

Caldwell County Water District #1BP2019E

Kentucky Association of Counties Finance Corporation
 Refinancing of Series 1993,1996,1999B and 2002 USDA

Exhibit B - Lease Rental Payments

Part 1 of 2

Date	Principal	Total P+I	Expenses	Net New D/S	Lease Balance	Fiscal Total
12/05/2019	-	-	-	-	1,690,000.00	-
12/09/2019	-	-	-	-	1,690,000.00	-
12/31/2019	-	-	-	-	1,690,000.00	-
01/01/2020	95,000.00	105,946.19	1,225.28	107,171.47	1,595,000.00	-
07/01/2020	-	33,782.50	-	33,782.50	1,595,000.00	-
12/31/2020	-	-	-	-	1,595,000.00	140,953.97
01/01/2021	70,000.00	103,782.50	4,925.00	108,707.50	1,525,000.00	-
07/01/2021	-	32,732.50	-	32,732.50	1,525,000.00	-
12/31/2021	-	-	-	-	1,525,000.00	141,440.00
01/01/2022	70,000.00	102,732.50	4,750.00	107,482.50	1,455,000.00	-
07/01/2022	-	30,982.50	-	30,982.50	1,455,000.00	-
12/31/2022	-	-	-	-	1,455,000.00	138,465.00
01/01/2023	75,000.00	105,982.50	4,575.00	110,557.50	1,380,000.00	-
07/01/2023	-	29,107.50	-	29,107.50	1,380,000.00	-
12/31/2023	-	-	-	-	1,380,000.00	139,665.00
01/01/2024	80,000.00	109,107.50	4,387.50	113,495.00	1,300,000.00	-
07/01/2024	-	27,107.50	-	27,107.50	1,300,000.00	-
12/31/2024	-	-	-	-	1,300,000.00	140,602.50
01/01/2025	85,000.00	112,107.50	4,187.50	116,295.00	1,215,000.00	-
07/01/2025	-	24,982.50	-	24,982.50	1,215,000.00	-
12/31/2025	-	-	-	-	1,215,000.00	141,277.50
01/01/2026	85,000.00	109,982.50	3,975.00	113,957.50	1,130,000.00	-
07/01/2026	-	22,857.50	-	22,857.50	1,130,000.00	-
12/31/2026	-	-	-	-	1,130,000.00	136,815.00
01/01/2027	90,000.00	112,857.50	3,762.50	116,620.00	1,040,000.00	-
07/01/2027	-	20,607.50	-	20,607.50	1,040,000.00	-
12/31/2027	-	-	-	-	1,040,000.00	137,227.50
01/01/2028	95,000.00	115,607.50	3,537.50	119,145.00	945,000.00	-
07/01/2028	-	18,232.50	-	18,232.50	945,000.00	-
12/31/2028	-	-	-	-	945,000.00	137,377.50
01/01/2029	100,000.00	118,232.50	3,300.00	121,532.50	845,000.00	-
07/01/2029	-	15,732.50	-	15,732.50	845,000.00	-
12/31/2029	-	-	-	-	845,000.00	137,265.00
01/01/2030	105,000.00	120,732.50	3,050.00	123,782.50	740,000.00	-
07/01/2030	-	13,107.50	-	13,107.50	740,000.00	-
12/31/2030	-	-	-	-	740,000.00	136,890.00
01/01/2031	110,000.00	123,107.50	2,787.50	125,895.00	630,000.00	-
07/01/2031	-	10,907.50	-	10,907.50	630,000.00	-
12/31/2031	-	-	-	-	630,000.00	136,802.50
01/01/2032	120,000.00	130,907.50	2,512.50	133,420.00	510,000.00	-
07/01/2032	-	8,507.50	-	8,507.50	510,000.00	-
12/31/2032	-	-	-	-	510,000.00	141,927.50
01/01/2033	120,000.00	128,507.50	2,212.50	130,720.00	390,000.00	-



Caldwell County Water District #1BP2019E

Kentucky Association of Counties Finance Corporation
Refinancing of Series 1993,1996,1999B and 2002 USDA

Exhibit B - Lease Rental Payments

Part 2 of 2

Date	Principal	Total P+I	Expenses	Net New D/S	Lease Balance	Fiscal Total
07/01/2033	-	6,707.50	-	6,707.50	390,000.00	-
12/31/2033	-	-	-	-	390,000.00	137,427.50
01/01/2034	125,000.00	131,707.50	1,912.50	133,620.00	265,000.00	-
07/01/2034	-	4,832.50	-	4,832.50	265,000.00	-
12/31/2034	-	-	-	-	265,000.00	138,452.50
01/01/2035	130,000.00	134,832.50	1,600.00	136,432.50	135,000.00	-
07/01/2035	-	2,882.50	-	2,882.50	135,000.00	-
12/31/2035	-	-	-	-	135,000.00	139,315.00
01/01/2036	135,000.00	137,882.50	1,275.00	139,157.50	-	-
12/31/2036	-	-	-	-	-	139,157.50
Total	\$1,690,000.00	\$2,307,086.19	\$53,975.28	\$2,361,061.47	-	-

Summary

Closing Date	12/05/2019
True Interest Cost (TIC)	2.7386464%
Average Maturity	9.753 Years
Deposit to the Participant Disbursement Account	1,808,489.94

ACKNOWLEDGED:

Caldwell County Water District

By: _____
Chairman



\$7,240,000
KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION
FINANCING PROGRAM REVENUE BONDS
2019 FIRST SERIES E

INTRODUCTORY STATEMENT

This Official Statement, including the Appendices hereto, is provided to furnish certain information regarding the Financing Program Revenue Bonds, 2019 First Series E (the "2019 First Series E Bonds"), issued in the aggregate principal amount of \$7,240,000 by the Kentucky Association of Counties Finance Corporation (the "Issuer"). The 2019 First Series E Bonds are special and limited obligations of the Issuer as described under the heading "THE BONDS - Source of Payment and Security."

The 2019 First Series E Bonds are being issued under a Trust Indenture dated as of October 1, 2010 (the "Indenture"), between the Issuer and U.S. Bank National Association, as Trustee (the "Trustee"). Under the Indenture, additional bonds (together with the 2019 First Series E Bonds, the "Bonds") may be issued on a parity basis with the 2019 First Series E Bonds. Brief descriptions of the Issuer, the purpose of the issue, the 2019 First Series E Bonds, the Program, the Indenture and related documents and certain other matters are included herein and in the Appendices, and such descriptions do not purport to be comprehensive or definitive. All statements made herein with respect to the documents described or summarized herein are qualified in their entirety by reference to the documents themselves, copies of all of which are available for inspection at the corporate trust office of the Trustee, Locator CN-KY-0850, One Financial Square, Louisville, Kentucky 40202, Attention: Corporate Trust Department and at the offices of the Financial Advisor, Compass Municipal Advisors, LLC, 771 Corporate Drive, Suite 1050, Lexington, KY 40513, Attention: Keith Brock.

The proceeds of the 2019 First Series E Bonds will be used for the purpose of (i) funding Financing Agreements, described herein, between participating public agencies (the "Participants") and the Issuer, (ii) funding the Debt Services Reserve, and (iii) paying the fees and costs of issuing the 2019 First Series E Bonds.

The 2019 First Series E Bonds are being issued under the Indenture and pursuant to authority of the Act and a resolution duly adopted by the Board of the Issuer. A summary of the Indenture is set forth in APPENDIX C. In addition to the words and terms elsewhere defined in this Official Statement, certain words and terms are defined under "Definitions" in APPENDIX C.

THE BONDS

General

The 2019 First Series E Bonds will be issued solely as fully registered bonds, in authorized denominations of \$5,000 and integral multiples thereof and dated their date of delivery. The 2019 First Series E Bonds will accrue interest from that date, payable semi-annually on February 1 and August 1 of each year commencing February 1, 2020, at the rates set forth on the cover page of this Official Statement. The 2019 First Series E Bonds will mature, subject to redemption prior to maturity as described below under "Redemption of 2019 First Series E Bonds," on February 1 in the years and in the principal amounts set forth on the cover page of this Official Statement.

The 2019 First Series E Bonds will be issued initially solely in book-entry only form. See "Book-Entry Only System" below. In the event that the 2019 First Series E Bonds are no longer held in a book-entry only system, the principal of and redemption premium (if any) on the 2019 First Series E Bonds will be payable at the corporate trust operations office of, or at the office designated by, the Trustee, as Paying

Agent, and payments of interest due on each 2019 First Series E Bond will be made by check mailed on each Interest Payment Date to the Owner of that 2019 First Series E Bond as of the close of business on the Record Date at such Holder's address as it appears on the registration books maintained by the Trustee, as Registrar, except that Owners of 2019 First Series E Bonds in an aggregate principal amount of \$1,000,000 or more will receive payment of interest by wire transfer on each Interest Payment Date upon supplying the Paying Agent with a wire address.

Book-Entry Only System

The 2019 First Series E Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of 2019 First Series E Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of beneficial ownership interests, each as described in APPENDIX D, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the 2019 First Series E Bonds under the Indenture. For additional information about DTC and the book-entry-only system see "APPENDIX D - Book-Entry-Only System."

Revision of Book-Entry System; Replacement 2019 First Series E Bonds

In the event that DTC determines not to continue to act as securities depository for the 2019 First Series E Bonds, the Indenture provides for the issuance and delivery of fully registered 2019 First Series E Bonds (the "Replacement 2019 First Series E Bonds") directly to owners other than DTC.

Upon occurrence of such event, the Issuer may attempt to establish a securities depository book-entry relationship with another securities depository. If the Issuer does not do so, or is unable to do so, and after the Trustee has notified the owners of book-entry interests with respect to the 2019 First Series E Bonds by appropriate notice to DTC, the Issuer will issue and the Trustee will authenticate and deliver Replacement 2019 First Series E Bonds with a minimum denomination of \$5,000 to the assignees of DTC or its nominee.

In the event that the book-entry only system is discontinued, the principal or redemption price of and interest on the 2019 First Series E Bonds will be payable in the manner described above under "THE BONDS - General," and the following provisions will apply. The 2019 First Series E Bonds may be transferred or exchanged for one or more 2019 First Series E Bonds in different authorized denominations upon surrender thereof at the designated office of the Trustee as Registrar or at the designated office of any Paying Agent (initially, the Trustee) by the registered owners or their duly authorized attorneys or legal representatives. Upon surrender of any 2019 First Series E Bonds to be transferred or exchanged, the Issuer will execute, and the Registrar will record the transfer or exchange in its registration books and the Registrar or Authenticating Agent shall authenticate and deliver, new 2019 First Series E Bonds appropriately registered and in appropriate authorized denominations. Neither the Issuer, the Registrar nor any Paying Agent shall be required to transfer or exchange any 2019 First Series E Bond during a period beginning 15 business days before the day of the mailing of a notice of redemption of the 2019 First Series E Bonds and ending at the close of business on the day of such mailing, nor any 2019 First Series E Bond all or part of which has been selected for redemption.

