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

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

Barkley Lake Water District

(Name of Utility)

1420 Canton Rd

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

Cadiz, Ky 42211

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

270-522-8425

(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

(Name)

1420 Canton Rd

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

Cadiz, Ky 42211

(Address - City, State, Zip)

270-522-8425

(Telephone Number)

blwd@bellsouth.net

(Email Address)

(For each statement below, the Applicant should check either "YES", "NO", or "NOT APPLICABLE" (N/A))

- | | | YES | NO | N/A |
|---|--|-------------------------------------|-------------------------------------|-----|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

YES NO N/A

4. a. Applicant is a corporation that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- c. Applicant is a limited partnership that is organized under the laws of the state of _____, is authorized to operate in, and is in good standing in the state of Kentucky.
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
- b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov.
6. a. Applicant has 20 or fewer customers and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- b. Applicant has more than 20 customers and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- c. Applicant has more than 20 customers and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." **(Attach completed "Reasons for Application" Attachment.)**

YES NO N/A


8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)**
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2020.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ \$155,315 and total revenues from service rates of \$ \$2,758,992. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had 5,539 +/- customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

- 16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application. **(Attach a copy of returns.)**
- 17. Approximately _____⁰ **(Insert dollar amount or percentage of total utility plant)** of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

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

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

Signed 
 Officer of the Company/Authorized Representative
 Title General Manager
 Date 12-3-21

COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Before me appeared John-Michael Herring, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.


 Notary Public
 My commission expires: 9-16-22
 ID: 608718

LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- Attachment Billing Analysis" Attachment
- Depreciation Schedules
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3

LIST OF ATTACHMENTS
BARKLEY LAKE WATER DISTRICT

1. Customer Notice of Proposed Rates Adjustments.
2. Wholesale Customer Notice.
3. Reasons for Application (Attachment SR – Reasons for Application).
4. Current and Proposed Rates.
5. Statement of Adjusted Operations (Attachment SAO-W – Schedule of Adjusted Operations).
6. Revenue Requirements Calculation (Attachment RR-DC – Revenue Requirement Calculation Form – Debt Coverage).
7. Billing Analysis (Attachment BA_DB – Billing Analysis Form – Declining Block Rates).
8. Depreciation Schedule.
9. Outstanding Debt Instruments
10. Statement of Disclosure of Related Party Transactions (ARF FORM-3).
11. Board Resolution.

Attachment #1

CUSTOMER NOTICE

Notice is hereby given that the Barkley Lake Water District expects to file an application with the Kentucky Public Service Commission on or about December 15, 2021, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

MONTHLY WATER RATES

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. Incl'd. in Minimum</u>	<u>Minimum Bills</u>		<u>Dollar</u>	<u>Percent</u>
		<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
5/8 x 3/4 inch	2,000	\$ 21.78	\$ 23.08	\$ 1.30	5.97%
1 inch	4,000	36.45	38.62	2.17	5.95%
1-1/2 inch	8,000	65.82	69.75	3.93	5.97%
2 inch	15,000	117.19	124.18	6.99	5.96%
4 inch	25,000	190.60	201.97	11.37	5.97%

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
First 2,000 Gallons	\$ 21.78	\$ 23.08	\$ 1.30	5.97%
Next 98,000	7.34	7.78	0.44	5.99%
Next 400,000	5.97	6.33	0.36	6.03%
Over 500,000	4.36	4.62	0.26	5.96%

If the Public Service Commission approves the proposed water rates, then the monthly bill for a residential customer using an average of 4,000 gallons per month will increase from \$36.46 to \$38.64. This is an increase of \$2.18 or 5.99%.

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

Barkley Lake Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the Districts office located at 1420 Canton Rd, Cadiz, Ky 42211. You may contact the office at 270-522-8425.

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

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

Attachment #2

WHOLESALE CUSTOMER NOTICE

Notice is hereby given that the Barkley Lake Water District expects to file an application with the Kentucky Public Service Commission on or about December 15, 2021, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

MONTHLY WATER RATES

Wholesale Rate for All Wholesale Customers

	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
For all Water Purchased	\$ 2.45	\$ 2.60	\$ 0.15	6.12%

If the Public Service Commission approves the proposed rates, then the monthly bill for a wholesale customer will increase from \$2,450 to \$2,600 for each 1,000,000 gallons purchased. This is an increase of \$150 per million gallons or 6.12%.

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

Barkley Lake Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the Districts office located at 1420 Canton Rd, Cadiz, Ky 42211. You may contact the office at 270-522-8425.

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

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

Attachment #3

REASONS FOR APPLICATION

(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

Barkley Lake Water District files this application to comply with the Public Service Commission's Order of September 2, 2020 in Case No. 2020-00255, which directed it to file an application for rate adjustment within one year. Additionally, to comply with the Public Service Commission's Order of November 2, 2020 in Case No. 2020-00326, which directed it to file an application for an adjustment in base rates by September 2, 2021.

Attachment #4

CURRENT AND PROPOSED RATES
Barkley Lake Water District

<u>Current Rates</u>				<u>Proposed Rates</u>			
<u>5/8" x 3/4" Meter</u>				<u>5/8" x 3/4" Meter</u>			
First	2,000	\$ 21.78	Minimum Bill	First	2,000	\$ 23.08	Minimum Bill
Next	98,000	7.34	per 1,000 gallons	Next	98,000	7.78	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons	Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons	Over	500,000	4.62	per 1,000 gallons
<u>1" Meter</u>				<u>1" Meter</u>			
First	4,000	\$ 36.45	Minimum Bill	First	4,000	\$ 38.62	Minimum Bill
Next	96,000	7.34	per 1,000 gallons	Next	96,000	7.78	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons	Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons	Over	500,000	4.62	per 1,000 gallons
<u>1 1/2" Meter</u>				<u>1 1/2" Meter</u>			
First	8,000	\$ 65.82	Minimum Bill	First	8,000	\$ 69.75	Minimum Bill
Next	92,000	7.34	per 1,000 gallons	Next	92,000	7.78	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons	Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons	Over	500,000	4.62	per 1,000 gallons
<u>2" Meter</u>				<u>2" Meter</u>			
First	15,000	\$ 117.19	Minimum Bill	First	15,000	\$ 124.18	Minimum Bill
Next	85,000	7.34	per 1,000 gallons	Next	85,000	7.78	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons	Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons	Over	500,000	4.62	per 1,000 gallons
<u>4" Meter</u>				<u>4" Meter</u>			
First	25,000	\$ 190.60	Minimum Bill	First	25,000	\$ 201.97	Minimum Bill
Next	75,000	7.34	per 1,000 gallons	Next	75,000	7.78	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons	Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons	Over	500,000	4.62	per 1,000 gallons
<u>Wholesale Rates</u>				<u>Wholesale Rates</u>			
All Water Purchased		\$ 2.45	per 1,000 gallons	All Water Purchased		\$ 2.60	per 1,000 gallons

Attachment #5

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20 20

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales				0.00
Metered Water Sales	2,315,474.00	143,335.00	(A)	2,458,809.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale	144,868.00			144,868.00
Total Sales of Water	2,460,342.00	143,335.00		2,603,677.00
Other Water Revenues				
Forfeited Discounts				0.00
Miscellaneous Service Revenues				0.00
Rents from Water Property				0.00
Other Water Revenues	4,592.00			4,592.00
Total Other Water Revenues	4,592.00	0.00		4,592.00
Total Operating Revenues	2,464,934.00	143,335.00		2,608,269.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	698,333.00	-16,343.00	(B)	681,990.00
Salaries and Wages - Officers	9,000.00			9,000.00
Employee Pensions and Benefits	521,404.00	-214,676.00	(C)	306,728.00
Purchased Water				0.00
Purchased Power	158,317.00			158,317.00
Fuel for Power Production				0.00
Chemicals	122,925.00			122,925.00
Materials and Supplies	220,415.00			220,415.00
Contractual Services	77,859.00			77,859.00
Water Testing				0.00
Rents				0.00
Transportation Expenses	32,381.00			32,381.00
Insurance	45,054.00			45,054.00
Regulatory Commission Expenses				0.00
Bad Debt Expense	3,033.00			3,033.00

Miscellaneous Expenses	6,823.00			6,823.00
Total Operation and Maintenance Expenses	1,895,544.00	-231,019.00		1,664,525.00
Depreciation Expense	661,448.00	-132,829.00	(D)	528,619.00
Amortization Expense				0.00
Taxes Other Than Income	57,186.00	-1,250.00	(B)	55,936.00
Income Tax Expense				0.00
Total Operating Expenses	2,614,178.00	-365,098.00		2,249,080.00
Utility Operating Income	-149,244.00	508,433.00		359,189.00

References

(A) The Current Billing Analysis results in Pro Forma metered sales revenue of \$2,603,677. This reflects a full year at the increased rates that were effective in September, 2020. As a result an adjustment of \$143,335 is required.

(B) During and subsequent to the test-year there were several staffing changes. One employee retired and another was promoted to the position with an increase in pay. One employee quit during the test-year and another was hired subsequent to the test-year. All employees also received raises that averaged 4% overall. Based on the hours worked during the test-year and the current staffing level and pay rates, a reduction in Salaries and Wages of \$16,343 will be realized. Additionally, as a result of a reduction in Salaries Expense, a reduction in payroll taxes of \$1,250 is required.

(C) The decrease in Salaries and Wages will result in lower retirement benefits expense of \$3,932. Due to GASB requirements for liabilities, the districts reported expense for retirement is \$170,288 more than the actual amount paid to CERS. This amount was deducted. The district pays 100 percent of its employees health and dental insurance premiums. Included in that expense, the district also provides dental, vision, and life insurance coverage for its commissioners. In addition, one employee has a Medicare supplement for he and his wife that is also paid 100 percent by the district. Applying the PSC's typical requirement that expenses with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics average for an employer's share of health and dental insurance premiums, results in a reduction in benefits of \$40,456. Included in this adjustment is the removal of benefits that are granted to the commissioners. These adjustments result in a total adjustment to Employee Pensions and Benefits of \$214,676.

(D) The PSC requires adjustments to depreciation expense when asset lives fall outside of ranges recommended by NARUC in its "Depreciation Practices for Small Utilities". As a result, adjustments of \$132,829 is necessary to bring lives to the midpoint of recommended ranges.

Attachment #6

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$2,249,081.00
Plus: Average Annual Debt Principal and Interest Payments*	473,671.00
Debt Coverage Requirement**	94,734.00
Total Revenue Requirement	2,817,486.00
Less: Other Operating Revenue	-4,592.00
Non-operating Revenue	-29,415.00
Interest Income	-24,487.00
Revenue Required from Rates	2,758,992.00
Less: Revenue from Sales at Present Rates	-2,603,677.00
Required Revenue Increase	\$155,315.00

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	<u>5.97%</u>
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* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

Attachment #7

**CURRENT BILLING ANALYSIS - 2020 USAGE & EXISTING RATES.
BARKLEY LAKE WATER DISTRICT**

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	64,622	204,352,100	\$ 2,226,544
1" Meters	1,076	13,690,000	114,482
1 1/2" Meters	96	6,850,600	47,315
2" Meter	225	7,598,500	64,771
4" Meter	12	7,281,700	43,014
Wholesale	96	64,962,900	159,159
Totals	66,031	304,735,800	\$ 2,655,285
			Less: Billing Adjustments (51,607)
			<u>Pro Forma Retail Sales Revenue \$ 2,603,677</u>

5/8" X 3/4" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
				2,000	98,000	400,000	500,000	
First	2,000	30,202	22,777,400	22,777,400				22,777,400
Next	98,000	34,389	174,108,400	68,778,000	105,330,400			174,108,400
Next	400,000	28	4,466,900	56,000	2,744,000	1,666,900		4,466,900
Over	500,000	3	2,999,400	6,000	294,000	1,200,000	1,499,400	2,999,400
Totals		64,622	204,352,100	91,617,400	108,368,400	2,866,900	1,499,400	204,352,100

5/8" X 3/4" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rates	Revenue
First	2,000	64,622	91,617,400	\$ 21.78	\$ 1,407,467.16
Next	98,000		108,368,400	7.34	795,424.06
Next	400,000		2,866,900	5.97	17,115.39
Next	500,000		1,499,400	4.36	6,537.38
Totals		64,622	204,352,100		\$ 2,226,544

1" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
				4,000	96,000	400,000	500,000	
First	4,000	504	758,800	758,800				758,800
Next	96,000	548	8,444,400	2,192,000	6,252,400			8,444,400
Next	400,000	24	4,486,800	96,000	2,304,000	2,086,800		4,486,800
Over	500,000							
Totals		1,076	13,690,000	3,046,800	8,556,400	2,086,800		13,690,000

1" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	4,000	1,076	3,046,800	\$ 36.45	\$ 39,220.20
Next	96,000		8,556,400	7.34	62,803.98
Next	400,000		2,086,800	5.97	12,458.20
Over	500,000			4.36	
Totals		1,076	13,690,000		\$ 114,482.37

1 1/2" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
	8,000	30	50,400	8,000	92,000	400,000	500,000	
First	8,000	30	50,400	50,400				50,400
Next	92,000	47	1,220,100	376,000	844,100			1,220,100
Next	400,000	15	3,748,800	120,000	1,380,000	2,248,800		3,748,800
Over	500,000	4	1,831,300	32,000	368,000	1,431,300		1,831,300
Totals		96	6,850,600	578,400	2,592,100	3,680,100		6,850,600

1 1/2" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	8,000	96	578,400	\$ 65.82	\$ 6,318.72
Next	92,000		2,592,100	7.34	19,026.01
Next	400,000		3,680,100	5.97	21,970.20
Over	500,000			4.36	
Totals		96	6,850,600		\$ 47,314.93

2" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
	15,000	125	649,500	15,000	85,000	400,000	500,000	
First	15,000	125	649,500	649,500				649,500
Next	85,000	69	2,686,300	1,035,000	1,651,300			2,686,300
Next	400,000	31	4,262,700	465,000	2,635,000	1,162,700		4,262,700
Over	500,000							
Totals		225	7,598,500	2,149,500	4,286,300	1,162,700		7,598,500

2" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	15,000	225	2,149,500	\$ 117.19	\$ 26,367.75
Next	85,000		4,286,300	7.34	31,461.44
Next	400,000		1,162,700	5.97	6,941.32
Over	500,000			4.36	
Totals		225	7,598,500		\$ 64,770.51

4" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
	25,000			25,000	75,000	400,000	500,000	
First	25,000							0
Next	75,000	1	275,500	25,000	250,500			275,500
Next	400,000	1	498,300	25,000	75,000	398,300		498,300
Over	500,000	10	6,507,900	250,000	750,000	4,000,000	1,507,900	6,507,900
Totals		12	7,281,700	300,000	1,075,500	4,398,300	1,507,900	7,281,700

4" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	25,000	12	300,000	\$ 190.60	\$ 2,287.20
Next	75,000		1,075,500	7.34	7,894.17
Next	400,000		4,398,300	5.97	26,257.85
Over	500,000		1,507,900	4.36	6,574.44
Totals		12	7,281,700		\$ 43,013.67

Wholesale

	Usage	Bills	Gallons	Rate	Revenue
First	64,962,900	96		\$ 2.45	\$ 159,159
Over					
Totals		96	0		\$ 159,159.11

**CURRENT BILLING ANALYSIS - 2020 USAGE & PROPOSED RATES
BARKLEY LAKE WATER DISTRICT**

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	64,622	204,352,100	\$ 2,359,657
1" Meters	1,076	13,690,000	121,333
1 1/2" Meters	96	6,850,600	50,158
2" Meter	225	7,598,500	68,648
4" Meter	12	7,281,700	45,599
Wholesale	96	64,962,900	168,904
Totals	66,031	304,735,800	\$ 2,814,298
			Less: Billing Adjustments (51,607)
			<u>Pro Forma Retail Sales Revenue \$ 2,762,690</u>

5/8" X 3/4" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
				2,000	98,000	400,000	500,000	
First	2,000	30,202	22,777,400	22,777,400				22,777,400
Next	98,000	34,389	174,108,400	68,778,000	105,330,400			174,108,400
Next	400,000	28	4,466,900	56,000	2,744,000	1,666,900		4,466,900
Over	500,000	3	2,999,400	6,000	294,000	1,200,000	1,499,400	2,999,400
Totals		64,622	204,352,100	91,617,400	108,368,400	2,866,900	1,499,400	204,352,100

5/8" X 3/4" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rates	Revenue
First	2,000	64,622	91,617,400	\$ 23.08	\$ 1,491,475.76
Next	98,000		108,368,400	7.78	843,106.15
Next	400,000		2,866,900	6.33	18,147.48
Next	500,000		1,499,400	4.62	6,927.23
Totals		64,622	204,352,100		\$ 2,359,657

1" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
				4,000	96,000	400,000	500,000	
First	4,000	504	758,800	758,800				758,800
Next	96,000	548	8,444,400	2,192,000	6,252,400			8,444,400
Next	400,000	24	4,486,800	96,000	2,304,000	2,086,800		4,486,800
Over	500,000							
Totals		1,076	13,690,000	3,046,800	8,556,400	2,086,800		13,690,000

1" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	4,000	1,076	3,046,800	\$ 38.62	\$ 41,555.12
Next	96,000		8,556,400	7.78	66,568.79
Next	400,000		2,086,800	6.33	13,209.44
Over	500,000			4.62	
Totals		1,076	13,690,000		\$ 121,333.36

1 1/2" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
	8,000	30	50,400	8,000	92,000	400,000	500,000	
First	8,000	30	50,400	50,400				50,400
Next	92,000	47	1,220,100	376,000	844,100			1,220,100
Next	400,000	15	3,748,800	120,000	1,380,000	2,248,800		3,748,800
Over	500,000	4	1,831,300	32,000	368,000	1,431,300		1,831,300
Totals		96	6,850,600	578,400	2,592,100	3,680,100		6,850,600

1 1/2" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	8,000	96	578,400	\$ 69.75	\$ 6,696.00
Next	92,000		2,592,100	7.78	20,166.54
Next	400,000		3,680,100	6.33	23,295.03
Over	500,000			4.62	
Totals		96	6,850,600		\$ 50,157.57

2" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
	15,000	125	649,500	15,000	85,000	400,000	500,000	
First	15,000	125	649,500	649,500				649,500
Next	85,000	69	2,686,300	1,035,000	1,651,300			2,686,300
Next	400,000	31	4,262,700	465,000	2,635,000	1,162,700		4,262,700
Over	500,000							
Totals		225	7,598,500	2,149,500	4,286,300	1,162,700		7,598,500

2" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	15,000	225	2,149,500	\$ 124.18	\$ 27,940.50
Next	85,000		4,286,300	7.78	33,347.41
Next	400,000		1,162,700	6.33	7,359.89
Over	500,000			4.62	
Totals		225	7,598,500		\$ 68,647.81

4" METERS

	Usage	Bills	Gallons	First	Next	Next	Over	Total
	25,000			25,000	75,000	400,000	500,000	
First	25,000							0
Next	75,000	1	275,500	25,000	250,500			275,500
Next	400,000	1	498,300	25,000	75,000	398,300		498,300
Over	500,000	10	6,507,900	250,000	750,000	4,000,000	1,507,900	6,507,900
Totals		12	7,281,700	300,000	1,075,500	4,398,300	1,507,900	7,281,700

4" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	25,000	12	300,000	\$ 201.97	\$ 2,423.64
Next	75,000		1,075,500	7.78	8,367.39
Next	400,000		4,398,300	6.33	27,841.24
Over	500,000		1,507,900	4.62	6,966.50
Totals		12	7,281,700		\$ 45,598.77

Wholesale

	Usage	Bills	Gallons	Rate	Revenue
First	64,962,900	96		\$ 2.60	\$ 168,904
Over					
Totals		96	0		\$ 168,903.54

