COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CORINTH WATER DISTRICT FOR APPROVAL TO ENTER INTO A LEASE AGREEMENT WITH THE KENTUCKY BOND CORPORATION, IN AN APPROXIMATE PRINCIPAL AMOUNT OF $2,020,000 FOR THE PURPOSE OF REFINANCING ALL OUTSTANDING FEDERAL OBLIGATIONS OF THE CORINTH WATER DISTRICT.	)	CASE NO. 2021-00465

APPLICATION

The applicant Corinth Water District (the "District"), by counsel, files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") enter an order authorizing the District to enter into a $2,020,000 Lease Agreement (the "Lease") with the Kentucky Bond Corporation ("KBC"), a bond issuing corporation established by parties to an Interlocal Cooperation Agreement (the "Interlocal Agreement"). KBC is managed by the Kentucky League of Cities, and the District has become a party to the Interlocal Agreement.

Heretofore, the District has entered into several obligations with the United States Department of Agriculture (described in detail below in paragraph 5), the proceeds of which were used to make various improvements to their water facilities (the "Prior USDA Obligations").

On July 23, 2021, due to low interest rates, the District entered into the Lease with KBC (a copy of which is attached as Exhibit A), to refinance the Prior USDA Obligations. The refinancing resulted in a debt service savings of $307,517.22 for the District. The District did not incur

additional indebtedness or borrow money for any new spending or project; the District simply refinanced its existing Prior USDA obligations at a lower interest rate for the District.

At the time, it was mistakenly determined that because the Prior USDA Obligations were held by the federal government the financing was not subject to Commission approval.[1] It has subsequently come to the attention of the District that the obligation is subject to Commission approval. Therefore, the District respectfully requests that the Commission retroactively accept this application, which contains all of the information required for approval, as well as a copy of the Lease, showing the savings to the District, and approve the Lease.

The District intends to take steps to prevent such an omission from occurring in the future and represents that it will seek Commission approval before entering into any obligations in the future.

In support of this Application, the District states as follows:

(1) That it is a water district organized pursuant to KRS Chapter 74, and its full legal name is Corinth Water District (807 KAR 5:001, Section 14(1)). The District was created by an Order of the Grant County Court entered on January 11, 1965.

(2) The governing body of the District is its Board of Commissioners, a body corporate with the power to make contracts in the furtherance of its lawful and proper purposes as KRS 74.010 provides. The District is now, and has been since its formation, regulated by the Commission, and all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

---

[1] *See* KRS 278.300(10).

(3) The mailing address of the District is:

215 Thomas Lane (859) 824-7110
Corinth, KY 41010

(4) The electronic mail address of the District is: corinthwaterdistrict@gmail.com.

(5) A description of the District's water system and its property, together with a statement of the original cost is contained in its current Annual Report which is on file with the Commission, and the Annual Report is incorporated herein by reference.

(6) The District's Lease with KBC is in the principal amount of $2,020,000. The interest rate will be 2.000% for the years 2022 through 2039, 2.125% for the years 2040 and 2041, 2.250% for the years 2042 and 2043, and 2.375% for the years 2044 and 2045. Like the Prior USDA Obligations the Lease refinanced, the Lease will be secured by a pledge of district revenues. The Lease is being entered into for the purpose of refunding for debt service savings the following outstanding obligations of the District (the "Prior Obligations"):

(i) Water District Revenue Bonds, Series 1998, issued in an original principal amount of $526,000, of which $351,000 remained outstanding, the proceeds of which were used to make various improvements to the District's water facilities;

(ii) Water District Revenue Bonds, Series 2002, issued in an original principal amount of $485,000, of which $364,600 remained outstanding, the proceeds of which were used to make various improvements to the District's water facilities; and

(iii) Water District Revenue Bonds, Series 2005, issued in an original principal amount of $1,532,000, of which $1,195,000 remained outstanding, the proceeds of which were used to make various improvements to the District's water facilities.

(7) The debt service for the Lease is shown in Exhibit B, hereto, which is incorporated by reference. Payments under the Lease match debt service payments on related bonds to be issued by KBC, as described below.

(8) Proceeds from the sale of the Lease were used to: (i) refund and retire the Prior Obligations for debt service savings to the District, and (ii) pay the transaction costs related to the Lease.

(9) A detailed explanation of the sources and uses of the proceeds of the Lease is provided in Exhibit C, hereto, which is incorporated by reference. The Sources and Uses table contains fees paid as part of the closing of the financing.

(10) A combined debt service schedule for the Prior Obligations is shown in Exhibit D.

(11) The District has determined and represents that the Lease is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the District by producing debt service savings. This is a lawful objective within the public purposes of the District's utility operations. The Lease is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service. Facts relied upon to show that the application is in the public interest can be found in the Plan of Refinancing in Exhibit D.

(12) The District's Audited Financial Statements for the twelve month period ending December 31, 2020 are attached as Exhibit E, hereto and are incorporated by reference. The remaining financial information required is contained in the most recent Annual Report which is on file with the Commission.

(13) No rate adjustment is being proposed as part of this application.

(14) The following information is provided as required by 807 KAR 5:001 Section 18(1):

a. A general description of the property is contained in the Annual Report.

b. No stock is to be issued. The Prior Obligations to be refinanced and their terms are described in Exhibit E.

c. The refunding of the Prior Obligations and refinancing is described in Exhibits C and D.

d. The proceeds of the Lease were used to refinance the Prior Obligations to provide debt service savings.

e. The par value, expenses, use of proceeds, interest rates, and other information is contained in Exhibits C and D.

(15) The following exhibits are provided pursuant to 807 KAR 5:001 Section 18(2):

a. There are no trust deeds. All notes, indebtedness, and mortgages are included in Exhibit F.

b. No property is to be acquired.

(16) The following information is provided pursuant to 807 KAR 5:001 Section 12(2):

a. No stock is authorized.

b. No stock is issued.

c. There are no stock preferences.

d. Any mortgages are listed in the Annual Report.

e. Any bonds are listed in Exhibit F.

f. Any notes are listed in Exhibit F.

g. Any other indebtedness is listed in Exhibit F.

h. No dividends have been paid.

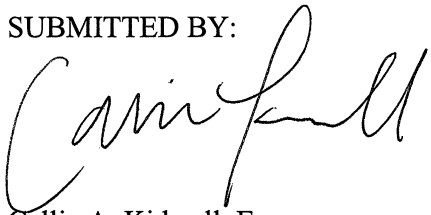
i. A current balance sheet and income statement is attached as Exhibit E.

(17) The District requests that it be granted a deviation under 807 KAR 5:001 Section 22, if necessary to accommodate any situation where inflexible compliance with a regulation would be impracticable, onerous, or which would hinder the District's daily operations.

The District states that there has been no material change in the financial condition or operation of the District since December 31, 2020. The financial data filed with this Application is the most recent published financial data available.

For these reasons, the District requests that it be granted an order authorizing the refinancing of these bonds in the manner most beneficial to the District.

SUBMITTED BY:



Callie A. Kidwell, Esq.
Dinsmore & Shohl LLP
101 South Fifth Street, Suite 2500
Louisville, Kentucky 40202
T: (502) 540-2351
F: (502) 585-2207
E: callie.kidwell@dinsmore.com
Bond Counsel

AFFIDAVIT OF TARA WRIGHT

COMMONWEALTH OF KENTUCKY)
) SS
CITY OF CORINTH, KENTUCKY)

Tara Wright, Manager, after being sworn, states that she is authorized to submit this Petition on behalf of Corinth Water District and that the statements contained in the Petition are true and correct to the best of her information and knowledge.

Sworn and acknowledged before me by Tara Wright on the 10 day of January 2024.

NOTARY ID # KYNP24446
KERRY W. INGLE
NOTARY PUBLIC
STATE AT LARGE, KENTUCKY
MY COMMISSION EXPIRES MAR. 7, 2024

Tara Wright
Tara Wright, Manager

Kerry Ingle
Notary Public

My Commission Expires on: 3/7/2024

EXHIBIT A

Lease Agreement

REVENUE LEASE

LEASE AGREEMENT

KENTUCKY BOND CORPORATION

LESSEE:	Corinth Water District
LESSEE'S ADDRESS:	215 Thomas Lane
	Corinth, Kentucky 41010
DATE OF LEASE:	July 23, 2021
TERMINATION DATE:	February 1, 2045

This Lease Agreement constitutes a Security Agreement and all right, title and interest of the Lessor herein has been assigned to The Bank of New York Mellon Trust Company, N.A., as trustee under a Trust Indenture dated as of July 1, 2010 between it and the Lessor.

TABLE OF CONTENTS

This Table of Contents is not a part of the Lease Agreement and is for convenience only. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the Lease Agreement.

	Page
Section 1. Definitions	1
Section 2. Representations, Covenants and Warranties of the Lessee	3
Section 3. Representations, Covenants and Warranties of Lessor	3
Section 4. Demising Clause; Title; Security Interest	3
Section 5. Duration of Lease Term	4
Section 6. Termination of Lease Term	4
Section 7. Enjoyment	4
Section 8. Lease Rental Payments	4
Section 9. Manner of Payment	4
Section 10. Expression of Lessee's Need for the Project; Determination as to Useful Life	5
Section 11. [Reserved]	5
Section 12. Agreement to Acquire, Construct and Install the Project and Lease to the Lessee	5
Section 13. Disbursements from the Participant Disbursement Account	5
Section 14. Risk of Loss; Damage; Destruction	5
Section 15. Disclaimer of Warranties	5
Section 16. Financial Reports; Notice	5
Section 17. Inspection and Lessee Reports	6
Section 18. Maintenance of the Project by the Lessee	6
Section 19. Modification of the Project; Installation of Equipment and Machinery of the Lessee	6
Section 20. Provisions Regarding Casualty, Public Liability and Property Damage Insurance	6
Section 21. No Encumbrance, Mortgage or Pledge of Project	7
Section 22. Assignment by Lessor	7
Section 23. Assignment and Subleasing by the Lessee	7
Section 24. Purchase Option	7
Section 25. Release and Indemnification Covenants	7
Section 26. Events of Default Defined	7
Section 27. Remedies on Default	7
Section 28. Notices	8
Section 29. Amendments, Changes and Modifications	8
Section 30. Third Party Beneficiary	8
Section 31. Lessee Acknowledgment of the Bonds	8
Section 32. Miscellaneous	8
Signatures	10
EXHIBIT A DESCRIPTION OF PROJECT	11
EXHIBIT B LEASE RENTAL PAYMENTS	12
EXHIBIT C FORM OF RESOLUTION	13
EXHIBIT D OPINION OF LESSEE'S COUNSEL	15
EXHIBIT E CERTIFICATE OF OFFICIALS OF LESSEE	16
EXHIBIT F REQUEST FOR DISBURSEMENT	18
EXHIBIT G FURTHER REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE	20
EXHIBIT H TAX CERTIFICATE	30
EXHIBIT I CONTINUING DISCLOSURE AGREEMENT	44
EXHIBIT J ACH SERVICE AGREEMENT FORM	50

LEASE AGREEMENT

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

"Bonds" mean the Bonds issued by the Kentucky Bond Corporation to fund this Lease.

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

"Costs" means, with respect to the Project, all or any part of the cost of construction, installation and acquisition of all land, buildings, structures, machinery and equipment; finance charges; extensions, enlargements, additions, replacements, renovations and improvements; engineering, financial and legal services; plans, specifications, studies, surveys, estimates of cost of revenue, administrative expenses, expenses necessary or incidental to determining the feasibility or practicability of constructing a Project; and such other expenses as the Lessor determines may be necessary or incidental to the construction, installation and acquisition of the Project, the financing of such

construction, installation and acquisition, interest during construction, installation or acquisition and the placing of the Project in service.

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

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

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

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

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

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

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

"Lessor" means Kentucky Bond Corporation, acting as lessor under this Lease, or any successor thereto acting as lessor under this Lease.

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

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

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

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

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

"State" means the Commonwealth of Kentucky.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee under the Indenture, and any successor trustee at the time serving as such under the Indenture.

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

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

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

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

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

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

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

is, to the Lessor. It is hereby acknowledged by the Lessor and the Lessee that the Lessee intends to purchase the Project on the terms set forth in this Lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 11. [Reserved]

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

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

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

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

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

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

Section 16. Financial Reports; Notice. The Lessee will provide the Lessor with a copy of the Lessee's annual audited financial report within thirty (30) days of its receipt by the Lessee. The Lessee will immediately notify the Lessor and the Trustee of any Event of Default hereunder. If an audited financial report is not available to

be submitted by the Lessee within 180 days of the end of Lessee's fiscal year, Lessee shall provide an unaudited financial report in form and substance satisfactory to Lessor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Terminate the Lease Term and give notice to the Lessee to vacate or surrender the Project within 60 days from the date of such notice;

(b) take legal title to, and sell or re-lease the Project or any portion thereof;

(c) declare an amount equal to all Base Rentals and Additional Rentals under this Lease to be immediately due and payable, whereupon that amount shall become immediately due and payable; or

(d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Project under this Lease (including, without limitation, the right to possession of the Project and the right to sell or re-lease or otherwise dispose of the Project in accordance with applicable law and to appoint a receiver to operate the Project) and to recover damages for the breach thereof.

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

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

Section 28. Notices. All notices, certificates, requests or other communications hereunder will be in writing and mailed (postage prepaid, and certified or registered with return receipt requested) or delivered (including delivery by courier service) as follows: if to the Lessor, Kentucky Bond Corporation, 100 East Vine Street, Suite 800, Lexington, Kentucky 40507, Attention: Administrator, if to Trustee, to The Bank of New York Mellon Trust Company, N.A., 614 West Main Street, Suite 2600, Louisville, Kentucky 40202, Attention: Corporate Trust Services and if to the Lessee, to the address shown on the cover page hereof. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications will be sent hereunder. All notices, certificates, requests and other communications pursuant to this Lease will be effective when received (if given by mail) or when delivered (if given by delivery).

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

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

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

Section 32. Miscellaneous. This Lease will inure to the benefit of and will be binding upon the Lessor and the Lessee and their respective successors and assigns (including, without limitation, security assigns). This Lease may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument. This Lease will be governed by and construed in accordance with the laws of the State. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease. If any provision of this Lease, other than the requirement of the Lessee to pay Lease Rental Payments and the requirement of the Lessor to provide quiet enjoyment of the Project and to convey the Project to the Lessee under the conditions set forth herein, is held invalid

or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

[Signature Page to Follow]

[Signature Page to Lease]

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

KENTUCKY BOND CORPORATION

By: _____
Secretary

CORINTH WATER DISTRICT

By: _____
Chair

Attest:

By: _____
Secretary

[Signature Page to Lease]

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

KENTUCKY BOND CORPORATION

By: _____
Secretary

CORINTH WATER DISTRICT

By: _____
Chair

Attest:

By: _____
Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

ESTIMATED COST OF THE PROJECT	$2,020,000
ESTIMATED DATE OF COMPLETION OF THE PROJECT:	[September 1, 2021]

DESCRIPTION

To refinance Corinth Water District's outstanding obligations, each held by the United States Department for Agriculture:

1. Water District Revenue Bonds, Series 1998
2. Water District Revenue Bonds, Series 2002
3. Water District Revenue Bonds, Series 2005

EXHIBIT B
LEASE RENTAL PAYMENTS

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
09/01/2021	5,000.00	4,329.23	617.44	-	9,946.67
10/01/2021	5,000.00	4,329.22	617.45	-	9,946.67
11/01/2021	5,000.00	4,329.22	617.45	-	9,946.67
12/01/2021	5,000.00	4,329.22	617.45	-	9,946.67
01/01/2022	5,000.00	4,329.22	617.44	-	9,946.66
02/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
03/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
04/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
05/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
06/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
07/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
08/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
09/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
10/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
11/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
12/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
01/01/2023	6,250.00	3,412.50	453.12	-	10,115.62
02/01/2023	6,666.67	3,287.50	437.50	-	10,391.67
03/01/2023	6,666.67	3,287.50	437.50	-	10,391.67
04/01/2023	6,666.67	3,287.50	437.50	-	10,391.67
05/01/2023	6,666.67	3,287.50	437.50	-	10,391.67
06/01/2023	6,666.67	3,287.50	437.50	-	10,391.67
07/01/2023	6,666.67	3,287.50	437.50	-	10,391.67
08/01/2023	6,666.67	3,287.50	437.50	-	10,391.67
09/01/2023	6,666.67	3,287.50	437.50	-	10,391.67
10/01/2023	6,666.66	3,287.50	437.50	-	10,391.66
11/01/2023	6,666.66	3,287.50	437.50	-	10,391.66
12/01/2023	6,666.66	3,287.50	437.50	-	10,391.66
01/01/2024	6,666.66	3,287.50	437.50	-	10,391.66
02/01/2024	6,666.67	3,154.17	420.83	-	10,241.67
03/01/2024	6,666.67	3,154.17	420.83	-	10,241.67
04/01/2024	6,666.67	3,154.17	420.83	-	10,241.67
05/01/2024	6,666.67	3,154.17	420.83	-	10,241.67
06/01/2024	6,666.67	3,154.16	420.84	-	10,241.67
07/01/2024	6,666.67	3,154.16	420.84	-	10,241.67
08/01/2024	6,666.67	3,154.16	420.84	-	10,241.67
09/01/2024	6,666.67	3,154.16	420.84	-	10,241.67
10/01/2024	6,666.66	3,154.17	420.83	-	10,241.66
11/01/2024	6,666.66	3,154.17	420.83	-	10,241.66
12/01/2024	6,666.66	3,154.17	420.83	-	10,241.66
01/01/2025	6,666.66	3,154.17	420.83	-	10,241.66
02/01/2025	6,666.67	3,020.84	404.17	-	10,091.68
03/01/2025	6,666.67	3,020.84	404.17	-	10,091.68
04/01/2025	6,666.67	3,020.83	404.17	-	10,091.67
05/01/2025	6,666.67	3,020.83	404.17	-	10,091.67
06/01/2025	6,666.67	3,020.83	404.17	-	10,091.67
07/01/2025	6,666.67	3,020.83	404.17	-	10,091.67
08/01/2025	6,666.67	3,020.83	404.16	-	10,091.66
09/01/2025	6,666.67	3,020.83	404.16	-	10,091.66
10/01/2025	6,666.66	3,020.84	404.16	-	10,091.66
11/01/2025	6,666.66	3,020.84	404.16	-	10,091.66
12/01/2025	6,666.66	3,020.83	404.17	-	10,091.66
01/01/2026	6,666.66	3,020.83	404.17	-	10,091.66
02/01/2026	7,083.34	2,887.50	387.50	-	10,358.34

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
03/01/2026	7,083.34	2,887.50	587.50	-	10,358.34
04/01/2026	7,083.34	2,887.50	587.50	-	10,358.34
05/01/2026	7,083.34	2,887.50	587.50	-	10,358.34
06/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
07/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
08/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
09/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
10/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
11/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
12/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
01/01/2027	7,083.33	2,887.50	587.50	-	10,358.33
02/01/2027	7,083.34	2,745.83	369.79	-	10,198.96
03/01/2027	7,083.34	2,745.83	369.79	-	10,198.96
04/01/2027	7,083.34	2,745.83	369.79	-	10,198.96
05/01/2027	7,083.34	2,745.83	369.79	-	10,198.96
06/01/2027	7,083.33	2,745.84	369.79	-	10,198.96
07/01/2027	7,083.33	2,745.84	369.79	-	10,198.96
08/01/2027	7,083.33	2,745.84	369.79	-	10,198.96
09/01/2027	7,083.33	2,745.84	369.79	-	10,198.96
10/01/2027	7,083.33	2,745.83	369.80	-	10,198.96
11/01/2027	7,083.33	2,745.83	369.80	-	10,198.96
12/01/2027	7,083.33	2,745.83	369.79	-	10,198.95
01/01/2028	7,083.33	2,745.83	369.79	-	10,198.95
02/01/2028	7,500.00	2,604.17	352.08	-	10,456.25
03/01/2028	7,500.00	2,604.17	352.08	-	10,456.25
04/01/2028	7,500.00	2,604.17	352.08	-	10,456.25
05/01/2028	7,500.00	2,604.17	352.08	-	10,456.25
06/01/2028	7,500.00	2,604.16	352.09	-	10,456.25
07/01/2028	7,500.00	2,604.16	352.09	-	10,456.25
08/01/2028	7,500.00	2,604.17	352.08	-	10,456.25
09/01/2028	7,500.00	2,604.17	352.08	-	10,456.25
10/01/2028	7,500.00	2,604.17	352.08	-	10,456.25
11/01/2028	7,500.00	2,604.17	352.08	-	10,456.25
12/01/2028	7,500.00	2,604.16	352.09	-	10,456.25
01/01/2029	7,500.00	2,604.16	352.09	-	10,456.25
02/01/2029	7,500.00	2,454.17	333.33	-	10,287.50
03/01/2029	7,500.00	2,454.17	333.33	-	10,287.50
04/01/2029	7,500.00	2,454.17	333.33	-	10,287.50
05/01/2029	7,500.00	2,454.17	333.33	-	10,287.50
06/01/2029	7,500.00	2,454.16	333.34	-	10,287.50
07/01/2029	7,500.00	2,454.16	333.34	-	10,287.50
08/01/2029	7,500.00	2,454.17	333.33	-	10,287.50
09/01/2029	7,500.00	2,454.17	333.33	-	10,287.50
10/01/2029	7,500.00	2,454.17	333.33	-	10,287.50
11/01/2029	7,500.00	2,454.17	333.33	-	10,287.50
12/01/2029	7,500.00	2,454.16	333.34	-	10,287.50
01/01/2030	7,500.00	2,454.16	333.34	-	10,287.50
02/01/2030	7,916.67	2,304.17	314.58	-	10,535.42
03/01/2030	7,916.67	2,304.17	314.58	-	10,535.42
04/01/2030	7,916.67	2,304.17	314.58	-	10,535.42
05/01/2030	7,916.67	2,304.17	314.58	-	10,535.42
06/01/2030	7,916.67	2,304.16	314.59	-	10,535.42
07/01/2030	7,916.67	2,304.16	314.59	-	10,535.42
08/01/2030	7,916.67	2,304.16	314.59	-	10,535.42

