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

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

Jessamine-South Elkhorn Water District - Water Division

(Name of Utility)

802 S Main Street, PO Box 731

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

Nicholasville, KY 40356

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

(859) 881-0589

(Telephone Number)

BASIC INFORMATION

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

Kim Miller

(Name)

802 S Main Street, PO Box 731

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

Nicholasville, KY 40356

(Address - City, State, Zip)

(859) 881-0589

(Telephone Number)

jessamine.south@jsewd.com

(Email Address)

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

YES NO N/A

- | | | | | | |
|----|----|--|-------------------------------------|-------------------------------------|--|
| 1. | a. | In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| | b. | Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| 2. | a. | Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| | b. | Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| 3. | | Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

YES NO N/A

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

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)**
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2020.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ 178,343 and total revenues from service rates of \$ 2,688,575. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had 3,166 customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

- 16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.
(Attach a copy of returns.)
- 17. Approximately 0% (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

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

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

Signed Kim Miller
Officer of the Company/Authorized Representative
 Title Bookkeeper-
 Date 2-16-22

COMMONWEALTH OF KENTUCKY

COUNTY OF Jessamine

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

Melissa Henderson
 Notary Public
 My commission expires Sept. 23, 2024
 ID# KYNP15766

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

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

LIST OF ATTACHMENTS
JESSAMINE-SOUTH ELKHORN WATER DISTRICT-WATER DIVISION

1. Customer Notice of Proposed Rate Adjustments
2. Reasons for Application
3. Current and Proposed Rates
4. Statement of Adjusted Operations and Revenue Requirements with the following attachments:
 - i. References
 - ii. Table A - Depreciation Expense Adjustments
 - iii. Table B - Debt Service Schedule
5. Current Billing Analysis
6. Proposed Billing Analysis
7. Depreciation Schedule
8. Outstanding Debt Instruments
 - i. Series 2000B Bonds
 - ii. Series 2016D Bonds
 - iii. KIA Loan F07-02
 - iv. KIA Loan F11-12
 - v. Central Bank Loan 943
 - vi. Central Bank Loan 958
 - vii. Series 2021 Bonds
9. Amortization Schedules
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

Attachment #1

JESSAMINE-SOUTH ELKHORN WATER DISTRICT CUSTOMER NOTICE

Notice is hereby given that the Jessamine-South Elkhorn Water District expects to file an application with the Kentucky Public Service Commission on or about March 1, 2022, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

CURRENT AND PROPOSED MONTHLY RATES						
Jessamine-South Elkhorn Water District						
WATER DIVISION						
<u>CURRENT RATE SCHEDULE</u>			<u>PROPOSED RATE SCHEDULE</u>			<u>DIFFERENCE</u> <u>PERCENT</u>
<u>5/8" x 3/4" Meters</u>			<u>5/8" x 3/4" Meters</u>			
First	2,000 gallons	\$ 27.48 Minimum Bill	First	2,000 gallons	\$ 29.43 Minimum Bill	\$ 1.95 7.10%
Next	2,000 gallons	8.09 per 1,000 gallons	Next	2,000 gallons	8.66 per 1,000 gallons	\$ 0.57 7.05%
Next	2,000 gallons	7.99 per 1,000 gallons	Next	2,000 gallons	8.56 per 1,000 gallons	\$ 0.57 7.13%
Next	10,000 gallons	7.89 per 1,000 gallons	Next	10,000 gallons	8.45 per 1,000 gallons	\$ 0.56 7.10%
Next	8,000 gallons	7.79 per 1,000 gallons	Next	8,000 gallons	8.34 per 1,000 gallons	\$ 0.55 7.06%
Over	24,000 gallons	7.69 per 1,000 gallons	Over	24,000 gallons	8.24 per 1,000 gallons	\$ 0.55 7.15%
<u>1" Meters</u>			<u>1" Meters</u>			
First	10,000 gallons	\$ 91.20 Minimum Bill	First	10,000 gallons	\$ 97.67 Minimum Bill	\$ 6.47 7.09%
Next	6,000 gallons	7.89 per 1,000 gallons	Next	6,000 gallons	8.45 per 1,000 gallons	\$ 0.56 7.10%
Next	8,000 gallons	7.79 per 1,000 gallons	Next	8,000 gallons	8.34 per 1,000 gallons	\$ 0.55 7.06%
Over	24,000 gallons	7.69 per 1,000 gallons	Over	24,000 gallons	8.24 per 1,000 gallons	\$ 0.55 7.15%
<u>2" Meters</u>			<u>2" Meters</u>			
First	24,000 gallons	\$ 200.86 Minimum Bill	First	24,000 gallons	\$ 215.09 Minimum Bill	\$ 14.23 7.08%
Over	24,000 gallons	7.69 per 1,000 gallons	Over	24,000 gallons	8.24 per 1,000 gallons	\$ 0.55 7.15%

** \$6.50/per month Surcharge on all Southeast Customers

CURRENT AND PROPOSED RATES						
Jessamine-South Elkhorn Water District						
SEWER DIVISION						
<u>CURRENT RATE SCHEDULE</u>			<u>PROPOSED RATE SCHEDULE</u>			<u>DIFFERENCE</u> <u>PERCENT</u>
<u>All Customers</u>			<u>All Customers</u>			
First	2,000 gallons	\$ 26.84 Minimum Bill	First	2,000 gallons	\$ 34.29 Minimum Bill	\$ 7.45 27.76%
Over	2,000 gallons	0.01342 per gallon	Over	2,000 gallons	0.01715 per gallon	\$ 0.00373 27.79%

If the Public Service Commission approves the proposed water rates, then the monthly water bill for a customer using an average of 6,000 gallons per month will increase from \$59.64 to \$63.87. This is an increase of \$4.23 or 7.1%. Similarly, if the Public Service Commission approves the proposed sewer

rates, then the monthly sewer bill for a customer using an average of 6,000 gallons per month will increase from \$80.52 to \$102.89. This is an increase of \$22.37 or 27.8%.

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

Jessamine-South Elkhorn Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the District's office located at 802 S Main Street, Nicholasville, KY 40356. You may contact the office at 859-881-0589.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, PO Box 615, Frankfort, Kentucky, 40602. You may contact the Public Service Commission at 859-748-5642.

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

Attachment #2

Reasons for Application

Jessamine-South Elkhorn Water District-Water Division (“the District”) is requesting a 7.1 percent rate increase for all of its water customers. The rate increase will generate approximately \$178,343 in additional annual revenue.

The District needs the rate increase for the following reasons:

1. To enable the District to pay its annual principal payments on its existing long term debt from water revenues rather than from depreciation reserves;
2. To enable the District to meet the requirements set forth in its existing debt instruments;
3. To restore the District to a sound financial condition; and
4. To enable the District to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.

Attachment #3

CURRENT AND PROPOSED MONTHLY RATES
Jessamine-South Elkhorn Water District
WATER DIVISION

<u>CURRENT RATE SCHEDULE</u>				<u>PROPOSED RATE SCHEDULE</u>				<u>DIFFERENCE PERCENT</u>	
<u>5/8" x 3/4" Meters</u>				<u>5/8" x 3/4" Meters</u>					
First	2,000 gallons	\$ 27.48	Minimum Bill	First	2,000 gallons	\$ 29.43	Minimum Bill	\$ 1.95	7.10%
Next	2,000 gallons	8.09	per 1,000 gallons	Next	2,000 gallons	8.66	per 1,000 gallons	\$ 0.57	7.05%
Next	2,000 gallons	7.99	per 1,000 gallons	Next	2,000 gallons	8.56	per 1,000 gallons	\$ 0.57	7.13%
Next	10,000 gallons	7.89	per 1,000 gallons	Next	10,000 gallons	8.45	per 1,000 gallons	\$ 0.56	7.10%
Next	8,000 gallons	7.79	per 1,000 gallons	Next	8,000 gallons	8.34	per 1,000 gallons	\$ 0.55	7.06%
Over	24,000 gallons	7.69	per 1,000 gallons	Over	24,000 gallons	8.24	per 1,000 gallons	\$ 0.55	7.15%
<u>1" Meters</u>				<u>1" Meters</u>					
First	10,000 gallons	\$ 91.20	Minimum Bill	First	10,000 gallons	\$ 97.67	Minimum Bill	\$ 6.47	7.09%
Next	6,000 gallons	7.89	per 1,000 gallons	Next	6,000 gallons	8.45	per 1,000 gallons	\$ 0.56	7.10%
Next	8,000 gallons	7.79	per 1,000 gallons	Next	8,000 gallons	8.34	per 1,000 gallons	\$ 0.55	7.06%
Over	24,000 gallons	7.69	per 1,000 gallons	Over	24,000 gallons	8.24	per 1,000 gallons	\$ 0.55	7.15%
<u>2" Meters</u>				<u>2" Meters</u>					
First	24,000 gallons	\$ 200.86	Minimum Bill	First	24,000 gallons	\$ 215.09	Minimum Bill	\$ 14.23	7.08%
Over	24,000 gallons	7.69	per 1,000 gallons	Over	24,000 gallons	8.24	per 1,000 gallons	\$ 0.55	7.15%

** \$6.50/per month Surcharge on all Southeast Customers

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS
Jessamine-South Elkhorn Water District
Water Division

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Pro Forma</u>
<u>Operating Revenues</u>				
Metered Sales to Retail Customers	2,552,344	(42,112)	A	2,510,232
Bulk Sales	-			-
Sales for Resale	-			-
Other Water Revenues:				
Forfeited Discounts	-	18,803	L	18,803
Misc. Service Revenue	65,865	(52,150)	B	
		(1,136)	K	12,579
Other Water Revenue	-	-		-
Total Operating Revenues	<u>2,618,209</u>	<u>(76,595)</u>		<u>2,541,614</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	220,911	(37,940)	C	182,971
Salaries and Wages - Officers	23,281			23,281
Employee Pensions and Benefits	47,405	(3,835)	D	
		2,845	E	46,415
Purchased Water	842,097			842,097
Purchased Power	-			-
Chemicals	-			-
Materials and Supplies	31,458			31,458
Contractual Services	114,075			114,075
Rental of Building/Real Property	510			510
Transportation Expenses	10,677			10,677
Insurance - General Liability & Other	32,741			32,741
Insurance - Workers Comp	-			-
Bad Debt	3,986			3,986
Miscellaneous Expenses	270,671	16,071	J	
	-	32,989	M	319,731
Total Operation and Mnt. Expenses	<u>1,597,812</u>	<u>10,131</u>		<u>1,607,943</u>
Depreciation Expense	560,087	(172,139)	G	387,948
Taxes Other Than Income	17,854	(2,180)	F	15,674
Total Operating Expenses	<u>2,175,753</u>	<u>(164,188)</u>		<u>2,011,565</u>
Net Utility Operating Income	442,456	87,593		530,049

REVENUE REQUIREMENTS

Pro Forma Operating Expenses	2,011,565
Plus: Avg. Annual Principal and Interest Payments	H 592,802
Additional Working Capital	I <u>118,560</u>
Total Revenue Requirement	2,722,928
Less: Other Operating Revenue	(31,382)
Interest Income	<u>(2,971)</u>
Revenue Required From Water Sales	2,688,575
Less: Revenue from Sales at Present Rates	<u>(2,510,232)</u>
Required Revenue Increase	178,343
Percent Increase	7.10%

REFERENCES

- A. The Current Billing Analysis results in pro forma water sales revenue of \$2,510,135 and pro forma sewer sales revenue of \$1,003,135. This reflects a full year at the retail rates that were effective in 2020 and indicates a reduction to water sales of \$42,112 and an addition to sewer sales of \$19,998 are required.
- B. Water tapping fees are adjusted by \$52,150 to reflect tapping fee revenues in excess of expenditures while sewer tapping fees are adjusted by \$1,988 to likewise reflect tapping fee revenues in excess of expenditures.
- C. Since 2020, there have been increases in wage rate and changes in personnel. These changes result in an annual wage decreases of \$37,940 for the water division and \$12,438 for the sewer division.
- D. The District pays 100 percent of its employees' single health and dental insurance premiums. The PSC requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 79 percent for single coverage and 66 percent for families. The PSC also limits expenses associated with dental insurance premiums to 60 percent for single and family coverages. Applying those percentages to premiums to be paid in the current year results in a deduction from 2020 benefits expense of \$3,835 for the water division and \$1,257 for the sewer division.
- E. There was an increase in employer contribution to pensions of \$2,845 for the water division and \$933 for the sewer division.
- F. The decrease in salaries and wages also results in lower payroll taxes of \$2,180 for the water division and \$715 for the sewer division.
- G. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities" and by Commission on Rural Water in its publication titled "Average Service Lifetimes, Major Systems Components – Wastewater Systems". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges resulting in a decrease in depreciation expense of \$172,139 for the water division and an increase of \$2,079 for the sewer system, as shown in Table A.
- H. The annual debt service payments for the District's loans are shown in Table B. The five-year average of these payments is added in the revenue requirement calculation.
- I. The amount shown in Table B for coverage on long term debt is required by the Authority's loan documents. This is included in the revenue requirement as Additional Working Capital.

- J. Penalties and Service Charges billed for the Sewer Division were incorrectly excluded as part of the Overhead Allocation methodology. There was a correction to move \$16,071 of expenses from the Sewer Division back to the Water Division.
- K. Penalties for late payments were reported on an incorrect account in 2020. An adjustment was made to remove that amount from the incorrect line.
- L. Penalties for late payments were suspended for a portion of 2020. In order to reflect a full year of penalty collections, an adjustment was made to add the amount for the entirety of 2019. In conjunction with item K above, the amount of penalties collected in the partial year of 2020 was subtracted and the amount of penalties collected for the full year of 2019 was added.
- M. Certain water expenses were incorrectly allocated to the Sewer Division as part of the Overhead allocation. An adjustment was made to transfer expenses of \$32,989 from the Sewer Division back to the Water Division.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Jessamine-South Elkhorn Water District

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Reported Life</u>	<u>Depr. Exp.</u>	<u>Proforma Life</u>	<u>Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>WATER DIVISION</u>							
<u>General Plant</u>							
Structures & Improvements	various	457,697	varies	15,257	37.5	12,205	-3,052
Communication & Computer Eqmt.					10.0		
Office Furniture & Equipment	various	10,268	varies	1,682	22.5	456	-1,226
Power Operated Equipment					12.5		
Tools, Shop, & Garage Equipment					17.5		
Tank Repairs & Painting					15.0		
<u>Source of Supply Plant</u>							
Collecting & Impounding Reservoirs					62.5		
Supply Mains					62.5		
<u>Pumping Plant</u>							
Structures & Improvements					37.5		
Telemetry					10.0		
Pumping Equipment					20.0		
<u>Transmission & Distribution Plant</u>							
Hydrants	various	581,772	varies	14,544	50.0	11,635	-2,909
Transmission & Distribution Mains	various	19,369,779	varies	480,944	62.5	309,916	-171,028
Meter Installations	various	944,437	varies	12,589	45.0	20,987	8,398
Meter Change-outs					15.0		
Pump Equipment					20.0		
Tank Fence					37.5		
Services	various	942,321	varies	23,304	40.0	23,558	254
Reservoirs & Tanks					45.0		
Tank Painting & Repairs					15.0		
<u>Transportation Equipment</u>							
Entire Group	various	64,321	varies	11,767	7.0	9,189	-2,578
<u>Water Treatment Plant</u>							
Structures and Improvements					62.5		
Water Treatment Equipment					27.5		
TOTALS - WATER SYSTEM		\$ 22,370,595		\$ 560,087		\$ 387,948	\$ (172,139)

Attachment #5

CURRENT BILLING ANALYSIS - CURRENT USAGE & EXISTING RATES
Jessamine-South Elkhorn Water District-Water Division

SUMMARY

	No. of Bills	Gallons Sold	Revenue	
5/8" X 3/4" Meters	36,155	211,155,006	\$ 2,159,774	
1" Meters	1,670	33,529,352	330,127	
2" Meters	73	8,685,630	71,216	
Totals	37,898	253,369,988	\$ 2,561,117	
Less Billing Adjustments			\$ (50,885)	
Net Total			\$ 2,510,232	
Less PSC Annual Report			\$(2,552,344)	
SAO Adjustment			\$ (42,112)	1.6%

5/8" x 3/4" METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 2,000	NEXT 2,000	NEXT 10,000	NEXT 8,000	ALL OVER 24,000	TOTAL
FIRST	2,000	7,383	6,699,493	6,699,493	-	-	-	-	-	6,699,493
NEXT	2,000	10,842	32,398,957	21,684,000	10,714,957	-	-	-	-	32,398,957
NEXT	2,000	7,801	38,173,082	15,602,000	15,602,000	6,969,082	-	-	-	38,173,082
NEXT	10,000	8,157	71,807,316	16,314,000	16,314,000	16,314,000	22,865,316	-	-	71,807,316
NEXT	8,000	901	17,544,727	1,802,000	1,802,000	1,802,000	9,010,000	3,128,727	-	17,544,727
ALL OVER	24,000	1,071	44,531,431	2,142,000	2,142,000	2,142,000	10,710,000	8,568,000	18,827,431	44,531,431
TOTAL		36,155	211,155,006	64,243,493	46,574,957	27,227,082	42,585,316	11,696,727	18,827,431	211,155,006

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	36,155	64,243,493	\$ 27.48	\$ 993,539
NEXT	2,000		46,574,957	\$ 8.09	376,791
NEXT	2,000		27,227,082	\$ 7.99	217,544
NEXT	10,000		42,585,316	\$ 7.89	335,998
NEXT	8,000		11,696,727	\$ 7.79	91,118
ALL OVER	24,000		18,827,431	\$ 7.69	144,783
TOTAL		36,155	211,155,006		\$ 2,159,774

1" METERS

	USAGE	BILLS	GALLONS	FIRST 10,000	NEXT 6,000	NEXT 8,000	ALL OVER 24,000	TOTAL
FIRST	10,000	934	3,197,114	3,197,114	-	-	-	3,197,114
NEXT	6,000	167	2,117,490	1,670,000	447,490	-	-	2,117,490
NEXT	8,000	145	2,868,168	1,450,000	870,000	548,168	-	2,868,168
ALL OVER	24,000	424	25,346,580	4,240,000	2,544,000	3,392,000	15,170,580	25,346,580
		1,670	33,529,352	10,557,114	3,861,490	3,940,168	15,170,580	33,529,352

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	1,670	10,557,114	\$ 91.20	\$ 152,304
NEXT	6,000		3,861,490	\$ 7.89	30,467
NEXT	8,000		3,940,168	\$ 7.79	30,694
ALL OVER	24,000		15,170,580	\$ 7.69	116,662
TOTAL		1,670	33,529,352		\$ 330,127

2" METERS

	USAGE	BILLS	GALLONS	FIRST 24,000	ALL OVER 24,000	TOTAL
FIRST	24,000	22	107,500	107,500	-	107,500
ALL OVER	24,000	51	8,578,130	1,224,000	7,354,130	8,578,130
		73	8,685,630	1,331,500	7,354,130	8,685,630

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
FIRST	24,000	73	1,331,500	\$ 200.86	\$ 14,663
ALL OVER	24,000		7,354,130	\$ 7.69	56,553
TOTAL		73	8,685,630		\$ 71,216

Attachment #6

PROPOSED BILLING ANALYSIS - CURRENT USAGE & PROPOSED RATES
Jessamine-South Elkhorn Water District-Water Division

SUMMARY

	No. of Bills	Gallons Sold	Revenue	
5/8" X 3/4" Meters	36,155	211,155,006	\$ 2,312,979	
1" Meters	1,670	33,529,352	353,605	
2" Meters	73	8,685,630	76,300	
Totals	37,898	253,369,988	\$ 2,742,884	
Less Billing Adjustments			\$ (50,885)	
Net Total			\$ 2,691,999	
Less Revenue Requirement			\$(2,688,575)	
Difference			\$ 3,424	-0.13%

5/8" x 3/4" METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 2,000	NEXT 2,000	NEXT 10,000	NEXT 8,000	ALL OVER 24,000	TOTAL
FIRST	2,000	7,383	6,699,493	6,699,493	-	-	-	-	-	6,699,493
NEXT	2,000	10,842	32,398,957	21,684,000	10,714,957	-	-	-	-	32,398,957
NEXT	2,000	7,801	38,173,082	15,602,000	15,602,000	6,969,082	-	-	-	38,173,082
NEXT	10,000	8,157	71,807,316	16,314,000	16,314,000	16,314,000	22,865,316	-	-	71,807,316
NEXT	8,000	901	17,544,727	1,802,000	1,802,000	1,802,000	9,010,000	3,128,727	-	17,544,727
ALL OVER	24,000	1,071	44,531,431	2,142,000	2,142,000	2,142,000	10,710,000	8,568,000	18,827,431	44,531,431
TOTAL		36,155	211,155,006	64,243,493	46,574,957	27,227,082	42,585,316	11,696,727	18,827,431	211,155,006

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	64,243,493	\$ 29.43	\$ 1,064,042
NEXT	2,000	46,574,957	\$ 8.66	403,339
NEXT	2,000	27,227,082	\$ 8.56	233,064
NEXT	10,000	42,585,316	\$ 8.45	359,846
NEXT	8,000	11,696,727	\$ 8.34	97,551
ALL OVER	24,000	18,827,431	\$ 8.24	155,138
TOTAL	36,155	211,155,006		\$ 2,312,979

1" METERS

	USAGE	BILLS	GALLONS	FIRST 10,000	NEXT 6,000	NEXT 8,000	ALL OVER 24,000	TOTAL
FIRST	10,000	934	3,197,114	3,197,114	-	-	-	3,197,114
NEXT	6,000	167	2,117,490	1,670,000	447,490	-	-	2,117,490
NEXT	8,000	145	2,868,168	1,450,000	870,000	548,168	-	2,868,168
ALL OVER	24,000	424	25,346,580	4,240,000	2,544,000	3,392,000	15,170,580	25,346,580
		1,670	33,529,352	10,557,114	3,861,490	3,940,168	15,170,580	33,529,352

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	10,000	1,670	10,557,114	\$ 97.67
NEXT	6,000	3,861,490	\$ 8.45	32,630
NEXT	8,000	3,940,168	\$ 8.34	32,861
ALL OVER	24,000	15,170,580	\$ 8.24	125,006
TOTAL	1,670	33,529,352		\$ 353,605

2" METERS

	USAGE	BILLS	GALLONS	FIRST 24,000	ALL OVER 24,000	TOTAL
FIRST	24,000	22	107,500	107,500	-	107,500
ALL OVER	24,000	51	8,578,130	1,224,000	7,354,130	8,578,130
		73	8,685,630	1,331,500	7,354,130	8,685,630

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	24,000	73	1,331,500	\$ 215.09
ALL OVER	24,000	7,354,130	\$ 8.24	60,598
TOTAL	73	8,685,630		\$ 76,300

Attachment #7

Utility Plant/Distribution

<u>Asset No.</u>	<u>Description</u>	<u>Date Acquired</u>	<u>Method</u>	<u>Life</u>	<u>Cost or Basis</u>	<u>2020 CY Depreciation</u>
6	MAINS ADJ13	6/15/1973	SL	40		-
7	EXTENSIONS	6/15/1975	SL	40		-
8	EXTENSIONS	6/15/1976	SL	40		-
9	EXTENSIONS	6/15/1977	SL	40		-
10	EXTENSIONS	6/15/1978	SL	40		-
11	EXTENSIONS	6/15/1978	SL	40		-
12	EXTENSIONS	6/15/1979	SL	40		-
13	EXTENSIONS	6/15/1980	SL	40		-
14	EXTENSIONS	6/15/1980	SL	40	39,825.00	494.37
15	EXTENSIONS	6/15/1981	SL	40	45,147.00	1,128.68
16	EXTENSIONS	6/15/1981	SL	40	3,804.00	96.10
17	EXTENSIONS	6/15/1982	SL	40	19,289.00	482.23
18	EXTENSIONS	6/15/1983	SL	40	9,903.00	247.58
19	1050' & HYDRANT	6/15/1983	SL	40	5,100.00	127.50
20	EXTENSIONS	6/15/1984	SL	40	110.00	2.75
21	EXTENSIONS	6/15/1985	SL	40	35,475.00	886.88
22	1984 EXT SCHEDULE	6/15/1985	SL	40	145,447.00	3,636.18
23	1983 MILBURN @6360	6/15/1985	SL	40	1,260.00	31.50
24	THOMPSON-KY29	6/15/1986	SL	40	6,600.00	165.00
25	EXTENSIONS	6/15/1986	SL	40	369.00	9.23
26	HGR-CLRCRK	6/15/1986	SL	40	4,020.00	100.50
27	EQUEST WOODS #5, 6"	6/15/1986	SL	40	28,700.00	717.50
28	EQUEST WOODS #1, 8"	6/15/1986	SL	40	33,120.00	828.00
29	HUNT-MPLWOOD	6/15/1986	SL	40	2,145.00	53.63
30	EQUEST WOODS #1, 6"	6/15/1986	SL	40	52,400.00	1,310.00
31	EQUEST WOODS #2, 3, 4	6/15/1987	SL	40	86,510.00	2,162.75
32	CHAMPIONS	6/15/1987	SL	40	345,388.00	8,634.70
33	EXTENSIONS	6/15/1987	SL	40	8,921.00	223.03
34	GILBERT EXTENSION	6/15/1988	SL	40	2,370.00	59.25
35	CONSTRUCTED EXTENSION	6/15/1989	SL	40	9,056.00	226.40
36	CONTRIBUTED EXTENSIONS	6/15/1989	SL	40	63,660.00	1,591.50
37	CONTRIBUTED EXTENSIONS	6/15/1990	SL	40	11,750.00	293.75
38	BACKFLOW PREVENTORS	6/15/1991	SL	40	35,013.00	875.33
39	NEW EXPANSION SYSTEM	6/15/1991	SL	40	27,727.00	693.18
40	EXT-JARACZ	6/15/1992	SL	40	5,143.00	128.58
41	EXT- CLAYS MILLS	6/15/1992	SL	40	1,214.00	30.35
42	EXT- HARRODS CLUB	6/15/1992	SL	40	153.00	3.83
43	EXT- CROSSWOODS	6/15/1992	SL	40	150.00	3.75
44	EXT- D WHITE	6/15/1992	SL	40	1,299.00	32.48
45	EXT- VILLAGE ON GREEN	6/15/1992	SL	40	4,642.00	116.05
46	EXT- EXPANS SYS DEPR FD	6/15/1992	SL	40	22,050.00	551.25
47	EXT- EXPANS SYS- O&M FD	6/15/1992	SL	40	7,886.00	197.15
48	EXT- EXPANS SYS ATTY AP	6/15/1992	SL	40	11,805.00	295.13
49	CONT LINE-RHINEHEIMER	6/15/1992	SL	40	18,000.00	450.00

50	CONTR IND- CROSSWOODS	6/15/1992	SL	40	7,500.00	187.50
51	CONTR LINE O'DANIEL	6/15/1992	SL	40	2,500.00	62.50
52	CONTR LINE- JARACZ	6/15/1992	SL	40	45,000.00	1,125.00
53	CONTR LINE- CLEAR CREEK	6/15/1992	SL	40	16,500.00	412.50
54	EXTENSIONS	6/15/1993	SL	40	205.00	5.13
55	NEW EXPANSION SYSTEM	6/15/1993	SL	40	1,312,181.00	32,804.53
56	CONTR LINE -CLEAR CREEK	6/15/1993	SL	40	25,000.00	625.00
57	CONTR LINE- CLEAR CREEK	6/15/1994	SL	40	135,000.00	3,375.00
58	NEW EXPANSION SYSTEM	6/15/1994	SL	40	242,024.00	6,050.60
59	CONTR LINE-CLEAR CREEK 3860'	6/15/1995	SL	40	46,350.00	1,158.75
60	CONTR LINE- WOODS RD ESTATES 2100'	6/15/1995	SL	40	25,200.00	630.00
61	CONTR LINE-AMITY ACRES ESTATES 3425'	6/15/1995	SL	40	54,800.00	1,370.00
62	CONTR LINE- WIND HAVEN SUBDIV 5270'	6/15/1995	SL	40	63,250.00	1,581.25
63	EXTENSIONS	6/15/1995	SL	40	10,762.00	269.05
64	EXTENSIONS - AMITY ACRES	6/15/1995	SL	40	12,843.00	321.08
65	NEW EXPANSION SYSTEM	6/15/1995	SL	40	10,622.00	265.55
66	NEW EXPANSION SYSTEM	6/15/1996	SL	40	12,102.00	302.55
67	EXTENSION - WESTERN PROJECT	6/15/1997	SL	40	33,866.00	846.65
68	SOUTHEAST PROJECT	6/15/1997	SL	40	11,515.00	287.88
69	EXP-KIA WEST RD 9 HYDRANTS 10520' +	6/15/1997	SL	40	206,354.00	5,158.85
70	6000' 6" 6407" 10" EXPAN/EXT	6/15/1998	SL	40	377,836.00	9,445.90
71	SOUTHEAST PROJECT	6/15/1998	SL	40	36,552.00	913.80
72	EXTENSIONS	6/15/1999	SL	40	7,297.00	182.43
73	SOUTHEAST PROJECT	6/15/1999	SL	40	1,078,081.00	26,952.03
74	EXTENSIONS	7/1/2000	SL	40	88,163.00	2,204.08
75	SOUTHEAST PROJECT	7/1/2000	SL	40	1,866,424.00	46,660.60
76	HAGAN LANE	6/15/2001	SL	40	70,302.00	1,757.55
77	MCCAULEY RD EXT'N	6/15/2001	SL	40	2,607.00	65.18
78	CORMAN	6/15/2001	SL	40	4,201.00	105.03
79	EMERALD	6/15/2001	SL	40	1,947.00	48.68
80	EQUESTRIAN	6/15/2001	SL	40	6,487.00	162.18
81	SOUTHLAND CHRISTIAN	6/15/2001	SL	40	824.00	20.60
82	WALDEN	6/15/2001	SL	40	10,586.00	264.65
83	KISSING RIDGE	6/15/2001	SL	40	523.00	13.08
84	CHRIS HAVEN	6/15/2001	SL	40	603.00	15.08
85	WILMORE PRESBYTERIAN	6/15/2001	SL	40	1,465.00	36.63
86	US 68 RELOCATION	6/15/2001	SL	40	54,751.00	1,368.78
87	SOUTHEAST PROJECT	6/15/2001	SL	40	67,745.00	1,693.63
88	JAN 1010.06	6/15/2002	SL	40	24,659.00	616.48
89	EXTENSIONS - 1014.04	6/15/2002	SL	40	36,541.00	913.53
90	EXTENSIONS - 1015.06	6/15/2002	SL	40	1,276,406.00	31,910.15
91	EXT'S SE PROJECT - 1015.06	6/15/2002	SL	40	40,275.00	1,006.88
92	BARKLEY WOODS	6/15/2003	SL	40	53,024.00	1,325.60
93	UNDETAILED - CONTRIBUTED	6/15/2003	SL	40	4,594.00	114.85
94	MISC EXT'S - RB BY DEVLPRS	6/15/2003	SL	40	53,247.00	1,331.18
95	SOUTHEAST PROJECT (RD 03)	6/15/2003	SL	40	78,929.00	1,973.23
97	EXT- CROSSWOODS	6/15/2004	SL	40	409,957.00	10,248.93
98	FORREST	6/15/2005	SL	40	15,578.00	389.45
99	HARRODS	6/15/2005	SL	40	14,414.00	360.35

100	LEGACY	6/15/2005	SL	40	9,154.00	228.85
101	SANITATION	6/15/2005	SL	40	20,595.00	514.88
102	TANK	6/15/2005	SL	40	11,109.00	277.73
104	BARKER- ETH	6/15/2005	SL	40	10,211.00	255.28
105	CAVE	6/15/2006	SL	40	37,561.00	939.03
106	FORREST CREEK	6/15/2006	SL	40	38,439.00	960.98
107	KEENE MAN	6/15/2006	SL	40	24,424.00	610.60
108	RENAISSANCE	6/15/2006	SL	40	16,590.00	414.75
109	TANK	6/15/2006	SL	40	21,497.00	537.43
112	CLAYS CROSSING	6/15/2007	SL	40	14,660.00	366.50
113	KEENE MAN	6/15/2007	SL	40	33,430.00	835.75
114	OAKS	6/15/2007	SL	40	18,542.00	463.55
117	SMITSON	6/15/2007	SL	40	7,673.00	191.83
121	CRACKER	6/15/2008	SL	40	14,844.00	371.10
122	KEENE	6/15/2008	SL	40	1,083,125.00	27,078.13
125	MATHEWS LN- CATNIP 5000 LF 8" PVC	12/31/2009	SL	40	42,500.00	1,062.50
126	KEENE MANOR 8834LF 6" PVC, CL200	12/31/2009	SL	40	70,672.00	1,766.80
127	US 68- KY169 6096LF	12/31/2009	SL	40	239,915.00	5,997.88
128	US 68 KY1267 10204LF	12/31/2009	SL	40	516,662.00	12,916.55
129	US 68 KEENE 6" PVC 8144LF	12/31/2009	SL	40	470,442.00	11,761.05
130	US 68 EBENEZER 6" PVC 5472LF	12/31/2009	SL	40	221,365.00	5,534.13
131	UNSERVED I BRUNER 6" 2955LF	12/31/2009	SL	40	51,452.00	1,286.30
132	UNSERVED I FT BRAMLET 6" 5700LF	12/31/2009	SL	40	94,728.00	2,368.20
133	UNSERVED I LOCK 8 6" 7025LF	12/31/2009	SL	40	121,254.00	3,031.35
134	UNSERVED I LITTLE HICKMAN 8 6" 2642LF	12/31/2009	SL	40	56,217.00	1,405.43
135	UNSERVED I BRUMFIELD 6" 5570LF	12/31/2009	SL	40	107,288.00	2,682.20
136	UNSERVED I HENRY 6" 2080LF	12/31/2009	SL	40	38,690.00	967.25
137	UNSERVED I WEST LN 6" 600LF	12/31/2009	SL	40	19,066.00	476.65
138	UNSERVED I JOHN WATTS 6" 1450LF	12/31/2009	SL	40	29,965.00	749.13
139	UNSERVED I VANOVER 6" 2270LF	12/31/2009	SL	40	41,583.00	1,039.58
140	UNSERVED I REYNOLDS 6" 1300LF	12/31/2009	SL	40	28,137.00	703.43
141	UNSERVED I ROSCOE-MACKEY 6" & 2"	12/31/2009	SL	40	41,702.00	1,042.55
142	UNSERVED I SULFUR WELL 2" 2600LF	12/31/2009	SL	40	23,834.00	595.85
143	UNSERVED I RIVER RD 6"&2" 22440LF	12/31/2009	SL	40	399,890.00	9,997.25
144	UNSERVED I BURTON LN 6" 8785LF	12/31/2009	SL	40	155,855.00	3,896.38
145	UNSERVED I SUGAR CK 6" 1450LF	12/31/2009	SL	40	22,488.00	562.20
146	UNSERVED I TANKERSLEY 6" 3070L	12/31/2009	SL	40	54,339.00	1,358.48
147	CLAYS CROSSING 6" 10280LF	2/28/2009	SL	40	150,760.00	3,769.00
149	PIPES BARKLEY / CATNIP	3/5/2009	SL	40	32,655.00	816.38
151	CATNIP-MATHEWS LOOP	8/31/2010	SL	40	1,433.00	35.83
152	BARKLEY LN 6" 4800' LF 12" 1500LF	12/31/2010	SL	40	202,085.00	5,052.13
154	FRANCIS ASBURY 1100LF 6"PVC	1/1/2010	SL	40	16,500.00	412.50
155	KEENE - FINAL PROJECTS	7/31/2010	SL	40	332,398.00	8,309.95
156	PEKIN - 11720 LF 6" 250 PIPE	12/31/2011	SL	40	318,468.01	7,961.70
157	RHINEHEIMER 5209 LF 6" 200 PIPE	12/31/2011	SL	40	123,570.89	3,089.27
158	4150 LF 6" PPC RAMSEY	8/14/2013	SL	40	62,202.49	1,555.06
159	790 LF 6" PPC 169 CULVERT	8/14/2013	SL	40	66,093.62	1,652.34
2014-1	US SAWS VEX400 HANDHELD VALVE	12/31/2014	SL	40	4,495.00	112.38
200	SERVICES	6/15/1973	SL	40		-

201	SERVICES	6/15/1976	SL	40		-
202	SERVICES	6/15/1978	SL	40		-
203	SERVICES	6/15/1979	SL	40	4,464.00	-
204	SERVICES	6/15/1980	SL	40	11,190.00	137.25
205	SERVICES	6/15/1981	SL	40	4,400.00	110.00
206	SERVICES	6/15/1982	SL	40	9,050.00	226.25
207	SERVICES	6/15/1983	SL	40	6,900.00	172.50
208	SERVICES	6/15/1984	SL	40	8,030.00	200.75
209	SERVICES	6/15/1985	SL	40	6,905.00	172.63
210	SERVICES	6/15/1985	SL	40	12,005.00	300.13
211	SERVICES	6/15/1986	SL	40	12,398.00	309.95
212	SERVICES	6/15/1987	SL	40	9,377.00	234.43
213	SERVICES	6/15/1989	SL	40	7,879.00	196.98
214	SERVICES	6/15/1990	SL	40	8,347.00	208.68
215	SERVICES	6/15/1991	SL	40	3,950.00	98.75
216	SERVICES	6/15/1992	SL	40	6,020.00	150.50
217	SERVICES	6/15/1993	SL	40	9,646.00	241.15
218	SERVICES	6/15/1994	SL	40	13,660.00	341.50
219	SERVICES	6/15/1995	SL	40	18,596.00	464.90
220	SERVICES	6/15/1996	SL	40	14,452.00	361.30
221	SERVICES	6/15/1997	SL	40	9,196.00	229.90
222	SERVICES	6/15/1998	SL	40	16,932.00	423.30
223	SERVICES	6/15/1999	SL	40	22,247.00	556.18
224	SERVICES	7/1/2000	SL	40	3,483.00	87.08
225	SERVICES	6/15/2001	SL	40	37,044.00	926.10
226	SERVICES	6/15/2002	SL	40	32,279.00	806.98
227	SERVICES	6/15/2003	SL	40	20,680.00	517.00
228	SERVICES	6/15/2004	SL	40	31,450.00	786.25
229	SERVICES	6/15/2005	SL	40	35,440.00	886.00
230	SERVICES	6/15/2006	SL	40	27,100.00	677.50
231	SERVICES	6/15/2007	SL	40	36,730.00	918.25
232	SERVICES	6/15/2008	SL	40	27,403.00	685.08
233	SERVICES 2009	12/31/2009	SL	40	15,920.00	398.00
234	CLAY CROSSING SERVICES 54	2/28/2009	SL	40	60,800.00	1,520.00
235	SERVICES FY 10	12/31/2010	SL	40	17,013.00	425.33
236	SERVICES FY 11	12/31/2011	SL	40	14,904.70	372.62
237	SERVICES FY 12	12/31/2012	SL	40	18,020.00	450.50
238	SERVICES FY 13	12/31/2013	SL	40	17,770.00	444.25
2014-2	SERVICES FY 14	12/31/2014	SL	40	16,955.00	423.88
300	METERS	6/15/1973	SL	40		-
301	METERS	6/15/1974	SL	40		-
302	METERS	6/15/1975	SL	40		-
303	METERS	6/15/1976	SL	40		-
304	METERS	6/15/1977	SL	40		-
305	METERS	6/15/1978	SL	40		-
306	METERS	6/15/1979	SL	40		-
307	METERS	6/15/1980	SL	40		-
308	METERS	6/15/1981	SL	40		-
309	METERS	6/15/1982	SL	40	2,176.00	58.40

310	METERS	6/15/1983	SL	40	2,608.00	65.20
311	METERS	6/15/1984	SL	40	2,955.00	73.88
312	METERS	6/15/1985	SL	40	2,958.00	73.95
313	METERS	6/15/1986	SL	40	4,176.00	104.40
314	METERS	6/15/1987	SL	40	5,325.00	133.13
315	METERS	6/15/1988	SL	40	4,196.00	104.90
316	METERS	6/15/1989	SL	40	2,133.00	53.33
317	METERS	6/15/1990	SL	40	3,879.00	96.98
318	METERS	6/15/1991	SL	40	2,643.00	66.08
319	METERS	6/15/1992	SL	40	1,848.00	46.20
320	METERS	6/15/1993	SL	40	2,418.00	60.45
321	METERS	6/15/1995	SL	40	5,652.00	141.30
322	METERS	6/15/1996	SL	40	6,733.00	168.33
323	METERS	6/15/1997	SL	40	10,780.00	269.50
324	METERS	6/15/1998	SL	40	3,102.00	77.55
325	METERS	6/15/1999	SL	40	4,369.00	109.23
326	METERS	7/1/2000	SL	40	3,454.00	86.35
327	METERS	6/15/2001	SL	40	7,756.00	193.90
328	METERS	6/15/2002	SL	40	8,745.00	218.63
329	METERS	6/15/2003	SL	40	5,571.00	139.28
330	METERS	6/15/2004	SL	40	10,354.00	258.85
331	METERS	6/15/2005	SL	40	10,997.00	274.93
332	METERS	6/15/2006	SL	40	12,027.00	300.68
333	METERS	6/15/2007	SL	40	13,354.00	333.85
334	METERS	6/15/2008	SL	40	13,566.00	339.15
335	METERS 09	12/31/2009	SL	40	13,316.00	332.90
336	METERS FY 10	12/31/2010	SL	40	32,789.00	819.73
337	METERS FY 11	12/11/2011	SL	40	20,888.30	522.21
338	METERS FY 12	12/31/2012	SL	40	18,308.41	457.71
339	METERS FY 13	12/31/2013	SL	40	16,390.46	409.76
2014-3	METERS FY 14	12/31/2014	SL	40	26,594.00	664.85
401	MATHEWS LN-CATNIP 3 HYDRANTS	12/31/2009	SL	40	7,500.00	187.50
402	KEENE MANOR 13 HYDRANTS	12/31/2009	SL	40	32,500.00	812.50
405	US68 23 HYDRANTS	12/31/2009	SL	40	57,500.00	1,437.50
406	UNSERVED SE PHASE I 42 HYDRANTS	12/31/2009	SL	40	105,000.00	2,625.00
407	CLAYS CROSSING 17 HYDRANTS	2/28/2009	SL	40	51,000.00	1,275.00
408	BARKLEY LN HYDRANTS	12/31/2010	SL	40	28,000.00	700.00
409	PEKIN-5 HYDRANTS	12/31/2011	SL	40	25,000.00	625.00
410	RHINEHEIMER 2 HYDRANTS	12/31/2011	SL	40	10,000.00	250.00
411	3 HYDRANTS RAMSEY	8/14/2013	SL	40	19,455.97	486.40
412	2 HYDRANTS 169 CULVERT	8/14/2013	SL	40	15,065.62	376.64
2	LAND RIGHTS	6/15/1981	L			-
3	RESERVOIRS & STANDPIPES	6/15/1973	SL	40		-
2015-1	N/W Project- West - District Mains	12/31/2015	SL	40	897,873.00	22,446.83
2015-2	N/W Project - West - Services	12/31/2015	SL	40	187,025.00	4,675.63
2015-3	N/W Project - West - Hydrants	12/31/2015	SL	40	145,550.00	3,638.75
2015-4	N/W Project - East - District Mains	12/31/2015	SL	40	577,348.00	14,433.70
2015-5	N/W Project - East - Services	12/31/2015	SL	40	126,660.00	3,166.50
2015-6	N/W Project- East - Hydrants	12/31/2015	SL	40	85,200.00	2,130.00