Attachment #8

Asset	dt	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: 101.1 Land												
1		Land	1/01/70	2,800.00	0.00	0.00	0.00	0.00	0.00	2,800.00	Land	0.00
2		Land	1/01/80	8,437.50	0.00	0.00	0.00	0.00	0.00	8,437.50	Land	0.00
3		Land - Office Building	1/01/84	2,000.00	0.00	0.00	0.00	0.00	0.00	2,000.00	Land	0.00
4		Land - 102 E Canton Heights	1/01/86	1,000.00	0.00	0.00	0.00	0.00	0.00	1,000.00	Land	0.00
5		Land	1/01/87	9,000.00	0.00	0.00	0.00	0.00	0.00	9,000.00	Land	0.00
6		Land	1/01/89	2,892.50	0.00	0.00	0.00	0.00	0.00	2,892.50	Land	0.00
7		Land	1/01/94	2,200.00	0.00	0.00	0.00	0.00	0.00	2,200.00	Land	0.00
218		Calhoun land 139' X 150'	4/25/03	2,000.00	0.00	0.00	0.00	0.00	0.00	2,000.00	Land	0.00
221		Lots 74 & 75 @ Plant	8/01/04	10,184.44	0.00	0.00	0.00	0.00	0.00	10,184.44	Land	0.00
222		Land fm David Kyler for Tank Site	7/01/04	1,000.00	0.00	0.00	0.00	0.00	0.00	1,000.00	Land	0.00
249		Land @ Canton Plant	2/01/07	43,767.87	0.00	0.00	0.00	0.00	0.00	43,767.87	Land	0.00
255		95 E Canton Heights Area III	6/30/09	24,789.90	0.00	0.00	0.00	0.00	0.00	24,789.90	Land	0.00
298		Land - Pump Station	1/22/14	1,975.00	0.00	0.00	0.00	0.00	0.00	1,975.00	Land	0.00
299		Land - Tank Site	1/22/14	5,475.00	0.00	0.00	0.00	0.00	0.00	5,475.00	Land	0.00
326		LAND SURVEY - MCUPTON	8/03/18	600.00	0.00	0.00	0.00	0.00	0.00	600.00	Land	0.00
327		LAND SURVEY - MCUPTON	11/09/18	225.00	0.00	0.00	0.00	0.00	0.00	225.00	Land	0.00
330		Donated Land	12/11/18	10,000.00	0.00	0.00	0.00	0.00	0.00	10,000.00	Land	0.00
		101.1 Land		128,347.21	0.00c	0.00	0.00	0.00	0.00	128,347.21		
Group: 101.2 Structures												
8		Plant	6/30/70	1,989,897.02	0.00	0.00	1,989,897.02	0.00	1,989,897.02	0.00	S/L	50.00
10		Parking Lot	6/30/88	3,435.00	0.00	0.00	3,435.00	0.00	3,435.00	0.00	S/L	10.00
11		1993-94 Plant Expansion	10/01/94	1,605,869.04	0.00	0.00	1,013,731.29	40,146.73	1,053,878.02	551,991.02	S/L	40.00
179		Office Building	3/01/01	179,296.00	0.00	0.00	67,534.83	3,585.92	71,120.75	108,175.25	S/L	50.00
180		Parking Lot	6/01/01	9,040.00	0.00	0.00	8,399.67	452.00	8,851.67	188.33	S/L	20.00
181		Landscape	9/01/01	2,800.00	0.00	0.00	2,800.00	0.00	2,800.00	0.00	S/L	15.00
182		Sign	3/01/01	886.98	0.00	0.00	886.98	0.00	886.98	0.00	S/L	15.00
210		10' X 16' Bldg @ Plant	6/01/02	2,110.00	0.00	0.00	2,110.00	0.00	2,110.00	0.00	S/L	15.00
211		10" X 16" Bldg @ Office	8/01/02	2,110.00	0.00	0.00	2,110.00	0.00	2,110.00	0.00	S/L	15.00
253		Maintenance Bldg @ canton Plant	7/01/08	101,385.05	0.00	0.00	23,318.55	2,027.70	25,346.25	76,038.80	S/L	50.00
285		Plant Renovation	11/19/12	6,577,249.44	0.00	0.00	1,163,173.60	164,431.24	1,327,604.84	5,249,644.60	S/L	40.00
		101.2 Structures		10,474,078.53	0.00c	0.00	4,277,396.94	210,643.59	4,488,040.53	5,986,038.00		
Group: 101.21 Structures General												
270		I-beams for Bldg	11/30/10	4,743.00	0.00	0.00	2,872.15	316.20	3,188.35	1,554.65	S/L	15.00
316		OFFICE PORCH	6/13/16	3,755.00	0.00	0.00	897.02	250.33	1,147.35	2,607.65	S/L	15.00
318		HVAC	4/06/17	8,900.00	0.00	0.00	2,447.50	890.00	3,337.50	5,562.50	S/L	10.00
331		Roof	10/25/19	17,657.00	0.00	0.00	75.46	452.74	528.20	17,128.80	S/L	39.00
		101.21 Structures General		35,055.00	0.00c	0.00	6,292.13	1,909.27	8,201.40	26,853.60		
Group: 101.3 Pumping Equipment												
13		Pump	6/30/76	5,345.12	0.00	0.00	5,345.12	0.00	5,345.12	0.00	S/L	10.00
14		Pump	6/30/86	3,100.00	0.00	0.00	3,100.00	0.00	3,100.00	0.00	S/L	10.00

Book Asset Detail 1/01/20 - 12/31/20

FYE: 12/31/2020

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: 101.3 Pumping Equipment (continued)											
15	Wyman Pump	6/30/88	3,212.00	0.00	0.00	3,212.00	0.00	3,212.00	0.00	S/L	10.00
16	2" Hose, Pump & Valves	6/30/89	4,009.46	0.00	0.00	4,009.46	0.00	4,009.46	0.00	S/L	10.00
18	Pump	6/30/91	2,661.00	0.00	0.00	2,661.00	0.00	2,661.00	0.00	S/L	10.00
177	[2] Plant Chlorinators	12/05/00	2,484.92	0.00	0.00	2,484.92	0.00	2,484.92	0.00	S/L	5.00
178	Chlorine Injector Pump	8/01/00	621.31	0.00	0.00	621.31	0.00	621.31	0.00	S/L	5.00
101.3 Pumping Equipment			21,433.81	0.00	0.00	21,433.81	0.00	21,433.81	0.00		
Group: 101.4 Transmission Lines											
20	Line	6/30/71	32,508.14	0.00	0.00	31,316.14	650.16	31,966.30	541.84	S/L	50.00
21	Line	6/30/73	39,674.50	0.00	0.00	36,633.00	793.49	37,426.49	2,248.01	S/L	50.00
22	Line	6/30/74	90,353.12	0.00	0.00	81,618.88	1,807.06	83,425.94	6,927.18	S/L	50.00
23	Line	6/30/75	68,770.46	0.00	0.00	60,747.47	1,375.41	62,122.88	6,647.58	S/L	50.00
24	Line	6/30/76	20,376.86	0.00	0.00	17,592.15	407.54	17,999.69	2,377.17	S/L	50.00
25	Line	6/30/77	40,006.24	0.00	0.00	33,605.04	800.12	34,405.16	5,601.08	S/L	50.00
26	Line	6/30/78	775,832.46	0.00	0.00	636,182.65	15,516.65	651,699.30	124,133.16	S/L	50.00
27	Line	6/30/79	116,430.59	0.00	0.00	93,144.40	2,328.61	95,473.01	20,957.58	S/L	50.00
28	Line	6/30/80	52,052.09	0.00	0.00	40,600.56	1,041.04	41,641.60	10,410.49	S/L	50.00
29	Line	6/30/81	24,608.64	0.00	0.00	18,702.46	492.17	19,194.63	5,414.01	S/L	50.00
30	Line	6/30/82	23,584.96	0.00	0.00	17,452.90	471.70	17,924.60	5,660.36	S/L	50.00
31	Line	6/30/83	100,269.30	0.00	0.00	72,194.04	2,005.39	74,199.43	26,069.87	S/L	50.00
32	Line	6/30/84	36,213.36	0.00	0.00	25,719.11	724.27	26,443.38	9,769.98	S/L	50.00
33	Water Tank	6/30/85	317,941.97	0.00	0.00	274,224.88	7,948.55	282,173.43	35,768.54	S/L	40.00
34	Line	6/30/85	48,346.54	0.00	0.00	41,698.78	1,208.66	42,907.44	5,439.10	S/L	40.00
35	Line	6/30/86	51,232.44	0.00	0.00	42,907.14	1,280.81	44,187.95	7,044.49	S/L	40.00
36	Drain System	6/30/87	3,643.72	0.00	0.00	3,643.72	0.00	3,643.72	0.00	S/L	20.00
37	Linton Line	6/30/87	97,126.51	0.00	0.00	78,915.20	2,428.16	81,343.36	15,783.15	S/L	40.00
38	Bush Line	6/30/87	8,503.98	0.00	0.00	6,909.50	212.60	7,122.10	1,381.88	S/L	40.00
39	Lakeview Line	6/30/87	6,597.99	0.00	0.00	5,360.88	164.95	5,525.83	1,072.16	S/L	40.00
40	Perry/Thomas Line	6/30/87	1,534.57	0.00	0.00	1,246.70	38.36	1,285.06	249.51	S/L	40.00
41	Lines	6/30/89	552,110.30	0.00	0.00	420,984.13	13,802.76	434,786.89	117,323.41	S/L	40.00
42	Lines	6/30/89	1,149,410.49	0.00	0.00	876,425.44	28,735.26	905,160.70	244,249.79	S/L	40.00
43	Lines	6/30/89	303,000.78	0.00	0.00	231,038.05	7,575.02	238,613.07	64,387.71	S/L	40.00
44	Lines	6/30/90	83,617.54	0.00	0.00	61,666.21	2,090.44	63,756.65	19,860.89	S/L	40.00
45	Lines	6/30/91	54,292.57	0.00	0.00	38,682.72	1,357.31	40,040.03	14,252.54	S/L	40.00
46	Paint Water Tank	6/30/91	45,713.00	0.00	0.00	32,570.99	1,142.83	33,713.82	11,999.18	S/L	40.00
47	Indicator Lights	6/30/91	2,000.00	0.00	0.00	2,000.00	0.00	2,000.00	0.00	S/L	5.00
49	Screens	6/30/91	1,509.54	0.00	0.00	1,509.54	0.00	1,509.54	0.00	S/L	10.00
50	Sprocket	6/30/92	15,183.43	0.00	0.00	15,183.43	0.00	15,183.43	0.00	S/L	20.00
51	Lines	6/30/92	7,965.00	0.00	0.00	5,473.75	199.13	5,672.88	2,292.12	S/L	40.00
52	Bypass Line	6/30/92	71,986.90	0.00	0.00	49,491.59	1,799.67	51,291.26	20,695.64	S/L	40.00
53	Bush/Wines Line	6/30/92	15,577.88	0.00	0.00	10,708.97	389.45	11,098.42	4,479.46	S/L	40.00
54	Lines	6/30/92	7,125.95	0.00	0.00	4,898.75	178.15	5,076.90	2,049.05	S/L	40.00
55	Lines	6/30/93	42,091.36	0.00	0.00	27,885.00	1,052.28	28,937.28	13,154.08	S/L	40.00
56	Donaldson Shores Line	6/28/94	11,603.00	0.00	0.00	7,397.00	290.08	7,687.08	3,915.92	S/L	40.00
57	Lines	9/01/94	63,672.35	0.00	0.00	40,192.60	1,591.81	41,784.41	21,887.94	S/L	40.00
58	U S Hgwy 68 Line Relocated	10/01/94	89,692.77	0.00	0.00	64,707.02	2,562.65	67,269.67	22,423.10	S/L	35.00
59	Lines	6/01/95	280,978.28	0.00	0.00	138,164.32	5,619.57	143,783.89	137,194.39	S/L	50.00

Book Asset Detail 1/01/20 - 12/31/20

FYE: 12/31/2020

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: 101.4 Transmission Lines (continued)												
60		Siloam Project #2	3/31/96	119,417.76	0.00	0.00	70,916.44	2,985.44	73,901.88	45,515.88	S/L	40.00
61		Paul Statler Line	6/30/96	7,556.00	0.00	0.00	4,440.18	188.90	4,629.08	2,926.92	S/L	40.00
62		Airport/Lakes Line	6/30/96	24,939.30	0.00	0.00	14,655.19	623.48	15,278.67	9,660.63	S/L	40.00
63		Eastland, Inc. Line	6/30/96	1,555.96	0.00	0.00	914.36	38.90	953.26	602.70	S/L	40.00
64		Tripp Williams Line	6/30/96	1,216.57	0.00	0.00	714.80	30.41	745.21	471.36	S/L	40.00
65		J. R. Freeman Line	6/30/96	2,284.56	0.00	0.00	1,342.40	57.11	1,399.51	885.05	S/L	40.00
66		Woodruff Line	6/30/96	8,884.03	0.00	0.00	5,220.56	222.10	5,442.66	3,441.37	S/L	40.00
67		Layton Lawrence Line	6/30/96	10,354.81	0.00	0.00	6,084.86	258.87	6,343.73	4,011.08	S/L	40.00
68		Waterford Line	6/30/96	38,402.37	0.00	0.00	22,566.66	960.06	23,526.72	14,875.65	S/L	40.00
69		Rivers End Qtrs Line	6/30/96	3,106.58	0.00	0.00	1,825.44	77.66	1,903.10	1,203.48	S/L	40.00
70		Autumn Heights Line	6/30/96	22,478.48	0.00	0.00	13,209.13	561.96	13,771.09	8,707.39	S/L	40.00
71		Roaring Springs Line	6/30/96	5,826.48	0.00	0.00	3,423.81	145.66	3,569.47	2,257.01	S/L	40.00
72		Steve Oliver Line	6/30/96	596.15	0.00	0.00	350.23	14.90	365.13	231.02	S/L	40.00
73		Jerry Mitchell Line	6/30/96	7,736.25	0.00	0.00	4,546.19	193.41	4,739.60	2,996.65	S/L	40.00
74		Bennett/Shine Road Line	2/01/97	7,335.15	0.00	0.00	4,202.16	183.38	4,385.54	2,949.61	S/L	40.00
75		Pleasure Ridge Unit #2	5/01/97	4,173.20	0.00	0.00	2,365.29	104.33	2,469.62	1,703.58	S/L	40.00
76		Bob Bourque Line	6/01/97	828.00	0.00	0.00	467.54	20.70	488.24	339.76	S/L	40.00
77		Whippooril Estates Line	8/01/97	9,831.98	0.00	0.00	5,510.63	245.80	5,756.43	4,075.55	S/L	40.00
78		Calhoun/Forest Ridge Line	8/01/97	2,661.05	0.00	0.00	1,491.55	66.53	1,558.08	1,102.97	S/L	40.00
79		Wadlington Line	11/01/97	1,643.40	0.00	0.00	910.85	41.09	951.94	691.46	S/L	40.00
80		Norman Cotton Line	11/01/97	3,225.06	0.00	0.00	1,787.33	80.63	1,867.96	1,357.10	S/L	40.00
81		Franklin/Deer Run Line	12/01/97	4,161.98	0.00	0.00	2,297.94	104.05	2,401.99	1,759.99	S/L	40.00
82		Handcock Line	5/01/98	2,416.00	0.00	0.00	1,308.94	60.40	1,369.34	1,046.66	S/L	40.00
83		U S 68 E Line relocated	7/01/98	81,161.95	0.00	0.00	43,632.91	2,029.05	45,661.96	35,499.99	S/L	40.00
84		Mitchell Line	9/01/98	7,128.06	0.00	0.00	3,801.76	178.20	3,979.96	3,148.10	S/L	40.00
85		Weaver Line	9/01/98	25,000.00	0.00	0.00	13,333.90	625.00	13,958.90	11,041.10	S/L	40.00
86		Butterfly Hills Line	7/01/99	8,559.34	0.00	0.00	4,387.47	213.98	4,601.45	3,957.89	S/L	40.00
87		Heaton Hills Line	7/01/99	11,589.42	0.00	0.00	5,940.86	289.74	6,230.60	5,358.82	S/L	40.00
88		Goose Creek Line	7/01/99	6,693.30	0.00	0.00	3,430.95	167.33	3,598.28	3,095.02	S/L	40.00
89		Cornith Church Line	7/01/99	6,057.56	0.00	0.00	3,105.14	151.44	3,256.58	2,800.98	S/L	40.00
90		Clyde Hite Line	7/01/99	2,105.90	0.00	0.00	1,079.54	52.65	1,132.19	973.71	S/L	40.00
166		Hardy Road Line	1/01/00	39,461.37	0.00	0.00	19,730.60	986.53	20,717.13	18,744.24	S/L	40.00
167		Tinsley/Rocky Ridge Line	8/01/00	6,859.00	0.00	0.00	3,329.57	171.48	3,501.05	3,357.95	S/L	40.00
168		Rocky Ridge	5/01/00	13,039.36	0.00	0.00	6,410.94	325.98	6,736.92	6,302.44	S/L	40.00
169		Jeff Choate Line	6/01/00	6,420.50	0.00	0.00	3,143.32	160.51	3,303.83	3,116.67	S/L	40.00
170		Mike Williams Line	6/01/00	5,862.80	0.00	0.00	2,870.33	146.57	3,016.90	2,845.90	S/L	40.00
171		McAtee Line	6/01/00	6,382.60	0.00	0.00	3,124.91	159.57	3,284.48	3,098.12	S/L	40.00
172		Quinn Miracle Line	9/01/00	2,509.82	0.00	0.00	1,213.17	62.75	1,275.92	1,233.90	S/L	40.00
173		Frankie Underhill Line	11/01/00	1,761.12	0.00	0.00	843.91	44.03	887.94	873.18	S/L	40.00
174		Layton Lawrence Line	3/01/00	11,416.75	0.00	0.00	5,660.83	285.42	5,946.25	5,470.50	S/L	40.00
175		McNichols Line	6/01/00	7,524.50	0.00	0.00	3,683.82	188.11	3,871.93	3,652.57	S/L	40.00
190		Reddick Pond Road line	12/01/01	22,431.62	0.00	0.00	10,140.95	560.79	10,701.74	11,729.88	S/L	40.00
191		Hgwy 164 Shotgun Line	12/01/01	13,269.99	0.00	0.00	5,999.15	331.75	6,330.90	6,939.09	S/L	40.00
192		Hgwy 164 Hill Top	8/01/01	5,668.88	0.00	0.00	2,610.01	141.72	2,751.73	2,917.15	S/L	40.00
193		Countryside Restaurant	6/01/01	2,537.00	0.00	0.00	1,178.74	63.43	1,242.17	1,294.83	S/L	40.00
194		Billy Allen Line	6/01/01	3,616.90	0.00	0.00	1,680.31	90.42	1,770.73	1,846.17	S/L	40.00
195		R. C. Stallins Line	2/01/01	4,133.70	0.00	0.00	1,954.85	103.34	2,058.19	2,075.51	S/L	40.00
196		John Williams Line	2/01/01	1,911.76	0.00	0.00	904.03	47.79	951.82	959.94	S/L	40.00
197		David McGraw Line	6/01/01	3,214.02	0.00	0.00	1,493.17	80.35	1,573.52	1,640.50	S/L	40.00

