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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)

Lake Village Water Association

(Name of Utility)

801 Pleasant Hill Drive

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

Burgin, KY 40310

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

(859) 748-5642

(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:

Mike D. Sanford, MPA

(Name)

Post Office Box 303

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

Burgin, KY 40310

(Address - City, State, Zip)

(859) 748-5642

(Telephone Number)

mike@lakevillagewater.org

(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"/>            | <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"/> | <input 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"/>            | <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"/>            | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises.   | <input checked="" type="checkbox"/> | <input 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 \$ 184,632 and total revenues from service rates of \$ 1,465,765. 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 2,324 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 Mike D. Sanford  
 Officer of the Company/Authorized Representative  
 Title Executive Director  
 Date 3/2/22

COMMONWEALTH OF KENTUCKY

COUNTY OF Mercer

Before me appeared Mike D. Sanford, MPA, 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.



Harriet M. Mullins  
 Notary Public  
 My commission expires: 7/22/2025

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**  
**LAKE VILLAGE WATER ASSOCIATION**

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. 2015 Loan
  - ii. 2017 Loan
  - iii. 2021 Loan
9. Amortization Schedules
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

# Attachment #1



## LAKE VILLAGE WATER ASSOCIATION CUSTOMER NOTICE

Notice is hereby given that the Lake Village Water Association expects to file an application with the Kentucky Public Service Commission on or about March 9, 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.

<b><u>RETAIL RATES</u></b>					
<u>Rate per Thousand Gallons</u>					
<u>per Month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		
First 2,000 Gallons	\$ 26.72	\$ 30.09	\$ 3.37	12.61%	
Next 18,000 Gallons	\$ 10.41	\$ 11.72	\$ 1.31	12.58%	
Over 20,000 Gallons	\$ 8.43	\$ 9.49	\$ 1.06	12.57%	
<b><u>WHOLESALE WATER RATE</u></b>					
<u>Rate per Thousand Gallons</u>					
<u>per Month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		
For all Water Sold	\$ 4.06	\$ 4.57	\$ 0.51	12.56%	
<b><u>WATER LOSS REDUCTION SURCHARGE</u></b>					
<u>Amount per Customer</u>					
<u>per month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>		
	\$ -	\$ 1.57	\$ 1.57	100.00%	

If the Public Service Commission approves the proposed rates, then the monthly bill for a customer using an average of 4,000 gallons per month will increase from \$47.54 to \$53.53. This is an increase of \$5.99 or 12.6%. The District is also applying for a Water Loss Reduction Surcharge of \$1.57 per customer per month for 48 months.

The rates contained in this notice are the rates proposed by Lake Village Water Association. 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.

Lake Village Water Association 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 Association's office located at 801 Pleasant Hill Drive, Burgin, KY, 40310. You may contact the office at 606-267-2120.

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

Lake Village Water Association (“the Association”) is requesting a 12.6 percent rate increase for all of its water customers. The rate increase will generate approximately \$184,632 in additional annual revenue. A Water Loss Reduction Surcharge of \$1.57 per customer per month is included in the application to help lower system losses to more acceptable levels.

The Association needs the rate increase for the following reasons:

1. To enable the Association to pay its annual principal payments on its existing long-term debt from water revenues rather than from depreciation reserves;
2. To enable the Association to meet the requirements set forth in its existing debt instruments;
3. To restore the Association to a sound financial condition; and
4. To enable the Association 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 RATES**  
**LAKE VILLAGE WATER ASSOCIATION**

**RETAIL RATES**

<u>Rate per Thousand Gallons</u> <u>per Month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 2,000 Gallons	\$ 26.72	\$ 30.09	\$ 3.37	12.61%
Next 18,000 Gallons	\$ 10.41	\$ 11.72	\$ 1.31	12.58%
Over 20,000 Gallons	\$ 8.43	\$ 9.49	\$ 1.06	12.57%

**WHOLESALE WATER RATE**

<u>Rate per Thousand Gallons</u> <u>per Month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
For all Water Sold	\$ 4.06	\$ 4.57	\$ 0.51	12.56%

**WATER LOSS REDUCTION SURCHARGE**

<u>Amount per Customer</u> <u>per month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
	\$ -	\$ 1.57	\$ 1.57	100.00%