Redemption of 2019 First Series E Bonds

Optional Redemption. The 2019 First Series E Bonds maturing on and after February 1, 2030 are subject to optional redemption on any date on and after February 1, 2029 in whole or in part, in such order of maturity as may be selected by the Issuer and by lot within a maturity, at a redemption price equal to the principal amount of 2019 First Series E Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The 2019 First Series E Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates and in the principal amounts as follows:

<u>Maturing February 1, 2038</u>		<u>Maturing February 1, 2040</u>	
<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
2036	\$600,000	2039	\$320,000
2037	300,000	2040*	680,000
2038*	310,000		

* Maturity	* Maturity
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Selection of 2019 First Series E Bonds to be Redeemed. At least 30 days, but not more than 60 days, before the redemption date for any 2019 First Series E Bonds, the Trustee shall cause a notice of redemption to be mailed, by regular United States first-class mail, postage prepaid, to DTC or, if DTC is no longer serving as securities depository for the 2019 First Series E Bonds, to the substitute securities depository, or if none, to all registered owners of the 2019 First Series E Bonds to be redeemed at their registered addresses. Failure to mail any notice or any defect therein in respect of any 2019 First Series E Bond shall not affect the validity of the redemption of other Series 2019 First Series E Bonds. Any such notice received by DTC will be forwarded by DTC to the appropriate DTC Participants and then provided by such DTC Participants to the Beneficial Owners in accordance with standing instructions from the respective Beneficial Owners or customary practice.

Notice of Redemption. Each notice of redemption shall state that the notice of redemption is given subject to the condition that such notice is revocable and that the redemption of the 2019 First Series E Bonds will be effected only if on the date set for redemption the Trustee shall have sufficient funds on deposit to pay the redemption price of the Series 2019 First Series E Bonds so selected for optional redemption. If such funds are not received by the Trustee such redemption notice will be of no further force and effect and the Trustee will give notice, in the same manner in which the notice of redemption was given, that such funds were not so received and that such 2019 First Series E Bonds have not been redeemed.

THE ISSUER AND PURPOSE

The Program and the Issuer

Under the Interlocal Cooperation Act, as set forth in Sections 65.210 to 65.300 of the Kentucky Revised Statutes, certain public agencies have entered into an Interlocal Cooperation Agreement dated as of May 1, 2010 (the "Interlocal Agreement") as a joint and cooperative action to provide a financing program (the "Program") for public agencies that are or become parties to the Interlocal Agreement (the "Participants").

The Program consists of a system for funding, financing or refinancing various governmental purposes, including, but not limited to, (i) a floating indebtedness, the cost of providing a public service if the governing body determines that an emergency exists and the public health or safety so requires, unfunded liabilities, a reserve for past or future liabilities or casualties, or one or more final judgments, including settlements of claims approved by a court, all as provided in KRS 66.051; (ii) a "public project" for any "governmental agency," as those terms are defined in KRS 58.010; (iii) "buildings" or "industrial buildings," as those terms are defined in KRS 103.200; (iv) short term borrowing, as provided in KRS 65.7701 et. seq.; (v) the construction or acquisition of personal or real property for any public purpose, as provided in KRS 65.940 et. seq.; (vi) public buildings, as provided in KRS 162.340 to 162.380; (vii) the cost of constructing or acquiring any additions, extensions, and necessary appurtenances under KRS

Chapter 74; (viii) the cost of any waterworks, electric plant or other public improvement under KRS Chapter 96; (ix) district facilities under KRS Chapter 76; (x) public property, sites and buildings under KRS Chapter 160 and KRS Chapter 162; and (xi) any similar governmental funding, financing or refinancing for any public agency, including any related financing costs, reserve funds, capitalized interest and other related costs and contingencies with respect thereto.

In order to provide funding for the Program, the Interlocal Agreement provides for the creation of the Issuer, a nonprofit, non-stock public corporation and an agency and instrumentality of each Participant, pursuant to the provisions of KRS Sections 273.161 to 273.390 and KRS 58.180, to issue bonds on behalf of the Participants. The Issuer is not a political subdivision of the Commonwealth, but is an agency and instrumentality, acting on behalf of the Participants. The Issuer's bonds must be payable solely from the revenue derived from the joint and cooperative action and must not constitute an indebtedness of any of the Participants, except to the extent that a Participant enters into a Financing Agreement under the Program. The 2019 First Series E Bonds are special and limited obligations of the Issuer.

Under the Program, the Issuer will issue Bonds under the Indenture, from time to time. The Issuer, by a resolution adopted on October 23, 2019, authorized the issuance of the 2019 First Series E Bonds. The Indenture also authorizes the issuance of Financing Program Revenue Bonds, Second Series (the "Second Series Bonds") and Financing Program Revenue Bonds, Third Series (the "Third Series Bonds") to provide funds for the deposit in the Supplemental Debt Service Reserve. Additional Series of Bonds have previously been issued under the Indenture; see "SECURITY AND SOURCE OF PAYMENT" for information regarding Outstanding Bonds.

The members of the Board of the Issuer are also members of the board of the Kentucky Association of Counties Leasing Trust ("CoLT") and are appointed in the same manner as members of the CoLT board of trustees. The Board has five members who serve until they resign or become unable to serve. Vacancies on the Board are filled by action of the Kentucky Association of Counties. At the time of their appointment, each member of the Board must be an elected official of a Kentucky county. The Board has no assets, liabilities or activities at the present time, other than the assets and liabilities related to Bonds.

<u>Member</u>	<u>Position</u>
Amy Milliken	Issuer Board Chair
Bill Bartleman	Issuer Board Member
Gary W. Moore	Issuer Board Member
Sue Carole Perry	Issuer Board Member
Tommy Turner	Issuer Board Member
Grant Satterly	Program Director

The office of the Issuer is located at 400 Englewood Drive, Frankfort, Kentucky, 40601

The Program Administrator

CoLT will serve as Program Administrator, which, in turn, has entered into a program administration agreement with Kentucky Association of Counties ("KACo"). CoLT was created as a trust governed by the laws of the Commonwealth pursuant to an interlocal cooperation agreement for the purpose of financing projects for lease to the participating public agencies. CoLT has no assets, liabilities or activities at the present time, other than the assets and liabilities related to a financing program that is similar to the Program. No assets of CoLT are pledged to the repayment of the Bonds. KACo is a nonprofit corporation created in 1974 that represents the needs of county government in legislative matters and offers a variety of services to promote the progress of local governments in Kentucky and is the sponsor of CoLT.

CoLT offers an array of financing programs to assist counties and special districts with capital projects and purchases. KACo was instrumental in establishing CoLT as a vehicle for providing financing programs. CoLT's original lease financing program was funded with bonds issued in 1989 by Pendleton County in the original amount of \$200 million, which contained a provision enabling CoLT to use lease payments to finance additional leases while those bonds remained outstanding. The following bond issues have provided additional funds for the CoLT financing program: a 1999 bond issue of \$50,000,000 by Breckinridge County, a 2001 bond issue of \$50,000,000 by Breckinridge County, a 2002 bond issue of \$10,000,000 by Breckinridge County, a 2004 bond issue of \$10,000,000 by Shelby County, a 2007A bond issue of \$50,000,000 by Christian County, a 2007B bond issue of \$50,000,000 by Christian County, and a 2008 bond issue of \$30,000,000 by Trimble County, a 2008A bond issue of \$75,000,000 by Christian County. In excess of \$742 million in leases have been originated under these pools.

Program Management

The Program is managed and supervised by a compliance group consisting of KACo, CoLT, Compass Municipal Advisors, LLC and Dinsmore & Shohl LLP. The compliance group duties include participant eligibility, review and recommendation for funding, and maintaining the integrity of the Program's structure and cash flows by assuring the portfolio of Program Financing Agreements will not adversely affect the current rating on the Bonds.

THE PARTICIPANTS

Each Participant has entered into the Interlocal Agreement creating the Issuer. Through issuance of the Bonds from time to time, the Issuer is acting on behalf of each respective Participant. Each Participant has entered into a Financing Agreement; see "SECURITY AND SOURCE OF PAYMENT – Financing Agreements."

The Participants and their respective obligations to pay principal are listed in APPENDIX A. Certain project, demographic and financial information regarding each Participant that is receiving proceeds of the 2019 First Series E Bonds is set forth in APPENDIX B. Financial statements and additional information for all current Participants can be found at:

<http://www.kaco.org/CountyInformation/CountyFinancial.aspx>.

SECURITY AND SOURCE OF PAYMENT

Special and Limited Obligations

The 2019 First Series E Bonds are not general obligations of the Issuer or any Participant, except to the extent of a Participant's obligations under its Financing Agreement, but are special and limited obligations payable solely from the Trust Estate. The 2019 First Series E Bonds do not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory debt limitation or restriction and do not constitute a pledge of the credit or any revenues of the Issuer. The Issuer has no taxing power.

Financing Agreements

Certain proceeds of the Bonds are advanced to Participants pursuant to Financing Agreements between the Issuer and each of the Participants under the terms prescribed in the Indenture. Under the terms of the Financing Agreements, repayment schedules are established to enable the Issuer to meet the principal and interest requirements of the related Bonds. No Participant is, however, responsible for the failure of any other Participant to pay its obligations under a Financing Agreement.

Forms of Financing Agreements are set forth in the Indenture and include a General Obligation Lease, a Revenue Lease, a Renewable Revenue Lease, a Participant Bond and a Participant Note. See "APPENDIX C - Definitions and Summaries of Documents – Financing Agreements" for a description of the forms of Financing Agreements.

Debt Service Reserve; Supplemental Debt Service Reserve; Surplus Fund

The Indenture establishes a Debt Service Reserve to further secure all Bonds Outstanding from time to time. The Issuer is required to maintain an amount on deposit in the Debt Service Reserve equal to the Debt Service Reserve Requirement. The Debt Service Reserve Requirement is the amount required to maintain the current rating on all First Series Bonds, including the 2019 First Series E Bonds, from Moody's, if Moody's is then rating the First Series Bonds, and from S&P, if S&P is then rating the First Series Bonds.

The Indenture establishes a Supplemental Debt Service Reserve to further secure all Bonds Outstanding from time to time. The Issuer is required to maintain an amount on deposit in the Supplemental Debt Service Reserve equal to the Supplemental Debt Service Reserve Requirement. The Supplemental Debt Service Reserve Requirement is the amount required to maintain the current rating on all First Series Bonds and Second Series Bonds, including the 2019 First Series E Bonds, from Moody's, if Moody's is then rating the First Series Bonds and the Second Series Bonds, and from S&P, if S&P is then rating the First Series Bonds and the Second Series Bonds. Amounts on deposit in the Supplemental Debt Service Reserve are required to be transferred to the Debt Service Reserve at any time the amount on deposit in the Debt Service Reserve is less than the Debt Service Reserve Requirement. Any interest earned or sums realized as a result of investment of moneys in the Supplemental Debt Service Reserve in Investment Obligations will accrue to, and be a part of, the Supplemental Debt Service Reserve and then transferred to the Debt Service Fund to pay debt service on (i) the Second Series Bonds, so long as the amount on deposit in the Supplemental Debt Service Reserve is no less than the Supplemental Debt Service Reserve Requirement after any transfer to the Debt Service Fund for the payment of debt service on the Second Series Bonds and, thereafter, (ii) the Third Series Bonds, so long as the amount on deposit in the Supplemental Debt Service Reserve is no less than the Supplemental Debt Service Reserve Requirement after any transfer to the Debt Service Fund for the payment of debt service on the Third Series Bonds.