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Group: 101.4 Transmission Lines (continued)												
198		Sherwood Shores Line	7/01/01	1,475.86	0.00	0.00	682.65	36.90	719.55	756.31	S/L	40.00
199		Stan Humphries line	6/01/01	4,324.95	0.00	0.00	2,009.23	108.12	2,117.35	2,207.60	S/L	40.00
200		Freeman Line	6/01/01	7,264.66	0.00	0.00	3,375.10	181.62	3,556.72	3,707.94	S/L	40.00
201		Joey Ricks line	4/01/01	3,473.85	0.00	0.00	1,628.43	86.85	1,715.28	1,758.57	S/L	40.00
202		Hgwy 164 to Mallard Shores	12/01/01	21,387.83	0.00	0.00	9,669.16	534.70	10,203.86	11,183.97	S/L	40.00
203		Floyd Sumner Line	7/01/01	41,341.80	0.00	0.00	19,120.67	1,033.55	20,154.22	21,187.58	S/L	40.00
212		Engineer Fee - Old projects	1/01/02	17,330.26	0.00	0.00	7,798.68	433.26	8,231.94	9,098.32	S/L	40.00
213		Mallard Shores Subdivision	10/01/02	80,084.68	0.00	0.00	34,536.57	2,002.12	36,538.69	43,545.99	S/L	40.00
214		Mallard Shores 6" Line extension	9/30/02	12,625.00	0.00	0.00	5,444.62	315.63	5,760.25	6,864.75	S/L	40.00
219		Hgwy 164 line extension	11/01/03	71,128.77	0.00	0.00	28,747.89	1,778.22	30,526.11	40,602.66	S/L	40.00
223		Woods Point Line	8/15/04	16,379.77	0.00	0.00	6,312.97	409.49	6,722.46	9,657.31	S/L	40.00
224		New Hope Church Line	8/01/04	10,225.97	0.00	0.00	3,941.27	255.65	4,196.92	6,029.05	S/L	40.00
225		Additional Line Hgwy 164	7/01/04	16,925.97	0.00	0.00	6,558.82	423.15	6,981.97	9,944.00	S/L	40.00
229		Gentry/Gray Line	4/01/05	8,548.19	0.00	0.00	3,152.08	213.70	3,365.78	5,182.41	S/L	40.00
230		Crossroad School Line	12/29/05	19,560.95	0.00	0.00	6,846.28	489.02	7,335.30	12,225.65	S/L	40.00
239		South Road Line	7/01/06	1,549,585.48	724.00	0.00	522,985.14	38,739.64	561,724.78	987,860.70	S/L	40.00
240		South Road Tank	7/01/06	369,004.00	0.00	0.00	99,631.08	7,380.08	107,011.16	261,992.84	S/L	50.00
241		South Road Tank - SCADA	7/01/06	29,765.00	0.00	0.00	26,788.46	1,984.33	28,772.79	992.21	S/L	15.00
242		Cross Road School Line	3/01/06	16,540.12	0.00	0.00	5,720.09	413.50	6,133.59	10,406.53	S/L	40.00
243		Dover Road - Howell	4/01/06	8,885.65	0.00	0.00	3,054.43	222.14	3,276.57	5,609.08	S/L	40.00
244		Rockcastle Springs Road	7/01/06	11,449.46	0.00	0.00	3,864.24	286.24	4,150.48	7,298.98	S/L	40.00
245		Highway 164 Line	7/01/07	42,886.95	0.00	0.00	13,402.13	1,072.17	14,474.30	28,412.65	S/L	40.00
246		S. Montgomery Rd. Line	7/01/07	17,332.41	0.00	0.00	5,416.38	433.31	5,849.69	11,482.72	S/L	40.00
256		Pete Light Tank	12/15/09	1,723,925.00	0.00	0.00	434,572.81	43,098.13	477,670.94	1,246,254.06	S/L	40.00
267		Engineering Fishermens Paradise	3/31/10	4,000.00	0.00	0.00	4,000.00	0.00	4,000.00	0.00	S/L	5.00
268		Orion Receiver & Access	8/27/10	5,605.30	0.00	0.00	5,605.30	0.00	5,605.30	0.00	S/L	5.00
269		Meter	12/10/10	6,915.14	0.00	0.00	1,570.33	172.88	1,743.21	5,171.93	S/L	40.00
274		HWY 68 Line extension	8/01/11	1,384,982.10	0.00	0.00	291,423.30	34,624.55	326,047.85	1,058,934.25	S/L	40.00
304		Pete Light Hill Transmission Line	6/30/15	299,804.30	0.00	0.00	33,727.99	7,495.11	41,223.10	258,581.20	S/L	40.00
305		Cerulean Water Tank	3/31/15	936,539.87	0.00	0.00	111,087.15	23,413.50	134,500.65	802,039.22	S/L	40.00
308		McAtee Road Line Ext	1/29/15	22,459.44	0.00	0.00	2,208.52	449.19	2,657.71	19,801.73	S/L	50.00
313		Hwy 68/80 Relocation - Phase I 18C	1/01/16	210,723.00	0.00	0.00	21,072.32	5,268.08	26,340.40	184,382.60	S/L	40.00
315		1585 Bridge Replacement	10/15/16	34,478.00	0.00	0.00	2,791.41	861.95	3,653.36	30,824.64	S/L	40.00
321		Standpipe Tanks Improvement	10/09/17	192,400.00	0.00	0.00	144,299.99	48,100.01	192,400.00	0.00	S/L	3.00
324		Stone Rd. Line	7/01/17	9,590.05	0.00	0.00	599.38	239.75	839.13	8,750.92	S/L	40.00
101.4 Transmission Lines				12,559,037.70	0.00c	0.00	5,848,277.60	347,562.35	6,195,839.95	6,363,197.75		
Group: 101.5 Meters												
226		Radio Read Meters	10/01/04	124,832.00	0.00	0.00	124,832.00	0.00	124,832.00	0.00	S/L	10.00
227		Meters	7/01/04	62,603.35	0.00	0.00	62,603.35	0.00	62,603.35	0.00	S/L	10.00
228		137 Meters	7/01/05	69,494.62	0.00	0.00	69,494.62	0.00	69,494.62	0.00	S/L	10.00
234		Meters	7/01/06	88,172.17	0.00	0.00	88,172.17	0.00	88,172.17	0.00	S/L	10.00
247		Meters	7/01/07	68,669.67	0.00	0.00	68,669.67	0.00	68,669.67	0.00	S/L	10.00
254		Meters	7/01/08	78,328.00	0.00	0.00	78,328.00	0.00	78,328.00	0.00	S/L	10.00
257		Meters	7/01/09	63,007.59	0.00	0.00	63,007.59	0.00	63,007.59	0.00	S/L	10.00
271		2010 Meters Set	7/01/10	84,329.19	0.00	0.00	80,112.74	4,216.45	84,329.19	0.00	S/L	10.00
277		2011 Meter Sets	7/01/11	42,232.61	0.00	0.00	35,897.71	4,223.26	40,120.97	2,111.64	S/L	10.00

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Group: 101.5 Meters (continued)												
287		2012 Meters - 50 set	6/30/12	43,926.50	0.00	0.00	32,944.88	4,392.65	37,337.53	6,588.97	S/L	10.00
296		2014 Meters - 38 set	6/30/14	35,129.10	0.00	0.00	19,321.01	3,512.91	22,833.92	12,295.18	S/L	10.00
300		2013 - 5/8" Meters - 47 set	6/30/13	41,510.87	0.00	0.00	26,982.08	4,151.09	31,133.17	10,377.70	S/L	10.00
301		2015 - 5/8" Meters - 59 set	6/30/15	58,319.14	0.00	0.00	26,243.60	5,831.91	32,075.51	26,243.63	S/L	10.00
302		1 1/2" Meter	6/30/15	1,881.76	0.00	0.00	846.81	188.18	1,034.99	846.77	S/L	10.00
303		1" Meter	6/30/15	1,123.96	0.00	0.00	505.80	112.40	618.20	505.76	S/L	10.00
311		2016 - 5/8" Meters - 44 set	6/30/16	49,483.28	0.00	0.00	17,319.15	4,948.33	22,267.48	27,215.80	S/L	10.00
312		2016 - 2" Meters - 3 set	6/30/16	7,170.03	0.00	0.00	2,509.50	717.00	3,226.50	3,943.53	S/L	10.00
322		2017 - Meters	6/30/17	43,448.68	0.00	0.00	10,862.17	4,344.87	15,207.04	28,241.64	S/L	10.00
329		2018 Meters	6/15/18	55,125.00	0.00	0.00	8,728.13	5,512.50	14,240.63	40,884.37	S/L	10.00
333		2019 Meter	6/15/19	52,408.00	0.00	0.00	3,057.13	5,240.80	8,297.93	44,110.07	S/L	10.00
335		2020 Meters	6/15/20	69,622.00	0.00c	0.00	0.00	4,061.28	4,061.28	65,560.72	S/L	10.00
				101.5 Meters		<u>1,140,817.52</u>	<u>0.00c</u>	<u>0.00</u>	<u>820,438.11</u>	<u>51,453.63</u>	<u>871,891.74</u>	<u>268,925.78</u>
Group: 101.6 Plant Equipment												
104		Hoist	3/01/84	620.00	0.00	0.00	620.00	0.00	620.00	0.00	S/L	10.00
108		Generator	6/30/86	872.44	0.00	0.00	872.44	0.00	872.44	0.00	S/L	10.00
113		Test Bench	6/30/87	3,726.38	0.00	0.00	3,726.38	0.00	3,726.38	0.00	S/L	10.00
114		Road Punch	6/30/87	4,276.75	0.00	0.00	4,276.75	0.00	4,276.75	0.00	S/L	10.00
121		Communication	6/30/90	3,200.00	0.00	0.00	3,200.00	0.00	3,200.00	0.00	S/L	5.00
122		Bushhog Mower	6/30/92	1,175.00	0.00	0.00	1,175.00	0.00	1,175.00	0.00	S/L	5.00
123		#5010 Ditch Witch	6/30/92	30,000.00	0.00	0.00	30,000.00	0.00	30,000.00	0.00	S/L	10.00
125		Testing Equip & Tank Transmit.	6/30/93	9,828.80	0.00	0.00	9,828.80	0.00	9,828.80	0.00	S/L	10.00
126		Honey Wagon	3/15/94	4,000.00	0.00	0.00	4,000.00	0.00	4,000.00	0.00	S/L	10.00
128		Filter	2/01/95	868.10	0.00	0.00	868.10	0.00	868.10	0.00	S/L	10.00
130		Hudson Trailer	2/01/95	4,994.00	0.00	0.00	4,994.00	0.00	4,994.00	0.00	S/L	10.00
132		Impeller for Muller Pump	6/01/95	2,552.70	0.00	0.00	2,552.70	0.00	2,552.70	0.00	S/L	10.00
133		Massey Ferguson Tractor	4/11/97	8,303.67	0.00	0.00	8,303.67	0.00	8,303.67	0.00	S/L	10.00
134		Heater - Propane	2/01/99	654.97	0.00	0.00	654.97	0.00	654.97	0.00	S/L	10.00
135		Surge Suppressor	5/01/99	4,738.00	0.00	0.00	4,738.00	0.00	4,738.00	0.00	S/L	10.00
231		2005 Case 580M Backhoe	2/01/05	58,939.00	0.00	0.00	58,939.00	0.00	58,939.00	0.00	S/L	10.00
235		DitchWitch road bore machine	7/01/06	13,724.00	0.00	0.00	13,724.00	0.00	13,724.00	0.00	S/L	10.00
248		Air Compressor w/hammer & bits	11/01/07	12,963.26	0.00	0.00	12,963.26	0.00	12,963.26	0.00	S/L	10.00
250		Boring Machine	2/19/08	4,300.00	0.00	0.00	4,300.00	0.00	4,300.00	0.00	S/L	10.00
258		Trencher	1/07/09	80,000.00	0.00	0.00	58,666.63	5,333.33	63,999.96	16,000.04	S/L	15.00
260		GPS system - line detector	5/01/09	16,490.00	0.00	0.00	16,490.00	0.00	16,490.00	0.00	S/L	10.00
278	d	Computer - Scadaview	9/07/12	3,958.00	0.00	0.00	3,958.00	0.00	3,958.00	0.00	S/L	5.00
279		Ranger 225 Kohler Welder	2/01/12	3,901.50	0.00	0.00	3,088.69	390.15	3,478.84	422.66	S/L	10.00
280		Refrigerator	5/03/12	1,164.99	0.00	0.00	893.17	116.50	1,009.67	155.32	S/L	10.00
281		Security System	10/03/12	10,428.00	0.00	0.00	7,560.30	1,042.80	8,603.10	1,824.90	S/L	10.00
284		Joh Deere Tractor	10/15/12	16,362.33	0.00	0.00	11,862.67	1,636.23	13,498.90	2,863.43	S/L	10.00
289		Punching Machine	7/16/13	11,109.58	0.00	0.00	7,128.66	1,110.96	8,239.62	2,869.96	S/L	10.00
290		Caterpillar Backhoe	10/16/13	89,948.36	0.00	0.00	55,468.18	8,994.84	64,463.02	25,485.34	S/L	10.00
291		Pipe Locator	9/23/13	3,826.51	0.00	0.00	2,391.56	382.65	2,774.21	1,052.30	S/L	10.00
306		Trailer	9/04/15	17,890.00	0.00	0.00	7,752.33	1,789.00	9,541.33	8,348.67	S/L	10.00
319		2018 Excavator	12/22/17	44,889.00	0.00	0.00	8,977.80	4,488.90	13,466.70	31,422.30	S/L	10.00
323		Pressure Washer	5/08/17	3,699.99	0.00	0.00	986.67	370.00	1,356.67	2,343.32	S/L	10.00

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Group: 101.6 Plant Equipment (continued)											
336	GeoSync Cloud Asset Mgmt Mobil	6/03/20	18,648.00	0.00c	0.00	0.00	1,554.00	1,554.00	17,094.00	S/L	7.00
	101.6 Plant Equipment		492,053.33	0.00c	0.00	354,961.73	27,209.36	382,171.09	109,882.24		
	*Less: Dispositions and Transfers		3,958.00	0.00	0.00	3,958.00	0.00	3,958.00	0.00		
	Net 101.6 Plant Equipment		488,095.33	0.00c	0.00	351,003.73	27,209.36	378,213.09	109,882.24		
Group: 101.7 Office Equipment											
137	Filing Cabinet	6/30/77	68.00	0.00	0.00	68.00	0.00	68.00	0.00	S/L	10.00
146	Desk @ Plant	3/01/95	175.00	0.00	0.00	175.00	0.00	175.00	0.00	S/L	10.00
147	Table @ Plant	3/01/95	75.00	0.00	0.00	75.00	0.00	75.00	0.00	S/L	10.00
148	Fax	3/01/95	599.00	0.00	0.00	599.00	0.00	599.00	0.00	S/L	5.00
150	Billings & A R Software	6/01/98	11,542.50	0.00	0.00	11,542.50	0.00	11,542.50	0.00	S/L	5.00
183	Telephone system	1/01/01	5,921.76	0.00	0.00	5,921.76	0.00	5,921.76	0.00	S/L	10.00
185	Furniture	1/01/01	4,274.00	0.00	0.00	4,274.00	0.00	4,274.00	0.00	S/L	10.00
186	Kitchen appliance & furniture	2/01/01	12,350.00	0.00	0.00	12,350.00	0.00	12,350.00	0.00	S/L	10.00
187	Furniture	2/01/01	8,215.20	0.00	0.00	8,215.20	0.00	8,215.20	0.00	S/L	10.00
188	Furniture	1/01/01	8,033.00	0.00	0.00	8,033.00	0.00	8,033.00	0.00	S/L	10.00
189	Alarm	1/01/01	1,270.00	0.00	0.00	1,270.00	0.00	1,270.00	0.00	S/L	10.00
261 d	Computer for GPS system	7/07/09	739.88	0.00	0.00	739.88	0.00	739.88	0.00	S/L	5.00
266	Modem	5/19/10	2,431.00	0.00	0.00	2,431.00	0.00	2,431.00	0.00	S/L	5.00
292	Refrigerator	8/05/13	1,263.00	0.00	0.00	1,263.00	0.00	1,263.00	0.00	S/L	5.00
295	SECURITY CAMERAS	11/21/13	4,573.00	0.00	0.00	4,573.00	0.00	4,573.00	0.00	S/L	5.00
297	Data Management Software	12/02/13	9,800.00	0.00	0.00	9,800.00	0.00	9,800.00	0.00	S/L	5.00
309	ORION LAPTOP - METER READ	3/03/16	5,018.63	0.00	0.00	3,847.63	1,003.73	4,851.36	167.27	S/L	5.00
	101.7 Office Equipment		76,348.97	0.00c	0.00	75,177.97	1,003.73	76,181.70	167.27		
	*Less: Dispositions and Transfers		739.88	0.00	0.00	739.88	0.00	739.88	0.00		
	Net 101.7 Office Equipment		75,609.09	0.00c	0.00	74,438.09	1,003.73	75,441.82	167.27		
Group: 101.8 Vehicles											
236	2007 Colorado 4X4 Ext Cab	8/31/06	18,219.07	0.00	0.00	18,219.07	0.00	18,219.07	0.00	S/L	7.00
251	2009 Int'l 4300 truck	5/03/08	61,009.60	0.00	0.00	61,009.60	0.00	61,009.60	0.00	S/L	7.00
275	2011 Ford pickup	4/13/11	21,811.25	0.00	0.00	21,811.25	0.00	21,811.25	0.00	S/L	7.00
276	2011 Ford pickup	4/14/11	21,811.25	0.00	0.00	21,811.25	0.00	21,811.25	0.00	S/L	7.00
286	2013 Ford (Phillip)	12/17/12	18,211.76	0.00	0.00	18,211.76	0.00	18,211.76	0.00	S/L	7.00
288	2013 Dump Truck	5/13/13	35,000.00	0.00	0.00	33,333.33	1,666.67	35,000.00	0.00	S/L	7.00
310	2016 Ford F-150	7/18/16	23,325.38	0.00	0.00	15,939.02	4,665.08	20,604.10	2,721.28	S/L	5.00
317	2016 F-350	6/07/16	32,500.00	0.00	0.00	23,291.67	6,500.00	29,791.67	2,708.33	S/L	5.00
320	2018 Ford F150 XL	12/04/17	26,638.67	0.00	0.00	9,221.71	2,075.00	11,296.71	15,341.96	S/L	5.00
328	2018 SURE TRAC TRAILER	3/13/18	4,950.00	0.00	0.00	907.50	495.00	1,402.50	3,547.50	S/L	10.00
332	2019 Ford F150	5/02/19	27,176.12	0.00	0.00	2,588.20	3,882.30	6,470.50	20,705.62	S/L	7.00
334	2020 Chevy Silverado	9/15/20	46,892.00	0.00c	0.00	0.00	2,232.95	2,232.95	44,659.05	S/L	7.00
337	Mapsync	7/21/20	2,495.00	0.00c	0.00	0.00	148.51	148.51	2,346.49	S/L	7.00
	101.8 Vehicles		340,040.10	0.00c	0.00	226,344.36	21,665.51	248,009.87	92,030.23		

Book Asset Detail 1/01/20 - 12/31/20

FYE: 12/31/2020

Asset	dt	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
				Grand Total	25,267,212.17	0.00c	0.00	11,630,322.65	661,447.44	12,291,770.09		12,975,442.08
				Less: Dispositions and Transfers	4,697.88	0.00	0.00	4,697.88	0.00	4,697.88		0.00
				Net Grand Total	<u>25,262,514.29</u>	<u>0.00c</u>	<u>0.00</u>	<u>11,625,624.77</u>	<u>661,447.44</u>	<u>12,287,072.21</u>		<u>12,975,442.08</u>
					B-2		B-2	B-2	B-2			

Attachment #9

BOND RESOLUTION

BARKLEY LAKE WATER DISTRICT

AUTHORIZING

BARKLEY LAKE WATER DISTRICT

WATER SYSTEM REVENUE BONDS, SERIES 2010B

IN THE AGGREGATE PRINCIPAL AMOUNT OF

\$1,837,000

CONSISTING OF

\$1,437,000 OF SERIES 2010B-1 BONDS

AND

\$400,000 OF SERIES 2010B-2 BONDS

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BOND RESOLUTION

RESOLUTION OF THE BARKLEY LAKE WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$1,837,000 PRINCIPAL AMOUNT OF BARKLEY LAKE WATER DISTRICT WATER SYSTEM REVENUE BONDS, SERIES 2010B, CONSISTING OF \$1,437,000 OF SERIES 2010B-1 BONDS AND \$400,000 OF SERIES 2010B-2 BONDS FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

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

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

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

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the aggregate principal amount of \$1,837,000, consisting of \$1,437,000 of Series 2010B-1 Bonds and \$400,000 of Series 2010B-2 Bonds (collectively, the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by GRW Engineers, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and that said Current Bonds rank on a parity with the Series 2010A Bonds, and

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

WHEREAS, the proceeds of the Current Bonds will be supplemented by certain other grant and loan funds,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE BARKLEY LAKE WATER DISTRICT AS FOLLOWS:

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

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

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

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

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

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

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

"Bonds of 1976" or "Series 1976 Bonds" refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976, in the original authorized principal amount of \$364,000.

"Bonds of 1993" or "Series 1993 Bonds" refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994, in the original authorized principal amount of \$1,764,000.

"Bonds of 2005" or "Series 2005 Bonds" refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006, in the original authorized principal amount of \$1,185,000.

"Bonds of 2010A" or "Series 2010A Bonds" refer to the Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated the date of issuance, in the original authorized principal amount of \$4,002,000.

"Bond Resolution of 1976" or "1976 Bond Resolution" refer to the Resolution authorizing the Bonds of 1976, duly adopted by the Board of Commissioners of the District on July 8, 1976.

"Bond Resolution of 1993" or "1993 Bond Resolution" refer to the Resolution authorizing the Bonds of 1993, duly adopted by the Board of Commissioners of the District on October 11, 1993.

"Bond Resolution of 2005" or *"2005 Bond Resolution"* refer to the Resolution authorizing the Bonds of 2005, duly adopted by the Board of Commissioners of the District on April 11, 2005.

"Bond Resolution of 2010A" or *"2010A Bond Resolution"* refer to the Resolution authorizing the Bonds of 2010A, duly adopted by the Board of Commissioners of the District on July 12, 2010.