# Attachment #4

## SCHEDULE OF ADJUSTED OPERATIONS

### Lake Village Water Association

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	1,444,027	21,738	A	1,465,765
Private Fire Protection	-			-
Sales for Resale	-			-
Other Water Revenues:				
Forfeited Discounts	-			-
Misc. Service Revenues	-			-
Other Water Revenues	<u>43,776</u>	5,000	B	<u>48,776</u>
<b>Total Operating Revenues</b>	<u>1,487,803</u>			<u>1,514,541</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	363,454	16,554	C	
		(3,240)	F	376,768
Salaries and Wages - Officers	23,850			23,850
Employee Pensions and Benefits	74,829	355	E	
		(2,724)	G	
		(2,105)	H	70,355
Purchased Water	552,238	(41,691)	I	510,547
Purchased Power	-			-
Chemicals	-			-
Materials and Supplies	70,450	(7,560)	F	62,890
Contractual Services	14,961			14,961
Rental of Building/Real Property				-
Transportation Expenses	11,619			11,619
Insurance - Gen. Liab. & Workers Comp.	19,172			19,172
Insurance - Other	16,164			16,164
Bad Debt	4,577			4,577
Miscellaneous Expenses	<u>76,063</u>			<u>76,063</u>
Total Operation and Mnt. Expenses	1,227,377			1,186,966
Depreciation Expense	311,352	(120,388)	J	190,964
Taxes Other Than Income	<u>29,963</u>	2,185	D	<u>32,148</u>
<b>Total Operating Expenses</b>	<u>1,568,692</u>			<u>1,410,078</u>
<b>Total Utility Operating Income</b>	(80,889)			104,463

### REVENUE REQUIREMENTS

<b>Pro Forma Operating Expenses</b>	1,410,078
Plus: Average Annual Principal and Interest Payments	K 241,512
Additional Working Capital	L <u>48,302</u>
<b>Total Revenue Requirement</b>	1,699,892
Less: Other Operating Revenue	48,776
Private Fire Protection	-
Interest Income	<u>720</u>
<b>Revenue Required From Sales of Water</b>	1,650,397
Less: Revenue from Sales with Present Rates	<u>1,465,765</u>
<b>Required Revenue Increase</b>	184,632
<b>Percent Increase</b>	12.60%

## REFERENCES

- A. The Current Billing Analysis results in pro forma metered sales revenue of \$1,465,765. This reflects a full year at the retail rates that were effective in 2020 and indicates an addition to reported Metered Sales of \$21,738 is required.
- B. On July 1, 2021, the management fee with the Mercer County Sanitation District was increased from \$35,000 to \$40,000 annually.
- C. Since 2020, there have been increases in wage rate and changes in personnel. These changes result in an annual wage increase of \$16,554.
- D. The increase in wages also results in higher payroll taxes of \$2,185.
- E. There was a slight increase in employer contribution to pensions of \$355.
- F. The Authority collected \$10,800 in tapping fees in 2020. These taps were installed by Authority forces and were recorded as labor and materials expenses. Labor expense has been reduced by \$3,240 or 30% of the tapping fees while Materials and Supplies expense has been reduced by \$7,560 or 70% of the tapping fees.
- G. The cost of annual medical and dental insurance premiums decreased from \$26,628 to \$23,903, resulting in a decrease to benefits expense of \$2,724.
- H. The Authority pays 100 percent of its employees' health and dental single coverage 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 \$2,105.
- I. The Authority's test year water loss was 22.55 percent. The PSC's maximum allowable loss for rate-making purposes is 15.0 percent. Therefore, the expenses for purchased water above the 15 percent limit are not allowed in the rate base and must be deducted resulting in a decrease of purchased water of \$41,691.
- J. 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". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges resulting in a decrease of depreciation expense of \$120,388. See Table A.
- K. The annual debt service payments for the Authority's Rural Development and KRWFC loans are shown in Table B. The five-year average of these payments is added in the revenue requirement calculation.



- L. 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.