The Indenture also creates a Surplus Fund, into which certain amounts will be deposited after payment of debt service on the Bonds and payment of certain Fiduciary Fees. Amounts on deposit in the Surplus Fund may be used to pay debt service on the Bonds. Amounts in the Surplus Fund may also be transferred to the Debt Service Reserve and Supplemental Debt Service Reserve, if amounts therein are less than the Debt Service Reserve Requirement or Supplemental Debt Service Reserve Requirement, respectively. In addition, amounts in the Surplus Fund may be transferred to the Corporation on any February 1 so long as the current rating on the First Series Bonds or the Second Series Bonds from Moody's, if Moody's is then rating such Bonds, and from S&P, if S&P is then rating such Bonds, would not be lowered or withdrawn.

As of the date of issuance of the 2019 First Series E Bonds the following amounts will be on deposit in the Debt Service Reserve and the Supplemental Debt Service Reserve:

<u>Fund</u>	<u>Amount</u>
Debt Service Reserve	\$8,007,974.60
Supplemental Debt Service Reserve ¹	<u>2,025,000.00</u>
Total:	<u>\$10,032,974.60</u>

¹ Funded with proceeds of \$1,525,000 Second Series Bonds and \$500,000 Third Series Bonds

Second Series Bonds

Second Series Bonds are secured by the Trust Estate, provided that the lien with respect to Second Series Bonds is subordinate and inferior to the lien on the Trust Estate with respect to First Series Bonds. Second Series Bonds cannot mature or be redeemed prior to the latest maturity date for any Outstanding First Series Bonds unless the Issuer provides the Trustee with confirmation that such redemption will not cause the existing rating by S&P on the First Series Bonds to be lowered or withdrawn.

Third Series Bonds

Third Series Bonds are secured by the Trust Estate, provided that the lien with respect to Third Series Bonds is subordinate and inferior to the lien on the Trust Estate with respect to First Series Bonds and Second Series Bonds. Third Series Bonds cannot mature or be redeemed prior to the latest maturity date for any Outstanding First Series Bonds and any Second Series Bonds unless the Issuer provides the Trustee with confirmation that such redemption will not cause the existing rating by S&P on the First Series Bonds and Second Series Bonds to be lowered or withdrawn.

Outstanding Bonds

The following Bonds are Outstanding under the Indenture:

	<u>Year of Issue</u>	<u>Amount of Issue</u> ¹	<u>Amount Outstanding</u> ¹	<u>Year of Final Maturity</u>
2010 First Series A Bonds	2010	\$23,015,000	\$3,145,000	2039
2010 First Series B Bonds	2010	1,660,000	1,660,000	2044
2011 First Series A Bonds	2011	9,465,000	1,725,000	2031
2011 First Series B Bonds	2011	700,000	700,000	2045
2011 First Series C Bonds	2011	6,175,000	4,740,000	2041
2011 First Series D Bonds	2011	435,000	435,000	2045
2012 First Series A Bonds	2012	5,785,000	4,695,000	2043
2012 First Series B Bonds	2012	2,775,000	2,305,000	2038
2013 First Series A Bonds	2013	7,585,000	6,375,000	2038
2013 First Series B Bonds	2013	3,140,000	1,930,000	2027
2013 First Series C Bonds	2013	4,115,000	2,390,000	2029
2013 First Series D Bonds	2013	3,305,000	2,380,000	2044
2014 First Series A Bonds	2014	14,280,000	11,925,000	2039
2014 First Series B Bonds	2014	4,265,000	3,585,000	2044
2014 First Series C Bonds	2014	4,785,000	3,845,000	2035
2015 First Series A Bonds	2015	6,750,000	4,970,000	2028
2015 First Series B Bonds	2015	5,890,000	5,035,000	2035
2015 First Series C Bonds	2015	4,335,000	3,405,000	2035
2016 First Series A Bonds	2016	2,275,000	1,850,000	2031
2016 First Series B Bonds	2016	7,985,000	7,310,000	2036
2016 First Series C Bonds	2016	9,780,000	8,855,000	2041
2016 First Series D Bonds	2016	2,580,000	1,040,000	2032
2017 First Series A Bonds	2017	6,370,000	5,075,000	2042
2017 First Series B Bonds	2017	4,515,000	4,310,000	2042
2017 First Series C Bonds	2017	9,525,000	9,455,000	2039
2017 First Series D Bonds	2017	4,190,000	4,025,000	2038
2017 First Series E Bonds	2017	6,580,000	6,480,000	2038
2017 Taxable First Series F Bonds	2017	5,275,000	4,835,000	2028
2017 First Series G Bonds	2017	16,200,000	15,910,000	2047

2018 First Series A Bonds	2018	5,690,000	5,510,000	2043
2018 First Series B Bonds	2018	8,760,000	8,690,000	2040
2018 First Series C Bonds	2018	5,620,000	5,380,000	2037
2018 First Series D Bonds	2018	8,180,000	8,015,000	2042
2018 First Series E Bonds	2018	6,870,000	6,745,000	2042
2019 First Series A Bonds	2019	1,030,000	1,030,000	2034
2019 First Series B Bonds	2019	5,835,000	5,835,000	2044
2019 First Series C Bonds	2019	6,150,000	6,150,000	2047
2019 Taxable First Series D Bonds	2019	5,350,000	5,350,000	2034
2019 First Series E Bonds	2019	<u>7,240,000</u>	<u>7,240,000</u>	2040
Total First Series Bonds		\$244,460,000	\$194,335,000	

¹ See "SECURITY AND SOURCE OF PAYMENT – Additional Bonds" herein.

	Year of Issue	Amount of Issue ¹	Amount Outstanding ¹	Year of Final Maturity
2012 Second Series A Bonds	2012	\$340,000	\$340,000	2047
2012 Second Series B Bonds	2012	185,000	185,000	2042
2016 Second Series A Bonds	2016	500,000	500,000	2047
2017 Second Series A Bonds	2017	<u>500,000</u>	<u>500,000</u>	2035
Total Second Series Bonds		\$1,525,000	\$1,525,000	
2012 Third Series A Bonds	2012	\$500,000	\$500,000	2050
Total Third Series Bonds		\$500,000	\$500,000	
TOTAL		\$246,485,000	\$196,360,000	

¹ See "SECURITY AND SOURCE OF PAYMENT – Additional Bonds" herein.

Additional Bonds

In order to provide additional funds for the Program, Bonds may be issued from time to time without limitation as to amount except as provided in the General Trust Indenture and in Series Trust Indentures authorized by the General Trust Indenture (see "Debt Service Reserve" above). All First Series Bonds rank on a parity and equality with one another, and are entitled to the benefit of the continuing pledge and lien created by the General Trust Indenture to secure the full and final payment of the principal of or Redemption Price, and interest on the First Series Bonds. Second Series Bonds that are subordinate to the First Series Bonds may also be issued in accordance with the Indenture. Additional Third Series Bonds that are subordinate to the First Series Bonds and the Second Series Bonds may also be issued in accordance with the Indenture.

SOURCES AND USES OF FUNDS

The proceeds of the sale of the 2019 First Series E Bonds and other funds are expected to be received and applied as follows:

Sources of Funds

Proceeds of 2019 First Series E Bonds	\$7,240,000.00
Plus Original Issue Premium	589,008.65
Less Underwriter's Discount	<u>72,924.32</u>
Total	\$7,756,084.33

Uses of Funds

Deposit in the Participant Disbursement Accounts	\$7,032,432.03
Deposit in the Participant Payment Accounts	33,677.76
Deposit in the Cost of Issuance Account	134,974.54
Deposit in the Debt Service Reserve Fund	<u>555,000.00</u>
Total	\$7,756,084.33

REVENUE LEASE

LEASE AGREEMENT

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

LESSEE: Caldwell County Water District

LESSEE'S ADDRESS: 118 W. Market Street
Princeton, Kentucky 42445

DATE OF LEASE: December 5, 2019

TERMINATION DATE: February 1, 2036

This Lease Agreement constitutes a Security Agreement and all right, title and interest of the Lessor herein has been assigned to U.S. Bank National Association, as trustee under a Trust Indenture dated as of October 1, 2010 between it and the Lessor.

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LEASE AGREEMENT

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

WITNESSETH:

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

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

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Lessor enter into this Lease for the leasing by the Lessee from the Lessor of the Project and to become a Participant in the Program, as defined in the Indenture;

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

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

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

Section 1. Definitions. All words and phrases will have the meanings specified below unless the context clearly requires otherwise. Terms not defined herein will have the meanings assigned to them in the Indenture. References to Sections mean Sections of this Lease unless otherwise indicated.

"Additional Rentals" means the aggregate of (i) any expenses (including attorneys' fees and expenses) of the Lessor and/or the Trustee in defending an action or proceeding in connection with this Lease or in enforcing the provisions of this Lease; (ii) any taxes or any other expenses, including, but not limited to, licenses, permits, state and local sales and use or ownership taxes or property taxes and recording fees and/or other fees which the Lessor is expressly required to pay as a result of or in connection with this Lease; and (iii) the Lessee's Proportionate Share of any Administrative Expenses and Fiduciary Fees to the extent the same are not included in and paid as Base Rentals.

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

"Base Rentals" means the payments payable by the Lessee which constitute the principal component and interest component of Lease Rental Payments hereunder and other amounts set forth in Exhibit B.

"Bonds" mean the Bonds issued by the Kentucky Association of Counties Finance Corporation to fund this Lease.

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

"Costs" means, with respect to the Project, all or any part of the cost of construction, installation and acquisition of all land, buildings, structures, machinery and equipment; finance charges; extensions, enlargements, additions, replacements, renovations and improvements; engineering, financial and legal services; plans, specifications,

studies, surveys, estimates of cost of revenue, administrative expenses, expenses necessary or incidental to determining the feasibility or practicability of constructing a Project; and such other expenses as the Lessor determines may be necessary or incidental to the construction, installation and acquisition of the Project, the financing of such construction, installation and acquisition, interest during construction, installation or acquisition and the placing of the Project in service.

"Fiduciary Fees" shall mean the contractual fees and expenses (including reasonable attorney's fees) of the Trustee under the terms of the Indenture.

"Indenture" means the General Trust Indenture dated as of October 1, 2010, as supplemented and amended, and the Series Indenture related to this Lease, which is entered into in accordance therewith.

"Late Payment Rate" means the per annum rate equal to 2.00% plus the greater of (i) the average interest rate on investments in the Debt Service Reserve Fund and (ii) the rate used to determine the interest component of Lease Rental Payments during the applicable period.

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

"Lease Rental Payments" means Base Rentals and Additional Rentals, which constitute the payments payable by the Lessee for and in consideration of the right to use and the option to purchase the Project and constitute Financing Payments under the Indenture.

"Lease Term" means the term of this Lease as determined pursuant to Sections 5 and 6 hereof.

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

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

"Optional Prepayment Price" means the amount determined by the Lessor and provided to the Trustee, which a Participant may, in its discretion, pay hereunder in order to prepay in full its Lease Rental Payments, which amount shall be equal to the unpaid principal component of Lease Rental Payments increased by the sum of (a) the amount of any due or past due Lease Rental Payments together with interest on such past due Lease Rental Payments to the date of such prepayment in full; (b) the unpaid accrued interest on the outstanding principal component of the Lease Rental Payments to the next date on which the related Bonds can be redeemed; (c) an amount of Defeasance Obligations which, together with the interest income thereon (as certified by the Program Administrator, Bond Counsel or other entity satisfactory to the Trustee), will be sufficient to pay Lease Rental Payments, which would have been due hereunder, if this Lease had not been prepaid, between the date of the prepayment and the date the prepayment will be used to redeem Bonds; (d) any additional Lease Rental Payments to the extent known or determinable at the time the prepayment is made through the date that the prepayment will be used to redeem Bonds; and (e) an amount equal to the premium, if any, payable on any Bonds to be redeemed on account of the payment of such Optional Prepayment Price. A Lease may not be prepaid if for any reason the Optional Prepayment Price cannot be calculated.