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
09/01/2030	7,916.67	2,304.16	314.59	-	10,535.42
10/01/2030	7,916.66	2,304.17	314.58	-	10,535.41
11/01/2030	7,916.66	2,304.17	314.58	-	10,535.41
12/01/2030	7,916.66	2,304.17	314.58	-	10,535.41
01/01/2031	7,916.66	2,304.17	314.58	-	10,535.41
02/01/2031	7,916.67	2,145.84	294.79	-	10,357.50
03/01/2031	7,916.67	2,145.84	294.79	-	10,357.50
04/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
05/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
06/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
07/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
08/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
09/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
10/01/2031	7,916.66	2,145.84	294.79	-	10,357.29
11/01/2031	7,916.66	2,145.84	294.79	-	10,357.29
12/01/2031	7,916.66	2,145.83	294.80	-	10,357.29
01/01/2032	7,916.66	2,145.83	294.80	-	10,357.29
02/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
03/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
04/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
05/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
06/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
07/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
08/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
09/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
10/01/2032	7,916.66	1,987.50	275.00	-	10,179.16
11/01/2032	7,916.66	1,987.50	275.00	-	10,179.16
12/01/2032	7,916.66	1,987.50	275.00	-	10,179.16
01/01/2033	7,916.66	1,987.50	275.00	-	10,179.16
02/01/2033	8,333.34	1,829.17	255.21	-	10,417.72
03/01/2033	8,333.34	1,829.17	255.21	-	10,417.72
04/01/2033	8,333.34	1,829.16	255.21	-	10,417.71
05/01/2033	8,333.34	1,829.16	255.21	-	10,417.71
06/01/2033	8,333.33	1,829.17	255.21	-	10,417.71
07/01/2033	8,333.33	1,829.17	255.21	-	10,417.71
08/01/2033	8,333.33	1,829.17	255.21	-	10,417.71
09/01/2033	8,333.33	1,829.17	255.21	-	10,417.71
10/01/2033	8,333.33	1,829.17	255.20	-	10,417.70
11/01/2033	8,333.33	1,829.17	255.20	-	10,417.70
12/01/2033	8,333.33	1,829.16	255.21	-	10,417.70
01/01/2034	8,333.33	1,829.16	255.21	-	10,417.70
02/01/2034	8,333.34	1,662.50	234.37	-	10,230.21
03/01/2034	8,333.34	1,662.50	234.37	-	10,230.21
04/01/2034	8,333.34	1,662.50	234.37	-	10,230.21
05/01/2034	8,333.34	1,662.50	234.37	-	10,230.21
06/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
07/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
08/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
09/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
10/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
11/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
12/01/2034	8,333.33	1,662.50	234.37	-	10,230.20
01/01/2035	8,333.33	1,662.50	234.37	-	10,230.20
02/01/2035	8,750.00	1,495.84	213.54	-	10,459.38

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
03/01/2035	8,750.00	1,495.84	213.54	-	10,459.38
04/01/2035	8,750.00	1,495.83	213.55	-	10,459.38
05/01/2035	8,750.00	1,495.83	213.55	-	10,459.38
06/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
07/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
08/01/2035	8,750.00	1,495.84	213.54	-	10,459.38
09/01/2035	8,750.00	1,495.84	213.54	-	10,459.38
10/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
11/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
12/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
01/01/2036	8,750.00	1,495.83	213.54	-	10,459.37
02/01/2036	8,750.00	1,320.84	191.66	-	10,262.50
03/01/2036	8,750.00	1,320.84	191.66	-	10,262.50
04/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
05/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
06/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
07/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
08/01/2036	8,750.00	1,320.84	191.66	-	10,262.50
09/01/2036	8,750.00	1,320.84	191.66	-	10,262.50
10/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
11/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
12/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
01/01/2037	8,750.00	1,320.83	191.67	-	10,262.50
02/01/2037	9,166.67	1,145.84	169.79	-	10,482.30
03/01/2037	9,166.67	1,145.84	169.79	-	10,482.30
04/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
05/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
06/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
07/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
08/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
09/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
10/01/2037	9,166.66	1,145.84	169.79	-	10,482.29
11/01/2037	9,166.66	1,145.84	169.79	-	10,482.29
12/01/2037	9,166.66	1,145.83	169.80	-	10,482.29
01/01/2038	9,166.66	1,145.83	169.80	-	10,482.29
02/01/2038	6,666.67	962.50	146.88	-	7,776.05
03/01/2038	6,666.67	962.50	146.88	-	7,776.05
04/01/2038	6,666.67	962.50	146.87	-	7,776.04
05/01/2038	6,666.67	962.50	146.87	-	7,776.04
06/01/2038	6,666.67	962.50	146.87	-	7,776.04
07/01/2038	6,666.67	962.50	146.87	-	7,776.04
08/01/2038	6,666.67	962.50	146.87	-	7,776.04
09/01/2038	6,666.67	962.50	146.87	-	7,776.04
10/01/2038	6,666.66	962.50	146.88	-	7,776.04
11/01/2038	6,666.66	962.50	146.88	-	7,776.04
12/01/2038	6,666.66	962.50	146.88	-	7,776.04
01/01/2039	6,666.66	962.50	146.88	-	7,776.04
02/01/2039	7,083.34	829.17	130.21	-	8,042.72
03/01/2039	7,083.34	829.17	130.21	-	8,042.72
04/01/2039	7,083.34	829.16	130.21	-	8,042.71
05/01/2039	7,083.34	829.16	130.21	-	8,042.71
06/01/2039	7,083.33	829.17	130.21	-	8,042.71
07/01/2039	7,083.33	829.17	130.21	-	8,042.71
08/01/2039	7,083.33	829.17	130.21	-	8,042.71

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
09/01/2039	7,083.33	829.17	150.21	-	8,042.71
10/01/2039	7,083.33	829.17	150.20	-	8,042.70
11/01/2039	7,083.33	829.17	150.20	-	8,042.70
12/01/2039	7,083.33	829.16	150.21	-	8,042.70
01/01/2040	7,083.33	829.16	150.21	-	8,042.70
02/01/2040	7,083.34	678.65	112.50	-	7,874.49
03/01/2040	7,083.34	678.65	112.50	-	7,874.49
04/01/2040	7,083.34	678.64	112.50	-	7,874.48
05/01/2040	7,083.34	678.64	112.50	-	7,874.48
06/01/2040	7,083.33	678.65	112.50	-	7,874.48
07/01/2040	7,083.33	678.65	112.50	-	7,874.48
08/01/2040	7,083.33	678.65	112.50	-	7,874.48
09/01/2040	7,083.33	678.65	112.50	-	7,874.48
10/01/2040	7,083.33	678.65	112.50	-	7,874.48
11/01/2040	7,083.33	678.65	112.50	-	7,874.48
12/01/2040	7,083.33	678.64	112.50	-	7,874.47
01/01/2041	7,083.33	678.64	112.50	-	7,874.47
02/01/2041	7,500.00	528.13	94.79	-	8,122.92
03/01/2041	7,500.00	528.13	94.79	-	8,122.92
04/01/2041	7,500.00	528.13	94.79	-	8,122.92
05/01/2041	7,500.00	528.12	94.80	-	8,122.92
06/01/2041	7,500.00	528.12	94.80	-	8,122.92
07/01/2041	7,500.00	528.12	94.79	-	8,122.91
08/01/2041	7,500.00	528.13	94.79	-	8,122.92
09/01/2041	7,500.00	528.13	94.79	-	8,122.92
10/01/2041	7,500.00	528.13	94.79	-	8,122.92
11/01/2041	7,500.00	528.12	94.79	-	8,122.91
12/01/2041	7,500.00	528.12	94.79	-	8,122.91
01/01/2042	7,500.00	528.12	94.79	-	8,122.91
02/01/2042	5,416.67	359.38	76.05	-	5,852.10
03/01/2042	5,416.67	359.38	76.04	-	5,852.09
04/01/2042	5,416.67	359.38	76.04	-	5,852.09
05/01/2042	5,416.67	359.37	76.04	-	5,852.08
06/01/2042	5,416.67	359.37	76.04	-	5,852.08
07/01/2042	5,416.67	359.37	76.04	-	5,852.08
08/01/2042	5,416.67	359.37	76.04	-	5,852.08
09/01/2042	5,416.67	359.37	76.04	-	5,852.08
10/01/2042	5,416.66	359.38	76.04	-	5,852.08
11/01/2042	5,416.66	359.38	76.04	-	5,852.08
12/01/2042	5,416.66	359.38	76.04	-	5,852.08
01/01/2043	5,416.66	359.37	76.05	-	5,852.08
02/01/2043	5,416.67	237.50	62.50	-	5,716.67
03/01/2043	5,416.67	237.50	62.50	-	5,716.67
04/01/2043	5,416.67	237.50	62.50	-	5,716.67
05/01/2043	5,416.67	237.50	62.50	-	5,716.67
06/01/2043	5,416.67	237.50	62.50	-	5,716.67
07/01/2043	5,416.67	237.50	62.50	-	5,716.67
08/01/2043	5,416.67	237.50	62.50	-	5,716.67
09/01/2043	5,416.67	237.50	62.50	-	5,716.67
10/01/2043	5,416.66	237.50	62.50	-	5,716.66
11/01/2043	5,416.66	237.50	62.50	-	5,716.66
12/01/2043	5,416.66	237.50	62.50	-	5,716.66
01/01/2044	5,416.66	237.50	62.50	(3,706.24)	2,010.42
02/01/2044	4,583.34	108.86	48.96	(4,741.16)	-

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
03/01/2044	4,583.34	108.85	48.96	(4,741.15)	-
04/01/2044	4,583.34	108.85	48.96	(4,741.15)	-
05/01/2044	4,583.34	108.85	48.96	(4,741.15)	-
06/01/2044	4,583.33	108.86	48.96	(4,741.15)	-
07/01/2044	4,583.33	108.86	48.96	(4,741.15)	-
08/01/2044	4,583.33	108.86	48.96	(4,741.15)	-
09/01/2044	4,583.33	108.86	48.95	(4,741.14)	-
10/01/2044	4,583.33	108.86	48.95	(4,741.14)	-
11/01/2044	4,583.33	108.85	48.96	(4,741.14)	-
12/01/2044	4,583.33	108.85	48.96	(4,741.14)	-
01/01/2045	4,583.33	108.85	48.96	(4,741.14)	-
Total	**$2,020,000.00**	**$515,596.13**	**$72,437.23**	**(60,600.00)**	**$2,547,433.36**

Proceeds of certain of the Bonds (such Bonds being referred to as "Related Reserve Fund Bonds") were deposited in the Debt Service Reserve Fund (the "Related Reserve Fund Deposit"). The Base Rentals due on January 1, 2044 to January 1, 2045 shall be paid from the Related Reserve Fund Deposit and Lessee will receive a credit for investment earnings accrued in the Debt Service Reserve Fund on the Related Reserve Fund Deposit (the "Earnings") on January 1, 2044 as a credit for the Fees Requirement so that the Total Deposit on such Dates shall be an amount equal to the difference between such credits and the Total Deposit Required. The provisions of this paragraph are subject to the third paragraph of Section 8 of this Lease.

[Acknowledgment Page to Follow]

[Acknowledment Page to Lease Payment Schedule]

ACKNOWLEDGED:

CORINTH WATER DISTRICT

By: _____
Chair

EXHIBIT E

CERTIFICATE OF OFFICIALS OF LESSEE

Re: Lease Agreement between Kentucky Bond Corporation, as lessor, and the Corinth Water District, as lessee dated July 23, 2021

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

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

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

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

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

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

Name	Title	Signature
DAN FIELD	Chair	
Ashley Lauderman	Secretary	

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

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

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

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

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

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

WITNESS our hands this July 23, 2021.

By: _____
Chair

Attest:

By: _____
Secretary

EXHIBIT F

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Bond Corporation, as lessor, and Corinth Water District, as lessee dated July 23, 2021.

Requisition Certificate No. 1

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

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

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

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

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

[Signature Page to Follow]

[Signature page to Disbursement Request]

Executed this 23rd Day of July, 2021.

CORINTH WATER DISTRICT, Lessee

By: _____
Authorized Lessee Representative

EXHIBIT G

FURTHER REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE

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

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

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

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

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

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

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

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

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

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

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

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

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

"System" means the water and sewer system of the Lessee and any additions thereto and extensions thereof, and shall include the Project being financed under this Lease.

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

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

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

Section 4. Creation of Special Funds.

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

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

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

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

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

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

(5) To the Operation and Maintenance Fund, an amount which, together with any funds already on deposit therein, will be sufficient to pay, as they accrue, the proper and necessary costs of operating, maintaining and insuring the System, and to accumulate and maintain, in the Operation and Maintenance Fund, an amount sufficient to pay all costs of operating, maintaining and insuring the System for three (3) full months.

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

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

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

C. Debt Service Reserve. There is hereby established the Debt Service Reserve, which shall be maintained so long as any Parity Obligations remains outstanding and in which an amount equal to the Required Reserve shall be maintained. Amounts on deposit in the Debt Service Reserve may be withdrawn and used by the Lessee, when necessary, and shall be so withdrawn and used by if and to the extent necessary, to prevent a default in the payment of principal and interest on the outstanding Parity Obligations as and when due if the amount on deposit in the Sinking Fund is not sufficient to make such payments. In the event of any withdrawals from the Debt Service Reserve, or if and whenever the amount on deposit in the Debt Service Reserve is less than the Required Reserve, the Lessee shall remedy such deficiency through the deposit into the Debt Service Reserve in each month thereafter of an amount equal to one-one hundred twentieth (1/120) of the Required Reserve until the total Required Reserve shall have been accumulated or restored and is being maintained. All funds on deposit in the Debt Service Reserve shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The additional Parity Obligations, the issuance of which is restricted and conditioned by this Section, shall be understood to mean obligations payable from the income and Revenues of the System on a parity with the outstanding Parity Obligations, including this Lease, and shall not be deemed to include nor to prohibit the issuance of any other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the Sinking Fund for the outstanding Parity Obligations and such additional Parity Obligations.

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

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

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

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

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

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

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

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

Section 9. Insurance.

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

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

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

B. Liability Insurance on Facilities. The Lessee shall, if such insurance is not already in force, procure and maintain, so long as any Parity Obligations are outstanding, public liability insurance relating to the operation of the facilities of the System to protect the Lessee from claims for bodily injury or death and claims for damage to property of others which may arise from the Lessee's operations of the System and any other facilities

constituting a portion of the System in amounts that are commercially reasonable for operators of utility systems that are similar the System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) all Revenues of the System;

(2) all net proceeds of insurance and condemnation, in each case after payment from time to time of costs of operating, maintaining, repairing and replacing the System:

(3) all of the Lessee's right, title and interest in and to all leases and subleases of the System or any assignment thereof; and

(4) all proceeds of the foregoing.

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

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

EXHIBIT H

TAX CERTIFICATE

CERTIFICATE UNDER SECTIONS 103(b)(2) AND 148 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

PARTICIPANT: Corinth Water District

FINANCING AGREEMENT AMOUNT: $2,020,000

The Participant hereby certifies with respect to a Financing Agreement (the "Financing Agreement") with the Kentucky Bond Corporation (the "Corporation"), funded with a portion of the proceeds of the Bonds, as defined in the Financing Agreement, issued by the Corporation on behalf of the Participant, which is entered into for the purpose of (i) redeeming certain outstanding obligations (the "Prior Obligations") which financed certain improvements (the "Project") and (ii) funding a debt service reserve and made as of the date hereof (the "Closing Date"), which is the date of delivery of, and payment for, the Bonds and the Financing Agreement, that the following facts, estimates and circumstances regarding the amount and use of all of the Proceeds, as defined in Treas. Reg. § 1.148-1(b), issued under the Internal Revenue Code of 1986, as amended (the "Code"), of the Financing Agreement are, as of the Closing Date and according to the Participant's best knowledge, information and belief, reasonably expected to exist or to occur (with capitalized terms not defined herein having the meanings given them in the Financing Agreement or the Tax Compliance Agreement attached hereto):

A. Proceeds. The Proceeds of the Financing Agreement consist, and will consist, of the Sale Proceeds, Replacement Proceeds and Investment Proceeds, each as defined in Treas. Reg. § 1.148-1(b), issued under the Code.

B. Purpose of Issue. The Proceeds of the Financing Agreement, together with certain other funds, will be used to fund a portion of a Reasonably Required Reserve or Replacement Fund (the "Reserve Fund") and redeem the Prior Obligations, each of which constitutes a valid governmental purpose (the "Governmental Purpose").

The total amount of Proceeds received by the Participant will not exceed the amount necessary to finance the Governmental Purpose. The Financing Agreement is being entered into at this time because the Prior Obligation has become due and payable.

C. Yield on the Financing Agreement. (1) The price at which a substantial amount of the Bonds related to the Financing Agreement were sold is set forth in the Certificate of Financial Advisor attached hereto.

(2) The Yield on the Financing Agreement, as defined in Treas. Reg. § 1.148-4, issued under the Code, is variable and will be determined under Treas. Reg. § 1.148-4(c).

(3) The Yield on the Financing Agreement is equal to the Yield on the portion of the Bonds the proceeds of which financed the Financing Agreement; therefore, the Yield on the Financing Agreement does not exceed the Yield on the portion of the Bonds the proceeds of which financed the Financing Agreement.

D. Application of Proceeds. All of the Sale Proceeds will be used to fund a portion of the Reserve Fund and to redeem the Prior Obligation and to pay issuance expenses. No amount received as Proceeds of the Financing Agreement will be used in the manner not set forth in this section.

E. Expenditure of Proceeds for the Project. The Prior Obligation will be redeemed within 90 days of the date hereof.

F. Investment of Proceeds. (1) The Participant has agreed in the Tax Compliance Agreement that it will not invest any of the Proceeds of the Financing Agreement without the express consent of the Corporation, and any such investments will be done so that such investment will not cause interest on either the Financing Agreement or the Bonds to be includable in the holder's gross income for purposes of federal income taxation or the debt to be treated as "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder.

(2) Not more than fifty percent (50%) of the Proceeds of the Financing Agreement will be invested in investments that both do not carry out the Governmental Purpose of the Financing Agreement and have a substantially guaranteed yield for at least four (4) years.

(3) No account or fund has been or will be established to pay principal of, premium, if any, or interest on the Financing Agreement. Other than the Reserve Fund, as described in Subsection (4) below, there are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the Financing Agreement, and there are no moneys, sources of funds, securities or obligations with respect to which the Issuer has given or will give any reasonable assurance to any holder of the Financing Agreement that such funds will be available to pay principal of, premium, if any, or interest on the Financing Agreement.

(4) The amounts on deposit in Reserve Fund, which secures the combination of the Financing Agreement and all other financing agreements entered into pursuant to the Program (the "Program Financing Agreements"), on an aggregate basis, should not exceed the least of (i) 10% of the stated principal amount of the Program Financing Agreements, if original issue discount does not exceed 2% times the stated redemption price of the Bonds, or the Issue Price of the Program Financing Agreements, if original issue discount does exceed 2% times the stated redemption price of the Program Financing Agreements, (ii) the maximum annual Debt Service of the Program Financing Agreements, or (iii) 125% of average annual Debt Service of the Program Financing Agreements, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits will not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), issued under the Code, appropriate Yield Reduction Payments will be timely made. For purposes of calculating any Rebate Payments and Yield Reduction Payments due in Connection with the Bonds, the amount of the Reserve Fund allocable to the Financing Agreement will be determined in accordance with Treas. Reg. §1.148-6.

