inspection	82,200
Engineering Fees - Other	30,000
Construction	1,666,800
Contingency	166,700
Total	\$ 2,104,870

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 2,104,870	100%
Total	\$ 2,104,870	100%

KIA DEBT SERVICE:

Construction Loan	\$ 2,104,870
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 2,104,870
Interest Rate	0.50%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 75,644
Administrative Fee (0.20%)	4,210
Total Estimated Annual Debt Service	\$ 79,853

EXHIBIT B

REQUEST FOR PAYMENT AND PROJECT STATUS REPORT

Borrower: _____
WX/SX Number: _____ KIA Loan # _____
Draw Number _____ Date: _____

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

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

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

Funds Requested: _____

Project Budget and Expenses

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

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

Project Funding

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

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

Borrower Signature: _____

Project Administrator: _____

Draw # _____

STATUS REPORT:

PROJECT IS:

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

PROJECT EXPENSES THIS DRAW REQUEST
(Include Invoices for Expenses Listed Below)

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

**CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST**

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

Engineer/Architect

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

(See Attached)

For Adair County KY
Community, Town or City

P.S.C. NO. 1

2nd Revised SHEET NO. 1

Adair County Water District
Name of Issuing Corporation

CANCELLING P.S.C. NO. 1

1st Revised SHEET NO. 1

RATES AND CHARGES

MONTHLY SEWER RATES

Minimum Bill	\$ 7.00	No Usage	(l)
All Usage	\$ 7.20	Per 1,000 Gallons	(l)

(based on water meter reading)

Tap Fee*

Residential	\$ 500.00
Multi-unit Residential	\$ 500.00 per unit
Mobile Home Park	\$ 500.00 per lot
Commercial and Industrial	Actual cost of installation

* Assumes distance from sewer collection line to customer's property line is 100 feet or less. Customer shall pay actual cost of installation for all footage over 100 feet based on cost per foot.

Deposit **NONE**

DATE OF ISSUE October 21, 2020

DATE EFFECTIVE October 21, 2020

ISSUED BY William Harris

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2020-00308 DATED 10/21/2020.

**KENTUCKY
PUBLIC SERVICE COMMISSION**

Linda C. Bridwell
Executive Director

Linda C. Bridwell

**EFFECTIVE
10/21/2020**
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE ADAIR COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$2,104,870 OF LOAN FUNDS FOR PROJECT NUMBER A20-016.

WHEREAS, the Board of Commissioners (“Governing Authority”) of the Adair County Water District (“Governmental Agency”) has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the “Project”) to the Governmental Agency’s sewer system (the “System”);

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement (the “Assistance Agreement”) with the Authority.

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

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number A20-016 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on July 15, 2021.

GOVERNMENTAL AGENCY:
ADAIR COUNTY WATER DISTRICT

By: _____
Chairman

ATTEST:

By: _____
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Adair County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Adair County Water District at a meeting duly held on July 15, 2021; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this July 15, 2021.

Secretary of Governmental Agency

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

July 15, 2021

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the Adair County Water District, regarding Project Number: A20-016.

Ladies and Gentlemen:

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

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

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

LOAN TERM SCHEDULE

Principal Amount of Loan:	\$2,104,870
Loan Interest Rate:	0.50%
Default Interest Rate:	8.00%
Authority's Administrative Fee:	0.20%
Loan Payment Dates:	Each June 1 and December 1
Amortization Commencement Date:	June 1, 2023
Schedule of Payments:	see attached

It is understood and agreed by the parties to this Assistance Agreement that this Term Loan Schedule (Exhibit F) is an integral part of the Assistance Agreement between the Governmental Agency and the Authority. This Term Loan Schedule may be amended, supplemented or modified by the mutual agreement of the Governmental Agency and the Authority provided that such amendment, supplement or modification shall be in writing and executed by the respective duly authorized officers of the Governmental Agency and the Authority. Upon the execution and delivery of any amended, supplemented or modified Term Loan Schedule, the Assistance Agreement and the Term Loan Schedule shall be, and be deemed to be, amended, supplemented and modified in accordance therewith, and the respective rights, duties and obligations under the Assistance Agreement of the Governmental Agency and the Authority shall thereafter be determined, exercised and enforced under the Assistance Agreement subject in all respects to such amendments, supplements and modifications.