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

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

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

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

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

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

"Current Bonds" refers to the \$1,837,000 of Barkley Lake Water District Water System Revenue Bonds, Series 2010B, consisting of \$1,437,000 of Series 2010B-1 Bonds and \$400,000 of Series 2010B-2 Bonds authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Barkley Lake Water District Water System Sinking Fund of 2010, described in Section 401 of this Resolution.

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

"Depreciation Fund" refers to the Barkley Lake Water District Water System Depreciation Fund, described in Section 402 of this Resolution.

"District" refers to the Barkley Lake Water District.

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

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

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

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

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

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

"Grant Proceeds" refers to the proceeds of the RD Grant and the Kentucky State Grants.

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

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

"Kentucky State Grants" refers to the grants to the District from the Commonwealth of Kentucky in the aggregate amount of \$1,000,185.

"KRWFC Loan" refers to the outstanding Kentucky Rural Water Finance Corporation Loan to the District, dated May 29, 2008, in the original authorized principal amount of \$3,060,000, a portion of the proceeds of which is financing part of the Project.

"KRWFC Resolution" or *"2008 KRWFC Resolution"* refer to the Resolution authorizing the KRWFC Loan.

"Local Counsel" refers to H.B. Quinn, Esq., Cadiz, Kentucky, or any other attorney or firm of attorneys designated by the District.

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

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the

District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the Barkley Lake Water District Water System Operation and Maintenance Fund described in Section 401 of this Resolution.

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

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

"Prior Bonds" refers collectively to the Series 1976 Bonds, the Series 1993 Bonds, the Series 2005 Bonds and the KRWFC Loan.

"Prior Bond Resolution" refers collectively to the 1976 Bond Resolution, the 1993 Bond Resolution, the 2005 Bond Resolution and the KRWFC Resolution.

"Prior Sinking Fund" refers to the Barkley Lake Water District Water System Sinking Fund, described in Section 401 of this Resolution.

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

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

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

"RD Grant" refers to the RD grant described in Section 804 of this Resolution.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any

equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"*Revenue Fund*" refers to the Barkley Lake Water District Water System Revenue Fund, described in Section 401 of this Resolution.

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

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

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

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

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

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

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

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial

deposits required and all incidental expenses, will not exceed \$4,656,885. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$1,837,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$4,656,885
Less:		
RD Grant	\$ 454,700	
Kentucky State Grants	1,000,185	
KRWFC Loan	<u>1,365,000</u>	
Total Non-Bond Funds:		<u>(2,819,885)</u>
Balance to be financed by Current Bonds		\$1,837,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$1,837,000 principal amount of Barkley Lake Water District Water System Revenue Bonds, Series 2010B, consisting of \$1,437,000 of Series 2010B-1 Bonds and \$400,000 of Series 2010B-2 Bonds.

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

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

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

Section 107. Current Bonds Shall be Payable Out of Gross Revenues. The Current Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable on a parity with the Series 2010A Bonds, out of the gross revenues of the System, after providing for all of the principal and interest requirements of the outstanding Prior Bonds.

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

Section 109. Election to Issue Current Bonds as Build American Bonds - Direct Payment; Covenants. The American Recovery and Reinvestment Act of 2009 (the "Recovery Act") authorizes the District to issue taxable bonds known as "Build America Bonds" to finance capital expenditures for which it could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds. In accordance with the provisions of the Recovery Act, the District hereby irrevocably elects to have Section 54AA and subsection 54AA(g) of the Code apply to the Current Bonds so that the District will receive a refundable credit under Section 6431 of the Code equal to 35% of the stated interest paid on the Current Bonds.

The District agrees to comply with the requirements of the Code relating to "Build America Bonds", including (i) all of the excess of (a) the available project proceeds (as defined in Section 54A of the Code to mean sale proceeds of the Current Bonds less not more than 2% of such proceeds used to pay costs of issuance plus investment proceeds thereon), over (b) any amounts in a reasonably required reserve fund (within the meaning of Section 150(a)(3) of the Code) with respect to such issue, shall to be used for capital expenditures; (ii) any and all requirements of Section 54AA(g) of the Code to assure eligibility of the District for receipt of the direct pay interest credit; (iii) the issue price (reoffering price) of the Current Bonds of the same maturity cannot exceed the par amount by more than .25% multiplied by the number of complete years to the earlier of the maturity date or the first optional redemption date for the Current Bonds; and (iv) the District will not use or permit the use of any of the funds provided by the Current Bonds in such a manner as to, or take or omit to take any action which would, impair the status of the Current Bonds as "qualified bonds" under Section 54AA of the Code.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

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

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

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

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

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to November 1, 2020, shall not be subject to prepayment. Principal maturities falling due on and after November 1, 2020, shall be subject to prepayment by the District on any date falling on and after November 1, 2019, at par plus accrued interest, without any prepayment penalty.

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

Notice of such prepayment shall be given by certified mail to the Bondowner or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Bondowner.

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

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$484,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$484,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

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

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

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

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

hereby created, which shall be established at the Depository Bank. There shall also be deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds.

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

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

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

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

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$70,177) during the construction of the Project, as approved by the Engineers and by RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of

the Project (as determined by the Engineers, the Chairman and the RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed, if the RD has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

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

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

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

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of \$1,837,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

- (1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or
- (2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$1,837,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$1,837,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

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

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

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

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

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

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

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

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

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

ARTICLE 4. FLOW OF FUNDS.

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

- (a) Barkley Lake Water District Water System Revenue Fund
- (b) Barkley Lake Water District Water System Sinking Fund
- (c) Barkley Lake Water District Water System Depreciation Fund
- (d) Barkley Lake Water District Water System Operation and Maintenance Fund

There was created and established in the 2010A Bond Resolution the Barkley Lake Water District Water System Sinking Fund of 2010.

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding.

Section 402. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The District covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified by this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on all Prior Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior Bonds maturing on the next succeeding principal payment date.

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

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$70,177) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds and the Series 2010A Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Current Bonds and the Series 2010A Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds and Series 2010A Bonds maturing on the next succeeding November 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Current Bonds and the Series 2010A Bonds, but subject to the vested rights and priorities of the Prior Bonds.

D. Depreciation Fund. Pursuant to the provisions of the 2010A Bond Resolution which requires that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the Series 2010A Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least \$755 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$90,600, which amount shall be maintained, and when necessary, restored to said sum of \$90,600, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution and the 2010A Bond Resolution.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing

of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

E. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the District's annual budget.

F. Monthly Principal and Interest Payments if Requested by the RD. So long as any of the Bonds are held or insured by the RD, the District shall, if requested by the RD, make the payments required by this Section 402, in monthly installments to the RD or to the insured Owners of the Bonds.

G. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Resolution or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

H. Investment and Miscellaneous Provisions. All monies in the Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All monies in the Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

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

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

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

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

Section 403. Current Bonds on a Parity with Series 2010A Bonds, Subject to the Priority of the Prior Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the District (i) a letter from RD to the effect that RD agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the Series 2010A Bonds, all of which are owned by RD, together with (ii) a certification signed by RD to the effect that a legend has been typed, stamped or otherwise affixed on each of the Series 2010A Bonds held by RD, evidencing the agreement of RD as the then Owner of the Series 2010A Bonds, to the issuance of the Current Bonds so as to rank on a parity with the Series 2010A Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$1,837,000 of Barkley Lake Water District Water System Revenue Bonds, Series 2010B ranking on a parity as to security and source of payment with this Bond.

Accordingly, it is hereby found and declared that the Current Bonds shall rank and be payable on a parity with said outstanding Series 2010A Bonds from the gross income and revenues of the System, subject to the priority of the Prior Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

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

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then Outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

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

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

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

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

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

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

additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

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

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

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the average annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System; and

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

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

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

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

(a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;

(b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions

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

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

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

ARTICLE 7. DEFAULT AND CONSEQUENCES

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

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

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

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

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

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

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

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

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

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

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

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$454,700 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Approval and Acceptance of Kentucky State Grant Agreement. The Commonwealth of Kentucky ("KY") has agreed to make certain grants to the District (the "KY Grants") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and KY has requested the District to approve, accept and execute a certain KY Grant Agreements (the "KY Grant Agreement"), setting out the terms and conditions upon which said KY Grant will be made. Said KY Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said KY Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other KY Grants offered to the District in connection with the Project and to execute any and all KY Grant Agreements and any other documents as may be requested by KY in connection with KY Grants which have been and/or which may hereafter be approved for such Project.

Section 806. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

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

Section 807. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

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

Section 808. Authorization to File Required Financing Statements. In the event that it is determined by Bond Counsel or Local Counsel that the District is required to file any financing statements under the Kentucky Uniform Commercial Code in order to perfect the pledge of the gross revenues of the District's System as security for the Current Bonds, Bond Counsel and/or Local Counsel are hereby authorized to prepare and file with the appropriate officials such financing statements as they deem necessary.

ARTICLE 9. SALE OF CURRENT BONDS

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

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

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

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

ARTICLE 10. CONCLUDING PROVISIONS

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

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

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$30,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

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

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

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

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

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

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

Adopted this July 12, 2010.

BARKLEY LAKE WATER DISTRICT

Chairman

(Seal of District)

Attest:

Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Barkley Lake Water District, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on July 12, 2010, as shown by the official records of said District in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this July 12, 2010.

Secretary

(Seal of District)

EXHIBIT A-1

**Schedule of Principal Payments
Series 2010B-1**

<u>Payment Due November 1</u>	<u>Principal Payment</u>	<u>Payment Due November 1</u>	<u>Principal Payment</u>
2012	\$17,500	2031	\$ 35,500
2013	18,500	2032	37,000
2014	19,000	2033	38,000
2015	19,500	2034	39,500
2016	20,500	2035	41,000
2017	21,000	2036	42,500
2018	22,000	2037	44,500
2019	23,000	2038	46,000
2020	23,500	2039	47,500
2021	24,500	2040	49,500
2022	25,500	2041	51,500
2023	26,500	2042	53,000
2024	27,500	2043	55,000
2025	28,500	2044	57,500
2026	29,500	2045	59,500
2027	30,500	2046	61,500
2028	32,000	2047	64,000
2029	33,000	2048	66,500
2030	34,000	2049	71,500

EXHIBIT A-2

**Schedule of Principal Payments
Series 2010B-2**

<u>Payment Due November 1</u>	<u>Principal Payment</u>	<u>Payment Due November 1</u>	<u>Principal Payment</u>
2012	\$5,500	2031	\$10,000
2013	5,500	2032	10,500
2014	6,000	2033	10,500
2015	6,000	2034	11,000
2016	6,000	2035	11,500
2017	6,500	2036	12,000
2018	6,500	2037	12,000
2019	7,000	2038	12,500
2020	7,000	2039	13,000
2021	7,500	2040	13,500
2022	7,500	2041	14,000
2023	8,000	2042	14,500
2024	8,000	2043	15,000
2025	8,500	2044	15,500
2026	8,500	2045	16,000
2027	9,000	2046	16,500
2028	9,000	2047	17,000
2029	9,500	2048	17,500
2030	10,000	2049	16,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
BARKLEY LAKE WATER DISTRICT
WATER SYSTEM REVENUE BONDS, SERIES 2010B-__

No. BR-____ Interest Rate: ____ % \$ _____

KNOW ALL PERSONS BY THESE PRESENTS:

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

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

_____ DOLLARS (\$ _____),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
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[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of May and November in each year, beginning with the first May or November after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Series 2010 B Bond is issued by the District as part of an issue in the aggregate principal amount of \$1,837,000, consisting of \$1,437,000 of Series 2010B-1 Bonds and \$400,000 of Series 2010B-2 Bonds under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued on a parity as to security and source of payment with the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated _____, 2010 (the "2010A Bonds"), authorized by a Resolution adopted by the Commission of the District on July 12, 2010 (the "2010A Bond Resolution"), but subject to the vested rights and priorities in favor of the owners of the outstanding (i) Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976 (the "1976 Bonds"), authorized by a Resolution adopted by the Commission of the District on July 8, 1976 (the "1976 Bond Resolution"); (ii) Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the Commission of the District on October 11, 1993 (the "1993 Bond Resolution"); (iii) Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006 (the "2005 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 11, 2005 (the "2005 Bond Resolution"); and (iv) Kentucky Rural Water Finance Corporation Loan to the District, dated May 29, 2008 (the "KRWFC Loan"), authorized by a Resolution adopted by the Commission of the District (the "KRWFC Bond Resolution"); [hereinafter the 1976 Bonds, the 1993 Bonds, the 2005 Bonds and the KRWFC Loan shall be collectively referred to as the "Prior Bonds", and the 1976 Bond Resolution, the 1993 Bond Resolution, the 2005 Bond Resolution and the KRWFC Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, the 2010A Bonds, together with any bonds ranking on a parity therewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution and the 2010A Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the 2010A Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Barkley Lake Water District Water System Sinking Fund of 2010", created in the 2010A Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the 2010A Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the 2010A Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the 2010A Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after November 1, 2019, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Barkley Lake Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

BARKLEY LAKE WATER DISTRICT
Trigg County, Kentucky

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the District kept for that purpose by the Secretary, as Bond Registrar, upon presentation hereof to said Secretary, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered owner or its attorney, such transfer to be made on said book and endorsed hereon.

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

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

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Barkley Lake Water District Water System Revenue Bonds, Series 2010B, in the aggregate principal amount of \$1,837,000

The undersigned hereby certify as follows:

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

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

Barkley Lake Water District

GRW Engineers, Inc.

By _____
Chairman

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Total _____

Approved on _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

Barkley Lake Water District

Taxable Water System Revenue Bonds - Series 2010B-1

(Build America Bonds--Direct Payment)

First Call Date - 11/01/2019

Fixed Rate Bond -- Debt Service Schedule for 8038-B

Date	Outstanding Principal	First Call Date	Coupon	Gross Interest	35% Credit Payment	Net Interest
5/1/2011	1,437,000.00			16,910.55	5,918.69	10,991.86
11/1/2011	1,437,000.00			21,555.00	7,544.25	14,010.75
5/1/2012	1,437,000.00			21,555.00	7,544.25	14,010.75
11/1/2012	1,419,500.00		3.000%	21,555.00	7,544.25	14,010.75
5/1/2013	1,419,500.00			21,292.50	7,452.38	13,840.13
11/1/2013	1,401,000.00		3.000%	21,292.50	7,452.38	13,840.13
5/1/2014	1,401,000.00			21,015.00	7,355.25	13,659.75
11/1/2014	1,382,000.00		3.000%	21,015.00	7,355.25	13,659.75
5/1/2015	1,382,000.00			20,730.00	7,255.50	13,474.50
11/1/2015	1,362,500.00		3.000%	20,730.00	7,255.50	13,474.50
5/1/2016	1,362,500.00			20,437.50	7,153.13	13,284.38
11/1/2016	1,342,000.00		3.000%	20,437.50	7,153.13	13,284.38
5/1/2017	1,342,000.00			20,130.00	7,045.50	13,084.50
11/1/2017	1,321,000.00		3.000%	20,130.00	7,045.50	13,084.50
5/1/2018	1,321,000.00			19,815.00	6,935.25	12,879.75
11/1/2018	1,299,000.00		3.000%	19,815.00	6,935.25	12,879.75
5/1/2019	1,299,000.00			19,485.00	6,819.75	12,665.25
11/1/2019	1,276,000.00		3.000%	19,485.00	6,819.75	12,665.25
5/1/2020	1,276,000.00			19,140.00	6,699.00	12,441.00
11/1/2020	1,252,500.00		3.000%	19,140.00	6,699.00	12,441.00
5/1/2021	1,252,500.00			18,787.50	6,575.63	12,211.88
11/1/2021	1,228,000.00	11/1/2019	3.000%	18,787.50	6,575.63	12,211.88
5/1/2022	1,228,000.00			18,420.00	6,447.00	11,973.00
11/1/2022	1,202,500.00	11/1/2019	3.000%	18,420.00	6,447.00	11,973.00
5/1/2023	1,202,500.00			18,037.50	6,313.13	11,724.38
11/1/2023	1,176,000.00	11/1/2019	3.000%	18,037.50	6,313.13	11,724.38
5/1/2024	1,176,000.00			17,640.00	6,174.00	11,466.00
11/1/2024	1,148,500.00	11/1/2019	3.000%	17,640.00	6,174.00	11,466.00
5/1/2025	1,148,500.00			17,227.50	6,029.63	11,197.88
11/1/2025	1,120,000.00	11/1/2019	3.000%	17,227.50	6,029.63	11,197.88
5/1/2026	1,120,000.00			16,800.00	5,880.00	10,920.00
11/1/2026	1,090,500.00	11/1/2019	3.000%	16,800.00	5,880.00	10,920.00
5/1/2027	1,090,500.00			16,357.50	5,725.13	10,632.38
11/1/2027	1,060,000.00	11/1/2019	3.000%	16,357.50	5,725.13	10,632.38
5/1/2028	1,060,000.00			15,900.00	5,565.00	10,335.00
11/1/2028	1,028,000.00	11/1/2019	3.000%	15,900.00	5,565.00	10,335.00
5/1/2029	1,028,000.00			15,420.00	5,397.00	10,023.00
11/1/2029	995,000.00	11/1/2019	3.000%	15,420.00	5,397.00	10,023.00
5/1/2030	995,000.00			14,925.00	5,223.75	9,701.25
11/1/2030	961,000.00	11/1/2019	3.000%	14,925.00	5,223.75	9,701.25
5/1/2031	961,000.00			14,415.00	5,045.25	9,369.75
11/1/2031	925,500.00	11/1/2019	3.000%	14,415.00	5,045.25	9,369.75
5/1/2032	925,500.00			13,882.50	4,858.88	9,023.63
11/1/2032	888,500.00	11/1/2019	3.000%	13,882.50	4,858.88	9,023.63
5/1/2033	888,500.00			13,327.50	4,664.63	8,662.88
11/1/2033	850,500.00	11/1/2019	3.000%	13,327.50	4,664.63	8,662.88
5/1/2034	850,500.00			12,757.50	4,465.13	8,292.38
11/1/2034	811,000.00	11/1/2019	3.000%	12,757.50	4,465.13	8,292.38
5/1/2035	811,000.00			12,165.00	4,257.75	7,907.25

Barkley Lake Water District

Taxable Water System Revenue Bonds - Series 2010B-1

(Build America Bonds--Direct Payment)

First Call Date - 11/01/2019

Fixed Rate Bond -- Debt Service Schedule for 8038-B

Date	Outstanding Principal	First Call Date	Coupon	Gross Interest	35% Credit Payment	Net Interest
11/1/2035	770,000.00	11/1/2019	3.000%	12,165.00	4,257.75	7,907.25
5/1/2036	770,000.00			11,550.00	4,042.50	7,507.50
11/1/2036	727,500.00	11/1/2019	3.000%	11,550.00	4,042.50	7,507.50
5/1/2037	727,500.00			10,912.50	3,819.38	7,093.13
11/1/2037	683,000.00	11/1/2019	3.000%	10,912.50	3,819.38	7,093.13
5/1/2038	683,000.00			10,245.00	3,585.75	6,659.25
11/1/2038	637,000.00	11/1/2019	3.000%	10,245.00	3,585.75	6,659.25
5/1/2039	637,000.00			9,555.00	3,344.25	6,210.75
11/1/2039	589,500.00	11/1/2019	3.000%	9,555.00	3,344.25	6,210.75
5/1/2040	589,500.00			8,842.50	3,094.88	5,747.63
11/1/2040	540,000.00	11/1/2019	3.000%	8,842.50	3,094.88	5,747.63
5/1/2041	540,000.00			8,100.00	2,835.00	5,265.00
11/1/2041	488,500.00	11/1/2019	3.000%	8,100.00	2,835.00	5,265.00
5/1/2042	488,500.00			7,327.50	2,564.63	4,762.88
11/1/2042	435,500.00	11/1/2019	3.000%	7,327.50	2,564.63	4,762.88
5/1/2043	435,500.00			6,532.50	2,286.38	4,246.13
11/1/2043	380,500.00	11/1/2019	3.000%	6,532.50	2,286.38	4,246.13
5/1/2044	380,500.00			5,707.50	1,997.63	3,709.88
11/1/2044	323,000.00	11/1/2019	3.000%	5,707.50	1,997.63	3,709.88
5/1/2045	323,000.00			4,845.00	1,695.75	3,149.25
11/1/2045	263,500.00	11/1/2019	3.000%	4,845.00	1,695.75	3,149.25
5/1/2046	263,500.00			3,952.50	1,383.38	2,569.13
11/1/2046	202,000.00	11/1/2019	3.000%	3,952.50	1,383.38	2,569.13
5/1/2047	202,000.00			3,030.00	1,060.50	1,969.50
11/1/2047	138,000.00	11/1/2019	3.000%	3,030.00	1,060.50	1,969.50
5/1/2048	138,000.00			2,070.00	724.50	1,345.50
11/1/2048	71,500.00	11/1/2019	3.000%	2,070.00	724.50	1,345.50
5/1/2049	71,500.00			1,072.50	375.38	697.13
11/1/2049		11/1/2019	3.000%	1,072.50	375.38	697.13