**Table A**  
**DEPRECIATION EXPENSE ADJUSTMENTS**  
**Lake Village Water Association**

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Life</u>	<u>Proforma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<b><u>General Plant</u></b>							
Structures & Improvements	various	\$ 110,060	varies	5,740	37.5	2,935	(2,805)
Communication & Computer Eqmt.					10.0	-	-
Office Furniture & Equipment	various	\$ 4,011	varies	364	22.5	178	(186)
Power Operated Equipment	various	\$ 42,060	varies	4,070	12.5	3,365	(705)
Tools, Shop, & Garage Equipment					17.5	-	-
Tank Repairs & Painting					15.0	-	-
<b><u>Source of Supply Plant</u></b>							
Collecting & Impounding Reservoirs					62.5	-	-
Supply Mains	various	\$ 15,500	varies	469	62.5	248	(221)
<b><u>Pumping Plant</u></b>							
Structures & Improvements	various	\$ 87,225	varies	4,501	37.5	2,326	(2,175)
Telemetry					10.0	-	-
Pumping Equipment	various	\$ 200,431	varies	6,074	20.0	10,022	3,948
<b><u>Transmission &amp; Distribution Plant</u></b>							
Hydrants	various		varies	-	50.0	-	-
Transmission & Distribution Mains	various	\$ 6,265,250	varies	189,856	62.5	100,244	(89,612)
Meter Installations	various	\$ 232,523	varies	9,961	45.0	5,167	(4,794)
Meter Change-outs					15.0	-	-
Pump Equipment					20.0	-	-
Tank Fence					37.5	-	-
Services	various	\$ 189,926	varies	5,755	40.0	4,748	(1,007)
Reservoirs & Tanks	various	\$ 2,433,477	varies	74,313	45.0	54,077	(20,236)
Tank Painting & Repairs					15.0	-	-
<b><u>Transportation Equipment</u></b>							
Entire Group	various	\$ 53,577	varies	10,249	7.0	7,654	(2,595)
<b><u>Water Treatment Plant</u></b>							
Structures and Improvements					62.5	-	-
Water Treatment Equipment					27.5	-	-
<b>TOTALS</b>		<b>\$ 9,634,039</b>		<b>\$ 311,352</b>		<b>\$ 190,964</b>	<b>\$ (120,388)</b>

\* Includes only costs associated with assets that contributed to depreciation expense in the test year.

**Table B**  
**DEBT SERVICE SCHEDULE**  
 Lake Village Water Association  
 CY 2022 - 2026

	CY 2022		CY 2023		CY 2024		CY 2025		CY 2026		TOTALS
	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	
2015 Loan	60,000	30,463	60,000	28,663	65,000	26,788	65,000	24,838	70,000	22,515	453,265
2017 Loan	10,852	17,192	11,151	16,893	11,457	16,587	11,772	16,272	12,096	15,948	140,219
2021 Loan	50,000	67,288	60,000	65,828	60,000	63,908	60,000	61,988	65,000	60,068	614,078
<b>TOTALS</b>	<b>120,852</b>	<b>114,942</b>	<b>131,151</b>	<b>111,383</b>	<b>136,457</b>	<b>107,282</b>	<b>136,772</b>	<b>103,097</b>	<b>147,096</b>	<b>98,530</b>	<b>1,207,562</b>
<b>Average Annual Principal &amp; Interest</b>										\$	<b>241,512</b>
<b>Average Annual Coverage</b>										\$	<b>48,302</b>

# Attachment #5



## CURRENT BILLING ANALYSIS WITH 2020 USAGE & EXISTING RATES

### Lake Village Water Association, Inc.

#### SUMMARY

COMPONENT	BILLS	GALLONS	REVENUE
RETAIL	26,575	94,030,200	\$ 1,256,570
WHOLESALE	<u>12</u>	<u>57,874,000</u>	<u>\$ 234,968</u>
TOTAL METERED WATER SALES	26,587	151,904,200	\$ 1,491,539
LESS ADJUSTMENTS			<u>\$ (25,774)</u>
NET METERED WATER SALES			\$ 1,465,765
FROM PSC ANNUAL REPORT			<u>\$ 1,444,027</u>
DIFFERENCE			\$ 21,738

ADJUSTMENT TO SAO BILLED RETAIL REVENUES

#### RETAIL USAGE BY RATE INCREMENT

	USAGE	BILLS	THOUSAND GALLONS	FIRST 2,000	NEXT 18,000	ALL OVER 20,000	TOTAL
FIRST	2,000		11,579	9,596,600	-	-	9,596,600
NEXT	18,000		14,643	67,145,900	29,286,000	-	67,145,900
ALL OVER	20,000		353	17,287,700	706,000	6,354,000	17,287,700
			26,575	94,030,200	39,588,600	44,213,900	94,030,200

#### RETAIL REVENUE BY RATE INCREMENT

	USAGE	BILLS	THOUSAND GALLONS	RATE	REVENUE
FIRST	2,000		26,575	\$ 26.72	\$ 710,084.00
NEXT	18,000			\$ 10.41	\$ 460,266.70
ALL OVER	20,000			\$ 8.43	\$ 86,219.51
TOTAL			26,575		\$ 1,256,570.21