(5) Any unexpended portion of the Proceeds of the Financing Agreement, including any amounts in the Reserve Fund or any additional Reasonably Required Reserve or Replacement Fund, will be invested as provided in the Trust Indenture for the Bonds and other than any funds described herein invested during an Applicable Temporary Period permitted under Treas. Regs. §§ 1.148-1 through -11, issued under the Code, if any, or any amounts in any Reasonably Required Reserve or Replacement Fund, as described in Treas. Reg. § 1.148-2(f), no Proceeds of the Financing Agreement, or any moneys that may become Replacement Proceeds, as defined in Treas. Reg. § 1.148-1(c), of the Financing Agreement, in excess of the lesser of (i) five percent (5%) of such Proceeds or (ii) $100,000, will be invested in "higher yielding investments," as defined in the Code and the Treasury Regulations thereunder.

G. General. (1) Neither the Project, nor any part thereof, will be sold or otherwise disposed of by the Participant prior to the final principal maturity date of the Financing Agreement.

(2) The Participant will allocate Proceeds of the Financing Agreement to reimburse itself only for capital expenditures paid not earlier than sixty (60) days prior to the Closing Date or not earlier than sixty (60) days prior to the date it adopted an official expression of intent to reimburse (the "Official Expression of Intent"), within the meaning of Treas. Reg. § 1.150-2, issued under the Code, if earlier, or as otherwise permitted pursuant to Treas. Reg. § 1.150-2.

(3) There are no amounts, other than the Gross Proceeds of the Financing Agreement that are available for the Governmental Purpose. Other than the Reserve Fund, here are no sinking funds or pledged funds and the term of the Financing Agreement is not longer than reasonably necessary for the Governmental Purpose.

(4) Any Rebate Payments and any Yield Reduction Payments, owed pursuant to Section 148(f) of the Code, will be remitted to the United States Treasury as directed by the Corporation, pursuant to the Tax Compliance Agreement entered into with respect to the Bonds.

(5) The Participant has not employed in connection with the Financing Agreement a transaction or series of transactions that attempts to circumvent the provisions of Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder, enabling the Participant to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and/or increasing the burden on the market for tax-exempt obligations through actions such as issuing more obligations, issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary for the Governmental Purpose.

(6) The Issuer has never been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that the Participant's certification with respect to its obligations may not be relied upon and no notice to that effect has been published in the Internal Revenue Bulletin.

(7) With respect to the Financing Agreement, the first, and each subsequent, "Bond Year", as defined in Treas. Reg. §1.148-1(b) shall end on February 1, commencing with the first February 1, subsequent to the Closing Date.

(8) Certain of the facts, estimates and circumstances contained herein are based upon representations made by the Financial Advisor in the attached certificate, or in other letters and reports that accompany the sundry closing documents related to the sale and delivery of the Financing Agreement and the Bonds. The Participant is not aware of any facts, estimates or circumstances that would cause it to question the accuracy of such representations. To the best of the knowledge, information and belief of the undersigned, who is authorized by the Participant to sign this certificate on behalf of the Participant, the above expectations of the Participant as stated herein are reasonable and there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

CHECK IF APPLICABLE

☐ (9) During this calendar year, the Participant, which has general taxing powers, has not issued and does not expect to issue tax-exempt bonds, including any tax-exempt bonds issued by any subordinate entities, but excluding "private activity bonds," as defined in the Section 141 of the Code, and any refunding bonds, as defined in Section 148(f)(4)(D)(iii) of the Code, exceeding $5,000,000 in aggregate face amount.

☐ (10) Participant does not reasonably anticipate that the total principal amount of "tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the Participant or any subordinate entity of the Participant will issue during the calendar year in which the Financing Agreement is executed and delivered will exceed $10,000,000; and, therefore, the Participant hereby designates the Financing Agreement as a "qualified tax-exempt obligation".

[Signature Page to Follow]

[Signature Page to Tax Compliance Agreement]

IN WITNESS WHEREOF, the Participant and the Corporation have each caused this Tax Compliance Agreement to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth on the cover page hereto.

KENTUCKY BOND CORPORATION

By: _____
Secretary

CORINTH WATER DISTRICT

By: _____
Chair

[Signature Page to Tax Compliance Agreement]

IN WITNESS WHEREOF, the Participant and the Corporation have each caused this Tax Compliance Agreement to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth on the cover page hereto.

KENTUCKY BOND CORPORATION

By: _____
Secretary

CORINTH WATER DISTRICT

By: _____
Chair

Attachment to No-Arbitrage Certificate
TAX COMPLIANCE AGREEMENT

KENTUCKY BOND CORPORATION

PARTICIPANT:	Corinth Water District
DATE OF AGREEMENT:	July 23, 2021
FINANCING AGREEMENT AMOUNT:	$2,020,000

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

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the "Tax Compliance Agreement") is made and entered into as of the date shown on the cover page hereto between the KENTUCKY BOND CORPORATION (the "Corporation") and the Participant shown on the cover page hereto (athe "Participant"):

W I T N E S S E T H:

WHEREAS, the Participant has agreed, in a lease agreement (the "Financing Agreement") dated the date hereof (with capitalized terms not defined herein having the meanings given them in the Financing Agreement) to borrow the Financing Agreement Amount shown on the cover page hereto pursuant to a Program administered by the Corporation and funded with the portion of the proceeds of Bonds issued by the Corporation on behalf of the Participant to fund a Reasonably Required Reserve or Replacement Fund and to redeem certain obligation of the Lessee (the "Prior Obligations") the proceeds of which were used to finance the project identified in the Financing Agreement (the "Project"); and

WHEREAS, it is necessary for the parties hereto to enter into this Tax Compliance Agreement to ensure that interest paid on the Bonds and on the Financing Agreement shall all be and shall all remain excludible from gross income for Federal income purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and is not and will not become a specific item of tax preference under Section 57(a)(5)(C) of the Code for the federal alternative minimum tax and to comply with the requirements of the No-Arbitrage Certificate (as hereinafter defined).

NOW, THEREFORE, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. In addition to words and terms defined elsewhere in this Tax Compliance Agreement, the Code and Regulations, the No-Arbitrage Certificate, the Indenture and the Financing Agreement, the following capitalized words and terms used in this Tax Compliance Agreement shall have the following meanings, unless some other meaning is plainly intended:

"AMT Bond" means a Qualified Private Activity Bond, other than a Qualified 501(c)(3) Bond, the interest on which is a specific item of tax preference under Section 57(a)(5) of the Code, subject to the federal alternative minimum tax under Section 55 of the Code.

"Arbitrage Bond" means any obligation of a Governmental Entity that is treated as an arbitrage bond under Sections 103(b)(2) and 148 of the Code.

"Applicable Temporary Period" means the temporary investment period available for each particular category of Gross Proceeds of Governmental Obligations, as provided in Treas. Reg. § 1.148-2(e), issued under the Code, during which time the Gross Proceeds may be invested at a Materially Higher Yield. The Applicable Temporary Period for amounts in a Capital Acquisition Fund ends three years, after the Closing Date of Governmental Obligations, the Applicable Temporary Period for amounts deposited into a Bona Fide Debt Service Fund ends thirteen months after the date of deposit into the fund, the Applicable Temporary Period for Investment Proceeds of Governmental Obligations ends one year after the date of receipt or deemed receipt of the monies, the Applicable Temporary Period for Replacement Proceeds of Governmental Obligations ends thirty days after the date the amounts become Replacement Proceeds and the Applicable Temporary Period for Disposition Proceeds of Governmental Obligations will be determined under Treas. Reg. § 1.141-12(a), issued under the Code.

"Bona Fide Debt Service Fund" means a fund that is used primarily to achieve a proper matching of revenues with Debt Service of Governmental Obligations within each Bond Year and is depleted at least once each Bond Year, except for the Permitted Carryover.

"Bond Counsel" means a nationally recognized bond counsel experienced in municipal finance, particularly in the issuance of bonds the interest on which is excluded from gross income pursuant to the Code.

"Bond Year" means the period commencing on the Closing Date of Governmental Obligations and ending on a date no later than one year after the Closing Date and then each one-year period commencing the day after such date and each anniversary of such date thereafter.

"Capital Acquisition Fund" means a fund that is to be used to finance the acquisition or construction of assets that qualify as Capital Expenditures.

"Capital Expenditure" means any expense that is properly depreciable or amortizable or is otherwise treated as a capital expenditure under the Code, and for the purposes of determining eligible Reimbursement Allocations, Costs of Issuance.

"Closing Date" means the date of this Tax Compliance Agreement.

"Cost of Issuance" means any expenditure incurred in connection with the issuance of the Financing Agreement or the Participant's share of such expenditures relating to the Bonds, including such costs as underwriters' spread, rating agency fees, appraisal costs, attorneys' and accounts' fees and printing costs, but excluding Qualified Guarantee Fees or expenditures incurred in connection with the acquisition of the Project.

"Debt Service" means any principal and interest payments on obligations.

"Disposition Proceeds" means the amounts, including property, received from the sale, exchange or other disposition of the Project.

"Disproportionate Private Use" means the excess of Related Private Use over the Related Governmental Use.

"Federally-Guaranteed" means having the payment of either the principal of or interest on any portion of the Financing Agreement or any loan made with the Proceeds of any portion of the Financing Agreement guaranteed, in whole or in part, directly or indirectly, by the United States, or acquiring any Investment Property that is, directly or indirectly federally-insured, except as otherwise permitted by Section 149(b) of the Code.

"Governmental Entity" means any State and any political subdivision and agency of any State.

"Governmental Facility" means any property owned by one or more Governmental Entities financed or refinanced with Governmental Bonds, if no more than 10% of the property is used by Private Users.

"Governmental Issuer" means the Governmental Entity that is the debtor on or issuer of a Governmental Obligation.

"Governmental Obligation" means any debt obligation of a Governmental Entity.

"Gross Proceeds" means Sale Proceeds, Investment Proceeds, Transferred Proceeds and Replacement Proceeds, determined pursuant to Treas. Regs. §§ 1.148-1(b) and -1(c), all until spent.

"Investment Proceeds" means any amounts actually or constructively earned or received from investing the Proceeds in Investment Property.

"Investment Property" means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (not including any Tax-Exempt Bond other than an AMT Bond), annuity contract or other investment-type property and any Residential Rental Property.

"Materially Higher Yield" means any Yield that is greater than the Yield permitted to be earned under Section 148 of the Code and Treas. Regs. §§ 1.148-1 through -11, issued under the Code.

"Minor Portion" means an amount of the Proceeds of Governmental Obligations, other than Proceeds invested in a Reasonably Required Reserve or Replacement Fund or Proceeds invested during an Applicable Temporary Period, not in excess of the lesser of (i) 5% of the Proceeds of the Financing Agreement, or (ii) $100,000.

"No-Arbitrage Certificate" means the "Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as Amended," for the Bonds and the Financing Agreement given by the Participant, including certifications given with respect thereto by the Financial Advisor.

"Non-Governmental Entity" means any person or entity, other than a Governmental Entity.

"Nonpurpose Investment" means any Investment Property other than a Purpose Investment.

"Pledged Fund" means any amount pledged, directly or indirectly, to pay principal of or interest on the Financing Agreement and which provides reasonable assurance of such amounts being paid even if the Participant experiences financial difficulties, including amounts subject to a negative pledge.

"Private Activity Bond" means any Governmental Obligation if (i) there is more than 10% Private Use of the Proceeds of the obligations and more than 10% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly, by any Private User; (ii) more than the lesser of 5% of the Proceeds of the obligations or $5,000,000 is used to make Private Loans; (iii) there is more than 5% in the aggregate of Unrelated Private Use and Disproportionate Private Use and more than 5% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly with respect to or from property financed with the Proceeds of the obligations that is used in an Unrelated Private Use or Disproportionate Private Use; all as described in Section 141 of the Code.

"Private Loan" means any loan, directly or indirectly, of any of the Proceeds of an obligation of a Governmental Entity to any Non-Governmental Entity.

"Private Use" means the use of any Proceeds of the Financing Agreement or any facilities financed with such Proceeds by Private Users.

"Private User" means any Non-Governmental Entity, other than a natural person not engaged in a trade or business.

"Purpose Investment" means Investment Property purchased with Gross Proceeds of the Governmental Obligations to carry out the governmental purpose for which the obligations were issued, as provided in Treas. Reg. §1.148-1(b), issued under the Code.

"Qualified 501(c)(3) Bond" means any Qualified Private Activity Bond that satisfies the requirements of Section 145 of the Code.

"Qualified Private Activity Bond" means any Private Activity Bond that satisfies the requirements of Section 141(e) of the Code.

"Reasonably Required Reserve or Replacement Fund" means any fund that is pledged as security for or is available for payment of any Debt Service of any Governmental Obligation and is reasonably required by a lender, a State or other governmental or regulatory authority having jurisdiction over the Governmental Issuer, a national bond rating agency, or an underwriter or financial advisor and that satisfies the limitations of Treas. Reg. §1.148-2(f), issued under the Code.

"Rebate Amount" means the amount determined by the Corporation pursuant to the No-Arbitrage Certificate.

"Rebate Payment" means any payment of the Rebate Amount made to the United States Treasury.

"Redemption Date" means the date on which the last of the principal of and interest on the Financing Agreement has been paid, whether upon maturity, redemption or acceleration thereof.

"Reimbursement Allocation" means a written allocation of the Proceeds of the Financing Agreement intended to reimburse the Participant for Capital Expenditures for the Project that were paid prior to the Closing Date, provided that any such allocation is made no later than eighteen (18) months after the later of the date the Capital Expenditure was paid or the date the Project was placed in service, but in no event later than three (3) years

after the payment date. Any written allocation made within thirty (30) days after the Closing Date shall be treated as if made on the Closing Date.

"Reimbursement Resolution" means a declaration of intent, under Treas. Reg. §1.150-2, by the Participant to finance, by issuing debt, Capital Expenditures. For this purpose, the issuance of debt to finance specific facilities shall constitute a Reimbursement Resolution, the date of adoption of which shall be no later than the Closing Date of such debt.

"Related Private Use" means any Private Use that is not Unrelated Private Use.

"Replacement Proceeds" means amounts replaced by Proceeds of the Financing Agreement, including any sinking fund, Pledged Fund, restricted gifts (not including qualified endowment funds, pursuant to Treas. Reg. § 1.148-6(d)(3)(iii)(C)) or reserve or replacement fund, or other funds that would be available, directly or indirectly, to pay debt service on any of the Financing Agreement, within the meaning of Treas. Reg. § 1.148-1(c).

"Research Agreement" means an agreement between the Participant and a Private User under which the Participant or the Private User uses any portion of the Project to carry on research.

"Residential Rental Property" means any residential rental property for family units not located in the jurisdiction of the Governmental Issuer or not acquired to implement a court ordered or approved housing desegregation plan.

"Sale Proceeds" means the Financing Agreement Amount shown on the cover page hereto.

"Service Contract" means a contract between the Participant and a Service Provider under which the Service Provider provides services involving any portion or function of a Governmental Facility financed with Governmental Bonds.

"Service Provider" means any Private User that provides management or other services.

"State" means any state and possession of the United States and the District of Columbia.

"Tax-Exempt Bond" means (i) any Governmental Obligation the interest on which is excludible from gross income for federal income tax purposes, under Sections 103 and 150(a)(6) of the Code, (ii) any Pre-TRA Bond, (iii) certain tax-exempt mutual funds, as provided in Treas. Reg. § 1.150-1(b), issued under the Code, and (iv) any Demand Deposit SLGS.

"Transferred Proceeds" means transferred proceeds as defined in Treas. Reg. §1.148-9.

"Treasury Regulation" and "Treas. Reg." means any Regulation, Proposed Regulation or Temporary Regulation, as may be applicable, issued by the United States Treasury Department pursuant to the Code or the 1954 Code, as appropriate.

"Unrelated Private Use" means any Private Use that is not related to the Use by a Governmental Entity of Governmental Facilities.

"Yield" means, pursuant to Treas. Regs. §§ 1.148-4 and –5, that discount rate which, when computing the present value of all payments of principal and interest to be paid on an obligation, produces an amount equal to, in the case of the Financing Agreement, the Issue Price and in the case of any Investment Property, the fair market value, as provided in Treas. Reg. § 1.148-5(d).

"Yield Reduction Amount" means the amount determined by the Corporation pursuant to the Tax Regulatory Agreement.

"Yield Reduction Payment" means any payment of the Yield Reduction Amount made to the United States Treasury.

SECTION 1.02. Interpretative Rules. For all purposes of this Tax Compliance Agreement, except as otherwise expressly provided or unless the context otherwise requires (a) "Tax Compliance Agreement" means this instrument, as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof; (b) all references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed; (c) the words "herein," "hereof," "hereunder" and "herewith" and other words of similar import refer to this Tax Compliance Agreement as a whole and not to any particular Article, Section or other subdivision; (d) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular; (e) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (f) the terms defined elsewhere in this Tax Compliance Agreement shall have the meanings therein prescribed for them; (g) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders; (h) the headings used in this Tax Compliance Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

ARTICLE II

COVENANTS AND REPRESENTATIONS OF CORPORATION AND THE PARTICIPANT ACKNOWLEDGEMENTS BY, DIRECTIONS TO AND FROM CORPORATION AND THE PARTICIPANT

SECTION 2.01. Authority and Organization. (a) The Participant represents for the benefit of the Corporation that it is a political subdivision of the Commonwealth of Kentucky with the power, among others, to enter into the Financing Agreement in furtherance of its corporate purposes, including financing the cost of the Project; and

(b) The Corporation represents for the benefit of the Participant that (i) the Corporation is a nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Kentucky; and (ii) the Corporation has full power and authority granted to it by the Commonwealth of Kentucky to establish a program to enter into fixed rate financing agreements with cities, political subdivisions and public agencies of the Commonwealth of Kentucky.

SECTION 2.02. Use of Proceeds. The Participant represents that:

(a) No Private Use of Proceeds. No more than 10% of the Use of either the Proceeds of the Financing Agreement or the Project may be Private Use if more than 10% of the principal of or interest on the Financing Agreement is secured or to be paid, either directly or indirectly, by any Private User, no more than 5% of the Use of either the Proceeds of the Obligations or the Project may be for an Unrelated Private Use or Disproportionate Private Use and no more than the lesser of 5% of the Proceeds of the Financing Agreement or $5,000,000 may be used to make Private Loans.

(b) Expectations. The Participant expects to redeem the Prior Obligation no later than 90 days after the Closing Date.

(c) Use of the Project. The Participant will own or lease and operate the Project during the entire term of the Financing Agreement and will not change the use or ownership of any part of a Project during the entire term of the Financing Agreement without consultation of Bond Counsel and the prior written consent of the Corporation.

(d) Investment Limitations. (i) The Participant will restrict the investment of the Proceeds of the Financing Agreement and take such other actions as may be necessary so that the Financing Agreement will not constitute Arbitrage Bonds. Except for an amount equal to the Minor Portion and amounts in Reasonably Required Reserve or Replacement Funds, neither the Gross Proceeds of the Financing Agreement nor any Disposition Proceeds of the Financing Agreement may be invested at a Materially Higher Yield after the expiration of any Applicable Temporary Periods, unless any permitted Yield Reduction Payments are made.

(ii) The Participant should invest the Proceeds of the Financing Agreement separately from its other investments.

(iii) No more than 50% of the Sale Proceeds of the Financing Agreement may be invested in Nonpurpose Investments with a substantially guaranteed Yield for four or more years.

(iv) Either no amount on deposit in all Reasonably Required Reserve or Replacement Funds for the combination of the Financing Agreement and all other financing agreements entered into pursuant to the Program (the "Program Financing Agreements") on an aggregate basis, should exceed the least of (i) 10% of the stated principal amount of the Program Financing Agreements, if original issue discount does not exceed 2% times the stated redemption price of the Obligations, or the Issue Price of the Program Financing Agreements, if original issue discount does exceed 2% times the stated redemption price of the Program Financing Agreements, (ii) the maximum annual Debt Service of the Program Financing Agreements, or (iii) 125% of average annual Debt Service of the Program Financing Agreements, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits may not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), issued under the Code, appropriate Yield Reduction Payments should be timely made.