KENTUCKY INFRASTRUCTURE AUTHORITY
 ANTICIPATED REPAYMENT SCHEDULE
 LOAN #A20-016
 ADAIR COUNTY WATER DISTRICT

0.50% Interest \$37,821.76 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$2,104,870.00		
06/01/23	\$32,559.58	\$5,262.18	0.50%	\$37,821.76	\$2,104.87	\$0.00	\$39,926.63	\$2,072,310.42	\$0.00	\$0.00
12/01/23	\$32,640.98	\$5,180.78	0.50%	\$37,821.76	\$2,072.31	\$0.00	\$39,894.07	\$2,039,669.44	\$5,300.00	\$5,300.00
06/01/24	\$32,722.59	\$5,099.17	0.50%	\$37,821.76	\$2,039.67	\$0.00	\$39,861.43	\$2,006,946.85	\$0.00	\$5,300.00
12/01/24	\$32,804.39	\$5,017.37	0.50%	\$37,821.76	\$2,006.95	\$0.00	\$39,828.71	\$1,974,142.46	\$5,300.00	\$10,600.00
06/01/25	\$32,886.40	\$4,935.36	0.50%	\$37,821.76	\$1,974.14	\$0.00	\$39,795.90	\$1,941,256.06	\$0.00	\$10,600.00
12/01/25	\$32,968.62	\$4,853.14	0.50%	\$37,821.76	\$1,941.26	\$0.00	\$39,763.02	\$1,908,287.44	\$5,300.00	\$15,900.00
06/01/26	\$33,051.04	\$4,770.72	0.50%	\$37,821.76	\$1,908.29	\$0.00	\$39,730.05	\$1,875,236.40	\$0.00	\$15,900.00
12/01/26	\$33,133.67	\$4,688.09	0.50%	\$37,821.76	\$1,875.24	\$0.00	\$39,697.00	\$1,842,102.73	\$5,300.00	\$21,200.00
06/01/27	\$33,216.50	\$4,605.26	0.50%	\$37,821.76	\$1,842.10	\$0.00	\$39,663.86	\$1,808,886.23	\$0.00	\$21,200.00
12/01/27	\$33,299.54	\$4,522.22	0.50%	\$37,821.76	\$1,808.89	\$0.00	\$39,630.65	\$1,775,586.69	\$5,300.00	\$26,500.00
06/01/28	\$33,382.79	\$4,438.97	0.50%	\$37,821.76	\$1,775.59	\$0.00	\$39,597.35	\$1,742,203.90	\$0.00	\$26,500.00
12/01/28	\$33,466.25	\$4,355.51	0.50%	\$37,821.76	\$1,742.20	\$0.00	\$39,563.96	\$1,708,737.65	\$5,300.00	\$31,800.00
06/01/29	\$33,549.92	\$4,271.84	0.50%	\$37,821.76	\$1,708.74	\$0.00	\$39,530.50	\$1,675,187.73	\$0.00	\$31,800.00
12/01/29	\$33,633.79	\$4,187.97	0.50%	\$37,821.76	\$1,675.19	\$0.00	\$39,496.95	\$1,641,553.94	\$5,300.00	\$37,100.00
06/01/30	\$33,717.88	\$4,103.88	0.50%	\$37,821.76	\$1,641.55	\$0.00	\$39,463.31	\$1,607,836.06	\$0.00	\$37,100.00
12/01/30	\$33,802.17	\$4,019.59	0.50%	\$37,821.76	\$1,607.84	\$0.00	\$39,429.60	\$1,574,033.89	\$5,300.00	\$42,400.00
06/01/31	\$33,886.68	\$3,935.08	0.50%	\$37,821.76	\$1,574.03	\$0.00	\$39,395.79	\$1,540,147.21	\$0.00	\$42,400.00
12/01/31	\$33,971.39	\$3,850.37	0.50%	\$37,821.76	\$1,540.15	\$0.00	\$39,361.91	\$1,506,175.82	\$5,300.00	\$47,700.00
06/01/32	\$34,056.32	\$3,765.44	0.50%	\$37,821.76	\$1,506.18	\$0.00	\$39,327.94	\$1,472,119.50	\$0.00	\$47,700.00
12/01/32	\$34,141.46	\$3,680.30	0.50%	\$37,821.76	\$1,472.12	\$0.00	\$39,293.88	\$1,437,978.04	\$5,300.00	\$53,000.00
06/01/33	\$34,226.81	\$3,594.95	0.50%	\$37,821.76	\$1,437.98	\$0.00	\$39,259.74	\$1,403,751.23	\$0.00	\$53,000.00
12/01/33	\$34,312.38	\$3,509.38	0.50%	\$37,821.76	\$1,403.75	\$0.00	\$39,225.51	\$1,369,438.85	\$5,300.00	\$58,300.00
06/01/34	\$34,398.16	\$3,423.60	0.50%	\$37,821.76	\$1,369.44	\$0.00	\$39,191.20	\$1,335,040.69	\$0.00	\$58,300.00
12/01/34	\$34,484.16	\$3,337.60	0.50%	\$37,821.76	\$1,335.04	\$0.00	\$39,156.80	\$1,300,556.53	\$5,300.00	\$63,600.00
06/01/35	\$34,570.37	\$3,251.39	0.50%	\$37,821.76	\$1,300.56	\$0.00	\$39,122.32	\$1,265,986.16	\$0.00	\$63,600.00
12/01/35	\$34,656.79	\$3,164.97	0.50%	\$37,821.76	\$1,265.99	\$0.00	\$39,087.75	\$1,231,329.37	\$5,300.00	\$68,900.00
06/01/36	\$34,743.44	\$3,078.32	0.50%	\$37,821.76	\$1,231.33	\$0.00	\$39,053.09	\$1,196,585.93	\$0.00	\$68,900.00
12/01/36	\$34,830.30	\$2,991.46	0.50%	\$37,821.76	\$1,196.59	\$0.00	\$39,018.35	\$1,161,755.63	\$5,300.00	\$74,200.00
06/01/37	\$34,917.37	\$2,904.39	0.50%	\$37,821.76	\$1,161.76	\$0.00	\$38,983.52	\$1,126,838.26	\$0.00	\$74,200.00
12/01/37	\$35,004.66	\$2,817.10	0.50%	\$37,821.76	\$1,126.84	\$0.00	\$38,948.60	\$1,091,833.60	\$5,300.00	\$79,500.00
06/01/38	\$35,092.18	\$2,729.58	0.50%	\$37,821.76	\$1,091.83	\$0.00	\$38,913.59	\$1,056,741.42	\$0.00	\$79,500.00
12/01/38	\$35,179.91	\$2,641.85	0.50%	\$37,821.76	\$1,056.74	\$0.00	\$38,878.50	\$1,021,561.51	\$5,300.00	\$84,800.00
06/01/39	\$35,267.86	\$2,553.90	0.50%	\$37,821.76	\$1,021.56	\$0.00	\$38,843.32	\$986,293.65	\$0.00	\$84,800.00
12/01/39	\$35,356.03	\$2,465.73	0.50%	\$37,821.76	\$986.29	\$0.00	\$38,808.05	\$950,937.62	\$5,300.00	\$90,100.00
06/01/40	\$35,444.42	\$2,377.34	0.50%	\$37,821.76	\$950.94	\$0.00	\$38,772.70	\$915,493.20	\$0.00	\$90,100.00
12/01/40	\$35,533.03	\$2,288.73	0.50%	\$37,821.76	\$915.49	\$0.00	\$38,737.25	\$879,960.17	\$5,300.00	\$95,400.00
06/01/41	\$35,621.86	\$2,199.90	0.50%	\$37,821.76	\$879.96	\$0.00	\$38,701.72	\$844,338.31	\$0.00	\$95,400.00
12/01/41	\$35,710.91	\$2,110.85	0.50%	\$37,821.76	\$844.34	\$0.00	\$38,666.10	\$808,627.40	\$5,300.00	\$100,700.00
06/01/42	\$35,800.19	\$2,021.57	0.50%	\$37,821.76	\$808.63	\$0.00	\$38,630.39	\$772,827.21	\$0.00	\$100,700.00
12/01/42	\$35,889.69	\$1,932.07	0.50%	\$37,821.76	\$772.83	\$0.00	\$38,594.59	\$736,937.52	\$5,300.00	\$106,000.00
06/01/43	\$35,979.42	\$1,842.34	0.50%	\$37,821.76	\$736.94	\$0.00	\$38,558.70	\$700,958.10	\$0.00	\$106,000.00
12/01/43	\$36,069.36	\$1,752.40	0.50%	\$37,821.76	\$700.96	\$0.00	\$38,522.72	\$664,888.74	\$0.00	\$106,000.00
06/01/44	\$36,159.54	\$1,662.22	0.50%	\$37,821.76	\$664.89	\$0.00	\$38,486.65	\$628,729.20	\$0.00	\$106,000.00