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

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

"Project" means property, the Costs of which are financed or refinanced, or the Costs of which are reimbursed hereunder, as more particularly described in Exhibit A hereto.

"Proportionate Share" means, as of a date of calculation, a fraction, the numerator of which is the unpaid principal components of Base Rentals hereunder, and the denominator of which is the sum of the unpaid principal components under all Financing Agreements related to the same Series of Bonds.

"State" means the Commonwealth of Kentucky.

"Trustee" means U.S. Bank National Association, a national banking association, as trustee under the Indenture, and any successor trustee at the time serving as such under the Indenture.

Section 2. Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants, in addition to any additional representations, covenants and warranties as may be set forth in Exhibit G, that (a) it is a body politic and corporate of the State; (b) it has full power and authority to enter into and to perform its obligations under, this Lease and all related documents; (c) it has duly authorized this Lease and all related documents; (d) this Lease and all related documents are valid, legal and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms; (e) the execution and delivery of this Lease and all related documents does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessee is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessee; (f) there is no action, suit, proceeding or investigation before or by any court or public body wherein an unfavorable decision would materially and adversely affect the transactions contemplated by this Lease; (g) it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Lease Rental Payments; (h) the Project furthers the Lessee's governmental purposes, serves a public purpose and is in the best interests of the Lessee and at the time of execution and delivery of the Lease, the Lessee intends to annually appropriate the Lease Rental Payments due hereunder; and (i) during the Lease Term, the Project will at all times be used only for the purpose of performing one or more lawful governmental functions of the Lessee.

The Lessee acknowledges that it has requested that the Lessor act on its behalf to issue the Bonds and that this Lease is being funded with the proceeds of bonds which may require the Lessee to comply with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"). The Lessee covenants and agrees that it will not take or omit to take any actions that conflict with the requirements of the Code that are applicable to the Bonds.

Section 3. Representations, Covenants and Warranties of Lessor. The Lessor represents, covenants and warrants that (a) it is a nonprofit corporation duly created and validly existing under the laws of the State, has all necessary power and authority to perform its obligations under, this Lease, and has duly authorized the execution and delivery of this Lease; (b) the execution and delivery of this Lease does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessor is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessor; (c) there is no litigation or proceeding pending or threatened against the Lessor or any other person affecting the right of the Lessor to execute or deliver this Lease or to comply with its obligations under this Lease.

Section 4. Demising Clause; Title; Security Interest. The Lessor leases the Project to the Lessee, and the Lessee leases the Project from the Lessor, in accordance with the provisions of this Lease, to have and to hold for the Lease Term. The Lessee will take possession of the Project upon delivery thereof.

Legal title to the Project and all fixtures, appurtenances and other permanent accessories thereto and all interests therein will be held by the Lessee, subject to Lessor's rights under this Lease. Lessor and Lessee agree that this Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Project and the Lease.

In order to secure all of its obligations hereunder, the Lessee hereby (i) grants to the Lessor a first and prior security interest in any and all right, title and interest of the Lessee in the portions of the Project that constitute personal property and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom, (ii) agrees that this Lease may be filed as a financing statement evidencing such security interest, and (iii) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence such security interest.

The Lessor's interest shall terminate upon (a) the Lessee's exercise of the purchase option granted in Section 24 hereof, or (b) the complete payment and performance by the Lessee of all of its obligations hereunder; provided, however, that title shall immediately and without any action by the Lessee vest in the Lessor and the Lessee shall immediately surrender possession of the Project to the Lessor upon (i) any termination of this Lease without the Lessee exercising its option to purchase pursuant to this Lease or (ii) the occurrence of an Event of Default. In any of such cases, the Lessee agrees to execute such instruments and do such things as the Lessor reasonably requests and as may

be required by law in order to effectuate transfer of any and all of the Lessee's right, title and interest in the Project, as is, to the Lessor. It is hereby acknowledged by the Lessor and the Lessee that the Lessee intends to purchase the Project on the terms set forth in this Lease.

Section 5. Duration of Lease Term. The Lease Term will commence and terminate on the dates shown on the cover page hereof unless earlier terminated as provided in Section 6. No provision of this Lease will be construed as creating a general obligation or other indebtedness of the Lessee within the meaning of any constitutional or statutory debt limitation.

Section 6. Termination of Lease Term. The Lease Term will terminate upon the earliest of (a) the termination of Lessor's interest in the Project pursuant to Section 24; or (b) an Event of Default and termination of this Lease as provided in Section 27.

Termination of the Lease Term will terminate the Lessee's rights to use, possess or occupy the Project (unless a conveyance of the Project to the Lessee has occurred).

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

Section 8. Lease Rental Payments. The Lessee shall pay Base Rentals in the amounts and at the times set forth in Exhibit B, as said Exhibit B is in effect on the first day of each fiscal year during the Lease Term.

The Lessee will pay Additional Rentals within fifteen (15) days after a written request therefor is mailed to the Lessee by or on behalf of the Lessor.

Any Lease Rental Payment that is not paid within 10 days of the date due shall bear interest thereon at the Late Payment Rate. Amounts due pursuant to this paragraph will be deemed to be Additional Rentals due and payable when incurred and without further written demand therefor.

The Lessee agrees and acknowledges that (a) the Trustee is authorized under the Indenture to draw amounts from the Debt Service Reserve Fund if the Lessee fails to make any part of a Lease Rental Payment when due and (b) Exhibit B will be deemed automatically amended if the Trustee draws on such account to cure deficiencies in the payment of Lease Rental Payments, to increase the principal component of Lease Rental Payments due on the next applicable payment dates (which monthly payment dates may be established if there are less than 48 remaining payment dates) so that the amount such draw has caused the amount remaining on deposit in the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement (as determined in accordance with the Indenture) is repaid no later than 48 months from the date of such draw and to increase the interest component of Lease Rental Payments due on such dates on the unpaid amount so drawn at the rate per annum equal to the Late Payment Rate. Promptly following any such automatic amendment, the Lessor will mail to the Lessee a revised Exhibit B (identified by date or other means), by first class mail, postage prepaid; provided that any failure to mail such revised Exhibit B will not affect the obligation of the Lessee to make the revised Lease Rental Payments. Amounts drawn from the Debt Service Reserve Fund and applied to payment of all or any portion of Lease Rental Payments will satisfy such Lease Rental Payment to the extent so applied.

Each Lease Rental Payment will be applied first to the Base Rentals then due and payable, then as Additional Rentals then due and payable.

This Lease will be deemed and construed to be a "net lease," and the Lessee will pay absolutely net during the Lease Term, the Lease Rental Payments and all other payments required hereunder, free of any deductions, and without abatement, deduction or set-off (other than credits against Lease Rental Payments expressly provided for in this Lease).

Section 9. Manner of Payment. Unless Lessee has submitted a properly executed ACH service agreement acceptable to the Trustee or has otherwise provided for the electronic transfer of payments, all Lease Rental Payments will be paid by check made payable and delivered to the Trustee. The obligation of the Lessee to pay the Lease Rental Payments and to perform and observe the covenants and conditions contained herein during the Lease

Term will be absolute and unconditional except as otherwise expressly provided in this Lease, and payment of the Lease Rental Payments may not be abated through accident or unforeseen circumstances or payment of this Lease from the Debt Service Reserve Fund or damage to, destruction of, or failure to complete, the Project. Lessee will not assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lessor (or any of its assigns) will affect the Lessee's obligation to pay all Lease Rental Payment during the Lease Term.

Section 10. Expression of Lessee's Need for the Project; Determination as to Useful Life. The Lessee hereby declares its current need for the Project and further determines and declares its expectations that the Project will (so long as it is subject to the terms hereof) adequately serve the needs for which it is being acquired throughout the Lease Term. The Lessee hereby determines and declares that, to the best of its knowledge, the period during which the Lessee has an option to purchase the Project (i.e. the maximum term of this Lease) does not exceed the useful life of the Project.

Section 11. (Reserved)

Section 12. Agreement to Acquire, Construct and Install the Project and Lease to the Lessee. The Lessee will provide for completion of the acquisition, construction, installation and equipping of the Project by the Lessee as the agent of the Lessor. The Lessee agrees that it will do all things which may be necessary or proper for the construction, acquisition, installation and equipping of the Project, on behalf of the Lessor. So long as this Lease is in full force and effect and no Event of Default has occurred, the Lessee will have full power to carry out the acts and agreements provided in this Section, and such power is granted and conferred under this Lease to the Lessee, and is accepted by the Lessee, and will not be terminated or restricted by act of the Lessor or the Trustee, except as provided in this Section. All contracts relating to the Project are hereby assigned to the Lessor.

Section 13. Disbursements from the Participant Disbursement Account. As long as no Event of Default has occurred, and the Lessee's right to control acquisition, construction, installation and equipping of the Project has not otherwise been terminated, disbursements from the Participant Disbursement Account may be made to pay or reimburse the Lessee for Costs of the Project. The Lessee must provide to the Lessor for approval, and thereafter to the Trustee, a request for disbursement substantially in the form set forth in Exhibit F hereto.

If an Event of Default occurs prior to the completion of the Project or if the right of the Lessee to control the acquisition, construction, installation and equipping of the Project has been otherwise terminated, amounts on deposit in the Participant Disbursement Account may be utilized by the Lessor to complete the Project.

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

The net proceeds of any insurance policies, performance bonds, condemnation awards or net proceeds received as a consequence of default or breach of warranty under a construction contract or other contract relating to the Project will be deposited in the Participant Disbursement Account, if received before the completion of the Project, or, if received thereafter, to be deposited in a separate trust fund held by the Trustee and will be applied in the same manner described in Section 13. The balance remaining after repair, restoration, modification, improvement or replacement of the Project has been completed will be applied to satisfy payment of Lease Rental Payments.

Section 15. Disclaimer of Warranties. THE LESSOR, THE TRUSTEE AND THE OWNERS OF THE BONDS MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY PORTION THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT OR ANY PORTION THEREOF.

Section 16. Financial Reports; Notice. The Lessee will provide the Lessor with a copy of the Lessee's annual audited financial report within thirty (30) days of its receipt by the Lessee. The Lessee will immediately

notify the Lessor and the Trustee of any Event of Default hereunder. If an audited financial report is not available to be submitted by the Lessee within 180 days of the end of Lessee's fiscal year, Lessee shall provide an unaudited financial report in form and substance satisfactory to Lessor.

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

Section 18. Maintenance of the Project by the Lessee. The Lessee agrees that, at all times during the Lease Term, the Lessee will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, and that the Lessee will from time to time promptly make or cause to be made all necessary and proper repairs, except as otherwise provided in Section 14. The Lessor, the Trustee and the owners of the Bonds will not have any responsibility in any of these matters or for the making of any additions, modifications, improvements or replacements to the Project.