2015-9	METERS - additions 2015	12/31/2015	SL	40	10,560.00	264.00	
2016-1	METER FY 16	12/31/2016	SL	40	7,029.10	175.73	
2016-4	Equestrian Unit #8	12/31/2016	SL	40	19,149.00	478.73	
2016-5	Equestrian Unit #9	12/31/2016	SL	40	30,644.00	766.10	
2017-1	METER FY 17	12/31/2017	SL	40	4,404.90	110.12	
2017-2	Northwest Project #3868	12/31/2017	SL	40	664,444.00	16,611.10	
2017-3	Catnip Hill Storage Tank Project #4049	12/31/2017	SL	40	2,450,176.00	61,254.40	
2018-1	Meters FY 18	12/31/2018	SL	40	25,454.00	636.35	
2018-2	Paradise Place	12/31/2018	SL	40	44,534.00	1,113.35	
2019-1	Meters FY 19	12/31/2019	SL	40	41,030.00	1,025.75	
A	2020-1	Meters FY 20	6/30/2020	SL	40	265,724.52	3,321.56
A	2020-4	KY-129 Intersection Water Main Relocation Project	12/31/2020	SL	40	308,173.00	-
	2020-5	Completed CIP - See detail on CIP sheet	12/31/2020	SL	40	112,009.04	-

21,838,308	531,381
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Operating equipment / furn

600	COMPUTERS, COPIER, SCANNER	6/15/2008	SL	5		-
601	DESK, COUCH, & MISC FURNITURE	6/15/2008	SL	10		-
603	KIMS COMPUTER	11/2/2016	SL	5	1,060.10	212.02
2017-4	Patty's computer	2/26/2017	SL	5	1,085.31	217.06
2018-3	Courtney's computer	3/2/2018	SL	5	1,003.00	200.60
2018-4	Water Tank Computer	4/24/2018	SL	5	610.00	122.00
2019-1	Ice Machine	5/1/2019	SL	7	4,200.00	600.00
2019-2	Office Furniture	10/1/2019	SL	7	2,310.00	330.00

10,268	1,682
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Building

602	OFFICE BUILDING 802 S MAIN	6/15/2008	SL	30	450,000.00	15,000.00
2017-5	Storage Building	11/16/2017	SL	30	7,697.02	256.57

457,697	15,257
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Communication - Water

703	TELEMETRY	6/15/2005	SL	10		-
704	PHONE SYSTEM 4 OFFICE MOBILIZATION	1/9/2009	SL	5		-
705	TELEMETRY INSTALL S MAIN	6/10/2009	SL	10		-

-	-
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Transportation - Water

802	2016 FORD TRUCK F150	9/14/2016	SL	5	31,405	6,281.00	
A	2020-2	2020 Truck (Water)	3/1/2020	SL	5	32,916	5,486.00

678449

64,321	11,767
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GRAND TOTALS	22,370,594	560,086.49
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		PY TB	CY TB	Change
10110.60	Constructed System (Water)	\$ 15,870,574.75	\$ 16,178,747.00	\$ (308,172.25)
10110.99	Constructed Sewer- (Sewer)	\$ 7,218,990.21	\$ 7,259,813.21	\$ (40,823.00)
10111.60	Contributed System - (Water)	\$ 4,699,099.00	\$ 4,699,099.00	\$ -
10111.99	Contributed System (Sewer)	\$ 3,616,312.24	\$ 3,616,312.24	\$ -
10112.60	Office Building (Water)	\$ 457,697.00	\$ 457,697.00	\$ -
10120.60	Meters (Water)	\$ 230,330.00	\$ 496,054.45	\$ (265,724.45)
10130.60	Services (Water)	\$ 441,671.18	\$ 441,671.18	\$ -
10140.60	Extensions (Water)	\$ 489,972.00	\$ 489,972.00	\$ -
10145.20	Vehicle (Water)	\$ 31,405.00	\$ 64,321.00	\$ (32,916.00)
10145.99	Vehicle (Sewer)	\$ 24,410.00	\$ 24,410.00	\$ -
10146.99	Equipment (Sewer)	\$ 66,205.50	\$ 66,205.50	\$ -
10147.60	Communications - (Water)	\$ 26,559.00	\$ 26,559.00	\$ -
10910.20	Construction in Progress-Water	\$ 31,485.38	\$ 132,203.39	\$ (100,718.01)
10910.60	Construction in Progress-Water	\$ 2,099.61	\$ 2,099.61	\$ -
10910.99	Construction in Progr-NJ-Sewer	\$ 1,918.50	\$ 1,918.50	\$ -
10911.99	Const in Progress-Others-Sewer	\$ 187,203.00	\$ 255,938.55	\$ (68,735.55)
		\$ 33,395,932.37	\$ 34,213,021.63	\$ (817,089.26)

PSC Breakout - Water	Cost				2020
	Prev Year	Additions	Retirement	Current Year	Depreciation
Land and Land Rights	-	-	-	-	-
Structureries and Improvemsnts	457,697	-	-	457,697	15,257
Distribution Reservoirs and Standpipes	-	-	-	-	-
Transmission and Distributions Mains	18,949,597	420,182	-	19,369,779	480,944
Services	942,321	-	-	942,321	23,304
Meters and Meter Installs	678,712	265,725	-	944,437	12,589
Hydrants	581,772	-	-	581,772	14,544
Office and Equip	10,268	-	-	10,268	1,682
Transportation Equip	31,405	32,916	-	64,321	11,767
Communication Equip	-	-	-	-	-
Total	21,651,772	718,823	-	22,370,594	560,086
Per above				22,370,594	560,086

Attachment #8

RESOLUTION NO. 99-1

A RESOLUTION OF THE JESSAMINE-SOUTH ELKHORN WATER DISTRICT, JESSAMINE COUNTY, KENTUCKY, AUTHORIZING THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE DISTRICT'S WATER SYSTEM; AUTHORIZING THE ISSUANCE OF \$1,901,000 OF THE DISTRICT'S WATERWORKS SYSTEM REVENUE BONDS, SERIES 2000A AND \$400,000 OF THE DISTRICT'S WATERWORKS SYSTEM REVENUE BONDS, SERIES 2000B, TO PROVIDE PART OF THE COSTS OF SAID CONSTRUCTION; PROVIDING FOR THE TERMS AND CONDITIONS UPON WHICH SAID BONDS ARE TO BE ISSUED; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE DISTRICT'S WATER SYSTEM SHALL BE OPERATED; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH SAID CONSTRUCTION AND THE ISSUANCE OF SAID BONDS.

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RESOLUTION NO. _____

A RESOLUTION OF THE JESSAMINE-SOUTH ELKHORN WATER DISTRICT, JESSAMINE COUNTY, KENTUCKY, AUTHORIZING THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE DISTRICT'S WATER SYSTEM; AUTHORIZING THE ISSUANCE OF \$1,901,000 OF THE DISTRICT'S WATERWORKS SYSTEM REVENUE BONDS, SERIES 2000A AND \$400,000 OF THE DISTRICT'S WATERWORKS SYSTEM REVENUE BONDS, SERIES 2000B, TO PROVIDE PART OF THE COSTS OF SAID CONSTRUCTION; PROVIDING FOR THE TERMS AND CONDITIONS UPON WHICH SAID BONDS ARE TO BE ISSUED; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE DISTRICT'S WATER SYSTEM SHALL BE OPERATED; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH SAID CONSTRUCTION AND THE ISSUANCE OF SAID BONDS.

WHEREAS, pursuant to Chapters 58, 74 and 96 of the Kentucky Revised Statutes, the Jessamine-South Elkhorn Water District of Jessamine County, Kentucky (the "District") has previously been established as a public body corporate in Jessamine County, Kentucky, and as such, has acquired, constructed, installed and equipped a water distribution system (the "System"); and

WHEREAS, bonds payable from revenues of said System may be issued for the purpose of constructing improvements thereto; and

WHEREAS, on September 3, 1971, the District adopted a bond ordinance (the "Prior Bond Ordinance") authorizing the issuance of \$204,000 principal amount of its Waterworks System Revenue Bonds (the "Prior Bonds") in order to finance construction of the System; and

WHEREAS, as a result of the foregoing and pursuant to the Prior Bond Ordinance, the Prior Bonds have a first lien on the gross revenues of the System; and

WHEREAS, the District has determined it is necessary and desirable to construct additions, extensions and improvements to the System, consisting of 35 miles of water line extensions and two 100,000 gallon standpipes in the Southeastern part of Jessamine County (the "Construction Project"); and

WHEREAS, in order to assist in financing the Construction Project the District is to receive a United States Department of Housing Community Development Block Grant ("CDBG Grant") in the amount of approximately \$999,700 and a contribution in the amount of \$30,000 from the Jessamine County Fiscal Court (the "County's Contribution") to be applied toward the total cost of \$3,433,400 of the Construction Project, but the District will be required to contribute the sum of approximately \$2,403,700 toward said total cost through a cash contribution of \$102,700 (the "District's Contribution") and the issuance of its \$2,301,000 Waterworks System Revenue Bonds, Series 2000, consisting of Series 2000A in the principal amount of \$1,901,000 and Series 2000B in the principal amount of \$400,000 (the "Bonds" or "Series 2000 Bonds") to USDA in the event bids are not received from others for said Bonds on a basis RD considers reasonable; and

WHEREAS, the Series 2000 Bonds are to rank on a parity with the Prior Bonds.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE JESSAMINE-SOUTH ELKHORN WATER DISTRICT, JESSAMINE COUNTY, KENTUCKY, AS FOLLOWS:

SECTION 1. Definitions. As used in this Resolution, unless the context requires otherwise:

"Additional Bonds" means bonds issued in the future payable from the income and revenues of the System which may or may not rank on the basis of parity as to security and source of payment with the Outstanding Bonds and the Series 2000 Bonds.

"Annual Net Revenues" means Gross Revenues less Current Expenses, which expenses shall include salaries, wages, cost of maintenance and operation, cost of water and/or gas purchased, if any, materials and supplies, pumping costs, insurance and all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowances for depreciation.

"Assistance Agreement" means any contract between KIA and the District implementing interim financing for the Construction Project.

"Beginning Month" means the month following the month in which the Construction Project is completed, as certified by the Engineers.

"Board" means the governing body of the District.

"Bond Anticipation Notes" or "Notes" means obligations of the District authorized by the Note Resolution to provide interim construction financing or multiple advances from USDA pending the delivery of the Series 2000 Bonds in the event KRW interim financing is not utilized.

"Bondholder" means the registered owners of the fully registered bonds at the time issued and outstanding hereunder, or any of them.

"Bond Owner," "Holder" and "Person" means the person in whose name a Bond is registered and includes the plural as well as the singular number unless the context shall otherwise indicate.

"Bonds" or "Series 2000 Bonds" means any of the bonds payable from the income and revenues of the System authorized by this Resolution, specifically the \$1,901,000 Jessamine-South Elkhorn Water District Waterworks System Revenue Bonds, Series 2000A and the \$400,000 of the District's Waterworks System Revenue Bonds, Series 2000B.

"CDBG Grant" means the grant in the amount of \$999,700 from the United States Department of Housing and Urban Development to be applied to the Construction Project along with the proceeds of the Series 2000 Bonds, the County's Contribution and the District's Contribution.

"Certified Public Accountant" means an independent certified public accountant or firm of accountants, duly licensed in Kentucky, and may include accountants regularly employed to audit the financial affairs of the System and/or other financial matters of the District.

"Code" means the Internal Revenue Code of 1986, as amended, including any successor provisions thereof and any regulations promulgated thereunder.

"Construction Account" means the Jessamine-South Elkhorn Water District Water System Construction Project Account of 1998 established under the provisions of this Resolution for the purpose of accounting for the disbursements for the Construction Project from the proceeds of the KRW Loan, the Bond Anticipation Notes and/or Series 2000 Bonds, the CDBG Grant and the County's Contribution.

"Construction Project" or "Extension Project" means the construction of the extensions, additions and improvements to the District's System, which construction is being financed in part by the Series 2000 Bonds herein authorized; consisting of 35 miles of water line extensions and two 100,00 gallon standpipes in the Southeastern part of Jessamine County.

"County Contribution" means the sum of \$30,000 to be made available for the Construction Account by the Jessamine County Fiscal Court from funds other than the Series 1998 Bond proceeds, the CDBG Grant or the District's Contribution, which is a condition to the issuance of the Series 2000 Bonds authorized pursuant to this Resolution.

"Current Expenses" means only those items of cost of maintenance and operation which are reasonably anticipated annual operation and maintenance expenses of the System, and shall exclude any unusual items of operation and maintenance expense which are of a generally non-recurring nature, according to the certification of an Independent Consulting Engineer and/or Certified Public Accountant.

"Date of Closing" means the date upon which the Series 2000 Bonds are delivered to the successful purchaser.

"Depository Bank" means the bank which shall serve as the depository of all of the various funds created or referred to in this Resolution, which bank is Citizens National Bank of Jessamine County, Nicholasville, Kentucky.

"District" means the Jessamine-South Elkhorn Water District, Jessamine County, Kentucky.

"District's Contribution" means the sum of \$102,700 to be made available for the Construction Account by the District from funds other than the Series 2000 Bond proceeds, the CDBG Grant or the County's Contribution, which is a condition to the issuance of the Series 2000 Bonds authorized pursuant to this Resolution.

"Engineer" or "Engineers" means the Engineers, or any one of them, who prepared the plans and specifications for the Construction Project and who will supervise the construction thereof, and shall be deemed to refer to the firm of Horne Engineering, Inc., Nicholasville, Kentucky.

"FDIC" means the Federal Deposit Insurance Corporation.

"Fully Registered Bond" shall refer to a single bond or a series of negotiable bonds (subject to the transfer provisions) payable only to the Registered Owner or Owners in substantially the same form set forth as Exhibit A to this Resolution; fully registered as to both principal and interest.

"Gross Revenues" means the gross revenues of the System and includes investment income, connection fees, disconnection fees and all other items of income which have been established as "reasonably anticipated annual income of the System", based upon certification of an Independent Consulting Engineer and/or a Certified Public Accountant.

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

"KIA" means the Kentucky Infrastructure Authority.

"KIA Loan" means the loan from KIA to the district currently outstanding in the principal amount of \$1,514,658.

"KRS" means the Kentucky Revised Statutes.

"KRW" means the Kentucky Rural Water Finance Corporation.

"KRW Loan" means the loan in the amount of \$2,301,000 by KRW to provide the interim financing for the Construction Project.

"Note Resolution" means the Resolution, if any, adopted by the District authorizing the issuance and delivery of the Notes.

"Original Purchaser" means the agency, person, firm or firms to which or to whom the Series 2000 Bonds herein authorized are awarded at the public sale of said Series 2000 Bonds, or their successors and such definition shall include USDA if it is the original purchaser of said Series 2000 Bonds.

"Outstanding Bonds" means the outstanding Prior Bonds, including the Series 2000 Bonds upon their issuance, and any future outstanding Parity Bonds.

"Parity Bonds" means future Additional Bonds ranking on the basis of parity as to security and source of payment with the Prior Bonds and the Series 2000 Bonds.

"Prior Bond Ordinance" means, the Ordinance passed by the District on September 3, 1971 which authorized the Prior Bonds.

"Prior Bonds" means the 1971 Bonds.

"Registered Owner" means the person in whose name a Series 1998 Bond is registered on the books of the District.

"Required Bond Reserve" means the amount required to be maintained, accumulated, reaccumulated and/or restored in the Bond Reserve Account created by the Prior Bond Ordinance and hereinafter continued, which amount is an amount equal to \$12,000.

"Series 2000A Bonds" means the \$1,901,000 Jessamine-South Elkhorn Water District Waterworks System Revenue Bonds, Series 2000A.

"Series 2000B Bonds" means the \$400,000 Jessamine-South Elkhorn Water District Waterworks System Revenue Bonds, Series 2000B.

"Resolution" or Series 2000 Bond Resolution" means this Resolution authorizing the Series 2000 Bonds.

"System" means the water system of the District which shall include the Construction Project.

"USDA" means the Department of Agriculture of the United States of America, Rural Development.

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

Capitalized terms utilized in this Resolution and not specifically defined herein shall have the meanings ascribed to such terms in the Prior Bond Ordinance.

SECTION 2. Ratification of Water System as Public Project. The water system of the District as the same now exists and as the same shall be modified, extended and improved, including the Construction Project, having heretofore been created as a single revenue producing public project or system (the "System"); said System is hereby ratified and affirmed, and so long as any of the District's, Series 2000 Bonds authorized hereunder, the Outstanding Bonds, or any Additional Bonds shall remain outstanding, said System shall be owned, controlled, operated and maintained on a revenue producing basis as a water System for the security and source of payment of the Outstanding Bonds and the Series 2000 Bonds and any Additional Bonds. All of the streets, alleys and rights-of-way within the jurisdiction of the District are hereby to the extent required, dedicated to the use of said System.

SECTION 3. Construction of Extensions, Additions and Improvements; Declaration of Period of Usefulness. The District shall construct the extensions, additions and improvements referred to herein as the Construction Project which is generally described in the plans, specifications and report prepared by the Engineers now on file with the District, and shall operate said System as a revenue-producing project under the provisions of the Constitution of Kentucky and Chapters 74 and 96 of Kentucky Revised Statutes.

The District hereby declares that the period of usefulness of the entire System is more than forty (40) years from the date of completion of the "Construction Project."

SECTION 4. Authorization of Series 2000 Bonds. It has been heretofore determined by the District that the total cost of the construction of the extensions, additions and improvements to

the System including preliminary expenses, land and rights-of-way, engineering expense, interest during construction, legal and administrative expense, publication costs and all necessary and incidental expenses thereto will not exceed approximately \$3,433,400, and after deducting \$999,700 representing the CDBG Grant, and \$30,000 representing the County's Contribution, and \$102,700 representing the District's Contribution, it is necessary that the District authorize and issue \$1,901,000 of Waterworks System Revenue Bonds, Series 2000A and \$400,000 of Waterworks System Revenue Bonds, Series 2000B, for the purpose of financing the costs (not otherwise provided) of the aforesaid extensions, additions and improvements under the provisions of §§ 96.350 through 96.510 of Kentucky Revised Statutes. There are hereby specifically authorized to be issued and sold One Million Nine Hundred One Thousand Dollars (\$1,901,000) principal amount of Jessamine-South Elkhorn Water District Waterworks System Revenue Bonds, Series 2000A and Four Hundred Thousand Dollars (\$400,000) principal amount of Jessamine-South Elkhorn Water District Waterworks System Revenue Bonds, Series 2000B. All of said Series 2000 Bonds shall be dated as of the date of delivery to the purchaser thereof, and shall bear interest from such date at a rate or rates as may be fixed by resolution or executive order as a result of the advertised sale and competitive bidding for said Series 2000 Bonds, as hereinafter provided, and shall be issued and delivered only according to the "Form of Fully Registered Bond," as hereinafter prescribed.

Interest shall be payable semi-annually on January 1 and July 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Series 2000 Bonds to the ensuing January 1 or July 1, whichever is earlier.

Said Series 2000 Bonds shall mature as to principal on January 1 of each of the respective years set forth below. The Registered Owners of said Series 2000 Bonds shall have the right to elect that such Series 2000 Bonds be issued in denominations up to \$2,301,000, in multiples of \$100 consistent with the schedule of principal maturities as follows:

SCHEDULE OF PRINCIPAL MATURITIES, SERIES 2000A BONDS

Maturity Date January 1	Principal Maturity Series 2000A Bonds	Maturity Date January 1	Principal Maturity Series 2000A Bonds
2002	\$17,000	2021	\$44,000
2003	17,000	2022	46,000
2004	19,000	2023	49,000
2005	19,000	2024	51,000
2006	21,000	2025	54,000
2007	21,000	2026	57,000
2008	23,000	2027	60,000
2009	24,000	2028	63,000
2010	25,000	2029	66,000
2011	26,000	2030	70,000
2012	28,000	2031	73,000
2013	29,000	2032	78,000
2014	31,000	2033	81,000
2015	32,000	2034	86,000
2016	34,000	2035	90,000
2017	36,000	2036	95,000
2018	38,000	2037	100,000
2019	40,000	2038	105,000
2020	42,000	2039	111,000

SCHEDULE OF PRINCIPAL MATURITIES, SERIES 2000B BONDS

Maturity Date January 1	Principal Maturity Series 2000B Bonds	Maturity Date January 1	Principal Maturity Series 2000B Bonds
2002	\$3,500	2021	\$9,000
2003	4,000	2022	10,000
2004	4,000	2023	10,000
2005	4,000	2024	11,000
2006	4,500	2025	11,000
2007	4,500	2026	12,000
2008	5,000	2027	12,500
2009	5,000	2028	13,000
2010	5,500	2029	14,000
2011	5,500	2030	14,500
2012	6,000	2031	15,500
2013	6,000	2032	16,000
2014	6,500	2033	17,000
2015	7,000	2034	17,500
2016	7,000	2035	19,000
2017	7,500	2036	20,000
2018	8,000	2037	21,000
2019	8,500	2038	22,500
2020	9,000	2039	23,500

SECTION 5. Provisions for Prepayment of Principal. Principal installments due on the Series 2000 Bonds on or after January 1, 2011 shall be subject to prepayment, in whole or in part, on January 1, 2010 and on any interest payment date thereafter, in multiples of \$1000 in inverse chronological order of installments, upon terms of the principal amount to be prepaid, plus accrued interest to the date of prepayment but without prepayment penalty.

In the event the District elects to prepay less than all of the Series 2000 Bonds, it shall exchange with the Registered Owner at the expense of the District a new Series 2000 Bond or Series 2000 Bonds representing the correct unpaid principal balance following the partial prepayment. Notwithstanding the foregoing, in the event USDA is the Registered Owner of Series 2000 Bonds, the District shall have the right to make prepayments of principal on any interest payment date without premium and the District shall not be required to exchange its new Series 2000 Bonds as indicated in the preceding sentence.

Notice of prepayment shall be given by regular United States mail to the Registered Owner of the Series 2000 Bonds to be prepaid not less than thirty (30) days prior to the date fixed for prepayment.

All principal payments as to which the District exercises the right of redemption and as to which notice shall have been given, and for the prepayment of which, upon the terms aforesaid, funds are duly provided, shall cease to bear interest on the redemption date so designated.

Notwithstanding any of the foregoing provisions as to prepayment, Series 2000 Bonds may be redeemed at any time from the proceeds of said Series 2000 Bonds remaining unused at the time the Construction Project is complete upon thirty (30) days written notice to the Registered Owner.

SECTION 6. Series 2000 Bonds Payable from System Revenues; Parity with Prior Bonds. Pursuant to Section 12 (B) of the Prior Bond Ordinance, the Series 2000 Bonds hereby authorized to be issued shall rank on a parity with the Prior Bonds. All of said Series 2000 Bonds and all Prior Bonds, together with the interest thereon, shall be payable solely and only out of the "Bond Account" (the "Bond Account"), established under the provisions of the Prior Bond Ordinance authorizing the Prior Bonds, and shall be a valid claim of the registered owners thereof only against such Bond Account and the System revenues pledged thereto in accordance with the provisions of Chapter 96 of Kentucky Revised Statutes.

SECTION 7. Form of Fully Registered Bonds; Execution Authorized. Said Fully Registered Bonds referred to herein shall be in substantially the same form as set forth in Exhibit A to this Resolution, with appropriate insertions, omissions and variations consistent with or as provided or permitted by this Resolution. The Fully Registered Bonds shall be of a type and composition, shall be on paper of sufficient weight and strength to prevent deterioration until the last principal installment due thereon and shall conform in size to standard bond practices.

The Fully Registered Bonds shall be executed by the manual or facsimile signature of the Chairman of the Board, impressed with the corporate seal of the District or a facsimile thereof and attested by the manual or facsimile signature of the Secretary of the Board.

The Registered Owner of any Fully Registered Bonds shall have the right, upon written request to the District and within ninety (90) days following such request, at the expense of the Registered Owner, to exchange Fully Registered Bonds for other Fully Registered Bonds in denominations selected by the Registered Owner in multiples of \$1000 consistent with the schedule of principal maturities of said Series 2000 Bonds. New Bonds shall be so issued and substituted only for and upon surrender to the District of the corresponding Series 2000 Bonds so exchanged which shall then be immediately canceled by the Treasurer of the District.

SECTION 8. Interim Financing; Bond Anticipation Notes; KRW Interim Loan. The District and USDA have entered into a loan resolution ("Loan Resolution") whereby USDA has agreed to purchase the Series 2000 Bonds herein authorized in the event the District is unable to sell said Series 2000 Bonds (or obtain credit elsewhere) at reasonable rates and terms, taking into consideration prevailing, private and corporate rates and terms in the community in accordance with USDA Regulations. In order to facilitate the completion of the Construction Project, if necessary, pending the issuance and delivery of the Series 2000 Bonds herein authorized, there are hereby authorized to be executed and delivered for the purpose of providing funds for the expenses of the Construction Project incurred in the interim period from the date of the sale of said Series 2000 Bonds until the issuance and delivery of the Series 2000 Bonds, Jessamine-South Elkhorn Water District Waterworks System Revenue Bond Anticipation Notes in the aggregate principal amount of \$2,301,000.

The procedure for the execution of said Bond Anticipation Notes and the disbursement of the proceeds thereof shall be strictly in accordance with the terms of this Resolution, an appropriate Note Resolution and the provisions of §§96.350 through 96.510, inclusive, of the KRS.

There is hereby created a special and separate account of the District which shall be designated as the "Jessamine-South Elkhorn Water District Waterworks System Construction Project Account of 1999" (hereinafter sometimes referred to as the "Construction Account"). Said Construction Account shall be established with the Depository Bank and any deposit in said

Construction Account in excess of FDIC insurance coverage shall be secured by the Depository Bank in accordance with U.S. Treasury Department Circular No. 176 by a pledge of collateral with a Federal Reserve Bank. Pending the issuance and delivery of the Series 2000 Bonds all monies received in connection with the Construction Project from the CDBG Grant, the County's Contribution, the District's Contribution and the proceeds of any Bond Anticipation Notes shall be deposited in said Construction Account and shall be applied to meet the costs incident to said Construction Project pending the delivery of the Series 2000 Bonds.

Upon the execution of the Bond Anticipation Notes, if any, same shall be delivered to the purchaser thereof, whether said purchaser be a bank or USDA, and the proceeds received therefrom shall be deposited in the Construction Account and disbursed from said Construction Account in accordance with the terms of this Resolution and the appropriate Note Resolution

All requests for disbursements from the Construction Account shall be accompanied by one or more vouchers (Partial Payment Estimates in a form satisfactory to USDA) executed by a representative of the Engineers in charge of said Construction Project certifying that the amount requested represents a sum actually earned by and due to contractors under a contract with the District for work performed or for materials furnished to the District in connection with said Construction Project. Each such voucher shall likewise be countersigned by the District Treasurer and approved by the duly authorized representative of USDA. To the extent a requested disbursement from said Construction Account shall be for items not relating to construction contracts, a voucher (in a form satisfactory to USDA) for such disbursement signed only by the District Treasurer and approved by the duly authorized representative of USDA shall be submitted stating that the requested advance represents an expenditure which may be properly made under the terms of the USDA Loan Resolution and is eligible for payment by the District from the proceeds of the Series 2000 Bonds herein authorized.

Disbursements from the Construction Account shall be made by check signed by the District Treasurer countersigned by the duly authorized representative of USDA and shall be made only upon the District Treasurer's receipt of such voucher.

The position of District Treasurer (or those officials of the District charged with the responsibilities for the Funds herein established) shall be covered by a fidelity bond (a "Fidelity Bond") in the amount of not less than \$144,000 with a surety company approved by USDA; the District and the United States Department of Agriculture - Rural Development shall be named obligees in such Bond, and the amount thereof shall not be reduced without the written consent of USDA. Should the aggregate total of the deposits in the various accounts authorized to be maintained under the provisions of this Resolution equal more than \$144,000 at any one time during the year, the Fidelity Bond of the District Treasurer will be increased to cover the larger amount so accumulated and if USDA so requests, a special fidelity bond shall be written to cover the Construction Account.

Bond Anticipation Notes, if any, issued pursuant to the authority of this Resolution shall be in substantially the same form as the Bond Anticipation Note attached to and made a part of this Resolution and marked for identification as Exhibit B. The Bond Anticipation Notes shall be issued sold and delivered in accordance with the provisions of the provisions of §§ 96.350 through 96.510, inclusive, of the KRS.

The Bond Anticipation Notes herein authorized to be issued shall be dated as of the date of the execution thereof and shall bear interest payable at maturity. The principal maturity date for all of said Bond Anticipation Notes shall be on or before two (2) years from the date this Resolution is adopted. All of said Bond Anticipation Notes shall be subject to payment prior to their stated maturity without penalty or premium, at any time upon ten (10) days' written notice of such prior redemption to the registered holder thereof.

The Bond Anticipation Notes herein authorized shall be payable solely from and secured by a first pledge or the proceeds derived from the issuance of the Series 2000 Bonds herein authorized, or the proceeds of other interim financing loans made in anticipation of the issuance of the Series 2000 Bonds.

The authorization herein contained with respect to the \$2,301,000 aggregate principal amount of Bond Anticipation Notes includes the execution of renewal notes in evidence of the renewal and extension of Bond Anticipation Notes becoming due, providing the aggregate of the principal amount of all such Bond Anticipation Notes outstanding and payable shall not exceed \$2,301,000 and providing the Bond Anticipation Note which is renewed or superseded is simultaneously canceled and transmitted to the District. The maximum aggregate principal amount of Bond Anticipation Notes permitted by this Resolution shall include the interest on said Bond Anticipation Notes.

Notwithstanding anything contained in this Resolution to the contrary, the District covenants that no Bond Anticipation Notes shall be issued and delivered unless and until the Bonds have been sold at public sale in accordance with law.

Notwithstanding the foregoing procedure for the issuance of Bond Anticipation Notes and as an alternative procedure, upon a determination that it is in the best interest of District, the District may obtain interim financing (the "KRW Loan") from the Kentucky Rural Water Finance Corporation ("KRW"). In the event of the utilization of KRW, the Chairman and Secretary are hereby authorized to execute a Loan Agreement and/or other necessary documents to provide up to \$2,301,000 or such lesser amount as the District may determine necessary for interim financing. The KRW Loan proceeds shall be deposited to the Construction Account herein established and disbursed in accordance with the provisions of this Section 8. The Estimate of Funds Needed shall be periodically submitted to the Trustee for KRW to effect transfers to the District's Construction Account and thereafter disbursed in accordance with the procedure for Partial Payment Estimates under vouchers contemplated by this Section.

The District further covenants simultaneously with the issuance and delivery of the Series 2000 Bonds to the successful purchaser, that all amounts due, owing and unpaid on the Bond Anticipation Notes or KRW Loan hereunder authorized shall be repaid at said time of delivery, including principal and interest.

In the event there may from time to time be on deposit in said Construction Account funds which are not immediately needed for the payment of construction costs, same may be invested, but only in the manner permitted by USDA, the Kentucky Revised Statutes and the District's investment policy (the "Investment Policy"); provided, however, that no deposit in said Construction Account or any other fund provided for hereunder shall be used or invested in any manner which would cause the Bonds to become arbitrage bonds within the meaning of § 148 of the Internal Revenue Code of 1986, as amended, (the "Code") or any regulations of the U.S. Treasury

Department interpreting same; provided, however, that the District by the adoption of this Resolution, covenants and agrees that it will not issue in excess of \$5,000,000 of its tax-exempt debt obligations during the calendar year in which the Series 2000 Bonds are delivered and hereby designates the Series 2000 Bonds as "qualified tax exempt obligations" pursuant to Code § 265(b)(3). The District has been advised by Bond Counsel that by virtue of such covenant, the proceeds of the Series 2000 Bonds are exempt from certain restrictions imposed by said Code, including, but not being limited to, the rebate requirements of the Code.

Subsequent to the delivery of the Series 2000 Bonds and the payment in full of the Bond Anticipation Notes or KRW Loan, upon certification by the Engineers that the Construction Project is complete in accordance with the plans and specifications and all items of expense have been paid, the balance, if any, remaining in said Construction Account shall be transferred to the Bond Fund and said Construction Account shall be closed.

SECTION 9. Delivery of the Series 2000 Bonds; Payment of Bond Anticipation Notes or KRW Loan; Disbursement of Series 1998 Bond Proceeds. Upon the delivery of the Series 2000 Bonds herein authorized, the following distribution of the proceeds of said Series 2000 Bonds shall be made simultaneously with said delivery and receipt of payment (the "Date of Closing"),

(A) Simultaneously with the delivery of the Series 2000 Bonds, all amounts due and owing by the District on interim construction loans evidenced by the Bond Anticipation Notes or KRW Loan, including principal and interest, shall be paid in full and the Bond Anticipation Notes or KRW Loan shall be canceled.

(B) After observing the priority of the disbursement set forth in subparagraph (A) above, and simultaneously with the delivery of the Series 2000 Bonds, the balance of the proceeds of said Series 2000 Bonds remaining shall be transferred to the Construction Account established by Section 8 of this Resolution.

SECTION 10. Disposition of System Revenues. From and after the delivery of any of the Series 2000 Bonds authorized under the provisions of this Resolution, the System shall be operated on a fiscal year basis and on that basis the Gross Revenues derived directly or indirectly from the operation of said System shall be deposited promptly and as received first to the credit of a separate and special account or fund known as the "Waterworks Revenue Fund" (the "Revenue Fund"), established by the Prior Bond Ordinance authorizing the Prior Bonds. Such Revenue Fund shall be held separate and apart from all other funds of the District and shall be maintained so long as any of the Outstanding Bonds or the Series 2000 Bonds are outstanding and payment is not provided therefore. The monies so deposited in such Revenue Fund shall be expended only in the manner and order as follows:

(A) Bond Account. A separate and special fund or account of the District designated "Bond Account" (the "Bond Account"), was created by the Prior Bond Ordinance, and the same shall continue to be maintained as long as the Prior Bonds, the Series 2000 Bonds and any additional Parity Bonds are outstanding and there shall be transferred on or before the first day of each month from the Revenue Fund the amounts hereinafter specified to pay the interest on and principal of the Outstanding Bonds. The amounts to be so set aside and paid into the Bond Account in each month, in equal installments, shall be amounts sufficient to pay the annual debt service requirements of the Outstanding Bonds, as same fall due, as follows:

(1) An amount equal to one-sixth (1/6) of the interest due on the Outstanding Bonds on the next succeeding interest due date, but subject to a credit for the amount of accrued interest collected on the Series 2000 Bonds and deposited in the Bond Account;

(2) An amount equal to one-twelfth (1/12) of the principal amount of all Outstanding Bonds coming due on the next succeeding January 1; plus

(3) If, whenever, and so long as an amount equal to the Required Bond Reserve shall not have been accumulated and/or is not being maintained, an additional amount shall be deposited each month into the Bond Reserve Account equal to 1/60 of the additional amount required to be accumulated in the Bond Reserve Account, until such total Required Bond Reserve shall have been accumulated, after which such additional deposits may be discontinued, subject to resumption, if, whenever and so long as same shall be reduced below the Required Bond Reserve.

Notwithstanding the foregoing and subject to the consent of the holders of 100% of the outstanding principal amount of the Prior Bonds, as long as any of the Series 2000 Bonds are held by the USDA, the District shall, if requested by USDA, make payments of amounts equal to the total of (1) and (2) of Section 10 (A) above, being the total of the monthly principal and interest requirements on the Series 2000 Bonds, in monthly payments directly to USDA.

As and when additional Parity Bonds are issued, provision shall be made for additional payments into the Bond Account to pay the interest on and the principal of such additional Parity Bonds as and when the same become due and to increase the Required Bond Reserve as provided in subsection (B) below.

The Bond Account is hereby pledged for the payment of the interest on and principal of the Outstanding Bonds and is subject to a first lien and charge in favor of the holders of the Outstanding Bonds.

No further payments need be made into the Bond Account (a) whenever and so long as such amount of the Outstanding Bonds shall have been retired that the amounts then held in the Bond Account (and in the Debt Service Reserve Fund) 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 of the Outstanding Bonds, or (b) whenever the Outstanding Bonds shall have been defeased.

Such payments into the Bond Account shall be made in equal monthly installments on or before the first day of each month, except that when the first day of any month shall be on a Sunday or legal holiday, then such payments shall be made on the next succeeding secular or business day.

If the District for any reason shall fail to make any monthly deposits as required, then an amount equal to the deficiency shall be set aside and deposited into the Bond Account (or the Bond Reserve Account) out of the first available revenues in the ensuing month or months, which amount shall be in addition to the monthly deposit(s) otherwise required during such succeeding month or months.

(B) Bond Reserve Account. A separate and special fund or account of the District designated "Bond Reserve Account" (the "Bond Reserve Account") was created in the Prior Bond Ordinance. Upon the issuance of the Series 2000 Bonds, there shall be deposited monthly on or before the first day of each month in the Bond Reserve Account an amount equal to 1/60 of the

additional amount required to be accumulated therein until the Required Bond Reserve has been fully funded. Amounts on deposit in the Bond Reserve Account may be withdrawn and used by the District, when necessary, and shall be so withdrawn and used, if and to the extent necessary to prevent the occurrence of default (as defined in the Prior Bond Ordinances), for the purpose of making payments of principal of and interest on the Outstanding Bonds if the amount on deposit in the Bond Account is not sufficient to make such payments; provided, however, that in the event of any such withdrawal, the District shall restore such deficiency through the deposit into the Bond Reserve Account in each month thereafter, of an amount equal to 1/60 of the additional amount required to be accumulated in the Bond Reserve Account, until the Required Bond Reserve shall have been restored.

As and when additional Parity Bonds are issued, provision shall be made for accumulating or funding the Required Bond Reserve in the Bond Reserve Account, subject to any limitations or restrictions as may be contained in Sections 103 (b) (2) and 148 of the Code in order that none of the Outstanding Bonds shall be deemed to be "arbitrage bonds" and for correspondingly increasing the respective amounts referred to in all related covenants, and such Required Bond Reserve shall be similarly maintained and restored when necessary, in the manner specified above. No deposits shall be made in the Bond Reserve Account which would cause any of the Outstanding Bonds to become "arbitrage bonds".

(C) Depreciation Account. A separate and special fund or account of the District was created under the Prior Bond Ordinance, which fund was designated "Depreciation Account" (the "Depreciation Account"), which Depreciation Account is hereby ratified, confirmed, and ordered to be continued so long as any of the Prior Bonds are outstanding. The Prior Bond Ordinance required, and it is hereby required, that following the required transfers set forth in Sections 10 (A) and (B) above, there shall be set aside and deposited in the Depreciation Account the sum of \$1,190.00 per month for each month that any of the Series 2000 Bonds remain Outstanding. Such monthly payments are to commence in the month immediately succeeding the month in which the Construction Project becomes operational and are in addition to the amount required by the Prior Bond Ordinance to maintained in such Account.

Funds in the Depreciation Account may be withdrawn and used upon appropriate certification by a duly authorized official of the District authorized to make such certification, for the purpose of making good any depreciation in the System, including making unusual or extraordinary maintenance, repairs, renewals and/or replacements to the System not included in the Annual Budget of Current Expenses, 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.

If the combined available balances in the Bond Account and the Bond Reserve Account on any June 20 or December 20 shall be insufficient to pay the next maturing installment of interest and/or principal of the Outstanding Bonds, the District shall withdraw and transfer from the Depreciation Account to the Bond Account whatever amount may be required to eliminate the deficiency in the Bond Account and to avoid a default, provided that any such withdrawals shall be promptly restored to the Depreciation Account through the deposit from the Revenue Fund in each month into the Depreciation Fund of an amount equal to 1/60 of the amount required to be restored to the Depreciation Account in addition to the required monthly deposit (but in any event not less than the amount of \$1,190.00 per month), until the Depreciation Account balance has been restored.

It is not reasonably anticipated that any amounts in the Depreciation Account will be used to pay debt service on any Outstanding Bonds.

In addition to the monthly transfers to said Depreciation Account, there shall be deposited in the Depreciation Account the proceeds from any property damage insurance not immediately used to replace the damaged or destroyed property, and such proceeds shall be used only for the purposes for which the Depreciation Account is established.

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

All funds on deposit in the Depreciation Account shall be kept separate and apart from all other municipal funds and shall be deposited, secured and /or invested in the manner provided on paragraph (F) of this Section 10.

(D) Operation and Maintenance Account. A special and separate fund of the District was heretofore created by the 1979 Bond Ordinance, distinct and apart from all other funds and accounts of the District, designated and identified as the "Operation and Maintenance Account" (the "Operation and Maintenance Account"), and same is hereby ratified and continued for the benefit of the System and any or all bonds payable from the income and revenues of the System. So long as any Prior Bonds, Series 2000 Bonds or any Parity Bonds remain outstanding and unpaid, there shall continue to be deposited monthly into the Operation and Maintenance Account, from moneys remaining in the Revenue Account, after making the transfers required by Subsections (A), (B) and (C) above of this Section 10 (which are cumulative), an amount which will be sufficient to pay the reasonable current expenses of the System, in order to pay, as they accrue, the proper and necessary costs of operating, maintaining and insuring the System, pursuant to the Annual Budget, for which provision is hereinafter made, and to accumulate and maintain in the Operation and Maintenance Account an amount sufficient to pay all costs of operating, maintaining and insuring the System for one full month. Subject to the foregoing requirements, all costs of operating, maintaining and insuring the System shall be paid from the operation and Maintenance Account.

All funds on deposit in the Operation and Maintenance Account shall be kept separate and apart from all other municipal funds and shall be deposited, secured and /or invested in the manner provided on paragraph (F) of this Section 10.

Whenever there shall have been accumulated in the operation and Maintenance Account an amount equal to one month's average requirements for operation and maintenance (as certified by the engineer in charge of operating and maintaining the System), the surplus over and above such amount shall be transferred by the District either to the Bond Account, the Bond Reserve Account or the Depreciation Account.

(E) Surplus Account. Subject to the provisions for the disposition of the income and revenues of the System set forth in Subsections (A), (B), (C) and (D) of this Section 10, which

provisions are cumulative and the maintenance of the required minimum balances in said Accounts any excess funds remaining in the Revenue Fund within sixty days after the end of each fiscal year, shall be (i) transferred to the Bond Reserve Account to the extent necessary to restore the Bond Reserve Requirement, subject however to the limitations set out in Section 10(B) hereof, (ii) transferred to the Depreciation Account to the extent necessary to restore or accumulate therein the amount required by Section 10(C) hereof, (iii) transferred to the Operation and Maintenance Account to the extent necessary to accumulate or restore the total amount required to be deposited in the Operation and Maintenance Account, which is an amount sufficient to pay all costs of operating, maintaining and insuring the System for one full month.