#### REVENUE FROM WHOLESALE SALES

	BILLS	THOUSAND GALLONS	RATE	REVENUE
Wholesale	12	57,874,000	\$ 4.06	\$ 234,968.44

# Attachment #6

## CURRENT BILLING ANALYSIS WITH 2020 USAGE & PROPOSED RATES

### Lake Village Water Association, Inc.

COMPONENT	SUMMARY		
	BILLS	GALLONS	REVENUE
RETAIL	26,575	94,030,200	\$ 1,414,890
WHOLESALE	12	57,874,000	\$ 264,484
TOTAL METERED WATER SALES	26,587	151,904,200	\$ 1,679,374
Less Adjustments			\$ (25,774)
Net Metered Water Sales			\$ 1,653,600
			\$ 1,650,397 Revenue Requirement

#### RETAIL USAGE BY RATE INCREMENT

		BILLS	THOUSAND GALLONS	FIRST 2,000	NEXT 18,000	ALL OVER 20,000	TOTAL
FIRST	2,000	11,579	9,596,600	9,596,600	-	-	9,596,600
NEXT	18,000	14,643	67,145,900	29,286,000	37,859,900	-	67,145,900
ALL OVER	20,000	353	17,287,700	706,000	6,354,000	10,227,700	17,287,700
		26,575	94,030,200	39,588,600	44,213,900	10,227,700	94,030,200

#### RETAIL REVENUE BY RATE INCREMENT

		BILLS	THOUSAND GALLONS	RATE	REVENUE
FIRST	2,000	26,575	39,588,600	\$ 30.09	\$ 799,641.75
NEXT	18,000		44,213,900	\$ 11.72	\$ 518,186.91
ALL OVER	20,000		10,227,700	\$ 9.49	\$ 97,060.87
	TOTAL	26,575	94,030,200		\$ 1,414,889.53

#### REVENUE FROM WHOLESALE SALES

		BILLS	THOUSAND GALLONS	RATE	REVENUE
Wholesale		12	57,874,000	\$ 4.57	\$ 264,484.18

# Attachment #7

**Table A**  
**DEPRECIATION EXPENSE ADJUSTMENTS**  
**Lake Village Water Association**

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Life</u>	<u>Proforma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<b><u>General Plant</u></b>							
Structures & Improvements	various	\$ 110,060	varies	5,740	37.5	2,935	(2,805)
Communication & Computer Eqmt.					10.0	-	-
Office Furniture & Equipment	various	\$ 4,011	varies	364	22.5	178	(186)
Power Operated Equipment	various	\$ 42,060	varies	4,070	12.5	3,365	(705)
Tools, Shop, & Garage Equipment					17.5	-	-
Tank Repairs & Painting					15.0	-	-
<b><u>Source of Supply Plant</u></b>							
Collecting & Impounding Reservoirs					62.5	-	-
Supply Mains	various	\$ 15,500	varies	469	62.5	248	(221)
<b><u>Pumping Plant</u></b>							
Structures & Improvements	various	\$ 87,225	varies	4,501	37.5	2,326	(2,175)
Telemetry					10.0	-	-
Pumping Equipment	various	\$ 200,431	varies	6,074	20.0	10,022	3,948
<b><u>Transmission &amp; Distribution Plant</u></b>							
Hydrants	various		varies	-	50.0	-	-
Transmission & Distribution Mains	various	\$ 6,265,250	varies	189,856	62.5	100,244	(89,612)
Meter Installations	various	\$ 232,523	varies	9,961	45.0	5,167	(4,794)
Meter Change-outs					15.0	-	-
Pump Equipment					20.0	-	-
Tank Fence					37.5	-	-
Services	various	\$ 189,926	varies	5,755	40.0	4,748	(1,007)
Reservoirs & Tanks	various	\$ 2,433,477	varies	74,313	45.0	54,077	(20,236)
Tank Painting & Repairs					15.0	-	-
<b><u>Transportation Equipment</u></b>							
Entire Group	various	\$ 53,577	varies	10,249	7.0	7,654	(2,595)
<b><u>Water Treatment Plant</u></b>							
Structures and Improvements					62.5	-	-
Water Treatment Equipment					27.5	-	-
<b>TOTALS</b>		<b>\$ 9,634,039</b>		<b>\$ 311,352</b>		<b>\$ 190,964</b>	<b>\$ (120,388)</b>

\* Includes only costs associated with assets that contributed to depreciation expense in the test year.