Section 19. Modification of the Project; Installation of Equipment and Machinery of the Lessee. Following acquisition of the Project, Lessee will not make any alterations, additions, substitutions or replacements to the Project which would have an adverse effect on either the nature of the Project or the functionality or value of the Project, unless such alterations, additions, substitutions, replacements or improvements may be readily removed without damage to the Project. Any alterations, additions or improvements to the Project which may not be readily removed without damage to the Project, and any substitutions or replacements, shall be and be considered to constitute a part of the Project.

The Lessee may also install machinery, equipment and other tangible property in or on the Project; provided that such machinery, equipment and other tangible property which becomes permanently affixed to the Project will be subject to this Lease if the Lessor reasonably determines that the Project would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 20. Provisions Regarding Casualty, Public Liability and Property Damage Insurance. The Lessee, at its expense, will cause casualty and property damage insurance with a company or self-insurance fund acceptable to the Lessor to be carried and maintained with respect to the Project in an amount equal to the aggregate principal components of Lease Rental Payments payable during the maximum term of this Lease or the replacement cost (excluding foundations) of the Project, if less than such principal components. Any casualty and property damage insurance policy required by this Section will name the Lessor and the Trustee as additional named insureds and will be so written or endorsed as to make losses, if any, payable to the Trustee (for application as provided in Section 14).

The Lessee will cause public liability insurance to be carried and maintained with a company or self-insurance fund acceptable to the Lessor with respect to the Project in such amount as is approved by the Lessor. Any public liability insurance policy required by this Section will name the Lessor and the Trustee as additional named insureds.

Section 21. No Encumbrance, Mortgage or Pledge of Project. The Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Project, unless specifically consented to in writing by the Lessor.

Section 22. Assignment by Lessor. As security for the payment and performance by the Lessor of all of its obligations under the Indenture, including particularly the payment of the principal of, premium, if any, and interest on the Bonds, the Lessor has assigned to the Trustee, under and pursuant to the Indenture, all of the Lessor's right, title and interest in, to and under this Lease, including but not limited to the right to receive the Lease Rental Payments and other amounts due hereunder. The Lessee acknowledges and agrees that this assignment will entitle the Trustee to enforce any obligation of the Lessee hereunder and to exercise any remedy or right of the Lessor hereunder. The Lessee further acknowledges and agrees that, as provided in the Indenture, the function of the "Lessor" under this Lease may be performed by the Program Administrator (which may be a person or entity other than the Lessor) and its agents and representatives.

Section 23. Assignment and Subleasing by the Lessee. This Lease may not be assigned by the Lessee for any reason. The Project may be subleased by the Lessee, as a whole or in part, but only with the prior written consent of the Lessor.

Section 24. Purchase Option. The Lessee may, in its discretion, prepay in full its Lease Rental Payments under the Lease by paying to the Lessor the Optional Prepayment Price with respect to the Lease. The Optional Prepayment Price shall be used as provided in the Indenture. Upon payment of the Optional Prepayment Price, the Lessor will transfer and convey the Project to the Lessee pursuant to Section 4 hereof.

Section 25. Release and Indemnification Covenants. To the extent permitted by law, the Lessee will and hereby agrees to indemnify and save the Lessor and the Trustee (each, an "Indemnitee") harmless against and from any or all claims, by or on behalf of any person, firm, corporation or other legal entity, and all liabilities, obligations, losses and damages whatsoever, regardless of the cause thereof and the expenses, penalties and fees in connection therewith (including counsel fees and expenses), arising from or as a result of the operation, ordering, ownership, acquisition, construction, use, condition, delivery, rejection, storage, return or management of the Project during the Lease Term, or the entering into of the Lease or any other document or instrument relating thereto (collectively, "Indemnified Claims"), including, but not limited to: (i) any condition of the Project; (ii) any act of negligence of the Lessee or of any of the agents, contractors or employees or any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder; (iii) any accident in connection therewith resulting in damage to property or injury or death to any person; and (iv) the incurring of any cost or expense in connection with the acquisition of the Project in excess of the moneys available therefor in the Participant Disbursement Account. To the extent permitted by law, the Lessee will indemnify and save each Indemnitee harmless from any such Indemnified Claim, or in connection with any action or proceeding brought thereon and, upon notice from such Indemnitee, will defend or pay the cost of defending such Indemnitee, in any such action or proceeding.

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

Section 26. Events of Default Defined. The following will be "Events of Default" under this Lease and the term "Event of Default" or "Default" will mean, whenever it is used in this Lease, any one or more of the following events:

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

Section 27. Remedies on Default. Whenever any Event of Default has occurred and is continuing, the Lessor may, without any further demand or notice, take one or any combination of the following remedial steps:

- (a) Terminate the Lease Term and give notice to the Lessee to vacate or surrender the Project within 60 days from the date of such notice;
- (b) take legal title to, and sell or re-lease the Project or any portion thereof;
- (c) declare an amount equal to all Base Rentals and Additional Rentals under this Lease to be immediately due and payable, whereupon that amount shall become immediately due and payable; or
- (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Project under this Lease (including, without limitation, the right to possession of the Project and the right to sell or re-lease or otherwise dispose of the Project in accordance with applicable law and to appoint a receiver to operate the Project) and to recover damages for the breach thereof.

No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default

will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient. If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

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

Section 28. Notices. All notices, certificates, requests or other communications hereunder will be in writing and mailed (postage prepaid, and certified or registered with return receipt requested) or delivered (including delivery by courier service) as follows: if to the Lessor, Kentucky Association of Counties Finance Corporation, 400 Englewood Drive, Frankfort, Kentucky 40601, Attention: Administrator, if to Trustee, to U.S. Bank Corporate Trust Services, One Financial Square, Louisville, Kentucky 40202, Attention: Corporate Trust Services and if to the Lessee, to the address shown on the cover page hereof. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications will be sent hereunder. All notices, certificates, requests and other communications pursuant to this Lease will be effective when received (if given by mail) or when delivered (if given by delivery).

Section 29. Amendments, Changes and Modifications. Except as provided in Section 8 with respect to Exhibit B, this Lease may not be amended, changed, modified or altered, or any provision hereof waived, without the written consent of the Lessor and the Lessee.

Section 30. Third Party Beneficiary. No person other than a party hereto and the Trustee will have any right, remedy or claim under or by reason of this Lease or otherwise be a third party beneficiary of any rights, remedies, claims or agreements hereunder.

Section 31. Lessee Acknowledgment of the Bonds. The Lessee acknowledges (i) that this Lease and the financing by the Lessor of the Project is a part of the Program and (ii) that the Lease Rental Payments under this Lease, together with lease rental payments under all other leases entered into by Lessors under the Program, are and will be applied to (A) pay the principal and premium, if any, and interest on the Bonds and (B) pay all other costs and expenses of the Program. The Lessee acknowledges and consents to the assignment by the Lessor pursuant to the Indenture and Section 22 hereof, to the Trustee, for the equal and ratable benefit of the Owners of the Bonds, of all right, title and interest of the Issuer and the Lessor, respectively, in, to and under this Lease.

Section 32. Miscellaneous. This Lease will inure to the benefit of and will be binding upon the Lessor and the Lessee and their respective successors and assigns (including, without limitation, security assigns). This Lease 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. This Lease will be governed by and construed in accordance with the laws of the State. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease. If any provision of this Lease, other than the requirement of the Lessee to pay Lease Rental Payments and the requirement of the Lessor to provide quiet enjoyment of the Project and to convey the Project to the Lessee under the conditions set forth herein, is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

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

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By: 
Secretary

CALDWELL COUNTY WATER DISTRICT

By: _____
Chairperson

Attest:

By: _____
Secretary

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

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By: _____
Secretary

CALDWELL COUNTY WATER DISTRICT

By: Patricia Thacker
Chairperson

Attest:

By: [Signature]
Secretary

EXHIBIT C

FORM OF RESOLUTION

RESOLUTION NO. _____

A RESOLUTION APPROVING A LEASE FOR THE FINANCING OF A PROJECT AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE

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

WHEREAS, the governing body of the Lessee (the "Governing Body") has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined in the Lease hereinafter described;

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Kentucky Association of Counties Finance Corporation (the "Lessor") enter into a Lease Agreement (the "Lease") for the leasing by the Lessee from the Lessor of the Project;

NOW THEREFORE, BE IT ORDERED AND RESOLVED BY THE CALDWELL COUNTY WATER DISTRICT, AS FOLLOWS:

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease") substantially the form presented to this Governing Body. It is hereby found and determined that the Project identified in the Lease is public property to be used for public purposes. It is further determined that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease and all representations, certifications and other matters contained in the Closing Memorandum with respect to the Lease, or as may be required by the Lessor prior to delivery of the Lease, are hereby approved, ratified and confirmed. The Chairperson and Secretary of the Lessee are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transaction contemplated by the Lease.

Section 2. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 3. Open Meetings Law. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Governing Body, and that all deliberations of this Governing Body and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 4. Conflicts. All resolutions, ordinances, orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and the provisions of this Resolution shall prevail and be given effect.

Section 5. Effective Date. This Resolution shall take effect from and after its passage, as provided by law.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the Governing Body, held on _____, signed by the Chairperson of the Lessee, attested by the Secretary, filed and indexed as provided by law.

By: _____
Chairperson

Attest:

By: _____
Secretary

EXHIBIT D
OPINION OF LESSEE'S COUNSEL

December 5, 2019

U.S. Bank National Association, Trustee
Corporate Trust Services
One Financial Square
Louisville, Kentucky 40202

Kentucky Association of Counties Finance Corporation
400 Englewood Drive
Frankfort, Kentucky 40601

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and
Caldwell County Water District, as lessee

Ladies and Gentlemen:

We have acted as counsel to the lessee identified above (the "Lessee") in connection with the authorization, execution, and delivery by the Lessee of the Lease Agreement identified above, (the "Lease"), between the Lessee and Kentucky Association of Counties Finance Corporation (the "Lessor"). We have reviewed (i) the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), (ii) certain proceedings taken by the Governing Body of the Lessee, (iii) an executed copy of the Lease, and (iv) such other information and documents as we have deemed necessary or appropriate in order to render this opinion.

Based on the foregoing, we are of the opinion that:

1. The Lessee is a body politic and corporate, validly organized and existing in good standing under the laws of the Commonwealth and has full power and authority to enter into and to perform its obligations under the Lease.
2. The Lease has been duly authorized, executed and delivered by the Lessee and (assuming the due authorization, execution and delivery thereof by the other parties thereto) constitute legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.
3. All consents, approvals or authorizations of any governmental entity and all filings and notices required on the part of the Lessee in connection with the authorization, execution and delivery of the Lease and the consummation of the transactions contemplated thereby have been obtained and are in full force and effect.
4. Neither the execution and delivery of the Lease nor the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Lease conflict with or constitute a violation of any provision of any law or regulation applicable to the Lessee or, to the best of our knowledge after reasonable investigation, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound.
5. To the best of our knowledge, after reasonable investigation, there is no action, suit, proceeding or governmental investigation at law or in equity before or by any court, public board or body, pending of which the Lessee has been served with a summons, summons and complaint or other notice of commencement, or threatened against or affecting the Lessee, challenging the validity of the Lease or contesting the power and authority of the Lessee to execute and deliver the Lease or to consummate the transactions contemplated by the Lease.