Any balance remaining in the Revenue Fund at the end of any fiscal year, after all the required reserves shall have been fully funded and are being maintained, and after there are being maintained sufficient funds to meet all current requirements for payments to be made from the Revenue Fund, may be used as determined by the District Board as follows: (i) to retire or redeem Outstanding Bonds, to purchase Outstanding Bonds in the open market, or to purchase Outstanding Bonds through advertisement for and receipt of tenders of Outstanding Bonds, at not exceeding the next applicable call price, as may be determined by the District Board; (ii) to pay current and/or future principal and interest requirements of any outstanding junior and subordinate obligations payable from the System, or any part thereof; and/or (iii) to transfer any portion of such surplus to the Depreciation Account.

(F) Investment of Funds. All moneys held in any of the above special funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, as defined herein, in conformity with KRS 66.480 having a market value (exclusive of accrued interest) equivalent to such deposit as aforesaid and having a maturity date or being subject to redemption at the option of the holder thereof not more than ten years from the date of investment therein. Investments in Certificates of Time Deposit may be made only if a separate USDA Form 402-4 Agreement is executed, if USDA has purchased the Series 2000 Bonds and as long as the USDA is the Registered Owner of the Series 2000 Bonds. Any such investments will be a part of the fund from which the proceeds invested are derived, and income from such investments will be credited to the applicable fund.

The District covenants to the original purchaser of the Series 2000 Bonds herein authorized that it will make no use of the proceeds of such issue of Series 2000 Bonds at any time during the term thereof which, if such use had been reasonably expected on the date of issue of such Series 2000 Bonds, would have caused such Series 2000 Bonds to be "arbitrage bonds". Such covenant shall impose an obligation upon the District to comply with the requirements of § 148 of the Code.

The District Treasurer shall be responsible for all of the various special funds established by this Resolution and shall at all times be covered by a Fidelity Bond in accordance with the provisions of this Resolution.

Notwithstanding anything contained in this Resolution to the contrary, the District understands and agrees that if at any time it shall appear to USDA that the District is able to refinance, in whole or in part, any of its debt obligations represented by the Series 2000 Bonds, by obtaining loans from commercial sources at reasonable rates and terms, USDA shall have the right to request

that the District proceed to implement such refinancing within a reasonable time in order to pay and retire all or part of the Series 2000 Bonds then held by USDA.

SECTION 11. Additional Parity Bonds; Inferior Bonds. Except as provided below, no other bonds or other obligations shall be issued by the District and made payable from the income and revenues of the System unless the pledge of revenues for the same is expressly made subordinate and inferior to the lien and pledge herein created for the Outstanding Bonds and any additional Parity Bonds; provided, however, the District hereby reserves the right and privilege of issuing Additional Bonds, from time to time, payable from the revenues of the System, ranking on a basis of equality and parity as to security and source of payment with the Outstanding Bonds, for the following purposes and subject to the following conditions and restrictions:

(A) The District covenants and agrees that in the event the costs of Construction Project, together with incidental expenses, shall exceed the cost upon which the dollar amount of Series 2000 Bonds herein authorized has been computed, it shall pay the amount of such excess out of funds available to it for such purpose. The District may provide such excess (but only such excess) through the issuance of Parity Bonds ranking on a parity with the Outstanding Bonds, provided that it has obtained (i) the consent of USDA, (ii) if any Outstanding Bonds are owned by persons other than USDA, the consent of the holders of two-thirds in principal amount of the Outstanding Bonds so held, and (iii) a written statement from an Independent Consulting Engineer explaining the reason for the deficiency and recommending the issuance of the additional parity bonds in the amount proposed.

(B) The District shall have the right to add new System facilities and related auxiliary facilities by the issuance of one or more Parity Bonds to be secured by a parity lien on and ratably payable from the revenues and any other security pledged to the Outstanding Bonds, provided in each instance that:

(i) the facility or facilities to be built from the proceeds of the additional Parity Bonds is or are made a part of the System and its or their revenues are pledged as additional security for the Parity Bonds and the Outstanding Bonds;

(ii) the District is in compliance with all covenants and undertakings in connection with all of its bonds and other obligations then outstanding and payable from the income and revenues of the System or any part thereof; and

(iii) there shall have been procured and filed with the Treasurer of the District a statement by a Certified Public Accountant reciting the opinion based upon necessary investigation that the Annual Net Revenues of the System for the fiscal year next preceding the year of issuance of the Parity Bonds (with adjustments as hereinafter provided) were at least equal to at least one and twenty hundredths (1.20) times the average annual requirements falling due in any year thereafter for both principal and interest on the Outstanding Bonds and on the Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements for principal of and interest on the Parity Bonds proposed to be issued shall, regardless of whether any such Parity Bonds are to be "term bonds" or "serial bonds" be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(iv) Such Annual Net Revenues may be adjusted for the purpose of the foregoing computations to reflect (i) any revision in the schedule of rates and charges being actually imposed and billed by the District at the time of issuance of such Parity Bonds and (ii) any increase in such Annual Net Revenues to be derived from the extensions, additions and/or improvements to the System being financed (in whole or in part) by such additional Parity Bonds; provided such latter adjustment shall be made only if contracts for the immediate acquisition and/or construction of such extensions, additions and/or improvements have been or will have been entered into (secured by 100% performance bond) prior to the issuance of such additional Parity Bonds.

(v) The interest payment dates for all such additional Parity Bonds shall be semi-annually and the principal maturities thereof shall be on the first day of the same month in which a semiannual payment of interest is scheduled to mature, such payment dates not necessarily being the same dates for the payment of interest on and the principal of the Outstanding Bonds.

(C) The District further reserves the right to issue one or more additional series of Parity Bonds to be secured by a parity lien on and payable from the revenues of the System, for the purpose of refunding or refinancing any or all of the Outstanding Bonds, provided that prior to the issuance of such additional Parity Bonds for such purpose there shall have been procured and filed with the Treasurer of the District a statement by a Certified Public Accountant reciting the opinion based upon necessary investigation that:

(i) after the issuance of such Parity Bonds, the annual Annual Net Revenues of the System, as adjusted and defined above, for the fiscal year preceding the date of issuance of such Parity Bonds, after taking into account the debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the bonds being refunded or refinanced thereby, are equal to at least one and twenty hundredths (1.20) times the average annual debt service requirements falling due in any year thereafter for both principal and interest on the Outstanding Bonds, calculated in the manner specified above; or

(ii) In the alternative, that the debt service requirements of the Outstanding Bonds, and for the proposed Parity Bonds to be issued, in any year of maturities thereof after the redemption of the Outstanding Bonds scheduled to be refunded through the issuance of such Parity Bonds, shall not exceed the scheduled debt service requirements applicable to the then Outstanding Bonds for any corresponding year prior to the issuance of such proposed Parity Bonds and the scheduled redemption and/or defeasance of the Outstanding Bonds to be refunded.

(D) The Additional Bonds ranking on a parity with the Outstanding Bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this Section, shall be understood to mean Additional Bonds payable from the revenues of the System on a basis of equality and parity with the Outstanding Bonds specifically authorized by the Prior Bond Ordinance and this Resolution, and shall not be deemed to include other bonds or obligations, the security and source of payment of which are subordinate and subject to the priority of the Outstanding Bonds and additional Parity Bonds ranking in a parity with the Series 2000 Bonds herein authorized to be issued. The District expressly reserves the right to issue its bonds or other obligations payable from the revenues herein pledged, and not ranking on a basis of equality

and parity with the Outstanding Bonds and additional Parity Bonds herein otherwise referred to, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for additions or extensions or improvements of the System, and only if the same are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment, and protection of the said Outstanding Bonds and additional Parity Bonds herein authorized and permitted to be issued. Provided, however, that nothing in this Section is extended or shall be construed as a restriction upon the ordinary refunding of the Outstanding Bonds or additional Parity Bonds which may have been issued and are outstanding under any of the provisions of this Resolution, if such refunding does not operate to increase, in any year until the final maturity of the refunding bonds, the aggregate of the principal and interest requirements of the bonds to remain outstanding and the bonds proposed to be refunded.

SECTION 12. General Covenants of the District. The District, through adoption of this Resolution, hereby irrevocably covenants and agrees with the Registered Owners of any and all Series 2000 Bonds, so long as the same or any part thereof remain outstanding and unpaid:

(A) It will faithfully and punctually perform all duties with reference to said System required by the Constitution and laws of the Commonwealth of Kentucky and by the terms and provisions of this Resolution.

(B) It will at all times operate said System on a revenue-producing basis and will permit no free services to be rendered or afforded thereby to any person, firm or corporation, including the District.

(C) It will maintain the said 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 Account.

(D) It will not sell, mortgage, pledge, lease or in any manner dispose of the said System, or any extensions, improvements or additions which may be made thereto, or the revenues thereof, except that if the District shall determine by resolution or ordinance that any identified properties of the System are worn out, obsolete or otherwise no longer useful and needed, the same may be sold or exchanged, subject, so long as the Series 2000 Bonds remain outstanding, to the requirements of the Prior Bond Ordinance.

(E) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by said System, and the same shall be reasonable and just, taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all Outstanding Bonds and the Series 2000 Bonds herein authorized, and the accruing interest thereon and the accumulation of reserves as herein provided, and such rates and charges shall be adequate to meet all such requirements as provided in this Resolution and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the issuance of the Series 2000 Bonds, the District will adopt a budget of Current Expenses for the System for the remainder of the current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any bonds are outstanding it will

adopt an Annual Budget of Current Expenses for the ensuing fiscal year and will file a copy of each such Budget and of any amendments thereto in the office of the District and furnish copies thereof to the holder of any Bond upon request. The term "Current Expenses," as used herein, includes all reasonable and necessary costs of operating, repairing, maintaining and insuring the System, but shall exclude any allowance for depreciation, payments into the Depreciation Account for extensions, improvements and extraordinary repairs and maintenance and payments into the Bond Account. The District covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that it will not expend any amount or incur any obligations for operation, maintenance, and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon order duly adopted by the governing body of the District determining that such expenses are necessary in order to operate and maintain the System. At the same time and in like manner the District agrees that it will prepare an estimate of gross revenues to be derived from operation of the System for each fiscal year and, to the extent that said gross revenues are insufficient to provide for all payments required to be made under Section 10 hereof during such ensuing fiscal year, it will revise its rates and charges for services rendered by the System so that the same will be adequate to meet all of such requirements.

(F) It will maintain the rates and charges for the services furnished by such System which are in effect at the time of the sale of the Series 2000 Bonds herein authorized which shall not be reduced unless there shall first be filed with the Treasurer of the District a certification of an Independent Consulting Engineer to the effect that the Annual Net Revenues 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 average annual debt service requirements for principal of and interest on all Outstanding Bonds in any year thereafter, calculated in the manner specified in Section 11 hereto.

(G) It will at all times segregate the revenues of the System from all other revenues, monies and funds of the District and will promptly and regularly make application and distribution thereof into the special funds provided in this Resolution in the manner and with due regard for the priorities herein attributed thereto.

(H) It will keep proper books of record and account separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries, of all transactions relating to said System, and the same shall be available and open to inspection by any bondholder, and any agent or representative of a bondholder. Additionally, if requested to do so by the original purchaser of the Series 2000 Bonds, said District will furnish to such original purchaser a monthly statement of income and expenses of the System in reasonable detail and showing all transfers to the special funds referred to in Section 10 hereof.

(I) It will, within one hundred twenty (120) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by a Certified Public Accountant not in the employ of the District on a monthly salary basis, showing all receipts and disbursements, with comments of the auditor concerning whether the books and records are being kept in compliance with this Resolution and in accordance with recognized accounting practices, and will promptly cause a copy of the audit report to be filed in the Office of the District where it will be available for public inspection, and will promptly mail a copy thereof to the original purchasers of the Series 2000 Bonds. If requested to do so, the District will furnish to any bondholder a condensed form of the Balance Sheet and a condensed form of the Operating Report,

in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided.

Simultaneously with the preparation of such audit, or at such other time as the District may determine which is not later than four months after the end of the fiscal year, the District shall cause to be filed with the District Board a report by a Certified Public Accountant and/or Independent Consulting Engineer setting forth the precise percentage ("Coverage") of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then outstanding bonds payable from the revenues of the System produced and provided by the Annual Net Revenues of the System in that fiscal year, calculated in the manner specified in Section 11 hereof; and the District covenants that if such Coverage of Annual Net Revenues was less than 120% of such maximum future annual debt service requirements, the District shall increase the rates by an amount sufficient, in the opinion of such Independent Consulting Engineer or Certified Public Accountant, to establish the existence of or immediate projection of such minimum 120% Coverage.

Any holder of said Series 2000 Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance by said District and its officers and agents of all entities imposed or required by law or this Resolution in connection with the operation of said System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(K) If there be any default in the payment of the principal of or interest on any of said Series 2000 Bonds, then upon the filing of suit by any holder of said Series 2000 Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the District with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against said System, and for the payment of current expenses, and to apply the revenues in conformity with this Resolution and the provisions of the statutory laws of Kentucky herein described.

(L) The District will cause each officer or other person (other than depository banks) having custody of any monies administered under the provisions of this Resolution to be bonded at all times in an amount at least equal to the maximum amount of such monies in his custody at any time, each such bond to have surety given by a surety corporation qualified to do business in Kentucky and approved by the Mayor, and the premiums for such surety shall constitute a proper expense of operating the System, and may be paid from monies available in the Operation and Maintenance Account. In the event USDA is the purchaser of the Bonds, the United States Department of Agriculture -Rural Development shall be a co-obligee on said bond.

(M) Pursuant to KRS 96.934, water service shall be discontinued to any premises where there is failure to pay any part of the aggregate charges so billed, including such interest, penalties and fees for disconnection and/or reconnection as may be prescribed from time to time.

SECTION 13. Events of Default; Registered Owners' Rights to Enforce Covenants. The following shall constitute an Event of Default on the part of the District:

(A) The failure to pay principal of any of the Outstanding Bonds when due and payable, either at maturity or by proceedings for redemption.

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

(C) The failure by the District to fulfill any of its obligations pursuant to this Resolution.

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

(E) The entering of an order or decree with the consent or acquiescence of the District appointing a receiver of all or any of the System or any revenues thereof; or if such order or decree shall have been entered without the acquiescence or consent of the District, the failure of the District to have the order or decree vacated, discharged, or stayed on appeal within 60 days after entry.

Any holder of the Series 2000 Bonds, either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance by said District and its officers and agents of all duties imposed or required by law or this Resolution in connection with the operation of said System, including the making and collection of sufficient rates and segregation of the income and revenues and the application thereof.

If there be any default in the payment of the principal of or interest on any of the Series 2000 Bonds, then upon the filing of suit by any holder of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the District, with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against such System and for the payment of Current Expenses and to apply the income and revenue in conformity with the Prior Bond Ordinance, this Resolution and with the provisions of Chapter 74 and 96 of Kentucky Revised Statutes. Reasonable attorneys' fees and court costs incurred by any bondholder or bondholders in connection with the appointment of such receiver shall be a proper charge and shall be payable out of the income and revenues from the properties securing the Series 2000 Bonds herein authorized.

SECTION 14. General Covenants Applicable So Long As USDA Holds Any Bonds. So long as USDA shall hold any of the Series 2000 Bonds, the District shall comply with such regulations, requirements and requests as have been made by USDA, including the furnishing of operating and other financial statements in such form and substance and for such periods as may be requested by USDA, the carrying of insurance of such types and in such amounts as USDA may specify with insurance carriers acceptable to USDA, and compliance with all the terms and conditions of the Loan Resolution between the District and USDA.

In addition, so long as USDA shall be the Registered Owner of any of the Series 2000 Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the security interest of the Registered Owners of any Series 2000 Bonds without provisions for the prompt prepayment of said Series 2000 Bonds.

In addition, so long as USDA shall be the Registered Owner of any of the Outstanding Bonds, the District shall not, from and after the date of issuance and delivery of the Bond Anticipation Notes or Series 2000 Bonds, whichever is earlier, install or permit to be installed

within its service area, new water service to or within any structure or improvement which may be located within a designated floodplain, as the same shall be designated from time to time by state, local or federal governmental entities having jurisdiction, unless the District shall first have obtained the written consent of the USDA.

SECTION 15. No Priority Among Series 2000 Bonds. The Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Series 2000 Bonds authorized by this Resolution regardless of the fact that they may be actually issued in different series and delivered at different times.

SECTION 16. Insurance.

(A) Fire and Extended Coverage. If and to the extent that the System includes structures above ground level (including equipment and machinery but not including subsurface lift stations other than the electrical and pumping equipment therein) the District shall, upon the sale of the Series 2000 Bonds 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 Series 2000 Bonds 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 District shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the facilities so damaged or destroyed portion.

(B) Liability Insurance on Facilities. Upon the sale of said Series 2000 Bonds, the District shall, if such insurance is not already in force, procure and maintain, so long as any of the Series 2000 Bonds are outstanding public liability insurance relating to the operation of the facilities of the System with limits of not less than \$300,000 for one person or for more than one person involved in one accident, to protect the District from claims for bodily injury and/or death, and not less than \$200,000 from claims for damage to property of others which may arise from the District's operations of the System and any other facilities constituting a portion of the System.

(C) Vehicle Liability Insurance. If and to the extent that the District owns-or operates vehicles in the operation of the System, upon receipt of the proceeds of the Series 2000 Bonds, the District shall, if such insurance is not already in force, procure and maintain, so long as any of the Series 2000 Bonds are outstanding vehicular public liability insurance with limits of not less than \$300,000 for one person and \$300,000 for more than one person involved in one accident, to protect the District from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the District.

(D) Worker's Compensation. The District will carry suitable Worker's Compensation coverage as required by the laws of the Commonwealth of Kentucky.

(E) Flood Insurance. The District will, upon the sale of the Series 2000 Bonds, to the extent such insurance is not already in force, procure flood insurance on any facilities located in a special flood and mudslide prone areas in an amount deemed adequate by the Engineers.

SECTION 17. Contractual Nature of Series 2000 Bond Resolution. The provisions of this Resolution shall constitute a contract between the District and the holders of the Series 2000 Bonds; and after the issuance of any of said Series 2000 Bonds no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner except as herein provided until such time as all of said Series 2000 Bonds and the interest thereon have been paid or provided for in full; provided (a) the District may adopt an Resolution to evidence the succession of a bank or trust company as paying agent and bond registrar and may enact other Resolutions for any other purpose not inconsistent with the terms of this Resolution, and which shall not impair the security of the holders of the Outstanding Bonds and/or for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any Resolution or other proceedings pertaining hereto; and (b) provided further, that the holders of eighty percent (80%) in principal amount of the Outstanding Bonds shall have the right to consent to, and approve the adoption of ordinances, resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the condition that this Resolution shall not be so modified in any manner that may adversely affect the rights of certain holders without similarly affecting the rights of all holders of all Outstanding Bonds or that shall reduce the percentage of the number of holders whose consent is required to effect a further modification.

SECTION 18. Sale of Series 2000 Bonds. The District Chairman is hereby authorized and directed to cause notice for bids for the purchase of said Series 2000 Bonds to be published pursuant to all applicable Kentucky Revised Statutes. Said Notice shall state the name and amount of Series 2000 Bonds to be sold, the time of sale and other details concerning the Series 2000 Bonds and the bidders that further information regarding said Series 2000 Bonds is available from the District. The District Chairman shall utilize the forms of Notice of Bond Sale and Official Terms and Conditions of Bond Sale prepared by Bond Counsel in substantially the same forms as those attached to this Resolution as Exhibits C and D, respectively and such Information for Bidders shall include, but not be limited to the following information:

(A) Bidders are required to bid a cash price of not less than par value of the Series 2000 Bonds.

(B) Interest rates must be in multiples of 1/8 or 1/20 of 1%, with not more than one interest rate per maturity being stipulated by any bidder.

(C) Bids will be considered only for the entire issue.

(D) Bidders (except USDA) are required to make a good faith deposit by cashier's check or certified check payable to the District which check shall accompany the bid, in the minimum amount of 2% of the face amount of the Bonds. Checks of the unsuccessful bidders will be returned promptly after being opened.

(E) The lowest net interest cost will be determined by deducting the total amount of any premium bid from the aggregate amount of interest upon the Series 2000 Bonds, computed

from the first day of the month following the date of sale of the Bonds (even though the Bonds will bear interest only from the date of delivery) to final maturity.

(F) Bidders shall be advised that USDA has entered into a Loan Resolution with the District pursuant to which said USDA reserves the right to withdraw its bid in the event bids are received from others on terms which USDA considers reasonable.

(G) The District expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the Series 2000 Bonds at the office of the District within forty-five (45) days after notice is given of the award. If said Series 2000 Bonds are not ready for delivery and payment within forty-five (45) days from the aforesaid date of sale, the successful bidder(s) shall be relieved of any liability to accept delivery of any of the Series 2000 Bonds. In the event USDA is the successful bidder, it is anticipated that delivery of the Series 2000 Bonds will be made at the time the Construction Project is substantially complete and the District's failure to deliver said Series 2000 Bonds within forty-five (45) days from said date of sale shall not relieve USDA of its obligation to accept said Series 2000 Bonds.

(H) The District reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.

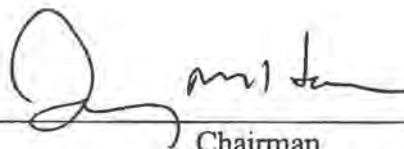
(I) The Series 2000 Bonds will be tendered within said forty-five (45) day period and the successful bidder will receive the approving Legal Opinion of Peck, Shaffer & Williams LLP, Bond Counsel, Covington, Kentucky, as to the legality and tax-exemption of said Series 2000 Bonds, without additional cost to the successful bidder.

(J) Bids may be considered by the Chairman and Secretary and may be accepted, rejected, or modified by a Resolution of the governing body of the District or by Certificate of Award executed by the Chairman or Secretary without further action by the governing body of the District. In the event that there is no bid or that all bids are rejected, the District may re-advertise the sale pursuant to this Resolution.

SECTION 19. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 20. Effective Date of Resolution. This Resolution shall take effect from and after its adoption.

Adopted on August 24, 1999.



Chairman
Jessamine-South Elkhorn Water District

Attest:



Secretary
Jessamine-South Elkhorn Water District

EXHIBIT A

[FORM OF FULLY REGISTERED BOND]

UNITES STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
JESSAMINE-SOUTH ELKHORN WATER DISTRICT
WATERWORKS SYSTEM REVENUE BOND
SERIES 2000A

No. _____

\$1,901,000

KNOW ALL MEN BY THESE PRESENTS:

That the Jessamine-South Elkhorn Water District, Jessamine County, Kentucky, acting by and through its governing body (the "District"), for value received, hereby acknowledges itself obligated to, and promises to pay to United States of America Department of Agriculture, registered owner hereof, or to its registered assigns, as hereinafter provided, solely from the special fund hereinafter identified, the sum of

ONE MILLION NINE HUNDRED ONE THOUSAND DOLLARS

on the first day of January, in the years and the principal amounts as follows:

SCHEDULE OF PRINCIPAL MATURITIES, SERIES 2000A BONDS

Maturity Date January 1	Principal Maturity Series 2000A Bonds	Maturity Date January 1	Principal Maturity Series 2000A Bonds
2002	\$17,000	2021	\$44,000
2003	17,000	2022	46,000
2004	19,000	2023	49,000
2005	19,000	2024	51,000
2006	21,000	2025	54,000
2007	21,000	2026	57,000
2008	23,000	2027	60,000
2009	24,000	2028	63,000
2010	25,000	2029	66,000
2011	26,000	2030	70,000
2012	28,000	2031	73,000
2013	29,000	2032	78,000
2014	31,000	2033	81,000
2015	32,000	2034	86,000
2016	34,000	2035	90,000
2017	36,000	2036	95,000
2018	38,000	2037	100,000
2019	40,000	2038	105,000
2020	42,000	2039	111,000

[Here the printer will print the respective principal maturities]

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United

States of America; and in the like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, in like coin or currency, at the rate of five and twenty-five hundredths percent (5.25%) per annum, on the first day of January and July in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, to the Registered Owner at the address shown on the registration books of the District.

THIS BOND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE JESSAMINE-SOUTH ELKHORN WATER DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS, BUT IS PAYABLE BOTH PRINCIPAL AND INTEREST SOLELY AND ONLY OUT OF THE REVENUES DERIVED FROM THE OPERATION OF THE WATER SYSTEM OF SAID DISTRICT, A SUFFICIENT PORTION OF WHICH REVENUES, TO PAY THE PRINCIPAL OF AND INTEREST ON ALL OF SAID BONDS, AS AND WHEN SAME BECOME DUE AND PAYABLE, SHALL BE SET ASIDE AND DEPOSITED IN THE "JESSAMINE-SOUTH ELKHORN WATERWORKS BOND ACCOUNT."

This Bond is one of a duly authorized issue of bonds in the total principal amount of One Million Nine Hundred One Thousand Dollars (\$1,901,000) Waterworks System Revenue Bonds, Series 2000A issued by the District pursuant to a duly adopted Resolution for the purpose of financing the costs, not otherwise provided, of the construction of extensions, improvements and additions to the water system of the District (the "Construction Project"). This Bond is issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including specifically, Chapter 74 and §§ 96.350 through 96.510 of said Statutes.

The District, acting by and through its governing body, covenants that it will fix and revise the rates and charges for the services and facilities of said water system and collect and account for the income and revenues therefrom to pay promptly the principal of and interest on this Bond and the issue, of which it is one, as the same becomes due and to pay when due all costs and expenses incident to the operation and maintenance of said water system.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Treasurer of the District as the Bond Registrar, with a written transfer duly acknowledged by the Registered Owner or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books of the District kept for that purpose.

As provided in the Resolution, this Bond is exchangeable at the expense of the Registered Owner hereof at any time, upon ninety 90 days' written notice, at the request of such Registered Owner and upon surrender of this Bond to the District at the office of the Treasurer of the District, for other Fully Registered Bonds in multiples of \$1,000 and in the denomination(s) selected by the Registered Owner as long as the selected denomination(s) are consistent with the maturities hereof, in an aggregate principal amount equal to and maturing in conformity with the unpaid principal amount of this Bond.

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2010, in the inverse chronological order of the installments due on this Bond,

the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in multiples of One Thousand Dollars (\$1,000) as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment penalty. Notice of such redemption shall be given by regular United States mail to the Registered Owner of this Bond or his assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Registered Owner of this Bond.

Notwithstanding the foregoing provisions as to prepayment, this Bond may be paid as to principal without premium on any interest payment date from Bond proceeds remaining unused at the time of completion of the Construction Project. Notice of such prepayment shall be given as set forth in the preceding paragraph hereof.

Notwithstanding the foregoing provisions as to prepayment, in the event the United States Department of Agriculture is the Registered Owner of this Bond, the District shall have the right to make prepayments of principal on any interest payment date without premium and without the exchange of this Bond.

Upon default in the payment of any principal or interest payment on this Bond (or on any other Bond of this issue of which it forms a part) or upon failure by the District to comply with any other provisions of this Bond or with the provisions of the Bond Resolution, the Registered Owner may, at its option, institute all rights and remedies provided by law or by said Bond Resolution.

This Bond is exempt from taxation in the Commonwealth of Kentucky.

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

IN WITNESS WHEREOF, the Jessamine-South Elkhorn Water District, in the County of Jessamine, the Commonwealth of Kentucky, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is the _____ day of _____, 2000.

(SEAL)

JESSAMINE-SOUTH ELKHORN
WATER DISTRICT

Chairman

Attest:

Secretary

PROVISION FOR REGISTRATION

This Bond is registered as hereinafter set out, and this Bond may thereafter be transferred only upon written transfer acknowledged by the Registered Owner or its attorney, such transfer to be made and endorsed hereon as indicated.

<u>Date of Registration and Authentication</u>	<u>Name of Registered Owner</u>	<u>Registrar</u>	<u>Signature of Authorized Officer of Registrar</u>
_____	_____	Jessamine-South Elkhorn Water District	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto:

(Please print or typewrite name and address of transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints:
_____ attorney to transfer the within bond on the
books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature

In the presence of: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of
the within bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT A-1

[FORM OF FULLY REGISTERED BOND]

UNITES STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
JESSAMINE-SOUTH ELKHORN WATER DISTRICT
WATERWORKS SYSTEM REVENUE BOND
SERIES 2000B

No. _____

\$400,000

KNOW ALL MEN BY THESE PRESENTS:

That the Jessamine-South Elkhorn Water District, Jessamine County, Kentucky, acting by and through its governing body (the "District"), for value received, hereby acknowledges itself obligated to, and promises to pay to United States of America Department of Agriculture, registered owner hereof, or to its registered assigns, as hereinafter provided, solely from the special fund hereinafter identified, the sum of

FOUR HUNDRED THOUSAND DOLLARS

on the first day of January, in the years and the principal amounts as follows:

SCHEDULE OF PRINCIPAL MATURITIES, SERIES 2000B BONDS

Maturity Date January 1	Principal Maturity Series 2000B Bonds	Maturity Date January 1	Principal Maturity Series 2000B Bonds
2002	\$3,500	2021	\$9,000
2003	4,000	2022	10,000
2004	4,000	2023	10,000
2005	4,000	2024	11,000
2006	4,500	2025	11,000
2007	4,500	2026	12,000
2008	5,000	2027	12,500
2009	5,000	2028	13,000
2010	5,500	2029	14,000
2011	5,500	2030	14,500
2012	6,000	2031	15,500
2013	6,000	2032	16,000
2014	6,500	2033	17,000
2015	7,000	2034	17,500
2016	7,000	2035	19,000
2017	7,500	2036	20,000
2018	8,000	2037	21,500
2019	8,500	2038	22,500
2020	9,000	2039	23,500

[Here the printer will print the respective principal maturities]

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United

States of America; and in the like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, in like coin or currency, at the rate of five and one hundred twenty-five thousandths percent (5.125%) per annum, on the first day of January and July in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, to the Registered Owner at the address shown on the registration books of the District.

THIS BOND DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE JESSAMINE-SOUTH ELKHORN WATER DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATIONS, BUT IS PAYABLE BOTH PRINCIPAL AND INTEREST SOLELY AND ONLY OUT OF THE REVENUES DERIVED FROM THE OPERATION OF THE WATER SYSTEM OF SAID DISTRICT, A SUFFICIENT PORTION OF WHICH REVENUES, TO PAY THE PRINCIPAL OF AND INTEREST ON ALL OF SAID BONDS, AS AND WHEN SAME BECOME DUE AND PAYABLE, SHALL BE SET ASIDE AND DEPOSITED IN THE "JESSAMINE-SOUTH ELKHORN WATERWORKS BOND ACCOUNT."

This Bond is one of a duly authorized issue of bonds in the total principal amount of Four Hundred Thousand Dollars (\$400,000) Waterworks System Revenue Bonds, Series 2000B issued by the District pursuant to a duly adopted Resolution for the purpose of financing the costs, not otherwise provided, of the construction of extensions, improvements and additions to the water system of the District (the "Construction Project"). This Bond is issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including specifically, Chapter 74 and §§ 96.350 through 96.510 of said Statutes.

The District, acting by and through its governing body, covenants that it will fix and revise the rates and charges for the services and facilities of said water system and collect and account for the income and revenues therefrom to pay promptly the principal of and interest on this Bond and the issue, of which it is one, as the same becomes due and to pay when due all costs and expenses incident to the operation and maintenance of said water system.

This Bond shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to the Treasurer of the District as the Bond Registrar, with a written transfer duly acknowledged by the Registered Owner or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the books of the District kept for that purpose.

As provided in the Resolution, this Bond is exchangeable at the expense of the Registered Owner hereof at any time, upon ninety 90 days' written notice, at the request of such Registered Owner and upon surrender of this Bond to the District at the office of the Treasurer of the District, for other Fully Registered Bonds in multiples of \$1,000 and in the denomination(s) selected by the Registered Owner as long as the selected denomination(s) are consistent with the maturities hereof, in an aggregate principal amount equal to and maturing in conformity with the unpaid principal amount of this Bond.

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2010, in the inverse chronological order of the installments due on this Bond,

the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in multiples of One Thousand Dollars (\$1,000) as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment penalty. Notice of such redemption shall be given by regular United States mail to the Registered Owner of this Bond or his assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Registered Owner of this Bond.

Notwithstanding the foregoing provisions as to prepayment, this Bond may be paid as to principal without premium on any interest payment date from Bond proceeds remaining unused at the time of completion of the Construction Project. Notice of such prepayment shall be given as set forth in the preceding paragraph hereof.

Notwithstanding the foregoing provisions as to prepayment, in the event the United States Department of Agriculture is the Registered Owner of this Bond, the District shall have the right to make prepayments of principal on any interest payment date without premium and without the exchange of this Bond.

Upon default in the payment of any principal of or interest payment on this Bond (or on any other Bond of this issue of which it forms a part) or upon failure by the District to comply with any other provisions of this Bond or with the provisions of the Bond Resolution, the Registered Owner may, at its option, institute all rights and remedies provided by law or by said Bond Resolution.

This Bond is exempt from taxation in the Commonwealth of Kentucky.

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

IN WITNESS WHEREOF, the Jessamine-South Elkhorn Water District, in the County of Jessamine, the Commonwealth of Kentucky, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is the _____ day of _____, 2000.

(SEAL)

JESSAMINE-SOUTH ELKHORN
WATER DISTRICT

Chairman

Attest:

Secretary

PROVISION FOR REGISTRATION

This Bond is registered as hereinafter set out, and this Bond may thereafter be transferred only upon written transfer acknowledged by the Registered Owner or its attorney, such transfer to be made and endorsed hereon as indicated.

Date of
Registration and
Authentication

Name of
Registered Owner

Registrar

Signature of
Authorized Officer
of Registrar

Jessamine-South Elkhorn
Water District

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto:

(Please print or typewrite name and address of transferee)

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints:

_____ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature

In the presence of: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B
(Form of Bond Anticipation Note)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
JESSAMINE-SOUTH ELKHORN WATER DISTRICT
WATERWORKS SYSTEM REVENUE BOND ANTICIPATION NOTE,
SERIES 1999

No. R-1 \$2,301,000

NOTE DATE: _____, 1999 RATE
_____ %

MATURITY DATE: _____

REGISTERED HOLDER: _____

PRINCIPAL AMOUNT: ONE MILLION NINE HUNDRED ONE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the Jessamine-South Elkhorn Water District, in Jessamine County, Kentucky (the "District"), for value received, hereby acknowledges itself obligated to, and promises to pay to the Registered Holder identified above, or registered assigns, solely from the limited sources hereinafter described, the principal sum identified above (or, if any part thereof has been paid, the balance thereof remaining unpaid), unless called for optional redemption prior thereto, on the first day of _____, and to pay interest on said principal sum (or, if any part thereof has been paid, the balance thereof remaining unpaid) from the date hereof at the rate of interest per annum identified above, payable at maturity, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto, both principal and interest being payable to the registered holder hereof at the address shown on the registration books of the District without deduction for exchange or collection charges, in lawful money of the United States of America at CITIZENS NATIONAL BANK OF JESSAMINE COUNTY, Nicholasville, Kentucky, (the "Paying Agent and Registrar").

This note (the "Note") is duly authorized by the District and issued in anticipation of the issuance and delivery of "Jessamine-South Elkhorn Water District Waterworks System Revenue Bonds, Series 1998" (the "1998 Bonds"), and this Note is issued pursuant to Resolution No. ___ of the District, duly adopted on _____, 1998, (the "Note Resolution") authorizing this Note, and a Bond Resolution heretofore adopted on _____, 1998 (the "Bond Resolution") authorizing the 1998 Bonds (to which Resolutions reference is hereby made for a complete description of the nature and extent of the security thereby created, the rights and limitations of rights of the holder of this Note and the rights, obligations and duties of the District), for the purpose of paying a portion of the costs of certain major improvements and additions (the "Project") to the District's water system (the "System") all as defined in the Note Resolution. This Note has been issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including among others Chapter 74, Sections 96.350 to 96.510, inclusive, of the Kentucky Revised Statutes.

This Note is subject to redemption at any time prior to maturity at the option of the District, at par plus accrued interest to the redemption date.

The Paying Agent and Registrar shall, upon being indemnified to its satisfaction, and receiving funds necessary to redeem such Note, cause notice of the call for any redemption identifying the Note or portions thereof (integral multiples \$5,000) to be redeemed to be sent by United States mail, postage prepaid, at least thirty days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the address of the holder of each Note called for redemption as set forth in the registration books maintained by the Registrar. Failure to give such notice by mailing or any defect therein in respect of any Note shall not affect the validity of any proceedings for the redemption of any Note.

The District pledges as the sources of payment of the principal of and interest on the Note (a) a portion, if available, of the interest derived from investment of the proceeds of the Note, pending disbursement, and (b) the proceeds of the 1998 Bonds when said 1998 Bonds are sold and delivered and the proceeds thereof shall have been received and are made available, except to the extent provision shall have been previously made for payment from other funds as authorized and permitted by law.

The District covenants with the holder of this Note that prior to the maturity date of the Note, the District will take all proper and necessary action under existing statutory authority and in accordance with law to offer at public sale, to issue and to deliver the 1998 Bonds in an amount sufficient to provide for the retirement of the Notes.

The District covenants with the holder of this Note that when the proceeds of the 1998 Bonds are received, a sufficient amount of such proceeds shall be deposited in the "Jessamine-South Elkhorn Water District Waterworks System Revenue Bond Anticipation Note Redemption Fund" for the prompt payment of the principal amount of the Note, together with interest thereon (to the extent that such interest shall not have been paid from proceeds of the Note or investment income as hereinabove described), and the Note shall constitute a first charge upon said proceeds of the 1998 Bonds.

This Note is exempt from ad valorem taxation in the Commonwealth of Kentucky and is exchangeable for other Notes of a like aggregate principal amount in other authorized denominations.

This Note shall be registered as to principal and interest in the name of the holder hereof, after which it shall be transferable only upon presentation to CITIZENS NATIONAL BANK OF JESSAMINE COUNTY, Nicholasville, Kentucky as the Registrar, with a written transfer duly acknowledged by the registered holder or his duly authorized attorney, which transfer shall be noted upon this Note and upon the books of the Registrar kept for that purpose.

The Note is a special, limited obligation of the District and does not constitute an indebtedness of the District within the meaning of any constitutional or statutory limitations or provisions, and the District shall not be obligated to pay the Note or the interest thereon except from the sources herein specified or from the proceeds of renewal notes, if any.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required to exist, to happen and to be performed precedent to and in the issuance and delivery of this Note do exist, have happened, and have been performed according to law; and that proper provision has been made and shall be made for (a) the payment of the principal hereof from the proceeds of the 1998 Bonds and (b) for the payment of interest hereon from a portion of the proceeds of the Note set aside for such purpose and other specified funds.

IN WITNESS WHEREOF, the Jessamine-South Elkhorn Water District, Jessamine County, in the Commonwealth of Kentucky, has caused this Note to be executed in its name and on its behalf by the authorized manual or reproduced facsimile signature of its Chairman, and its seal or the reproduced facsimile of its seal to be imprinted hereon and attested by the manual signature of its Secretary, as of this first day of _____, 1998.

JESSAMINE-SOUTH ELKHORN WATER DISTRICT

By: _____
Chairman

(SEAL)

Attest:

Secretary

FORM OF NOTE REGISTRAR'S AUTHENTICATION CERTIFICATE

The undersigned, for and on behalf of the Note Registrar, hereby certifies that this is the Note described above.

CITIZENS NATIONAL BANK OF JESSAMINE COUNTY, as Note Registrar

By _____
Authorized Officer

Date: _____

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto:

(Please print or typewrite name and address of transferee)

the within note and all rights thereunder, and hereby irrevocably constitutes and appoints:
_____ attorney to transfer the within note on the
books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature

In the presence of: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within note in every particular, without alteration or enlargement or any change whatever.

EXHIBIT C

NOTICE OF BOND SALE

The Jessamine-South Elkhorn Water District, Jessamine County, Kentucky (the "District"), will until 10:00 A.M., E.D.T., on August 24, 1999, receive at the offices of the District, 200 West Maple Street, Nicholasville, Kentucky 40356, sealed competitive bids for the purchase of its \$1,901,000 Waterworks System Revenue Bonds, Series 2000A (the "Series A Bonds") and \$400,000 Waterworks System Revenue Bonds, Series 2000B (the "Series B Bonds"), maturing December 1, 2000 through December 1, 2039 and subject to redemption, as set out in the Resolution approving the Bonds.

Bids will be opened by the Secretary of the District at the time stated and will be referred to and acted upon by the Chairman and the Secretary of the District on the same day. The United States Department of Agriculture ("USDA") has made a commitment to submit a bid to purchase the Bonds at par at an interest rate for the Series A Bonds of five and twenty-five hundredths percent (5.25%) per annum and for the Series B Bonds of five and one hundred twenty-five thousandths (5.125%), if no other qualified bid is received from any other bidder.

The Bonds are to be issued subject to the approving legal opinion of Peck, Shaffer & Williams LLP, Bond Counsel to the District, and are offered for sale on the usual tax-exempt basis. Use of the Official Bid Form and a check in the amount of two percent (2.00%) as a good faith deposit is required from any bidder other than USDA. The right to reject all bids is reserved. The bidding conditions and terms of the offering are contained in the Official Terms and Condition of the Bonds Sale, which, together with the Official Bid Form, may be obtained from the District at the address set forth above. The District does not intend to provide an Official Statement regarding the Bonds.

JESSAMINE-SOUTH ELKHORN WATER
DISTRICT

/s/ George Robinson
Secretary

EXHIBIT D

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$1,901,000

**JESSAMINE-SOUTH ELKHORN WATER DISTRICT
Waterworks System Revenue Bonds
Series 2000A**

\$400,000

**JESSAMINE-SOUTH ELKHORN WATER DISTRICT
Waterworks System Revenue Bonds
Series 2000B**

SALE: August 24, 1999 at 10:00 A.M., E.D.T.

As duly advertised, the Jessamine-South Elkhorn Water District, Jessamine County, Kentucky (the "District") will, until the 24th day of August, 1999, at the hour of 10:00 A.M., E.D.T., at the offices of the District 200 West Maple Street, Nicholasville, Kentucky 40356, receive sealed competitive bids for the revenue bonds herein described (the "Bonds"). To be considered, a proposal for the purchase of such Bonds must be submitted on an Official Bid Form, unless submitted by the United States Department of Agriculture ("USDA"), and must be delivered to the District at the address indicated on the date of sale no later than the hour indicated. Bids will be opened and acted upon by the Chairman and Secretary pursuant to the authority of the Bond Resolution described below.