(v) If at any time, either the Participant determines or is informed that the Yield on the investment of moneys held by itself or any other person must be restricted or limited in order to prevent the Bonds from becoming Arbitrage Bonds, the Participant shall and shall so instruct any holder of the Sale Proceeds or Investment Proceeds of the Financing Agreement to take such action or actions as may be necessary to restrict or limit the yield on such investments as set forth in, and in accordance with, such instruction.

(e) Federal Guarantees. The Gross Proceeds will not be invested in any Investment Property that is Federally-Guaranteed.

SECTION 2.03. Service Contracts. The Participant represents that it will not enter into any Service Contracts or management contracts with respect to the Project without the prior written consent of Bond Counsel and the Corporation.

SECTION 2.04. Research Agreements. The Participant represents that it will not enter into any Research Agreements with respect to the Project without the prior written consent of the Corporation.

SECTION 2.05. Changes in Use or User of Project. The Participant represents that (a) no part of the Project will be sold, otherwise disposed of or leased without the prior written consent of the Corporation; (b) it will not to permit any use of its Project by any person or entity other than itself without the prior written consent of the Corporation; (c) any portion of a Project consisting of personal property may be sold in the ordinary course of an established governmental program if (i) the weighted average maturity of the portion of the Financing Agreement financing the personal property was not greater than one hundred twenty percent (120%) of the reasonably expected actual use of such personal property by the Participant, (ii) the Participant expected at the date of the Financing Agreement that the fair market value of the personal property at the time of disposition would not be greater than twenty-five percent (25%) of its cost and (iii), at the time of disposition, the personal property is no longer suitable for the governmental purpose for which it was acquired.

SECTION 2.06. Investments. The Participant will invest the Gross Proceeds of the Financing Agreement and any Disposition Proceeds of the Financing Agreement only under the Investment Agreement unless otherwise authorized in writing by the Corporation.

SECTION 2.07. Records. The Participant represents that proper records and accounts, containing complete and correct entries of all transactions relating to the Financing Agreement, the use of the Gross Proceeds of the Financing Agreement and the expenditures made in connection with the acquisition of the Project, will be maintained. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.08. Payment of Arbitrage Compliance Amounts. The Participant represents that all actions necessary to comply with the Yield limitations applicable to investments of the Sale Proceeds and Investment Proceeds of the Financing Agreement and the Rebate requirements contained in Section 148(f) of the Code and the Treasury Regulations thereunder will be taken. Immediately upon the request of the Corporation, the Participant

will assemble copies of records concerning investments of Gross Proceeds of the Financing Agreement, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement. In particular, the Participant will provide the Corporation with information that will enable the Corporation to determine if any Rebate Amount is payable. The Participant will pay any Rebate Payment and any Yield Reduction Payment owed with respect to the Gross Proceeds of the Financing Agreement, as determined by the Corporation. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.09. Information Reporting Requirements. The Participant represents that it will timely execute and file any information reports required under Section 149(e) of the Code (Form 8038-G) or as required by the Corporation.

SECTION 2.10. Compliance with Tax Compliance Agreement. (a) The Participant and the Corporation may, at any time, employ bond counsel, independent certified public accountants, or other qualified experts acceptable to the Corporation to perform any of the requirements imposed upon the Participant by this Tax Compliance Agreement.

(b) The Participant and the Corporation agree, to the extent reasonably possible, to comply with any amendments to the Code or any applicable Regulations, effective retroactively, and the Participant and the Corporation shall take all actions necessary to amend this Tax Compliance Agreement to comply therewith.

(c) Whenever any action or direction is required of the Participant hereunder, such action or direction may, or in the absence of any such action or direction may be made by the Corporation.

SECTION 2.11. Section 265 Designation. (a) The Corporation hereby designates the Financing Agreement as "qualified tax-exempt obligations" for purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the Participant certifies that the Financing Agreement will not be at any time "private activity bonds" (as defined in Section 141 of the Code) other than "qualified 501(c)(3) bonds" (as defined in Section 145 of the Code). The Corporation further certifies that, as of the date hereof in the current calendar year, (i) no tax-exempt obligations of any kind other than the Bonds have been issued for the benefit of the Participant, and (ii) not more than $10,000,000 of obligations of any kind (including the Bonds) benefitting the Participant during the current calendar year will be designated for purposes of Section 265(b)(3) of the Code.

(b) The Participant is not subject to Control by any entity, and there are no entities subject to Control by the Participant.

(c) On the date hereof, the Participant does not reasonably anticipate that for the current calendar year any Section 265 Tax-Exempt Obligations (except for the Financing Agreement) will be issued for its benefit. "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludible from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds. The Corporation will not issue for the benefit of the Participant or any entity subject to control by the Participant (which may hereafter come into existence) of Section 265 Tax-Exempt Obligations (including the Financing Agreement) that exceed the aggregate amount of $10,000,000 during the current calendar year unless it first obtains an opinion of Bond Counsel to the effect that such issuance will not adversely affect the treatment of the Bonds as "qualified tax-exempt obligations" for the purpose and within the meaning of Section 265(b)(3) of the Code.

[Signature Page to Follow]

[Signature Page to No-Arbitrage Certificate]

This certificate is being executed and delivered pursuant to Treas. Regs. §§ 1.148-1 through -11 issued under the Code, of which the undersigned, with the advice of counsel, is generally familiar. On the basis of the foregoing, it is not expected that the proceeds of the Financing Agreement will be used in a manner that would cause the Financing Agreement or the Bonds to be "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code or the Treasury Regulations thereunder.

CORINTH WATER DISTRICT

By: _____
Chair

Dated: July 23, 2021

EXHIBIT I

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of the date shown below between the Corinth Water District (the "Participant") and Kentucky Bond Corporation, as disclosure agent (the "Disclosure Agent").

RECITALS

WHEREAS, the Participant has entered into a Lease (the "Lease") dated the date hereof with respect to which the Corporation issued its Bonds (the "Corporation Bonds") under the Indenture described in the Lease, and offered and sold the Corporation Bonds pursuant to an offering circular containing information regarding the Participant (the "Offering Document"); and

WHEREAS, the Disclosure Agent and the Participant, wish to provide for the disclosure of certain information concerning the Lease and the Corporation Bonds and other matters on an ongoing basis as set forth herein for the benefit of Holders of Corporation Bonds in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Lease, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Lease, as amended and supplemented from time to time. Any such successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared for the Participant which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles, provided, however, that the Participant may change the accounting principles used for preparation of such financial information so long as the Participant includes as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Corporation Bonds (including persons holding Corporation Bonds through nominees, depositories or other intermediaries).

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Holders of Bonds" shall mean any holder of the Corporation Bonds and any Beneficial Owner thereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall mean, to the extent the Participant obtains knowledge, (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the security; (vii) modifications to rights of security holders, if material; (viii) bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event; (ix) defeasances; (x)

release, substitution or sale of property securing repayment of the securities; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event; (xiii) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Participant, other than in the ordinary course of business, or entering into or the terminating an agreement relating to any such actions; (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material (xv) incurrence of a Financial Obligation of the Issuer or Obligated Persons, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material; (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties and (xvii) failure (of which the Participant has knowledge) to provide the required Annual Financial Information on or before the date specified herein; provided, that the occurrence of an event described in clauses (i), (iii), (iv), (v), (viii), (ix) and (xi) shall always be deemed to be material. The SEC requires the listing of (i) through (xvii) although some of such events may not be applicable to the Corporation Bonds.

"Operating Data" shall mean an update of the Operating Data contained in the Offering Document, if any.

"Participating Underwriter" shall mean any of the original underwriters of the Corporation Bonds required to comply with the Rule in connection with the offering of the Corporation Bonds.

"Release" shall mean Securities and Exchange Commission Release No. 34-34961.

"SEC" shall mean the Securities and Exchange Commission.

"SID" shall mean the state information depository ("SID"), as such term is used in the Release, if and when a SID is created for the State.

"State" shall mean the Commonwealth of Kentucky.

"Turn Around Period" shall mean (i) five (5) business days, with respect to Annual Financial Information and Operating Data delivered by the Participant to the Disclosure Agent; (ii) two (2) business days with respect to Material Event occurrences disclosed by the Participant to the Disclosure Agent; or (iii) two (2) business days with respect to the failure, on the part of the Participant, to deliver Annual Financial Information and Operating Data to the Disclosure Agent which period commences upon notification by the Participant of such failure, or upon the Disclosure Agent's actual knowledge of such failure.

(B) This Agreement applies to the Corporation Bonds and the Lease.

(C) The Disclosure Agent shall have no obligation to make disclosure about the Corporation Bonds or the Lease except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Agent, as Program Administrator, under the Indenture. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Participant, apart from the relationship created hereby, shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except in its capacity as Program Administrator under the Indenture or except as may be provided by written notice from the Participant.

Section 2. Disclosure of Information.

(A) General Provisions. This Agreement governs the Participant's direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting not as Program Administrator but as the Participant's agent; provided that the Disclosure Agent shall be entitled to the same protection in so acting under this Agreement as it has in acting as Program Administrator under the Indenture.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Participant shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than 300 days after the end of Participant's current fiscal year and continuing with each fiscal year thereafter, for which the information is provided, taking into account the Turn Around Period, and, in addition, all information with respect to the Corporation Bonds required to be disseminated by the Trustee pursuant to the Indenture.

(2) Material Events Notices. Notice of the occurrence of a Material Event.

(3) Failure to Provide Annual Financial Information. Notice of the failure of Participant to provide the Annual Financial Information and Operating Data by the date required herein.

(C) Information Provided by Disclosure Agent to Public.

(1) The Participant directs the Disclosure Agent on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Participant's agent in so making public, the following:

(a) the Annual Financial Information and Operating Data;

(b) Material Event occurrences;

(c) the notices of failure to provide information which the Participant has agreed to make public pursuant to subsection (B)(3) of this Section 2;

(d) such other information as the Participant shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(2) of this Section 2. If the Participant chooses to include any information in any Annual Financial Information report or in any notice of occurrence of a Material Event, in addition to that which is specifically required by this Agreement, the Participant shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information report or notice of occurrence of a Material Event; and

(2) The information which the Participant has agreed to make public shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Agent as Program Administrator by the Participant, in the form required by the Lease or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information, the Operating Data, the Material Event occurrences and the failure to provide the Annual Financial Information and Operating Data within the applicable Turn Around Period. Notwithstanding the foregoing, Annual Financial Information, Operating Data and Material Events shall be made public on the same day as notice thereof is given to the Holders of Bonds of outstanding Corporation Bonds, if required in the Indenture, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Participant to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Participant or the Disclosure Agent under this Agreement if it is transmitted as provided in subsection (D)(2) of this Section 2 by the following means:

(a) to the Holders of Bonds of outstanding Corporation Bonds, by the method prescribed by the Indenture;

(b) to the MSRB, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Participant or the Disclosure Agent is authorized to transmit information to a MSRB by whatever means are mutually acceptable to the Disclosure Agent or the Participant, as applicable, and the MSRB; and/or

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Participant or the Disclosure Agent is authorized to transmit information to a SEC by whatever means are mutually acceptable to the Disclosure Agent or the Participant, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Annual Financial Information and Operating Data shall be made available to the MSRB;

(b) notice of all Material Event occurrences and all notices of the failure to provide Annual Financial Information or Operating Data within the time specified in Section 2(B)(1) hereof shall be made available to the MSRB; and

(c) all information described in clauses (a) and (b) shall be made available to any Holder of Bonds upon request, but need not be transmitted to the Holders of Bonds who do not so request.

(d) to the extent any Annual Financial Information or Operating Data is included in a document filed with the MSRB or the SEC, the Participant shall have been deemed to have provided that information if a statement specifically referencing the filed document is filed with the MSRB as part of the Participant's obligation to file Annual Financial Information and Operating Data pursuant to this Agreement. Additionally, if the referenced document is a final official statement (as that term is defined in Rule 15c2-12(f)(3)), it must be available from the MSRB.

With respect to requests for periodic or occurrence information from Holders of Bonds, the Disclosure Agent may require payment by requesting of holders a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Participant for response.

(E) Disclosure Agent Compensation. The Participant shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Agreement as provided in the Lease.

(F) Indemnification of Disclosure Agent. The Participant shall indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that the Participant shall not be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Participant under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Corporation Bonds.

Section 3. Amendment or Waiver. Notwithstanding any other provision of this Agreement, the Participant and the Disclosure Agent may amend this Agreement (and the Disclosure Agent shall agree to any reasonable amendment requested by the Participant) and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel or counsel expert in federal securities laws acceptable to both the Participant and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on

the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

Section 4. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Corporation Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Corporation Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Participant, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Holders of Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

This Agreement shall terminate when all of the Corporation Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If an event of default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in Section 4(G), the non-defaulting party or any such beneficiary may (and, at the request of the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Corporation Bonds, the non-defaulting party shall), enforce the obligations of the defaulting party under this Agreement; provided, however, the sole remedy available in any proceeding to enforce this Agreement shall be an action in mandamus, for specific performance or similar remedy to compel performance.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Participant, the Trustee, the Disclosure Agent, the Participating Underwriter and Holders of Bonds, and shall create no rights in any other person or entity.

[Signature Page to Follow]

[Signature Page to Continuing Disclosure Agreement]

Section 5. Additional Disclosure Obligations. The Participant acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Participant, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Participant under such laws.

Section 6. Notices. Notices shall be provided in the manner set forth in the Lease.

IN WITNESS WHEREOF, the Disclosure Agent and the Participant have each caused their duly authorized officers to execute this Agreement, as of the date set forth below.

DATE OF AGREEMENT: July 23, 2021

KENTUCKY BOND CORPORATION

By: _____
Secretary

CORINTH WATER DISTRICT

By: _____
Chair

[Signature Page to Continuing Disclosure Agreement]

Section 5. Additional Disclosure Obligations. The Participant acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Participant, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Participant under such laws.

Section 6. Notices. Notices shall be provided in the manner set forth in the Lease.

IN WITNESS WHEREOF, the Disclosure Agent and the Participant have each caused their duly authorized officers to execute this Agreement, as of the date set forth below.

DATE OF AGREEMENT: July 23, 2021

KENTUCKY BOND CORPORATION

By: Robyn Miller
Secretary

CORINTH WATER DISTRICT

By: _____
Chair

EXHIBIT J

AUTOMATED CLEARING HOUSE SERVICE AGREEMENT

This Agreement ("Agreement"), dated as of July 23, 2021, is between The Bank of New York Mellon Trust Company, N.A., as Trustee ("BNY Mellon") and the Corinth Water District (the "Participant"). Pursuant to certain services rendered by BNY Mellon on behalf of the Kentucky Bond Corporation for the Kentucky Bond Corporation Financing Program to the Participant, the Participant hereby authorizes BNY Mellon to initiate Automated Clearing House debit entries (the "ACH Entries") to its demand deposit account indicated below (the "Account"), maintained at the depository named below (the "Depository") and the Depository is authorized to debit the amount of each such ACH Entry to the Account and transfer the funds to the credit of The Bank of New York Mellon Trust Company, N.A. in accordance with the Automated Clearing House Operating Rules.

DEPOSITORY

NAME: **BRANCH:**

CITY: CORINTH **STATE:** **ZIP:**

TRANSIT/ABA NO.: **ACCOUNT NO.:**

---

1. The parties agree as follows:

2. **NACHA Rules.** In providing services pursuant to this Agreement, BNY Mellon follows the Rules and Guidelines of the National Automated Clearing House Association, as amended from time to time (the "Rules"), except to the extent they are modified by the terms of this Agreement. The Rules are incorporated by reference into this Agreement. The terms that are used in this Agreement shall have the same meaning as they have under the Rules. The Participant and BNY Mellon agree to comply with and be subject to the Rules governing the transactions hereunder. By transmitting an entry BNY Mellon makes certain warranties under the Rules, such as correct account information, and the Participant hereby agrees to make the same warranties to BNY Mellon.

3. **Adjustment of Entries, Returns.** The Participant understands and agrees that any corrections, additions, deletions, or other adjustments to the entries requested by the Participant may be attempted by BNY Mellon but are not assured. The Participant further understands and agrees that BNY Mellon may not be able to adjust or correct any entry after such entry has been presented to the Originating Automated Clearing House serving BNY Mellon. BNY Mellon also reserves the right to terminate ACH transactions if they are returned and/or alter data if BNY Mellon receives a Notice of Change ("NOC") from the receiving financial institution. If an error in the ACH file or an ACH entry is discovered, the Participant may direct BNYM to initiate a reversing entry within the time and in the manner prescribed by the NACHA Rules. The Participant agrees to reimburse BNY Mellon for all costs and expenses incurred by implementing a reversing file or a reversing entry, including all costs associated with the indemnification provisions of the NACHA Rules.

   If a debit entry initiated by BNY Mellon is returned or rejected, BNY Mellon does not attempt a second collection or redeposit unless requested by the Participant, but BNY Mellon reserves the right to refuse to honor a second collection or redeposit request. If the designated Account does not have sufficient funds, BNY Mellon reserves the right to suspend any ACH Origination Service. The Participant shall then make any required payments to BNY Mellon via check or wire transfer.

   BNY Mellon reserves the right to charge the applicable Account if an item (including but not limited to, an ACH debit) deposited or charged to the applicable Account is dishonored, returned or not paid even if BNY Mellon has not sent the Participant notice of the dishonor, return or nonpayment. BNY Mellon also reserves the right to charge an unpaid item against the applicable Account even if BNY Mellon could have made a claim for reimbursement on the item from the bank on which the item was drawn or from another bank. BNY Mellon may charge an item against the applicable Account even if the charge results in an overdraft.

4. **Limitation of Liability/Indemnity.** The Participant agrees, to the extent permitted by law, to indemnify and hold harmless BNY Mellon from all liabilities, losses, claims or damages, including reasonable attorney's fees, BNY Mellon incurs as a result of (i) the Participant's breach of warranty, (ii) the Participant's failure to perform under this Agreement, or (iii) BNY Mellon's performance under this Agreement except as a result of BNY Mellon's own negligence or willful misconduct. In no event shall BNY Mellon be liable for any indirect,

special, incidental, consequential or punitive damages, or attorneys' fees. The Receiving Depository Financial Institution ("RDFI") warrants the accuracy of any Notifications of Change and Returns pursuant to the NACHA Rules and BNY Mellon is not liable if the RDFI sends incorrect data to BNY Mellon and BNY Mellon acts upon their incorrect data.

5. **Termination.** Either party may terminate this Agreement upon prior written notice to the other party of at least thirty (30) days. This Agreement shall automatically terminate upon termination of the Financing Agreement between the Participant and Kentucky Bond Corporation (as defined in the Kentucky Bond Corporation Financing Program documents dated as of August 1, 2010). Notwithstanding such termination, this Agreement shall remain in full force and effect with respect to all transactions hereunder that occur prior to the date of such termination.

6. **Force Majeure.** Notwithstanding any other provision of this Agreement, BNY Mellon shall not be liable for any failure, inability to perform, or delay in performance hereunder, if such failure, inability, or delay is due to acts of God, war, civil commotion, governmental actions, fire, explosion, strikes, other industrial disturbances, terrorist attacks, delays by third parties, equipment malfunction, unusually severe weather conditions, or any other cause, event, or circumstance that is beyond its reasonable control.

7. **Notices.** All notices shall be in writing and shall be deemed to have been duly given three days after depositing in the mail, certified mail, return receipt requested, or one day after deposited with an overnight delivery system, addressed, in the case of notice to BNY Mellon, to:

The Bank of New York Mellon Trust Company, N.A.
614 West Main Street, Suite 2600
Louisville, KY 40202
Attn: Susanna N. Patterson

and in the case of Notice to the Participant, to:

Corinth Water District
215 Thomas Lane
Corinth, KY 41010

or to such other address as the party to receive notice may provide in writing to the other party in accordance with this Section.

8. **Parties Bound; Assignment.** This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the parties hereto, but it may not be assigned in whole or in part by Participant without the prior written consent of BNY Mellon. BNY Mellon may assign this Agreement to any of its affiliates or, with notice to the Participant, to independent third parties.

9. **Governing Law.** The Agreement shall be governed by the laws of the Commonwealth of Kentucky.

10. **Miscellaneous.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, all of which together shall constitute one and the same Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes any prior agreements. This Agreement may be amended only in writing executed by the parties hereto.

11. **Customer Information.** BNY Mellon and Participant agree that all information provided by Participant to BNY Mellon or to which BNY Mellon has access in the course of providing the Service under this Agreement to Participant, including but not limited to names, addresses, telephone numbers and account numbers ("Customer Information"), shall remain confidential. BNY Mellon agrees not to use the Customer Information for any purpose other than as required for the performance of BNY Mellon's obligations with regard to the Service, and BNY Mellon agrees not duplicate or incorporate the Customer Information into BNY Mellon's own records or databases other than is necessary to provide the Service. Any dissemination of the Customer Information within BNY Mellon's affiliates and to BNY Mellon's subcontractors shall be on a "need to know" basis for the sole purpose of the performance of the Service.