Rubin & Hays

Municipal Bond Attorneys

Barkley Lake Water District

Taxable Water System Revenue Bonds - Series 2010B-2

(Build America Bonds--Direct Payment)

First Call Date - 11/01/2019

Fixed Rate Bond -- Debt Service Schedule for 8038-B

Date	Outstanding Principal	First Call Date	Coupon	Gross Interest	35% Credit Payment	Net Interest
5/1/2011	400,000.00			4,707.18	1,647.51	3,059.67
11/1/2011	400,000.00			6,000.00	2,100.00	3,900.00
5/1/2012	400,000.00			6,000.00	2,100.00	3,900.00
11/1/2012	394,500.00		3.000%	6,000.00	2,100.00	3,900.00
5/1/2013	394,500.00			5,917.50	2,071.13	3,846.38
11/1/2013	389,000.00		3.000%	5,917.50	2,071.13	3,846.38
5/1/2014	389,000.00			5,835.00	2,042.25	3,792.75
11/1/2014	383,000.00		3.000%	5,835.00	2,042.25	3,792.75
5/1/2015	383,000.00			5,745.00	2,010.75	3,734.25
11/1/2015	377,000.00		3.000%	5,745.00	2,010.75	3,734.25
5/1/2016	377,000.00			5,655.00	1,979.25	3,675.75
11/1/2016	371,000.00		3.000%	5,655.00	1,979.25	3,675.75
5/1/2017	371,000.00			5,565.00	1,947.75	3,617.25
11/1/2017	364,500.00		3.000%	5,565.00	1,947.75	3,617.25
5/1/2018	364,500.00			5,467.50	1,913.63	3,553.88
11/1/2018	358,000.00		3.000%	5,467.50	1,913.63	3,553.88
5/1/2019	358,000.00			5,370.00	1,879.50	3,490.50
11/1/2019	351,000.00		3.000%	5,370.00	1,879.50	3,490.50
5/1/2020	351,000.00			5,265.00	1,842.75	3,422.25
11/1/2020	344,000.00		3.000%	5,265.00	1,842.75	3,422.25
5/1/2021	344,000.00			5,160.00	1,806.00	3,354.00
11/1/2021	336,500.00	11/1/2019	3.000%	5,160.00	1,806.00	3,354.00
5/1/2022	336,500.00			5,047.50	1,766.63	3,280.88
11/1/2022	329,000.00	11/1/2019	3.000%	5,047.50	1,766.63	3,280.88
5/1/2023	329,000.00			4,935.00	1,727.25	3,207.75
11/1/2023	321,000.00	11/1/2019	3.000%	4,935.00	1,727.25	3,207.75
5/1/2024	321,000.00			4,815.00	1,685.25	3,129.75
11/1/2024	313,000.00	11/1/2019	3.000%	4,815.00	1,685.25	3,129.75
5/1/2025	313,000.00			4,695.00	1,643.25	3,051.75
11/1/2025	304,500.00	11/1/2019	3.000%	4,695.00	1,643.25	3,051.75
5/1/2026	304,500.00			4,567.50	1,598.63	2,968.88
11/1/2026	296,000.00	11/1/2019	3.000%	4,567.50	1,598.63	2,968.88
5/1/2027	296,000.00			4,440.00	1,554.00	2,886.00
11/1/2027	287,000.00	11/1/2019	3.000%	4,440.00	1,554.00	2,886.00
5/1/2028	287,000.00			4,305.00	1,506.75	2,798.25
11/1/2028	278,000.00	11/1/2019	3.000%	4,305.00	1,506.75	2,798.25
5/1/2029	278,000.00			4,170.00	1,459.50	2,710.50
11/1/2029	268,500.00	11/1/2019	3.000%	4,170.00	1,459.50	2,710.50
5/1/2030	268,500.00			4,027.50	1,409.63	2,617.88
11/1/2030	258,500.00	11/1/2019	3.000%	4,027.50	1,409.63	2,617.88
5/1/2031	258,500.00			3,877.50	1,357.13	2,520.38
11/1/2031	248,500.00	11/1/2019	3.000%	3,877.50	1,357.13	2,520.38
5/1/2032	248,500.00			3,727.50	1,304.63	2,422.88
11/1/2032	238,000.00	11/1/2019	3.000%	3,727.50	1,304.63	2,422.88
5/1/2033	238,000.00			3,570.00	1,249.50	2,320.50
11/1/2033	227,500.00	11/1/2019	3.000%	3,570.00	1,249.50	2,320.50
5/1/2034	227,500.00			3,412.50	1,194.38	2,218.13
11/1/2034	216,500.00	11/1/2019	3.000%	3,412.50	1,194.38	2,218.13
5/1/2035	216,500.00			3,247.50	1,136.63	2,110.88

Barkley Lake Water District

Taxable Water System Revenue Bonds - Series 2010B-2

(Build America Bonds--Direct Payment)

First Call Date - 11/01/2019

Fixed Rate Bond -- Debt Service Schedule for 8038-B

Date	Outstanding Principal	First Call Date	Coupon	Gross Interest	35% Credit Payment	Net Interest
11/1/2035	205,000.00	11/1/2019	3.000%	3,247.50	1,136.63	2,110.88
5/1/2036	205,000.00			3,075.00	1,076.25	1,998.75
11/1/2036	193,000.00	11/1/2019	3.000%	3,075.00	1,076.25	1,998.75
5/1/2037	193,000.00			2,895.00	1,013.25	1,881.75
11/1/2037	181,000.00	11/1/2019	3.000%	2,895.00	1,013.25	1,881.75
5/1/2038	181,000.00			2,715.00	950.25	1,764.75
11/1/2038	168,500.00	11/1/2019	3.000%	2,715.00	950.25	1,764.75
5/1/2039	168,500.00			2,527.50	884.63	1,642.88
11/1/2039	155,500.00	11/1/2019	3.000%	2,527.50	884.63	1,642.88
5/1/2040	155,500.00			2,332.50	816.38	1,516.13
11/1/2040	142,000.00	11/1/2019	3.000%	2,332.50	816.38	1,516.13
5/1/2041	142,000.00			2,130.00	745.50	1,384.50
11/1/2041	128,000.00	11/1/2019	3.000%	2,130.00	745.50	1,384.50
5/1/2042	128,000.00			1,920.00	672.00	1,248.00
11/1/2042	113,500.00	11/1/2019	3.000%	1,920.00	672.00	1,248.00
5/1/2043	113,500.00			1,702.50	595.88	1,106.63
11/1/2043	98,500.00	11/1/2019	3.000%	1,702.50	595.88	1,106.63
5/1/2044	98,500.00			1,477.50	517.13	960.38
11/1/2044	83,000.00	11/1/2019	3.000%	1,477.50	517.13	960.38
5/1/2045	83,000.00			1,245.00	435.75	809.25
11/1/2045	67,000.00	11/1/2019	3.000%	1,245.00	435.75	809.25
5/1/2046	67,000.00			1,005.00	351.75	653.25
11/1/2046	50,500.00	11/1/2019	3.000%	1,005.00	351.75	653.25
5/1/2047	50,500.00			757.50	265.13	492.38
11/1/2047	33,500.00	11/1/2019	3.000%	757.50	265.13	492.38
5/1/2048	33,500.00			502.50	175.88	326.63
11/1/2048	16,000.00	11/1/2019	3.000%	502.50	175.88	326.63
5/1/2049	16,000.00			240.00	84.00	156.00
11/1/2049	0	11/1/2019	3.000%	240.00	84.00	156.00

Rubin & Hays
Municipal Bond Attorneys

RESOLUTION

RESOLUTION OF THE BARKLEY LAKE WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF REFINANCING AND CURRENT REFUNDING CERTAIN OBLIGATIONS OF THE DISTRICT.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Barkley Lake Water District (the "District") has previously determined that it is in the public interest to refinance and currently refund its outstanding:

- 1) Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976, in the original authorized principal amount of \$364,000, and
- 2) Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994, in the original authorized principal amount of \$1,764,000

(hereinafter collectively referred to as the "Prior Bonds"), in order for the District to obtain substantial interest cost savings, which Prior Bonds were issued by the District to make improvements and extensions to the District's waterworks system (the "System"); and

WHEREAS, the District desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to refinance and currently refund the outstanding Prior Bonds and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such monies, the District is required to enter into an Assistance Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Governing Authority of the Barkley Lake Water District as follows:

1. **Authorization of Assistance Agreement and the Obligations Thereunder.** For the purpose of paying the costs, not otherwise provided, of the refinancing and current refunding of the Prior Bonds, the District hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$1,440,000 (subject to adjustment plus or minus ten percent (10%)) (which aggregate principal amount may be adjusted downward in the event that the Chairman determines it is in the District's best interest to not refund one of the Prior Bonds) [the "Obligations"], which amount as adjusted shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and

shall be payable in such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the District and the Corporation.

2. Approval and Authorization of Execution of Assistance Agreement. The Assistance Agreement by and between the District and the Corporation in such form as may be approved by the Chairman, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Chairman, or any other officer of the District, is hereby authorized to execute and acknowledge same for and on behalf of the District; and the Secretary is authorized to attest same and to affix thereto the corporate seal of the District. The Assistance Agreement is hereby ordered to be filed in the office of the Secretary with this Resolution in the official records of the District.

3. Disbursement of Proceeds of Obligations. The District's officers, employees and agents are authorized to carry out the procedures specified in the Assistance Agreement for the refinancing and current refunding of the Prior Bonds and for the payment from time to time of the costs and related expenses associated therewith.

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

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

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

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

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

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

Adopted on April 9, 2012.

BARKLEY LAKE WATER DISTRICT

By Scott H. Biggs
Chairman

Attest:

By David Kyle
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of the District at a meeting duly held on April 9, 2012; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this April 9, 2012.

David Kyle
Secretary

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ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

AND

BARKLEY LAKE WATER DISTRICT

DATED

AUGUST 29, 2012

IN THE AMOUNT OF \$1,465,000

EXHIBIT A

This document was prepared by:

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

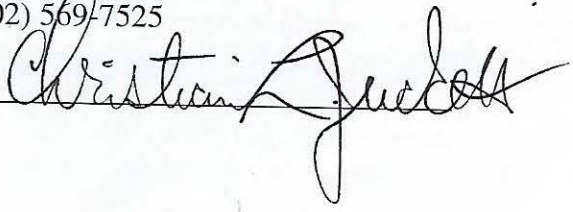
By 

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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of August 29, 2012 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Barkley Lake Water District, P.O. Box 308, Cadiz, Kentucky 42211 (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001, in the aggregate principal amount of \$46,000,000 (the "Series 2001 Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (the "Indenture") between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012E (the "Series 2012E Bonds") in the aggregate principal amount of \$14,550,000, pursuant to a Supplemental Trust Indenture No. 47, dated as of August 29, 2012 by and between the Issuer and the Trustee, which Series 2012E Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its (i) Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976, in the original principal amount of \$364,000 (the "Series 1976 Bonds"), issued pursuant to a Resolution adopted by the Governing Body of the Governmental Agency on July 8, 1976 (the "1976 Bond Legislation"), which Series 1976 Bonds are now owned by the USDA, acting through Rural Development ("RD"), and (ii) Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994, in the original principal amount of \$1,764,000 (the "Series 1993 Bonds"), issued pursuant to a Resolution adopted by the Governing Body of the Governmental Agency on October 11, 1993 (the "1993 Bond Legislation"), which Series 1993 Bonds are now owned by RD (collectively, the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks system (the "System"); and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to currently refund the Refunded Bonds, in order to effect substantial

debt service savings (the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the Governmental Agency's outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$1,465,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

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

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

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

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

"Assistance Agreement" refers to this Assistance Agreement authorizing the Loan and the Obligations.

"Bond Counsel" refers to Rubin & Hays, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, or any other nationally recognized individual or firm in the field of municipal bond law.

"Bond Legislation of 1976" or "1976 Bond Legislation" refer to the Resolution authorizing the Series 1976 Bonds, duly adopted by the Governing Body of the District on July 8, 1976.

"Bond Legislation of 1993" or "1993 Bond Legislation" refer to the Resolution authorizing the Series 1993 Bonds, duly adopted by the Governing Body of the Governmental Agency on October 11, 1993.

"Bond Legislation of 2005" or "2005 Bond Legislation" refer to the Resolution authorizing the Series 2005 Bonds, duly adopted by the Governing Body of the Governmental Agency on April 11, 2005.

"Bond Legislation of 2010A" or "2010A Bond Legislation" refer to the Resolution authorizing the Series 2010A Bonds, duly adopted by the Governing Body of the Governmental Agency on July 12, 2010.

"Bond Legislation of 2010B" or "2010B Bond Legislation" refer to the Resolution authorizing the Series 2010B Bonds, duly adopted by the Governing Body of the Governmental Agency on July 12, 2010, which resolution was supplemented by resolution duly adopted by the Governing Body of the Governmental Agency on October 11, 2010.

"Bondowner", "Owner", "Bondholder" means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

"Bonds" refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

"Certified Public Accountants" refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

"Code" refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

"*Compliance Group*" refers to the Compliance Group identified and defined in the Indenture.

"*Current Sinking Fund*" refers to the Barkley Lake Water District Water System Sinking Fund of 2010, created in Section 401 of the 2010A Bond Legislation.

"*Depreciation Fund*" refers to the Barkley Lake Water District Water System Depreciation Fund, described in Section 402 of the 2006 Bond Legislation.

"*Engineer*" or "*Independent Consulting Engineer*" refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

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

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

"*Governing Body*" means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

"*Governmental Agency*" refers to the Barkley Lake Water District, P.O. Box 308, Cadiz, Kentucky 42211.

"*Governmental Agency Chief Executive*" refers to the Chairman of the Governing Body of the Governmental Agency.

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

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 47, dated August 29, 2012, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing October 1, 2012 and continuing through and including July 1, 2033 or until the Loan has been paid in full.

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

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$1,465,000, maturing July 1, 2033.

"*Operation and Maintenance Fund*" refers to the Barkley Lake Water District Water System Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation, which Fund will continue to be maintained for the benefit of the System.

"*Outstanding Bonds*" refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds that have been defeased.

"*Parity Bonds*" means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

"*Permitted Investments*" refers to the following:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in the Commonwealth of Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- i. United States Treasury;
- ii. Export-Import Bank of the United States;
- iii. Farmers Home Administration;
- iv. Government National Mortgage Corporation; and
- v. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including but not limited to:

- i. Federal Home Loan Mortgage Corporation;
- ii. Federal Farm Credit Banks;
- iii. Bank for Cooperatives;
- iv. Federal Intermediate Credit Banks;
- v. Federal Land Banks;
- vi. Federal Home Loan Banks;
- vii. Federal National Mortgage Association; and
- viii. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or

similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated on one (1) of the three (3) highest categories by a nationally recognized rating agency;

(f) Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

(g) Commercial paper rated in the highest category by a nationally recognized rating agency;

(h) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

(j) Shares of mutual funds, each of which shall have the following characteristics:

- i. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
- ii. The management company of the investment company shall have been in operation for at least five (5) years; and
- iii. All of the securities in the mutual fund shall be eligible investments under this section.

Investments in the above instruments are subject to the following conditions and limitations:

(a) The amount of money invested at any time by a local government or political subdivision in one (1) or more of the categories of investments authorized by subsection (e), (f), (g), and (i) of this definition shall not exceed twenty percent (20%) of the total amount of money invested by the local government; and

(b) No local government or political subdivision shall purchase any investment authorized herein on a margin basis or through the use of any similar leveraging technique.

"*Prior Bond Legislation*" refers to the 2005 Bond Legislation and Series 2008C Assistance Agreement.

"*Prior Bonds*" refers collectively to the Series 2005 Bonds and Series 2008C Loan.

"*Prior Sinking Fund*" refers to the Barkley Lake Water District Water System Sinking Fund, described in Section 401 of the 2010A Bond Legislation.

"*Program*" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvement of public projects for governmental entities.

"*Program Administrator*" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"*Program Reserve Fund*" refers to the Program Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"*Project*" refers to financing the cost to currently refund the outstanding Refunded Bonds, with the proceeds of the Obligations.

"*Refunded Bonds*" refers to the Series 1976 Bonds and Series 1993 Bonds.

"*Revenue Fund*" refers to the Barkley Lake Water District Water System Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

"*Series 1976 Bonds*" refers to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976, in the original authorized principal amount of \$364,000.

"*Series 1993 Bonds*" refers to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994, in the original authorized principal amount of \$1,764,000.

"*Series 1998 Bonds*" refers to the outstanding Barkley Lake Water District Water System Refunding Revenue Bonds, Series 1998, dated February 1, 1998, in the original authorized principal amount of \$2,150,000.

"*Series 2005 Bonds*" refers to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 2005, dated July 13, 2006, in the original authorized principal amount of \$1,185,000.

"*Series 2008C Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 29, 2008, authorizing the Series 2008C Loan.

"*Series 2008C Loan*" refers to the loan in the amount of \$3,060,000, dated May 29, 2008, to the Governmental Agency from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Bonds (Flexible Term Program), Series 2008C.

"Series 2010A Bonds" refers to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated May 15, 2012, in the original principal amount of \$4,002,000.

"Series 2010B Bonds" refers to the outstanding Barkley Lake Water District Taxable Water System Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), dated December 10, 2010, in the original principal amount of \$1,837,000, consisting of \$1,437,000 of Series B-1 Bonds and \$400,000 of Series B-2 Bonds.

"System" refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

"Treasurer" refers to the Treasurer of the Governmental Agency.

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

"U.S. Obligations" refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a waterworks system are hereby in all respects ratified and confirmed; and so long as any of the Obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$1,465,000 from the Program, for the purpose of providing funds for the Project.

Said Obligations shall mature in such principal amounts, and shall bear interest as set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Date to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Prior Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the

Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before each Interest Payment Date, from the Prior Sinking Fund, the amounts set forth as sinking fund payments on Exhibit A attached hereto.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on Exhibit A attached hereto, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption.

(a) *Optional Redemption.* The Obligations maturing prior to July 1, 2022 shall not be subject to optional redemption prior to maturity. Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after July 1, 2022 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after July 1, 2021 at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

Section 5. Recognition of Prior Bonds. The Governmental Agency hereby expressly recognizes and acknowledges that the Governmental Agency has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Legislation.

Section 6. Obligations Payable Out of Revenues on a Parity with Prior Bonds.

All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Prior Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 7. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 8. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Obligations, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Obligations, and the Prior Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on the Obligations and all Prior Bonds then outstanding, plus

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

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

C. Current Sinking Fund. After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Series 2010A Bonds and Series 2010B Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Series 2010A Bonds and Series 2010B Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Series 2010A Bonds and Series 2010B Bonds maturing on the next succeeding July 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Series 2010A Bonds and Series 2010B Bonds, but subject to the vested rights and priorities of the Obligations and Prior Bonds.

D. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

Moneys in the Depreciation Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

E. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

F. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 9. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the delivery of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used for the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Barkley Lake Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and such amount on deposit in said Governmental Agency Account shall be transferred to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds, as may be required:

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

(2) To redeem on August 31, 2012 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or

otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Project as approved by the Governmental Agency.

After completion of the Project, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 10. Arbitrage Limitations.

(a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

(b) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

(1) amounts deposited in the Prior Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service

(even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Prior Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Prior Sinking Fund.

(5) That amounts accumulated in the Prior Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 11. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided;

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the "RD"] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

(f) The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

(1) Adjust the monthly amount to be deposited into the Prior Sinking Fund on the same basis as that prescribed in the provisions establishing such Prior Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(2) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System.

(g) The Governmental Agency reserves the right to issue Parity Bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such Parity Bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(1) after the issuance of the Parity Bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of the Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of the Parity Bonds and from the elimination of the Outstanding Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the Outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(2) in the alternative, that the average annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed Parity Bonds, in any year of maturities thereof after the redemption of the Outstanding Bonds scheduled to be refunded through the issuance of the proposed Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to

the issuance of the proposed Parity Bonds and the redemption of the Outstanding Bonds to be refunded.