STATUTORY AUTHORITY AND PURPOSE OF ISSUE

These Bonds are authorized pursuant to Chapters 74 and 96 of the Kentucky Revised Statutes and are being issued in accordance with a Bond Resolution adopted by the Board of Commissioners of the District on August 24, 1999. The Bonds are revenue bonds and do not constitute a direct indebtedness of the District.

The Bonds are being issued finance improvements to the District's water system (the "System"). The proceeds of the Bonds are to be supplemented by a Community Development Block Grant from the United States Department of Housing and Urban Development in the amount of \$999,700 a cash contribution from the Jessamine County Fiscal Court in the amount of \$30,000 and a cash contribution by the District in the amount of \$102,700.

The Bonds, in the opinion of Bond Counsel, will constitute legal, valid and binding special obligations of the District, payable solely from and secured by a first pledge of and lien on the gross revenues of the System, ranking on a parity with the outstanding principal amount of the District's Waterworks System Revenue Bonds, Series of 1971 (the "Prior Bonds"). The right is reserved by the District to issue additional bonds ranking on a parity ("Parity Bonds") as to security and source of payment with the Prior Bonds and the Bonds upon meeting the requirements prescribed by the Bond Resolution. The Bond Resolution provides that so long as any of the Prior Bonds, the Bonds and/or any additional Parity Bonds are outstanding ("Outstanding Bonds"), the System shall be owned and operated by the District as a, revenue producing, public project or System within the meaning of the aforesaid Statutes, for the security and source of payment of any and all of such Outstanding Bonds.

In order to further secure the Bonds, the District has covenanted as follows:

(A) It will at all times operate said System on a revenue-producing basis and will permit no free services to be rendered or afforded thereby to any person, firm or corporation, including the District.

(B) Pursuant to KRS 96.934, water service shall be discontinued to any premises where there is failure to pay any part of the aggregate charges so billed, including such interest, penalties and fees for disconnection and/or reconnection as may be prescribed from time to time.

(C) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by said System, and the same shall be reasonable and just, taking into account and consideration the cost had value of the System, the costs of operating the same and maintaining it in good state of repair, proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all Outstanding Bonds and the Bonds herein authorized, and the accruing interest thereon and the accumulation of reserves as herein provided, and such rates and charges shall be adequate to meet all such requirements as provided in this Resolution and shall, if necessary, be adjusted from time to time in order to comply herewith.

**BOND MATURITIES, PRIOR REDEMPTION
PROVISIONS AND PAYING AGENT**

The Bonds will bear interest from their date of delivery, payable on the first day of each January and July, commencing July 1, 2000. The Bonds are scheduled to mature in each of the years as follows:

Series 2000A

Maturity Date January 1	Principal Maturity	Interest Rate	Maturity Date January 1	Principal Maturity	Interest Rate
2002	\$17,000	—%	2021	\$44,000	—%
2003	17,000	—%	2022	46,000	—%
2004	19,000	—%	2023	49,000	—%
2005	19,000	—%	2024	51,000	—%
2006	21,000	—%	2025	54,000	—%
2007	21,000	—%	2026	57,000	—%
2008	23,000	—%	2027	60,000	—%
2009	24,000	—%	2028	63,000	—%
2010	25,000	—%	2029	66,000	—%
2011	26,000	—%	2030	70,000	—%
2012	28,000	—%	2031	73,000	—%
2013	29,000	—%	2032	78,000	—%
2014	31,000	—%	2033	81,000	—%
2015	32,000	—%	2034	86,000	—%
2016	34,000	—%	2035	90,000	—%
2017	36,000	—%	2036	95,000	—%
2018	38,000	—%	2037	100,000	—%
2019	40,000	—%	2038	105,000	—%
2020	42,000	—%	2039	111,000	—%

Series 2000B

Maturity Date January 1	Principal Maturity	Interest Rate	Maturity Date January 1	Principal Maturity	Interest Rate
2002	\$3,500	___%	2021	\$9,000	___%
2003	4,000	___%	2022	10,000	___%
2004	4,000	___%	2023	10,000	___%
2005	4,000	___%	2024	11,000	___%
2006	4,500	___%	2025	11,000	___%
2007	4,500	___%	2026	12,000	___%
2008	5,000	___%	2027	12,500	___%
2009	5,000	___%	2028	13,000	___%
2010	5,500	___%	2029	14,000	___%
2011	5,500	___%	2030	14,500	___%
2012	6,000	___%	2031	15,500	___%
2013	6,000	___%	2032	16,000	___%
2014	6,500	___%	2033	17,000	___%
2015	7,000	___%	2034	17,500	___%
2016	7,000	___%	2035	19,000	___%
2017	7,500	___%	2036	20,000	___%
2018	8,000	___%	2037	21,000	___%
2019	8,500	___%	2038	22,500	___%
2020	9,000	___%	2039	23,500	___%

The Bonds are subject to redemption prior to maturity on or after January 1, 2010 on any interest payment date at a redemption price of par, plus accrued interest to the redemption date.

BIDDING CONDITIONS AND RESTRICTIONS

The terms and conditions of the sale of the Bonds are as follows:

(A) Bidders, except for USDA, are required to submit their bids on the Official Bid Form in order to provide for uniformity in submission of bids and ready determination of the best bid.

(B) Bidders are required to bid for the entire issue of each series of Bonds at a minimum price of not less than 100% of par, PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Bidders must name an interest rate or rates in a multiple of 1/8 or 1/20 of 1%, which rates must be on an ascending scale, in that the rate on the Bonds of any series in any maturity is not less than the rate on the Bonds of such series for any preceding maturity and all Bonds of such series of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

(D) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for the respective Bonds at the maturities offered for sale hereunder. USDA will submit a bid for the purchase of the Bonds. In the event that a bid(s) from non-governmental bidder(s) shall be received, the rate and terms of which are determined by USDA to be reasonable, then said USDA bid will be withdrawn.

(E) Bidders have the option of specifying that all the Bonds maturing in any two of more consecutive years may, in lieu of maturing in each of such years be combined to comprise one or more maturities of Bonds scheduled to mature in the latest of such year and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts of such term Bonds scheduled in the year of maturity of the term Bonds, which principal amount shall mature in that year. Bidders may specify up to two of such term Bonds.

(F) CUSIP identification numbers will be printed on the Bonds at the expense of the District. The purchaser shall pay the CUSIP Service Bureau Charge. Improper imprintation or the failure to imprint

CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.

(G) No Official Statement is being prepared with respect to the Bonds.

(H) Bids (except for bids by USDA) must be accompanied by a certified or bank cashier's good faith check in the amount of 2% of the principal amount of the Bonds being bid on (\$38,020). Such amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of the Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. Good faith checks, shall be returned uncashed to the unsuccessful bidders (except for USDA). The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within 45 days from the date the bid is accepted.

(I) Delivery will be made in Covington, Louisville or Lexington, Kentucky, at no expense to the purchaser or at any other place in the continental United States desired by the purchaser at its expense; PROVIDED, HOWEVER, the purchaser shall bear any bank service charge for processing the delivery of the Bonds and closing the transaction if delivery is made at a location other than the Payment shall be in principal office of the Bond Registrar. Payment shall be in IMMEDIATELY AVAILABLE FUNDS.

It is intended that delivery will be effected by Bond Certificates, but the right to utilize a fully registered manuscript (typed) Master Bond in the name of the manager of the purchasing syndicate in the full amount of the issue is reserved in the District.

The purchaser shall be required to supply the Bond Registrar with the name, address, social security number or taxpayer identification number, principal amount and principal maturity for each person or entity in whose name Bonds are to be registered. Failure of a purchaser to fully designate the Registered Owners of Bonds shall result in the issuance of Bond Certificates by the Registrar in the purchaser's "street name" (to the extent a purchaser fails to designate).

(J) The District reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, in accordance with the final approving legal opinion of Peck, Shaffer & Williams LLP, Covington, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX TREATMENT.

(K) As required by the Code, the purchaser of the Bonds will be required to certify to the District as to certain of its activities regarding any reoffering to the public of the Bonds, including any reoffering prices.

TAX TREATMENT

Bond Counsel is of the opinion that:

(A) The Bonds and the interest payable thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under § 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirement of § 103 of the Code. We express no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Bonds.

(C) The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of § 265(b) of the Code.

/s/
Secretary, Jessamine-South Elkhorn Water District

OFFICIAL BID FORM

Subject to the Official terms and Conditions of Bond Sale relating to the \$2,301,000 Jessamine-South Elkhorn Water District Waterworks System Revenue Bonds, Series 1998 (the "Bonds"), and in accordance with the Notice of Bond Sale, as duly advertised, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for said \$2,301,000 principal amount of the Bonds maturing on January 1 of the years and in the amounts set forth below, the total sum of \$ _____ (not less than \$2,301,000), at the following annual rate(s), payable semi-annually, commencing July 1, 2000 (rates on ascending scale, number of interest rates unlimited):

Series 2000A

Maturity Date January 1	Principal Maturity	Interest Rate	Maturity Date January 1	Principal Maturity	Interest Rate
2002	\$17,000	___%	2021	\$44,000	___%
2003	17,000	___%	2022	46,000	___%
2004	19,000	___%	2023	49,000	___%
2005	19,000	___%	2024	51,000	___%
2006	21,000	___%	2025	54,000	___%
2007	21,000	___%	2026	57,000	___%
2008	23,000	___%	2027	60,000	___%
2009	24,000	___%	2028	63,000	___%
2010	25,000	___%	2029	66,000	___%
2011	26,000	___%	2030	70,000	___%
2012	28,000	___%	2031	73,000	___%
2013	29,000	___%	2032	78,000	___%
2014	31,000	___%	2033	81,000	___%
2015	32,000	___%	2034	86,000	___%
2016	34,000	___%	2035	90,000	___%
2017	36,000	___%	2036	95,000	___%
2018	38,000	___%	2037	100,000	___%
2019	40,000	___%	2038	105,000	___%
2020	42,000	___%	2039	111,000	___%

Series 2000B

Maturity Date January 1	Principal Maturity	Interest Rate	Maturity Date January 1	Principal Maturity	Interest Rate
2002	\$3,500	___%	2021	\$9,000	___%
2003	4,000	___%	2022	10,000	___%
2004	4,000	___%	2023	10,000	___%
2005	4,000	___%	2024	11,000	___%
2006	4,500	___%	2025	11,000	___%
2007	4,500	___%	2026	12,000	___%
2008	5,000	___%	2027	12,500	___%
2009	5,000	___%	2028	13,000	___%
2010	5,500	___%	2029	14,000	___%
2011	5,500	___%	2030	14,500	___%
2012	6,000	___%	2031	15,500	___%
2013	6,000	___%	2032	16,000	___%
2014	6,500	___%	2033	17,000	___%
2015	7,000	___%	2034	17,500	___%
2016	7,000	___%	2035	19,000	___%
2017	7,500	___%	2036	20,000	___%
2018	8,000	___%	2037	21,000	___%
2019	8,500	___%	2038	22,500	___%
2020	9,000	___%	2039	23,500	___%

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

The amounts indicated above maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

It is understood that the District will furnish the final, approving Legal Opinion of Peck, Shaffer & Williams LLP, Bond Counsel to the District. We understand that a certified or bank cashier's check in the amount of \$38,020 will be required to accompany the bid (from bidders other than USDA) and that such amount will, if we are the successful bidder, be applied (without interest) to the purchase price when the Bonds are tendered to us for delivery.

If we are the successful bidder, we agree to accept and make payment for the Bonds in immediately available funds within forty-five (45) days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

By _____
Bidder

Address

Total interest cost from date of delivery to final maturity	\$ _____
less premium	\$ _____
Net interest cost (Total interest cost less premium)	\$ _____
Average interest rate or cost	_____ %

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted this ____ day of _____, 1999 by the Jessamine-South Elkhorn Water District, as follows:

::ODMA\PCDOCS\COVLIB\11992\2

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

AND

JESSAMINE-SOUTH ELKHORN WATER DISTRICT

DATED

NOVEMBER 30, 2016

IN THE AMOUNT OF \$470,000

This document was prepared by:

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

By

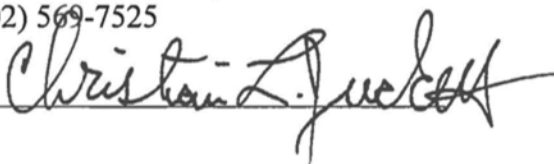


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EXHIBIT A Debt Service Schedule

EXHIBIT B Requisition Certificate

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of November 30, 2016 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Jessamine-South Elkhorn Water District, 802 South Main Street, Nicholasville, Kentucky 40356 (the "Governmental Agency"):

WITNESSETH

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2016D (the "Series 2016D Bonds") in the aggregate principal amount of \$8,315,000, pursuant to a Supplemental Trust Indenture No. 67, dated as of November 30, 2016 by and between the Issuer and the Trustee, which Series 2016D Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Governmental Agency, presently owns and operates the waterworks and sewer system (the "System") of said Governmental Agency; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to finance improvements to the System (hereinafter more specifically defined as the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

WHEREAS, the Issuer has found and determined that the Project will be in furtherance of the purposes of the Issuer and the Governmental Agency under the Act; and

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

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

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

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$470,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

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

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

Section 1. Definitions.

As used in this Assistance Agreement, unless the context requires otherwise:

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

“*Assistance Agreement*” refers to this Assistance Agreement authorizing the Loan and the Obligations.

“*Bond Account*” refers to the Jessamine-South Elkhorn Water District Waterworks and Sewer System Bond Account, created in the Prior Bond Legislation and which Bond Account will continue to be maintained for the benefit of all of the Bonds.

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

“*Bond Legislation of 2000*” or “*2000 Bond Legislation*” refer to the Resolution authorizing the Series 2000A and B Bonds, duly adopted by the Governing Body of the Governmental Agency on August 24, 1999.

“*Bond Legislation of 2008*” or “*2008 Bond Legislation*” refer to the Resolution authorizing the Series 2008A and B Bonds, duly adopted by the Governing Body of the Governmental Agency on February 6, 2008.

“*Bond Legislation of 2009*” or “*2009 Bond Legislation*” refer to the Resolution authorizing the Series 2009A Bonds, duly adopted by the Governing Body of the Governmental Agency.

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

“*Bonds*” refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

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

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

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

“*Debt Reserve Fund*” refers to the Jessamine-South Elkhorn Water District Waterworks and Sewer Debt Reserve Fund created in the Prior Bond Legislation and which Debt Reserve Fund will continue to be maintained for the benefit of all of the Bonds.

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

“*Funds*” refers to the Revenue Fund, the Bond Account, the Debt Reserve Fund, the Operation and Maintenance Account and the Governmental Agency Account.

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

“*Governmental Agency*” refers to the Jessamine-South Elkhorn Water District, 802 South Main Street, Nicholasville, Kentucky 40356.

“*Governmental Agency Chief Executive*” refers to the Chairman of the Governmental Agency.

“*Governmental Agency Clerk*” refers to the Secretary of the Governmental Agency.

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 67, dated November 30, 2016, by and between the Issuer and the Trustee.

“*Interest Payment Date*” shall mean the 1st day of each month, commencing January 1, 2017 and continuing through and including January 1, 2031 or until the Loan has been paid in full.

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

“*KIA Loans*” refers to the loans from the Kentucky Infrastructure Authority to the Governmental Agency from (i) loan Fund C91-01, dated 1992, in the amount of \$1,924,874, and (ii) loan Fund F07-02, dated June 2007, in the amount not to exceed \$1,750,000.

“*Obligations*” refers to the Loan authorized by this Assistance Agreement in the principal amount of \$470,000, maturing January 1, 2031.

“*Operation and Maintenance Account*” refers to the Jessamine-South Elkhorn Water District Waterworks and Sewer Operation and Maintenance Account created and confirmed in the Prior Bond Legislation, which Fund will continue to be maintained for the benefit of the System.

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

“*Parity Bonds*” means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be

deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

“*Permitted Investments*” refers to the following:

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

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

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

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

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

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);

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

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

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

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

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

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

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

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

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

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

“*Prior Bond Legislation*” refers to the 2000 Bond Legislation, 2008 Bond Legislation, 2009 Bond Legislation, and the Series 2012C Assistance Agreement.

“*Prior Bonds*” refers collectively to the Series 2000B Bonds, Series 2008A Bonds, Series 2008B Bonds, Series 2009A Bonds and Series 2012C Loan.

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

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

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

“*Project*” refers to financing the cost to construct an elevated water tank, and appurtenances, with the proceeds of the Obligations.

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

“*Revenue Fund*” refers to the Jessamine-South Elkhorn Water District Waterworks Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

“*Series 2000B Bonds*” refers to the outstanding Jessamine-South Elkhorn Water District Waterworks Revenue Bonds, Series 2000B, dated September 1, 2000, in the original principal amount of \$400,000.

“*Series 2008A Bonds*” refers to the outstanding Jessamine-South Elkhorn Water District Waterworks Revenue Bonds, Series 2008A, dated March 4, 2010, in the original principal amount of \$750,000.

“*Series 2008B Bonds*” refers to the outstanding Jessamine-South Elkhorn Water District Waterworks Revenue Bonds, Series 2008B, dated March 4, 2010, in the original principal amount of \$522,000.

“*Series 2009A Bonds*” refers to the outstanding Jessamine-South Elkhorn Water District Waterworks Revenue Bonds, Series 2009A, dated March 4, 2010, in the original principal amount of \$240,000.

“*Series 2012C Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 2, 2012, authorizing the loan in the principal amount of \$1,710,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012C.

“*Series 2012C Loan*” refers to the loan to the Governmental Agency in the principal amount of \$1,710,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012C.

“*System*” refers to the Governmental Agency’s waterworks and sewer system, together with all future extensions, additions and improvements to said System.

“*Treasurer*” refers to the Treasurer of the Governmental Agency.

“*Trustee*” refers to Regions Bank, Nashville, Tennessee.

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

Section 2. Reaffirmation of Declaration of Waterworks and Sewer System.

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

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution.

That pursuant to the Constitution and laws of Kentucky, and particularly the Act, the Governmental Agency hereby authorizes the borrowing of \$470,000 from the Program, for the purpose of providing funds for the Project.

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

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Date to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Bond Account pursuant to the ACH Debit Direct Payment Method (the “ACH Debit Direct Payment Method”) as described and detailed in the ACH Debit Direct Payment Authorization Form (the “ACH Authorization Form”) in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

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

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

Section 4. Redemption.

(a) *Optional Redemption.* Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after January 1, 2027 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after January 1, 2026 at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

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

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

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

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds.

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

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation.

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

Section 7. Flow of Funds.

All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds; and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond

Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Obligations, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

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

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

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

Said Bond Account shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Outstanding Bonds, and is subject to a first lien and charge in favor of the holders of the Outstanding Bonds.

No further payments need be made into the Bond Account (a) when ever and so long as such amount of the Outstanding Bonds shall have been retired that the amount then held in the Bond Account is 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 of the Outstanding Bonds, or (b) whenever the Outstanding Bonds shall have been defeased.

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set aside and deposited into the Bond Account out of the first available revenues in the ensuing month or months, which amount shall be in addition to the monthly deposit(s) otherwise required during such succeeding month or months.

C. Debt Reserve Fund. Moneys in the Debt Reserve Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when

necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Bond Account is not sufficient to make such payments.

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

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

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

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account.

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

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

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

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Jessamine-South Elkhorn Water District Governmental Agency Account" (the "Governmental

Agency Account”) has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the cost of additions and improvements to and the construction of the Project.

Payment from the Governmental Agency Account for costs in connection with the Project shall be made only upon a Requisition Certificate delivered to the Trustee which has been approved by the Engineers having charge of supervising the Project, and countersigned by the Governmental Agency Chief Executive, said Engineers to certify in each instance that the Requisition Certificate represents a sum actually earned by and due to the proposed payee under a contract with said Governmental Agency for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the Governmental Agency in connection with said Project.

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

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

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Project as approved by the Governmental Agency in accordance with the contracts, plans and specifications approved by the Governmental Agency.

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

Section 9. Arbitrage Limitations.

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

(b) “Non-Exempt Revenues” within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably

expected to be used for the payment of debt service on the Obligations, in excess of “Exempt Revenues,” which Exempt Revenues are:

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

(2) amounts deposited in the Debt Reserve Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

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

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

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

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

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

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

(5) That amounts accumulated in the Bond Account shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Debt Reserve Fund will be used for payment of debt service on any bonds payable from the

revenues of the System, even though such Debt Reserve Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

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

Section 10. Parity Bonds.

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

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

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

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

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

additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

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

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

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

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

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

(f) The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall adjust the monthly amount to be deposited into the Bond Account on the same basis as that prescribed in the provisions establishing such Bond Account, to reflect the annual debt service requirements of the additional Parity Bonds; and

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

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

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

average annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of such proposed Parity Bonds and the redemption of the Bonds to be refunded.

Section 11. Rates and Charges for Services of the System.

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

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the net income and revenues (as defined in Section 11 hereof) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 10 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Issue Are Equal.

The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds

authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations.

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

Section 14. Contractual Nature of Assistance Agreement.

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

Section 15. Appointment and Duties of Trustee.

The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;

(c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;

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

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

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

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

Section 16. Provisions in Conflict Repealed.

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

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986.

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

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

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

Section 18. Insurance.

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

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

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

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

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

Section 19. Event of Default; Remedies.

The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

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

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

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

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

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

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court

order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 20. Annual Reports.

The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2016) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 180 days after the end of each fiscal year (June 30).

Section 21. Supplemental Assistance Agreement.

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

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

Section 22. No Remedy Exclusive.

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

Section 23. Waivers.

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

Section 24. Agreement to Pay Attorneys' Fees and Expenses.

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

Section 25. Signatures of Officers.

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

Section 26. Severability Clause.

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

[Signature page follows]

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By William Ballay
President

Attest:

By _____
Secretary/Treasurer

JESSAMINE-SOUTH ELKHORN WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By  _____
Secretary/Treasurer

JESSAMINE-SOUTH ELKHORN WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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


KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

JESSAMINE-SOUTH ELKHORN WATER DISTRICT

By  _____
Chairman

Attest:

By  _____
Secretary

EXHIBIT A

Debt Service Schedule

KRWFC Flexible Term Program Series 2016 D
Sinking Fund Payment Schedule

Borrower: Jessamine South Elkhorn Water District
Closing Date: 11/30/16

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
1/17-7/17	1,538.46	1,819.45	44.95	3,402.86
8/17-1/18	1,538.46	1,585.42	39.17	3,163.04
2/18-7/18	2,083.33	1,518.75	37.50	3,639.58
8/18-1/19	2,083.33	1,518.75	37.50	3,639.58
2/19-7/19	2,500.00	1,435.42	35.42	3,970.83
8/19-1-20	2,500.00	1,435.42	35.42	3,970.83
2/20-7/20	2,500.00	1,335.42	32.92	3,868.33
8/20-1/21	2,500.00	1,335.42	32.92	3,868.33
2/21-7/21	2,500.00	1,235.42	30.42	3,765.83
8/21-1/22	2,500.00	1,235.42	30.42	3,765.83
2/22-7/22	2,500.00	1,135.42	27.92	3,663.33
8/22-1/23	2,500.00	1,135.42	27.92	3,663.33
2/23-7/23	2,916.67	1,010.42	25.42	3,952.50
8/23-1/24	2,916.67	1,010.42	25.42	3,952.50
2/24-7/24	2,916.67	893.75	22.50	3,832.92
8/24-1/25	2,916.67	893.75	22.50	3,832.92
2/25-7/25	2,916.67	777.08	19.58	3,713.33
8/25-1/26	2,916.67	777.08	19.58	3,713.33
2/26-7/26	2,916.67	631.25	16.67	3,564.58
8/26-1/27	2,916.67	631.25	16.67	3,564.58
2/27-7/27	3,333.33	514.58	13.75	3,861.67
8/27-1/28	3,333.33	514.58	13.75	3,861.67
2/28-7/28	3,333.33	381.25	10.42	3,725.00
8/28-1/29	3,333.33	381.25	10.42	3,725.00
2/29-7/29	3,333.33	247.92	7.08	3,588.33
8/29-1/30	3,333.33	247.92	7.08	3,588.33
2/30-7/30	3,750.00	131.25	3.75	3,885.00
8/30-1/31	3,750.00	131.25	3.75	3,885.00
	<u>470,000.00</u>	<u>157,223.68</u>	<u>3,949.64</u>	<u>631,173.32</u>

EXHIBIT B
REQUISITION CERTIFICATE

Request No. _____

Dated _____

To: Regions Bank
Corporate Trust Department
150 Fourth Avenue North, Suite 900
Nashville, Tennessee 37219
Fax Number: 615-770-4350

From: Jessamine-South Elkhorn Water District (“Governmental Agency”)
Contact Person: Mr. L. Nicholas Strong, Chairman
802 South Main Street, Nicholasville, Kentucky 40356

Re: Loan in the amount of \$470,000, dated November 30, 2016, to the Jessamine-South Elkhorn Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2016D.

Ladies and Gentlemen:

1. That _____ (the “Payee”) is due the sum of \$ _____, which represents an amount duly earned by and payable to said Payee, its successors or assigns, for labor, materials, work and/or services detailed in the attached Exhibits and furnished under an existing contract with the above identified Governmental Agency, relating to the “Project” (as described in the Assistance Agreement between the Governmental Agency and the Kentucky Rural Water Finance Corporation) financed by the issuance of the above-identified Loan, and that if such sum is for materials and/or supplies furnished, such materials and/or supplies have been received, and if for services, such services have been performed;

2. That the Payee has expended or is expending concurrently with the delivery of this Certificate, the amount set out above on account of the cost of the Project, and that no Requisition Certificate with respect to such expenditure has previously been delivered to Regions Bank, Nashville, Tennessee, as Trustee;

3. That the undersigned are presently the persons who have been duly designated to execute this Requisition Certificate in connection with such Project, and that the authority of the undersigned to do so has not been canceled, revoked, rescinded, changed or altered in any manner.

Respectfully submitted,
JESSAMINE-SOUTH ELKHORN WATER
DISTRICT

By _____
Chairman

**Certificate of Consulting Engineers as to
Payment Request**

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request and that all expenses represented in this request were duly incurred for the construction of the "Project," and that such expenses have not been the subject of any request for disbursement previously submitted.

Engineer/Consultant _____

Firm Name _____

By _____

Title _____

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F07-02

BORROWER: Jessamine South Elkhorn Water District

BORROWER'S ADDRESS: 107 South Main Street
PO Box 731
Nicholasville, Kentucky 40356

DATE OF ASSISTANCE AGREEMENT: January 1, 2008

CFDA NO.: 66.468

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998 (the "Federal Agreement") under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of February 1, 2000 (the "Indenture") between the Authority and National City Bank of Kentucky (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to repay the Loan and the interest thereon from the sources herein provided, all as hereinafter more specifically provided; and

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

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

ARTICLE I

DEFINITIONS

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

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

"*Administrative Fee*" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Project Specifics.

"*Architects*" means the firm of consulting architects employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

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

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

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

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

"*Cabinet*" means the Natural Resources and Environmental Protection Cabinet of the Commonwealth.

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

"*Commonwealth*" shall mean the Commonwealth of Kentucky.

"*Construction*" shall mean construction as defined in the Act.

"*Debt Obligations*" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance

Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

"*Drinking Water Supply Project*" shall mean the planning, design and construction of drinking water treatment and distribution systems, including expenditures to address Federal Act health goals, or to address situations where compliance standards have been exceeded or to prevent future violations of rules, and may further include drinking water treatment plants, including basins for rapid mix, flocculation, coagulation, filtration, pre-treatment disinfection, and disinfection prior to entry to the distribution system; distribution systems; storage tanks; intake lines and short-term water storage; clearwells; drilled wells and wellhead areas; and any other structure or facility considered necessary by the Natural Resources Cabinet of the Commonwealth of Kentucky to the efficient and sanitary operation of a public water system and complies with the requirements of the Federal Act.

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

"*Federal Act*" shall mean the Federal Safe Drinking Water Act, as amended, 42 U.S.C. Section 1401, et seq.

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

"*Indenture*" shall mean the General Trust Indenture dated as of February 1, 2000 between the Authority and the Trustee.

"*Interagency Agreement*" means the Memorandum of Understanding dated as of July 1, 1999 between the Authority and the Cabinet, as the same may be amended or supplemented from time to time.

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

"*Loan Rate*" means the rate of interest identified in the Schedule of Payments.

"*Person*" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"*Program*" shall mean the program authorized by KRS 224A.1115 and the Indenture as the "federally assisted drinking water revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"*Project*" shall mean, when used generally, a Drinking Water Supply Project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

"*Resolution*" means the resolution of the Governmental Agency attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

"*Schedule of Payments*" means the principal and interest requirements of the Loan as set forth in Exhibit F hereto, to be established and agreed to upon or prior to the completion of the Project.

"*Schedule of Service Charges*" shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, and such other revenues identified in Exhibit C hereto from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority

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

"*System*" shall mean the water system owned and operated by the Governmental Agency of which the Project shall become a part and from the earnings of which (represented by the Service Charges) the Governmental Agency shall repay the Authority the Loan hereunder.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Governmental Agency as follows:

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

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

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

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

Section 2.2. Representations and Warranties of the Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

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

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

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

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

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

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Assistance Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

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

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project, to charge and collect the Service Charges and to enter into this Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

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

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

(K) Project is consistent with the water supply plan developed pursuant to 401 KAR 4:220 for the county in which the Governmental Agency is located.

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Drinking Water Supply Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable semiannually, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; and shall be subject to the further requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Prepay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

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

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable

from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority and the Cabinet appropriate documentation, satisfactory to the Authority indicating the following:

(A) That the Authority and the Cabinet and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to examine and inspect the Project.

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

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

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

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

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

(G) Duly authorized representatives of the Cabinet and such other agencies of the Commonwealth as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement. The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with

generally accepted governmental accounting standards, as required by the Federal Agreement. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

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

(C) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

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

(E) That no more than fifty percent (50%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the final plan for operation for the Project.

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

(G) That final disbursement will not be allowed until approval by the Cabinet of a final operations and maintenance manual.

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

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

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

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

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

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

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

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

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

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

Section 4.3. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

ARTICLE V

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

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable, and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System and accordingly the Project not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the

Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspections. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribed, charge and collect the Service Charges set forth in Exhibit C as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement, to provide for the operation of the System and to make the required deposits to the Maintenance and Replacement Reserve.

(B) That it will furnish to the Authority and the Cabinet not less than annually reports of the operations and income and revenues of the System, and will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

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

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations. It further covenants that it will not issue any notes, bonds or other obligations payable from the revenues of the System, if the pledge of the revenues of the System to the repayment of such obligations is to rank on a parity with, or superior to, the pledge of the revenues of the System for the repayment of the Loan granted under this Assistance Agreement, unless the Governmental Agency has secured the consent of the Authority not less than fifteen (15) days prior to the issuance of such obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of

Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within ninety (90) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the Project and the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Assistance Agreement and any other Debt Obligations.

Section 6.10. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, the Federal Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

Section 6.11. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

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

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

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

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

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) Coastal Barrier Resources Act, Pub. L. 97-348
- (d) Coastal Zone Management Act, Pub. L. 93-583, as amended
- (e) Endangered Species Act, Pub. L. 93-205, as amended
- (f) Environmental Justice, Executive Order 12898
- (g) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (h) Protection of Wetlands, Executive Order 11990
- (i) Farmland Protection Policy Act, Pub. L. 97-98
- (j) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (k) National Historic Preservation Act of 1966, PL 89-665, as amended
- (l) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (m) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- (a) Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- (b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
- (c) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- (d) Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432

- (g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

(2) State:

- (a) KRS 224
- (b) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

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

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 7.4. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.5. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.6. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.7. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.8. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.9. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.10. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.11. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

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

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

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.11, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has

complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.12. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

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

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

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

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

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.13 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments, to be immediately due and payable.

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

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

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

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.10 hereof shall be those remedies specifically set forth in Section 6.10 hereof

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act. The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Assistance Agreement.

Section 8.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Authority, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2. Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

Section 9.5. Severability. In the event that any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6. Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the day and year above written.

ATTEST:

KENTUCKY INFRASTRUCTURE
AUTHORITY

Maureen Pate

By: *Tim Thomas*

Title: SECRETARY

TIM THOMAS, EXECUTIVE DIRECTOR
Title: _____

ATTEST:

GOVERNMENTAL AGENCY:
JESSAMINE SOUTH ELKHORN WATER
DISTRICT

Dr. Dale Copps

By: *L. Thomas*

Title: SECRETARY

Title: CHAIRMAN

APPROVED:

EXAMINED:

[Signature]
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

Beck, Shaffer + Williams LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

ENVIRONMENTAL AND PUBLIC PROTECTION
CABINET OF THE COMMONWEALTH OF KENTUCKY

By: *[Signature]*
Director
Division of Water

APPROVED AS TO FORM AND LEGALITY

E. Jeffrey Mosley
APPROVED
FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
JESSAMINE SOUTH ELKHORN WATER DISTRICT
PROJECT SPECIFICS
F07-02

GOVERNMENTAL AGENCY:

Name: JESSAMINE SOUTH ELKHORN WATER DISTRICT
 107 South Main Street
 Nicholasville, Kentucky 40356

Contact Person: L. Nicholas Strong, Chairman
 859-621-6200

SYSTEM: Drinking Water

PROJECT: The Water District is proposing to construct new 6-inch water lines that will re-pipe the Keene system to eliminate line breaks, water outages and low flow problems. Also, to improve hydraulics and water quality, the Keene area will be connected to recently installed up-sized lined along KY-1267. Additionally, unserved areas will receive service with the construction of hydraulic reinforcement loop lines.

PROJECT BUDGET:

	Fund F	
	Loan	Total
Administrative Expenses	50,000	\$ 50,000
Legal Expenses	17,000	\$ 17,000
Engineering Fees	250,000	\$ 250,000
Construction	1,313,850	\$ 1,313,850
Contingency	69,150	\$ 69,150
Other	50,000	50,000
Total	1,750,000	1,750,000

FUNDING SOURCES:

	Amount	%
Fund F Loan	\$ 1,750,000	100%
Total	\$ 1,750,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 1,750,000
Interest Rate	3.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 116,994.86
Administrative Fee (0.25%)	\$ 4,375.00
Total Estimated Annual Debt Service	\$ 121,369.86

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/07).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/01/08).

REPLACEMENT RESERVE ACCOUNT: \$ 15,000 ANNUAL AMOUNT
 \$ 150,000 TOTAL AMOUNT

The annual replacement cost is \$15,000. This amount should be added to the replacement account each December 1 until the balance reaches \$150,000 and maintained for the life of the system.

ADMINISTRATIVE F 0.25%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

None

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)	<u>\$ 3,000,000</u>
Death or Personal Injury (per occurrence)	<u>\$ 5,000,000</u>
Property Damage on System	<u>\$ 15,000,000</u>

EXHIBIT B

**REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED JANUARY 1, 2008
LOAN NO. F07-02**

Request No. _____

Dated: _____

Original sent to: Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

Copy sent to: Branch Manager
Resource Planning and Program Support Branch
Division of Water
Natural Resources and
Environmental Protection Cabinet
14 Reilly Road
Frankfort, Kentucky 40601

FROM: JESSAMINE SOUTH ELKHORN WATER DISTRICT (the
"Governmental Agency")

Gentlemen:

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

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

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

ELIGIBLE PROJECT EXPENSES INCURRED

<u>Contractor</u>	<u>Expenses this Request</u>	<u>Expenses to Date</u>
-------------------	----------------------------------	-----------------------------

Total

ALLOCATION OF FUNDING FOR EXPENSES

<u>Funding Source</u>	<u>Portion of Expenses this Request</u>	<u>Portion of Expenses Total to Date</u>
-----------------------	---	--

Totals

The Governmental Agency certifies it has also paid Project expenses for planning and design or has submitted requisitions to the applicable funding sources for Project expenses, which have not been identified in any previous Request or Payment, as follows:

<u>Funding Source</u>	<u>Amount of Payment or Requisition</u>	<u>Date of Payment or Requisition</u>
-----------------------	---	---

Respectfully submitted,

Governmental Agency

By: _____

Title _____

CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST

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

Engineer/Architect

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

[SEE ATTACHED]

JSEWD - RATES
(EFFECTIVE MARCH 1, 2005)

5/8" Meter - Connection Fee \$650.00

First 2,000 gallons	\$ 21.72	Minimum Bill =	\$ 21.72
Next 2,000 gallons	5.21 per 1,000 gals	=	10.42
Next 2,000 gallons	5.11 per 1,000 gals	=	10.22
Next 10,000 gallons	5.01 per 1,000 gals	=	50.10
Next 8,000 gallons	4.91 per 1,000 gals	=	39.28
Over 24,000 gallons	4.81 per 1,000 gals	=	

1" Meter - Connection Fee \$775.00

First 10,000 gallons	\$ 62.40	Minimum Bill =	\$ 62.40
Next 6,000 gallons	5.01 per 1,000 gals	=	30.06
Next 8,000 gallons	4.91 per 1,000 gals	=	39.28
Over 24,000 gallons	4.81 per 1,000 gals	=	

2" Meter

First 24,000 gallons	\$ 131.74	Minimum Bill =	\$ 131.74
Over 24,000 gallons	4.81 per 1,000 gals	=	

* 3% Utility Tax on all usage

** 6% Sales Tax on Commercial usage

*** \$6.50/per month Surcharge on all Southeast customers

**** All Renters - \$50.00 Reimbursable Deposit

***** Billing 20th of each month - 10% penalty after 10 days - service locked after 20 days - \$25 reconnecting fee

EXHIBIT D

RESOLUTION

RESOLUTION OF THE JESSAMINE SOUTH ELKHORN WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF JANUARY 1, 2008 BETWEEN THE JESSAMINE SOUTH ELKHORN WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Jessamine South Elkhorn Water District ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of January 1, 2008 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Jessamine South Elkhorn Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the acquisition and construction of the Project.

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

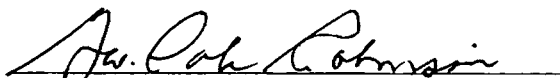
SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on JAN 2, 2008.



Chairman

Attest:


Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Jessamine South Elkhorn Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said District at a meeting duly held on JAN 2, 2008; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 2 day of Jan, 2008.

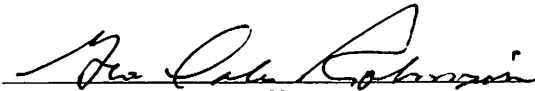

Recording Officer

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and
Jessamine South Elkhorn Water District, dated as of January 1, 2008

Ladies and Gentlemen:

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

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN
JESSAMINE SOUTH ELKHORN WATER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

Total Loan to be Repaid by
Governmental Agency to
Kentucky Infrastructure Authority \$ _____

Principal and Interest Payable
on Each June 1 and December 1

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By: _____

Title: _____

**JESSAMINE SOUTH ELKHORN WATER
DISTRICT**
Governmental Agency

By: L. T. H. H.

Title: CHAIRMAN

ATTEST:

Dr. Dale Robinson

Title: SECRETARY

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

39245.1

RESOLUTION

RESOLUTION OF THE JESSAMINE SOUTH ELKHORN WATER DISTRICT RATIFYING THE EXECUTION AND DELIVERY OF AN ASSISTANCE AGREEMENT DATED AS OF JANUARY 1, 2008 BETWEEN THE JESSAMINE SOUTH ELKHORN WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Jessamine South Elkhorn Water District ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of January 1, 2008 (the "Assistance Agreement") with the Authority; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Jessamine South Elkhorn Water District, as follows:

SECTION 1. That the Governing Authority hereby ratifies and approves the execution and delivery of the Assistance Agreement between the Governmental Agency and the Authority for the purpose of providing the necessary financing to the Governmental Agency for the acquisition and construction of the Project.

SECTION 2. That the actions of the Chairman and Secretary of the Governmental Agency in executing the Assistance Agreement are hereby ratified and approved, and said officials are further authorized, directed and empowered to execute any additional necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

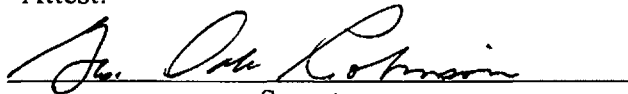
SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on June 2, 2008.



Chairman

Attest:




Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Jessamine South Elkhorn Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said District at a meeting duly held on Jan 2, 2008; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 2 day of Jan, 2008.



Recording Officer

January 2, 2008

The Board of Commissioners of the Jessamine South Elkhorn **Water** District met on January 2, 2008, with the following Commissioners present: Nick Strong, John Blackford, George Dale Robinson, Jerry Haws and J F Hall. Bruce Smith, John Horne, Christopher Horne, Tom Smith and Diana Clark were also present.

There was a lengthy discussion on the **Henry Ln** condemnation. Mr. Smith reported that the Commission reduced the value of the easement. It was suggested to explore all other options of serving the households at the end of Henry Ln before making an offer to obtain the easement. Mr. Smith is checking on some litigating issues in case the Board decided to go that route.

Garland Thompson refused to sign the easement for service to Pekin Lane. Other options were discussed to provide service to Pekin Lane.

There was a discussion on the Roadway Prioritization for water service. David Bain's request for service to Collier Ln was also discussed and added to the prioritization list. A motion to consider Rhineheimer Ln, Parker Ln, Ichthus, and Stirling Ln for system looping as priority with Pekin Ln and Henry Ln added based on funding availability and approval of change orders was made by Mr. Haws, seconded by Mr. Hall – approved.

There was a discussion on the pressure issue in the Keene area.

A motion to approve Pay Estimate #3 and the KIA request for the **Keene Reconstruction Project** was made by Mr. Hall, seconded by Mr. Haws – approved.

A motion to approve Pay Estimate #3 and the KIA request for the **Unserved Rural Project** was made by Mr. Hall, seconded by Mr. Robinson – approved.

A motion to approve the interim funding for the **Keene Reconstruction Project** by First Southern at a rate of 4.5% was made by Mr. Blackford, seconded by Mr. Robinson – approved.

A motion to authorize the signing of the KIA loan agreement for the **Keene Reconstruction Project** was made by Mr. Haws, seconded by Mr. Robinson – approved.

A motion to adopt the Resolution (see attachment) for the **Keene Reconstruction Project** was made by Mr. Robinson, seconded by Mr. Blackford – approved.

There was a discussion on the replacement of lines along US 68. Mr. Horne recommended to wait until approval from the State is received on what lines can be replaced through the **US 68 Project** and then to re-evaluate what needs to be replaced. Mr. Strong directed Mr. Horne to submit project profiles to obtain possible funding including grants from the State for upcoming projects.

There was a discussion on the maintenance contract with **Ron Eldridge Excavating**. It was suggested to set up a meeting with Ron to discuss items of the proposed contract.

A motion to approve the minutes of the December meeting was made by Mr. Robinson, seconded by Mr. Hall - approved.

A motion to approve the December bills and pre-approve the contractual payables was made by Mr. Robinson, seconded by Mr. Hall - approved.

Minutes
January 2, 2008
Page 2

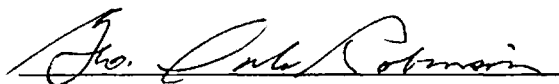
The Commissioners were given the following reports for review: Water Loss and contractual payables for pre-approval. The financial statements will be given to the Commissioners after the close of the month.