    BNY Mellon agrees to implement appropriate measures designed to ensure the security and confidentiality of Participant's Customer Information, protect against reasonably foreseeable threats or hazards to the security or integrity of such information, and protect against unauthorized access to or use of such information. Such measures include, as appropriate, the establishment and maintenance of policies, procedures, and technical, physical, and administrative safeguards.

[Signature Page to Follow]

[Signature Page to ACH Agreement]

In witness whereof, the parties hereto have executed this Agreement as of the date first written above.

CORINTH WATER DISTRICT

By: _____
Secretary

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: _____

Title: _____

22292712.1

EXHIBIT B

DEBT SERVICE

The chart below depicts the principal and interest due on the Lease. The column, "Net New D/S" shows the District's annual all-in cost (including principal, interest, and costs of issuance). The column titled "Savings" shows the value of the savings on an annualized basis at 2.576% (the net present value of which, $307,517.77, is also shown below).

Debt Service Comparison

Date	Total P+I	Expenses	DSR	Net New D/S	Old Net D/S	Savings
06/30/2022	46,646.11	3,087.23	-	49,733.34	96,914.51	47,181.17
06/30/2023	115,950.00	5,437.50	-	121,387.50	137,899.62	16,512.12
06/30/2024	119,450.00	5,250.00	-	124,700.00	138,385.26	13,685.26
06/30/2025	117,850.00	5,050.00	-	122,900.00	138,838.38	15,938.38
06/30/2026	116,250.00	4,850.00	-	121,100.00	138,054.38	16,954.38
06/30/2027	119,650.00	4,650.00	-	124,300.00	139,285.38	14,985.38
06/30/2028	117,950.00	4,437.50	-	122,387.50	138,931.74	16,544.24
06/30/2029	121,250.00	4,225.00	-	125,475.00	138,863.26	13,388.26
06/30/2030	119,450.00	4,000.00	-	123,450.00	139,257.62	15,807.62
06/30/2031	122,650.00	3,775.00	-	126,425.00	139,489.62	13,064.62
06/30/2032	120,750.00	3,537.50	-	124,287.50	139,659.26	15,371.76
06/30/2033	118,850.00	3,300.00	-	122,150.00	139,661.88	17,511.88
06/30/2034	121,950.00	3,062.50	-	125,012.50	140,497.50	15,485.00
06/30/2035	119,950.00	2,812.50	-	122,762.50	139,718.62	16,956.12
06/30/2036	122,950.00	2,562.50	-	125,512.50	140,795.00	15,282.50
06/30/2037	120,850.00	2,300.00	-	123,150.00	140,231.62	17,081.62
06/30/2038	123,750.00	2,037.50	-	125,787.50	141,492.00	15,704.50
06/30/2039	91,550.00	1,762.50	-	93,312.50	109,987.38	16,674.88
06/30/2040	94,950.00	1,562.50	-	96,512.50	110,358.38	13,845.88
06/30/2041	93,143.76	1,350.00	-	94,493.76	110,554.76	16,061.00
06/30/2042	96,337.50	1,137.50	-	97,475.00	110,776.52	13,301.52
06/30/2043	69,312.50	912.50	-	70,225.00	82,914.38	12,689.38
06/30/2044	67,850.00	750.00	-	68,600.00	82,258.76	13,658.76
06/30/2045	56,306.26	587.50	(60,600.00)	(3,706.24)	-	3,706.24
Total	**$2,535,596.13**	**$72,437.23**	**(60,600.00)**	**$2,547,433.36**	**$2,934,825.83**	**$387,392.47**

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	332,790.30
Effects of changes in DSR investments	33,191.61
Effects of changes in Expenses	(58,464.14)
Net PV Cashflow Savings @ 2.576%(AIC)	307,517.77
Contingency or Rounding Amount	1,451.38
Net Present Value Benefit	$308,969.15
Net PV Benefit / $1,910,600 Refunded Principal	16.171%
Net PV Benefit / $2,020,000 Refunding Principal	15.296%

EXHIBIT C

SOURCES AND USES

The below chart depicts the "sources and uses" of the financing. As you will see, the Lease generated $2,057,233.80 for the District on a $2,020,000 bond sale (this is because the bonds sold at a "premium" due to market conditions which make the bonds more valuable).

Of that $2,057,233.80: (1) $45,081.66 goes to the institution that buys the Lease (the underwriter's discount, or, the price the District paid the lender); (2) $33,279.80 will go to the team of bankers and attorneys who assemble the deal—the financial advisor, bond counsel, trustee/paying agent, the issuer, etc.—and includes things like costs of preparing an official statement, publishing costs, documentation fees, etc.; (3) $1,451.38 goes to the "rounding amount" which is a cushion built into deals to allow for variations in expenses and to account for the fact that bonds get sold in even $5,000 increments.

After all of these expenses are paid, the District netted $1,977,420.96, which was an amount sufficient to refund the District's outstanding federal debt for $307,517.22 worth of savings to the District, for a net present value savings of 15.296%.

Sources & Uses

Dated 07/23/2021 | Delivered 07/23/2021

Sources Of Funds	
Par Amount of Bonds	$2,020,000.00
Reoffering Premium	37,233.80
Total Sources	**$2,057,233.80**

Uses Of Funds	
Total Underwriter's Discount (2.232%)	45,081.66
Costs of Issuance	33,279.80
Deposit to Debt Service Reserve Fund (DSRF)	60,600.00
Deposit to Current Refunding Fund	1,916,820.96
Rounding Amount	1,451.38
Total Uses	**$2,057,233.80**

EXHIBIT D

DEBT SERVICE FOR PRIOR OBLIGATIONS

The below chart depicts the debt service comparison—with the debt service for the prior obligations highlighted. The highlighted column represents the annual debt service for the District across all three of the Prior Obligations. The underlying debt service schedules for each of the three Prior Obligations is also included in this exhibit.

Date	Total P+I	Expenses	DSR	Net New D/S	Old Net D/S	Savings
06/30/2022	46,646.11	3,087.23	-	49,733.34	96,914.51	47,181.17
06/30/2023	115,950.00	5,437.50	-	121,387.50	137,899.62	16,512.12
06/30/2024	119,450.00	5,250.00	-	124,700.00	138,385.26	13,685.26
06/30/2025	117,850.00	5,050.00	-	122,900.00	138,838.38	15,938.38
06/30/2026	116,250.00	4,850.00	-	121,100.00	138,054.38	16,954.38
06/30/2027	119,650.00	4,650.00	-	124,300.00	139,285.38	14,985.38
06/30/2028	117,950.00	4,437.50	-	122,387.50	138,931.74	16,544.24
06/30/2029	121,250.00	4,225.00	-	125,475.00	138,863.26	13,388.26
06/30/2030	119,450.00	4,000.00	-	123,450.00	139,257.62	15,807.62
06/30/2031	122,650.00	3,775.00	-	126,425.00	139,489.62	13,064.62
06/30/2032	120,750.00	3,537.50	-	124,287.50	139,659.26	15,371.76
06/30/2033	118,850.00	3,300.00	-	122,150.00	139,661.88	17,511.88
06/30/2034	121,950.00	3,062.50	-	125,012.50	140,497.50	15,485.00
06/30/2035	119,950.00	2,812.50	-	122,762.50	139,718.62	16,956.12
06/30/2036	122,950.00	2,562.50	-	125,512.50	140,795.00	15,282.50
06/30/2037	120,850.00	2,300.00	-	123,150.00	140,231.62	17,081.62
06/30/2038	123,750.00	2,037.50	-	125,787.50	141,492.00	15,704.50
06/30/2039	91,550.00	1,762.50	-	93,312.50	109,987.38	16,674.88
06/30/2040	94,950.00	1,562.50	-	96,512.50	110,358.38	13,845.88
06/30/2041	93,143.76	1,350.00	-	94,493.76	110,554.76	16,061.00
06/30/2042	96,337.50	1,137.50	-	97,475.00	110,776.52	13,301.52
06/30/2043	69,312.50	912.50	-	70,225.00	82,914.38	12,689.38
06/30/2044	67,850.00	750.00	-	68,600.00	82,258.76	13,658.76
06/30/2045	56,306.26	587.50	(60,600.00)	(3,706.24)	-	3,706.24
Total	**$2,535,596.13**	**$72,437.23**	**(60,600.00)**	**$2,547,433.36**	**$2,934,825.83**	**$387,392.47**

Water District Revenue Bonds, Series 1998

Debt Service To Maturity And To Call

Date	Refunded Bonds	Premium	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/23/2021	-	-	-	-	-	-	-	-
07/30/2021	351,000.00	(106.80)	1,343.06	352,236.26	-	-	-	-
01/01/2022	-	-	-	-	14,000.00	4.750%	8,336.25	22,336.25
07/01/2022	-	-	-	-	-	-	8,003.75	8,003.75
01/01/2023	-	-	-	-	14,000.00	4.750%	8,003.75	22,003.75
07/01/2023	-	-	-	-	-	-	7,671.25	7,671.25
01/01/2024	-	-	-	-	15,000.00	4.750%	7,671.25	22,671.25
07/01/2024	-	-	-	-	-	-	7,315.00	7,315.00
01/01/2025	-	-	-	-	16,000.00	4.750%	7,315.00	23,315.00
07/01/2025	-	-	-	-	-	-	6,935.00	6,935.00
01/01/2026	-	-	-	-	16,000.00	4.750%	6,935.00	22,935.00
07/01/2026	-	-	-	-	-	-	6,555.00	6,555.00
01/01/2027	-	-	-	-	18,000.00	4.750%	6,555.00	24,555.00
07/01/2027	-	-	-	-	-	-	6,127.50	6,127.50
01/01/2028	-	-	-	-	18,000.00	4.750%	6,127.50	24,127.50
07/01/2028	-	-	-	-	-	-	5,700.00	5,700.00
01/01/2029	-	-	-	-	19,000.00	4.750%	5,700.00	24,700.00
07/01/2029	-	-	-	-	-	-	5,248.75	5,248.75
01/01/2030	-	-	-	-	20,000.00	4.750%	5,248.75	25,248.75
07/01/2030	-	-	-	-	-	-	4,773.75	4,773.75
01/01/2031	-	-	-	-	21,000.00	4.750%	4,773.75	25,773.75
07/01/2031	-	-	-	-	-	-	4,275.00	4,275.00
01/01/2032	-	-	-	-	22,000.00	4.750%	4,275.00	26,275.00
07/01/2032	-	-	-	-	-	-	3,752.50	3,752.50
01/01/2033	-	-	-	-	23,000.00	4.750%	3,752.50	26,752.50
07/01/2033	-	-	-	-	-	-	3,206.25	3,206.25
01/01/2034	-	-	-	-	25,000.00	4.750%	3,206.25	28,206.25
07/01/2034	-	-	-	-	-	-	2,612.50	2,612.50
01/01/2035	-	-	-	-	25,000.00	4.750%	2,612.50	27,612.50
07/01/2035	-	-	-	-	-	-	2,018.75	2,018.75
01/01/2036	-	-	-	-	27,000.00	4.750%	2,018.75	29,018.75
07/01/2036	-	-	-	-	-	-	1,377.50	1,377.50
01/01/2037	-	-	-	-	28,000.00	4.750%	1,377.50	29,377.50
07/01/2037	-	-	-	-	-	-	712.50	712.50
01/01/2038	-	-	-	-	30,000.00	4.750%	712.50	30,712.50
Total	**$351,000.00**	**(106.80)**	**$1,343.06**	**$352,236.26**	**$351,000.00**	**-**	**$160,906.25**	**$511,906.25**

Water District Revenue Bonds, Series 2002

Debt Service To Maturity And To Call

Date	Refunded Bonds	Premium	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/23/2021	-	-	-	-	-	-	-	-
07/30/2021	364,600.00	(87.71)	1,358.39	365,870.68	-	-	-	-
01/01/2022	-	-	-	-	10,500.00	4.625%	8,431.38	18,931.38
07/01/2022	-	-	-	-	-	-	8,188.56	8,188.56
01/01/2023	-	-	-	-	11,000.00	4.625%	8,188.56	19,188.56
07/01/2023	-	-	-	-	-	-	7,934.19	7,934.19
01/01/2024	-	-	-	-	11,500.00	4.625%	7,934.19	19,434.19
07/01/2024	-	-	-	-	-	-	7,668.25	7,668.25
01/01/2025	-	-	-	-	12,100.00	4.625%	7,668.25	19,768.25
07/01/2025	-	-	-	-	-	-	7,388.44	7,388.44
01/01/2026	-	-	-	-	12,600.00	4.625%	7,388.44	19,988.44
07/01/2026	-	-	-	-	-	-	7,097.06	7,097.06
01/01/2027	-	-	-	-	13,200.00	4.625%	7,097.06	20,297.06
07/01/2027	-	-	-	-	-	-	6,791.81	6,791.81
01/01/2028	-	-	-	-	13,900.00	4.625%	6,791.81	20,691.81
07/01/2028	-	-	-	-	-	-	6,470.38	6,470.38
01/01/2029	-	-	-	-	14,500.00	4.625%	6,470.38	20,970.38
07/01/2029	-	-	-	-	-	-	6,135.06	6,135.06
01/01/2030	-	-	-	-	15,200.00	4.625%	6,135.06	21,335.06
07/01/2030	-	-	-	-	-	-	5,783.56	5,783.56
01/01/2031	-	-	-	-	15,900.00	4.625%	5,783.56	21,683.56
07/01/2031	-	-	-	-	-	-	5,415.88	5,415.88
01/01/2032	-	-	-	-	16,700.00	4.625%	5,415.88	22,115.88
07/01/2032	-	-	-	-	-	-	5,029.69	5,029.69
01/01/2033	-	-	-	-	17,500.00	4.625%	5,029.69	22,529.69
07/01/2033	-	-	-	-	-	-	4,625.00	4,625.00
01/01/2034	-	-	-	-	18,300.00	4.625%	4,625.00	22,925.00
07/01/2034	-	-	-	-	-	-	4,201.81	4,201.81
01/01/2035	-	-	-	-	19,200.00	4.625%	4,201.81	23,401.81
07/01/2035	-	-	-	-	-	-	3,757.81	3,757.81
01/01/2036	-	-	-	-	20,100.00	4.625%	3,757.81	23,857.81
07/01/2036	-	-	-	-	-	-	3,293.00	3,293.00
01/01/2037	-	-	-	-	21,100.00	4.625%	3,293.00	24,393.00
07/01/2037	-	-	-	-	-	-	2,805.06	2,805.06
01/01/2038	-	-	-	-	22,100.00	4.625%	2,805.06	24,905.06
07/01/2038	-	-	-	-	-	-	2,294.00	2,294.00
01/01/2039	-	-	-	-	23,100.00	4.625%	2,294.00	25,394.00
07/01/2039	-	-	-	-	-	-	1,759.81	1,759.81
01/01/2040	-	-	-	-	24,200.00	4.625%	1,759.81	25,959.81
07/01/2040	-	-	-	-	-	-	1,200.19	1,200.19
01/01/2041	-	-	-	-	25,300.00	4.625%	1,200.19	26,500.19
07/01/2041	-	-	-	-	-	-	615.13	615.13
01/01/2042	-	-	-	-	26,600.00	4.625%	615.13	27,215.13
Total	**$364,600.00**	**(87.71)**	**$1,358.39**	**$365,870.68**	**$364,600.00**	**-**	**$205,340.76**	**$569,940.76**

Water District Revenue Bonds, Series 2005

Debt Service To Maturity And To Call

Part 1 of 2

Date	Refunded Bonds	Premium	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/23/2021	-	-	-	-	-	-	-	-
07/30/2021	1,195,000.00	(256.87)	3,970.89	1,198,714.02	-	-	-	-
01/01/2022	-	-	-	-	31,000.00	4.125%	24,646.88	55,646.88
07/01/2022	-	-	-	-	-	-	24,007.50	24,007.50
01/01/2023	-	-	-	-	32,500.00	4.125%	24,007.50	56,507.50
07/01/2023	-	-	-	-	-	-	23,337.19	23,337.19
01/01/2024	-	-	-	-	34,000.00	4.125%	23,337.19	57,337.19
07/01/2024	-	-	-	-	-	-	22,635.94	22,635.94
01/01/2025	-	-	-	-	35,500.00	4.125%	22,635.94	58,135.94
07/01/2025	-	-	-	-	-	-	21,903.75	21,903.75
01/01/2026	-	-	-	-	37,000.00	4.125%	21,903.75	58,903.75
07/01/2026	-	-	-	-	-	-	21,140.63	21,140.63
01/01/2027	-	-	-	-	38,500.00	4.125%	21,140.63	59,640.63
07/01/2027	-	-	-	-	-	-	20,346.56	20,346.56
01/01/2028	-	-	-	-	40,500.00	4.125%	20,346.56	60,846.56
07/01/2028	-	-	-	-	-	-	19,511.25	19,511.25
01/01/2029	-	-	-	-	42,000.00	4.125%	19,511.25	61,511.25
07/01/2029	-	-	-	-	-	-	18,645.00	18,645.00
01/01/2030	-	-	-	-	44,000.00	4.125%	18,645.00	62,645.00
07/01/2030	-	-	-	-	-	-	17,737.50	17,737.50
01/01/2031	-	-	-	-	46,000.00	4.125%	17,737.50	63,737.50
07/01/2031	-	-	-	-	-	-	16,788.75	16,788.75
01/01/2032	-	-	-	-	48,000.00	4.125%	16,788.75	64,788.75
07/01/2032	-	-	-	-	-	-	15,798.75	15,798.75
01/01/2033	-	-	-	-	50,000.00	4.125%	15,798.75	65,798.75
07/01/2033	-	-	-	-	-	-	14,767.50	14,767.50
01/01/2034	-	-	-	-	52,000.00	4.125%	14,767.50	66,767.50
07/01/2034	-	-	-	-	-	-	13,695.00	13,695.00
01/01/2035	-	-	-	-	54,500.00	4.125%	13,695.00	68,195.00
07/01/2035	-	-	-	-	-	-	12,570.94	12,570.94
01/01/2036	-	-	-	-	57,000.00	4.125%	12,570.94	69,570.94
07/01/2036	-	-	-	-	-	-	11,395.31	11,395.31
01/01/2037	-	-	-	-	59,000.00	4.125%	11,395.31	70,395.31
07/01/2037	-	-	-	-	-	-	10,178.44	10,178.44
01/01/2038	-	-	-	-	62,000.00	4.125%	10,178.44	72,178.44
07/01/2038	-	-	-	-	-	-	8,899.69	8,899.69
01/01/2039	-	-	-	-	64,500.00	4.125%	8,899.69	73,399.69
07/01/2039	-	-	-	-	-	-	7,569.38	7,569.38
01/01/2040	-	-	-	-	67,500.00	4.125%	7,569.38	75,069.38
07/01/2040	-	-	-	-	-	-	6,177.19	6,177.19
01/01/2041	-	-	-	-	70,500.00	4.125%	6,177.19	76,677.19
07/01/2041	-	-	-	-	-	-	4,723.13	4,723.13
01/01/2042	-	-	-	-	73,500.00	4.125%	4,723.13	78,223.13

Debt Service To Maturity And To Call

Part 2 of 2

Date	Refunded Bonds	Premium	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
07/01/2042	-	-	-	-	-	-	3,207.19	3,207.19
01/01/2043	-	-	-	-	76,500.00	4.125%	3,207.19	79,707.19
07/01/2043	-	-	-	-	-	-	1,629.38	1,629.38
01/01/2044	-	-	-	-	79,000.00	4.125%	1,629.38	80,629.38
Total	**$1,195,000.00**	**(256.87)**	**$3,970.89**	**$1,198,714.02**	**$1,195,000.00**	**-**	**$657,978.82**	**$1,852,978.82**

EXHIBIT E

FINANCIAL INFORMATION

CORINTH WATER DISTRICT

FINANCIAL STATEMENTS

For Years Ending December 31, 2020 and 2019

CORINTH WATER DISTRICT

FINANCIAL STATEMENTS

For Years Ending December 31, 2020 and 2019

Table of Contents

	Pages
Board of Commissioners	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-8
Statements of Net Position	9-10
Statements of Revenues, Expenses, and Changes in Net Position	11
Statements of Cash Flows	12
Notes to the Financial Statements	13-28
Multiple Employer, Cost Sharing, Defined Benefit Pension Plan Disclosure - Non-Hazardous Plan	29
Multiple Employer, Cost Sharing, Defined Benefit OPEB Plan Disclosure - Non-Hazardous Plan	30
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	31-32

CORINTH WATER DISTRICT

BOARD OF COMMISSIONERS

December 31, 2020 and 2019

Chair

Dan Field

Treasurer

Cherish Kennedy

Secretary

Shannon Long

Legal Counsel

Pete Whaley, Attorney at Law

Independent Auditor's Report

To the Board of Commissioners
Corinth Water District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Corinth Water District (District), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Corinth Water District as of December 31, 2020 and 2019 and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

3216 Dixie Highway ◻ Erlanger, KY ■ 41018 ■ Phone 859-431-0700 ■ www.cnocpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4–8 and the pension and OPEB disclosure information on pages 29 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2021 on our consideration of the Corinth Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corinth Water District's internal control over financial reporting and compliance.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.
Erlanger, Kentucky
August 23, 2021

CORINTH WATER DISTRICT
P.O. BOX 218
CORINTH, KY 41010

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the year ended December 31, 2020. The information is presented in conjunction with the audited financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent year by $915,634 (net position). Net position increased by $399 from the prior year.
- At the end of the current year, unrestricted net position was ($224,339), which is an increase of $69,153 from the prior year.