Respectfully submitted,

EXHIBIT E

CERTIFICATE OF OFFICIALS OF LESSEE

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and the Caldwell County Water District, as lessee dated December 5, 2019

The undersigned officials of the lessee identified above (the "Lessee") under the Lease Agreement identified above (the "Lease") between the Lessee and the Kentucky Association of Counties Finance Corporation (the "Lessor"), DO HEREBY CERTIFY AS FOLLOWS:

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

2. That the Lessee is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to lease property as lessee and to carry on its business as now being conducted.

3. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Governing Body of the Lessee on 12-03-2019 (the "Official Action"), authorizing the appropriate officials of the Lessee to execute the Lease. The Official Action was duly adopted in accordance with all applicable laws.

4. The representations and warranties of the Lessee made in the Lease are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Official Action has not been amended or supplemented and is in full force and effect; and the Lease has been entered into and is in full force and effect.

5. That the below-named persons were on the date or dates of the execution of the Lease and are on the date of this certificate the duly elected or appointed and qualified incumbents of the respective offices of the Lessee set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
<u>Patricia Fralick</u>	<u>Chairperson</u>	<u>Patricia Fralick</u>
<u>Chris Noel</u>	<u>Secretary</u>	<u>Chris Noel</u>

6. The Lease has been duly authorized, executed and delivered by the Lessee and constitutes legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms.

7. The Lessee is not in default under or in violation of (i) any provisions of applicable law, (ii) the Lease, or (iii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, order, judgment, decree or other instrument or restriction of any kind or character to which it is a party or by which it or its properties are or may be bound, or to which it or any of its assets is subject, which default would have a material adverse effect on the condition, financial or otherwise, of the Lessee or on the ability of the Lessee to perform its obligations under the Lease. Neither the execution and delivery of the Lease nor compliance by the Lessee with the terms, conditions and provisions of the Lease will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

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

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

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

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

WITNESS our hands this December 5, 2019.

By: Patricia Frazier
Chairperson

Attest:
By: Chris Noel
Secretary

EXHIBIT F

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and Caldwell County Water District, as lessee dated December 5, 2019.

Requisition Certificate No. _____

The Lessee hereby requests a disbursement from the Participant Disbursement Account in the amount of \$ _____ and hereby certifies, as follows (except that with respect to a disbursement to pay an interest component of Lease Rental Payments during construction of a Project, only the document described in (a) below will be required):

(a) Attached is a statement of the amount and nature of each item of the Costs of the Project to be paid and the name and address of the payee, with the payee's statement and, if reimbursement to the Lessee of amounts previously paid is requested, evidence of such payment;

(b) each item for which payment or reimbursement is requested is or was necessary in connection with the Costs of the Project and none of such items formed the basis for any previous payment from the Participant Disbursement Account;

(c) each contractor, subcontractor and materialman has filed with the Lessee receipts or waivers of liens for all amounts previously certified for payment, or any amount previously certified for reimbursement to the Lessee, or there is on file with the Lessee a cancelled check endorsed by the contractor, subcontractor or materialman evidencing such payment;

(d) all of the warranties and representations of the Lessee contained in the Lease are true and correct as of the date of such disbursement, as though such warranties and representations were made on such date, no Event of Default has occurred under the Lease, the right of the Lessee to control the acquisition, construction and installation of the Project has not otherwise been terminated pursuant to the Lease, and that amounts on deposit in the Participant Disbursement Account will be sufficient to complete the Project in accordance with the approved plans and specifications;

Executed this ____ day of _____, _____.

CALDWELL COUNTY WATER DISTRICT, Lessee

By: _____
Authorized Lessee Representative

EXHIBIT G

FURTHER REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE

Section 1. Definitions. Terms used in this Exhibit G shall have the meanings ascribed to them in Section 1 of this Lease. In addition:

“Consulting Engineers” means an engineer or a firm of engineers, who, by virtue of experience, reputation and ability, bear a reputation in the field of water system engineering, as applicable, which is recognized and known, and upon whose professional judgment sophisticated investors rely in connection with securities which are issued for utility purposes.

“Debt Service Reserve” means the fund established in accordance with Section 4 of this Exhibit G.

“Depository Bank” or “Payee Bank” refers to the bank in which all of the funds established in accordance with Section 4 of this Exhibit G are deposited and maintained.

“Depreciation Fund” means the fund established in accordance with Section 4 of this Exhibit G.

“Depreciation Reserve Requirement” means an amount as shall be determined by the Consulting Engineers and set forth in a certificate filed with the Lessee to be necessary as a reserve for major repairs or replacements of the System.

“Revenues” means the investment income, connection fees and all other items of income established as reasonably anticipated annual income of the System based upon a certification of Consulting Engineers and/or certified public accountants.

“Operation and Maintenance Fund” means the fund established in accordance with Section 4 of this Exhibit G.

“Parity Obligations” means bonds or other obligations issued in the future, which bonds or other obligations issued in the future will, pursuant to the provisions of this Lease, rank on a basis of parity with this Lease, and shall not be deemed to include obligations ranking inferior in security to this Lease. Parity Obligations shall also include the obligations of the Lessee under this Lease.

“Required Reserve” means zero, provided that if the Lessee determines to establish a Debt Service Reserve in order to obtain a rating on any obligations payable from Revenues, or for any other purpose, Required Reserve shall mean the least of (a) the maximum annual principal and interest requirements scheduled to fall due on the Lease and any outstanding Parity Obligations, (b) an amount equal to 10% of the principal amount of the Lease and any Parity Obligations or (c) 125% of the average annual principal and interest requirements of the Lease and any Parity Obligations.

“Revenue Fund” means the fund established in accordance with Section 4 of this Exhibit G.

“Revenues” means the totality of all water charges of any and all types and varieties imposed, enforced and collected by the Lessee for any services rendered by the System, together with other income received by the Lessee, if any, from any agency of government, both federal and state, as representing income or operating subsidies, as distinguished from capital grants, to the extent not otherwise required to be treated and applied and specifically excluding therefrom any funds received which result from assessments or assessment charges.

“Sinking Fund” means the fund established in accordance with Section 4 of this Exhibit G for the payment of any Parity Obligations.

“System” means the water system of the Lessee and any additions thereto and extensions thereof, and shall include the Project being refinanced under this Lease.

"System Funds" means the Revenue Fund, the Sinking Fund, the Debt Service Reserve, the Depreciation Fund and the Operation and Maintenance Fund.

Section 2. Reaffirmation of Declaration that System is a Public Project. The previous action of the Lessee in declaring the System to constitute a revenue-producing public project, is hereby approved, ratified and confirmed; and so long as any Parity Obligations shall remain outstanding, the System shall be owned, controlled, operated and maintained on a combined and consolidated, revenue-producing basis, for the security and source of payment of any Parity Obligations, under the authority hereinbefore stated.

Section 3. Security, Funds and Revenues Pledged Parity Obligations. Any Parity Obligations that may be issued and outstanding from time to time under the conditions and restrictions hereinafter set forth shall be payable out of the Sinking Fund, and the holders of any Parity Obligations shall have a claim against such Fund and against a sufficient portion or amount of the Revenues of the System pledged to such Fund.

Section 4. Creation of Special Funds.

A. Revenue Fund. There is hereby established the Revenue Fund, which shall be maintained so long as any Parity Obligations remains outstanding. The Revenues of the System shall be set aside monthly into the Revenue Fund which shall constitute a separate and special fund hereby established, which fund shall be maintained as provided herein. The Revenues of the System so set aside into the Revenue Fund shall then be expended, used and apportioned as follows.

There shall be transferred on or before the last day of each month, from the Revenue Fund:

(1) To the Sinking Fund, so long as any Parity Obligations remains outstanding, an amount equal to one-twelfth (1/12) of the principal amount of all the Parity Obligations maturing on the next February 1.

(2) To the Sinking Fund, so long as any Parity Obligations remains outstanding, an amount equal to the sum of one-sixth of the interest requirements of any Parity Obligations coming due on the next succeeding February 1 or August 1.

(3) To the Debt Service Reserve, an amount equal to one-forty-eighth (1/48) of the maximum debt service requirements for any Parity Obligations, until such amount shall have been accumulated or restored, after which the monthly deposits may be discontinued, subject to resumption if, whenever, and so long as same shall be reduced, by such stipulated amount.

(4) To the Depreciation Fund, if, whenever, and so long as an amount equal to the Depreciation Reserve Requirement is not then being held in the Depreciation Fund, an amount, equal to one-thirty-sixth (1/36) of the Depreciation Reserve Requirement so that the balance in the Depreciation Fund will equal the Depreciation Reserve Requirement in the month that is thirty-six months from the month such deficiency first existed. Thereafter such monthly payments may cease for so long as the required balance in the Depreciation Fund is maintained and such monthly payments shall resume again if at any time said balance is less than the Depreciation Reserve Requirement and shall continue until said balance is established.

(5) To the Operation and Maintenance Fund, an amount which, together with any funds already on deposit therein, will be sufficient to pay, as they accrue, the proper and necessary costs of operating, maintaining and insuring the System, and to accumulate and maintain, in the Operation and Maintenance Fund, an amount sufficient to pay all costs of operating, maintaining and insuring the System for two (2) full months.

(6) On a periodic basis, but no less frequently than annually, the Revenues remaining in the Revenue Fund at the end of the month, or, in the case of annual transfers, the preceding calendar year, after making the payments required by (1) through (5) above, including any balances to be accrued and maintained, may be transferred to any fund or used for any purpose deemed appropriate by the Lessee

B. Sinking Fund. There is hereby established the Sinking Fund, which shall be maintained so long as any Parity Obligations remains outstanding, which shall be used for the purpose of accumulating the amounts necessary to pay the principal of and interest on the outstanding Parity Obligations. No further payments need be

made into the Sinking Fund whenever and so long as such amount of the outstanding Parity Obligations shall have been retired so that the amounts then held in the Sinking Fund (and in the Debt Service Reserve) are equal to the entire amount of the interest and principal that will be payable to and at the time of the retirement or maturity of all Parity Obligations then remaining outstanding. All funds on deposit in the Sinking Fund shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

C. Debt Service Reserve. There is hereby established the Debt Service Reserve, which shall be maintained so long as any Parity Obligations remains outstanding and in which an amount equal to the Required Reserve shall be maintained. Amounts on deposit in the Debt Service Reserve may be withdrawn and used by the Lessee, when necessary, and shall be so withdrawn and used by if and to the extent necessary, to prevent a default in the payment of principal and interest on the outstanding Parity Obligations as and when due if the amount on deposit in the Sinking Fund is not sufficient to make such payments. In the event of any withdrawals from the Debt Service Reserve, or if and whenever the amount on deposit in the Debt Service Reserve is less than the Required Reserve, the Lessee shall remedy such deficiency through the deposit into the Debt Service Reserve in each month thereafter, at least equal amounts so that the Required Reserve shall have been accumulated or restored on the forty-eighth (48th) month after the initial deposit. All funds on deposit in the Debt Service Reserve shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

D. Depreciation Fund. There is hereby established the Depreciation Fund, which shall be maintained so long as any Parity Obligations remains outstanding and in which an amount equal to the Depreciation Reserve Requirement shall be maintained.