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
12/01/44	\$36,249.94	\$1,571.82	0.50%	\$37,821.76	\$628.73	\$0.00	\$38,450.49	\$592,479.26	\$0.00	\$106,000.00
06/01/45	\$36,340.56	\$1,481.20	0.50%	\$37,821.76	\$592.48	\$0.00	\$38,414.24	\$556,138.70	\$0.00	\$106,000.00
12/01/45	\$36,431.41	\$1,390.35	0.50%	\$37,821.76	\$556.14	\$0.00	\$38,377.90	\$519,707.29	\$0.00	\$106,000.00
06/01/46	\$36,522.49	\$1,299.27	0.50%	\$37,821.76	\$519.71	\$0.00	\$38,341.47	\$483,184.80	\$0.00	\$106,000.00
12/01/46	\$36,613.80	\$1,207.96	0.50%	\$37,821.76	\$483.18	\$0.00	\$38,304.94	\$446,571.00	\$0.00	\$106,000.00
06/01/47	\$36,705.33	\$1,116.43	0.50%	\$37,821.76	\$446.57	\$0.00	\$38,268.33	\$409,865.67	\$0.00	\$106,000.00
12/01/47	\$36,797.10	\$1,024.66	0.50%	\$37,821.76	\$409.87	\$0.00	\$38,231.63	\$373,068.57	\$0.00	\$106,000.00
06/01/48	\$36,889.09	\$932.67	0.50%	\$37,821.76	\$373.07	\$0.00	\$38,194.83	\$336,179.48	\$0.00	\$106,000.00
12/01/48	\$36,981.31	\$840.45	0.50%	\$37,821.76	\$336.18	\$0.00	\$38,157.94	\$299,198.17	\$0.00	\$106,000.00
06/01/49	\$37,073.76	\$748.00	0.50%	\$37,821.76	\$299.20	\$0.00	\$38,120.96	\$262,124.41	\$0.00	\$106,000.00
12/01/49	\$37,166.45	\$655.31	0.50%	\$37,821.76	\$262.12	\$0.00	\$38,083.88	\$224,957.96	\$0.00	\$106,000.00
06/01/50	\$37,259.37	\$562.39	0.50%	\$37,821.76	\$224.96	\$0.00	\$38,046.72	\$187,698.59	\$0.00	\$106,000.00
12/01/50	\$37,352.51	\$469.25	0.50%	\$37,821.76	\$187.70	\$0.00	\$38,009.46	\$150,346.08	\$0.00	\$106,000.00
06/01/51	\$37,445.89	\$375.87	0.50%	\$37,821.76	\$150.35	\$0.00	\$37,972.11	\$112,900.19	\$0.00	\$106,000.00
12/01/51	\$37,539.51	\$282.25	0.50%	\$37,821.76	\$112.90	\$0.00	\$37,934.66	\$75,360.68	\$0.00	\$106,000.00
06/01/52	\$37,633.36	\$188.40	0.50%	\$37,821.76	\$75.36	\$0.00	\$37,897.12	\$37,727.32	\$0.00	\$106,000.00
12/01/52	\$37,727.32	\$94.44	0.50%	\$37,821.76	\$37.73	\$0.00	\$37,859.49	\$0.00	\$0.00	\$106,000.00
Totals	\$2,104,870.00	\$164,435.60		\$2,269,305.60	\$65,774.24	\$0.00	\$2,335,079.84		\$106,000.00	