USING THIS ANNUAL REPORT

The financial statements presented herein include all of the activities of the District accounted for within a single proprietary (enterprise) reporting entity. The financial statements include statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements and supplemental schedules. These statements show the condition of the District's finances and the sources of income and the funds expended.

Basis of Accounting

The District's financial statements are prepared using the accrual basis of accounting.

The Statements of Net Position and Revenues, Expenses, and Changes in Net Position

In the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position, we report the District's activities.

- The District charges rates for water usage based on the water consumption of its customers to cover all or most of the cost of certain services the District provides.

SUMMARY OF NET POSITION

Table 1 provides a summary of the District's net position at December 31, 2020 and 2019.

Table 1
Net Position

	2020	2019
Current assets	$ 146,784	$ 117,094
Restricted assets	40,284	34,567
Capital assets	3,041,007	3,172,267
Deferred outflow of resources	62,930	72,344
Total assets and deferred outlow of resources	3,291,005	3,396,272
Current liabilities	49,869	47,262
Liabilities from restricted assets	4,074	3,790
Long-term liabilities	2,177,200	2,286,907
Deferred inflow of resources	144,228	143,078
Total liabilities and deferred inflow of resources	2,375,371	2,481,037
Net position:		
Invested in capital assets, net of related debt	1,119,690	1,194,160
Restricted	40,283	34,567
Unrestricted	(244,339)	(313,492)
Total net position	$ 915,634	$ 915,235

The District's net position for 2018 decreased 18.5%, or $203,294, as compared to a 17.2% or $229,005 decrease in the previous year. The 2018 and 2017 decrease is due to an increase in the net unfunded pension liability and a decrease in net capital assets.

The largest portion of the District's net position (137.4%) reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less any related debt used to acquire those assets still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although the District's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

An additional portion of the District's net position .157% is considered to be restricted. This amount represents resources that are subject to external restrictions on how they may be used.

The unrestricted portion of net position may be used to meet the District's ongoing obligations to customers and creditors.

SUMMARY OF CHANGES IN NET POSITION

Operating Revenues

Operating revenues decreased $24,634, or 3.3%. This was primarily because the summer of 2020 was warm and dry resulting in increased water sales

Operating Expenses

Operating expenses increased $107,094 or 16.7%. A large portion of this increase was due to an increase in water costs. The District experienced increases in salaries and benefits expenses, transportation expense, and depreciation expense during 2020.

Net Effect of Change in Pension and OPEB Expense

This reduction in expense represents the amount that the District's proportionate share of the estimated unfunded pension and OPEB liability associated with its participation in the County Employee Retirement System in its financial statements. The amount that appears as a reduction of a non-operating expense, $42,069, is the result of booking the change in the liability and the related deferred inflows and outflows less any amortization of those inflows and outflows between December 31, 2020 and December 31, 2019. See Note 11 to the financial statements for a more complete explanation of this unfunded liability and the related deferred inflows and outflows.

Capital Contributions

Capital contributions increased $16,154 from 2019 to 2020.

The following schedule compares the revenues and expenses for the current year and the previous year.

Table 2
Changes in Net Position

	2020	2019
Operating revenues:		
Water revenue	$ 758,168	$ 703,500
Forfeited discounts	4,938	32,518
Miscellaneous service revenues	5,643	8,097
Total operating revenues	768,749	744,115
Total operating expenses	746,799	639,705
Net operating (loss) income	21,950	104,410
Non-operating income (expense):		
Interest income	40	19
Net effect of change in pension and OPEB expense	42,069	(2,550)
Interest on long-term obligations	(86,214)	(89,394)
Net non-operating expense	(44,105)	(91,925)
Net (loss) gain	(22,155)	12,485
Capital contributions	22,554	6,400
Change in net position	399	18,885
Net position, January 1	915,235	896,350
Net position, December 31	$ 915,634	$ 915,235

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2020, the District had $3,041,007 invested in capital assets including land, water lines, vehicles, and equipment, as reflected in the following schedule. This represents a net decrease (additions less retirements and depreciation) of $131,260 from the prior year. This decrease is due to the fact that depreciation expense of $165,494 exceeded the cost of new assets purchased during 2020.

Table 3 summarizes the District's capital assets at the end of 2020 as compared to 2019.

Table 3
Capital Assets at Year End

	2020	2019
Land	$ 21,200	$ 21,200
Buildings and improvements	105,885	105,885
Lines and equipment	6,442,012	6,407,780
Office furniture and fixtures	24,048	24,048
Transportation equipment	51,573	51,573
Subtotal	6,644,718	6,610,486
Accumulated depreciation	(3,603,711)	(3,438,217)
Total capital assets	$ 3,041,007	$ 3,172,269

The District currently has no construction in progress.

Debt Outstanding

Table 4 illustrates the District's outstanding debt at the end of 2020 compared to 2019.

Table 4
Outstanding Debt at Year End

	2020	2019
Bonds payable	$ 1,910,600	$ 1,963,600
Note payable	10,717	14,507
Total outstanding debt	$ 1,921,317	$ 1,978,107

At year-end, the District had $1,921,317 in outstanding debt compared to $1,978,107 the previous year. This is a decrease of $56,790.

All of the required payments were made on the District's outstanding debt during 2020.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Our budget for 2020 projects operating gains to decline approximately $47,000 from the amount reported for 2019. Operating revenue is projected to increase slightly while operating expenses related to employee wages and benefits and purchased water costs are projected to increase significantly resulting in a lower operating gain.

FINANCIAL CONTACT

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's administrative office at Thomas Lane, Corinth, Kentucky 41018.

Tara Wright

Tara Wright, Manager
Corinth Water District

CORINTH WATER DISTRICT
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 8,593	$ 15,767
Accounts receivable - customers, net of allowance	120,664	86,452
Inventories	16,066	11,692
Prepaid insurance	1,461	3,183
Total current assets	146,784	117,094
Restricted assets		
Reserve funds	24,370	20,108
Sinking funds	15,914	14,459
Total restricted assets	40,284	34,567
Capital assets		
Land	21,200	21,200
Buildings and improvements	105,885	105,885
Lines and equipment	6,442,012	6,407,778
Office furniture and fixtures	24,048	24,048
Transportation equipment	51,573	51,573
Total utility plant in service	6,644,718	6,610,484
Less accumulated depreciation	(3,603,711)	(3,438,217)
Total capital assets, net of depreciation	3,041,007	3,172,267
Total assets	3,228,075	3,323,928
Deferred outflow of resources		
Deferred outflows related to pensions and OPEB	62,930	72,344
Total assets and deferred outflow of resources	3,291,005	3,396,272

The accompanying notes are an integral part of the financial statements.

(Continued on page 10)

CORINTH WATER DISTRICT
STATEMENTS OF NET POSITION (continued from page 9)
December 31, 2020 and 2019

	2020	2019
Liabilities		
Current liabilities		
Accounts payable - general	37,244	33,715
Customer deposits	3,920	4,960
Withheld and accrued liabilities	8,705	8,587
Total current liabilities	49,869	47,262
Current liabilities payable from restricted assets		
Note payable	4,074	3,790
Total current liabilities payable from restriced assets	4,074	3,790
Long-term liabilities		
Note payable - Huntington Bank	6,643	10,717
Bonds payable - USDA - Water Revenue Bonds	1,910,600	1,963,600
Net unfunded pension and OPEB liability	259,957	312,590
Total long-term liabilities	2,177,200	2,286,907
Total liabilities	2,231,143	2,337,959
Deferred inflow of resources		
Deferred inflow related to pensions and OPEB	144,228	143,078
Total liabilities and deferred inflow of resources	2,375,371	2,481,037
Net position		
Invested in capital assets, net of related debt	1,119,690	1,194,160
Restricted	40,283	34,567
Unrestricted	(244,339)	(313,492)
Total net position	$ 915,634	$ 915,235

The accompanying notes are an integral part of the financial statements.

CORINTH WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For Years Ending December 31, 2020 and 2019

	2020	2019
Operating revenues		
Water revenue	$ 758,168	$ 703,500
Forfeited discounts	4,938	32,518
Miscellaneous service revenues	5,643	8,097
Total operating revenues	768,749	744,115
Operating expenses		
Salaries and wages - employees	103,334	80,399
Salaries and wages - officer and directors	13,946	15,108
Employee benefits	25,363	13,858
Retirement benefits	22,073	9,884
Payroll taxes	9,008	7,198
Bad debt expenses	9,565	8,833
Contractual services	58,951	52,364
Depreciation expenses	165,494	165,243
Education/training	150	2,279
Insurance expenses	9,704	7,638
Materials and supplies	33,773	17,761
Miscellaneous expenses	2,664	2,856
Purchased power	5,329	5,012
Purchased water	278,138	239,545
Taxes other than income taxes	1,524	1,461
Transportation expenses	7,783	10,266
Total operating expenses	746,799	639,705
Operating income	21,950	104,410
Non-operating income (expense)		
Interest income	40	19
Net effect of change in pension and OPEB expense	42,069	(2,550)
Interest on long-term obligations	(86,214)	(89,394)
Net non-operating expense	(44,105)	(91,925)
Net (loss) gain	(22,155)	12,485
Capital contributions	22,554	6,400
Change in net position	399	18,885
Net position, January 1	915,235	896,350
Net position, December 31	$ 915,634	$ 915,235

The accompanying notes are an integral part of the financial statements.

CORINTH WATER DISTRICT
STATEMENTS OF CASH FLOWS
For Years Ending December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Received from customers	$ 734,537	$ 729,749
Paid to suppliers for goods and services	(407,744)	(345,127)
Paid to or on behalf of employees for services	(173,606)	(128,450)
Net change in cash for operating activites	153,187	256,172
Cash flows from investing activites		
Interest on investments	40	19
Expenditures for construction and equipment	(34,234)	(11,130)
Change in restricted cash	(5,717)	11,681
Contributions in aid of construction	22,554	6,400
Net change in cash for investing activities	(17,357)	6,970
Cash flows from capital and related financing activities		
Interest on long-term debt	(86,214)	(134,233)
Payments on long-term debt	(56,790)	(116,516)
Net change in cash for capital and related financing activities	(143,004)	(250,749)
Change in cash and cash equivalents	(7,174)	12,393
Cash and cash equivalents-beginning of year	15,767	3,374
Cash and cash equivalents-end of year	$ 8,593	$ 15,767
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 21,950	$ 104,410
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	165,494	165,243
Change in operating assets and liabilities		
Decrease in receivables	(34,212)	(14,366)
Decrease (increase) in inventories	(4,374)	(3,312)
Decrease in prepaid assets	1,722	(594)
(Decrease) increase in accounts payable	3,529	7,514
(Decrease) increase in withheld and accrued liabilities	118	(2,003)
Decrease in customer deposits	(1,040)	(720)
Net cash provided by operating activites	$ 153,187	$ 256,172
Supplemental information		
Interest paid	$ (86,214)	$ (134,233)

The accompanying notes are an integral part of the financial statements.

NOTE 1 – GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

Corinth Water District (District) is a water utility, which provides service to residential and commercial customers in Grant, Pendleton, and Harrison Counties in Kentucky. The District was created by the Grant County Court on January 11, 1965 under the provisions of chapter 74 of the Kentucky Revised Statutes ("KRS").

Regulatory Requirements
The District is subject to the regulatory authority of the Kentucky Public Service Commission ("PSC") pursuant to KRS 278.040.

Basis of Accounting
The District's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments in the United States of America.

All activities of the District are accounted for within a single proprietary (enterprise) reporting entity. Proprietary entities are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expense, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e., total assets net of total liabilities) are segregated into "invested in capital assets, net of related liabilities"; "restricted"; and "unrestricted" components.

Allowance for Bad Debts
The District uses the allowance method to account for bad debts. The balances of the allowance for bad debts were $5,600 at December 31, 2020 and 2019, respectively.

Cash Equivalents
For purposes of the balance sheets and statements of cash flows, the District considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Budgets
In accordance with Kentucky Revised Statutes 65A, the District is required to upload a balanced budget on the Kentucky Department of Local Government's website prior to January 15. The budget includes proposed expenditures and the means of financing them for the upcoming year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations lapse at fiscal year-end.

Inventories
Inventories are stated at the lower of cost or market. Cost is determined under the First-In, First-Out (FIFO) method. Market is determined on the basis of estimated realizable market values.

Distribution System, Building, and Equipment
Property, plant, transmission lines, and equipment are recorded at cost and depreciated over their estimated useful lives using the straight line method. Upon sale or retirement, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is included in the "Non-Operating Income (Expense)" portion of results of operations.

Capital Contributions
In conformity with the provisions of Governmental Accounting Standards Board Statement No. 33 – *Accounting and Financial Reporting for Non-Exchange Transactions*, amounts related to customer contributions in aid of construction have been reported as other income in the District's income statement. These contributions represent customer tap-in fees and other contributions to recover the costs of extensions of the distribution system. During 2020 and 2019 these contributions consisted of the following:

Source	2020	2019
Tap in fees and construction costs paid by new customers	$ 22,554	$ 6,400
Total capital contributions received in aid of construction	$ 22,554	$ 6,400

Purchased Water Costs
The District is dependent on the City of Williamstown as its sole supplier of water. On September 1, 2004, the District signed an agreement with the City of Williamstown to extend this water service agreement for the next 42 years.

Income Tax Status
The District is exempt from federal and state income taxes since it is a political subdivision of the Grant County Court. Accordingly, the financial statements include no provision for income taxes.

Use of Estimates
The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Operating Revenues and Non-Operating Revenues
Revenues have been classified as operating and non-operating. Operating revenues are those revenues that are directly generated from the sale of water to customers. Non-operating revenues are those revenues that arise from the overall function of the entity. Examples of non-operating revenues are grant revenues, sales of fixed assets and interest income.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits consist of checking and savings accounts and are carried at cost, which approximates market value. The carrying amount of deposits is separately displayed on the statements of net position as "Cash and Cash Equivalents" and "Restricted Assets". The balances for "Cash and Cash, Equivalents"

were $8,593 and $15,767 at December 31, 2020 and 2019, respectively. The balances for "Restricted Assets" were $40,284 and $34,567 at December 31, 2020 and 2019, respectively.

The District's investment policy allows investments only in the form of savings accounts and certificates of deposit at local banks in Grant County, Kentucky. The District holds funds at Forcht Bank. The FDIC insures bank deposits for amounts up to $250,000 per banking institution. Thus, all of the $48,877 in District funds are insured. In accordance with GASB 40, there is no market risk on these savings account investments.

NOTE 3 – RESTRICTED NET POSITION

Net position is comprised of the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted net position. Invested in capital assets, net of related debt, consists of all capital assets net of accumulated depreciation and reduced by outstanding debts that are attributable to the acquisition, construction and improvement of those assets. The restricted portion of net position consists of assets, net of related liabilities, for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. The unrestricted portion of net position consists of all other assets, net of related liabilities, not included in the above categories.

The following amounts are included in restricted net position at December 31, 2020 and 2019:

	2020	2019
Reserve fund	$ 24,370	$ 20,108
Sinking fund	15,914	14,459
Total Restricted Net Position	$ 40,284	$ 34,567

NOTE 4 – UTILITY PLANT IN SERVICE

All property, plant and equipment including infrastructure assets are recorded at cost and depreciated over their estimated useful lives, using the straight-line method. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss included in the results of operations. Repair and maintenance charges, which do not increase the useful lives of the assets, are charged to income as incurred. Interest incurred on construction funding during the period of construction is capitalized and is added to the item under construction rather than charged to expense as incurred.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and improvements	10-40 years
Furniture and fixtures	5-20 years
Machinery and equipment	3-10 years
Transportation equipment	5 years
Transmission lines and distribution systems	10-40 years

Asset Type	Balance at December 31, 2019	Additions	Retirements	Balance at December 31, 2020
Land	$ 21,200	$ -	$ -	$ 21,200
Buildings and improvements	105,885	-	-	105,885
Distribution reservoirs and pipes	409,285	-	-	409,285
Furniture and fixtures	24,048	-	-	24,048
Hydrants	122,814	-	-	122,814
Meter system and installation	948,818	32,409	-	981,227
Supply mains	13,191	-	-	13,191
Tools and equipment	19,016	1,825	-	20,841
Transmission mains	4,894,654	-	-	4,894,654
Transportation equipment	51,573	-	-	51,573
Subtotal	6,610,484	34,234	-	6,644,718
Accumulated depreciation	(3,438,217)	(165,494)	-	(3,603,711)
Capital assets, net	$ 3,172,267	$ (131,260)	$ -	$ 3,041,007

NOTE 5 – LONG TERM DEBT

The following is a summary of the District's debt:

Debt Instrument	Balance at December 31, 2019	Additions	Retirements	Balance at December 31, 2020
USDA Rural Development FHA Bonds-97/98	$ 364,000	$ -	$ (13,000)	$ 351,000
USDA Rural Development FHA Bonds-2002	374,600	-	(10,000)	364,600
USDA Rural Development FHA Bonds-2005	1,225,000	-	(30,000)	1,195,000
Huntington Bank Loan	14,507	-	(3,790)	10,717
Subtotal	1,978,107	$ -	$ (56,790)	1,921,317
Less: current portion of long-term debt	(3,790)			(4,074)
Total Long-Term Indebtedness	$ 1,974,317			$ 1,917,243

WATER REVENUE BONDS, SERIES 1998

On November 5, 1998, the District issued a water revenue bond in the amount of $526,000. The interest rate is 4.75% per year. Interest is payable semi-annually on the first day of January and July of each year. Collateral includes water lines, meters and pumping equipment of the District. The first payments were due January 1, 2001 and mature through 2038.

The future minimum cash requirements are as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2021	4.75%	$ -	$ 16,981	$ 16,981
2022	4.75%	14,000	16,340	30,340
2023	4.75%	14,000	15,675	29,675
2024	4.75%	15,000	14,986	29,986
2025	4.75%	16,000	14,250	30,250
2026-2030	4.75%	91,000	58,972	149,972
2031-2035	4.75%	116,000	34,485	150,485
2036-2038	4.75%	85,000	6,199	91,199
Totals		$ 351,000	$ 177,888	$ 528,888

WATER REVENUE BONDS, SERIES 2002

On October 25, 2002, the District issued water revenue bonds in the amount of $485,000. The interest rate is 4.625% per year. Interest is payable semi-annually on the first day of January and July of each year. Principal installments mature in 2005 through 2042. The first payments were due January 2005. Collateral includes water lines, meters and pumping equipment of the District.

The future minimum cash requirements are as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2021	4.625%	$ -	$ 17,094	$ 17,094
2022	4.625%	10,500	16,620	27,120
2023	4.625%	11,000	16,123	27,123
2024	4.625%	11,500	15,602	27,102
2025	4.625%	12,100	15,056	27,156
2026-2030	4.625%	69,400	66,160	135,560
2031-2035	4.625%	87,600	48,087	135,687
2036-2040	4.625%	110,600	25,262	135,862
2041-2042	4.625%	51,900	2,430	54,330
Totals		$ 364,600	$ 222,434	$ 587,034

WATER REVENUE BONDS, SERIES 2005

On September 9, 2005, the District issued water revenue bonds in the amount of $1,532,000. These bonds were issued to finance the construction of a waterline extension and to pay off the capital lease balance of $890,000 previously held by the District. The interest rate is 4.125% per year. Interest is payable semi-annually on the first day of January and July of each year. Principal installments mature in 2007 through 2044. Collateral includes water lines, meters and pumping equipment of the District.