There was a discussion on the Southeast Surcharge.

There was a discussion on submitting a purchase water adjustment due to the rate increase by Ky Am. A motion to apply for a pass-through increase was made by Mr. Haws, seconded by Mr. Robinson – approved.

There being no further business to come before the Board, meeting adjourned.

ATTEST:



Joe. Dale Robinson



Chairman

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: June 21, 2007 – 1:30 p.m.
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Mr. Mike Burnside, Finance and Administration Cabinet
(proxy for Secretary John Farris, FAC)
Mr. Lloyd Cress, Deputy Secretary, Environmental and Public Protection Cabinet
(proxy for Secretary Teresa Hill, EPPC)
Mr. George Burgess, Economic Development Cabinet
(proxy for Secretary John Hindman, EDC)
Ms. Colleen Chaney, Acting Commissioner, Governor's Office for Local Development
Mr. Bob Amato, Deputy Executive Director, Public Service Commission
(proxy for Ms. Beth O'Donnell, Executive Director, PSC)
Mr. Damon Talley, representing the Kentucky Rural Water Association
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Lyn Bailey, Mayor, City of Cadiz, representing the Kentucky League of Cities

Members absent:

Mr. Gregory Heitzman, representing the American Water Works Association
Mr. Larry B. Whitaker, McLean County Judge/Executive, representing the Kentucky Association
of Counties

Guests:

Mr. Tony Harover, Strand Associates
Mr. David Morgan, DOW
Ms. Kristi Culpepper, Legislative Research Commission
Mr. Nick Strong, Jessamine South Elkhorn Water District
Mr. John Horne, Jessamine South Elkhorn Water District
Ms. Donna Marlin, DOW
Ms. Lola Lyle, DOW
Mr. John Weil, Legislative Research Commission
Mr. Roger Recktenwald, KACo
Mr. Jason Hamilton, OFM
Mr. Daniel Howard, City of Harlan
Mr. Tim Schwendeman, Cumberland Valley ADD
Mr. Rodney Hitch, Morehead-Rowan County E.D.C
Ms. Gail Wright, Gateway ADD
Mr. David Bowles, Monarch Engineering
Mr. Lenny Stone, Adair County Water District

PROCEEDINGS

Vice Chair Lyn Bailey called a meeting of the Kentucky Infrastructure Authority (KIA) Board to order and asked all board members and guests to introduce themselves. Vice Chair Bailey noted a quorum was present and that the press had been notified regarding the meeting.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Full Board Meeting of May 10, 2007

Mr. Damon Talley moved to approve the minutes. Mr. Bob Amato seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING THE ELECTION OF A CHAIR OF THE KENTUCKY INFRASTRUCTURE AUTHORITY.

Mr. Damon Talley nominated Colleen Chaney for the position of Board Chair. There were no further nominations.

Mr. Damon Talley moved that nominations cease and the resolution authorizing the election of the Chair be approved. Ms. Linda Bridwell seconded, and the motion carried.

At that time, Ms. Chaney assumed the duties of Chair to conduct the remainder of the meeting.

2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND (FUND A) LOAN FOR THE CITY OF BEAVER DAM IN THE AMOUNT OF \$598,549.

Ms. Sandy Williams, KIA, and Mr. Shafiq Amawi, Division of Water, presented the project to the board. The loan is for rehabilitation of approximately 23,000 linear feet of sewer line. The system is currently subject to excessive inflow and infiltration, and the City is under an Agreed Order to repair the system. The City currently treats its own waste, but the Ohio County Regional Wastewater Authority will begin taking flows from Beaver Dam in the summer of 2008. The system serves approximately 1,436 customers. The City's Median Household Income level in 2000 was \$28,066, lower than the median household income level of \$33,672 for the Commonwealth, qualifying the project for a 1% interest rate. The Fund A loan will be repayable over 20 years, and a balance of \$40,000 must be set aside in a borrower held replacement reserve. KIA staff recommended approval of the loan.

Mr. Damon Talley made a motion to adopt the resolution. Mr. George Burgess seconded, and the motion carried unanimously.

3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND (FUND A) LOAN FOR THE CITY OF FALMOUTH IN THE AMOUNT OF \$2,812,255.

Ms. Sandy Williams, KIA, and Mr. Shafiq Amawi, Division of Water, presented the project to the board. The project is for construction of a new wastewater treatment plant, pumping station and force main, all of which are to replace existing facilities now located in an area subject to flooding. The project is at the recommendation of the recent 201 Facility Plan and an Agreed Order between the Division of Water and the Pendleton County Regional Wastewater Planning Authority. The City serves approximately 1,026 customers. Falmouth's Median Household Income level in 2000 was \$25,114, lower than the median household income level of \$33,672 for the Commonwealth, qualifying the project for a 1% interest rate. The Fund A loan will be repayable over 20 years, and a balance of \$250,000 must be set aside in a borrower held replacement reserve. KIA staff recommended approval of the loan with the condition that the City of Falmouth must enact a sewer rate increase of 50% prior to December 2007, to go into effect no later than July 2008. Ms. Williams stated that a letter has been received from the city indicating that they are aware of the need for the required rate increase and that they are willing to enact the increase.

Mr. Bob Amato inquired as to how the amount of replacement reserve required is determined. Ms. Williams explained that the borrower and the borrower's engineer estimate potential replacement costs, based upon the type of project being undertaken.

Ms. Linda Bridwell made a motion to adopt the resolution. Mr. Bob Amato seconded, and the motion carried unanimously.

4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS FOR APPROVAL OF A CONDITIONAL COMMITMENT FOR A GRANT THROUGH THE INFRASTRUCTURE REVOLVING FUND (FUND B) FOR THE CITY OF HARLAN IN THE AMOUNT OF \$200,000.

Mr. Chris Whitaker, KIA, presented the project to the board. The funding is being requested for planning, design and environmental review for a sewer collection system project. The proposed project will involve construction of collection trunk lines with force mains, gravity lines, pump stations, and associated appurtenances. Municipal sewer service is to be provided to 500 residential customers in the Rosspoint community, Rosspoint Elementary School, and the new Harlan County High School scheduled to open in August 2008. The project will eliminate approximately 400 failing septic systems, approximately 100 straight pipes and a failing innovative wetlands system at the elementary school. Proposed funding sources for construction of the project include EPA Grant, PRIDE Grant, KIA Grant and a possible KIA loan. The City's goal is to have the project completed prior to the beginning of the 2008 school year. The City of Harlan had a Median Household Income of \$17,370 in 2000. The Median

Household Income for Harlan County was \$18,665. The Median Household Income for the Commonwealth is \$33,672. KIA staff recommended approval of the grant with three conditions: 1) not more than 50% of the grant budgeted for planning and design will be released to the grantee prior to submittal of the plans and specifications to the Kentucky Division of Water (DOW); 2) the remaining planning and design grant amount will be available to draw after DOW approves the plans and specifications; and 3) monthly draws for planning and design will be allowed upon certification by the engineer and the grantee.

Ms. Linda Bridwell raised a question regarding the aggressive schedule for completion of the project. Harlan Mayor Daniel Howard provided an overview of their proposed timetable for design of the project, submission of the plans for approval, and construction. He explained that there have been a number of meetings among all parties involved to consider the scheduled required for timely completion. He told the board that the school system has expressed willingness to push back the opening date or make other temporary arrangements in the event that the project is not completed by the scheduled beginning of the school year.

Ms. Linda Bridwell made a motion to adopt the resolution. Mr. Bob Amato seconded, and the motion carried unanimously.

5. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS FOR APPROVAL OF A CONDITIONAL COMMITMENT FOR A GRANT THROUGH THE INFRASTRUCTURE REVOLVING FUND (FUND B) FOR THE WESTERN PULASKI COUNTY WATER DISTRICT IN THE AMOUNT OF \$620,000

Ms. Sandy Williams, KIA, presented the project to the board. The project is for the construction of an eight-inch distribution water main along Highway 80 to Kentucky 196 at Nancy and Kentucky 196 to Amy Lane, and extend service to Alligator Boat Ramp to improve water service to Western Pulaski County. The project will extend water service to the new location of Alligator Boat Dock and is necessary to provide sufficient water to the boat dock. Additionally, approximately 4,000 underserved residential customers will receive benefit from the increased flow. As of 2000, Pulaski County's Median Household Income level was \$27,370. The Median Household Income for the Commonwealth is \$33,672. KIA staff recommended approval of the grant with three conditions: 1) upon determination of the lowest responsive, responsible bidder, the Water District must submit to the Authority a revised, as-bid budget; 2) the Executive Director of the Kentucky Infrastructure Authority, after consultation with the Water District, will determine if the grant amount needs to be decreased as a result of bids being lower than the project estimate; and 3) if project bids come in well above the funding available, the grant commitment will be rescinded unless the water district can provide additional funding for the project or the project scope can be revised to complete the project within the funding available.

Mr. Damon Talley inquired about how this project related to the proposed grant for Western Pulaski County Water District discussed at the last board meeting. Ms. Williams explained that at the May meeting, the full board authorized the Executive Committee to approve action on the resolution. However, there was no meeting of the Executive Committee in the intervening period, so the

resolution was presented for action at the regular June board meeting. Mr. Talley also verified that the funding for this project will not actually run a water line directly to the Alligator Dock., but will place a public service line in a location that will enable the Dock to run a private line from their property to connect to water service.

Mr. Bob Amato inquired about five conditions for grant approval that were placed on the project during discussion at the last meeting. Ms. Williams informed him that those conditions have either been subsequently addressed or are included in the resolution to be acted upon.

Mr. Damon Talley made a motion to adopt the resolution. Mr. Mike Burnside seconded, and the motion carried unanimously.

6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (FUND F) LOAN TO THE ADAIR COUNTY WATER DISTRICT IN THE AMOUNT OF \$1,000,000.

Mr. Chris Whitaker, KIA, and Ms. Donna Marlin, Division of Water, presented the project to the board. The project is for the installation of approximately 41,000 linear feet of 12-inch transmission water main and the erection of a 500,000 gallon elevated water storage tank which will enhance the district's operation, particularly in the northeast portion of the service area. The amount of water line to be installed is 41,000 linear feet, a change from the 26,000 linear feet as listed in the Board Book. The water line will extend from the Columbia/Adair County Industrial Park following Kentucky Highways 551 and 1323 to Vester Road and to Kentucky Highway 206, ending at the site of the existing water tank. The project will eliminate a potentially serious health hazard in the communities it will serve. It is anticipated that over 500 homes will be immediately affected by the project in addition to the day to day operation of the entire water system. The county's Median Household Income level in 2000 was \$25,055, lower than the median household income level of \$33,672 for the Commonwealth, qualifying the project for a 1% interest rate. The Fund F loan will be repayable over 20 years. The system currently sets aside \$301,200 each year in a sinking fund, so no additional reserve will be required. KIA staff recommended approval of the loan with two conditions: 1) the District will provide certification that it is in compliance with bond covenants for all outstanding debt; and 2) the District will implement at a minimum the proposed rates set forth in the letter of conditions from USDA Rural Development (an approximate 4.8% increase).

Mr. Damon Talley made a motion to adopt the resolution. Mr. George Burgess seconded, and the motion carried unanimously. Mr. Bob Amato abstained from voting on the resolution.

7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (FUND F) LOAN TO THE JESSAMINE SOUTH ELKHORN WATER DISTRICT IN THE AMOUNT OF \$1,750,000.

Ms. Sandy Williams, KIA, and Ms. Donna Marlin, Division of Water, presented the project to the board. The project is for the construction of new 6-inch water lines that will re-pipe the Keene system to eliminate line breaks, water outages, and low flow problems. Also, to improve hydraulics and water quality, the Keene area will be connected to recently installed up-sized lines along Kentucky 1267. Unserved areas will receive service with the construction of hydraulic reinforcement loop lines. Jessamine County has a Median Household Income of \$39,041, which is greater than the Median Household Income level of \$33,672 for the Commonwealth, qualifying the project for a 3% interest rate. The Fund F loan will be repayable over 20 years and a balance of \$150,000 must be set aside in a borrower held replacement reserve. Information on the loan as presented in the Board Book recommended approval based upon two conditions: 1) upon determination of the lowest responsive, responsible bidder, the Water District must submit to the Authority a revised, as-bid budget; and 2) The Executive Director of the Kentucky Infrastructure authority, after consultation with the Water District, will determine if the loan amount needs to be decreased as a result of bids being lower than the project estimate. However, the board was informed that bids have now been received by Jessamine South Elkhorn Water District, thus eliminating the need for the listed conditions. KIA staff recommended approval of the loan with no conditions

Mr. Lyn Bailey made a motion to adopt the resolution. Mr. Damon Talley seconded, and the motion carried unanimously. Ms. Linda Bridwell and Mr. Bob Amato abstained from voting on the resolution.

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

Ms. Sandy Williams, KIA, noted that this is a routine resolution allowing KIA to reimburse expenses that are paid out of the Authority's funds with bond proceeds. The projects listed below are covered under the resolution.

APPLICANT	FUND	AMOUNT
City of Beaver Dam	A	\$ 598,549
City of Falmouth	A	\$2,812,255
Adair County Water District	F	\$1,000,000
Jessamine/S Elkhorn Water District	F	\$1,750,000

Mr. George Burgess made a motion to adopt the resolution. Ms. Linda Bridwell seconded, and the motion carried unanimously.

II. EXECUTIVE DIRECTOR'S REPORT

Executive Director Jody Hughes reminded board members that he will be retiring effective July 31, 2007, and that the meeting scheduled for July 19, 2007 will be his last in an official capacity. That meeting is planned for policy review and consideration of staff recommendations. Mr. Hughes expressed his appreciation for the support he has received from the board during his tenure.

III. STATUS REPORTS FOR FUNDS

- A. 2003 Coal/Tobacco Development Fund Grants
- B. 2005 IEDF Fund Grants
- C. 2020 Account / Fund B Grants
- D. Funds A, A1, B, B1, C, E, F, F1

Mr. Jody Hughes, KIA, noted that the status reports are included in the board book for information purposes.

IV. KIA EXECUTIVE DIRECTOR

A. NEW KIA EXECUTIVE DIRECTOR

Chair Chaney called for a motion to go into closed session, pursuant to KRS 61.810(f), to discuss personnel matters regarding the Authority's Executive Director position.

Mr. Damon Talley moved to approve the motion to go into executive session. Mr. Bob Amato seconded and the motion carried unanimously.

After discussion Chair Chaney called for a motion to return to open session. *Ms. Linda Bridwell moved to approve the motion to return to open session. Mr. Bob Amato seconded and the motion carried unanimously.*

Mr. Damon Talley made a motion to extend an offer of employment to Tim Thomas as Executive Director of the Kentucky Infrastructure Authority, with his commencement date to be July 1, with Mr. Thomas to assume full duties upon the retirement of Jody Hughes, on August 1. Mr. Lloyd Cress seconded and the motion carried unanimously.

B. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY HONORING JODY E. HUGHES IN RECOGNITION OF DEDICATED SERVICE

Chair Chaney read out a resolution expressing the board's heartfelt appreciation and best wishes to Mr. Hughes upon his retirement.

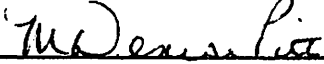
Mr. Damon Talley made a motion to authorize adoption of the resolution. Mr. Lyn Bailey seconded and the motion carried unanimously.

V. ANNOUNCEMENTS/NOTIFICATIONS

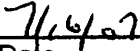
- Next scheduled KIA board meeting:
Tentatively scheduled for
Thursday, July 19, 2007,
1024 Capital Center Drive, Suite 340
Frankfort, KY

There being no further business, Mr. George Burgess moved to adjourn. Mr. Bob Amato seconded and the motion carried unanimously.

Submitted by:



M. Denise Pitts, CPA, Secretary
Kentucky Infrastructure Authority



Date



KENTUCKY INFRASTRUCTURE AUTHORITY

Ernie Fletcher
Governor

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

Jody E. Hughes
Executive Director

June 27, 2007

L. Nicholas Strong, Chairman
Jessamine South Elkhorn Water District
P.O. Box 731
Nicholasville, Kentucky 40356

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F07-02)

Dear Mr. Strong:

The Kentucky Infrastructure Authority (KIA) commends your efforts to improve public service facilities in your community. Your loan application to the KIA to construct the Keene system water main and hydraulic reinforcement loop lines was approved by KIA on June 21, 2007. The total cost of the project shall not exceed \$1,750,000 of which the KIA loan shall provide 100% of the funding. The credit analysis and the Application for Loan Assistance incorporated herein by reference fully describe the project.

An Assistance Agreement will be executed between KIA and the Jessamine South Elkhorn Water District upon satisfactory performance of the conditions set forth in this letter. A period of six months from the date of this letter (December 27, 2007) will be allowed for you to meet the conditions set forth in this letter. Funds will be available for disbursement only after execution of the loan agreement.

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

1. The KIA project loan shall not exceed \$1,750,000.
2. The loan shall bear interest at the rate of 3.0% per annum commencing with the first draw of funds.

L. Nicholas Strong, Chairman
June 27, 2007
Page Two

3. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to KIA as a part of each interest payment.
7. Loan funds will be disbursed after execution of the loan agreement as project costs are incurred.
8. KIA loan funds must be expended within six months of official date of initiation of operation.
9. KIA Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. KIA requires an annual audit to be performed for the life of the loan.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the agreement. Any required documentation must be submitted to the Division of Water (DOW).

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 7 to 10 days of bid opening.

L. Nicholas Strong, Chairman
June 27, 2007
Page Three

2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The district must agree to expend all KIA loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than KIA as reflected in the credit analysis shall be provided prior to preparation of the loan agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration. (KIA)
5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
6. The district must complete and return to KIA the attached "Authorization For Electronic Deposit of Vendor Payment" Form.

Any special conditions listed below and/or stated in the credit analysis must be resolved.

1. MBE/WBE documentation must be submitted and approved by DOW.
2. The district must provide an executed tentative award resolution.

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

Sincerely,



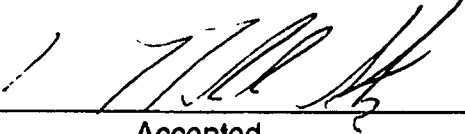
Sandy Williams
Financial Analyst

L. Nicholas Strong, Chairman
June 27, 2007
Page Four

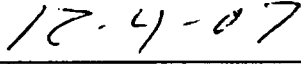
Attachments

cc: Mr. John G. Horne, P.E., Horne Engineering, Inc.
Ms. Lola Lyle, Division of Water
Mr. Dirk Bedarff, Peck, Shaffer & Williams LLP
Mr. Dan Waits, State Local Debt Office, GOLD

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.



Accepted



Date

**AUTHORIZATION FOR ELECTRONIC DEPOSIT
OF BORROWER PAYMENT
KENTUCKY INFRASTRUCTURE AUTHORITY
(FUND F07-02)**

Borrower Information:

Name: _____

Address: _____

City: _____ State: KY Zip: _____

Telephone: _____ Contact: _____

Federal I.D. # _____

Financial Institution Information:

Bank Name: _____

Branch: _____ Phone No: _____

City: _____ State: _____ Zip: _____

Transit / ABA No.: _____

Account Name: _____

Account Number: _____

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: _____ Date: _____

Name Printed: _____ Job Title: _____

Please return completed form to:

**Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601
phone: 502-573-0260
fax: 502-573-0157**

EXECUTIVE SUMMARY		Reviewer: Sandy Williams	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date: June 7, 2007	
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number: F07-02	
REVOLVING LOAN FUND		WRIS Number: WX21113001	
BORROWER:	JESSAMINE SOUTH ELKHORN WATER DISTRICT		
	Jessamine County		
BRIEF DESCRIPTION:	The Water District is proposing to construct new 6-inch water lines that will re-pipe the Keene system to eliminate line breaks, water outages and low flow problems. Also, to improve hydraulics and water quality, the Keene area will be connected to recently installed up-sized lined along KY-1267. Additionally, unserved areas will receive service with the construction of hydraulic reinforcement loop lines.		
PROJECT FINANCING:	PROJECT BUDGET		
Fund F Loan	\$ 1,750,000	Administrative Expenses	\$ 50,000
TOTAL	1,750,000	Legal Expenses	17,000
		Engineering Fees	250,000
		Construction	1,313,850
		Contingency	69,150
		Other	50,000
		TOTAL	1,750,000
REPAYMENT		Rate	3.00%
		Term	20 years
		Est. Annual Payment	\$121,370
		1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Home Engineering, Inc.	
	Bond Counsel	Peck, Shafer, & Williams	
PROJECT SCHEDULE	Bid Opening:	May 2007	
	Construction Start:	July 2007	
	Construction Stop:	April 2008	
DEBT PER CUSTOMER	Existing:	\$ 1,676.42	
	Proposed:	\$ 2,531.09	
OTHER DEBT	See Attached		
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached		
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>
	Current	2,050 \$	32.14 (for 4,000 gallons)
	Proposed	2,055 \$	32.14 (for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.		
CASHFLOW	Cash Available for	Income after Debt	
	Debt Service	Debt Service	Service
			Coverage Ratio
Audited 2004	476,287	189,660	286,627 2.51
Audited 2005	579,343	357,607	221,736 1.62
Audited 2006	536,524	319,953	216,571 1.68
Projected 2007	568,203	243,343	324,860 2.33
Projected 2008	558,442	373,231	185,211 1.50
Projected 2009	557,103	440,617	116,486 1.26

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER REVOLVING LOAN FUND (FUND "F")
JESSAMINE SOUTH ELKHORN WATER DISTRICT
JESSAMINE COUNTY CREDIT ANALYSIS
WX21113001
F07-02**

I. PROJECT DESCRIPTION

The Jessamine South Elkhorn Water District is requesting a Fund F loan in the amount of \$1,750,000. The Water District is proposing to construct new 6-inch water lines that will re-pipe the Keene system to eliminate line breaks, water outages and low flow problems. Also, to improve hydraulics and water quality, the Keene area will be connected to recently installed up-sized lined along KY-1267. Additionally, unserved areas will receive service with the construction of hydraulic reinforcement loop lines.

II. <u>PROJECT BUDGET</u>	Fund F Loan	Total
Administrative Expenses	50,000	50,000
Legal Expenses	30,000	30,000
Planning	10,000	10,000
Engineering Fees	253,000	253,000
Construction	1,250,000	1,250,000
Contingency	117,000	117,000
Other	50,000	50,000
Total	1,750,000	1,750,000

III. PROJECT FUNDING

A. Funding Sources	
KIA Fund F Loan	<u>\$1,750,000</u>
Total Funding	\$1,750,000
B. KIA Debt Service	
Construction Loan	\$1,750,000
Interest Rate	3.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 116,995
Administrative Fee (0.25%)	<u>4,375</u>
Total Estimated Annual Debt Service	\$ 121,370

IV. PROJECT SCHEDULE

Bid Opening:	May 2007
Construction Start:	July 2007
Construction Stop:	April 2008

V. CONTACTS

L. Nicholas Strong, Chairman Jessamine South Elkhorn Water District 107 South Main Street PO Box 731 Nicholasville, Kentucky 40356 859-621-6200	John G. Horne, PE, PLS Horne Engineering, Inc. 216 S. Main Street Nicholasville, Kentucky 40356 859-885-9441
--	--

VI. DEBT OBLIGATIONS

	Outstanding	Maturity
KIA Loan C91-01	\$ 671,666.67	2013
KIA Loan A104-01	\$ 196,861.00	2012
Farmers Bank	\$ 356,865.00	2010
1971 Revenue Bonds	\$ 32,000.00	2011
2000 Revenue Bonds	\$ 2,162,500.00	2039
Total	\$ 3,419,892.67	

VII. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

<u>WRIS</u>	<u>Project Title</u>	<u>Amount</u>	<u>Type</u>
WX21113004	Southeast Water Lines	\$800,000.00	2003 TDF
WX21113002	Haggin Ln Extension - JSEWD	\$50,000.00	KIA 2020

VIII. DEMOGRAPHICS/RATE STRUCTURE

A. DEMOGRAPHICS

Jessamine County is located in the central Bluegrass Region along the Kentucky River. It was established in 1798 and Nicholasville is the county seat. Jessamine County has a population of 30,089 with a median household income of \$39,041, which is greater than the median household income for the Commonwealth of \$33,672. Based on median household income the project will

qualify for the 3% interest rate. The Water District purchases water from the Kentucky American Water Company at two master metering points.

B. CUSTOMER MIX

	Current	Proposed	Total
Residential	1988	5	1993
Commercial	62	0	62
Industrial	0	0	0
	<hr/>	<hr/>	<hr/>
	2,050	5	2,055

C. RATE STRUCTURE

First 2,000 gallons	\$ 21.72	Minimum Bill
Next 2,000	\$ 5.21	per 1,000 gallons
Next 2,000	\$ 5.11	per 1,000 gallons
Next 10,000	\$ 5.01	per 1,000 gallons
Next 8,000	\$ 4.91	per 1,000 gallons
All over 24,000	\$ 4.81	per 1,000 gallons

The current monthly charge for 4,000 gallons of residential water service is \$32.14. The water rates were last adjusted in April 2005. The rates were increased to accommodate the debt service for this project.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Exhibit 1 represents audited financials for the Water District from FY2004 through FY2006 with anticipated projections through FY2009.

A. HISTORICAL

Revenue growth of 25% (\$309,002) was achieved in 2005 primarily due to an increase in water rates and the addition of sewer services at the request of the County Judge Executive. During the same time period, expenses increased \$212,266 leading to an increase of 39% (\$84,433) in net cash income for the period. In 2006, revenue saw a slight decrease of \$78,106 but net cash income remained strong at \$239,247. Water rates were increased in April 2005 in anticipation of the project.

The balance sheet shows a low debt to equity ratio in 2006 of 0.66 to 1. This indicates that system growth has not been entirely financed through debt and that some growth has most likely been financed from system revenues.

B. PROFORMA

Projections based on the following assumptions:

- Revenues for 2007 reflect a 3% increase.
- Revenues for 2008 and 2009 are held constant.
- Expenses are projected to increase by 1% annually. Expenses after project implementation are actually expected to decrease.
- The replacement reserve will be funded at \$15,000 annually.
- Debt service of \$60,685 is projected to begin in December 2008.
- Annual debt service will be \$121,370.

Based on the above assumptions, the system will maintain adequate debt coverage over the next three years.

C. REPLACEMENT RESERVE

Based on the information provided in the application the annual replacement cost is \$15,000. This amount should be added to the replacement account each December 1 until the balance reaches \$150,000 and maintained for the life of the loan.

X. REGIONAL COORDINATION

This project is consistent with regional planning recommendations.

XI. RECOMMENDATIONS

KIA staff recommends approval of the loan.

**EXHIBIT 1
JESSAMINE SOUTH ELKHORN WATER DISTRICT
UTILITY FUND
CASHFLOW ANALYSIS**

	Compiled		Audited		Audited		Projected	Projected	Projected
	2004	% Change	2005	% Change	2006	% Change	2007	2008	2009
Revenues									
Utility Sales	1,236,219	25%	1,545,221	-5%	1,467,115	3%	1,511,128	1,511,128	1,511,128
Penalties	18,285	-3%	17,707	10%	19,488	-5%	18,493	18,563	18,563
Service Charges	39,534	0%	39,425	5%	41,305	-3%	40,088	40,273	40,273
Total Revenues	1,294,038	24%	1,602,353	-5%	1,527,908	3%	1,569,710	1,569,964	1,569,964
Expenses									
Administrative & Operating Expense	825,921	26%	1,038,187	-2%	1,012,259	1%	1,022,382	1,032,605	1,018,944
Depreciation	253,812	5%	265,428	4%	276,402	0%	276,402	276,402	320,152
Replacement Reserve	0		0		0		0	0	15,000
Total Expenses	1,079,733	21%	1,303,615	-1%	1,288,661	1%	1,298,784	1,309,007	1,354,096
Net Income Cash	214,305	39%	298,738	-20%	239,247	13%	270,926	260,956	215,867
Non-Operating Revenues and Expenses									
Investment Income	8,170	86%	15,177	38%	20,875	0%	20,875	21,084	21,084
Total Non-Operating Rev & Exp	8,170	86%	15,177	38%	20,875	0%	20,875	21,084	21,084
Add Non-Cash Expenses									
Depreciation	253,812		265,428		276,402		276,402	276,402	320,152
Cash Available for Debt Service	476,287		579,343		536,524		568,203	558,442	557,103
Debt Service									
Existing Debt	189,660		357,607		319,953		243,343	312,546	319,247
New KIA Fund F Loan	0		0		0		0	60,685	121,370
Total Debt Service	189,660		357,607		319,953		243,343	373,231	440,617
Income After Debt Service	286,627		221,736		216,571		324,860	185,211	116,486
Debt Coverage Ratio	2.51		1.62		1.68		2.33	1.50	1.26

**JESSAMINE SOUTH ELKHORN WATER DISTRICT
BALANCE SHEETS**

	ASSETS	2004	2005	2006	Upon Project Completion
Current Assets					
Cash and Cash Equivalents		133,588	322,224	346,397	462,883
Investments		108,000	108,038	313,957	313,957
Accounts Receivable		44,327	59,318	66,568	56,583
Other		8,804	10,432	11,270	11,270
Total Current Assets		292,719	498,012	738,192	844,693
Restricted Assets					
Customer Deposits		7,863	7,658	39,483	39,483
Construction Accounts		478,228	309,412	102,958	77,219
Reserve Accounts for Revenue Bonds		96,490	93,966	101,737	104,280
Total Restricted Assets		582,581	411,036	244,178	220,982
Property, Plant and Equipment					
Utility Systems		10,152,208	10,365,517	10,804,442	12,554,442
Less Depreciation		(2,293,213)	(2,558,641)	(2,835,043)	(2,878,793)
Total Fixed Assets		7,858,995	7,806,876	7,969,399	9,675,649
Other Assets					
Unamortized Bond Costs		83,957	76,383	68,809	61,235
Total Other Assets		83,957	76,383	68,809	61,235
Total Assets		8,818,252	8,792,307	9,020,578	10,802,559
LIABILITIES					
Current Liabilities					
Accounts Payable		224,323	50,714	104,073	107,195
Other Payables		26,875	0	0	0
Accrued Liabilities		3,850	3,032	2,795	2,795
Total Current Liabilities		255,048	53,746	106,868	109,990
Current Liabilities Payable From Restricted Assets					
Current Maturities of Long Term Debt		155,776	124,830	139,281	226,166
Total Current Liabilities		155,776	124,830	139,281	226,166
Long Term Liabilities					
Customer Deposits		7,790	7,540	8,175	8,175
Notes Payable, Less Current Portion		1,314,680	1,242,685	1,139,884	2,846,718
Revenue Bonds, Less Current Portion		2,238,000	2,203,500	2,157,500	2,128,500
Total Long Term Liabilities		3,560,470	3,453,725	3,305,559	4,983,393
Total Liabilities		3,971,294	3,632,301	3,551,708	5,319,550
FUND EQUITY					
Net Assets					
Invested in Capital Assets		4,207,621	4,312,244	4,601,543	4,601,543
Reserved		337,847	159,699	205,740	205,740
Unreserved		301,490	688,063	661,587	675,726
Total Net Assets		4,846,958	5,160,006	5,468,870	5,483,009
Total Liabilities and Net Assets		8,818,252	8,792,307	9,020,578	10,802,559
Balance Sheet Analysis					
Current Ratio		1.15	9.27	6.91	7.68
Debt to Equity		0.82	0.70	0.65	0.97
Working Capital		(118,105)	319,436	492,043	508,537

Conditional commitment letter was in effect until the final principal draw down was rec'd. Final draw down made in 2017. See Page 6 for assistance agreement.



Steven L. Beshear
Governor

KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

John E. Covington III
Executive Director

November 14, 2011

Mr. L. Nicholas Strong, Chairman
Jessamine South-Elkhorn Water District
801 S. Main Street, P.O. Box 731
Nicholasville, KY 40356

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F11-12)**

Dear Mr. Strong:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On November 10, 2011, the Authority approved your loan for the Northwest Water Main Replacement and Hydraulics / Dixon Town Waterline Replacement Project subject to the conditions stated below. The total cost of the project shall not exceed \$3,025,300 of which the Authority loan shall provide \$3,025,300 of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Jessamine South-Elkhorn Water District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (11/14/2012) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$3,025,300.

2. The loan shall bear interest at the rate of 3% per annum commencing with the first draw of funds.
3. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
4. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
7. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
8. The Authority loan funds must be expended within six months of the official date of initiation of operation.
9. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be preformed for the life of the loan.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted to and approved by DOW.
10. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.

Mr. L. Nicholas Strong
November 14, 2011
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11. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.

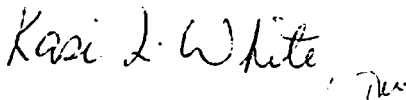
The following is a list of additional conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

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

Sincerely,



Kasi L. White
Financial Analyst

Attachments

cc: John G. Home, PE, PLS, Home Engineering, Inc.
Division of Water

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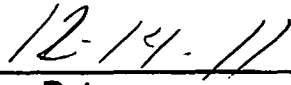
Dirk Bedarff, Peck, Shaffer & Williams LLP
State Local Debt Office, DLG
Borrower File - Jessamine South-Elkhorn Water District - F11-12

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.



Accepted

L. Nicholas Strong, Chairman



Date

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F11-12

BORROWER: Jessamine South-Elkhorn Water District

BORROWER'S ADDRESS: 801 S Main Street
PO Box 731
Nicholasville, Kentucky 40356

DATE OF ASSISTANCE AGREEMENT: April 1, 2013

CFDA NO.: 66.458

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998 (the "Federal Agreement") under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of February 1, 2000 (the "Indenture") between the Authority and National City Bank of Kentucky (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to repay the Loan and the interest thereon from the sources herein provided, all as hereinafter more specifically provided; and

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

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

ARTICLE I

DEFINITIONS

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

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

"*Administrative Fee*" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Project Specifics.

"*Architects*" means the firm of consulting architects employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

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

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

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

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

"*Cabinet*" means the Natural Resources and Environmental Protection Cabinet of the Commonwealth.

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

"*Commonwealth*" shall mean the Commonwealth of Kentucky.

"*Construction*" shall mean construction as defined in the Act.

"*Debt Obligations*" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance

Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

"Drinking Water Supply Project" shall mean the planning, design and construction of drinking water treatment and distribution systems, including expenditures to address Federal Act health goals, or to address situations where compliance standards have been exceeded or to prevent future violations of rules, and may further include drinking water treatment plants, including basins for rapid mix, flocculation, coagulation, filtration, pre-treatment disinfection, and disinfection prior to entry to the distribution system; distribution systems; storage tanks; intake lines and short-term water storage; clearwells; drilled wells and wellhead areas; and any other structure or facility considered necessary by the Natural Resources Cabinet of the Commonwealth of Kentucky to the efficient and sanitary operation of a public water system and complies with the requirements of the Federal Act.

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

"Federal Act" shall mean the Federal Safe Drinking Water Act, as amended, 42 U.S.C. Section 1401, et seq.

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

"Indenture" shall mean the General Trust Indenture dated as of February 1, 2000 between the Authority and the Trustee.

"Interagency Agreement" means the Memorandum of Understanding dated as of July 1, 1999 between the Authority and the Cabinet, as the same may be amended or supplemented from time to time.

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

"Loan Rate" means the rate of interest identified in the Schedule of Payments.

"Person" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"*Program*" shall mean the program authorized by KRS 224A.1115 and the Indenture as the "federally assisted drinking water revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"*Project*" shall mean, when used generally, a Drinking Water Supply Project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

"*Resolution*" means the resolution of the Governmental Agency attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

"*Schedule of Payments*" means the principal and interest requirements of the Loan as set forth in Exhibit F hereto, to be established and agreed to upon or prior to the completion of the Project.

"*Schedule of Service Charges*" shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, and such other revenues identified in Exhibit C hereto from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority

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

"*System*" shall mean the water system owned and operated by the Governmental Agency of which the Project shall become a part and from the earnings of which (represented by the Service Charges) the Governmental Agency shall repay the Authority the Loan hereunder.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Governmental Agency as follows:

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

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

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

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

Section 2.2. Representations and Warranties of the Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

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

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

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

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

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

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Assistance Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

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

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project, to charge and collect the Service Charges and to enter into this Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

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

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

(K) Project is consistent with the water supply plan developed pursuant to 401 KAR 4:220 for the county in which the Governmental Agency is located.

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Drinking Water Supply Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable semiannually, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; and shall be subject to the further requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Prepay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

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

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable

from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority and the Cabinet appropriate documentation, satisfactory to the Authority indicating the following:

(A) That the Authority and the Cabinet and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to examine and inspect the Project.

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

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

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

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

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

(G) Duly authorized representatives of the Cabinet and such other agencies of the Commonwealth as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(W) The Governmental Agency covenants that the Project is comprised of improvements constituting green infrastructure, water or energy efficiency improvements or other environmentally innovative activities.

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement. The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

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

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

(C) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

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

(E) That no more than fifty percent (50%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the final plan for operation for the Project.

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

(G) That final disbursement will not be allowed until approval by the Cabinet of a final operations and maintenance manual.

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

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

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

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

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

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

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

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

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

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

Section 4.3. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

ARTICLE V

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

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable, and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System and accordingly the Project not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the

Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspections. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribed, charge and collect the Service Charges set forth in Exhibit C as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement, to provide for the operation of the System and to make the required deposits to the Maintenance and Replacement Reserve.

(B) That it will furnish to the Authority and the Cabinet not less than annually reports of the operations and income and revenues of the System, and will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

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

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations. It further covenants that it will not issue any notes, bonds or other obligations payable from the revenues of the System, if the pledge of the revenues of the System to the repayment of such obligations is to rank on a parity with, or superior to, the pledge of the revenues of the System for the repayment of the Loan granted under this Assistance Agreement, unless the Governmental Agency has secured the consent of the Authority not less than fifteen (15) days prior to the issuance of such obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of

Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the Project and the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Assistance Agreement and any other Debt Obligations.

Section 6.10. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, the Federal Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

Section 6.11. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

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

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

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

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

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) Coastal Zone Management Act, Pub. L. 93-583, as amended
- (d) Endangered Species Act, Pub. L. 93-205, as amended
- (e) Environmental Justice, Executive Order 12898
- (f) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (g) Protection of Wetlands, Executive Order 11990
- (h) Farmland Protection Policy Act, Pub. L. 97-98
- (i) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (j) National Historic Preservation Act of 1966, PL 89-665, as amended
- (k) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (l) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- (a) Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- (b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
- (c) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- (d) Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432
- (g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

(2) State:

- (a) KRS 151
- (b) KRS 224
- (c) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
- (d) KRS Chapter 337, Labor Laws
- (e) 401 KAR Chapter 8

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

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 7.4. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.5. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.6. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.7. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.8. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.9. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.10. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.11. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

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

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

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.11, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has

complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.12. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

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

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

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

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

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.13 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments, to be immediately due and payable.

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

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

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

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.10 hereof shall be those remedies specifically set forth in Section 6.10 hereof

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act. The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Assistance Agreement.

Section 8.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Authority, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2. Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

Section 9.5. Severability. In the event that any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6. Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the day and year above written.

ATTEST:

**KENTUCKY INFRASTRUCTURE
AUTHORITY**


Title: _____

By: _____
Title: _____

ATTEST:

**GOVERNMENTAL AGENCY:
JESSAMINE SOUTH-ELKHORN WATER
DISTRICT**


Title: Secretary

By: 
Title: Chairman

APPROVED:

EXAMINED:


SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

ENERGY AND ENVIRONMENT CABINET

LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

By: _____
Director
Division of Water

APPROVED AS TO FORM AND LEGALITY

APPROVED
FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
JESSAMINE SOUTH-ELKHORN WATER DISTRICT
PROJECT SPECIFICS
F11-12

GOVERNMENTAL AGENCY:

Name: Jessamine South-Elkhorn Water District
801 S. Main Street, P.O. Box 731
Nicholasville, KY 40356

Contact
Person: L. Nicholas Strong
(859) 885-9441

SYSTEM: Water

PROJECT:

The Jessamine South-Elkhorn Water District is requesting a DWSRF loan in the amount of \$3,025,300 for the Northwest Main Replacement & Hydraulics and the Dixon Town Replacement. This project involves the replacement and upsizing of approximately 74,000 l.f. in areas that were originally constructed in 1972 and are currently experiencing numerous line breaks and water outages. Some of the existing stub mains will be extended to create appropriate looping configurations, thus increasing flow, residual peak flow pressure and water quality. Original meter services will be replaced with new service employing integral back flow preventers. Additionally, this project will replace, upgrade and provide fire protection through approximately 7,000 l.f. to the residents in the small community of Dixon Town in northwestern Jessamine County. Frequent breaks and undersized lines have plagued this area for years.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 25,000
Legal Expenses	10,000
Engineering Fees	456,800
Construction	2,200,000
Contingency	330,000
Other	3,500
Total	\$ 3,025,300

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 3,025,300	100%
Total	\$ 3,025,300	100%

KIA DEBT SERVICE:

Construction Loan	\$	3,025,300
Interest Rate		3.0%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	202,254
Administrative Fee (0.25%)	\$	7,563
Total Estimated Annual Debt Service	\$	209,817

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/1/13).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/1/14).

REPLACEMENT RESERVE ACCOUNT:	\$	7,600	ANNUAL AMOUNT
	\$	76,000	TOTAL AMOUNT

The annual replacement cost is \$7,600. This amount should be added to the replacement account each December 1 until the balance reaches \$76,000 and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.25%

DEFAULT RATE: 8.0%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	<u>Outstanding</u>	<u>Maturity</u>
KIA C91-01	\$ 287,500	Jun-13
Farmer's Bank	334,773	Apr-18
Farmer's Bank	433,212	Apr-18
KIA F07-02 (i/a/o \$1.750M)	1,355,116	TBD
Series 2000A, 2000B 2008A, 2008B, 2009A Bonds	3,555,500	various
Total	\$ 5,966,101	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)	<u>1,000,000</u>
Death or Personal Injury (per occurrence)	<u>1,000,000</u>
Property Damage on System	<u>4,701,619</u>

EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED APRIL 1, 2013
LOAN NO. F11-12

Request No. _____

Dated: _____

Original sent to: Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

Copy sent to: Branch Manager
Water Infrastructure Branch
Division of Water
Energy and Environment Cabinet
200 Fair Oaks, 4th Floor
Frankfort, Kentucky 40601

FROM: JESSAMINE SOUTH-ELKHORN WATER DISTRICT (the "Governmental Agency")

Gentlemen:

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

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

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

ELIGIBLE PROJECT EXPENSES INCURRED

<u>Contractor</u>	<u>Expenses this Request</u>	<u>Expenses to Date</u>
Total		

ALLOCATION OF FUNDING FOR EXPENSES

<u>Funding Source</u>	<u>Portion of Expenses in this Request</u>	<u>Portion of Expenses Total to Date</u>
-----------------------	--	--

Totals

The Governmental Agency certifies it has also paid Project expenses for planning and design or has submitted requisitions to the applicable funding sources for Project expenses, which have not been identified in any previous Request or Payment, as follows:

<u>Funding Source</u>	<u>Amount of Payment or Requisition</u>	<u>Date of Payment or Requisition</u>
-----------------------	---	---------------------------------------

Respectfully submitted,

Governmental Agency

By: _____

Title _____

CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST

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

Engineer/Architect

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached

EXHIBIT D

RESOLUTION

RESOLUTION OF THE JESSAMINE SOUTH-ELKHORN WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF APRIL 1, 2013 BETWEEN THE JESSAMINE SOUTH-ELKHORN WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Jessamine South-Elkhorn Water District ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of April 1, 2013 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Jessamine South-Elkhorn Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the acquisition and construction of the Project.