Created by KIA on 06/24/2021

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

- (A) Unless otherwise agreed to by the Authority, all Loan proceeds shall be expended by the Governmental Agency no later than six months after the initiation of operation of the Project.

**GENERAL CLOSING CERTIFICATE OF
ADAIR COUNTY WATER DISTRICT**

Re: Assistance Agreement between the Kentucky Infrastructure Authority (“KIA”) and Adair County Water District (the “Governmental Agency”) regarding Project Number: A20-016.

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

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

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

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

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

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

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

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

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

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

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

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

WITNESS our hands this July 15, 2021.

GOVERNMENTAL AGENCY:
ADAIR COUNTY WATER DISTRICT

By: William Harris
Chairman

ATTEST:

By: Richard G. G...
Secretary of Governmental Agency

Law Office
MARSHALL F. LOY
116 Public Square
Columbia, Kentucky 42728

Telephone 270-384-2356

email.marshallfloy@yahoo.com

Fax No. 270-384-4781

July 15, 2021

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the Adair County Water District, regarding Project Number: A20-16.

Ladies and Gentlemen:

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

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

Based upon my review I am of the opinion that:

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

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

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement and (ii) to

execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

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

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

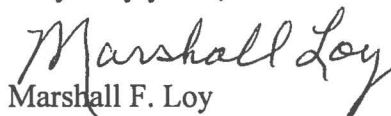
6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the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

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

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

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

Very truly yours,


Marshall F. Loy
Attorney

MFL:mw

DISTRIBUTION LIST

Re: Assistance Agreement between Kentucky Infrastructure Authority and the Adair County Water District, regarding Project Number A20-016

Governmental Agency

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Energy and Environment Cabinet

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