# Attachment #8

RESOLUTION OF MEMBERS OR STOCKHOLDERS

Lake Village Water Association Inc

(Name of Association)

P. O. Box 303 Burgin, KY 40310-0303

(Address, including Zip Code)

RESOLVED, that the Governing Board of this Association be and it hereby is authorized and empowered to take all action necessary or appropriate -

1. To obtain for and on behalf of the Association through the United States Department of Agriculture (USDA) or any other Governmental agency:
  - (a) A loan in a sum not to exceed \$ 656,000.00 ;
  - (b) A grant in a sum not to exceed \$ 0.00 ;
 to be advanced by the lender or grantor in one or more advances at such time or times as may be agreed upon.
2. In case of a loan or grant or both -
  - (a) For the execution of such application or applications (including exhibits, amendments and/or supplements thereto) as may be required;
  - (b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and
  - (c) In its judgment to carry out the terms of this resolution.
3. And in case of a loan -
  - (a) To obligate this Association for the repayment of the loan at such rates of interest and on such other terms and conditions as the Governing Board shall deem proper;
  - (b) To pledge, hypothecate, mortgage, convey, or assign property of this Association of any kind and in any amount now owned or hereafter acquired, as security for any or all obligations (past, present and/or future) of this Association to such lender; and
  - (c) From time to time to pay, extend, or renew any such obligations.

CERTIFICATION

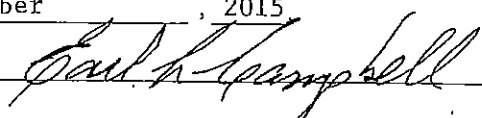
I, the undersigned, as Secretary of the above named Association, hereby  
 (Secretary) (Acting Secretary)

certify that said Association on the 24th day of September, 2015, had 5  
 (Number)

members; that 3 of these  
 (members) (stockholders) or (shares of voting stock outstanding)

constituted a quorum; that 5 said members or stockholders or shares of voting stock were present at a meeting of the members or stockholders duly called and held on the 24th day of September, 2015; that the foregoing resolution was adopted at such meeting by the affirmative vote of 5 said members or stockholders or shares of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this day 24th of September, 2015

  
 Secretary of Lake Village Water Association Inc

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

RESOLUTION OF MEMBERS OR STOCKHOLDERS

Lake Village Water Association Inc

(Name of Association)

P. O. Box 303 Burgin, KY 40310-0303

(Address, including Zip Code)

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1. To obtain for and on behalf of the Association through the United States Department of Agriculture (USDA) or any other Governmental agency:
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  - (b) A grant in a sum not to exceed \$ 0.00 ;
 to be advanced by the lender or grantor in one or more advances at such time or times as may be agreed upon.
2. In case of a loan or grant or both -
  - (a) For the execution of such application or applications (including exhibits, amendments and/or supplements thereto) as may be required;
  - (b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and
  - (c) In its judgment to carry out the terms of this resolution.
3. And in case of a loan -
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  - (b) To pledge, hypothecate, mortgage, convey, or assign property of this Association of any kind and in any amount now owned or hereafter acquired, as security for any or all obligations (past, present and/or future) of this Association to such lender; and
  - (c) From time to time to pay, extend, or renew any such obligations.

CERTIFICATION

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certify that said Association on the 24th day of September, 2015, had 5  
 (Number)

members; that 3 of these  
 (members) (stockholders) or (shares of voting stock outstanding)

constituted a quorum; that 5 said members or stockholders or shares of voting stock were present at a meeting  
 of the members or stockholders duly called and held on the 24th day of September, 2015 ;

that the foregoing resolution was adopted at such meeting by the affirmative vote of 5 said members  
 or stockholders or shares of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this day 24th of September, 2015

Secretary of Lake Village Water Association Inc



Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
P.O. Box 303  
Burgin, Kentucky 40310  
(859) 748-5642

RESOLUTION RECOMMENDING BORROWING FUNDS, PLEDGING ASSETS  
AND  
SETTING DATE FOR MEMBERSHIP MEETING

This is to certify that the following Resolutions were adopted by the Board of Directors of the Lake Village Water Association at the regular monthly meeting of the same held on the 8<sup>th</sup> day of September, 2015, at the offices of the Association in Burgin, Kentucky and it is hereby further certified that these Resolutions remain in full force and effect.