The future minimum cash requirements are as follows:

Year	Interest Rates	Principal Amount	Interest Amount	Total Debt Service
2021	4.125%	$ -	$ 49,913	$ 49,913
2022	4.125%	31,000	48,655	79,655
2023	4.125%	32,500	47,345	79,845
2024	4.125%	34,000	45,973	79,973
2025	4.125%	35,500	44,540	80,040
2026-2030	4.125%	202,000	198,929	400,929
2031-2035	4.125%	250,500	152,409	402,909
2036-2040	4.125%	310,000	94,832	404,832
2041-2044	4.125%	299,500	25,295	324,795
Totals		$ 1,195,000	$ 707,891	$ 1,902,891

NOTE PAYABLE – HUNTINGTON BANK

On March 13, 2017, the District signed a 75-month loan agreement with Huntington Bank for the purchase of a pick-up truck in the amount of $23,636 at a fixed annual interest rate of 7.0744%. Principal and interest are payable in seventy-five (75) monthly installments in the amount of $393 each and any outstanding principal and accrued interest will be due and payable in full on the maturity date of June 13, 2023. This loan is secured by the pick-up truck. The future minimum note payments are as follows:

Year	Principal Amount	Interest Amount	Total Note Payments
2021	$ 4,074	$ 636	$ 4,710
2022	4,376	334	4,710
2023	2,267	47	2,314
Totals	$ 10,717	$ 1,017	$ 11,734

NOTE 6 - COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan description - Employees are covered by CERS (County Employees' Retirement System), a cost-sharing multiple-employer defined benefit pension and health insurance (Other Post-Employment Benefits; OPEB) plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statue ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from http://kyret.ky.gov/.

The Plan is divided into both a **Pension Plan** and **Health Insurance Fund Plan** (Other Post-Employment Benefits; OPEB) and each plan is further sub-divided based on ***Non-Hazardous*** duty and ***Hazardous*** duty covered-employee classifications. The Bullock Pen Water District has only Non-Hazardous employees.

Membership in CERS consisted of the following at June 30, 2020:

	Non-Hazardous	
	Pension	OPEB
Active Plan Members	81,506	81,147
Inactive Plan Members	91,543	29,362
Retired Members	64,539	36,371
	237,588	146,880
Number of participating employers		1,136

PENSION PLAN

Non-Hazardous Pension Plan Description

Benefits Provided – CERS provides retirement, health insurance, death and disability benefits to Non-Hazardous duty Plan employees and beneficiaries. Employees are vested in the plan after five years of service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old
		At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old
		or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old
		or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years of service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are $5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and $10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions – Required pension plan contributions by the employee are based on the tier:

	Required Contribution
Tier 1	5%
Tier 2	5%
Tier 3	5%

Contributions

For non-hazardous duty employees, the District contributed 24.06% (from January – June 2020), of which 19.30% was for the pension fund and 4.76% was for the health insurance fund, and 24.06% (from July – December 2020), of which 19.30% was for the pension fund and 4.76% was for the health insurance fund, of the non-hazardous duty covered-employee's compensation during the fiscal year ended December 31, 2020.

The District made all required contributions for the non-hazardous Plan obligation for the fiscal year in the amount of $22,073, of which $17,706 was for the pension fund and $4,367 was for the health insurance fund.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the District reported a liability of $197,730 as its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District's non-hazardous employer allocation proportion was 0.00258% of the total CERS non-hazardous duty employees. For the year ended December 31, 2020, the District recognized a reduction of pension expense of $36,224 in addition to its $17,706 pension contribution.

At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Non-Hazardous	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 4,931	$ -
Net difference between projected actual earnings on plan investments	4,948	-
Changes of assumptions	7,721	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,472	(89,359)
Contributions subsequent to the measurement date	9,273	-
	$ 29,345	$ (89,359)

The District's contributions subsequent to the measurement date of $9,273 will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending December 31,	Net Deferral
2021	$ (42,790)
2022	(28,072)
2023	(412)
2024	1,987
	$ (69,287)

Actuarial Assumptions

The total pension liability as of December 31, 2020 is based on an actuarial valuation date of June 30, 2018, rolled forward to June 30, 2020, and determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percentage of payroll
Amortization period	25 years, closed
Payroll growth rate	2.00%
Investment rate of return	6.25%
Inflation	2.30%
Salary increases	3.05-11.55%, varies by service
Mortality	RP-2000 Combined Mortality Table projected to 2013 with Scale BB (set-back 1 year for females)

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for CERS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log- normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Changes of Assumptions

There have been no changes in actuarial assumptions since June 30, 2019.

Plan Target Allocation

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	CERS Pensions (Haz & Non-Haz) Target Allocation	Long Term Expected Nominal Return
US equity	18.75%	4.50%
Non-US equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	3.90%
Core bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term assumed investment rate of return was applied to all periods of projected of benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	Proportionate Share of Net Pension Liability		
	1% Decrease 5.25%	Current Rate 6.25%	1% Increase 7.25%
Non-hazardous	$ 243,845	$ 197,730	$ 159,546

HEALTH INSURANCE – OTHER POST-EMPLOYMENT BENEFITS

Non-Hazardous OPEB Plan Description

Benefits Provided – CERS provides retirement, health insurance, death and disability benefits to non-hazardous duty plan employees and beneficiaries. Health insurance coverage is provided through payment/partial payment of insurance premiums for both non-Medicare-eligible and Medicare-eligible retirees.

Tier 1	Participation date	Before July 1, 2003
	Benefit eligibility	Recipient of a retirement allowance
	Percentage of member premium paid by the plan	< 4 years service - 0% 4-9 years service - 25% 10-14 years service - 50% 15-19 years service - 75% 20 or more years service - 100%
Tier 2	Participation date	July 1, 2003 - August 31, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement
	Member premium paid by the plan	$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was $13.38 per month.
Tier 3	Participation date	On or after September 1, 2008
	Benefit eligibility	Recipient of a retirement allowance with at least 180 months of service at retirement
	Member premium paid by the plan	$10/month for each year of earned service with a 1.5% increase each July 1. As of July 1, 2018, the contribution was $13.38 per month.

Contributions – Required health insurance plan contributions by the employee are based on the tier:

	Required Contribution
Tier 1	None
Tier 2	1%
Tier 3	1%

Contributions

Contribution requirements for covered employees and participating governmental entities are established and may be amended by the KRS Trustees. The contractually required contribution rate for governmental entities for the period January - June 2020, was 4.76% and for July – December 2020 was 4.76% of covered-employee payroll for non-hazardous duty employees, actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $4,367 for non-hazardous duty employees for the year ended December 31, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020, the District reported a liability of $62,227 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all governmental entities,

actuarially determined. At December 31, 2020, the District's proportion of the non-hazardous plan was .00258%.

For the year ended December 31, 2020, the District recognized a reduction in OPEB expense of $5,845. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Non-Hazardous	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 10,397	$ (10,405)
Net difference between projected actual earnings on plan investments	2,068	-
Changes of assumptions	10,824	(66)
Changes in proportion and differences between contributions and proportionate share of contributions	3,116	(39,505)
Contributions subsequent to the measurement date	2,287	-
	$ 28,692	$ (49,976)

The District's contributions subsequent to the measurement date, $2,287 for non-hazardous duty employees will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	Net Deferral
2021	$ (5,201)
2022	(4,589)
2023	(5,743)
2024	(6,308)
2025	(1,730)
Thereafter	-
	$ (23,571)

Actuarial Assumptions

The total OPEB liability as of December 31, 2020 is based on an actuarial valuation date of June 30, 2018, rolled forward to June 30, 2020, and determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percentage of payroll
Amortization period	25 years, closed

Payroll growth rate	2.00%
Investment rate of return	6.25%
Inflation	2.30%
Salary increases	3.30-11.55%, varies by service
Mortality	RP-2000 Combined Mortality Table projected to 2013 with Scale BB (set-back 1 year for females)
Investment rate of return	6.25%, net of pension plan expense, including inflation
Healthcare trend rates (Pre-65):	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Healthcare trend rates (Post-65):	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. The 2019 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

Changes of Assumptions

The discount rates used to calculate the total OPEB liability decreased for all Funds. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. Also, the June 30, 2020 GASB No. 74 actuarial information reflects the anticipated savings from the repeal of the "Cadillac Tax" and "Health Insurer Fee", which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. There were no other material assumption changes.

Plan Target Allocation

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	CERS Pensions (Haz & Non-Haz) Target Allocation	Long Term Expected Nominal Return
US equity	18.75%	4.50%
Non-US equity	18.75%	5.25%
Private equity	10.00%	6.65%
Specialty credit/high yield	15.00%	3.90%
Core bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Real estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real return	15.00%	3.95%
	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 5.34% for the non-hazardous plan and 5.69% for the hazardous plan. The projection of cash flows used to determine the discount rate assumed that contributions from governmental entities will be made at contractually required rates, actuarially determined. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rates of 5.34% for the non-hazardous plan, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Proportionate Share of Net OPEB Liability		
	1.00% Decrease	Current Rate	1.00% Increase
Discount rate, non-hazardous	4.34%	5.34%	6.34%
Net OPEB liability, non-hazardous	$ 79,943	$ 62,227	$ 47,676

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Proportionate Share of Net OPEB Liability		
Healthcare cost trend rate	1.00% Decrease	Current Rate	1.00% Increase
Net OPEB liability, non-hazardous	$ 48,179	$ 62,227	$ 79,274

Plan Fiduciary Net Position

Both the Pension Plan and the Health Insurance Plan issue publicly available financial report that include financial statements and required supplementary information, and detailed information about each Plan's fiduciary net position. These reports may be obtained, in writing, from the County Employee Retirement System, 1260 Louisville Road, Perimeter Park West, Frankfort, Kentucky, 40601.

NOTE 7 – RELATED PARTY TRANSACTIONS

Tara Wright, the Manager of the Water District, acts as both the Manager of the Water District and the City Clerk of the City of Corinth. The District has normal business relations with the City of Corinth. Some minor reimbursable expenses have been paid by one entity and reimbursed by/to the other.

The District paid $147 during 2019 to the brother of a District commissioner for meter testing services.

NOTE 8 – RISKS/COMMITMENTS/CONTINGENCIES

Corinth Water District depends upon the credit given to a large group of individual customers. The revenue from individuals is significantly larger than the revenue from corporations. Therefore, there is considerably less cash flow risk from the failure of a single customer to pay.

NOTE 9 – IMPLEMENTATION OF NEW ACCOUNTING STANDARDS

Statement No. 83 – *Certain Asset Retirement Obligations – FY 2020*

Statement No. 88 – *Certain Disclosures Related to Debt – FY 2020*

Statement No. 95 – *Postponement of Effective Dates of Authoritative Guidance – FY 2020*

NOTE 10 – FUTURE ACCOUNTING STANDARDS

Statement No. 84 – *Fiduciary Activities* – FY 2021

Statement No. 87 – *Leases* – FY 2022

Statement No. 89 – *Accounting for Interest Cost in Construction Projects* – FY 2021

Statement No. 90 – *Majority Equity Interests* – FY 2021

Statement No. 91 – *Conduit Debt Obligations* – FY 2023

Statement No. 92 – *Omnibus 2020* – FY 2022

Statement No. 93 – *Replacement of Interbank Offered Rates* – FY 2022

Statement No. 94 – *Public-Private and Public-Public Partnerships* – FY 2022

Statement No. 96 – *Subscription-Based Information Technology Arrangements* – FY 2022

Statement No. 97 – *Component Unit Criteria for IRS Section 457 Deferred Comp. Plans* – FY 2022

NOTE 11 – COVID-19 GLOBAL PANDEMIC

On January 30, 2020, the World Health Organization announced a global health emergency, later classified as a global pandemic, as a result of the COVID-19 outbreak. The outbreak and response have impacted financial and economic markets across the World and within the United States of America. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. The District's Management and Board continue to actively monitor the impact of the global pandemic on its financial condition, liquidity, operations, suppliers, and industry.

NOTE 12 – ECONOMIC DEPENDENCY/CREDIT RISK

Corinth Water District is a government agency operating with one office in Corinth, Kentucky. It grants credit to customers who are primarily local residents and businesses. The District receives all of its operating revenues from customers in Grant, Pendleton and Harrison Counties in Kentucky.

NOTE 13 - SUBSEQUENT EVENTS

Management has considered the need to recognize or disclose subsequent events through August 23, 2021 which represents the date on which the financial statements were available to be issued. The District did not have any events subsequent to December 31, 2020 through August 23, 2021 to disclose.

CORINTH WATER DISTRICT
MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT PENSION PLAN-NON-HAZARDOUS
Last Ten Fiscal Years

Schedule of the District's Proportionate Share of the Net Pension Liability
County Employees' Retirement System (CERS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net pension liability	0.00258%	0.00359%	0.00567%	0.005282%	0.005460%	0.005910%				
Proportionate share of the net pension liability (asset)	$ 197,730	$ 252,275	$ 345,016	$ 309,172	$ 268,880	$ 254,132				
Covered payroll in year of measurement (July - June)	$ 66,035	$ 90,479	$ 140,419	$ 128,604	$ 130,276	$ 137,904				
Share of the net pension liability (asset) as a percentage of its covered payroll	299.43%	278.82%	245.70%	240.41%	206.39%	184.28%				
Plan fiduciary net position as a percentage of total pension liability	47.81%	50.45%	53.54%	55.50%	59.97%	66.80%				

Schedule of the District's Pension Fund Contributions
County Employees' Retirement System (CERS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 17,706	$ 7,717	$ 22,038	$ 17,940	$ 16,180	$ 17,583	$ 19,115			
Actual contribution	$ 17,706	$ 7,717	$ 22,038	$ 17,940	$ 16,180	$ 17,583	$ 19,115			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
Covered payroll in District's fiscal year (Jan. - Dec.)	$ 91,743	$ 43,333	$ 143,846	$ 130,789	$ 127,566	$ 132,430	$ 141,300			
Contributions as a percentage of covered payroll	19.30%	17.81%	15.32%	13.72%	12.68%	13.28%	13.53%			

Notes to Required Supplementary Information
for the Year Ended December 31, 2020

The net pension liability as of December 31, 2020, is based on the June 30, 2020, actuarial valuation. The changes to the elements of the pension expense, i.e. the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, the changes in proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date are detailed in NOTE 6 in the Notes to the Financial Statements.

CORINTH WATER DISTRICT
MULTIPLE EMPLOYER, COST SHARING, DEFINED BENEFIT OPEB PLAN-NON-HAZARDOUS
Last Ten Fiscal Years

Schedule of the District's Proportionate Share of the Net Pension Liability
County Employees' Retirement System (CERS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of net pension liability	0.00258%	0.00359%	0.00567%							
Proportionate share of the net pension liability (asset)	$ 62,227	$ 60,315	$ 100,581							
Covered payroll in year of measurement (July - June)	$ 66,035	$ 90,479	$ 140,419							
Share of the net pension liability (asset) as a percentage of its covered payroll	94.23%	66.66%	71.63%							
Plan fiduciary net position as a percentage of total pension liability	51.67%	60.44%	57.62%							

Schedule of the District's Pension Fund Contributions
County Employees' Retirement System (CERS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 4,367	$ 2,168	$ 7,150	$ 6,491						
Actual contribution	4,367	2,168	7,150	6,491						
Contribution deficiency (excess)	-	-	-	-						
Covered payroll in District's fiscal year (Jan. - Dec.)	$ 91,743	$ 43,333	$ 143,846	$ 130,789						
Contributions as a percentage of covered payroll	4.76%	5.00%	4.97%	4.96%						

Notes to Required Supplementary Information
for the Year Ended December 31, 2020

The net OPEB liability as of December 31, 2020, is based on the June 30, 2020, actuarial valuation. The changes to the elements of the pension expense, i.e. the differences between expected and actual experience, net difference between projected and actual earnings on plan investments, changes in assumptions, the changes in proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date are detailed in NOTE 6 in the Notes to the Financial Statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Corinth Water District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Corinth Water District, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Corinth Water District's basic financial statements and have issued our report thereon dated August 23, 2021.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Corinth Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Corinth Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Corinth Water District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. During our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described below, that we consider significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

3216 Dixie Highway ◻ Erlanger, KY ■ 41018 ■ Phone 859-431-0700 ■ www.cnocpa.com

Lack of Segregation of Duties

Condition: We noted that, due to the size of the District and financial considerations, the executing and recording of transactions are performed by the same person.

Criteria: The process of executing a transaction should be segregated from the process of recording the transaction.

Effect: Segregation of duties is a necessary part of any system of internal control. Lack of segregation of duties could allow for receipts to be diverted away from the District and expenses not attributed to the District could be paid for from the District's cash account.

Recommendation: Internal controls should continue to be implemented to segregate the duties of the personnel. Controls should be monitored to ascertain that they are sufficient to reduce the risk of material misstatement to an acceptable level.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corinth Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Chamberlin Owen & Co., Inc.

Chamberlin Owen & Co., Inc.
Erlanger, Kentucky
August 23, 2021

EXHIBIT F

EXISTING OBLIGATIONS

(i) Water Revenue Bonds, Series 1998
(ii) Water Revenue Bonds, Series 2002
(iii) Water Revenue Bonds, Series 2005
-Reflecting the Prior USDA Obligations
(iv) Lease Agreement with City of Corinth, Series 2012
(v) Lease Agreement with Huntington Bank, dated March 13, 2017
(vi) Line of Credit with Forcht Bank dated June 20, 2019.

EXHIBIT G

NOTIFICATION OF INTENT TO FINANCE AND APPLICATION OF DEBT APPROVAL WITH THE STATE LOCAL DEBT OFFICER

Page 1	NOTIFICATION OF INTENT TO FINANCE AND APPLICATION OF DEBT APPROVAL Form # SLDO-1 Revised 1/1/2011	For DLG staff use only: File # _____ Received _____

Completion and delivery of this form to the address below shall satisfy the requirements of KRS 65.117, which prohibits any city, county, urban-county, consolidated local government, charter county, special district, or taxing district from entering into any financing obligation of any nature, except leases under $10,615,000, without first notifying the state local debt officer in writing. This form shall also serve as application for approval of debt issuance when applicable. An electronic version of the form is available at www.dlg.ky.gov.

√ Type of debt to be issued (must check one):	SLDO Approval Required	Complete Sections
☐ Short Term Borrowing – KRS 65.7701 et. seq.	No	A,B,C
☐ Lease from $10,615,000 - $500,000 – KRS 65.940 et. seq.	No	A,B,D
√ Lease exceeding $500,000 – KRS 65.940 et. seq.	Yes (Counties only)	A,B,D
☐ General Obligation Bond – KRS Chapter 66	Yes (Counties only)	A,B,E
☐ Public Project Rev. Bond – KRS Chapter 58	No	A,B,E
☐ Public Project Rev. Bonds w/Lease - KRS 665.310(2)	Yes (Counties only)	A,B,D,E
☐ Industrial Revenue Bond – KRS Chapter 103	Yes (All Borrowers)	A,B,F
☐ Other Bonds (True Revenue, Utility Assessment, TIF)	No	A,B,E

Section A – Borrower Information

Agency Name: Corinth Water District	
Governing Body: Board of Directors	
Street Address: 215 Thomas Lane	
PO Box:	City: Corinth
County: Grant	Zip: 41010
Authorized Official: Bond Counsel	

Section B – Terms of Financial Obligation

Please provide all relevant information. Fields in bold are mandatory.

Principal Amount: $2,020,000	Date of Issue: July 23, 2021
Maturity Date(s): February 1, 2045	Payment Schedule: (must attach schedule)
Term: 24 years	Number of Renewal Periods: N/A
Interest Rate(s): Fixed	Type of Interest (fixed or variable): Fixed
Retirement Method: Refinancing - Lease payments made from revenues derived from the project.	
Lender's Name: Kentucky Bond Corporation	
Lender's Address: 100 East Vine Street, Suite 800, Lexington, Kentucky 40507-3700	
Right of Termination: N/A	

Termination Penalties: N/A
Prepayment Provisions: Bonds maturing on and after February 1, 2028 are subject to optional redemption on any date on and after February 1, 2027.
Trustee or Paying Agent: The Bank of New York Mellon Trust Company, N.A.
AOC Funding Percentage: -0-

Section C – Note (Loan) Information/Documentation

Purpose – Briefly explain the documented need that necessitates this note (loan) and the public purpose it is intended to address. (Attach additional information if necessary):

Pledge of Taxes/Description:

Pledge of Revenue/Description:

Pledge of Project Revenues (Attach documentation which substantiates the revenue projections):

Have bids been sought by the local governments to determine the financial and programmatic competitiveness of the note (loan) proposal? O Yes O No

If No, explain what steps were taken to ensure adequate competition.

Required Attachments

1. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the note and statement as to taxes and revenues to be collected during the term of the note.