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

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

ADOPTED on _____, 2013.

Chairman

Attest:

Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Jessamine South-Elkhorn Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on _____, 2013; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this ____ day of _____, 2013.

Secretary

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Jessamine South-Elkhorn Water District, dated as of April 1, 2013

Ladies and Gentlemen:

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

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN
JESSAMINE SOUTH-ELKHORN WATER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

Total Loan to be Repaid by
Governmental Agency to
Kentucky Infrastructure Authority \$ _____

Principal and Interest Payable
on Each June 1 and December 1

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Title: _____

**JESSAMINE SOUTH-ELKHORN WATER
DISTRICT, Governmental Agency**

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

1. The Governmental Agency must receive Division of Water (DOW) approval of the plans and Specifications with regard to SRF funding for each identified contract prior to advertising for bidding.
2. The Authority to advertise for bids will not be given until the Public Service Commission has issued the order approving the indebtedness.
3. The Authority to Award (bid) package, including the Disadvantaged Business Enterprise (DBE) reviews, must be approved by DOW prior to the contract being awarded. DOW must conduct a preconstruction and project management conference.
4. Planning and design costs for Projects will be reimbursed monthly to the Governmental Agency upon presentation to the Authority and DOW of invoices and supporting documentation showing costs incurred. No more than 50% of the loan funds designated for each individual Project's planning and design may be requested by the Governmental Agency prior to presentation of the plans and specifications to DOW.
5. The remaining 50% of the loan funds designated for planning and design for each Project may be requested upon approval of the plans and specifications by DOW.
6. No construction funds for Projects will be reimbursed to the Governmental Agency until the Authority receives from DOW a certification letter that states that a Project has been bid and meets all SRF requirements.
7. Construction costs will be reimbursed monthly to the Governmental Agency upon presentation to KIA and DOW of invoices and supporting documentation showing costs incurred.

75857v1

MODIFICATION AND EXTENSION AGREEMENT

Account # 31000378943

This **MODIFICATION AND EXTENSION AGREEMENT** (the "Agreement"), is made as of September 29, 2019 (the "Effective Date"), by and between **CENTRAL BANK & TRUST CO.**, a Kentucky banking corporation, with an address at 300 W. Vine Street Lexington, Kentucky 40507 ("Lender") and **Jessamine-South Elkhorn Water District**, with an address at 802 S Main Street Nicholasville, Kentucky 40356 ("Borrower").

1. **Recitals.**

- 1.1 On 09/29/2014 Borrower executed and delivered to Lender a \$304,000.00 Commercial Note ("Note"). Capitalized terms used herein and not otherwise defined will have the meanings given such terms in the Note. As used herein "Note" will mean such documents as they may have been amended prior to the Effective Date.
- 1.2 Borrower and Lender desire to amend the Note and all other documents executed in connection therewith (collectively, "Loan Documents") pursuant to this Modification and Extension Agreement ("Agreement") as set forth herein.

2. **Amendment.**

- 2.1 The Maturity Date of the Note, at which time all unpaid principal, accrued interest and other charges, fees and expenses shall be due and payable in full, shall be September 29, 2024 (the "Maturity Date"), or such later date as may be designated by Lender by written notice from Lender to Borrower (it being understood that in no event will Lender be under any obligation to extend or renew this Note beyond the initial or any extended Maturity Date). If this blank is not completed, the Note shall be deemed to be payable on demand.
- 2.2 Interest shall accrue on the outstanding principal balance of the Note, based on the actual number of days elapsed over an assumed year of 360 days, at the rate per annum equal to:

Fixed Rate. This Note shall bear interest at a fixed rate equal to 4.00% per annum;

All interest on the principal of this Note shall be computed on the basis of the actual number of days elapsed over an assumed year of 360 days for the actual number of days in each interest period. If this loan transaction involves a principal amount of \$15,000.00 or less, it has been made pursuant to the provisions of Kentucky Revised Statutes Chapter 286.6.

- 2.3 Borrower shall make payments on the Note as follows:

Principal and Interest (fixed). Borrower shall make payments of principal and interest on this Note, each in the amount of \$6,369.94, beginning on 12/29/2019, and continuing on the 29th day, Quarterly thereafter, until the outstanding principal of this Note and all accrued but unpaid interest thereon are paid in full; provided, however, that all outstanding principal and accrued interest shall be due and payable in full on the Maturity Date.

- 2.4 The Events of Default and Remedies section of the Note is hereby amended to add a new subsection (m), which provides as follows:

or (m) Borrower or any Guarantor is a professional who is required by applicable law to possess a license to engage in their profession, and such license is terminated, surrendered, revoked, suspended, or such Borrower or any Guarantor is otherwise prevented from legally practicing in such profession.

7. **Loan Documents.** The terms, conditions and provisions of the Loan Documents are incorporated herein and made a part hereof by this reference as if fully set forth herein. The Loan Documents shall be deemed to be amended hereby to the minimum extent necessary to reflect the amendments to the Note contained in this Agreement. The Loan Documents shall remain in full force and effect and shall remain as security for the payment of all principal, interest and other charges, fees and expenses due and payable under the Note.

4. **Representations and Warranties.** To induce Lender to enter into this Agreement, Borrower represents and warrants as follows:

- 4.1 The representations and warranties of Borrower contained in the Loan Documents are deemed to have been made again on and as of the date of execution of this Agreement.
- 4.2 No Event of Default (as such term is defined in the Loan Documents) or event or condition which with the lapse of time or giving of notice or both would constitute an Event of Default exists on the date hereof.
- 4.3 Borrower represents and warrants that Borrower has no claims, counterclaims, setoffs, actions or causes of actions, damages or liabilities of any kind or nature whatsoever whether at law or in equity, in contract or in tort, whether now accrued or hereafter maturing (collectively, "Claims") against Lender, its direct or indirect parent corporation or any direct or indirect affiliates of such parent corporation, or any of the foregoing's respective directors, officers, employees, agents, attorneys and legal representatives, or

the heirs, administrators, successors or assigns of any of them (collectively, "Lender Parties") that directly or indirectly arise out of, are based upon or are in any manner connected with any Prior Related Event. As an inducement to Lender to enter into this Agreement, Borrower on behalf of itself, and all of its successors and assigns hereby knowingly and voluntarily releases and discharges all Lender Parties from any and all Claims, whether known or unknown, that directly or indirectly arise out of, are based upon or are in any manner connected with any Prior Related Event. As used herein, the term "Prior Related Event" means any transaction, event, circumstance, action, failure to act, occurrence of any sort or type, whether known or unknown, which occurred, existed, was taken, permitted or begun at any time prior to the Effective Date or occurred, existed, was taken, was permitted or begun in accordance with, pursuant to or by virtue of any of the terms of the Loan Documents or any documents executed in connection with the Loan Documents or which was related to or connected in any manner, directly or indirectly to the extension of credit represented by the Loan Documents.

3 **General.**

- 5.1 Except as expressly modified herein, the Loan Documents, as amended, are and remain in full force and effect.
- 5.2 Nothing contained herein will be construed as waiving any default or Event of Default under the Loan Documents or will affect or impair any right, power or remedy of Lender under or with respect to the Loan Documents, as amended, or any agreement or instrument guaranteeing, securing or otherwise relating to any of the Loan.
- 5.3 All representations and warranties made by Borrower herein will survive the execution and delivery of this Agreement.
- 5.4 This Agreement will be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns.
- 5.5 Borrower will pay Lender a fee of Origination: \$250.00 and Lender's attorneys fees of \$ in connection with this Agreement. [Lender may deduct such fees from the proceeds of the additional advance contemplated by this Agreement.]
- 5.6 This Agreement will in all respects be governed and construed in accordance with the laws of the Commonwealth of Kentucky.
- 5.7 A copy of this Agreement may be attached to the Note as an allonge.

6 **Complete Agreement.** This Agreement and the Note and Loan Documents, as may have been modified in accordance with the terms of such instruments, are the entire and complete agreement of the parties hereto and supersede all previous understandings and agreements relating to the subject matter hereof. This Agreement may be amended only by an instrument in writing that explicitly states that it amends this Agreement and is signed by Borrower and acknowledged by Lender.

7 **Severability.** The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Executed as of the Effective Date.

LENDER:

CENTRAL BANK & TRUST CO.


Adam Rodgers,
Commercial Lending Officer

BORROWER:

Jessamine-South Elkhorn Water District

Lowell N. Strong - Chairman

MODIFICATION AND EXTENSION AGREEMENT

Account # 31000378958

This **MODIFICATION AND EXTENSION AGREEMENT** (the "Agreement"), is made as of September 29, 2019 (the "Effective Date"), by and between **CENTRAL BANK & TRUST CO.**, a Kentucky banking corporation, with an address at 300 W. Vine Street Lexington, Kentucky 40507 ("Lender") and **Jessamine-South Elkhorn Water District**, with an address at 802 S Main Street Nicholasville, Kentucky 40356 ("Borrower").

1. Recitals.

- 1.1 On 09/29/2014 Borrower executed and delivered to Lender a \$411,000.00 Commercial Note ("Note"). Capitalized terms used herein and not otherwise defined will have the meanings given such terms in the Note. As used herein "Note" will mean such documents as they may have been amended prior to the Effective Date.
- 1.2 Borrower and Lender desire to amend the Note and all other documents executed in connection therewith (collectively, "Loan Documents") pursuant to this Modification and Extension Agreement ("Agreement") as set forth herein.

2. Amendment.

- 2.1 The Maturity Date of the Note, at which time all unpaid principal, accrued interest and other charges, fees and expenses shall be due and payable in full, shall be September 29, 2024 (the "Maturity Date"), or such later date as may be designated by Lender by written notice from Lender to Borrower (it being understood that in no event will Lender be under any obligation to extend or renew this Note beyond the initial or any extended Maturity Date). If this blank is not completed, the Note shall be deemed to be payable on demand.
- 2.2 Interest shall accrue on the outstanding principal balance of the Note, based on the actual number of days elapsed over an assumed year of 360 days, at the rate per annum equal to:

Fixed Rate. This Note shall bear interest at a fixed rate equal to 4.00% per annum;

All interest on the principal of this Note shall be computed on the basis of the actual number of days elapsed over an assumed year of 360 days for the actual number of days in each interest period. If this loan transaction involves a principal amount of \$15,000.00 or less, it has been made pursuant to the provisions of Kentucky Revised Statutes Chapter 286.6.

- 2.3 Borrower shall make payments on the Note as follows:

Principal and Interest (fixed). Borrower shall make payments of principal and interest on this Note, each in the amount of \$2,461.69, beginning on 10/29/2019, and continuing on the 29th day, Monthly thereafter, until the outstanding principal of this Note and all accrued but unpaid interest thereon are paid in full; provided, however, that all outstanding principal and accrued interest shall be due and payable in full on the Maturity Date.

- 2.4 The Events of Default and Remedies section of the Note is hereby amended to add a new subsection (m), which provides as follows:

or (m) Borrower or any Guarantor is a professional who is required by applicable law to possess a license to engage in their profession, and such license is terminated, surrendered, revoked, suspended, or such Borrower or any Guarantor is otherwise prevented from legally practicing in such profession.

Loan Documents. The terms, conditions and provisions of the Loan Documents are incorporated herein and made a part hereof by this reference as if fully set forth herein. The Loan Documents shall be deemed to be amended hereby to the minimum extent necessary to reflect the amendments to the Note contained in this Agreement. The Loan Documents shall remain in full force and effect and shall remain as security for the payment of all principal, interest and other charges, fees and expenses due and payable under the Note.

Representations and Warranties. To induce Lender to enter into this Agreement, Borrower represents and warrants as follows:

- 4.1 The representations and warranties of Borrower contained in the Loan Documents are deemed to have been made again on and as of the date of execution of this Agreement.
- 4.2 No Event of Default (as such term is defined in the Loan Documents) or event or condition which with the lapse of time or giving of notice or both would constitute an Event of Default exists on the date hereof.
- 4.3 Borrower represents and warrants that Borrower has no claims, counterclaims, setoffs, actions or causes of actions, damages or liabilities of any kind or nature whatsoever whether at law or in equity, in contract or in tort, whether now accrued or hereafter maturing (collectively, "Claims") against Lender, its direct or indirect parent corporation or any direct or indirect affiliates of such parent corporation, or any of the foregoing's respective directors, officers, employees, agents, attorneys and legal representatives, or

the heirs, administrators, successors or assigns of any of them (collectively, "Lender Parties") that directly or indirectly arise out of, are based upon or are in any manner connected with any Prior Related Event. As an inducement to Lender to enter into this Agreement, Borrower on behalf of itself, and all of its successors and assigns hereby knowingly and voluntarily releases and discharges all Lender Parties from any and all Claims, whether known or unknown, that directly or indirectly arise out of, are based upon or are in any manner connected with any Prior Related Event. As used herein, the term "Prior Related Event" means any transaction, event, circumstance, action, failure to act, occurrence of any sort or type, whether known or unknown, which occurred, existed, was taken, permitted or begun at any time prior to the Effective Date or occurred, existed, was taken, was permitted or begun in accordance with, pursuant to or by virtue of any of the terms of the Loan Documents or any documents executed in connection with the Loan Documents or which was related to or connected in any manner, directly or indirectly to the extension of credit represented by the Loan Documents.

5

General

- 5.1 Except as expressly modified herein, the Loan Documents, as amended, are and remain in full force and effect.
- 5.2 Nothing contained herein will be construed as waiving any default or Event of Default under the Loan Documents or will affect or impair any right, power or remedy of Lender under or with respect to the Loan Documents, as amended, or any agreement or instrument guaranteeing, securing or otherwise relating to any of the Loan.
- 5.3 All representations and warranties made by Borrower herein will survive the execution and delivery of this Agreement.
- 5.4 This Agreement will be binding upon and inure to the benefit of Borrower and Lender and their respective successors and assigns.
- 5.5 Borrower will pay Lender a fee of Origination: \$250.00 and Lender's attorneys fees of \$ in connection with this Agreement. [Lender may deduct such fees from the proceeds of the additional advance contemplated by this Agreement.]
- 5.6 This Agreement will in all respects be governed and construed in accordance with the laws of the Commonwealth of Kentucky.
- 5.7 A copy of this Agreement may be attached to the Note as an allonge.

6

Complete Agreement. This Agreement and the Note and Loan Documents, as may have been modified in accordance with the terms of such instruments, are the entire and complete agreement of the parties hereto and supersede all previous understandings and agreements relating to the subject matter hereof. This Agreement may be amended only by an instrument in writing that explicitly states that it amends this Agreement and is signed by Borrower and acknowledged by Lender.

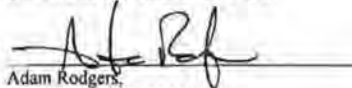
7

Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Executed as of the Effective Date.

LENDER:

CENTRAL BANK & TRUST CO.



Adam Rodgers,
Commercial Lending Officer

BORROWER:

Jessamine-South Elkhorn Water District



Lowell N. Strong - Chairman

COMMERCIAL NOTE

Office Building
2015
13,500

\$411,000.00

Lexington, KY

FOR VALUE RECEIVED, Jessamine-South Elkhorn Water District with a principal place of business at 802 S Main Street, Nicholasville, Kentucky 40356 (individually or collectively, "Borrower"), promise(s) to pay to the order of **Central Bank & Trust Co.**, a Kentucky Banking Corporation, whose address is 300 W. Vine St., Lexington, KY 40507 ("Lender") the principal sum of (\$411,000.00) (the "Total Facility"), or the aggregate unpaid balance of all Advances made by Lender from time to time hereunder, together with interest thereon, on or before the "Maturity Date" as that term is defined below. Principal of this Note and all accrued interest thereon shall be due and payable as follows:

1. **Interest Rate.** This Note shall bear interest from the date hereof until the outstanding principal balance of this Note, all accrued but unpaid interest thereon and all other charges, fees or expenses hereunder have been repaid to Lender in full as follows:

Fixed Rate. If this box is marked, this Note shall bear interest at a fixed rate equal to 3.25% per annum; or

All interest calculations under this Note will be made based on a year of 360 days for the actual number of days in each interest period. If this loan transaction involves a principal amount of \$15,000.00 or less, it has been made pursuant to the provisions of Kentucky Revised Statutes Chapter 286.6.

2. **Payments.** The principal of, and all interest on, this Note shall be due and payable as follows:

Principal and Interest (fixed rate). If this box is marked, Borrower shall make payments of principal and interest on this Note, each in the amount of \$2,341.73, beginning on 10/29/14, and continuing on the 29th day, Monthly thereafter, until the outstanding principal of this Note and all accrued but unpaid interest thereon are paid in full; provided, however, that all outstanding principal and accrued interest shall be due and payable in full on the Maturity Date;

3. **Maturity Date.** The outstanding principal of this Note, all accrued but unpaid interest thereon and all other charges, fees or expenses hereunder shall be due and payable in full on or before 09/29/2019 (the "Maturity Date"), or such later date as may be designated by Lender by written notice from Lender to Borrower (it being understood that in no event will Lender be under any obligation to extend or renew this Note beyond the initial or any extended Maturity Date). If this blank is not completed, the Note shall be deemed to be payable on demand.

4. **Advances.** As Borrower and Lender may agree at the end of this section, the proceeds of this Note may be disbursed from Lender to Borrower in one or more advances (an "Advance") made from time to time prior to the Maturity Date; provided, however, that the aggregate outstanding principal balance of all unpaid Advances at any time shall not exceed the original principal balance of this Note. To obtain an Advance, Borrower shall

submit a written, fully executed and completed "Request for Advance" on Lender's standard form at least one (1) business day prior to the date Borrower desires the funds to be made available. Upon each Advance, Lender shall record the making and amount of such Advance on the books and records of Lender maintained for this Note. Lender shall also record on such books and records each payment of principal of this Note made by Borrower. The aggregate amount of all Advances made by Lender and shown on such books and records, less the principal paid by Borrower and shown on such books and records, shall be the outstanding principal of this Note. The books and records of Lender shall, at any time, be prima facie evidence of the outstanding principal of this Note. The obligation of Lender to honor any tendered Request for Advance and to make any Advance is subject to the following conditions: (a) each and every one of the representations, warranties and covenants of Borrower set forth herein, and in any other agreement, document or instrument delivered by Borrower to Lender, shall be true and correct on the date such Advance is made; (b) no Event of Default (as defined herein) shall have occurred and be continuing; (c) after giving effect to the Advance requested in the Request for Advance, the aggregate outstanding principal amount of Advances hereunder shall not exceed the lesser of the Total Facility, or the Maximum Amount, if applicable; and (d) such other conditions as Lender may reasonably impose. Each Request for Advance submitted by Borrower to Lender shall constitute Borrower's representation and warranty to Lender that (i) Borrower is then and will be entitled to the Advance under this Note; (ii) all representations, warranties and covenants made by Borrower to Lender in this Note, and in any other agreement, document or instrument delivered by Borrower to Lender, are true and correct; and (iii) no Event of Default under this Note has occurred and is continuing. Each Request for Advance under this Note will be subject to all of the terms and conditions of the Note. Without limiting the generality of the foregoing, Lender will have no duty to make any Advance if insufficient funds remain available pursuant to the Total Facility or any other maximum amount limitations set forth herein or in any of the Security Documents. Unless the Full Funding Box is checked below, Lender hereby is authorized at any time and from time to time, in its discretion, to make an advance under this Note for the payment on behalf of Borrower of any interest, principal or other sums due under any of the obligations of Borrower to Lender, and each such advance will constitute an Advance hereunder and part of the obligations. Notwithstanding the foregoing, Lender is not obligated to take such action.

- Full Funding.** If this box is marked, all of the proceeds of this Note shall be advanced or disbursed in full to Borrower at the closing of this loan and no further advances shall be allowed.
- Draw Note.** If this box is marked, Advances that are repaid shall not be available for future Advances or otherwise "reborrowed" by Borrower at any time, and the aggregate amount of all Advances made hereunder shall not exceed the face amount of this Note; or
- Revolving Note.** If this box is marked, Advances which are repaid by Borrower shall be available to be reborrowed through future Advances to Borrower prior to the Maturity Date of this Note pursuant to the terms hereof.

- Borrowing Base Note.** If this box is marked, Borrower may request Lender to make an Advance if the principal balance outstanding under this Note is less than the lesser of: (i) the Maximum Amount, as such term is defined in the Loan Agreement by and between Borrower and Lender of even date herewith (the "Loan Agreement"), and (ii) the Total Facility, and Borrower has complied with all other requirements of the Loan Agreement.

Failure to check a box above will result in this Note being treated as a Draw Note; provided that no further advances will be permitted hereunder, and Lender's records will provide prima facie evidence of the principal amount outstanding hereunder.

5. **Late Charge and Default Rate of Interest.** If Lender does not receive any payment due under this Note within ten (10) days of the date it is due, then Lender may charge a late charge of five percent (5.00%) of the amount of the overdue payment (the "Late Charge"). Upon maturity, whether by acceleration or otherwise, or upon the occurrence of an Event of Default hereunder, in addition to any and all other remedies to which Lender may be entitled, the applicable rate of interest on this Note shall be increased to five percent (5.00%) per annum in excess of the rate set forth in Section 1, above (the "Default Rate"), but not more than the highest rate permitted by law.
6. **Security.** To secure repayment of this Note, any extensions or renewals thereof and all other existing and future indebtedness of Borrower to Lender (whether direct, indirect, absolute or contingent), Borrower shall grant, and does hereby grant, to Lender a security interest in the following described property:

802 S. Main Street, Nicholasville KY 40356

as well as any and all other property which is now or hereafter listed in any separate security agreement or mortgage as directly or indirectly securing this Note, and also all money and other property held by Lender on deposit in safekeeping or otherwise for the account of or to the credit of Borrower, or in which Borrower has an interest; provided that Lender will have the right to call for additional security as necessary. All of the documents or instruments that provide a lien or security interest in the collateral described above (the "Collateral"), as well as any and all other documents or instruments now or hereafter executed in connection with this Note and the loan evidenced hereby, including but not limited to any Loan Agreement by and between Lender and Borrower, are referred to herein collectively as the "Security Documents." All of the terms and conditions of the Security Documents are incorporated herein and made a part of this Note as if fully set forth at length herein. Any holder of this Note shall be entitled to the rights, privileges, benefits and remedies provided in the Security Documents and in the real and personal property secured thereby. Borrower represents and warrants to Lender that the Security Documents have been validly executed and delivered to Lender and that the Security Documents are legally valid, binding and enforceable against Borrower (or any other party which has executed any of the Security Documents) in accordance with their respective terms. As used herein, "Loan Documents" will mean all Security Documents and this Note.

7. **Proceeds.** Each Borrower represents that the proceeds of this Note will be used exclusively for business or commercial purposes, and that no portion of the proceeds will be used for personal, family or household purposes.
8. **Covenants.** Upon request, Borrower will provide financial information in form and substance acceptable to Lender.
9. **Events of Default and Remedies.** The occurrence of any of the following shall be an "Event of Default" hereunder: (a) failure of any Borrower to make any payment when due under this Note or under any other note or obligation of Borrower to Lender; (b) an Event of Default under the Security Documents, or any default under any of the following that does not have a defined set of "Events of Default" and the lapse of any notice or cure period provided therein: any other agreement, document or instrument between Borrower and Lender; (c) if any Borrower or endorsers or Guarantors of this Note shall (i) make an assignment for the benefit of creditors, (ii) have a petition initiating any proceeding under the Bankruptcy Code filed by or against one or more of them, (iii) have a receiver, trustee, or custodian appointed for all or any material part of their respective assets, or (iv) seek to make an adjustment, settlement or extension of their respective debts with his, her or its (as the case may be) creditors generally; (d) a default with respect to any other indebtedness of any Borrower or any Guarantor for borrowed money; (e) a proceeding being filed by or commenced against any Borrower or any Guarantor of this Note for dissolution or liquidation, or any Borrower or any Guarantor of this Note voluntarily or involuntarily terminating or dissolving or being terminated or dissolved; (f) in the event a judgment or writ or order of attachment or garnishment is made and issued against any Borrower or any Borrower's property; (g) in the event that this Note or any guaranty executed by any Guarantor is secured, the failure of Borrower or any Guarantor to provide Lender with additional collateral if in the opinion of Lender at any time or times, the market value of any of the collateral securing this Note or any guaranty has depreciated; (h) the revocation or attempted revocation, in whole or in part, of any guaranty by any Guarantor or the death of any Borrower or any Guarantor (if an individual); (i) any representation or warranty made by any Borrower or Guarantor to Lender in any document, including but not limited to the Security Documents, or any other documents now or in the future securing the obligations of any Borrower or any Guarantor to Lender, is false or erroneous in any material respect; (j) the failure of any Borrower or any Guarantor to observe or perform any covenant or other agreement with Lender contained in any document executed in connection with the Loan(s), including but not limited to this Note or any of the Security Documents; (k) in the event Lender in good faith deems itself insecure with respect to payment of this Note, or in good faith believes the prospect of payment is impaired, or Lender determines in the exercise of its sole judgment that Lender's perfection in any of the Collateral is impaired; or (l) the failure of any Borrower or any Guarantor to observe or perform any covenant or other agreement with Lender contained in any document, including but not limited to the Security Documents or any documents now or in the future securing the obligations of any Borrower or any Guarantor to Lender. As used herein, the term "Guarantor" will mean any guarantor of the obligations of Borrower to Lender whether existing on the date of this Note or arising in the future, or any person who pledges particular Collateral for the security of this Note whether or not the debt itself is guaranteed, existing on the date

of this Note or arising in the future. Upon the occurrence of an Event of Default: (i) the outstanding principal balance hereunder together with any additional amounts secured by the Security Documents, at the option of the holder and without demand or notice of any kind (which are hereby expressly waived), may be accelerated and become immediately due and payable, (ii) this Note, together with all arrearages of interest will from the date of the occurrence of the Event of Default bear interest at the Default Rate, (iii) Borrower will pay to Lender all reasonable attorneys' fees, court costs and expenses incurred by Lender in connection with Lender's efforts to collect the indebtedness evidenced by the Note, and (iv) Lender may exercise from time to time any of the rights and remedies available to the holder under the Security Documents or under applicable law.

10. Prepayment. If the interest rate applicable to this Note is fixed pursuant to Section 1 of this Note, the applicability of the prepayment premium will be indicated below. If a box is not checked in this Section 10, there will be no prepayment premium.

- The indebtedness may be prepaid in whole or in part without premium or penalty.
- Notwithstanding anything contained herein to the contrary, upon any full or partial prepayment by or on behalf of Borrower (whether voluntary, on default or otherwise), Borrower shall, upon demand by Lender, pay Lender as compensation for the cost of being prepared to advance fixed rate funds hereunder an amount equal to the Prepayment Premium. "**Prepayment Premium**" means an amount equal to the value, if positive, of the product of (a) the difference between (i) the yield, on the date of execution of this Note, of a U.S. Treasury obligation with a maturity similar to the term of this Note minus (ii) the yield on the prepayment date of a U.S. Treasury obligation with a maturity similar to the remaining maturity of the Note, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of original term of the Note. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15(519) "Selected Interest Rates". The Prepayment Premium shall also apply to any payments made after acceleration of the maturity of this Note while a Fixed Rate is in effect.
- In the event that this box is checked, Borrower may prepay to Lender in any calendar year up to 10% in the aggregate of the outstanding principal balance of this Note as determined on the first day of each calendar year (or, in the event that this Note was not in existence on the first day of a calendar year, then on the date that such Note was executed) without premium or penalty. Unused amounts from any given calendar year may not be carried forward into the next calendar year.

Payments received will be applied in the following order: (i) to charges, fees and expenses (including reasonable attorneys' fees), (ii) to accrued interest, and (iii) to principal. Any additional payments will be applied in the foregoing order and, to the extent applied to principal, will be applied to installments of principal payable hereunder in the inverse order of maturity.

11. **Cumulative Remedies.** All rights and remedies of the holder of this Note shall be cumulative to the fullest extent allowed by law. Time shall be of the essence for paying interest on the principal of this Note.
12. **Waiver.** All parties to this Note, whether a borrower, endorsers, sureties, guarantors or otherwise connected herein, waive presentment, demand, notice of dishonor, protest, notice of protest, notice of nonpayment or non-acceptance, any other notice and all due diligence or promptness that may otherwise be required by law, and all exemptions to which they may now or hereafter be entitled under the laws of the Commonwealth of Kentucky, the United States of America, or any state thereof. No delay or failure on the part of Lender to exercise any right, remedy or power hereunder, under any of the Loan Documents or under applicable law will impair or waive any such right, remedy or power (or any other right, remedy or power), be considered a waiver of or an acquiescence in any breach, default or Event of Default or affect any other or subsequent breach, default or Event of Default of the same or a different nature. No waiver of any breach, default or Event of Default, nor any modification, waiver, discharge or termination of any provision of this Note, nor consent to any departure by Borrower therefrom, will be established by conduct, custom or course of dealing; and no modification, waiver, discharge, termination nor consent will in any event be effective unless the same is in writing, signed by Lender and specifically refers to this Note, and then such modification, waiver, discharge or termination or consent will be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on Borrower in any case will entitle Borrower to any other or further notice or demand in the same or any similar or other circumstance.
13. **Expenses Incurred by Lender.** If Lender expends sums in defending or otherwise protecting its collateral under the Loan Documents prior to an Event of Default, or if any Event of Default occurs under this Note, and this Note is placed in the hands of an attorney for collection, or is collected through any court, including, without limitation, bankruptcy court, then Borrower promises to pay the holder of this Note the reasonable attorneys' fees and legal costs incurred in collecting or attempting to collect or securing or attempting to secure this Note or enforcing the rights of such holder with respect to any collateral securing this Note, including, without limitation, appraisal fees, costs of environmental audits, site assessments and/or remediation, to the fullest extent allowed by the laws of the Commonwealth of Kentucky or any state in which any collateral for this Note is situated.
14. **Rights of Lender.** Lender may, with or without notice to any party and without affecting the obligations of any Borrower, surety, Guarantor, endorser, accommodation party or any other party to this Note, (a) renew, extend or otherwise postpone the time for payment of either principal of this Note or interest thereon from time to time, (b) release or discharge any one or more parties liable on this Note, (c) suspend the right to enforce this Note with respect to any person(s), including any present or future Guarantor of this Note, (d) change, exchange or release any property in which Lender possesses any interest securing this Note, (e) justifiably or otherwise, impair any collateral securing this Note or suspend the right to enforce against any such collateral, and (f) at any time it deems it necessary or proper, call for and should it be made available, accept, as

additional security, the signature(s) of an additional party or a security interest in property of any kind or description or both.

15. **Complete Agreement.** This Note and the Security Documents are the entire and complete agreement of the parties hereto and supersede all previous understandings and agreements relating to the subject matter hereof. This Note and the Security Documents may be amended only by an instrument in writing that explicitly states that it amends this Note or such Security Documents and is signed by Borrower and acknowledged by Lender.
16. **Severability.** The provisions of this Note are intended to be severable. If any provision of this Note shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction
17. **Joint and Several Liability.** In the event more than one individual or entity executes this Note on behalf of Borrower, then the terms and conditions of this Note and the obligations hereunder shall be binding upon each signatory jointly and severally.
18. **Late Charge, Default Rate, and Prepayment Premium.**
 - 18.1 The Late Charge, the Default Rate, and the Prepayment Premium, if any, are imposed as liquidated damages for the purpose of defraying Lender's expenses incident to the handling of delinquent payments, but are in addition to, and not in lieu of, Lender's exercise of any rights and remedies hereunder, under the other Security Documents or under applicable law, and any fees and expenses of any agents or any reasonable fees and expenses of any attorneys which Lender may employ. In addition, the Default Rate reflects the increased credit risk to Lender of carrying a loan that is in default. Borrower agrees that the Late Charge, Default Rate, and Prepayment Premium are reasonable forecasts of just compensation for anticipated and actual harm incurred by Lender, and that the actual harm incurred by Lender cannot be estimated with certainty and without difficulty.
 - 18.2 Nothing contained in this Note regarding late charges or the Default Rate will be construed in any way to extend the due date of any payment or waive any payment default, and each such right is in addition to, and not in lieu of, the other and any other rights and remedies of Lender hereunder, under any of the Security Documents or under applicable law (including, without limitation, the right to interest, reasonable attorneys' fees and other expenses).
19. **Usury.** Without limiting the generality of the foregoing, if from any circumstances whatsoever the fulfillment of any provision of this Note involves transcending the limit of validity prescribed by any applicable usury statute or any other applicable law with regard to obligations of like character and amount, then the obligation to be fulfilled will be reduced to the limit of such validity as provided in such statute or law, so that in no event will any exaction of interest be possible under this Note in excess of the limit of

802 S Main Street
Nicholasville, Kentucky 40356

All such communications, if personally delivered, will be conclusively deemed to have been received by a party hereto and to be effective when so delivered, or if sent by telex, facsimile or telegraphic means, on the day on which transmitted, or if sent by overnight courier service, on the day after deposit thereof with such service, or if sent by certified or registered mail, on the third business day after the day on which deposited in the mail.

24. **Governing Law.** This Note has been delivered and accepted at and will be deemed to have been made at Lexington, KY and will be interpreted and the rights and liabilities of the parties hereto determined in accordance with the laws of the Commonwealth of Kentucky, without regard to conflicts of law principles.
25. **Jurisdiction.** *Borrower hereby irrevocably agrees and submits to the exclusive jurisdiction of any state or federal court located within Fayette County, Kentucky, or, at the option of Lender in its sole discretion, of any state or federal court(s) located within any other county, state or jurisdiction in which Lender at any time or from time to time chooses in its sole discretion to bring an action or otherwise exercise a right or remedy, and Borrower waives any objection based on forum non conveniens and any objection to venue of any such action or proceeding.*
26. **Waiver of Jury Trial.** *The parties hereto each waive any right to trial by jury in any action or proceeding relating to this Note, or any actual or proposed transaction or other matter contemplated in or relating to any of the foregoing.*

IN WITNESS WHEREOF, Borrower has executed this Note as of 09/29/2014.

BORROWER

Jessamine-South Elkhorn Water District


L. Nicholas Strong, Chairman

ORAL AGREEMENT NOT PERMITTED

Dear customer:

Re: Loan #31000378958

Please be advised that Central Bank & Trust Co. has adopted the following policy:

It shall be the policy of Central Bank & Trust Co. that all loans and other financial accommodations be created and exist only in writing, signed by an authorized officer, which documentation shall be maintained in the official records of this Bank. Oral agreements are not permitted and will not be effective either to establish a commitment to lend or to vary the terms of a written lending document. No employee is authorized to make any oral commitment to a customer or prospective customer, and the Bank shall not be bound by the same.

The foregoing applies not only to this loan transaction but also to all subsequent discussions regarding this loan transaction and to any extensions and/or renewals of this loan. You cannot rely upon, and the Bank will not be bound by, anything not in writing and signed by an authorized representative of the Bank.

By signing below, you acknowledge that the Bank's policy regarding oral agreements has been explained to you and that you understand that only written agreements signed by the Bank will be enforceable against the Bank.

Thank you for your consideration of this matter.

Have seen and agreed to:

Jessamine-South Elk Horn Water District


L. Nicholas Strong, Chairman

Date: 09/29/2014



Legal Counsel.

DINSMORE & SHOHL LLP
50 East RiverCenter Boulevard ^ Suite 1150
Covington, KY 41011
www.dinsmore.com

859.431.7000 (direct) ^ 859.431.0673 (fax)

To: Jessamine-South Elkhorn Water District ("Participant")
From: Kentucky Association of Counties Finance Corporation
Dinsmore & Shohl LLP
Subject: Closing - Kentucky Association of Counties Finance Corporation Financing Program Revenue Bonds

Enclosed please find two copies of the Lease Agreement (including exhibits) in connection with the above referenced bonds scheduled to close on April 8, 2021. The steps to be taken are as follows:

- Have both Lease Agreements signed by the Chairperson and Secretary as tagged.
- Have the Disbursement Request form signed as tagged.
- Have the legal opinion (attached as Exhibit E in the Lease) copied/printed on letterhead and executed by the Water District's attorney.
- Return all originals in the enclosed prepaid envelope to Dinsmore & Shohl LLP (50 E. Rivercenter Blvd., Suite 1150, Covington, KY 41011) as soon as possible, but **no later than Tuesday, March 30, 2021 in order to meet the closing schedule.**

If you should have any questions concerning the documents, please do not hesitate to contact either:

Keith Brock at Compass Municipal Advisors - (859) 361-5611

or

Liz Younger, Monica Ward or Pat Phillips at Dinsmore – 859-431-7000

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and Jessamine-South Elkhorn Water District, as lessee dated April 8, 2021.

Requisition Certificate No. 1

The Lessee hereby requests a disbursement from its Participant Disbursement Account in the amount of \$2,422,322.63 and hereby certifies, as follows (except that with respect to a disbursement to pay an interest component of Lease Rental Payments during construction of a Project, only the document described in (a) below will be required):

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

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

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

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

Executed April 8, 2021.

JESSAMINE-SOUTH ELKHORN WATER DISTRICT,
LESSEE

By: _____


Authorized Lessee Representative

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and Jessamine-South Elkhorn Water District, as lessee dated April 8, 2021.

Requisition Certificate No. 1

The Lessee hereby requests a disbursement from its Participant Disbursement Account in the amount of \$2,422,322.63 and hereby certifies, as follows (except that with respect to a disbursement to pay an interest component of Lease Rental Payments during construction of a Project, only the document described in (a) below will be required):

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

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

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

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

Executed April 8, 2021.

JESSAMINE-SOUTH ELKHORN WATER DISTRICT,
LESSEE

By: 

Authorized Lessee Representative

REVENUE LEASE

LEASE AGREEMENT

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

LESSEE: Jessamine South-Elkhorn Water District

LESSEE'S ADDRESS: 802 South Main Street
Nicholasville, Kentucky 40356

DATE OF LEASE: April 8, 2021

TERMINATION DATE: February 1, 2050

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

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LEASE AGREEMENT

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Lessee” means the Lessee identified on the cover page hereto.