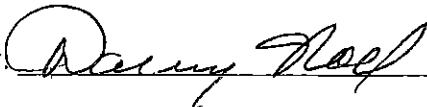
It is hereby RESOLVED that the Board of Directors does hereby recommend to the members of the Association that the Association borrow the sum of \$656,000 from the United States Department of Agriculture Rural Development office for the purpose of completing interior and exterior rehabilitation of the Association's 600,000 gallon elevated storage tank located on the Northpoint Training Center property in Boyle County. The project will also upsize 1,500 LF of existing 6" water main to a 12" water main and relocate the master meter to serve the property; and,

It is hereby further RESOLVED that the Board recommends that all of the assets of the Association be mortgaged and pledged as security for the repayment of said loan; and,

It is hereby further RESOLVED that a special meeting of members of the Association shall be held at the offices of the Association at 801 Pleasant Hill Drive, Burgin, Kentucky on Thursday, the 24th of September, 2015, at 5:00 p.m. for the purpose of voting on a resolution authorizing the officers and directors of the Association to borrow \$656,000 from USDA, Rural Development and to mortgage and pledge all of the assets of the Association as security for the repayment of this loan.

This 8 day of September, 2015.

LAKE VILLAGE WATER ASSOCIATION

By 

ATTEST:

  
SECRETARY

**PROMISSORY NOTE**  
(ASSOCIATION OR ORGANIZATION)

State Kentucky			
County Mercer			
Case No. 20-084-*****6901			
<b>FINANCE OFFICE USE ONLY</b>			
F	LN	LC	IA

- KIND OF LOAN:  
 ASSOCIATION- ORGANIZATION  
 HOUSING-ORGANIZATION  
 PUBLIC BODY  
 OTHER

Date 07-11-2016

FOR VALUE RECEIVED, Lake Village Water Association Inc  
 (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in Shelbyville, KY 40065, or at such other place as the Government may hereafter designate in writing, the principal amount of Six Hundred Fifty-Six Thousand & 00/100 dollars (\$ 656,000.0), plus interest on the unpaid principal balance at the rate of two & three-fourth percent (2.75%) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ Interest Only on 07-11-2017,  
 \$ Interest Only on 07-11-2018,  
 \$ 28,044.00 on 07-11-2019,  
 \$ 28,044.00 on 07-11-2020, and  
 \$ 28,044.00 thereafter on the 11th of each July

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable 40 (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act if the box opposite "Association" is checked under the heading "KIND OF LOAN," or pursuant to Title V of the Housing Act of 1949 if the box opposite "HOUSING-ORGANIZATION" is checked. This note shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

Lake Village Water Association Inc

(Name of Borrower)

*Danny Noel*

(Signature of Executive Official)

(CORPORATE SEAL)

Danny Noel, Chairman

(Title of Executive Official)

ATTEST:

*Scott H. Campbell*

(Signature of Attesting Official)

P. O. Box 303

(Post Office Box No. or Street Address)

*Secretary Treasurer*

(Title of Attesting Official)

Burgin, KY 40310-0303

(City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1)\$ 656,000.00	07-11-2016	(6)\$	
(2)\$		(7)\$	
(3)\$		(8)\$	
(4)\$		(9)\$	
(5)\$		(10)\$	
TOTAL		\$656,000.00	

PAY TO THE ORDER OF \_\_\_\_\_

UNITED STATES OF AMERICA  
USDA Rural Development

(Name of Agency)

BY \_\_\_\_\_

REAL ESTATE MORTGAGE FOR KENTUCKY  
LAKE VILLAGE WATER ASSOCIATION, INC.

THIS MORTGAGE is made and entered into by \_\_\_\_\_

BY AND THROUGH ITS BOARD OF DIRECTORS, AS EVIDENCED BY THE SIGNATURES BY ITS  
PRESIDENT AND SECRETARY, ACTING ON ITS BEHALF

residing in BOYLE AND MERCER COUNTIES County, Kentucky, whose post office

address is PO BOX 303, BURGIN 40310  
\_\_\_\_\_, Kentucky \_\_\_\_\_,

herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Instalment</u>
07/11/2016	\$656,000.00	2.75%	07/11/2056

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky:

THE PROPERTY MORE PARTICULARLY DESCRIBED IN DEED BOOK 499 PAGE 197 FILED IN THE  
County or Counties of BOYLE OFFICE OF THE CLERK OF  
BOYLE COUNTY, KENTUCKY.

RD 1927-1 KY (Rev. 1-97)

STATE OF KENTUCKY, COUNTY OF BOYLE, SCT.