Amounts in the Depreciation Fund may be withdrawn and used upon appropriate certification by whatever official is duly authorized by the Governing Body to make such certification, for the purpose of paying the cost of making unusual or extraordinary maintenance, repairs, renewals or replacements to the System, which would be necessary to keep the System in good operating condition, or for the purpose of paying the cost of constructing extensions, additions and/or improvements to the System which will either enhance the revenue-producing capacity of the System or provide a higher degree of service; provided, however, that if the combined available balances in the Sinking Fund and the Debt Service Reserve on any January 20 or July 20 shall be insufficient to pay the next maturing installment of interest or principal of the outstanding Parity Obligations, the Lessee shall withdraw and transfer from the Depreciation Fund to the Sinking Fund whatever amount may be required to eliminate the deficiency in the Sinking Fund and to avoid a default. However, the Lessee hereby certifies and represents that it is not reasonably anticipated that any amounts in the Depreciation Fund will be used to pay debt service on any Parity Obligations.

Deficiencies in the Depreciation Fund shall be remedied through the monthly deposits required from the Revenue Fund above, until the total required amount has been accumulated or restored and is being maintained. There shall also be deposited in the Depreciation Fund the proceeds of any property damage insurance not immediately used to replace the damaged or destroyed property and the cash proceeds of any surplus, worn out or obsolete properties of the System.

As and when additional Parity Obligations are issued, the Lessee shall determine at the time of issuance thereof, with the advice of the Consulting Engineers then employed by the Lessee, (a) whether additional amounts shall be accumulated in the Depreciation Fund, (b) the exact revision, if any, in the required deposits in the Depreciation Fund, and (c) the revised total amount necessary to be accumulated in the Depreciation Fund; whereupon covenants to that effect shall be incorporated in the proceedings authorizing the issuance of such Parity Obligations.

All funds on deposit in the Depreciation Fund shall be kept separate and apart from all other funds the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

E. Operation and Maintenance Fund. There is hereby established the Operation and Maintenance Fund, which shall be maintained so long as any Parity Obligations remains outstanding. All costs of operating, maintaining and insuring the System shall be paid from the Operation and Maintenance Fund. All funds in the Operation and Maintenance Fund shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in Subsection F below.

F. Investment of Funds. All moneys held in the System Funds shall be deposited in the Depository Bank. Such bank or banks shall invest such portion of the System Funds as is designated by the Governing Body in investment obligations ("Investment Obligations") which constitute lawful investments pursuant to Section 66.480 of the Kentucky Revised Statutes, as amended, subject, however, to the following limitations:

(1) Investment Obligations purchased as an investment of moneys in any System Fund held by the Lessee or the Depository Bank under the provisions of this Lease shall be deemed at all times to be a part of such System Fund and the income or interest earned, gains realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged thereto as the case may be, subject, in the case of the Debt Service Reserve, to the provisions of Section 4.C of this Exhibit G; provided that escrow agreements may provide otherwise.

(2) In computing the amount in all System Funds, including the accounts thereof, Investment Obligations purchased as an investment of moneys therein, shall be valued at the lesser of cost or fair market value. The value of investments in the Debt Service Reserve and the Depreciation Fund shall be determined as of the first day of each fiscal year. Valuation as of any date of computation shall include the amount of interest or gain realized to such date.

(3) The Lessee shall sell at the best price obtainable, or present for redemption or exchange, any Investment Obligations purchased by it pursuant to this Lease whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the System Fund for which such investment was made. The Depository Bank shall advise the Lessee in writing, at such times as may be requested by the Lessee, of the details of all Investments Obligations held for the credit of each System Fund in its custody under the provisions of this Lease. The Depository Bank shall review and advise the Lessee annually on the nature and value of investments in each fund or account. In the event that the value of investments in the Debt Service Reserve falls below the level required by this Lease, the Depository shall notify the Lessee and the Lessee shall cure such deficiency as provided in Section 4.C of this Exhibit G.

The Lessee represents and certifies that no investment shall be made of the proceeds of any Parity Obligations or the Revenues of the System which will cause any outstanding Parity Obligations to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Section 5. Adoption of Budget of Current Expenses. The Lessee covenants and agrees that prior to the delivery of this Lease, the Governing Body will have adopted a budget of current expenses for the operation of the System for the remainder of the then current fiscal year ending June 30, and thereafter, on or before the first day of each fiscal year prior to the year of final maturity of any Parity Obligations, the Governing Body of the Lessee will adopt an annual budget of current expenses for the System (the "Annual Budget of Current Expenses") for the ensuing fiscal year, and will furnish a copy of such Annual Budget of Current Expenses or amendments thereto, upon request, to any holder of Parity Obligations. "Current Expenses" as used herein shall include all reasonable and necessary costs of operating, repairing, maintaining and insuring the System, but shall exclude any allowance for depreciation payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance, and payments into the Sinking Fund and the Debt Service Reserve. The Lessee further covenants that the Current Expenses incurred in any year shall not exceed the necessary and reasonable amounts required therefor, and that the Lessee will not expend any amount or incur any obligations for operation, maintenance and repair in excess of the amounts provided for Current Expenses in the current Annual Budget of Current Expenses, except on proper justification and resolution by the Governing Body of the Lessee, that such expenditures are necessary to operate and maintain the System. The Lessee further covenants that at the same time and in like manner, the Governing Body of the Lessee shall prepare an estimate of Revenues to be derived from the operation of the System for such fiscal year and that sufficient Revenues shall be provided, through the maintenance of proper rates and charges (and through the increase thereof if necessary) to satisfy the requirements of all of the provisions contained in this Lease, including the accumulation and maintenance of all required reserves specified herein.

Section 6. Rates and Charges for Services of the System. While any Parity Obligations remains outstanding and unpaid, the rates for all services and facilities rendered by the System to the Lessee and to its citizens, corporations or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of the System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all outstanding Parity Obligations and the accruing interest on all such outstanding Parity Obligations, and there shall be charged such

rates and amounts as shall be adequate to meet all requirements of the provisions of this Lease. Prior to the delivery of this Lease, a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Lease has been established and adopted and is now in full force and effect.

The Lessee covenants that it will not reduce the rates and charges for services rendered by the System without first filing with the Chairperson a certification of the Consulting Engineers to the effect that the annual Net Revenues (defined below) of the then existing System for the fiscal year preceding the date on which such reduction is proposed, as such annual Net Revenues are adjusted, after taking into account the projected reduction in Revenues anticipated to result from such proposed rate decrease, are equal to not less than 120% of the maximum debt service requirements falling due in any fiscal year thereafter for the principal of and interest on all of the then outstanding Parity Obligations. For purposes of determining compliance with the coverage required by this Section and the tests contained in Section 7.B and C hereof relating to Parity Obligations, the interest rate borne by indebtedness bearing interest at a variable rate shall be assumed to be equal to the higher of (i) 5.00% or (ii) the highest variable rate borne over the preceding 24 months by outstanding variable rate debt (issued pursuant to the provisions hereof) or by variable rate debt for which the interest rate is computed by reference to an index comparable to that to be utilized for the debt then proposed to be issued.

The Lessee also covenants to cause a report to be filed with the Governing Body within six (6) months after the end of each fiscal year by certified public accountants or Consulting Engineers, setting forth what was the precise percentage ("coverage") of the maximum debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then outstanding Parity Obligations, produced or provided by the Net Revenues (defined below) in that fiscal year and the Lessee covenants that if and whenever such report so filed shall establish that such coverage of Net Revenues for such year was less than 120% of the maximum debt service requirements, the Lessee shall increase the rates by an amount sufficient, in the opinion of such engineers or accountants, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 7. Inferior Obligations: Parity Obligations: and Surplus Facilities.

A. Inferior Obligations. Except as provided below in this Section, the Lessee shall not, so long as any Parity Obligations are outstanding, enter into any additional financing leases, issue any bonds or incur any indebtedness payable from the Revenues or any part thereof unless the lien or pledge of the Revenues to secure such additional bonds or indebtedness is made inferior and subordinate in all respects to the security of the outstanding Parity Obligations.

The Lessee expressly reserves the right at any time or times to issue its bonds or other obligations payable from the Revenues of the System and not ranking on a basis of equality and parity with the outstanding Parity Obligations, without any proof of previous earnings or Net Revenues, but only if such bonds or other obligations are issued to provide for extensions, additions, improvements or other benefits to the System, and provided such inferior bonds or obligations whenever issued or incurred may only be issued or incurred with express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the outstanding Parity Obligations; provided, however, that nothing in this Section is intended to restrict, or shall be construed as a restriction upon, the ordinary refunding of the outstanding Parity Obligations, if such refunding does not operate to increase, in any year until the final maturity of the refunding obligations, the aggregate of the principal and interest requirements of the Parity Obligations to remain outstanding and the Parity Obligations proposed to be refunded.

B. Parity Obligations to Finance Future Extensions, Additions or Improvements: Conditions or Showings Required. The Lessee further reserves the right to add new water and/or related auxiliary facilities, and/or to finance future extensions, additions or improvements to the System, by the issuance of one or more additional series of obligations to be secured by a lien on the basis of parity with the lien securing Parity Obligations, and ratably payable from the Revenues of the System, provided that:

(1) The facility or facilities to be constructed from the proceeds of the additional obligations issued for that purpose is or are made a part of the System and its or their Revenues are pledged as additional security for the additional obligations and the outstanding Parity Obligations.

(2) The Lessee is in compliance with all covenants and undertakings in connection with all of its bonds or other obligations then outstanding and payable from the Revenues of the System or any part thereof; and

(3) There shall have been procured and filed with the Chairperson a statement by a certified public accountant, reciting the opinion based upon necessary investigation that the Net Revenues of the System for twelve (12) consecutive months out of the preceding eighteen (18) months (with adjustments as hereinafter provided) were equal to at least 1.25 times the maximum annual debt service that will become due in any fiscal year thereafter for both principal and interest on Parity Obligations, including the obligations then proposed to be issued. (The calculation of maximum net debt service requirements of or principal of and interest on the outstanding Parity Obligations, including the additional obligations to be issued shall, regardless of whether such obligations are to be serial or term obligations, be determined on the basis of the principal of, and interest on, such obligations being payable in approximately equal annual installments.)

"Net Revenues" as herein used are defined as Revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, materials and supplies, pumping costs, insurance, and all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowance for depreciation.

Such "Net Revenues" may be adjusted for the purpose of the foregoing computations to reflect (i) any revisions in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity obligations, and also to reflect (ii) any increase in such Net Revenues projected by reason of the Revenues anticipated to be derived from the extensions, additions or improvements to the System being financed (in whole or in part) by such additional Parity Obligations; provided such latter adjustment shall be made only if contracts for the immediate acquisition or construction of such extensions, additions or improvements have been or will have been entered into (secured by a 100% performance bond) prior to the issuance of such additional Parity Obligations. All of such adjustments shall be based upon the written certification of the Consulting Engineers.

(4) The interest payment dates for all such additional Parity Obligations shall be semiannually on August 1 and February 1 of each year, and the principal maturities thereof shall be on February 1 of the year in which any such principal is scheduled to become due.