Section D – Lease Information/Documentation

Describe the real or personal property to be acquired or constructed:

Type of Lease: O General Obligation √ Revenue

Is Lease Annually Renewable? √ Yes O No

Does Agency seek approval without a hearing? √ Yes O No Jurisdiction: O Revenue O Refunding

If yes, please state the name, date and principal amount of original issue(s) being refunded:

1. Water District Revenue Bonds, Series 1998
2. Water District Revenue Bonds, Series 2002
3. Water District Revenue Bonds, Series 2005

Required Attachments (If lease requires SLDO approval)

1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing (if hearing is required) and newspaper advertisement tear sheet
3. Copy of lease
4. Executed copy of ordinance/resolution of fiscal court authorizing the lease
5. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the lease and statement as to taxes and revenues to be collected during the term of the lease

NOTIFICATION OF INTENT TO FINANCE
AND APPLICATION OF DEBT APPROVAL
Form # SLDO-1
Revised 1/1/2011

Section E – Bond Information/Documentation

Please provide all relevant information. Fields in bold are mandatory.

Describe the purpose of the bond:

Refinance outstanding USDA Obligations

Bond Counsel: Dinsmore & Shohl LLP

Counsel Address: 50 East RiverCenter Blvd., Suite 1150, Covington, KY 41011

Financial Advisor: RSA Advisors, LLC

Advisor Address: 325 West Main Street, Suite 300, Lexington, KY 40507

Bond Series: Financing Program Revenue Bonds, First Series 2021D

Call Date: Bonds maturing on and after February 1, 2028 are subject to optional redemption on any date on and after February 1, 2027.

Does this bond refund a prior bond? √ Yes O No

If yes, please state the name, date and principal amount of original issue(s) being refunded:

1. Water District Revenue Bonds, Series 1998
2. Water District Revenue Bonds, Series 2002
3. Water District Revenue Bonds, Series 2005

Required Attachments (If SLDO Approval is Required)

1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing and newspaper advertisement tear sheet
3. Executed copy of ordinance/resolution of fiscal court authorizing financial plan for the issuance of the bonds
4. Proposed plan of financing
5. Preliminary official statement (if applicable)
6. Sources and uses table

Additional Required Attachments for KRS Chapter 103 Bonds

1. Documentation in an appropriate form substantiating the project's eligibility under KRS 103.2101(1)(a)-(e).
2. If the project requires approval of the reduction in property taxes, attach any documentation provided to agency responsible for approval.

******

By signing below, the Authorized Official certifies that the foregoing is true and accurate to the best of his or her knowledge.

Name (please print) Daniel D. Briscoe, Jr.	Date: July 23, 2021
Title: Attorney	Signature:

Mail to:
Department for Local Government
Attn: State Local Debt Officer
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601

Fax to: 502-573-3712

EXHIBIT A

LEASE RENTAL PAYMENTS

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
09/01/2021	5,000.00	4,329.23	617.44	-	9,946.67
10/01/2021	5,000.00	4,329.22	617.45	-	9,946.67
11/01/2021	5,000.00	4,329.22	617.45	-	9,946.67
12/01/2021	5,000.00	4,329.22	617.45	-	9,946.67
01/01/2022	5,000.00	4,329.22	617.44	-	9,946.66
02/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
03/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
04/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
05/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
06/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
07/01/2022	6,250.00	3,412.50	453.13	-	10,115.63
08/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
09/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
10/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
11/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
12/01/2022	6,250.00	3,412.50	453.12	-	10,115.62
01/01/2023	6,250.00	3,412.50	453.12	-	10,115.62
02/01/2023	6,666.67	3,283.50	437.50	-	10,391.67
03/01/2023	6,666.67	3,283.50	437.50	-	10,391.67
04/01/2023	6,666.67	3,283.50	437.50	-	10,391.67
05/01/2023	6,666.67	3,283.50	437.50	-	10,391.67
06/01/2023	6,666.67	3,283.50	437.50	-	10,391.67
07/01/2023	6,666.67	3,283.50	437.50	-	10,391.67
08/01/2023	6,666.67	3,283.50	437.50	-	10,391.67
09/01/2023	6,666.67	3,283.50	437.50	-	10,391.67
10/01/2023	6,666.66	3,283.50	437.50	-	10,391.66
11/01/2023	6,666.66	3,283.50	437.50	-	10,391.66
12/01/2023	6,666.66	3,283.50	437.50	-	10,391.66
01/01/2024	6,666.66	3,283.50	437.50	-	10,391.66
02/01/2024	6,666.67	3,154.17	420.83	-	10,241.67
03/01/2024	6,666.67	3,154.17	420.83	-	10,241.67
04/01/2024	6,666.67	3,154.17	420.83	-	10,241.67
05/01/2024	6,666.67	3,154.17	420.83	-	10,241.67
06/01/2024	6,666.67	3,154.16	420.84	-	10,241.67
07/01/2024	6,666.67	3,154.16	420.84	-	10,241.67
08/01/2024	6,666.67	3,154.16	420.84	-	10,241.67
09/01/2024	6,666.67	3,154.16	420.84	-	10,241.67
10/01/2024	6,666.66	3,154.17	420.83	-	10,241.66
11/01/2024	6,666.66	3,154.17	420.83	-	10,241.66
12/01/2024	6,666.66	3,154.17	420.83	-	10,241.66
01/01/2025	6,666.66	3,154.17	420.83	-	10,241.66
02/01/2025	6,666.67	3,020.84	404.17	-	10,091.68
03/01/2025	6,666.67	3,020.84	404.17	-	10,091.68
04/01/2025	6,666.67	3,020.83	404.17	-	10,091.67
05/01/2025	6,666.67	3,020.83	404.17	-	10,091.67
06/01/2025	6,666.67	3,020.83	404.17	-	10,091.67
07/01/2025	6,666.67	3,020.83	404.17	-	10,091.67
08/01/2025	6,666.67	3,020.83	404.16	-	10,091.66
09/01/2025	6,666.67	3,020.83	404.16	-	10,091.66
10/01/2025	6,666.66	3,020.84	404.16	-	10,091.66
11/01/2025	6,666.66	3,020.84	404.16	-	10,091.66
12/01/2025	6,666.66	3,020.83	404.17	-	10,091.66
01/01/2026	6,666.66	3,020.83	404.17	-	10,091.66
02/01/2026	7,083.34	2,887.50	387.50	-	10,358.34

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
03/01/2026	7,083.34	2,887.50	587.50	-	10,358.34
04/01/2026	7,083.34	2,887.50	587.50	-	10,358.34
05/01/2026	7,083.34	2,887.50	587.50	-	10,358.34
06/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
07/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
08/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
09/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
10/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
11/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
12/01/2026	7,083.33	2,887.50	587.50	-	10,358.33
01/01/2027	7,083.33	2,887.50	587.50	-	10,358.33
02/01/2027	7,083.34	2,745.83	569.79	-	10,398.96
03/01/2027	7,083.34	2,745.83	569.79	-	10,398.96
04/01/2027	7,083.34	2,745.83	569.79	-	10,398.96
05/01/2027	7,083.34	2,745.83	569.79	-	10,398.96
06/01/2027	7,083.33	2,745.84	569.79	-	10,398.96
07/01/2027	7,083.33	2,745.84	569.79	-	10,398.96
08/01/2027	7,083.33	2,745.84	569.79	-	10,398.96
09/01/2027	7,083.33	2,745.84	569.79	-	10,398.96
10/01/2027	7,083.33	2,745.83	569.80	-	10,398.96
11/01/2027	7,083.33	2,745.83	569.80	-	10,398.96
12/01/2027	7,083.33	2,745.83	569.79	-	10,398.95
01/01/2028	7,083.33	2,745.83	569.79	-	10,398.95
02/01/2028	7,500.00	2,604.17	552.08	-	10,456.25
03/01/2028	7,500.00	2,604.17	552.08	-	10,456.25
04/01/2028	7,500.00	2,604.17	552.08	-	10,456.25
05/01/2028	7,500.00	2,604.17	552.08	-	10,456.25
06/01/2028	7,500.00	2,604.16	552.09	-	10,456.25
07/01/2028	7,500.00	2,604.16	552.09	-	10,456.25
08/01/2028	7,500.00	2,604.17	552.08	-	10,456.25
09/01/2028	7,500.00	2,604.17	552.08	-	10,456.25
10/01/2028	7,500.00	2,604.17	552.08	-	10,456.25
11/01/2028	7,500.00	2,604.17	552.08	-	10,456.25
12/01/2028	7,500.00	2,604.16	552.09	-	10,456.25
01/01/2029	7,500.00	2,604.16	552.09	-	10,456.25
02/01/2029	7,500.00	2,454.17	533.33	-	10,287.50
03/01/2029	7,500.00	2,454.17	533.33	-	10,287.50
04/01/2029	7,500.00	2,454.17	533.33	-	10,287.50
05/01/2029	7,500.00	2,454.17	533.33	-	10,287.50
06/01/2029	7,500.00	2,454.16	533.34	-	10,287.50
07/01/2029	7,500.00	2,454.16	533.34	-	10,287.50
08/01/2029	7,500.00	2,454.17	533.33	-	10,287.50
09/01/2029	7,500.00	2,454.17	533.33	-	10,287.50
10/01/2029	7,500.00	2,454.17	533.33	-	10,287.50
11/01/2029	7,500.00	2,454.17	533.33	-	10,287.50
12/01/2029	7,500.00	2,454.16	533.34	-	10,287.50
01/01/2030	7,500.00	2,454.16	533.34	-	10,287.50
02/01/2030	7,916.67	2,304.17	314.58	-	10,535.42
03/01/2030	7,916.67	2,304.17	314.58	-	10,535.42
04/01/2030	7,916.67	2,304.17	314.58	-	10,535.42
05/01/2030	7,916.67	2,304.17	314.58	-	10,535.42
06/01/2030	7,916.67	2,304.16	314.59	-	10,535.42
07/01/2030	7,916.67	2,304.16	314.59	-	10,535.42
08/01/2030	7,916.67	2,304.16	314.59	-	10,535.42

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
09/01/2030	7,916.67	2,304.16	314.59	-	10,535.42
10/01/2030	7,916.66	2,304.17	314.58	-	10,535.41
11/01/2030	7,916.66	2,304.17	314.58	-	10,535.41
12/01/2030	7,916.66	2,304.17	314.58	-	10,535.41
01/01/2031	7,916.66	2,304.17	314.58	-	10,535.41
02/01/2031	7,916.67	2,145.84	294.79	-	10,357.30
03/01/2031	7,916.67	2,145.84	294.79	-	10,357.30
04/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
05/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
06/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
07/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
08/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
09/01/2031	7,916.67	2,145.83	294.79	-	10,357.29
10/01/2031	7,916.66	2,145.84	294.79	-	10,357.29
11/01/2031	7,916.66	2,145.84	294.79	-	10,357.29
12/01/2031	7,916.66	2,145.83	294.80	-	10,357.29
01/01/2032	7,916.66	2,145.83	294.80	-	10,357.29
02/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
03/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
04/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
05/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
06/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
07/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
08/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
09/01/2032	7,916.67	1,987.50	275.00	-	10,179.17
10/01/2032	7,916.66	1,987.50	275.00	-	10,179.16
11/01/2032	7,916.66	1,987.50	275.00	-	10,179.16
12/01/2032	7,916.66	1,987.50	275.00	-	10,179.16
01/01/2033	7,916.66	1,987.50	275.00	-	10,179.16
02/01/2033	8,333.34	1,829.17	255.21	-	10,417.72
03/01/2033	8,333.34	1,829.17	255.21	-	10,417.72
04/01/2033	8,333.34	1,829.16	255.21	-	10,417.71
05/01/2033	8,333.34	1,829.16	255.21	-	10,417.71
06/01/2033	8,333.33	1,829.17	255.21	-	10,417.71
07/01/2033	8,333.33	1,829.17	255.21	-	10,417.71
08/01/2033	8,333.33	1,829.17	255.21	-	10,417.71
09/01/2033	8,333.33	1,829.17	255.21	-	10,417.71
10/01/2033	8,333.33	1,829.17	255.20	-	10,417.70
11/01/2033	8,333.33	1,829.17	255.20	-	10,417.70
12/01/2033	8,333.33	1,829.16	255.21	-	10,417.70
01/01/2034	8,333.33	1,829.16	255.21	-	10,417.70
02/01/2034	8,333.34	1,662.50	234.37	-	10,230.21
03/01/2034	8,333.34	1,662.50	234.37	-	10,230.21
04/01/2034	8,333.34	1,662.50	234.37	-	10,230.21
05/01/2034	8,333.34	1,662.50	234.37	-	10,230.21
06/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
07/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
08/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
09/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
10/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
11/01/2034	8,333.33	1,662.50	234.38	-	10,230.21
12/01/2034	8,333.33	1,662.50	234.37	-	10,230.20
01/01/2035	8,333.33	1,662.50	234.37	-	10,230.20
02/01/2035	8,350.00	1,495.84	213.54	-	10,459.38

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
03/01/2035	8,750.00	1,495.84	213.54	-	10,459.38
04/01/2035	8,750.00	1,495.83	213.55	-	10,459.38
05/01/2035	8,750.00	1,495.83	213.55	-	10,459.38
06/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
07/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
08/01/2035	8,750.00	1,495.84	213.54	-	10,459.38
09/01/2035	8,750.00	1,495.84	213.54	-	10,459.38
10/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
11/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
12/01/2035	8,750.00	1,495.83	213.54	-	10,459.37
01/01/2036	8,750.00	1,495.83	213.54	-	10,459.37
02/01/2036	8,750.00	1,320.84	191.66	-	10,262.50
03/01/2036	8,750.00	1,320.84	191.66	-	10,262.50
04/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
05/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
06/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
07/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
08/01/2036	8,750.00	1,320.84	191.66	-	10,262.50
09/01/2036	8,750.00	1,320.84	191.66	-	10,262.50
10/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
11/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
12/01/2036	8,750.00	1,320.83	191.67	-	10,262.50
01/01/2037	8,750.00	1,320.83	191.67	-	10,262.50
02/01/2037	9,166.67	1,145.84	169.79	-	10,482.50
03/01/2037	9,166.67	1,145.84	169.79	-	10,482.50
04/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
05/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
06/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
07/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
08/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
09/01/2037	9,166.67	1,145.83	169.79	-	10,482.29
10/01/2037	9,166.66	1,145.84	169.79	-	10,482.29
11/01/2037	9,166.66	1,145.84	169.79	-	10,482.29
12/01/2037	9,166.66	1,145.83	169.80	-	10,482.29
01/01/2038	9,166.66	1,145.83	169.80	-	10,482.29
02/01/2038	6,666.67	962.50	146.88	-	7,776.05
03/01/2038	6,666.67	962.50	146.88	-	7,776.05
04/01/2038	6,666.67	962.50	146.87	-	7,776.04
05/01/2038	6,666.67	962.50	146.87	-	7,776.04
06/01/2038	6,666.67	962.50	146.87	-	7,776.04
07/01/2038	6,666.67	962.50	146.87	-	7,776.04
08/01/2038	6,666.67	962.50	146.87	-	7,776.04
09/01/2038	6,666.67	962.50	146.87	-	7,776.04
10/01/2038	6,666.66	962.50	146.88	-	7,776.04
11/01/2038	6,666.66	962.50	146.88	-	7,776.04
12/01/2038	6,666.66	962.50	146.88	-	7,776.04
01/01/2039	6,666.66	962.50	146.88	-	7,776.04
02/01/2039	7,083.34	829.17	130.21	-	8,042.72
03/01/2039	7,083.34	829.17	130.21	-	8,042.72
04/01/2039	7,083.34	829.16	130.21	-	8,042.71
05/01/2039	7,083.34	829.16	130.21	-	8,042.71
06/01/2039	7,083.33	829.17	130.21	-	8,042.71
07/01/2039	7,083.33	829.17	130.21	-	8,042.71
08/01/2039	7,083.33	829.17	130.21	-	8,042.71

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
09/01/2039	7,083.33	829.17	150.21	-	8,042.71
10/01/2039	7,083.33	829.17	150.20	-	8,042.70
11/01/2039	7,083.33	829.17	150.20	-	8,042.70
12/01/2039	7,083.33	829.16	150.21	-	8,042.70
01/01/2040	7,083.33	829.16	150.21	-	8,042.70
02/01/2040	7,083.34	678.65	112.50	-	7,874.49
03/01/2040	7,083.34	678.65	112.50	-	7,874.49
04/01/2040	7,083.34	678.64	112.50	-	7,874.48
05/01/2040	7,083.34	678.64	112.50	-	7,874.48
06/01/2040	7,083.33	678.65	112.50	-	7,874.48
07/01/2040	7,083.33	678.65	112.50	-	7,874.48
08/01/2040	7,083.33	678.65	112.50	-	7,874.48
09/01/2040	7,083.33	678.65	112.50	-	7,874.48
10/01/2040	7,083.33	678.65	112.50	-	7,874.48
11/01/2040	7,083.33	678.65	112.50	-	7,874.48
12/01/2040	7,083.33	678.64	112.50	-	7,874.47
01/01/2041	7,083.33	678.64	112.50	-	7,874.47
02/01/2041	7,500.00	528.13	94.79	-	8,122.92
03/01/2041	7,500.00	528.13	94.79	-	8,122.92
04/01/2041	7,500.00	528.13	94.79	-	8,122.92
05/01/2041	7,500.00	528.12	94.80	-	8,122.92
06/01/2041	7,500.00	528.12	94.80	-	8,122.92
07/01/2041	7,500.00	528.12	94.79	-	8,122.91
08/01/2041	7,500.00	528.13	94.79	-	8,122.92
09/01/2041	7,500.00	528.13	94.79	-	8,122.92
10/01/2041	7,500.00	528.13	94.79	-	8,122.92
11/01/2041	7,500.00	528.12	94.79	-	8,122.91
12/01/2041	7,500.00	528.12	94.79	-	8,122.91
01/01/2042	7,500.00	528.12	94.79	-	8,122.91
02/01/2042	5,416.67	359.38	76.05	-	5,852.10
03/01/2042	5,416.67	359.38	76.04	-	5,852.09
04/01/2042	5,416.67	359.38	76.04	-	5,852.09
05/01/2042	5,416.67	359.37	76.04	-	5,852.08
06/01/2042	5,416.67	359.37	76.04	-	5,852.08
07/01/2042	5,416.67	359.37	76.04	-	5,852.08
08/01/2042	5,416.67	359.37	76.04	-	5,852.08
09/01/2042	5,416.67	359.37	76.04	-	5,852.08
10/01/2042	5,416.66	359.38	76.04	-	5,852.08
11/01/2042	5,416.66	359.38	76.04	-	5,852.08
12/01/2042	5,416.66	359.38	76.04	-	5,852.08
01/01/2043	5,416.66	359.37	76.05	-	5,852.08
02/01/2043	5,416.67	237.50	62.50	-	5,716.67
03/01/2043	5,416.67	237.50	62.50	-	5,716.67
04/01/2043	5,416.67	237.50	62.50	-	5,716.67
05/01/2043	5,416.67	237.50	62.50	-	5,716.67
06/01/2043	5,416.67	237.50	62.50	-	5,716.67
07/01/2043	5,416.67	237.50	62.50	-	5,716.67
08/01/2043	5,416.67	237.50	62.50	-	5,716.67
09/01/2043	5,416.67	237.50	62.50	-	5,716.67
10/01/2043	5,416.66	237.50	62.50	-	5,716.66
11/01/2043	5,416.66	237.50	62.50	-	5,716.66
12/01/2043	5,416.66	237.50	62.50	-	5,716.66
01/01/2044	5,416.66	237.50	62.50	(3,706.24)	2,010.42
02/01/2044	4,583.34	108.86	48.96	(4,741.16)	-

Monthly Sinking Fund Schedule

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Debt Service Reserve Fund Reduction	Deposit
03/01/2044	4,583.34	109.85	48.96	(4,741.15)	-
04/01/2044	4,583.34	109.85	48.96	(4,741.15)	-
05/01/2044	4,583.34	109.85	48.96	(4,741.15)	-
06/01/2044	4,583.33	109.86	48.96	(4,741.15)	-
07/01/2044	4,583.33	109.86	48.96	(4,741.15)	-
08/01/2044	4,583.33	109.86	48.96	(4,741.15)	-
09/01/2044	4,583.33	109.86	48.95	(4,741.14)	-
10/01/2044	4,583.33	109.86	48.95	(4,741.14)	-
11/01/2044	4,583.33	109.85	48.96	(4,741.14)	-
12/01/2044	4,583.33	109.85	48.96	(4,741.14)	-
01/01/2045	4,583.33	109.85	48.96	(4,741.14)	-
Total	**$2,020,000.00**	**$515,596.13**	**$72,457.23**	**(60,600.00)**	**$2,547,453.36**