I, Trille L. Bottom, Boyle County Clerk, do certify that the foregoing record shows a true and correct copy of Mortgage as said record appears in this office in Mortg Book 711 Pg 63

Given under my hand and seal of office this 26th day of May 2017, at Danville, Boyle County, Kentucky.

TRILLE L. BOTTOM, BOYLE COUNTY CLERK  
BY Elizabeth Handzel D.C.

BOYLE

M711 PG63

THE PROPERTY MORE PARTICULARLY DESCRIBED IN DEED BOOK 499, PAGE 197, and  
DEPICTED IN THE WATER EASEMENT PLAT ATTACHED AS EXHIBIT A TO DEED BOOK 499,  
PAGE 197 AS FILED OF RECORD IN THE OFFICE OF THE CLERK OF BOYLE COUNTY,  
KENTUCKY.

being the same (or part of the same) land conveyed\* to LAKE VILLAGE WATER ASSOCIATION, INC together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

BOYLE

M711 PG64

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to,   
 40065  
 65 BREIGHTON BLVD, SHELBYVILLE, KY and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

BOYLE

M711 PG65

Given under the hands and seals of Borrower this 11th day of JULY, 2016  
Danny Noel (SEAL)  
Earl Campbell (SEAL)

STATE OF KENTUCKY }  
COUNTY OF MERCER } ss:

Before me, MICHAEL D. SANFORD, a Notary Public in and for  
the County of MERCER personally appeared DANNY NOEL, PRESIDENT OF THE  
BOARD OF DIRECTORS OF LAKE VILLAGE and EARL CAMPBELL, SECRETARY

who acknowledged that they executed the foregoing instrument on the 11th  
day of JULY, 2016, as their free act and deed.

WITNESS my hand and official seal this 11th day of JULY, 2016

Michael D. Sanford  
Notary Public

(SEAL)  
My commission expires: 8/5/18

**PREPARER'S STATEMENT**

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

LYNNE PIERCE DEAN

(name),

PO BOX 901, DANVILLE, KENTUCKY 40423-0901

Lynne Pierce Dean

(Signature)

**RECORDER'S SIGNATURE**

STATE OF KENTUCKY }  
COUNTY OF \_\_\_\_\_ } ss:

I, \_\_\_\_\_, Clerk of the County Court for the County aforesaid, do certify  
that the foregoing mortgage was on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, lodged for record  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Clerk of \_\_\_\_\_ County Court  
By \_\_\_\_\_, D.C.

DOCUMENT NO: 9576489  
RECORDED: May 26, 2017 02:22:00 PM  
TOTAL FEES: \$20.00  
COUNTY CLERK: TRILLE L. BOTTOM  
DEPUTY CLERK: BECKY Elizabeth  
COUNTY: BOYLE  
BOOK: M711 PAGES: 63 - 66

U.S. GOVERNMENT PRINTING OFFICE 1997-551-485

Caudill D.C.

**BOYLE**

**M711 PG66**

RESOLUTION OF MEMBERS OR STOCKHOLDERS

Lake Village Water Association Inc

(Name of Association)

P. O. Box 303 Burgin, KY 40310-0303

(Address, including Zip Code)

RESOLVED, that the Governing Board of this Association be and it hereby is authorized and empowered to take all action necessary or appropriate -

1. To obtain for and on behalf of the Association through the United States Department of Agriculture (USDA) or any other Governmental agency:
  - (a) A loan in a sum not to exceed \$ 656,000.00 ;
  - (b) A grant in a sum not to exceed \$ 0.00 ;
 to be advanced by the lender or grantor in one or more advances at such time or times as may be agreed upon.
2. In case of a loan or grant or both -
  - (a) For the execution of such application or applications (including exhibits, amendments and/or supplements thereto) as may be required;
  - (b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and
  - (c) In its judgment to carry out the terms of this resolution.
3. And in case of a loan -
  - (a) To obligate this Association for the repayment of the loan at such rates of interest and on such other terms and conditions as the Governing Board shall deem proper;
  - (b) To pledge, hypothecate, mortgage, convey, or assign property of this Association of any kind and in any amount now owned or hereafter acquired, as security for any or all obligations (past, present and/or future) of this Association to such lender; and
  - (c) From time to time to pay, extend, or renew any such obligations.