Section 12. Rates and Charges for Services of the System. While the Obligations remain outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all Outstanding Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the annual net revenues (as defined in Section 11 hereof) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 11 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 11 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 13. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 14. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or U.S. Obligations, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such U.S. Obligations shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 15. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 16. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;

(d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and

(e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 17. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 18. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax

exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is executed in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 19. Insurance.

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

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

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

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000

from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 20. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption;

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable;

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure; and/or

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 21. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the

fiscal year ended December 31, 2011) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year.

Section 22. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 23. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 24. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 25. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained,

the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 26. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 27. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Barkley Lake Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By James L. Smith
President

Attest:

By [Signature]
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By [Signature]
Chairman

Attest:

By [Signature]
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Barkley Lake Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By Scott T. Bridges
Chairman

Attest:

By David Kyle
Secretary

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

Borrower: Barkley Lake Water District
Closing Date: 08/29/12

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
10/12-1/13	7,000.00	4,363.40		
2/13-7/13	7,000.00	3,444.79	311.13	11,674.53
8/13-1/14	5,833.33	3,328.13	245.63	10,690.42
2/14-8/14	5,833.33	3,328.13	233.96	9,395.42
8/14-1/15	6,250.00	3,211.46	233.96	9,395.42
2/15-7/15	6,250.00	3,211.46	222.29	9,683.75
8/15-1/16	4,166.67	3,086.46	222.29	9,683.75
2/16-7/16	4,166.67	3,086.46	209.79	7,462.92
8/16-1/17	4,583.33	3,003.13	209.79	7,462.92
2/17-7/17	4,583.33	3,003.13	201.46	7,787.92
8/17-1/18	4,583.33	2,911.46	201.46	7,787.92
2/18-7/18	4,583.33	2,911.46	192.29	7,687.08
8/18-1/19	4,583.33	2,911.46	192.29	7,687.08
2/19-7/19	4,583.33	2,808.33	183.13	7,574.79
8/19-1-20	5,000.00	2,808.33	183.13	7,574.79
2/20-7/20	5,000.00	2,670.83	173.96	7,844.79
8/20-1/21	5,000.00	2,670.83	173.96	7,844.79
2/21-7/21	5,000.00	2,520.83	163.96	7,684.79
8/21-1/22	5,000.00	2,520.83	163.96	7,684.79
2/22-7/22	5,000.00	2,370.83	153.96	7,524.79
8/22-1/23	5,416.67	2,370.83	153.96	7,524.79
2/23-7/23	5,416.67	2,220.83	143.96	7,781.46
8/23-1/24	5,416.67	2,220.83	143.96	7,781.46
2/24-7/24	5,416.67	2,058.33	133.13	7,608.13
8/24-1/25	5,833.33	2,058.33	133.13	7,608.13
2/25-7/25	5,833.33	1,895.83	122.29	7,851.46
8/25-1/26	5,833.33	1,895.83	122.29	7,851.46
2/26-7/26	5,833.33	1,720.83	110.63	7,664.79
8/26-1/27	6,250.00	1,720.83	110.63	7,664.79
2/27-7/27	6,250.00	1,545.83	98.96	7,894.79
8/27-1/28	6,250.00	1,545.83	98.96	7,894.79
2/28-7/28	6,250.00	1,358.33	86.46	7,694.79
8/28-1/29	6,666.67	1,358.33	86.46	7,694.79
2/29-7/29	6,666.67	1,170.83	73.96	7,911.46
8/29-1/30	7,083.33	1,170.83	73.96	7,911.46
2/30-7/30	7,083.33	962.50	58.96	8,104.79
8/30-2/31	7,083.33	962.50	58.96	8,104.79
2/31-7/31	7,083.33	741.15	43.02	7,867.50
8/31-1/32	7,500.00	741.15	43.02	7,867.50
2/32-7/32	7,500.00	510.94	28.85	8,039.79
8/32-1/33	7,916.67	510.94	28.85	8,039.79
2/33-7/33	7,916.67	267.19	13.85	8,197.71
	7,916.67	267.19	13.85	8,197.71
	<u>1,465,000.00</u>	<u>522,491.14</u>	<u>34,504.47</u>	<u>2,021,995.61</u>

Final

\$1,465,000

Barkley Lake Water District
 Kentucky Rural Water Finance Corporation
 Public Projects Refunding Bonds, Series 2012 E

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/29/2012	-	-	-	-	-
02/01/2013	-	-	18,698.11	18,698.11	-
08/01/2013	70,000.00	2.200%	22,142.50	92,142.50	-
12/30/2013	-	-	-	-	110,840.61
02/01/2014	-	-	21,372.50	21,372.50	-
08/01/2014	70,000.00	2.200%	21,372.50	91,372.50	-
12/30/2014	-	-	-	-	112,745.00
02/01/2015	-	-	20,602.50	20,602.50	-
08/01/2015	75,000.00	2.200%	20,602.50	95,602.50	-
12/30/2015	-	-	-	-	116,205.00
02/01/2016	-	-	19,777.50	19,777.50	-
08/01/2016	50,000.00	2.200%	19,777.50	69,777.50	-
12/30/2016	-	-	-	-	89,555.00
02/01/2017	-	-	19,227.50	19,227.50	-
08/01/2017	55,000.00	2.200%	19,227.50	74,227.50	-
12/30/2017	-	-	-	-	93,455.00
02/01/2018	-	-	18,622.50	18,622.50	-
08/01/2018	55,000.00	2.450%	18,622.50	73,622.50	-
12/30/2018	-	-	-	-	92,245.00
02/01/2019	-	-	17,948.75	17,948.75	-
08/01/2019	55,000.00	3.200%	17,948.75	72,948.75	-
12/30/2019	-	-	-	-	90,897.50
02/01/2020	-	-	17,068.75	17,068.75	-
08/01/2020	60,000.00	3.200%	17,068.75	77,068.75	-
12/30/2020	-	-	-	-	94,137.50
02/01/2021	-	-	16,108.75	16,108.75	-
08/01/2021	60,000.00	3.200%	16,108.75	76,108.75	-
12/30/2021	-	-	-	-	92,217.50
02/01/2022	-	-	15,148.75	15,148.75	-
08/01/2022	60,000.00	3.200%	15,148.75	75,148.75	-
12/30/2022	-	-	-	-	90,297.50
02/01/2023	-	-	14,188.75	14,188.75	-
08/01/2023	65,000.00	3.200%	14,188.75	79,188.75	-
12/30/2023	-	-	-	-	93,377.50
02/01/2024	-	-	13,148.75	13,148.75	-
08/01/2024	65,000.00	3.200%	13,148.75	78,148.75	-
12/30/2024	-	-	-	-	91,297.50
02/01/2025	-	-	12,108.75	12,108.75	-
08/01/2025	70,000.00	3.200%	12,108.75	82,108.75	-
12/30/2025	-	-	-	-	94,217.50
02/01/2026	-	-	10,988.75	10,988.75	-
08/01/2026	70,000.00	3.200%	10,988.75	80,988.75	-
12/30/2026	-	-	-	-	91,977.50
02/01/2027	-	-	9,868.75	9,868.75	-
08/01/2027	75,000.00	3.200%	9,868.75	84,868.75	-
12/30/2027	-	-	-	-	94,737.50
02/01/2028	-	-	8,668.75	8,668.75	-
08/01/2028	75,000.00	3.200%	8,668.75	83,668.75	-
12/30/2028	-	-	-	-	92,337.50
02/01/2029	-	-	7,468.75	7,468.75	-
08/01/2029	80,000.00	3.350%	7,468.75	87,468.75	-
12/30/2029	-	-	-	-	94,937.50
02/01/2030	-	-	6,128.75	6,128.75	-
08/01/2030	85,000.00	3.350%	6,128.75	91,128.75	-
12/30/2030	-	-	-	-	97,257.50
02/01/2031	-	-	4,705.00	4,705.00	-
08/01/2031	85,000.00	3.450%	4,705.00	89,705.00	-
12/30/2031	-	-	-	-	94,410.00
02/01/2032	-	-	3,238.75	3,238.75	-
08/01/2032	90,000.00	3.450%	3,238.75	93,238.75	-
12/30/2032	-	-	-	-	96,477.50
02/01/2033	-	-	1,686.25	1,686.25	-
08/01/2033	95,000.00	3.550%	1,686.25	96,686.25	-
12/30/2033	-	-	-	-	98,372.50
Total	\$1,465,000.00	-	\$556,995.61	\$2,021,995.61	-

Yield Statistics

Bond Year Dollars	\$17,141.06
Average Life	11.700 Years
Average Coupon	3.2494826%
Net Interest Cost (NIC)	3.3036386%
True Interest Cost (TIC)	3.2986703%
Bond Yield for Arbitrage Purposes	3.2168739%
All Inclusive Cost (AIC)	3.5525942%

IRS Form 8038

Net Interest Cost	3.1609373%
Weighted Average Maturity	11.577 Years

8/9/2012 | 11:30 AM

Raymond James I Morgan Keegan

Public Finance

BOND RESOLUTION

BARKLEY LAKE WATER DISTRICT

AUTHORIZING

BARKLEY LAKE WATER DISTRICT

WATER SYSTEM REVENUE BONDS, SERIES 2014

IN THE PRINCIPAL AMOUNT OF

\$825,000

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BOND RESOLUTION

RESOLUTION OF THE BARKLEY LAKE WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$825,000 PRINCIPAL AMOUNT OF BARKLEY LAKE WATER DISTRICT WATER SYSTEM REVENUE BONDS, SERIES 2014 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

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

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

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

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$825,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Bell Engineering, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

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

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

WHEREAS, the proceeds of the Current Bonds will be supplemented by certain other grant and loan funds,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE BARKLEY LAKE WATER DISTRICT AS FOLLOWS:

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

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

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

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

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

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

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

"Bonds of 2005" or "Series 2005 Bonds" refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006, in the original authorized principal amount of \$1,185,000.

"Bonds of 2010A" or "Series 2010A Bonds" refer to the Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated the date of issuance, in the original authorized principal amount of \$4,002,000.

"Bonds of 2010B" or "Series 2010B Bonds" refer to the Barkley Lake Water District District Taxable Water System Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), in the aggregate principal amount of \$1,837,000, consisting of \$1,437,000 of Series B-1 Bonds and \$400,000 of Series B-2 Bonds.

"Bond Resolution of 2005" or "2005 Bond Resolution" refer to the Resolution authorizing the Bonds of 2005, duly adopted by the Board of Commissioners of the District on April 11, 2005.

"Bond Resolution of 2010A" or "2010A Bond Resolution" refer to the Resolution authorizing the Bonds of 2010A, duly adopted by the Board of Commissioners of the District on July 12, 2010.

"Bond Resolution of 2010B" or "2010B Bond Resolution" refer to the Resolution authorizing the Bonds of 2010B, duly adopted by the Board of Commissioners of the District on July 12, 2010.

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

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

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

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

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

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

"Current Bonds" refers to the \$825,000 of Barkley Lake Water District Water System Revenue Bonds, Series 2014 authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Barkley Lake Water District Water System Sinking Fund of 2014, described in Section 401 of this Resolution.

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

"Depreciation Fund" refers to the Barkley Lake Water District Water System Depreciation Fund, described in Section 402 of this Resolution.

"District" refers to the Barkley Lake Water District.

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

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

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

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

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

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

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

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

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

"KRWFC Loan of 2008" refers to the outstanding Kentucky Rural Water Finance Corporation Loan to the District, dated May 29, 2008, in the original principal amount of \$3,060,000.

"KRWFC Loan of 2012" refers to the outstanding Kentucky Rural Water Finance Corporation Loan to the District, dated August 29, 2012, in the original principal amount of \$1,465,000.

"KRWFC Resolution of 2008" or *"2008 KRWFC Resolution"* refer to the Resolution authorizing the KRWFC Loan of 2008.

"KRWFC Resolution of 2012" or *"2012 KRWFC Resolution"* refer to the Resolution authorizing the KRWFC Loan of 2012.

"Local Counsel" refers to H.B. Quinn, Esq., Cadiz, Kentucky, or any other attorney or firm of attorneys designated by the District.

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

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

"Operation and Maintenance Fund" refers to the Barkley Lake Water District Water System Operation and Maintenance Fund described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been

deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

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

"Prior Bonds" refers collectively to the Series 2005 Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the KRWFC Loan of 2008 and the KRWFC Loan of 2012.

"Prior Bond Resolution" refers collectively to the 2005 Bond Resolution, the 2010A Bond Resolution, the 2010B Bond Resolution, the KRWFC Resolution of 2008 and the KRWFC Resolution of 2012.

"Prior Sinking Fund" refers to the Barkley Lake Water District Water System Sinking Fund, described in Section 401 of this Resolution.

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

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

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

"RD Grant" refers to the RD grant described in Section 804 of this Resolution.

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

"Revenue Fund" refers to the Barkley Lake Water District Water System Revenue Fund, described in Section 401 of this Resolution.

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

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

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

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

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

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

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

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$1,100,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$825,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$1,100,000
Less:		
RD Grant	<u>\$275,000</u>	
Total Non-Bond Funds:		<u>(275,000)</u>
Balance to be financed by Current Bonds		\$825,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$825,000 principal amount of Barkley Lake Water District Water System Revenue Bonds, Series 2014.

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

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

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

Section 107. Current Bonds Shall be Payable Out of Gross Revenues, Subject to Priority of Prior Bonds. The Current Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable out of the gross revenues of the System, after providing for all of the principal and interest requirements of the outstanding Prior Bonds.

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

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

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

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

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

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

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to November 1, 2024, shall not be subject to prepayment. Principal maturities falling due on and after November 1, 2024, shall be subject to prepayment by the District on any date falling on and after November 1, 2023, at par plus accrued interest, without any prepayment penalty.

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

Notice of such prepayment shall be given by certified mail to the Bondowner or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Bondowner.

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

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$361,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$361,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

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

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

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

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Barkley Lake Water District Water System Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be

deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds.

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

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

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

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

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$34,000) during the construction of the Project, as approved by the Engineers and by RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of the Project (as determined by the Engineers, the Chairman and the RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of

the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed, if the RD has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

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

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

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

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of \$825,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

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

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

The aggregate of the principal amount of all Notes shall not exceed \$825,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$825,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

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

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

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

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

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

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

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

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

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

ARTICLE 4. FLOW OF FUNDS.

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

- (a) Barkley Lake Water District Water System Revenue Fund
- (b) Barkley Lake Water District Water System Sinking Fund
- (c) Barkley Lake Water District Water System Depreciation Fund
- (d) Barkley Lake Water District Water System Operation and Maintenance Fund

There was created and established the Barkley Lake Water District Water System Sinking Fund of 2014.

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding subject to the right of the District to designate a different depository bank.

Section 402. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The District covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified by this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on all Prior Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior Bonds maturing on the next succeeding principal payment date.

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

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$34,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Current Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds maturing on the next succeeding November 1.

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

D. Depreciation Fund. It is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least \$295 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$35,400, which amount shall be maintained, and when necessary, restored to said sum of \$35,400, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extra-

ordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

E. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the District's annual budget.

F. Monthly Principal and Interest Payments if Requested by the RD. So long as any of the Bonds are held or insured by the RD, the District shall, if requested by the RD, make the payments required by this Section 402, in monthly installments to the RD or to the insured Owners of the Bonds.

G. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Resolution or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

H. Investment and Miscellaneous Provisions. All monies in the Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All monies in the Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

Any investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

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

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

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

Section 403. Current Bonds Subject to the Priority of the Prior Bonds. It is hereby found and declared that the Current Bonds shall be payable from the gross income and revenues of the System, subject to the priority of the Prior Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

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

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then Outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

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

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

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

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

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

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

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

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

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the average annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System; and

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

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

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

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

- (a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;
- (b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

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

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

ARTICLE 7. DEFAULT AND CONSEQUENCES

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

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

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

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

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

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

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

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

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

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

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

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$275,700 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

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

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

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

ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

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

Section 807. Authorization to File Required Financing Statements. In the event that it is determined by Bond Counsel or Local Counsel that the District is required to file any financing statements under the Kentucky Uniform Commercial Code in order to perfect the pledge of the gross revenues of the District's System as security for the Current Bonds, Bond Counsel and/or Local Counsel are hereby authorized to prepare and file with the appropriate officials such financing statements as they deem necessary.

ARTICLE 9. SALE OF CURRENT BONDS

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

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

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

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

ARTICLE 10. CONCLUDING PROVISIONS

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

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

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$30,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

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

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

District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

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

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

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

Adopted this July 14, 2014.

BARKLEY LAKE WATER DISTRICT

Chairman

(Seal of District)

Attest:

Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Barkley Lake Water District, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on July 14, 2014, as shown by the official records of said District in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this July 14, 2014.

Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

<u>Payment Due November 1</u>	<u>Principal Payment</u>	<u>Payment Due November 1</u>	<u>Principal Payment</u>
2017	\$12,500	2036	\$21,000
2018	13,000	2037	21,500
2019	13,500	2038	22,000
2020	13,500	2039	23,000
2021	14,000	2040	23,500
2022	14,500	2041	24,000
2023	15,000	2042	25,000
2024	15,000	2043	25,500
2025	15,500	2044	26,000
2026	16,000	2045	27,000
2027	16,500	2046	27,500
2028	17,000	2047	28,500
2029	17,500	2048	29,000
2030	18,000	2049	30,000
2031	18,500	2050	31,000
2032	19,000	2051	31,500
2033	19,500	2052	32,500
2034	20,000	2053	33,500
2035	20,500	2054	34,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
BARKLEY LAKE WATER DISTRICT
WATER SYSTEM REVENUE BONDS, SERIES 2014

No. R- _____

Interest Rate: _____ %

\$  _____

KNOW ALL PERSONS BY THESE PRESENTS:

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

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

_____ DOLLARS (\$ _____),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
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[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of May and November in each year, beginning with the first May or November after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This B Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued subject to the vested rights and priorities in favor of the owners of the outstanding (i) Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006 (the "2005 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 11, 2005 (the "2005 Bond Resolution"); (ii) Kentucky Rural Water Finance Corporation Loan to the District, dated May 29, 2008 (the "2008 KRWFC Loan"), authorized by a Resolution adopted by the Commission of the District (the "2008 KRWFC Bond Resolution"); (iii) Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated May 15, 2012 (the "2010A Bonds"), authorized by a Resolution adopted by the Commission of the District on July 12, 2010 (the "2010A Bond Resolution"); (iv) Barkley Lake Water District Water System Taxable Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), dated December 20, 2010 (the "2010B Bonds"), authorized by a Resolution adopted by the Commission of the District on July 12, 2010 (the "2010B Bond Resolution"); and (v) Kentucky Rural Water Finance Corporation Loan to the District, dated August 29, 2012 (the "2012 KRWFC Loan"), authorized by a Resolution adopted by the Commission of the District (the "2012 KRWFC Bond Resolution") [hereinafter the 2005 Bonds, the 2008 KRWFC Loan, the 2010A Bonds, the 2010B Bonds and the 2012 KRWFC Loan shall be collectively referred to as the "Prior Bonds", and the 2005 Bond Resolution, the 2008 KRWFC Resolution, the 2010A Bond Resolution, the 2010B Bond Resolution and the 2012 KRWFC Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond together with any bonds ranking on a parity therewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Barkley Lake Water District Water System Sinking Fund of 2014", created in the Current Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Current Bonds are outstanding, the System will be continuously owned and operated by the

District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after November 1, 2023, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Barkley Lake Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

BARKLEY LAKE WATER DISTRICT

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the District kept for that purpose by the Secretary, as Bond Registrar, upon presentation hereof to said Secretary, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered owner or its attorney, such transfer to be made on said book and endorsed hereon.

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

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

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Barkley Lake Water District Water System Revenue Bonds, Series 2014, in the aggregate principal amount of \$825,000

The undersigned hereby certify as follows:

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

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

Barkley Lake Water District

Bell Engineers, Inc.

By _____
Chairman

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

USDA, Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Total _____

Approved on _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

2014 Debt Payment Schedule

There is no amortization schedule for this bond. The interest rate is fixed at 2.75%, principal payments begin on Nov 1, 2017. We have calculated interest based on the known figures. Actual interest expense will vary depending on the date when principal payments are actually made.