C. Parity Obligations to Refund or Refinance Outstanding Obligations. In addition to obligations satisfying the requirements of Section 6.C above issued to refund outstanding Parity Obligations, the Lessee further reserves the right to issue one or more additional series of obligations to be secured by a parity lien on and ratably payable from the Revenues of the System, for the purpose of refunding or refinancing the outstanding Parity Obligations, or any portion thereof, provided that prior to the issuance of such additional Parity Obligations for that purpose, there shall have been procured and filed with the Chairperson a statement by a certified public accountant, reciting the opinion based upon necessary investigation that:

(1) after the issuance of such Parity Obligations, the annual Net Revenues, as adjusted and defined above, of the then existing System for the fiscal year preceding the date of issuance of such Parity Obligations, after taking into account the revised debt service requirements resulting from the issuance of such Parity Obligations and from the elimination of the bonds or other obligations being refunded or refinanced thereby, are equal to not less than 120% of the maximum net annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding Parity Obligations payable from the Revenues of the System, calculated in the manner specified above: or

(2) in the alternative, that the debt service requirements for the outstanding Parity Obligations and the proposed Parity Obligations, in any year of maturities thereof after the retirement, defeasance or redemption of the outstanding Parity Obligations scheduled to be refunded through the issuance of such proposed Parity Obligations, shall not exceed the scheduled net annual debt service requirements applicable to the Parity Obligations then outstanding for any corresponding year prior to the issuance of such proposed Parity Obligations and the retirement, defeasance or redemption of any Parity Obligations to be refunded.

The additional Parity Obligations, the issuance of which is restricted and conditioned by this Section, shall be understood to mean obligations payable from the income and Revenues of the System on a parity with the outstanding Parity Obligations, including this Lease, and shall not be deemed to include nor to prohibit the issuance

of any other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the Sinking Fund for the outstanding Parity Obligations and such additional Parity Obligations.

The interest payment dates for all such additional Parity Obligations shall be semiannually on August 1 and February 1 of each year, and the principal maturities thereof shall be on February 1 of the year in which any such principal is scheduled to become due.

D. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities; Conditions. The Lessee covenants and agrees that so long as any Parity Obligations is outstanding, the Lessee will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided for above, it will not create or permit to be created any charge or lien on the Revenues thereof ranking equal or prior to the charge or lien of the outstanding Parity Obligations. Notwithstanding the foregoing, the Lessee may at any time permanently abandon the use of, or sell at the fair market value, any part of the facilities of the System, provided that:

(1) It is in compliance with all covenants and undertakings in connection with all of the Parity Obligations then outstanding and payable from the Revenues of the System, and the Debt Service Reserve for such outstanding Parity Obligations is being maintained at the stipulated level; and

(2) It will in the event of any such sale, apply the proceeds to either (i) redemption of outstanding Parity Obligations in accordance with the provisions governing redemption of the outstanding Parity Obligations in advance of maturity, or purchase of outstanding Parity Obligations in the open market at not exceeding the next applicable redemption price, or (ii) replacement of the facility so disposed of by another facility, the Revenues of which shall be incorporated into the System as hereinbefore provided; and

(3) It certifies, in good faith, prior to any abandonment of use, that the facility or facilities to be abandoned is or are no longer economically feasible of producing substantial Net Revenues; and

(4) It certifies, in good faith, that the estimated Net Revenues of the remaining facilities of the System for the then next succeeding fiscal year, plus the estimated Net Revenues of the facility or facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of additional Parity Obligations; and

(5) Such sale or disposition will not have the effect of causing any Parity Obligations to become arbitrage bonds.

Section 8. All Parity Obligations Equal. The outstanding Parity Obligations authorized and permitted to be issued hereunder, including the Lease, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and Revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the outstanding Parity Obligations authorized or permitted to be issued, regardless of the fact that they may be actually issued and delivered at different times, subject to the provisions of the previous Section.

Section 9. Insurance.

A. Fire and Extended Coverage. If and to the extent that the System includes structures above ground level, the Lessee shall, upon receipt of the proceeds of the sale of the Lease, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System.

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

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

B. Liability Insurance on Facilities. The Lessee shall, if such insurance is not already in force, procure and maintain, so long as any Parity Obligations are outstanding, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$300,000 per person and \$500,000 per accident, to protect the Lessee from claims for bodily injury or death; and not less than \$100,000 from claims for damage to property of others which may arise from the Lessee's operations of the System and any other facilities constituting a portion of the System.

C. Vehicle Liability Insurance. If and to the extent that the Lessee owns or operates vehicles in the operation of the System, the Lessee shall, if such insurance is not already in force, procure and maintain, so long as any Parity Obligations are outstanding, vehicular public liability insurance in amounts that are commercially reasonable for operators of utility systems that are similar to the System, to protect the Lessee from claims for bodily injury or death and damage to property of others which may arise from the operation of such vehicles by the Lessee.

Section 10. Records, Audits and Reports: Engineering Inspection. Insofar as consistent with the laws of Kentucky, the Lessee agrees that so long as any of the Parity Obligations remains outstanding, it will keep proper books of records and account showing complete and correct entry of all transactions relating to the System in accordance with generally accepted accounting principles (for facilities of like type and size), in which complete and correct entries shall be made of all pertinent transactions. All such records and books of account shall at all times during normal business hours be subject to inspection by the owners of 10% or more of the principal amount of the Parity Obligations then outstanding, or by their duly authorized representatives.

The Lessee further covenants that as soon as may be feasible after the close of each fiscal year, and in any event not later than one hundred twenty (120) days thereafter, the Lessee will cause an audit of the financial affairs of the System to be completed by independent state-licensed accountants, covering the operation of the System for the preceding fiscal year.

A copy of said audit report shall be kept on file in the office of the Chairperson, where it will be subject to inspection at any reasonable time by or on behalf of any owner of outstanding Parity Obligations. A condensation of the important facts shown by such report will be mailed to any such owner upon request.

The Lessee further covenants and agrees to retain an Consulting Engineers or to inspect the System and its operation at least once in each period of three (3) years and to file with the Chairperson a written report of the findings and recommendations as a result of such inspection.

Section 11. General Covenants. The Lessee covenants, so long as any Parity Obligations remains outstanding, as follows:

A. It will at all times own and operate the System as a public project on a revenue producing basis, and will permit no services to be rendered free of charge or without full compensation.

B. It will at all times maintain the System in good condition through application of Revenues accumulated and set aside for operation and maintenance as herein provided, and will make renewals and replacements as the same may be required, through application of Revenues accumulated and set aside into the Depreciation Fund.

C. To the extent permitted by law, it will not permit any competing water system, public or private, to sell or provide water services to customers within the service area of the Lessee.

D. It will perform all duties with reference to the System required by the Statutes and Constitution of Kentucky and will not sell, lease, mortgage or in any manner dispose of the System, or any part thereof except as authorized herein.

E. It will provide that, to the greatest extent permitted by law, utility service will be discontinued to any premises where there is a failure to pay any part of the aggregate charges billed, including such penalties and fees for disconnection or reconnection as may be prescribed from time to time.

Section 12. Events of Default; Remedies. The following items shall constitute an "event of default" on the part of the Lessee:

A. The failure to pay the principal of any Parity Obligations when due and payable, either at maturity or by proceedings for redemption.

B. The failure to pay any installment of interest on the outstanding Parity Obligations when the same shall become due and payable or within thirty (30) days thereafter.

C. The default by the Lessee in the due or punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Lease, including this Exhibit.

D. The failure to promptly repair, replace or reconstruct needed or essential facilities of the System that have been damaged or destroyed.

E. The entering of an order or decree with the consent or acquiescence of the Lessee appointing a receiver of all or any part of the System or any Revenues thereof; or if such order or decree having been entered without the acquiescence or consent of the Lessee, its failure in not having the order vacated, discharged or stayed on appeal within sixty (60) days after entry.

F. The failure of the Lessee to fulfill any of its other obligations pursuant to this Lease, including this Exhibit G.

The Lessor may, either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance by the Lessee and its officers and agents of all duties imposed or required by law or by this Lease including this Exhibit G in connection with the operation of the System, including the making and collection of sufficient rates, the segregation of the Revenues of the System and the application thereof in accordance with the provisions of this Lease, including this Exhibit G.

Upon the occurrence of an "event of default" as defined above, then upon the filing of suit by the Lessor or any holder of any Parity Obligations, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Lessee, with power to charge and collect rates and charges for the services and facilities provided by the System sufficient to provide for the payment of any outstanding Parity Obligations and other obligations of the System, and the interest thereon, together with the expenses of operation and maintenance, and to apply the income and Revenues in accordance with the provisions of this Lease, including this Exhibit G, and of the applicable statutes of Kentucky, and to take such other legal action as may be appropriate for the protection of the Lessor or any such other holder.

The Lessee hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the Lessee's obligations, all contracts and other rights of the Lessee pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. In the event of default, the Lessor or the holder of any Parity Obligations may require the Governing Body of the Lessee by an action in mandamus to raise the rates a reasonable amount.

Section 13. Covenant to Require Use of System. The Lessee agrees that during the time any of the outstanding Parity Obligations are outstanding, it will take all such steps as may be necessary to cause the owners of all properties abutting upon any water lines of the Lessee to connect thereto and to keep connected thereto all water pipes on such properties. The foregoing covenant shall be in favor of and enforceable by the Lessor and holders of the outstanding Parity Obligations in accordance with the provisions herein contained. If the Lessee fails to take such steps, it may be required to do so by the Lessor or such other holders.

Section 14. Security. The Lease Rental Payments will constitute legal, valid and binding special and limited obligations of the Lessee, secured by a pledge of the Revenues of the System, and are payable out of the Sinking Fund created hereby. The Lessor and owners of the Parity Obligations shall have a first lien claim against the Sinking Fund and against the necessary designated portion or amount of the Revenues of the System. This Lease will rank on a parity as to security and source of payment with any other Parity Obligations. As security and source

of payment of the Base Rentals payable under the Lease, the Lessee hereby pledges, assigns and grants to the Lessor a lien and security interest in the following for so long as the Lease shall remain in effect:

- (1) all Revenues of the System;
- (2) all net proceeds of insurance and condemnation, in each case after payment from time to time of costs of operating, maintaining, repairing and replacing the System;
- (3) all of the Lessee's right, title and interest in and to all leases and subleases of the System or any assignment thereof; and
- (4) all proceeds of the foregoing.

Except as may be otherwise expressly provided in this Lease or any amendment or supplement permitted hereunder, this pledge, assignment and grant of a lien and security interest shall be valid and binding from and after the date hereof, and all of the foregoing shall immediately be subject thereto without any physical delivery thereof or further act. The lien and security interest shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Lessee, irrespective of whether such parties have notice thereof, to the extent permitted by law; on a parity, however, with the lien and security interest granted as security for all Parity Obligations. The Lessee agrees to hold all of the foregoing collateral as agent for the Lessor and owners of any Parity Obligations, and to execute such additional documents, including financing statements, affidavits, notices and similar instruments, as may be required to perfect and maintain the security interest granted herein to the extent a security interest may be perfected and maintained in the collateral herein described.

Section 15. Obligations of Lessee Unconditional. The obligations of the Lessee to make the Lease Rental Payments due shall be absolute and unconditional, and shall not be subject to any diminution by right of set-off, counterclaim, recoupment or otherwise. During the term of this Lease, the Lessee shall not suspend or discontinue any Lease Rental Payments due hereunder.

**Attachment to No-Arbitrage Certificate
TAX COMPLIANCE AGREEMENT**

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

PARTICIPANT: Caldwell County Water District

DATE OF AGREEMENT: December 5, 2019

FINANCING AGREEMENT AMOUNT (including reserve fund deposit): \$1,865,000

This Tax Compliance Agreement relates to a Financing Agreement between the Participant and the Kentucky Association of Counties Finance Corporation dated the date of this Tax Compliance Agreement.