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

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

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

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

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

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

“State” means the Commonwealth of Kentucky.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 11. (Reserved)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By: _____
Secretary

JESSAMINE SOUTH-ELKHORN WATER DISTRICT

By: _____
Chairperson

Attest:

By: Thomas S. Beall
Secretary



EXHIBIT A

DESCRIPTION OF PROJECT

ESTIMATED COST OF THE PROJECT	\$2,370,000
ESTIMATED DATE OF COMPLETION OF THE PROJECT:	April 8, 2021

DESCRIPTION

To refinance the following obligations of the Lessee that originally financed improvements to the System, as defined in Exhibit G hereto, as follows:

USDA Loan #92-05
USDA Loan #92-07
Kentucky Rural Water Finance Corporation Public Project Refunding Revenue Bonds (Flexibility Term Program), Series 2012C

EXHIBIT B

LEASE RENTAL PAYMENTS

Date	Principal	Interest	Total P+I	Expenses	Net New D/S	Lease Balance	Fiscal Total
04/08/2021	-	-	-	-	-	2,370,000.00	-
07/01/2021	-	23,110.10	23,110.10	-	23,110.10	2,370,000.00	-
12/31/2021	-	-	-	-	-	2,370,000.00	23,110.10
01/01/2022	75,000.00	36,831.25	111,831.25	5,576.64	117,407.89	2,295,000.00	-
07/01/2022	-	36,081.25	36,081.25	-	36,081.25	2,295,000.00	-
12/31/2022	-	-	-	-	-	2,295,000.00	153,489.14
01/01/2023	75,000.00	36,081.25	111,081.25	6,550.00	117,631.25	2,220,000.00	-
07/01/2023	-	35,331.25	35,331.25	-	35,331.25	2,220,000.00	-
12/31/2023	-	-	-	-	-	2,220,000.00	152,962.50
01/01/2024	75,000.00	35,331.25	110,331.25	6,362.50	116,693.75	2,145,000.00	-
07/01/2024	-	34,206.25	34,206.25	-	34,206.25	2,145,000.00	-
12/31/2024	-	-	-	-	-	2,145,000.00	150,900.00
01/01/2025	85,000.00	34,206.25	119,206.25	6,175.00	125,381.25	2,060,000.00	-
07/01/2025	-	32,081.25	32,081.25	-	32,081.25	2,060,000.00	-
12/31/2025	-	-	-	-	-	2,060,000.00	157,462.50
01/01/2026	85,000.00	32,081.25	117,081.25	5,962.50	123,043.75	1,975,000.00	-
07/01/2026	-	29,956.25	29,956.25	-	29,956.25	1,975,000.00	-
12/31/2026	-	-	-	-	-	1,975,000.00	153,000.00
01/01/2027	90,000.00	29,956.25	119,956.25	5,750.00	125,706.25	1,885,000.00	-
07/01/2027	-	27,706.25	27,706.25	-	27,706.25	1,885,000.00	-
12/31/2027	-	-	-	-	-	1,885,000.00	153,412.50
01/01/2028	95,000.00	27,706.25	122,706.25	5,525.00	128,231.25	1,790,000.00	-
07/01/2028	-	25,331.25	25,331.25	-	25,331.25	1,790,000.00	-
12/31/2028	-	-	-	-	-	1,790,000.00	153,562.50
01/01/2029	100,000.00	25,331.25	125,331.25	5,287.50	130,618.75	1,690,000.00	-
07/01/2029	-	22,831.25	22,831.25	-	22,831.25	1,690,000.00	-
12/31/2029	-	-	-	-	-	1,690,000.00	153,450.00
01/01/2030	105,000.00	22,831.25	127,831.25	5,037.50	132,868.75	1,585,000.00	-
07/01/2030	-	20,206.25	20,206.25	-	20,206.25	1,585,000.00	-
12/31/2030	-	-	-	-	-	1,585,000.00	153,075.00
01/01/2031	110,000.00	20,206.25	130,206.25	4,775.00	134,981.25	1,475,000.00	-
07/01/2031	-	17,456.25	17,456.25	-	17,456.25	1,475,000.00	-
12/31/2031	-	-	-	-	-	1,475,000.00	152,437.50
01/01/2032	115,000.00	17,456.25	132,456.25	4,500.00	136,956.25	1,360,000.00	-
07/01/2032	-	16,306.25	16,306.25	-	16,306.25	1,360,000.00	-
12/31/2032	-	-	-	-	-	1,360,000.00	153,262.50
01/01/2033	115,000.00	16,306.25	131,306.25	4,212.50	135,518.75	1,245,000.00	-
07/01/2033	-	15,156.25	15,156.25	-	15,156.25	1,245,000.00	-
12/31/2033	-	-	-	-	-	1,245,000.00	150,675.00
01/01/2034	120,000.00	15,156.25	135,156.25	3,925.00	139,081.25	1,125,000.00	-
07/01/2034	-	13,806.25	13,806.25	-	13,806.25	1,125,000.00	-
12/31/2034	-	-	-	-	-	1,125,000.00	152,887.50
01/01/2035	125,000.00	13,806.25	138,806.25	3,625.00	142,431.25	1,000,000.00	-

Date	Principal	Interest	Total P+I	Expenses	Net New D/S	Lease Balance	Fiscal Total
07/01/2035	-	12,400.00	12,400.00	-	12,400.00	1,000,000.00	-
12/31/2035	-	-	-	-	-	1,000,000.00	154,831.25
01/01/2036	125,000.00	12,400.00	137,400.00	3,312.50	140,712.50	875,000.00	-
07/01/2036	-	10,993.75	10,993.75	-	10,993.75	875,000.00	-
12/31/2036	-	-	-	-	-	875,000.00	151,706.25
01/01/2037	130,000.00	10,993.75	140,993.75	3,000.00	143,993.75	745,000.00	-
07/01/2037	-	9,531.25	9,531.25	-	9,531.25	745,000.00	-
12/31/2037	-	-	-	-	-	745,000.00	153,525.00
01/01/2038	135,000.00	9,531.25	144,531.25	2,675.00	147,206.25	610,000.00	-
07/01/2038	-	7,928.13	7,928.13	-	7,928.13	610,000.00	-
12/31/2038	-	-	-	-	-	610,000.00	155,134.38
01/01/2039	135,000.00	7,928.13	142,928.13	2,337.50	145,265.63	475,000.00	-
07/01/2039	-	6,325.00	6,325.00	-	6,325.00	475,000.00	-
12/31/2039	-	-	-	-	-	475,000.00	151,590.63
01/01/2040	35,000.00	6,325.00	41,325.00	2,000.00	43,325.00	440,000.00	-
07/01/2040	-	5,865.63	5,865.63	-	5,865.63	440,000.00	-
12/31/2040	-	-	-	-	-	440,000.00	49,190.63
01/01/2041	40,000.00	5,865.63	45,865.63	1,912.50	47,778.13	400,000.00	-
07/01/2041	-	5,340.63	5,340.63	-	5,340.63	400,000.00	-
12/31/2041	-	-	-	-	-	400,000.00	53,118.76
01/01/2042	40,000.00	5,340.63	45,340.63	1,812.50	47,153.13	360,000.00	-
07/01/2042	-	4,815.63	4,815.63	-	4,815.63	360,000.00	-
12/31/2042	-	-	-	-	-	360,000.00	51,968.76
01/01/2043	40,000.00	4,815.63	44,815.63	1,712.50	46,528.13	320,000.00	-
07/01/2043	-	4,290.63	4,290.63	-	4,290.63	320,000.00	-
12/31/2043	-	-	-	-	-	320,000.00	50,818.76
01/01/2044	40,000.00	4,290.63	44,290.63	1,612.50	45,903.13	280,000.00	-
07/01/2044	-	3,765.63	3,765.63	-	3,765.63	280,000.00	-
12/31/2044	-	-	-	-	-	280,000.00	49,668.76
01/01/2045	45,000.00	3,765.63	48,765.63	1,512.50	50,278.13	235,000.00	-
07/01/2045	-	3,175.00	3,175.00	-	3,175.00	235,000.00	-
12/31/2045	-	-	-	-	-	235,000.00	53,453.13
01/01/2046	45,000.00	3,175.00	48,175.00	1,400.00	49,575.00	190,000.00	-
07/01/2046	-	2,584.38	2,584.38	-	2,584.38	190,000.00	-
12/31/2046	-	-	-	-	-	190,000.00	52,159.38
01/01/2047	45,000.00	2,584.38	47,584.38	1,287.50	48,871.88	145,000.00	-
07/01/2047	-	1,993.75	1,993.75	-	1,993.75	145,000.00	-
12/31/2047	-	-	-	-	-	145,000.00	50,865.63
01/01/2048	45,000.00	1,993.75	46,993.75	1,175.00	48,168.75	100,000.00	-
07/01/2048	-	1,403.13	1,403.13	-	1,403.13	100,000.00	-
12/31/2048	-	-	-	-	-	100,000.00	49,571.88
01/01/2049	50,000.00	1,403.13	51,403.13	1,062.50	52,465.63	50,000.00	-
07/01/2049	-	746.88	746.88	-	746.88	50,000.00	-
12/31/2049	-	-	-	-	-	50,000.00	53,212.51
01/01/2050	50,000.00	746.88	50,746.88	937.50	51,684.38	-	-
12/31/2050	-	-	-	-	-	-	51,684.38
Total	\$2,370,000.00	\$875,172.69	\$3,245,172.69	\$101,014.14	\$3,346,186.83	-	-

ACKNOWLEDGED:

JESSAMINE SOUTH ELKHORN WATER DISTRICT

By:



 Chairperson

EXHIBIT C

FORM OF RESOLUTION

RESOLUTION NO. _____

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

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

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

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

NOW THEREFORE, BE IT ORDERED AND RESOLVED BY THE JESSAMINE SOUTH-ELKHORN WATER DISTRICT, AS FOLLOWS:

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

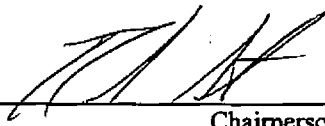
Section 2. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

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

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

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

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

By:  _____
Chairperson

Attest:

By: _____
Secretary

EXHIBIT D
OPINION OF LESSEE'S COUNSEL

April 8, 2021

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

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

*Please put
on counsel
letterhead
& sign*

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and
Jessamine South-Elkhorn Water District, as lessee

Ladies and Gentlemen:

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

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

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

Respectfully submitted,

EXHIBIT E

CERTIFICATE OF OFFICIALS OF LESSEE

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and the Jessamine South-Elkhorn Water District, as lessee dated April 8, 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 Association of Counties Finance Corporation (the "Lessor"), DO HEREBY CERTIFY AS FOLLOWS:

1. That they are the duly elected or appointed, qualified and acting incumbents of their respective offices of the Lessee, as set forth after their signatures hereto, and as such are familiar with the books, records and affairs of the Lessee.
2. That the Lessee is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to lease property as lessee and to carry on its business as now being conducted.
3. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Governing Body of the Lessee on November 4, 2020 (the "Official Action"), authorizing the appropriate officials of the Lessee to execute the Lease. The Official Action was duly adopted in accordance with all applicable laws.
4. The representations and warranties of the Lessee made in the Lease are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Official Action has not been amended or supplemented and is in full force and effect; and the Lease has been entered into and is in full force and effect.
5. That the below-named persons were on the date or dates of the execution of the Lease and are on the date of this certificate the duly elected or appointed and qualified incumbents of the respective offices of the Lessee set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
_____	Chairperson	_____
_____	Secretary	Thomas S. Beall

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 April 8, 2021.

By: 
_____ Chairperson

Attest:

By: 
_____ Secretary



EXHIBIT F

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and Jessamine South-Elkhorn Water District, as lessee dated April 8, 2021.

Requisition Certificate No. _____

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

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

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

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

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

Executed this ____ day of _____, _____.

JESSAMINE SOUTH-ELKHORN WATER DISTRICT,
Lessee

By: _____
Authorized Lessee Representative

EXHIBIT G

FURTHER REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4. Creation of Special Funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 9. Insurance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT H

TAX CERTIFICATE

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

PARTICIPANT: Jessamine South-Elkhorn Water District

FINANCING AGREEMENT AMOUNT (including reserve fund deposit): \$2,495,000

The Participant hereby certifies with respect to a Financing Agreement (the "Financing Agreement") with the Kentucky Association of Counties Finance 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 made as of the date hereof (the "Closing Date") and (ii) funding a debt service reserve, 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 to 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 to achieve debt service savings.

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.

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(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 Closin 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".

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.

JESSAMINE SOUTH-ELKHORN WATER DISTRICT

By:



Chairperson

Dated: April 8, 2021

CERTIFICATE OF FINANCIAL ADVISOR

The undersigned hereby certifies on behalf Compass Municipal Advisors, LLC (the "Financial Advisor") that (1) the Bonds were sold by competitive sale on March 18, 2021 (the "Sale Date") under a written and binding agreement, dated the Sale Date, the terms of which have not been materially altered since the Sale Date; (2) the purchase prices for the Bonds are set forth in Exhibit A hereto, which purchase prices were not less than the fair market value of each maturity of the Bonds as of the Sale Date; (3) it is of the opinion that the amount deposited in the Reserve Fund is reasonable and necessary because no reserve fund or a reserve fund in a lesser amount would adversely affect the interest rates at which the Bonds could be sold; and (4) this certificate may be relied upon by the Participant in executing the foregoing certificate and by Dinsmore & Shohl LLP in rendering any opinion with respect to the Bonds or the Financing Agreement.

COMPASS MUNICIPAL ADVISORS, LLC

By: _____

Title: _____

Dated: April 8, 2021

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

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

PARTICIPANT: Jessamine South-Elkhorn Water District

DATE OF AGREEMENT: April 8, 2021

FINANCING AGREEMENT AMOUNT (including reserve fund deposit): \$2,495,000

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

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 ASSOCIATION OF COUNTIES FINANCE CORPORATION (the "Corporation") and the Participant shown on the cover page hereto (the "Participant"):

WITNESSETH:

WHEREAS, the Participant has agreed, in a financing 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 obligations 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 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 counties, 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 Lessee 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 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.

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 ASSOCIATION OF COUNTIES
FINANCE CORPORATION

By: _____
Secretary

JESSAMINE SOUTH-ELKHORN WATER DISTRICT

By:  _____
Chairperson

EXHIBIT I

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of the date shown below between the Jessamine South-Elkhorn Water District (the "Participant") and Kentucky Association of Counties Finance 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 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.

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: April 8, 2021

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By: _____
Secretary

JESSAMINE SOUTH-ELKHORN WATER DISTRICT

By:  _____
Chairperson

20809672.1

REVENUE LEASE

LEASE AGREEMENT

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

LESSEE: Jessamine South-Elkhorn Water District

LESSEE'S ADDRESS: 802 South Main Street
Nicholasville, Kentucky 40356

DATE OF LEASE: April 8, 2021

TERMINATION DATE: February 1, 2050

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

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LEASE AGREEMENT

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"State" means the Commonwealth of Kentucky.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 11. (Reserved)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By: _____
Secretary

JESSAMINE SOUTH-ELKHORN WATER DISTRICT

By: _____
Chairperson

Attest:

By: Thomas Bickel
Secretary



EXHIBIT A

DESCRIPTION OF PROJECT

ESTIMATED COST OF THE PROJECT	\$2,370,000
ESTIMATED DATE OF COMPLETION OF THE PROJECT:	April 8, 2021

DESCRIPTION

To refinance the following obligations of the Lessee that originally financed improvements to the System, as defined in Exhibit G hereto, as follows:

USDA Loan #92-05

USDA Loan #92-07

Kentucky Rural Water Finance Corporation Public Project Refunding Revenue
Bonds (Flexibility Term Program), Series 2012C

EXHIBIT B

LEASE RENTAL PAYMENTS

Date	Principal	Interest	Total P+I	Expenses	Net New D/S	Lease Balance	Fiscal Total
04/08/2021	-	-	-	-	-	2,370,000.00	-
07/01/2021	-	23,110.10	23,110.10	-	23,110.10	2,370,000.00	-
12/31/2021	-	-	-	-	-	2,370,000.00	23,110.10
01/01/2022	75,000.00	36,831.25	111,831.25	5,576.64	117,407.89	2,295,000.00	-
07/01/2022	-	36,081.25	36,081.25	-	36,081.25	2,295,000.00	-
12/31/2022	-	-	-	-	-	2,295,000.00	153,489.14
01/01/2023	75,000.00	36,081.25	111,081.25	6,550.00	117,631.25	2,220,000.00	-
07/01/2023	-	35,331.25	35,331.25	-	35,331.25	2,220,000.00	-
12/31/2023	-	-	-	-	-	2,220,000.00	152,962.50
01/01/2024	75,000.00	35,331.25	110,331.25	6,362.50	116,693.75	2,145,000.00	-
07/01/2024	-	34,206.25	34,206.25	-	34,206.25	2,145,000.00	-
12/31/2024	-	-	-	-	-	2,145,000.00	150,900.00
01/01/2025	85,000.00	34,206.25	119,206.25	6,175.00	125,381.25	2,060,000.00	-
07/01/2025	-	32,081.25	32,081.25	-	32,081.25	2,060,000.00	-
12/31/2025	-	-	-	-	-	2,060,000.00	157,462.50
01/01/2026	85,000.00	32,081.25	117,081.25	5,962.50	123,043.75	1,975,000.00	-
07/01/2026	-	29,956.25	29,956.25	-	29,956.25	1,975,000.00	-
12/31/2026	-	-	-	-	-	1,975,000.00	153,000.00
01/01/2027	90,000.00	29,956.25	119,956.25	5,750.00	125,706.25	1,885,000.00	-
07/01/2027	-	27,706.25	27,706.25	-	27,706.25	1,885,000.00	-
12/31/2027	-	-	-	-	-	1,885,000.00	153,412.50
01/01/2028	95,000.00	27,706.25	122,706.25	5,525.00	128,231.25	1,790,000.00	-
07/01/2028	-	25,331.25	25,331.25	-	25,331.25	1,790,000.00	-
12/31/2028	-	-	-	-	-	1,790,000.00	153,562.50
01/01/2029	100,000.00	25,331.25	125,331.25	5,287.50	130,618.75	1,690,000.00	-
07/01/2029	-	22,831.25	22,831.25	-	22,831.25	1,690,000.00	-
12/31/2029	-	-	-	-	-	1,690,000.00	153,450.00
01/01/2030	105,000.00	22,831.25	127,831.25	5,037.50	132,868.75	1,585,000.00	-
07/01/2030	-	20,206.25	20,206.25	-	20,206.25	1,585,000.00	-
12/31/2030	-	-	-	-	-	1,585,000.00	153,075.00
01/01/2031	110,000.00	20,206.25	130,206.25	4,775.00	134,981.25	1,475,000.00	-
07/01/2031	-	17,456.25	17,456.25	-	17,456.25	1,475,000.00	-
12/31/2031	-	-	-	-	-	1,475,000.00	152,437.50
01/01/2032	115,000.00	17,456.25	132,456.25	4,500.00	136,956.25	1,360,000.00	-
07/01/2032	-	16,306.25	16,306.25	-	16,306.25	1,360,000.00	-
12/31/2032	-	-	-	-	-	1,360,000.00	153,262.50
01/01/2033	115,000.00	16,306.25	131,306.25	4,212.50	135,518.75	1,245,000.00	-
07/01/2033	-	15,156.25	15,156.25	-	15,156.25	1,245,000.00	-
12/31/2033	-	-	-	-	-	1,245,000.00	150,675.00
01/01/2034	120,000.00	15,156.25	135,156.25	3,925.00	139,081.25	1,125,000.00	-
07/01/2034	-	13,806.25	13,806.25	-	13,806.25	1,125,000.00	-
12/31/2034	-	-	-	-	-	1,125,000.00	152,887.50
01/01/2035	125,000.00	13,806.25	138,806.25	3,625.00	142,431.25	1,000,000.00	-

Date	Principal	Interest	Total P+I	Expenses	Net New D/S	Lease Balance	Fiscal Total
07/01/2035	-	12,400.00	12,400.00	-	12,400.00	1,000,000.00	-
12/31/2035	-	-	-	-	-	1,000,000.00	154,831.25
01/01/2036	125,000.00	12,400.00	137,400.00	3,312.50	140,712.50	875,000.00	-
07/01/2036	-	10,993.75	10,993.75	-	10,993.75	875,000.00	-
12/31/2036	-	-	-	-	-	875,000.00	151,706.25
01/01/2037	130,000.00	10,993.75	140,993.75	3,000.00	143,993.75	745,000.00	-
07/01/2037	-	9,531.25	9,531.25	-	9,531.25	745,000.00	-
12/31/2037	-	-	-	-	-	745,000.00	153,525.00
01/01/2038	135,000.00	9,531.25	144,531.25	2,675.00	147,206.25	610,000.00	-
07/01/2038	-	7,928.13	7,928.13	-	7,928.13	610,000.00	-
12/31/2038	-	-	-	-	-	610,000.00	155,134.38
01/01/2039	135,000.00	7,928.13	142,928.13	2,337.50	145,265.63	475,000.00	-
07/01/2039	-	6,325.00	6,325.00	-	6,325.00	475,000.00	-
12/31/2039	-	-	-	-	-	475,000.00	151,590.63
01/01/2040	35,000.00	6,325.00	41,325.00	2,000.00	43,325.00	440,000.00	-
07/01/2040	-	5,865.63	5,865.63	-	5,865.63	440,000.00	-
12/31/2040	-	-	-	-	-	440,000.00	49,190.63
01/01/2041	40,000.00	5,865.63	45,865.63	1,912.50	47,778.13	400,000.00	-
07/01/2041	-	5,340.63	5,340.63	-	5,340.63	400,000.00	-
12/31/2041	-	-	-	-	-	400,000.00	53,118.76
01/01/2042	40,000.00	5,340.63	45,340.63	1,812.50	47,153.13	360,000.00	-
07/01/2042	-	4,815.63	4,815.63	-	4,815.63	360,000.00	-
12/31/2042	-	-	-	-	-	360,000.00	51,968.76
01/01/2043	40,000.00	4,815.63	44,815.63	1,712.50	46,528.13	320,000.00	-
07/01/2043	-	4,290.63	4,290.63	-	4,290.63	320,000.00	-
12/31/2043	-	-	-	-	-	320,000.00	50,818.76
01/01/2044	40,000.00	4,290.63	44,290.63	1,612.50	45,903.13	280,000.00	-
07/01/2044	-	3,765.63	3,765.63	-	3,765.63	280,000.00	-
12/31/2044	-	-	-	-	-	280,000.00	49,668.76
01/01/2045	45,000.00	3,765.63	48,765.63	1,512.50	50,278.13	235,000.00	-
07/01/2045	-	3,175.00	3,175.00	-	3,175.00	235,000.00	-
12/31/2045	-	-	-	-	-	235,000.00	53,453.13
01/01/2046	45,000.00	3,175.00	48,175.00	1,400.00	49,575.00	190,000.00	-
07/01/2046	-	2,584.38	2,584.38	-	2,584.38	190,000.00	-
12/31/2046	-	-	-	-	-	190,000.00	52,159.38
01/01/2047	45,000.00	2,584.38	47,584.38	1,287.50	48,871.88	145,000.00	-
07/01/2047	-	1,993.75	1,993.75	-	1,993.75	145,000.00	-
12/31/2047	-	-	-	-	-	145,000.00	50,865.63
01/01/2048	45,000.00	1,993.75	46,993.75	1,175.00	48,168.75	100,000.00	-
07/01/2048	-	1,403.13	1,403.13	-	1,403.13	100,000.00	-
12/31/2048	-	-	-	-	-	100,000.00	49,571.88
01/01/2049	50,000.00	1,403.13	51,403.13	1,062.50	52,465.63	50,000.00	-
07/01/2049	-	746.88	746.88	-	746.88	50,000.00	-
12/31/2049	-	-	-	-	-	50,000.00	53,212.51
01/01/2050	50,000.00	746.88	50,746.88	937.50	51,684.38	-	-
12/31/2050	-	-	-	-	-	-	51,684.38
Total	\$2,370,000.00	\$875,172.69	\$3,245,172.69	\$101,014.14	\$3,346,186.83	-	-

ACKNOWLEDGED:

JESSAMINE SOUTH-ELKHORN WATER DISTRICT

By:



Chairperson

EXHIBIT C

FORM OF RESOLUTION

RESOLUTION NO. _____

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

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

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

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

NOW THEREFORE, BE IT ORDERED AND RESOLVED BY THE JESSAMINE SOUTH-ELKHORN WATER DISTRICT, AS FOLLOWS:

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

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

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

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

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

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

By: _____
Chairperson

Attest:

By: _____
Secretary

EXHIBIT D
OPINION OF LESSEE'S COUNSEL

April 8, 2021

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

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

Please put
on counsel
letter-head
& sign

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and
Jessamine South-Elkhorn Water District, as lessee

Ladies and Gentlemen:

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

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

1. The Lessee is a body politic and corporate, validly organized and existing in good standing under the laws of the Commonwealth and has full power and authority to enter into and to perform its obligations under the Lease.

2. The Lease has been duly authorized, executed and delivered by the Lessee and (assuming the due authorization, execution and delivery thereof by the other parties thereto) constitute legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

3. All consents, approvals or authorizations of any governmental entity and all filings and notices required on the part of the Lessee in connection with the authorization, execution and delivery of the Lease and the consummation of the transactions contemplated thereby have been obtained and are in full force and effect.

4. Neither the execution and delivery of the Lease nor the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Lease conflict with or constitute a violation of any provision of any law or regulation applicable to the Lessee or, to the best of our knowledge after reasonable investigation, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound.

5. To the best of our knowledge, after reasonable investigation, there is no action, suit, proceeding or governmental investigation at law or in equity before or by any court, public board or body, pending of which the Lessee has been served with a summons, summons and complaint or other notice of commencement, or threatened against or affecting the Lessee, challenging the validity of the Lease or contesting the power and authority of the Lessee to execute and deliver the Lease or to consummate the transactions contemplated by the Lease.

Respectfully submitted,

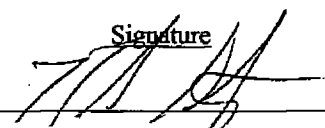
EXHIBIT E

CERTIFICATE OF OFFICIALS OF LESSEE

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and the Jessamine South-Elkhorn Water District, as lessee dated April 8, 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 Association of Counties Finance Corporation (the "Lessor"), DO HEREBY CERTIFY AS FOLLOWS:

1. That they are the duly elected or appointed, qualified and acting incumbents of their respective offices of the Lessee, as set forth after their signatures hereto, and as such are familiar with the books, records and affairs of the Lessee.
2. That the Lessee is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to lease property as lessee and to carry on its business as now being conducted.
3. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Governing Body of the Lessee on November 4, 2020 (the "Official Action"), authorizing the appropriate officials of the Lessee to execute the Lease. The Official Action was duly adopted in accordance with all applicable laws.
4. The representations and warranties of the Lessee made in the Lease are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Official Action has not been amended or supplemented and is in full force and effect; and the Lease has been entered into and is in full force and effect.
5. That the below-named persons were on the date or dates of the execution of the Lease and are on the date of this certificate the duly elected or appointed and qualified incumbents of the respective offices of the Lessee set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
_____	Chairperson	
_____	Secretary	Thomas Beckett

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 April 8, 2021.

By:



Chairperson

Attest:

By: Thomas Beckett III
Secretary



EXHIBIT F

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and Jessamine South-Elkhorn Water District, as lessee dated April 8, 2021.

Requisition Certificate No. _____

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

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

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

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

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

Executed this ____ day of _____, _____.

JESSAMINE SOUTH-ELKHORN WATER DISTRICT,
Lessee

By: _____
Authorized Lessee Representative

EXHIBIT G

FURTHER REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4. Creation of Special Funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 9. Insurance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT H

TAX CERTIFICATE

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

PARTICIPANT: Jessamine South-Elkhorn Water District

FINANCING AGREEMENT AMOUNT (including reserve fund deposit): \$2,495,000

The Participant hereby certifies with respect to a Financing Agreement (the "Financing Agreement") with the Kentucky Association of Counties Finance 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 made as of the date hereof (the "Closing Date") and (ii) funding a debt service reserve, 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 to 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 to achieve debt service savings.

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 power, expects to issue tax-exempt bonds, including any tax-exempt bonds issued by any "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.

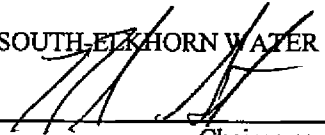
(10) Participant does not reasonably anticipate that the total principal amount of tax-exempt bonds to be issued within the meaning of Section 265(b)(3) of the Code which the Participant will issue during the calendar year in which the Financing Agreement is executed and delivered will exceed \$10,000,000;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

*Please
Complete*

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.

JESSAMINE SOUTH-ELKHORN WATER DISTRICT

By:



Chairperson

Dated: April 8, 2021

CERTIFICATE OF FINANCIAL ADVISOR

The undersigned hereby certifies on behalf Compass Municipal Advisors, LLC (the "Financial Advisor") that (1) the Bonds were sold by competitive sale on March 18, 2021 (the "Sale Date") under a written and binding agreement, dated the Sale Date, the terms of which have not been materially altered since the Sale Date; (2) the purchase prices for the Bonds are set forth in Exhibit A hereto, which purchase prices were not less than the fair market value of each maturity of the Bonds as of the Sale Date; (3) it is of the opinion that the amount deposited in the Reserve Fund is reasonable and necessary because no reserve fund or a reserve fund in a lesser amount would adversely affect the interest rates at which the Bonds could be sold; and (4) this certificate may be relied upon by the Participant in executing the foregoing certificate and by Dinsmore & Shohl LLP in rendering any opinion with respect to the Bonds or the Financing Agreement.

COMPASS MUNICIPAL ADVISORS, LLC

By: _____

Title: _____

Dated: April 8, 2021

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

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

PARTICIPANT: Jessamine South-Elkhorn Water District

DATE OF AGREEMENT: April 8, 2021

FINANCING AGREEMENT AMOUNT (including reserve fund deposit): \$2,495,000

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

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 ASSOCIATION OF COUNTIES FINANCE CORPORATION (the "Corporation") and the Participant shown on the cover page hereto (the "Participant"):

WITNESSETH:

WHEREAS, the Participant has agreed, in a financing 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 obligations 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 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 counties, 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 Lessee 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 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.

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 ASSOCIATION OF COUNTIES
FINANCE CORPORATION

By: _____
Secretary

JESSAMINE SOUTH-ELKHORN WATER DISTRICT

By: _____
Chairperson

EXHIBIT I

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of the date shown below between the Jessamine South-Elkhorn Water District (the "Participant") and Kentucky Association of Counties Finance 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 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.

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: April 8, 2021

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By: _____
Secretary

JESSAMINE SOUTH-ELKHORN WATER DISTRICT

By: _____
Chairperson

20809672.1

Attachment #9

Bond Schedule

EXHIBIT A

Jessamine South Elkhorn Water District
Annual Debt Service Requirements

92-05
N/S

92-07
N/S

92-09
N/S

	Series 2000A		Series 2000B		Series 2008A		Series 2008B		Series 2009A		Total Principal	Total Interest	Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest			
2010	26,000.00	90,037.50	5,500.00	18,480.00							31,500.00	108,487.50	139,987.50
2011	28,000.00	88,672.50	6,000.00	18,168.13		31,875.00		22,838.00		6,300.00	34,000.00	167,853.63	201,853.63
2012	29,000.00	87,202.50	6,000.00	17,860.63		31,875.00		22,838.00		6,300.00	35,000.00	166,076.13	201,076.13
2013	31,000.00	85,680.00	6,500.00	17,553.13	8,500.00	31,875.00	5,500.00	22,838.00	3,800.00	6,300.00	55,300.00	164,246.13	219,546.13
2014	32,000.00	84,052.50	7,000.00	17,220.00	8,500.00	31,514.00	6,000.00	22,597.00	3,900.00	6,201.00	57,400.00	161,584.50	218,984.50
2015	34,000.00	82,372.50	7,000.00	16,861.25	9,000.00	31,153.00	6,000.00	22,335.00	4,000.00	6,098.00	60,000.00	158,819.75	218,819.75
2016	36,000.00	80,587.50	7,500.00	16,502.50	9,500.00	30,770.00	6,500.00	22,072.00	4,100.00	5,993.00	63,600.00	155,925.00	219,525.00
2017	38,000.00	78,697.50	8,000.00	16,118.13	10,000.00	30,367.00	6,500.00	21,788.00	4,200.00	5,886.00	66,700.00	152,856.63	219,556.63
2018	40,000.00	76,702.50	8,500.00	15,708.13	10,000.00	29,942.00	7,000.00	21,504.00	4,300.00	5,775.00	69,800.00	149,631.63	219,431.63
2019	42,000.00	74,602.50	9,000.00	15,272.50	10,500.00	29,517.00	7,000.00	21,197.00	4,400.00	5,663.00	72,900.00	146,252.00	219,152.00
2020	44,000.00	72,397.50	9,000.00	14,811.25	11,000.00	29,070.00	7,500.00	20,891.00	4,500.00	5,547.00	76,000.00	142,716.75	218,716.75
2021	46,000.00	70,087.50	10,000.00	14,350.00	11,500.00	28,603.00	8,000.00	20,563.00	4,600.00	5,429.00	80,100.00	139,032.50	219,132.50
2022	49,000.00	67,672.50	10,000.00	13,837.50	12,000.00	28,114.00	8,000.00	20,213.00	4,600.00	5,308.00	83,800.00	135,145.00	218,945.00
2023	51,000.00	65,100.00	11,000.00	13,325.00	12,500.00	27,604.00	8,500.00	19,863.00	4,900.00	5,182.00	87,900.00	131,074.00	218,974.00
2024	54,000.00	62,422.50	11,000.00	12,761.25	13,000.00	27,073.00	9,000.00	19,491.00	5,000.00	5,054.00	92,000.00	126,801.75	218,801.75
2025	57,000.00	59,587.50	12,000.00	12,197.50	13,500.00	26,520.00	9,500.00	19,097.00	5,100.00	4,922.00	97,100.00	122,324.00	219,424.00
2026	60,000.00	56,595.00	12,500.00	11,582.50	14,000.00	25,947.00	9,500.00	18,682.00	5,300.00	4,788.00	101,300.00	117,594.50	219,894.50
2027	63,000.00	53,445.00	13,000.00	10,941.88	15,000.00	25,352.00	10,000.00	18,266.00	5,400.00	4,649.00	106,400.00	112,653.88	219,053.88
2028	66,000.00	50,137.50	14,000.00	10,275.63	15,500.00	24,714.00	10,500.00	17,829.00	5,600.00	4,508.00	111,600.00	107,464.13	219,064.13
2029	70,000.00	46,672.50	14,500.00	9,558.13	16,000.00	24,055.00	11,000.00	17,369.00	5,700.00	4,361.00	117,200.00	102,015.63	219,215.63
2030	73,000.00	42,997.50	15,500.00	8,815.00	17,000.00	23,375.00	11,500.00	16,888.00	5,800.00	4,211.00	122,800.00	96,286.50	219,086.50
2031	78,000.00	39,165.00	16,000.00	8,020.63	17,500.00	22,653.00	12,000.00	16,385.00	6,000.00	4,059.00	129,500.00	90,282.63	219,782.63
2032	81,000.00	35,070.00	17,000.00	7,200.63	18,000.00	21,909.00	12,500.00	15,860.00	6,200.00	3,901.00	134,700.00	83,940.63	218,640.63
2033	86,000.00	30,817.50	17,500.00	6,329.38	19,000.00	21,144.00	13,000.00	15,313.00	6,300.00	3,738.00	141,800.00	77,341.88	219,141.88
2034	90,000.00	26,302.50	19,000.00	5,432.50	20,000.00	20,337.00	13,500.00	14,744.00	6,500.00	3,573.00	149,000.00	70,389.00	219,389.00
2035	95,000.00	21,577.50	20,000.00	4,458.75	20,500.00	19,487.00	14,500.00	14,154.00	6,700.00	3,402.00	156,700.00	63,079.25	219,779.25
2036	100,000.00	16,590.00	21,000.00	3,433.75	21,500.00	18,615.00	15,000.00	13,519.00	6,800.00	3,227.00	164,300.00	55,384.75	219,684.75
2037	105,000.00	11,340.00	22,500.00	2,398.90	22,500.00	17,702.00	15,500.00	12,863.00	7,000.00	3,048.00	172,500.00	47,351.90	219,851.90
2038	111,000.00	5,827.50	23,500.00	1,204.37	23,500.00	16,745.00	16,000.00	12,185.00	7,200.00	2,864.00	181,200.00	38,825.87	220,025.87
2039	-	-	-	-	24,500.00	15,747.00	17,000.00	11,485.00	7,400.00	2,675.00	48,900.00	29,907.00	78,807.00
2040	-	-	-	-	25,500.00	14,705.00	17,500.00	10,741.00	7,600.00	2,481.00	50,600.00	27,927.00	78,527.00
2041	-	-	-	-	26,500.00	13,622.00	18,500.00	9,975.00	7,800.00	2,282.00	52,800.00	25,879.00	78,679.00
2042	-	-	-	-	27,500.00	12,495.00	19,500.00	9,186.00	8,000.00	2,077.00	55,000.00	23,738.00	78,738.00
2043	-	-	-	-	29,000.00	11,327.00	20,000.00	8,313.00	8,200.00	1,867.00	57,200.00	21,507.00	78,707.00
2044	-	-	-	-	30,000.00	10,094.00	21,000.00	7,438.00	8,400.00	1,652.00	59,400.00	19,184.00	78,584.00
2045	-	-	-	-	31,500.00	8,819.00	22,000.00	6,519.00	8,600.00	1,431.00	62,100.00	16,769.00	78,869.00
2046	-	-	-	-	32,500.00	7,480.00	23,000.00	5,557.00	8,900.00	1,205.00	64,400.00	14,242.00	78,642.00
2047	-	-	-	-	34,000.00	6,099.00	24,000.00	4,550.00	9,100.00	972.00	67,100.00	11,621.00	78,721.00
2048	-	-	-	-	35,500.00	4,654.00	25,000.00	3,500.00	9,300.00	733.00	69,800.00	8,887.00	78,687.00
2049	-	-	-	-	37,000.00	3,145.00	26,000.00	2,407.00	9,600.00	489.00	72,600.00	6,041.00	78,641.00
2050	-	-	-	-	37,000.00	1,573.00	29,000.00	1,269.00	9,000.00	237.00	75,000.00	3,079.00	78,079.00
Totals	1,715,000.00	1,662,412.50	360,000.00	340,648.95	750,000.00	837,667.00	522,000.00	605,102.00	240,000.00	154,388.00	3,587,000.00	3,600,218.45	7,187,218.45

Note: Amortization schedule provided by client deviates slightly from actual payments that are being made. See WP 445-A-1 for updated amortization schedules that have been modified to reflect actual payments.

(22123.60) Catnip Tank Loan

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2016 D

Borrower: Jessamine South Elkhorn Water District
Closing Date: 11/30/16

13122.60
Bank Acct

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
	(22123.60)		(42700.60)			
07/01/17			13,050.82	350.00	13,400.82	13,400.82
01/01/18	20,000.00 <i>MAR</i>	4.100%	9,747.50		29,747.50	
07/01/18			9,337.50	350.00	9,687.50	39,435.00
01/01/19	25,000.00	4.100%	9,337.50		34,337.50	
07/01/19			8,825.00	350.00	9,175.00	43,512.50
01/01/20	30,000.00	4.100%	8,825.00		38,825.00	
07/01/20			8,210.00	350.00	8,560.00	47,385.00
01/01/21	30,000.00	4.100%	8,210.00		38,210.00	
07/01/21			7,595.00	350.00	7,945.00	46,155.00
01/01/22	30,000.00	4.100%	7,595.00		37,595.00	
07/01/22			6,980.00	350.00	7,330.00	44,925.00
01/01/23	30,000.00	5.100%	6,980.00		36,980.00	
07/01/23			6,215.00	350.00	6,565.00	43,545.00
01/01/24	35,000.00	4.100%	6,215.00		41,215.00	
07/01/24			5,497.50	350.00	5,847.50	47,062.50
01/01/25	35,000.00	4.100%	5,497.50		40,497.50	
07/01/25			4,780.00	350.00	5,130.00	45,627.50
01/01/26	35,000.00	5.100%	4,780.00		39,780.00	
07/01/26			3,887.50	350.00	4,237.50	44,017.50
01/01/27	35,000.00	4.100%	3,887.50		38,887.50	
07/01/27			3,170.00	350.00	3,520.00	42,407.50
01/01/28	40,000.00	4.100%	3,170.00		43,170.00	
07/01/28			2,350.00	350.00	2,700.00	45,870.00
01/01/29	40,000.00	4.100%	2,350.00		42,350.00	
07/01/29			1,530.00	350.00	1,880.00	44,230.00
01/01/30	40,000.00	3.600%	1,530.00		41,530.00	
07/01/30			810.00	350.00	1,160.00	42,690.00
01/01/31	45,000.00	3.600%	810.00		45,810.00	
Totals	470,000.00		161,173.32	5,250.00	636,423.32	636,423.32

KENTUCKY INFRASTRUCTURE AUTHORITY
REPAYMENT SCHEDULE

LOAN #F07-02

JESSAMINE SOUTH ELKHORN WATER DISTRICT
FINAL

3.00% Rate
\$58,365.15 P & I Calculation

(F07-02)

KIA
Keene loan
(22403.60)

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$1,746,042.85		
12/01/13	\$32,174.51	\$25,984.41	3.0000%	\$58,158.92	\$2,182.55	\$0.00	\$60,341.47	\$1,713,868.34	\$15,000.00	\$15,000.00
06/01/14	\$32,657.12	\$25,708.03	3.0000%	\$58,365.15	\$2,142.34	\$0.00	\$60,507.49	\$1,681,211.22	\$0.00	\$15,000.00
12/01/14	\$33,146.98	\$25,218.17	3.0000%	\$58,365.15	\$2,101.51	\$0.00	\$60,466.66	\$1,648,064.24	\$15,000.00	\$30,000.00
06/01/15	\$33,644.19	\$24,720.96	3.0000%	\$58,365.15	\$2,060.08	\$0.00	\$60,425.23	\$1,614,420.05	\$0.00	\$30,000.00
12/01/15	\$34,148.85	\$24,216.30	3.0000%	\$58,365.15	\$2,018.03	\$0.00	\$60,383.18	\$1,580,271.20	\$15,000.00	\$45,000.00
06/01/16	\$34,661.08	\$23,704.07	3.0000%	\$58,365.15	\$1,975.34	\$0.00	\$60,340.49	\$1,545,610.12	\$0.00	\$45,000.00
12/01/16	\$35,181.00	\$23,184.15	3.0000%	\$58,365.15	\$1,932.01	\$0.00	\$60,297.16	\$1,510,429.12	\$15,000.00	\$60,000.00
06/01/17	\$35,708.71	\$22,656.44	3.0000%	\$58,365.15	\$1,888.04	\$0.00	\$60,253.19	\$1,474,720.41	\$0.00	\$60,000.00
12/01/17	\$36,244.34	\$22,120.81	3.0000%	\$58,365.15	\$1,843.40	\$0.00	\$60,208.55	\$1,438,476.07	\$15,000.00	\$75,000.00
06/01/18	\$36,788.01	\$21,577.14	3.0000%	\$58,365.15	\$1,798.10	\$0.00	\$60,163.25	\$1,401,688.06	\$0.00	\$75,000.00
12/01/18	\$37,339.83	\$21,025.32	3.0000%	\$58,365.15	\$1,752.11	\$0.00	\$60,117.26	\$1,364,348.23	\$15,000.00	\$90,000.00
06/01/19	\$37,899.93	\$20,465.22	3.0000%	\$58,365.15	\$1,705.44	\$0.00	\$60,070.59	\$1,326,448.30	\$0.00	\$90,000.00
12/01/19	\$38,468.43	\$19,896.72	3.0000%	\$58,365.15	\$1,658.06	\$0.00	\$60,023.21	\$1,287,979.87	\$15,000.00	\$105,000.00
06/01/20	\$39,045.45	\$19,319.70	3.0000%	\$58,365.15	\$1,609.97	\$0.00	\$59,975.12	\$1,248,934.42	\$0.00	\$105,000.00
12/01/20	\$39,631.13	\$18,734.02	3.0000%	\$58,365.15	\$1,561.17	\$0.00	\$59,926.32	\$1,209,303.29	\$15,000.00	\$120,000.00
06/01/21	\$40,225.60	\$18,139.55	3.0000%	\$58,365.15	\$1,511.63	\$0.00	\$59,876.78	\$1,169,077.69	\$0.00	\$120,000.00
12/01/21	\$40,828.98	\$17,536.17	3.0000%	\$58,365.15	\$1,461.35	\$0.00	\$59,826.50	\$1,128,248.71	\$15,000.00	\$135,000.00
06/01/22	\$41,441.42	\$16,923.73	3.0000%	\$58,365.15	\$1,410.31	\$0.00	\$59,775.46	\$1,086,807.29	\$0.00	\$135,000.00
12/01/22	\$42,063.04	\$16,302.11	3.0000%	\$58,365.15	\$1,358.51	\$0.00	\$59,723.66	\$1,044,744.25	\$15,000.00	\$150,000.00
06/01/23	\$42,693.99	\$15,671.16	3.0000%	\$58,365.15	\$1,305.93	\$0.00	\$59,671.08	\$1,002,050.26	\$0.00	\$150,000.00
12/01/23	\$43,334.40	\$15,030.75	3.0000%	\$58,365.15	\$1,252.56	\$0.00	\$59,617.71	\$958,715.86	\$0.00	\$150,000.00
06/01/24	\$43,984.41	\$14,380.74	3.0000%	\$58,365.15	\$1,198.39	\$0.00	\$59,563.54	\$914,731.45	\$0.00	\$150,000.00
12/01/24	\$44,644.18	\$13,720.97	3.0000%	\$58,365.15	\$1,143.41	\$0.00	\$59,508.56	\$870,087.27	\$0.00	\$150,000.00
06/01/25	\$45,313.84	\$13,051.31	3.0000%	\$58,365.15	\$1,087.61	\$0.00	\$59,452.76	\$824,773.43	\$0.00	\$150,000.00
12/01/25	\$45,993.55	\$12,371.60	3.0000%	\$58,365.15	\$1,030.97	\$0.00	\$59,396.12	\$778,779.88	\$0.00	\$150,000.00
06/01/26	\$46,683.45	\$11,681.70	3.0000%	\$58,365.15	\$973.47	\$0.00	\$59,338.62	\$732,096.43	\$0.00	\$150,000.00
12/01/26	\$47,383.70	\$10,981.45	3.0000%	\$58,365.15	\$915.12	\$0.00	\$59,280.27	\$684,712.73	\$0.00	\$150,000.00
06/01/27	\$48,094.46	\$10,270.69	3.0000%	\$58,365.15	\$855.89	\$0.00	\$59,221.04	\$636,618.27	\$0.00	\$150,000.00
12/01/27	\$48,815.88	\$9,549.27	3.0000%	\$58,365.15	\$795.77	\$0.00	\$59,160.92	\$587,802.39	\$0.00	\$150,000.00
06/01/28	\$49,548.11	\$8,817.04	3.0000%	\$58,365.15	\$734.75	\$0.00	\$59,099.90	\$538,254.28	\$0.00	\$150,000.00
12/01/28	\$50,291.34	\$8,073.81	3.0000%	\$58,365.15	\$672.82	\$0.00	\$59,037.97	\$487,962.94	\$0.00	\$150,000.00
06/01/29	\$51,045.71	\$7,319.44	3.0000%	\$58,365.15	\$609.95	\$0.00	\$58,975.10	\$436,917.23	\$0.00	\$150,000.00
12/01/29	\$51,811.39	\$6,553.76	3.0000%	\$58,365.15	\$546.15	\$0.00	\$58,911.30	\$385,105.84	\$0.00	\$150,000.00
06/01/30	\$52,588.56	\$5,776.59	3.0000%	\$58,365.15	\$481.38	\$0.00	\$58,846.53	\$332,517.28	\$0.00	\$150,000.00
12/01/30	\$53,377.39	\$4,987.76	3.0000%	\$58,365.15	\$415.65	\$0.00	\$58,780.80	\$279,139.89	\$0.00	\$150,000.00
06/01/31	\$54,178.05	\$4,187.10	3.0000%	\$58,365.15	\$348.92	\$0.00	\$58,714.07	\$224,961.84	\$0.00	\$150,000.00
12/01/31	\$54,990.72	\$3,374.43	3.0000%	\$58,365.15	\$281.20	\$0.00	\$58,646.35	\$169,971.12	\$0.00	\$150,000.00
06/01/32	\$55,815.58	\$2,549.57	3.0000%	\$58,365.15	\$212.46	\$0.00	\$58,577.61	\$114,155.54	\$0.00	\$150,000.00
12/01/32	\$56,652.82	\$1,712.33	3.0000%	\$58,365.15	\$142.69	\$0.00	\$58,507.84	\$57,502.72	\$0.00	\$150,000.00
06/01/33	\$57,502.72	\$862.43	3.0000%	\$58,365.15	\$71.88	\$0.00	\$58,437.03	\$0.00	\$0.00	\$150,000.00
Totals	\$1,746,042.85	\$588,356.92		\$2,334,399.77	\$49,046.92	\$0.00	\$2,383,446.69		\$150,000.00	

KENTUCKY INFRASTRUCTURE AUTHORITY
REPAYMENT SCHEDULE

LOAN #F11-12

JESSAMINE-SOUTH ELKHORN WATER DISTRICT
FINAL

3.00% Rate
\$102,001.68 P & I Calculation

KIA
(F11-12)

(22407.60) Loan
(42700.60) Int.