	825,000 Principal Pmt	Balance after	Interest	
			May 1	November 1
2014	-	825,000		
2015	-	825,000	9,900.00	9,900.00
2016	-	825,000	11,343.75	11,343.75
2017	12,500	812,500	11,171.88	11,171.88
2018	13,000	799,500	10,993.13	10,993.13
2019	13,500	786,000	10,807.50	10,807.50
2020	13,500	772,500	10,621.88	10,621.88
2021	14,000	758,500	10,429.38	10,429.38
2022	14,500	744,000	10,230.00	10,230.00
2023	15,000	729,000	10,023.75	10,023.75
2024	15,000	714,000	9,817.50	9,817.50
2025	15,500	698,500	9,604.38	9,604.38
2026	16,000	682,500	9,384.38	9,384.38
2027	16,500	666,000	9,157.50	9,157.50
2028	17,000	649,000	8,923.75	8,923.75
2029	17,500	631,500	8,683.13	8,683.13
2030	18,000	613,500	8,435.63	8,435.63
2031	18,500	595,000	8,181.25	8,181.25
2032	19,000	576,000	7,920.00	7,920.00
2033	19,500	556,500	7,651.88	7,651.88
2034	20,000	536,500	7,376.88	7,376.88
2035	20,500	516,000	7,095.00	7,095.00
2036	21,000	495,000	6,806.25	6,806.25
2037	21,500	473,500	6,510.63	6,510.63
2038	22,000	451,500	6,208.13	6,208.13
2039	23,000	428,500	5,891.88	5,891.88
2040	23,500	405,000	5,568.75	5,568.75
2041	24,000	381,000	5,238.75	5,238.75
2042	25,000	356,000	4,895.00	4,895.00
2043	25,500	330,500	4,544.38	4,544.38
2044	26,000	304,500	4,186.88	4,186.88
2045	27,000	277,500	3,815.63	3,815.63
2046	27,500	250,000	3,437.50	3,437.50
2047	28,500	221,500	3,045.63	3,045.63
2048	29,000	192,500	2,646.88	2,646.88
2049	30,000	162,500	2,234.38	2,234.38
2050	31,000	131,500	1,808.13	1,808.13
2051	31,500	100,000	1,375.00	1,375.00
2052	32,500	67,500	928.13	928.13
2053	33,500	34,000	467.50	467.50
2054	34,000	-	-	-
	825,000		267,361.98	267,361.98

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
BARKLEY LAKE WATER DISTRICT
DATED
DECEMBER 29, 2020
IN THE AMOUNT OF \$3,535,000

This document was prepared by:

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

By

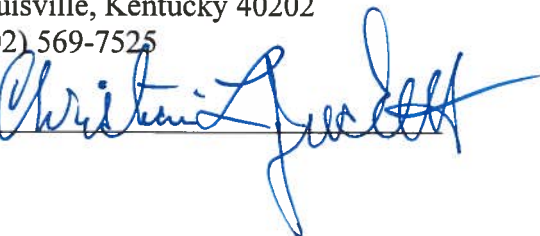


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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of December 29, 2020 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Barkley Lake Water District, 1420 Canton Road, Cadiz, Kentucky 42211 (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program) pursuant to a Trust Indenture dated as of April 4, 2001, as supplemented from time to time (collectively, the "Indenture") between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to assistance agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2020I (the "Series 2020I Bonds") in the aggregate principal amount of \$11,060,000, pursuant to a Supplemental Trust Indenture No. 80, dated as of December 29, 2020 by and between the Issuer and the Trustee, which Series 2020I Bonds will rank on a parity with the other outstanding bonds issued under the terms of the Indenture and the proceeds of which will be used by certain governmental agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental agencies and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated May 15, 2012, in the original authorized principal amount of \$4,002,000 (the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks system (the "System"); and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to currently refund the Refunded Bonds, in order to effect substantial debt service savings (the "Refunding Program"), and the Issuer has determined that the Refunding Program is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Refunding Program; and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the Governmental Agency's outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of financing the cost of extensions, additions and improvements to the System and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$3,535,000 for the Refunding Program, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Loan to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Refunding Program upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

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

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

Section 1. Definitions.

As used in this Assistance Agreement, unless the context requires otherwise:

“*Act*” refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

“*Assistance Agreement*” refers to this Assistance Agreement authorizing the Loan and the obligations hereunder.

“*Bond Counsel*” refers to Rubin & Hays, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, or any other nationally recognized individual or firm in the field of municipal bond law.

“*Bond Legislation of 2005*” or “*2005 Bond Legislation*” refer to the Resolution authorizing the Series 2005 Bonds, duly adopted by the Governing Body of the Governmental Agency on April 11, 2005.

“*Bond Legislation of 2010A*” or “*2010A Bond Legislation*” refer to the Resolution authorizing the Series 2010A Bonds, duly adopted by the Governing Body of the Governmental Agency on July 12, 2010.

“*Bond Legislation of 2010B*” or “*2010B Bond Legislation*” refer to the Resolution authorizing the Series 2010B Bonds, duly adopted by the Governing Body of the Governmental Agency on July 12, 2010.

“*Bond Legislation of 2014*” or “*2014 Bond Legislation*” refer to the Resolution authorizing the Series 2014 Bonds, duly adopted by the Governing Body of the Governmental Agency on July 11, 2014.

“*Bond Legislation of 2020*” or “*2020 Bond Legislation*” refer to the Resolution authorizing the Series 2020 Bonds, duly adopted by the Governing Body of the Governmental Agency on August 10, 2020.

“*Bondowner*”, “*Owner*”, “*Bondholder*” means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

“*Bonds*” refers to the Loan, the Prior Bonds and any additional Parity Bonds.

“*Certified Public Accountants*” refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

“*Code*” refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

“*Compliance Group*” refers to the Compliance Group identified and defined in the Indenture.

“*Engineer*” or “*Independent Consulting Engineer*” refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks engineering.

“*Fiscal Year*” refers to the annual accounting period of the Governmental Agency, beginning on January 1 and ending on December 31 of each year.

“*Funds*” refers collectively to the Revenue Fund, the Sinking Fund, the Sinking Fund of 2014, the Operation and Maintenance Fund, and the Governmental Agency Account.

“*Governing Body*” means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

“*Governmental Agency*” refers to the Barkley Lake Water District, 1420 Canton Road, Cadiz, Kentucky 42211.

“*Governmental Agency Chief Executive*” refers to the Chairman of the Governing Body.

“*Governmental Agency Clerk*” refers to the Secretary of the Governmental Agency.

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 80, dated December 29, 2020, by and between the Issuer and the Trustee.

“*Interest Payment Date*” shall mean the 1st day of each month, commencing February 1, 2021 and continuing through and including January 1, 2050 or until the Loan has been paid in full.

“*Issuer*” refers to the Kentucky Rural Water Finance Corporation, 1151 Old Porter Pike, Bowling Green, Kentucky 42103.

“*Loan*” refers to the loan authorized by this Assistance Agreement from the Issuer to the Governmental Agency, in the principal amount of \$3,535,000, maturing January 1, 2050, to defray the cost of the Refunding Program.

“*Operation and Maintenance Fund*” refers to the Barkley Lake Water District Water System Operation and Maintenance Fund described in Section 401 of the Bond Legislation of 2018 and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

“*Outstanding Bonds*” refers collectively to all outstanding Prior Bonds, the Loan and any outstanding Parity Bonds and does not refer to any bonds that have been defeased.

“*Parity Bonds*” means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Loan and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Loan.

“*Permitted Investments*” refers to investments of funds on deposit in the various funds created herein and includes:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

1. United States Treasury;
2. Export-Import Bank of the United States;
3. Farmers Home Administration;
4. Government National Mortgage Corporation; and
5. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including but not limited to:

1. Federal Home Loan Mortgage Corporation;
2. Federal Farm Credit Banks;
3. Bank for Cooperatives;
4. Federal Intermediate Credit Banks;
5. Federal Land Banks;
6. Federal Home Loan Banks;
7. Federal National Mortgage Association; and
8. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240(4) ;

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one (1) of the three (3) highest categories by a competent rating agency;

(f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a competent rating agency;

(g) Commercial paper rated in the highest category by a competent rating agency;

(h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a competent rating agency;

(j) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:

1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
2. The management company of the investment company shall have been in operation for at least five (5) years; and
3. All of the securities in the mutual fund shall be eligible investments pursuant to this section;

(k) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and

(l) Individual high-quality corporate bonds that are managed by a professional investment manager that:

1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
2. Have a standard maturity of no more than ten (10) years; and
3. Are rated in the three (3) highest rating categories by at least two (2) competent credit rating agencies.

(m) Any other lawful investment authorized by the Kentucky Revised Statutes to be utilized by local governments with a rating equal to or higher than the rating of the Bonds, as rated by each rating agency then rating the Bonds, including an investment agreement with

investment agreement provider whose obligations have a current rating at least equal to the rating on the Bonds.

“Prior Bond Legislation” refers collectively to the 2005 Bond Resolution, the 2010B Bond Resolution, the Series 2008C Assistance Agreement, and the Series 2012E Assistance Agreement.

“Prior Bonds” refers collectively to the Series 2005 Bonds, the Series 2010B Bonds, the Series 2008C Loan, and the Series 2012E Loan.

“Program” refers to the Issuer’s Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvement of public projects for governmental entities.

“Program Administrator” refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

“Program Reserve Fund” refers to the Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

“Project” refers specifically to the construction of the extensions, additions and improvements to the System that were financed with proceeds of the Series 2010A Bonds.

“Refunded Bonds” refers to the outstanding Series 2010A Bonds.

“Refunding Program” refers to the current refunding of the Refunded Bonds with the proceeds of the Loan.

“Revenue Fund” refers to the Barkley Lake Water District Water Revenue Fund created in the Bond Legislation of 2018 and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

“Series 2005 Bonds” refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006, in the original authorized principal amount of \$1,185,000.

“Series 2008C Assistance Agreement” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 29, 2008, authorizing the Series 2008C Loan.

“Series 2008C Loan” refers to the outstanding loan in the amount of \$3,060,000, dated May 29, 2008, to the Barkley Lake Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Bonds (Flexible Term Program), Series 2008C, which loan was reamortized on December 29, 2020 to a revised principal amount of \$1,535,000.

“*Series 2010A Bonds*” refer to the Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated May 15, 2012, in the original authorized principal amount of \$4,002,000.

“*Series 2010B Bonds*” refer to the Barkley Lake Water District Taxable Water System Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), in the aggregate principal amount of \$1,837,000, consisting of \$1,437,000 of Series B-1 Bonds and \$400,000 of Series B-2 Bonds.

“*Series 2014 Bonds*” refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2014, dated March 11, 2015, in the original authorized principal amount of \$825,000.

“*Series 2020 Bonds*” refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2020, in the aggregate principal amount of \$892,990, consisting of \$854,890 of Series A Bonds and \$38,100 of Series B Bonds.

“*Sinking Fund*” refers to the fund created in the Prior Bond Legislation as the Barkley Lake Water District Water System Sinking Fund.

“*Sinking Fund of 2014*” refers to the fund created in the Prior Bond Legislation as the Barkley Lake Water District Water System Sinking Fund of 2014.

“*System*” refers to the Governmental Agency’s waterworks system, together with all future extensions, additions, and improvements to said System.

“*Treasurer*” refers to the Treasurer of the Governmental Agency.

“*Trustee*” refers to Regions Bank, Nashville, Tennessee.

“*U.S. Obligations*” refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System.

That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a waterworks system are hereby in all respects ratified and confirmed; and so long as the Loan herein authorized or permitted to be issued remains outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Loan. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Loan; Place of Payment; Manner of Execution.

That pursuant to the Constitution and laws of Kentucky, and particularly the Act, the Governmental Agency hereby authorizes the borrowing of \$3,535,000 from the Program, to provide funds for the Refunding Program.

The Loan is payable on the Interest Payment Date in such principal and interest amounts as set forth in **Exhibit A** attached hereto.

The principal of, redemption price, if any, and interest on the Loan shall be payable in lawful money of the United States of America on the Interest Payment Date to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before each Interest Payment Date, from the Sinking Fund, the amounts set forth as sinking fund payments on Exhibit A attached hereto.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Loan and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on **Exhibit A** attached hereto, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption.

(a) *Optional Redemption.* Subject to the prior written approval of the Compliance Group, the Loan payments due on or after January 1, 2031 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after January 1, 2030 at a redemption price equal to 100% of the principal amount of the Loan payments called for redemption, plus unpaid interest accrued to the date of redemption.

In the event that the Governmental Agency desires to optionally redeem a portion of its Loan payments, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Loan payments as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

Section 5. Loan Payable Out of Gross Revenues on a Parity with Prior Bonds.

The Loan, the Prior Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable out of the gross revenues of the System.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation.

It is hereby declared that in accordance with the provisions of the Prior Bond Legislation and prior to the issuance of the Loan herein authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Loan payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds.

All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

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

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Loan and the Prior Bonds, plus
- (2) A sum equal to one-twelfth (1/12) of the principal due on the Loan and principal due on any Prior Bonds maturing on the next succeeding principal payment date.

In the event additional Parity Bonds are issued pursuant to the conditions and restrictions hereinafter prescribed, the monthly deposits to the Sinking Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

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

No further payments need to be made into the Sinking Fund if and when the amount held therein and in any other available fund is at least equal to the amount required to retire all Loan and the Prior Bonds and Parity Bonds and paying all interest that will accrue thereon.

B. Sinking Fund of 2014. After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Sinking Fund of 2014 on or before the 20th day of each month, for payment of interest on and principal of the Series 2014 Bonds and Series 2020 Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Series 2014 Bonds and Series 2020 Bonds, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Series 2014 Bonds and Series 2020 Bonds maturing on the next succeeding principal payment date.

The Sinking Fund of 2014 is hereby pledged for the payment of the interest and the principal of the Series 2014 Bonds and Series 2020 Bonds, but subject to the vested rights and priorities of the Prior Bonds.

Pursuant to Section 4.3(b)(iv) of the Indenture, the money and investments in the Principal and Interest Account (as defined in the Indenture) may be returned to the Governmental Agency and applied to the final Loan Payment (as defined in the Indenture) for the Governmental Agency.

C. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

D. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each Fiscal Year, the balance of excess funds in the Revenue Fund on such date, to a depreciation fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 8. Disposition of Proceeds of the Loan; Governmental Agency Account.

Upon (i) the execution of this Assistance Agreement, (ii) the delivery of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Loan, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Loan the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Loan and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used for the Refunding Program.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Barkley Lake Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and such amount on deposit in said Governmental Agency Account shall be transferred to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds, as may be required:

(1) To pay the interest on the Refunded Bonds to and including December 30, 2020; and

(2) To redeem on December 30, 2020 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Refunding Program as approved by the Governmental Agency.

After completion of the Refunding Program, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Loan from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations.

(a) The Governmental Agency covenants that neither the proceeds of the Loan, nor “Non-Exempt Revenues” of the System, as defined below, will be invested in investments that will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Loan, if such investment would cause such Loan to be treated as “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Loan to be treated as “arbitrage bonds.”

(b) “Non-Exempt Revenues” within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Loan, in excess of “Exempt Revenues,” which Exempt Revenues are:

(1) amounts deposited in the Sinking Fund for the purpose of paying debt service on the Loan within thirteen (13) months from the date of deposit; and

(2) amounts deposited in a depreciation fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Loan will be used or invested in any manner which will cause the Loan to be treated as “arbitrage bonds” within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Loan, which, if such use had been reasonably anticipated on the date of issuance of the Loan, would have caused the Loan to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Loan will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the Loan and all Prior Bonds payable from said Sinking Fund.

(5) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in a depreciation fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such depreciation fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Loan, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate

certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Loan, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Loan will be exempt from all federal income taxes and that the Loan will not constitute or be treated as arbitrage bonds.

Section 10. Parity Bonds.

The lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Loan as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Loan, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Loan.

No other bonds or other obligations shall be issued by the Governmental Agency and made payable from the revenues of the System unless the pledge of revenues for the same is expressly made subordinate and inferior to the lien and pledge herein created; provided, however, the Governmental Agency hereby reserves the right and privilege of issuing additional bonds, from time to time, payable from the revenues of the System, ranking on a basis of equality and parity as to security and source of payment with the Loan, and heretofore issued and outstanding parity bonds, for the following purposes and subject to the following conditions and restrictions:

(A) The Governmental Agency shall have the right to add new System facilities and related auxiliary facilities by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenues and any other security pledged to the Loan, provided in each instance that:

(i) facility or facilities to be built from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the Outstanding Bonds;

(ii) the Governmental Agency is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the income and revenues of the System or any part thereof;

(iii) the annual net revenues, defined as gross revenues less Current Expenses of the System for the fiscal year next preceding the issuance of additional parity bonds, are certified by an independent certified public accountant to have been equal to at least one and twenty hundredths (1.20) times the average annual requirements for principal and interest on all bonds then outstanding and payable from the revenues of the System. The term "Current Expenses," as used herein, includes all reasonable and necessary costs of operating, repairing, maintaining and insuring the System, but shall exclude any

allowance for depreciation, payments into a depreciation fund for extensions, improvements and extraordinary repairs and maintenance, and payments into a sinking fund and a debt service reserve;

(iv) the estimated average annual net revenues of the facility or facilities to be constructed or acquired with the proceeds of such additional bonds (and any other funds pledged as security), when added to the estimated future average annual net revenues of the then existing System, shall be at least one and twenty hundredths (1.20) times the average annual debt service requirements for principal and interest on all outstanding bonds payable from the revenues of the System and on the additional bonds to be issued. Future net revenue estimates shall be furnished by a recognized independent Consulting Engineer and shall be forecast over a period not exceeding ten (10) years from the date of the additional bonds proposed to be issued. Provided, however, the foregoing conditions and limitations prescribed in subparagraph (iii) and this subparagraph (iv) may be waived or modified by the written consent of the holders of at least seventy-five percent (75%) in principal amount of the Outstanding Bonds and parity bonds.

(B) The Governmental Agency hereby covenants and agrees that in the event additional series of parity bonds are issued, it shall:

(i) adjust the monthly deposits into the Sinking Fund on the same basis as that prescribed in Section 7 hereof to reflect the annual debt service on the additional bonds; and

(ii) adjust and increase appropriately the monthly amount to be deposited into a depreciation fund in accord with controlling resolutions to give recognition to the facilities and equipment to be constructed or acquired with the proceeds of such additional bonds.

(C) The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds or obligations payable from the revenues of the System on a basis of equality and parity with the Loan, and shall not be deemed to include other bonds or obligations, the security and source of payment of which are subordinate and subject to the priority of the Loan and parity bonds herein authorized or permitted to be issued. The Governmental Agency expressly reserves the right to issue the Loan or other obligations payable from the revenues herein pledged, and not ranking on a basis of equality and parity with the Loan and parity bonds herein otherwise referred to, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for additions or extensions or improvements of the System, and only if the same are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment, and protection of the Loan and parity bonds herein authorized and permitted to be issued. Provided, however, that nothing in this Section is intended or shall be construed as a restriction upon the ordinary refunding of the Loan, and/or of any bonds which may have been issued and are outstanding under any of the provisions of this Assistance Agreement, if such refunding does not operate to increase, in any year until the

final maturity of the refunding bonds, the aggregate of the principal and interest requirements of the bonds to remain outstanding and the bonds proposed to be refunded.

Section 11. Rates and Charges for Services of the System.

While any Bonds are outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all such Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Loan a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the annual net revenues (defined in the previous Section) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the Outstanding Bonds, calculated in the manner specified in the previous Section.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in the previous Section; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Loan Are Equal.

The obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the obligations authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of the Loan.

The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Loan to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or U.S. Obligations, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Loan, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Loan to and on said date, or (b) to pay all principal and interest requirements on the outstanding Loan as same matures, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such U.S. Obligations shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Loan and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement.

The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of the Loan, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 15. Appointment and Duties of Trustee.

The Trustee is hereby designated as the bond registrar and paying agent with respect to the Loan.

Its duties as Trustee shall be as follows:

- (a) To register the Loan in the name of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Loan obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;

(d) To notify the Issuer of any Loan obligations to be redeemed and to redeem the Loan prior to its stated maturity upon receiving sufficient funds; and

(e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Loan within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Loan to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Loan.

Section 16. Provisions in Conflict Repealed.

All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986.

In order to assure purchasers of the Loan that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Loan to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Loan will be used for any purpose which would cause the interest on the Loan to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Loan.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel,

be deemed necessary to assure that interest on the Loan shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of the Loan, or the application of such proceeds or of the revenues of the System. The purchasers of the Loan are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Loan. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Loan to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is executed in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Loan from Kentucky ad valorem taxation and as to exemption of interest on the Loan from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Loan. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Loan is not an "arbitrage bond" within the meaning of Section 148 of the Code.

Section 18. Insurance.

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Loan, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

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

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

(b) *Liability Insurance on Facilities.* So long as the Loan is outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for

damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Loan, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as the Loan is outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 19. Event of Default; Remedies.

The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Loan when due and payable, either at maturity or by proceedings for redemption;

(b) The failure to pay any installment of interest on the Loan when the same shall become due and payable;

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure; and/or

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Loan, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Loan, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of the Loan may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports.

The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the Fiscal Year ended prior to the Fiscal Year in which this Agreement is executed) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 180 days after the end of each Fiscal Year.

Section 21. Supplemental Assistance Agreement.

The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive.

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

Section 23. Waivers.

In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so

waived and will not be deemed to waive any other breach hereunder.

Section 24. Agreement to Pay Attorneys' Fees and Expenses.

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

Section 25. Signatures of Officers.

If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Loan cease to be such officers before delivery of the Loan, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause.

If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Barkley Lake Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By 
President

Attest:

By 
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By _____
Chairman

Attest:

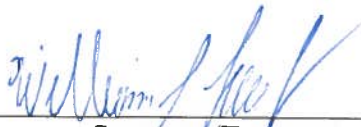
By _____
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Barkley Lake Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By  _____
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By  _____
Chairman

Attest:

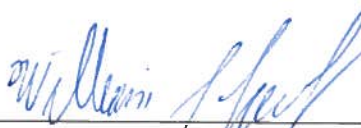
By  _____
Secretary

EXHIBIT A

Debt Service Schedule

**KRWFC Flexible Term Program Series 2020 I
Sinking Fund Payment Schedule**

**Borrower: Barkley Lake Water District
Closing Date: 12/29/20**

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
2/21-7/21	5,833.33	11,615.04	17,448.38
8/21-1/22	5,833.33	8,832.40	14,665.73
2/22-7/22	7,083.33	8,529.06	15,612.40
8/22-1/23	7,083.33	8,529.06	15,612.40
2/23-7/23	7,500.00	8,160.73	15,660.73
8/23-1/24	7,500.00	8,160.73	15,660.73
2/24-7/24	7,500.00	7,770.73	15,270.73
8/24-1/25	7,500.00	7,770.73	15,270.73
2/25-7/25	7,916.67	7,380.73	15,297.40
8/25-1/26	7,916.67	7,380.73	15,297.40
2/26-7/26	8,333.33	6,969.06	15,302.40
8/26-1/27	8,333.33	6,969.06	15,302.40
2/27-7/27	8,750.00	6,535.73	15,285.73
8/27-1/28	8,750.00	6,535.73	15,285.73
2/28-7/28	8,750.00	6,080.73	14,830.73
8/28-1/29	8,750.00	6,080.73	14,830.73
2/29-7/29	9,166.67	5,625.73	14,792.40
8/29-1/30	9,166.67	5,625.73	14,792.40
2/30-7/30	10,000.00	5,149.06	15,149.06
8/30-2/31	10,000.00	5,149.06	15,149.06
2/31-7/31	10,416.67	4,929.06	15,345.73
8/31-1/32	10,416.67	4,929.06	15,345.73
2/32-7/32	10,416.67	4,699.90	15,116.56
8/32-1/33	10,416.67	4,699.90	15,116.56
2/33-7/33	10,416.67	4,470.73	14,887.40
8/33-1/34	10,416.67	4,470.73	14,887.40
2/34-7/34	10,833.33	4,241.56	15,074.90
8/34-1/35	10,833.33	4,241.56	15,074.90
2/35-7/35	10,833.33	4,003.23	14,836.56
8/35-1/36	10,833.33	4,003.23	14,836.56
2/36-7/36	11,250.00	3,764.90	15,014.90
8/36-1/37	11,250.00	3,764.90	15,014.90
2/37-7/37	10,000.00	3,517.40	13,517.40
8/37-1/37	10,000.00	3,517.40	13,517.40
2/38-7/38	10,416.67	3,297.40	13,714.06
8/38-1/39	10,416.67	3,297.40	13,714.06
2/39-7/39	10,416.67	3,068.23	13,484.90
8/39-1/40	10,416.67	3,068.23	13,484.90
2/40-7/40	10,833.33	2,839.06	13,672.40
8/40-1/41	10,833.33	2,839.06	13,672.40
2/41-7/41	10,833.33	2,587.19	13,420.52
8/41-1/42	10,833.33	2,587.19	13,420.52
2/42-7/42	11,250.00	2,335.31	13,585.31
8/42-1/43	11,250.00	2,335.31	13,585.31
2/43-7/43	11,666.67	2,073.75	13,740.42
8/43-1/44	11,666.67	2,073.75	13,740.42
2/44-7/44	11,666.67	1,802.50	13,469.17
8/44-1/45	11,666.67	1,802.50	13,469.17
2/45-7/45	12,083.33	1,531.25	13,614.58
8/45-1/46	12,083.33	1,531.25	13,614.58
2/46-7/46	12,083.33	1,235.21	13,318.54
8/46-1/47	12,083.33	1,235.21	13,318.54
2/47-7/47	12,500.00	939.17	13,439.17
8/47-1/48	12,500.00	939.17	13,439.17
2/48-7/48	12,916.67	632.92	13,549.58
8/48-1/49	12,916.67	632.92	13,549.58
2/49-7/49	12,916.67	316.46	13,233.13
8/49-1/50	12,916.67	316.46	13,233.13
	<u>3,535,000.00</u>	<u>1,496,526.09</u>	<u>5,031,526.09</u>

**FIRST AMENDMENT AND SUPPLEMENT TO
ASSISTANCE AGREEMENT**

This First Amendment and Supplement to Assistance Agreement made and entered into as of December 29, 2020 (the “First Amendment to Assistance Agreement”) by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the “Issuer”) and the Barkley Lake Water District, 1420 Canton Road, Cadiz, Kentucky 42211 (the “Governmental Agency”):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the “Program”) designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program) pursuant to a Trust Indenture dated as of April 4, 2001, as supplemented from time to time (collectively, the “Indenture”) between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as trustee (the “Trustee”), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to assistance agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2020I (the “Series 2020I Bonds”) in the aggregate principal amount of \$[Bond issue size], pursuant to a Supplemental Trust Indenture No. 80, dated as of December 29, 2020 by and between the Issuer and the Trustee, which Series 2020I Bonds will rank on a parity with the other outstanding bonds issued under the terms of the Indenture and the proceeds of which will be used by certain governmental agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental agencies and the Issuer; and

WHEREAS, the Governmental Agency entered into an Assistance Agreement (the “Assistance Agreement”) with the Issuer on May 29, 2008, pursuant to which the Issuer provided the Governmental Agency with a loan dated May 29, 2008, in the original principal amount of \$3,060,000, from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2008C (the “Loan”); and

WHEREAS, the proceeds of the Series 2008C Loan were used to finance the cost to refund certain prior bonds of the District and to design and construct an elevated water storage tank, with appurtenances, for the benefit of the District’s waterworks system (the “System”); and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to amend and supplement the Assistance Agreement, in order to effect substantial debt service savings; and

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

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in amending and supplementing the terms of the Loan to assist the Governmental Agency in achieving debt service savings upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

WHEREAS, the Issuer and the Governmental Agency have determined to enter into this First Amendment to Assistance Agreement to set forth their respective duties, rights, covenants, and obligations with respect to the repayment of the Loan and the interest thereon;

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

Section 1. Definitions. Unless the context clearly indicates some other meaning or as otherwise set forth below, the words and terms defined in the Assistance Agreement shall apply for the purposes of this First Amendment and Supplement to Assistance Agreement. In addition, the following terms shall have the meanings set forth below:

“Assistance Agreement” refers to the Assistance Agreement between the Issuer and the Governmental Agency, dated May 29, 2008, authorizing the Series 2008C Loan.

“First Amendment to Assistance Agreement” refers to this First Amendment and Supplement to Assistance Agreement supplementing and amending the Assistance Agreement, which authorized the Loan.

“Indenture” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 80, dated December 29, 2020, by and between the Issuer and the Trustee.

“Interest Payment Date” shall mean the 1st day of each month, commencing February 1, 2021 and continuing through and including January 1, 2037 or until the Loan has been paid in full.

“*Loan*” refers to the loan in the amount of \$3,060,000, dated May 29, 2008, to the Barkley Lake Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2008C, as amended herein.

“*Trustee*” refers to Regions Bank, Nashville, Tennessee.

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

That pursuant to the Constitution and laws of Kentucky, and particularly the Act, the Governmental Agency hereby authorizes this borrowing of \$1,535,000 from the Program, for the purpose of providing funds to re-amortize the Loan.

The Loan is payable on the Interest Payment Date in such principal and interest amounts as set forth in **Exhibit A** attached hereto.

The principal of, redemption price, if any, and interest on the Loan shall be payable in lawful money of the United States of America on the Interest Payment Date to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the “ACH Debit Direct Payment Method”) as described and detailed in the ACH Debit Direct Payment Authorization Form (the “ACH Authorization Form”) in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before each Interest Payment Date, from the Sinking Fund, the amounts set forth as sinking fund payments on Exhibit A attached hereto.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Loan and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the “Reserve Withdrawal”), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on **Exhibit A** attached hereto, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 3. Revision of Debt Service Schedule and Amortization of Fees and Costs. Upon (i) the execution of this First Amendment to Assistance Agreement, (ii) the delivery of this First Amendment to Assistance Agreement to the Trustee, and (iii) certification of the Compliance Group that the Loan will continue to be accepted in the Program; the Issuer will amend the debt service schedule on the Governmental Agency’s Loan as evidenced in the

attached **Exhibit A**, which debt service schedule will amortize the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Loan and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

Section 4. Calculation of Revised Principal Amount of the Loan. The revised principal amount of the Loan is \$1,535,000, which amount was calculated as follows:

Outstanding principal balance of the Loan on December 29, 2020	1,809,033.33
Plus net costs associated with amending the debt service on the Loan	(164,478.18)
Credit for current balance in Governmental Agency's Sinking Fund	(110,134.06)
Plus deposit to Governmental Agency's Sinking Fund (rounding)	<u>578.91</u>
Revised principal amount of the Loan	\$1,535,000.00

[Signature Page Follows]

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this First Amendment to Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Barkley Lake Water District has caused this First Amendment to Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By John M. Dix
President

Attest:

By [Signature]
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this First Amendment to Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Barkley Lake Water District has caused this First Amendment to Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By  _____
Chairman

Attest:

By  _____
Secretary

EXHIBIT A

Debt Service Schedule

**KRWFC Flexible Term Program Series 2020 I
Sinking Fund Payment Schedule**

**Borrower: Barkley Lake Water District
Closing Date: 12/29/20**

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
		-	-
2/21-7/21	10,833.33	5,282.02	16,115.36
8/21-1/22	10,833.33	5,514.17	16,347.50
2/22-7/22	11,666.67	4,950.83	16,617.50
8/22-1/23	11,666.67	4,950.83	16,617.50
2/23-7/23	12,083.33	4,344.17	16,427.50
8/23-1/24	12,083.33	4,344.17	16,427.50
2/24-7/24	13,333.33	3,715.83	17,049.17
8/24-1/25	13,333.33	3,715.83	17,049.17
2/25-7/25	13,750.00	3,022.50	16,772.50
8/25-1/26	13,750.00	3,022.50	16,772.50
2/26-7/26	14,583.33	2,307.50	16,890.83
8/26-1/27	14,583.33	2,307.50	16,890.83
2/27-7/27	4,166.67	1,549.17	5,715.83
8/27-1/28	4,166.67	1,549.17	5,715.83
2/28-7/28	4,583.33	1,332.50	5,915.83
8/28-1/29	4,583.33	1,332.50	5,915.83
2/29-7/29	5,000.00	1,094.17	6,094.17
8/29-1/30	5,000.00	1,094.17	6,094.17
2/30-7/30	5,416.67	834.17	6,250.83
8/30-2/31	5,416.67	834.17	6,250.83
2/31-7/31	5,000.00	715.00	5,715.00
8/31-1/32	5,000.00	715.00	5,715.00
2/32-7/32	5,416.67	605.00	6,021.67
8/32-1/33	5,416.67	605.00	6,021.67
2/33-7/33	5,416.67	485.83	5,902.50
8/33-1/34	5,416.67	485.83	5,902.50
2/34-7/34	5,416.67	366.67	5,783.33
8/34-1/35	5,416.67	366.67	5,783.33
2/35-7/35	5,833.33	247.50	6,080.83
8/35-1/36	5,833.33	247.50	6,080.83
2/36-7/36	5,416.67	119.17	5,535.83
2/36-7/37	5,416.67	119.17	5,535.83
	<u>1,535,000.00</u>	<u>373,057.13</u>	<u>1,908,057.13</u>

Final

\$5,070,000

Barkley Lake Water District

Kentucky Rural Water Finance Corporation

Public Projects Refunding and Improvement Revenue Bonds, Series 2020 I

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Trustee	Net New D/S
12/31/2020	-	-	-	-	-	-
12/31/2021	-	-	101,382.38	101,382.38	450.00	101,832.38
12/31/2022	200,000.00	5.200%	166,958.76	366,958.76	450.00	367,408.76
12/31/2023	225,000.00	5.200%	155,908.76	380,908.76	450.00	381,358.76
12/31/2024	235,000.00	5.200%	143,948.76	378,948.76	450.00	379,398.76
12/31/2025	250,000.00	5.200%	131,338.76	381,338.76	450.00	381,788.76
12/31/2026	260,000.00	5.200%	118,078.76	378,078.76	450.00	378,528.76
12/31/2027	275,000.00	5.200%	104,168.76	379,168.76	450.00	379,618.76
12/31/2028	155,000.00	5.200%	92,988.76	247,988.76	450.00	248,438.76
12/31/2029	160,000.00	5.200%	84,798.76	244,798.76	450.00	245,248.76
12/31/2030	170,000.00	5.200%	76,218.76	246,218.76	450.00	246,668.76
12/31/2031	185,000.00	2.200%	69,763.76	254,763.76	450.00	255,213.76
12/31/2032	185,000.00	2.200%	65,693.76	250,693.76	450.00	251,143.76
12/31/2033	190,000.00	2.200%	61,568.76	251,568.76	450.00	252,018.76
12/31/2034	190,000.00	2.200%	57,388.76	247,388.76	450.00	247,838.76
12/31/2035	195,000.00	2.200%	53,153.76	248,153.76	450.00	248,603.76
12/31/2036	200,000.00	2.200%	48,808.76	248,808.76	450.00	249,258.76
12/31/2037	200,000.00	2.200%	44,408.76	244,408.76	450.00	244,858.76
12/31/2038	120,000.00	2.200%	40,888.76	160,888.76	450.00	161,338.76
12/31/2039	125,000.00	2.200%	38,193.76	163,193.76	450.00	163,643.76
12/31/2040	125,000.00	2.200%	35,443.76	160,443.76	450.00	160,893.76
12/31/2041	130,000.00	2.325%	32,557.51	162,557.51	450.00	163,007.51
12/31/2042	130,000.00	2.325%	29,535.01	159,535.01	450.00	159,985.01
12/31/2043	135,000.00	2.325%	26,454.38	161,454.38	450.00	161,904.38
12/31/2044	140,000.00	2.325%	23,257.50	163,257.50	450.00	163,707.50
12/31/2045	140,000.00	2.325%	20,002.50	160,002.50	450.00	160,452.50
12/31/2046	145,000.00	2.450%	16,598.75	161,598.75	450.00	162,048.75
12/31/2047	145,000.00	2.450%	13,046.25	158,046.25	450.00	158,496.25
12/31/2048	150,000.00	2.450%	9,432.50	159,432.50	450.00	159,882.50
12/31/2049	155,000.00	2.450%	5,696.25	160,696.25	450.00	161,146.25
12/31/2050	155,000.00	2.450%	1,898.75	156,898.75	450.00	157,348.75
Total	\$5,070,000.00	-	\$1,869,583.22	\$6,939,583.22	\$13,500.00	\$6,953,083.22

Attachment #10

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Barkley Lake Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

William G Lawrence
(Print Name)


(Signed)

Secretary
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by William G. Lawrence
(Name)

this 18th day of November, 2021.

Perry Wright

NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
<u>Hilltop Kash Market</u>	<u>supplies (hardware)</u>	

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Scott T. Bridges
(Print Name)

Scott T. Bridges
(Signed)

Chairman
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by Scott Bridges
(Name)

this 18th day of November, 20 21.

Penny Wright

NOTARY PUBLIC
State-at-Large



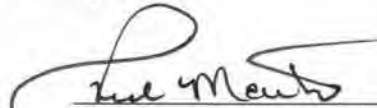
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Ted Martin
(Print Name)


(Signed)

Commissioner
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by Ted Martin
(Name)

this 18 day of November, 20 21.

Penny Wright
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Barkley Lake Water ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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EMMET DALE HENDERSON
(Print Name)


(Signed)

Commissioner
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by Emmett Dale Henderson
(Name)

this 18 day of November, 20 21.

Penny Wright
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Barkley Lake Water Dist ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
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John-Michael HERRING
(Print Name)


(Signed)

General Manager
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by John-Michael Herring
(Name)

this 14th day of December, 2021.

Jessie Smith KUNP8148
NOTARY PUBLIC
State-at-Large
expires 12/24

Attachment #11

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE BARKLEY LAKE WATER DISTRICT PROPOSING ADJUSTMENTS TO ITS WATER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENT

WHEREAS, the Barkley Lake Water District ("District") is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission ("PSC");

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges; and

WHEREAS, KRS 278.180 and KAR 5:076 provide the legal mechanism for the District to propose adjustments to its water rates and charges;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF BARKLEY LAKE WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. The District proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that made be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

Section 3. The Chairman is hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing ("ARF") Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Manager, and all others to whom the Chairman may delegate certain responsibilities are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF THE BARKLEY LAKE WATER DISTRICT at a meeting held on December 3, 2021, signed by the Chairman, and attested by the Secretary.

William Williams

Acting CHAIRMAN

ATTEST:
Paul M. ...

SECRETARY

CERTIFICATION

I, Secretary of the Barkley Lake Water District (the "District"), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District at a meeting properly held on December 3, 2021, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 3rd day of December 2021.

Paul M. ...

SECRETARY

APPENDIX A

CURRENT AND PROPOSED RATES			
Barkley Lake Water District			
<u>Current Rates</u>		<u>Proposed Rates</u>	
<u>5/8" x 3/4" Meter</u>			
First	2,000	\$ 21.78	Minimum Bill
Next	98,000	7.34	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons
<u>1" Meter</u>			
First	4,000	\$ 36.45	Minimum Bill
Next	96,000	7.34	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons
<u>1 1/2" Meter</u>			
First	8,000	\$ 65.82	Minimum Bill
Next	92,000	7.34	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons
<u>2" Meter</u>			
First	15,000	\$ 117.19	Minimum Bill
Next	85,000	7.34	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons
<u>4" Meter</u>			
First	25,000	\$ 190.60	Minimum Bill
Next	75,000	7.34	per 1,000 gallons
Next	400,000	5.97	per 1,000 gallons
Over	500,000	4.36	per 1,000 gallons
<u>Wholesale Rates</u>			
All Water Purchased		\$ 2.45	per 1,000 gallons
<u>Proposed Rates</u>			
<u>5/8" x 3/4" Meter</u>			
First	2,000	\$ 23.08	Minimum Bill
Next	98,000	7.78	per 1,000 gallons
Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.62	per 1,000 gallons
<u>1" Meter</u>			
First	4,000	\$ 38.62	Minimum Bill
Next	96,000	7.78	per 1,000 gallons
Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.62	per 1,000 gallons
<u>1 1/2" Meter</u>			
First	8,000	\$ 69.75	Minimum Bill
Next	92,000	7.78	per 1,000 gallons
Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.62	per 1,000 gallons
<u>2" Meter</u>			
First	15,000	\$ 124.18	Minimum Bill
Next	85,000	7.78	per 1,000 gallons
Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.62	per 1,000 gallons
<u>4" Meter</u>			
First	25,000	\$ 201.97	Minimum Bill
Next	75,000	7.78	per 1,000 gallons
Next	400,000	6.33	per 1,000 gallons
Over	500,000	4.62	per 1,000 gallons
<u>Wholesale Rates</u>			
All Water Purchased		\$ 2.60	per 1,000 gallons