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$2,519,559.50		
12/01/16	\$46,428.18	\$36,574.56	3.00%	\$83,002.74	\$3,149.45	\$0.00	\$86,152.19	\$2,473,131.32	\$7,600.00	\$7,600.00
06/01/17	\$47,124.60	\$37,096.97	3.00%	\$84,221.57	\$3,091.41	\$0.00	\$87,312.98	\$2,612,718.57	\$0.00	\$7,600.00
12/01/17	\$51,512.70	\$38,492.53	3.00%	\$90,005.23	\$3,265.90	\$0.00	\$93,271.13	\$2,880,234.52	\$7,600.00	\$15,200.00
06/01/18	\$58,798.16	\$42,823.31	3.00%	\$101,621.47	\$3,600.30	\$0.00	\$105,221.77	\$2,821,436.36	\$0.00	\$15,200.00
12/01/18	\$59,680.14	\$42,321.54	3.00%	\$102,001.68	\$3,526.79	\$0.00	\$105,528.47	\$2,761,756.22	\$7,600.00	\$22,800.00
06/01/19	\$60,575.33	\$41,426.35	3.00%	\$102,001.68	\$3,452.20	\$0.00	\$105,453.88	\$2,701,180.89	\$0.00	\$22,800.00
12/01/19	\$61,483.97	\$40,517.71	3.00%	\$102,001.68	\$3,376.48	\$0.00	\$105,378.16	\$2,639,696.92	\$7,600.00	\$30,400.00
06/01/20	\$62,406.23	\$39,595.45	3.00%	\$102,001.68	\$3,299.62	\$0.00	\$105,301.30	\$2,577,290.69	\$0.00	\$30,400.00
12/01/20	\$63,342.32	\$38,659.36	3.00%	\$102,001.68	\$3,221.61	\$0.00	\$105,223.29	\$2,513,948.37	\$7,600.00	\$38,000.00
06/01/21	\$64,292.45	\$37,709.23	3.00%	\$102,001.68	\$3,142.43	\$0.00	\$105,144.11	\$2,449,655.92	\$0.00	\$38,000.00
12/01/21	\$65,256.84	\$36,744.84	3.00%	\$102,001.68	\$3,062.07	\$0.00	\$105,063.75	\$2,384,399.08	\$7,600.00	\$45,600.00
06/01/22	\$66,235.69	\$35,765.99	3.00%	\$102,001.68	\$2,980.49	\$0.00	\$104,982.17	\$2,318,163.39	\$0.00	\$45,600.00
12/01/22	\$67,229.23	\$34,772.45	3.00%	\$102,001.68	\$2,897.70	\$0.00	\$104,899.38	\$2,250,934.16	\$7,600.00	\$53,200.00
06/01/23	\$68,237.67	\$33,764.01	3.00%	\$102,001.68	\$2,813.67	\$0.00	\$104,815.35	\$2,182,696.49	\$0.00	\$53,200.00
12/01/23	\$69,261.23	\$32,740.45	3.00%	\$102,001.68	\$2,728.37	\$0.00	\$104,730.05	\$2,113,435.26	\$7,600.00	\$60,800.00
06/01/24	\$70,300.16	\$31,701.52	3.00%	\$102,001.68	\$2,641.80	\$0.00	\$104,643.48	\$2,043,135.10	\$0.00	\$60,800.00
12/01/24	\$71,354.66	\$30,647.02	3.00%	\$102,001.68	\$2,553.91	\$0.00	\$104,555.59	\$1,971,780.44	\$7,600.00	\$68,400.00
06/01/25	\$72,424.97	\$29,576.71	3.00%	\$102,001.68	\$2,464.72	\$0.00	\$104,466.40	\$1,899,355.47	\$0.00	\$68,400.00
12/01/25	\$73,511.34	\$28,490.34	3.00%	\$102,001.68	\$2,374.19	\$0.00	\$104,375.87	\$1,825,844.13	\$7,600.00	\$76,000.00
06/01/26	\$74,614.01	\$27,387.67	3.00%	\$102,001.68	\$2,282.30	\$0.00	\$104,283.98	\$1,751,230.12	\$0.00	\$76,000.00
12/01/26	\$75,733.22	\$26,268.46	3.00%	\$102,001.68	\$2,189.04	\$0.00	\$104,190.72	\$1,675,496.90	\$0.00	\$76,000.00
06/01/27	\$76,869.22	\$25,132.46	3.00%	\$102,001.68	\$2,094.37	\$0.00	\$104,096.05	\$1,598,627.88	\$0.00	\$76,000.00
12/01/27	\$78,022.27	\$23,979.41	3.00%	\$102,001.68	\$1,998.29	\$0.00	\$103,999.97	\$1,520,605.41	\$0.00	\$76,000.00
06/01/28	\$79,192.60	\$22,809.08	3.00%	\$102,001.68	\$1,900.76	\$0.00	\$103,902.44	\$1,441,412.81	\$0.00	\$76,000.00
12/01/28	\$80,380.48	\$21,621.20	3.00%	\$102,001.68	\$1,801.77	\$0.00	\$103,803.45	\$1,361,032.33	\$0.00	\$76,000.00
06/01/29	\$81,586.19	\$20,415.49	3.00%	\$102,001.68	\$1,701.29	\$0.00	\$103,702.97	\$1,279,446.14	\$0.00	\$76,000.00
12/01/29	\$82,809.99	\$19,191.69	3.00%	\$102,001.68	\$1,599.31	\$0.00	\$103,600.99	\$1,196,636.15	\$0.00	\$76,000.00
06/01/30	\$84,052.14	\$17,949.54	3.00%	\$102,001.68	\$1,495.79	\$0.00	\$103,497.47	\$1,112,584.01	\$0.00	\$76,000.00
12/01/30	\$85,312.92	\$16,688.76	3.00%	\$102,001.68	\$1,390.73	\$0.00	\$103,392.41	\$1,027,271.09	\$0.00	\$76,000.00
06/01/31	\$86,592.62	\$15,409.06	3.00%	\$102,001.68	\$1,284.09	\$0.00	\$103,285.77	\$940,678.47	\$0.00	\$76,000.00
12/01/31	\$87,891.51	\$14,110.17	3.00%	\$102,001.68	\$1,175.84	\$0.00	\$103,177.52	\$852,786.96	\$0.00	\$76,000.00
06/01/32	\$89,209.88	\$12,791.80	3.00%	\$102,001.68	\$1,065.98	\$0.00	\$103,067.66	\$763,577.08	\$0.00	\$76,000.00
12/01/32	\$90,548.02	\$11,453.66	3.00%	\$102,001.68	\$954.47	\$0.00	\$102,956.15	\$673,029.08	\$0.00	\$76,000.00
06/01/33	\$91,906.24	\$10,095.44	3.00%	\$102,001.68	\$841.28	\$0.00	\$102,842.96	\$581,122.82	\$0.00	\$76,000.00
12/01/33	\$93,284.84	\$8,716.84	3.00%	\$102,001.68	\$726.40	\$0.00	\$102,728.08	\$487,837.98	\$0.00	\$76,000.00
06/01/34	\$94,684.11	\$7,317.57	3.00%	\$102,001.68	\$609.79	\$0.00	\$102,611.47	\$393,153.87	\$0.00	\$76,000.00
12/01/34	\$96,104.37	\$5,897.31	3.00%	\$102,001.68	\$491.44	\$0.00	\$102,493.12	\$297,049.50	\$0.00	\$76,000.00
06/01/35	\$97,545.94	\$4,455.74	3.00%	\$102,001.68	\$371.32	\$0.00	\$102,373.00	\$199,503.56	\$0.00	\$76,000.00
12/01/35	\$99,009.13	\$2,992.55	3.00%	\$102,001.68	\$249.38	\$0.00	\$102,251.06	\$100,494.43	\$0.00	\$76,000.00
06/01/36	\$100,494.43	\$1,507.25	3.00%	\$102,001.68	\$125.61	\$0.00	\$102,127.29	\$0.00	\$0.00	\$76,000.00
Totals	\$3,025,300.00	\$1,005,611.49		\$4,030,911.49	\$83,992.36	\$0.00	\$4,114,903.85		\$76,000.00	

Created by KIA on 01/25/2018

The principal balance of the loan was increased by \$186,711.85 on 07/17/17 to include an additional draw
The principal balance of the loan was increased by \$319,028.65 on 12/15/17 to include additional draws



MyCalculators.com

Amortization Schedule

\$ 304,000.00 Loan with Quarterly Payments

3.25% Interest Rate -Compounded Daily

60 Quarters

<u>Quarter</u>	<u>Payment</u>	<u>Principal Paid</u>	<u>Interest Paid</u>	<u>Remaining Balance</u>
1.	\$ 6,427.63	\$ 3,947.68	\$ 2,479.95	\$ 300,052.32
2.	\$ 6,427.63	\$ 3,979.88	\$ 2,447.75	\$ 296,072.44
3.	\$ 6,427.63	\$ 4,012.35	\$ 2,415.28	\$ 292,060.09
4.	\$ 6,427.63	\$ 4,045.08	\$ 2,382.55	\$ 288,015.01
5.	\$ 6,427.63	\$ 4,078.08	\$ 2,349.55	\$ 283,936.93
6.	\$ 6,427.63	\$ 4,111.35	\$ 2,316.28	\$ 279,825.58
7.	\$ 6,427.63	\$ 4,144.89	\$ 2,282.74	\$ 275,680.69
8.	\$ 6,427.63	\$ 4,178.70	\$ 2,248.93	\$ 271,501.99
9.	\$ 6,427.63	\$ 4,212.79	\$ 2,214.84	\$ 267,289.20
10.	\$ 6,427.63	\$ 4,247.16	\$ 2,180.47	\$ 263,042.04
11.	\$ 6,427.63	\$ 4,281.80	\$ 2,145.83	\$ 258,760.24
12.	\$ 6,427.63	\$ 4,316.73	\$ 2,110.90	\$ 254,443.51
13.	\$ 6,427.63	\$ 4,351.95	\$ 2,075.68	\$ 250,091.56
14.	\$ 6,427.63	\$ 4,387.45	\$ 2,040.18	\$ 245,704.11
15.	\$ 6,427.63	\$ 4,423.24	\$ 2,004.39	\$ 241,280.87
16.	\$ 6,427.63	\$ 4,459.33	\$ 1,968.30	\$ 236,821.54
17.	\$ 6,427.63	\$ 4,495.70	\$ 1,931.93	\$ 232,325.84
18.	\$ 6,427.63	\$ 4,532.38	\$ 1,895.25	\$ 227,793.46
19.	\$ 6,427.63	\$ 4,569.35	\$ 1,858.28	\$ 223,224.11
20.	\$ 6,427.63	\$ 4,606.63	\$ 1,821.00	\$ 218,617.48
21.	\$ 6,427.63	\$ 4,644.21	\$ 1,783.42	\$ 213,973.27
22.	\$ 6,427.63	\$ 4,682.09	\$ 1,745.54	\$ 209,291.18
23.	\$ 6,427.63	\$ 4,720.29	\$ 1,707.34	\$ 204,570.89
24.	\$ 6,427.63	\$ 4,758.80	\$ 1,668.83	\$ 199,812.09
25.	\$ 6,427.63	\$ 4,797.62	\$ 1,630.01	\$ 195,014.47
26.	\$ 6,427.63	\$ 4,836.75	\$ 1,590.88	\$ 190,177.72
27.	\$ 6,427.63	\$ 4,876.21	\$ 1,551.42	\$ 185,301.51
28.	\$ 6,427.63	\$ 4,915.99	\$ 1,511.64	\$ 180,385.52
29.	\$ 6,427.63	\$ 4,956.09	\$ 1,471.54	\$ 175,429.43
30.	\$ 6,427.63	\$ 4,996.52	\$ 1,431.11	\$ 170,432.91

31.	\$ 6,427.63	\$ 5,037.28	\$ 1,390.35	\$ 165,395.63
32.	\$ 6,427.63	\$ 5,078.38	\$ 1,349.25	\$ 160,317.25
33.	\$ 6,427.63	\$ 5,119.80	\$ 1,307.83	\$ 155,197.45
34.	\$ 6,427.63	\$ 5,161.57	\$ 1,266.06	\$ 150,035.88
35.	\$ 6,427.63	\$ 5,203.68	\$ 1,223.95	\$ 144,832.20
36.	\$ 6,427.63	\$ 5,246.13	\$ 1,181.50	\$ 139,586.07
37.	\$ 6,427.63	\$ 5,288.92	\$ 1,138.71	\$ 134,297.15
38.	\$ 6,427.63	\$ 5,332.07	\$ 1,095.56	\$ 128,965.08
39.	\$ 6,427.63	\$ 5,375.57	\$ 1,052.06	\$ 123,589.51
40.	\$ 6,427.63	\$ 5,419.42	\$ 1,008.21	\$ 118,170.09
41.	\$ 6,427.63	\$ 5,463.63	\$ 964.00	\$ 112,706.46
42.	\$ 6,427.63	\$ 5,508.20	\$ 919.43	\$ 107,198.26
43.	\$ 6,427.63	\$ 5,553.14	\$ 874.49	\$ 101,645.12
44.	\$ 6,427.63	\$ 5,598.44	\$ 829.19	\$ 96,046.68
45.	\$ 6,427.63	\$ 5,644.11	\$ 783.52	\$ 90,402.57
46.	\$ 6,427.63	\$ 5,690.15	\$ 737.48	\$ 84,712.42
47.	\$ 6,427.63	\$ 5,736.57	\$ 691.06	\$ 78,975.85
48.	\$ 6,427.63	\$ 5,783.37	\$ 644.26	\$ 73,192.48
49.	\$ 6,427.63	\$ 5,830.55	\$ 597.08	\$ 67,361.93
50.	\$ 6,427.63	\$ 5,878.11	\$ 549.52	\$ 61,483.82
51.	\$ 6,427.63	\$ 5,926.06	\$ 501.57	\$ 55,557.76
52.	\$ 6,427.63	\$ 5,974.40	\$ 453.23	\$ 49,583.36
53.	\$ 6,427.63	\$ 6,023.14	\$ 404.49	\$ 43,560.22
54.	\$ 6,427.63	\$ 6,072.28	\$ 355.35	\$ 37,487.94
55.	\$ 6,427.63	\$ 6,121.81	\$ 305.82	\$ 31,366.13
56.	\$ 6,427.63	\$ 6,171.75	\$ 255.88	\$ 25,194.38
57.	\$ 6,427.63	\$ 6,222.10	\$ 205.53	\$ 18,972.28
58.	\$ 6,427.63	\$ 6,272.86	\$ 154.77	\$ 12,699.42
59.	\$ 6,427.63	\$ 6,324.03	\$ 103.60	\$ 6,375.39
60.	\$ 6,427.40	\$ 6,375.39	\$ 52.01	\$ 0

<u>Totals</u>	\$ 385,657.57	\$ 304,000.00	\$ 81,657.57	
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LN # 31000378958

Balloon Payment Loan Calculator

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v. 1.3

Inputs

Loan Amount	\$331,352	
Annual Interest Rate	4.00%	
Amortization Period	180	months
# of Regular Payments	59	months
Begin Date	9/29/2019	

#enter number of payments, excluding final (i.e. 3 year loan, enter as 35 months)

Summary

Monthly Payment	\$2,461.69	<input type="checkbox"/> Interest Only
Balloon Payment	\$ 245,603.24	
Balloon Payment w/Rounding	\$244,874.12	
Total Payments	\$ 390,113.83	
Total Interest Paid	\$ 58,761.74	

Amortization Schedule

Month	Date	Payment	Interest	Principal	Balance
	9/29/2019				\$ 331,352.09
1	10/29/2019	2,461.69	1,104.51	1,357.18	329,994.91
2	11/29/2019	2,461.69	1,136.65	1,325.04	328,669.87
3	12/29/2019	2,461.69	1,095.57	1,366.12	327,303.75
4	1/29/2020	2,461.69	1,127.38	1,334.31	325,969.44
5	2/29/2020	2,461.69	1,122.78	1,338.91	324,630.53
6	3/29/2020	2,461.69	1,046.03	1,415.66	323,214.87
7	4/29/2020	2,461.69	1,113.30	1,348.39	321,866.48
8	5/29/2020	2,461.69	1,072.89	1,388.80	320,477.68
9	6/29/2020	2,461.69	1,103.87	1,357.82	319,119.86
10	7/29/2020	2,461.69	1,063.73	1,397.96	317,721.90
11	8/29/2020	2,461.69	1,094.38	1,367.31	316,354.59
12	9/29/2020	2,461.69	1,089.67	1,372.02	314,982.57
13	10/29/2020	2,461.69	1,049.94	1,411.75	313,570.82
14	11/29/2020	2,461.69	1,080.08	1,381.61	312,189.21
15	12/29/2020	2,461.69	1,040.63	1,421.06	310,768.15
16	1/29/2021	2,461.69	1,070.42	1,391.27	309,376.88
17	3/1/2021	2,461.69	1,065.63	1,396.06	307,980.82
18	4/1/2021	2,461.69	1,060.82	1,400.87	306,579.95
19	5/1/2021	2,461.69	1,021.93	1,439.76	305,140.19
20	6/1/2021	2,461.69	1,051.04	1,410.65	303,729.54
21	7/1/2021	2,461.69	1,012.43	1,449.26	302,280.28
22	8/1/2021	2,461.69	1,041.19	1,420.50	300,859.78
23	9/1/2021	2,461.69	1,036.29	1,425.40	299,434.38
24	10/1/2021	2,461.69	998.11	1,463.58	297,970.80
25	11/1/2021	2,461.69	1,026.34	1,435.35	296,535.45
26	12/1/2021	2,461.69	988.45	1,473.24	295,062.21
27	1/1/2022	2,461.69	1,016.33	1,445.36	293,616.85
28	2/1/2022	2,461.69	1,011.35	1,450.34	292,166.51
29	3/1/2022	2,461.69	908.96	1,552.73	290,613.78

30	4/1/2022	2,461.69	1,001.00	1,460.69	289,153.09
31	5/1/2022	2,461.69	963.84	1,497.85	287,655.24
32	6/1/2022	2,461.69	990.81	1,470.88	286,184.36
33	7/1/2022	2,461.69	953.95	1,507.74	284,676.62
34	8/1/2022	2,461.69	980.55	1,481.14	283,195.48
35	9/1/2022	2,461.69	975.45	1,486.24	281,709.24
36	10/1/2022	2,461.69	939.03	1,522.66	280,186.58
37	11/1/2022	2,461.69	965.09	1,496.60	278,689.98
38	12/1/2022	2,461.69	928.97	1,532.72	277,157.26
39	1/1/2023	2,461.69	954.65	1,507.04	275,650.22
40	2/1/2023	2,461.69	949.46	1,512.23	274,137.99
41	3/1/2023	2,461.69	852.87	1,608.82	272,529.17
42	4/1/2023	2,461.69	938.71	1,522.98	271,006.19
43	5/1/2023	2,461.69	903.35	1,558.34	269,447.85
44	6/1/2023	2,461.69	928.10	1,533.59	267,914.26
45	7/1/2023	2,461.69	893.05	1,568.64	266,345.62
46	8/1/2023	2,461.69	917.41	1,544.28	264,801.34
47	9/1/2023	2,461.69	912.09	1,549.60	263,251.74
48	10/1/2023	2,461.69	877.51	1,584.18	261,667.56
49	11/1/2023	2,461.69	901.30	1,560.39	260,107.17
50	12/1/2023	2,461.69	867.02	1,594.67	258,512.50
51	1/1/2024	2,461.69	890.43	1,571.26	256,941.24
52	2/1/2024	2,461.69	885.02	1,576.67	255,364.57
53	3/1/2024	2,461.69	822.84	1,638.85	253,725.72
54	4/1/2024	2,461.69	873.94	1,587.75	252,137.97
55	5/1/2024	2,461.69	840.46	1,621.23	250,516.74
56	6/1/2024	2,461.69	862.89	1,598.80	248,917.94
57	7/1/2024	2,461.69	829.73	1,631.96	247,285.98
58	8/1/2024	2,461.69	851.76	1,609.93	245,676.05
59	9/1/2024	2,461.69	846.22	1,615.47	244,060.58
60	10/1/2024	244,874.12	813.54	244,060.58	0.00

Jessamine-South Elkhorn Water District #1BP2021A
Kentucky Association of Counties Finance Corporation
(Series 2008A, 2008B and 2012C Refinancing)

Distribution of Funds Schedule

Pricing: March 18, 2021
Dated Date: April 8, 2021
Delivery Date: April 8, 2021

Sources of Funds:

Par Amount of Lease	\$2,370,000.00	
Plus: Lease Premium / (Discount)	\$77,625.35	
Total Due From Purchaser		\$2,447,625.35
Total Sources of Funds:		<u>\$2,447,625.35</u>

Uses of Funds:

Deposit to the Jessamine-South Elkhorn Water District #1BP2021A Disbursement Account		\$2,447,625.35
Payoff of Series 2008A, 2008B & 2012C Bonds	\$2,447,625.35	
Total Uses of Funds:		<u>\$2,447,625.35</u>

Jessamine-South Elkhorn Water District - Series 2008A, 2008B and 2012C Refinancing

Calendar Year	Prior Payments				New Payments			Net Savings
	2008A USDA	2008B USDA	2012C Bonds	Total	Principal Portion	Interest Portion	Total	Savings
2021	\$14,057	\$10,106	\$24,776	\$48,939	\$0	\$23,110	\$23,110	\$25,829
2022	\$39,859	\$28,038	\$104,135	\$172,031	\$75,000	\$78,489	\$153,489	\$18,542
2023	\$39,838	\$28,177	\$102,403	\$170,417	\$75,000	\$77,963	\$152,963	\$17,455
2024	\$39,796	\$28,294	\$100,636	\$168,726	\$75,000	\$75,900	\$150,900	\$17,826
2025	\$39,733	\$28,389	\$103,715	\$171,837	\$85,000	\$72,463	\$157,463	\$14,375
2026	\$39,649	\$27,973	\$101,638	\$169,260	\$85,000	\$68,000	\$153,000	\$16,260
2027	\$40,033	\$28,047	\$99,485	\$167,564	\$90,000	\$63,413	\$153,413	\$14,152
2028	\$39,884	\$28,098	\$102,041	\$170,024	\$95,000	\$58,563	\$153,563	\$16,462
2029	\$39,715	\$28,128	\$99,344	\$167,187	\$100,000	\$53,450	\$153,450	\$13,737
2030	\$40,014	\$28,136	\$101,630	\$169,780	\$105,000	\$48,075	\$153,075	\$16,705
2031	\$39,781	\$28,122	\$98,900	\$166,803	\$110,000	\$42,438	\$152,438	\$14,365
2032	\$39,526	\$28,086	\$101,073	\$168,685	\$115,000	\$38,263	\$153,263	\$15,422
2033	\$39,740	\$28,028	\$98,148	\$165,916	\$115,000	\$35,675	\$150,675	\$15,241
2034	\$39,911	\$27,948	\$100,125	\$167,985	\$120,000	\$32,888	\$152,888	\$15,097
2035	\$39,551	\$28,336	\$101,908	\$169,794	\$125,000	\$29,831	\$154,831	\$14,963
2036	\$39,658	\$28,191	\$98,550	\$166,399	\$125,000	\$26,706	\$151,706	\$14,693
2037	\$39,723	\$28,023	\$100,050	\$167,797	\$130,000	\$23,525	\$153,525	\$14,272
2038	\$39,746	\$27,834	\$101,350	\$168,930	\$135,000	\$20,134	\$155,134	\$13,796
2039	\$39,726	\$28,113	\$102,450	\$170,288	\$135,000	\$16,591	\$151,591	\$18,698
2040	\$39,663	\$27,858		\$67,521	\$35,000	\$14,191	\$49,191	\$18,330
2041	\$39,558	\$28,070		\$67,628	\$40,000	\$13,119	\$53,119	\$14,510
2042	\$39,411	\$28,239		\$67,650	\$40,000	\$11,969	\$51,969	\$15,681
2043	\$39,710	\$27,875		\$67,585	\$40,000	\$10,819	\$50,819	\$16,766
2044	\$39,456	\$27,978		\$67,434	\$40,000	\$9,669	\$49,669	\$17,766
2045	\$39,649	\$28,038		\$67,687	\$45,000	\$8,453	\$53,453	\$14,234
2046	\$39,289	\$28,053		\$67,343	\$45,000	\$7,159	\$52,159	\$15,183
2047	\$39,376	\$28,025		\$67,401	\$45,000	\$5,866	\$50,866	\$16,536
2048	\$39,399	\$27,953		\$67,353	\$45,000	\$4,572	\$49,572	\$17,781
2049	\$39,359	\$27,838		\$67,196	\$50,000	\$3,213	\$53,213	\$13,984
2050	\$37,786	\$29,634		\$67,421	\$50,000	\$1,684	\$51,684	\$15,736
Totals	\$1,162,596	\$825,628	\$1,842,354	\$3,830,578	\$2,370,000	\$976,187	\$3,346,187	\$484,392

Net Savings Amount

Gross Savings:	\$484,392
PV Savings:	\$335,422
PV Savings %:	13.84%

Interest Rate Reduction

Prior Interest Rate:	4.12%
New Interest Rate:	2.47%
Interest Rate Reduction:	1.65%

FINAL

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WACO 3/16/2021
~~2021~~ 15000 Annual*

M P A S S
FISCAL ADVISORS

4/13/2021

Jessamine-South Elkhorn Water District #1BP2021A

Kentucky Association of Counties Finance Corporation
 (Series 2008A, 2008B and 2012C Refinancing)

Exhibit B - Lease Rental Payments

Part 1 of 3

Date	Principal	Interest	Total P+I	Expenses	Net New D/S	Lease Balance	Fiscal Total
04/08/2021	-	-	-	-	-	2,370,000.00	-
07/01/2021	-	23,110.10	23,110.10	-	23,110.10	2,370,000.00	-
12/31/2021	-	-	-	-	-	2,370,000.00	23,110.10
01/01/2022	75,000.00	36,831.25	111,831.25	5,576.64	117,407.89	2,295,000.00	-
07/01/2022	-	36,081.25	36,081.25	-	36,081.25	2,295,000.00	-
12/31/2022	-	-	-	-	-	2,295,000.00	153,489.14
01/01/2023	75,000.00	36,081.25	111,081.25	6,550.00	117,631.25	2,220,000.00	-
07/01/2023	-	35,331.25	35,331.25	-	35,331.25	2,220,000.00	-
12/31/2023	-	-	-	-	-	2,220,000.00	152,962.50
01/01/2024	75,000.00	35,331.25	110,331.25	6,362.50	116,693.75	2,145,000.00	-
07/01/2024	-	34,206.25	34,206.25	-	34,206.25	2,145,000.00	-
12/31/2024	-	-	-	-	-	2,145,000.00	150,900.00
01/01/2025	85,000.00	34,206.25	119,206.25	6,175.00	125,381.25	2,060,000.00	-
07/01/2025	-	32,081.25	32,081.25	-	32,081.25	2,060,000.00	-
12/31/2025	-	-	-	-	-	2,060,000.00	157,462.50
01/01/2026	85,000.00	32,081.25	117,081.25	5,962.50	123,043.75	1,975,000.00	-
07/01/2026	-	29,956.25	29,956.25	-	29,956.25	1,975,000.00	-
12/31/2026	-	-	-	-	-	1,975,000.00	153,000.00
01/01/2027	90,000.00	29,956.25	119,956.25	5,750.00	125,706.25	1,885,000.00	-
07/01/2027	-	27,706.25	27,706.25	-	27,706.25	1,885,000.00	-
12/31/2027	-	-	-	-	-	1,885,000.00	153,412.50
01/01/2028	95,000.00	27,706.25	122,706.25	5,525.00	128,231.25	1,790,000.00	-
07/01/2028	-	25,331.25	25,331.25	-	25,331.25	1,790,000.00	-
12/31/2028	-	-	-	-	-	1,790,000.00	153,562.50
01/01/2029	100,000.00	25,331.25	125,331.25	5,287.50	130,618.75	1,690,000.00	-
07/01/2029	-	22,831.25	22,831.25	-	22,831.25	1,690,000.00	-
12/31/2029	-	-	-	-	-	1,690,000.00	153,450.00
01/01/2030	105,000.00	22,831.25	127,831.25	5,037.50	132,868.75	1,585,000.00	-
07/01/2030	-	20,206.25	20,206.25	-	20,206.25	1,585,000.00	-
12/31/2030	-	-	-	-	-	1,585,000.00	153,075.00
01/01/2031	110,000.00	20,206.25	130,206.25	4,775.00	134,981.25	1,475,000.00	-
07/01/2031	-	17,456.25	17,456.25	-	17,456.25	1,475,000.00	-
12/31/2031	-	-	-	-	-	1,475,000.00	152,437.50
01/01/2032	115,000.00	17,456.25	132,456.25	4,500.00	136,956.25	1,360,000.00	-
07/01/2032	-	16,306.25	16,306.25	-	16,306.25	1,360,000.00	-
12/31/2032	-	-	-	-	-	1,360,000.00	153,262.50
01/01/2033	115,000.00	16,306.25	131,306.25	4,212.50	135,518.75	1,245,000.00	-
07/01/2033	-	15,156.25	15,156.25	-	15,156.25	1,245,000.00	-
12/31/2033	-	-	-	-	-	1,245,000.00	150,675.00
01/01/2034	120,000.00	15,156.25	135,156.25	3,925.00	139,081.25	1,125,000.00	-
07/01/2034	-	13,806.25	13,806.25	-	13,806.25	1,125,000.00	-
12/31/2034	-	-	-	-	-	1,125,000.00	152,887.50
01/01/2035	125,000.00	13,806.25	138,806.25	3,625.00	142,431.25	1,000,000.00	-

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Compass Municipal Advisors, LLC
 Public Finance - KBrock

Allocation of 2021A Debt Service to Water and Sewer

Jessamine-South Elkhorn Water District - Series 2008A, 2008B and 2012C Refinancing

Calendar Year	Prior Payments				New Payments			Net Savings
	Sewer 2008A USDA	Sewer 2008B USDA	Water 2012C Bonds	Total	Principal Portion	Interest Portion	Total	Savings
2021	\$14,057	\$10,106	\$24,776	\$48,939	\$0	\$23,110	\$23,110	\$25,829
2022	\$39,859	\$28,038	\$104,135	\$172,031	\$75,000	\$78,489	\$153,489	\$18,542
2023	\$39,838	\$28,177	\$102,403	\$170,417	\$75,000	\$77,963	\$152,963	\$17,455
2024	\$39,796	\$28,294	\$100,636	\$168,726	\$75,000	\$75,900	\$150,900	\$17,826
2025	\$39,733	\$28,389	\$103,715	\$171,837	\$85,000	\$72,463	\$157,463	\$14,375
2026	\$39,649	\$27,973	\$101,638	\$169,260	\$85,000	\$68,000	\$153,000	\$16,260
2027	\$40,033	\$28,047	\$99,485	\$167,564	\$90,000	\$63,413	\$153,413	\$14,152
2028	\$39,884	\$28,098	\$102,041	\$170,024	\$95,000	\$58,563	\$153,563	\$16,462
2029	\$39,715	\$28,128	\$99,344	\$167,187	\$100,000	\$53,450	\$153,450	\$13,737
2030	\$40,014	\$28,136	\$101,630	\$169,780	\$105,000	\$48,075	\$153,075	\$16,705
2031	\$39,781	\$28,122	\$98,900	\$166,803	\$110,000	\$42,438	\$152,438	\$14,365
2032	\$39,526	\$28,086	\$101,073	\$168,685	\$115,000	\$38,263	\$153,263	\$15,422
2033	\$39,740	\$28,028	\$98,148	\$165,916	\$115,000	\$35,675	\$150,675	\$15,241
2034	\$39,911	\$27,948	\$100,125	\$167,985	\$120,000	\$32,888	\$152,888	\$15,097
2035	\$39,551	\$28,336	\$101,908	\$169,794	\$125,000	\$29,831	\$154,831	\$14,963
2036	\$39,658	\$28,191	\$98,550	\$166,399	\$125,000	\$26,706	\$151,706	\$14,693
2037	\$39,723	\$28,023	\$100,050	\$167,797	\$130,000	\$23,525	\$153,525	\$14,272
2038	\$39,746	\$27,834	\$101,350	\$168,930	\$135,000	\$20,134	\$155,134	\$13,796
2039	\$39,726	\$28,113	\$102,450	\$170,288	\$135,000	\$16,591	\$151,591	\$18,698
2040	\$39,663	\$27,858		\$67,521	\$35,000	\$14,191	\$49,191	\$18,330
2041	\$39,558	\$28,070		\$67,628	\$40,000	\$13,119	\$53,119	\$14,510
2042	\$39,411	\$28,239		\$67,650	\$40,000	\$11,969	\$51,969	\$15,681
2043	\$39,710	\$27,875		\$67,585	\$40,000	\$10,819	\$50,819	\$16,766
2044	\$39,456	\$27,978		\$67,434	\$40,000	\$9,669	\$49,669	\$17,766
2045	\$39,649	\$28,038		\$67,687	\$45,000	\$8,453	\$53,453	\$14,234
2046	\$39,289	\$28,053		\$67,343	\$45,000	\$7,159	\$52,159	\$15,183
2047	\$39,376	\$28,025		\$67,401	\$45,000	\$5,866	\$50,866	\$16,536
2048	\$39,399	\$27,953		\$67,353	\$45,000	\$4,572	\$49,572	\$17,781
2049	\$39,359	\$27,838		\$67,196	\$50,000	\$3,213	\$53,213	\$13,984
2050	\$37,786	\$29,634		\$67,421	\$50,000	\$1,684	\$51,684	\$15,736
Totals	\$1,162,596	\$825,628	\$1,842,354	\$3,830,578	\$2,370,000	\$976,187	\$3,346,187	\$484,392

Net Savings Amount	
Gross Savings:	\$484,392
PV Savings:	\$335,422
PV Savings %:	13.84%

Interest Rate Reduction	
Prior Interest Rate:	4.12%
New Interest Rate:	2.47%
Interest Rate Reduction:	1.65%

FINAL

M Keegan
 3/16/2021
 via Email

M P A S S
IPAI ADVISORS

4/13/2021

Attachment #10

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Jessamine South Elkhorn Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Lawrence Riley
(Print Name)

Lawrence Riley
(Signed)

Board Member - Treasurer
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Jessamine

Subscribed and sworn to before me by Lawrence Riley
(Name)

this 16th day of February, 2022.

Kim Miller
NOTARY PUBLIC
State-at-Large

My commission expires August 1, 2024
ID # KYNP9901

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Jessamine South Elkland Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Jerry Mathews

 (Print Name)

[Signature]

 (Signed)

Vice-Chairman - Commissioner

 (Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Jessamine

Subscribed and sworn to before me by Jerry M. Haws
(Name)

this 16th day of February, 20 22.

Kim Miller
NOTARY PUBLIC
State-at-Large



My commission expires August 1, 2024
ID # KYNP9901

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Jessamine South Elkhorn Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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- Check box if additional transactions are listed on the supplemental page.
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James F. Hall
(Print Name)


(Signed)

Board Member - Chairman
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Jessamine

Subscribed and sworn to before me by James F. Hall
(Name)

this 23rd day of February, 2022.

Kim Miller
NOTARY PUBLIC
State-at-Large



My commission expires August 1, 2024
ID # KYNP9901

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Jessamine - South Elkhorn Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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Richard Decker
(Print Name)

Richard Decker
(Signed)

Superintendent
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Jessamine

Subscribed and sworn to before me by Richard Decker
(Name)

this 15th day of February, 2022.

Kym Miller
NOTARY PUBLIC
State-at-Large

My commission expires August 1, 2024
ID # KYNP9901



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Jessamine South Elkton Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Clay Corman
(Print Name)

Clay M. Corman
(Signed)

Board Member - Vice Secretary
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

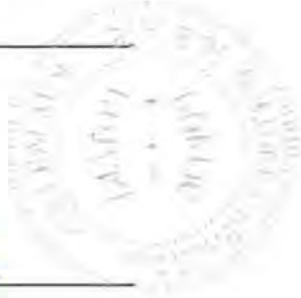
COMMONWEALTH OF KENTUCKY

COUNTY OF Jessamine

Subscribed and sworn to before me by Clay Corman
(Name)

this 23rd day of February, 2022.

Kim Miller
NOTARY PUBLIC
State-at-Large



My commission expires August 1, 2024
ID # KYNP9901

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Texas State South El Paso Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Thomas S. Beall III
(Print Name)

Thomas S. Beall III
(Signed)

Secretary - Board Member
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Jessamine

Subscribed and sworn to before me by Thomas S. Beall III
(Name)

this 16th day of February, 2022.

Kim Miller
NOTARY PUBLIC
State-at-Large



My commission expires August 1, 2024
ID # KYNP9901

Attachment #11

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE JESSAMINE-SOUTH ELKHORN WATER DISTRICT PROPOSING ADJUSTMENTS TO ITS WATER AND SEWER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENTS

WHEREAS, the Jessamine-South Elkhorn Water District (“District”) is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission (“PSC”);

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water and sewer rates and charges; and

WHEREAS, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the Association to propose adjustments to its water rates and charges;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE JESSAMINE-SOUTH ELKHORN WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. The District proposes to adjust its monthly water and sewer rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustments shall not become effective until PSC approval has been obtained.

Section 3. The Chairman and Superintendent are hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Superintendent, and all others to whom the Chairman may delegate certain responsibilities are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE BOARD OF DIRECTORS OF THE JESSAMINE-SOUTH ELKHORN WATER DISTRICT at a meeting held on February 15, 2022, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:




SECRETARY

CERTIFICATION

I, Secretary of the Jessamine-South Elkhorn Water District (the “District”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District at a meeting properly held on February 15, 2022, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 15th day of February 2022.



SECRETARY

APPENDIX A

CURRENT AND PROPOSED MONTHLY RATES Jessamine-South Elkhorn Water District WATER DIVISION						
<u>CURRENT RATE SCHEDULE</u>			<u>PROPOSED RATE SCHEDULE</u>			<u>DIFFERENCE</u> <u>PERCENT</u>
<u>5/8" x 3/4" Meters</u>						
First	2,000 gallons	\$ 27.48 Minimum Bill	First	2,000 gallons	\$ 29.43 Minimum Bill	\$ 1.95 7.10%
Next	2,000 gallons	8.09 per 1,000 gallons	Next	2,000 gallons	8.66 per 1,000 gallons	\$ 0.57 7.05%
Next	2,000 gallons	7.99 per 1,000 gallons	Next	2,000 gallons	8.56 per 1,000 gallons	\$ 0.57 7.13%
Next	10,000 gallons	7.89 per 1,000 gallons	Next	10,000 gallons	8.45 per 1,000 gallons	\$ 0.56 7.10%
Next	8,000 gallons	7.79 per 1,000 gallons	Next	8,000 gallons	8.34 per 1,000 gallons	\$ 0.55 7.06%
Over	24,000 gallons	7.69 per 1,000 gallons	Over	24,000 gallons	8.24 per 1,000 gallons	\$ 0.55 7.15%
<u>1" Meters</u>						
First	10,000 gallons	\$ 91.20 Minimum Bill	First	10,000 gallons	\$ 97.67 Minimum Bill	\$ 6.47 7.09%
Next	6,000 gallons	7.89 per 1,000 gallons	Next	6,000 gallons	8.45 per 1,000 gallons	\$ 0.56 7.10%
Next	8,000 gallons	7.79 per 1,000 gallons	Next	8,000 gallons	8.34 per 1,000 gallons	\$ 0.55 7.06%
Over	24,000 gallons	7.69 per 1,000 gallons	Over	24,000 gallons	8.24 per 1,000 gallons	\$ 0.55 7.15%
<u>2" Meters</u>						
First	24,000 gallons	\$ 200.86 Minimum Bill	First	24,000 gallons	\$ 215.09 Minimum Bill	\$ 14.23 7.08%
Over	24,000 gallons	7.69 per 1,000 gallons	Over	24,000 gallons	8.24 per 1,000 gallons	\$ 0.55 7.15%

** \$6.50/per month Surcharge on all Southeast Customers

CURRENT AND PROPOSED RATES Jessamine-South Elkhorn Water District SEWER DIVISION						
<u>CURRENT RATE SCHEDULE</u>			<u>PROPOSED RATE SCHEDULE</u>			<u>DIFFERENCE</u> <u>PERCENT</u>
<u>All Customers</u>						
First	2,000 gallons	\$ 26.84 Minimum Bill	First	2,000 gallons	\$ 34.29 Minimum Bill	\$ 7.45 27.76%
Over	2,000 gallons	0.01342 per gallon	Over	2,000 gallons	0.01715 per gallon	\$ 0.00373 27.79%