CERTIFICATION

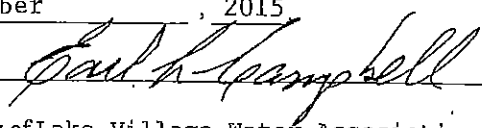
I, the undersigned, as Secretary of the above named Association, hereby  
 (Secretary) (Acting Secretary)

certify that said Association on the 24th day of September, 2015, had 5  
 (Number)

members; that 3 of these  
 (members) (stockholders) or (shares of voting stock outstanding)

constituted a quorum; that 5 said members or stockholders or shares of voting stock were present at a meeting of the members or stockholders duly called and held on the 24th day of September, 2015; that the foregoing resolution was adopted at such meeting by the affirmative vote of 5 said members or stockholders or shares of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this day 24th of September, 2015

  
 Secretary of Lake Village Water Association Inc

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.



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2. In case of a loan or grant or both -
  - (a) For the execution of such application or applications (including exhibits, amendments and/or supplements thereto) as may be required;
  - (b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and
  - (c) In its judgment to carry out the terms of this resolution.
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 (members) (stockholders) or (shares of voting stock outstanding)

constituted a quorum; that 5 said members or stockholders or shares of voting stock were present at a meeting  
 of the members or stockholders duly called and held on the 24th day of September, 2015 ;

that the foregoing resolution was adopted at such meeting by the affirmative vote of 5 said members  
 or stockholders or shares of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this day 24th of September, 2015

Secretary of Lake Village Water Association Inc

Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
P.O. Box 303  
Burgin, Kentucky 40310  
(859) 748-5642

RESOLUTION RECOMMENDING BORROWING FUNDS, PLEDGING ASSETS  
AND  
SETTING DATE FOR MEMBERSHIP MEETING

This is to certify that the following Resolutions were adopted by the Board of Directors of the Lake Village Water Association at the regular monthly meeting of the same held on the 8<sup>th</sup> day of September, 2015, at the offices of the Association in Burgin, Kentucky and it is hereby further certified that these Resolutions remain in full force and effect.

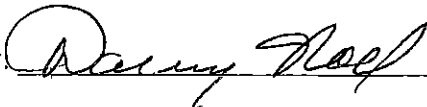
It is hereby RESOLVED that the Board of Directors does hereby recommend to the members of the Association that the Association borrow the sum of \$656,000 from the United States Department of Agriculture Rural Development office for the purpose of completing interior and exterior rehabilitation of the Association's 600,000 gallon elevated storage tank located on the Northpoint Training Center property in Boyle County. The project will also upsize 1,500 LF of existing 6" water main to a 12" water main and relocate the master meter to serve the property; and,

It is hereby further RESOLVED that the Board recommends that all of the assets of the Association be mortgaged and pledged as security for the repayment of said loan; and,

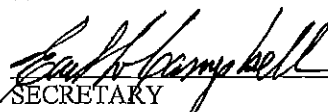
It is hereby further RESOLVED that a special meeting of members of the Association shall be held at the offices of the Association at 801 Pleasant Hill Drive, Burgin, Kentucky on Thursday, the 24th of September, 2015, at 5:00 p.m. for the purpose of voting on a resolution authorizing the officers and directors of the Association to borrow \$656,000 from USDA, Rural Development and to mortgage and pledge all of the assets of the Association as security for the repayment of this loan.

This 8 day of September, 2015.

LAKE VILLAGE WATER ASSOCIATION

By 

ATTEST:

  
SECRETARY

**PROMISSORY NOTE**  
(ASSOCIATION OR ORGANIZATION)

State Kentucky			
County Mercer			
Case No. 20-084-*****6901			
<b>FINANCE OFFICE USE ONLY</b>			
F	LN	LC	IA

- KIND OF LOAN:  
 ASSOCIATION- ORGANIZATION  
 HOUSING-ORGANIZATION  
 PUBLIC BODY  
 OTHER

Date 07-11-2016

FOR VALUE RECEIVED, Lake Village Water Association Inc  
 (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Rural Housing Service, Rural Business-Cooperative Service, or Rural Utilities Service within the Rural Development Mission Area, the Farm Service Agency, or their successor Agencies, United States Department of Agriculture, (herein called the "Government") at its office in Shelbyville, KY 40065, or at such other place as the Government may hereafter designate in writing, the principal amount of Six Hundred Fifty-Six Thousand & 00/100 dollars (\$ 656,000.0), plus interest on the unpaid principal balance at the rate of two & three-fourth percent (2.75%) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

\$ Interest Only on 07-11-2017,  
 \$ Interest Only on 07-11-2018,  
 \$ 28,044.00 on 07-11-2019,  
 \$ 28,044.00 on 07-11-2020, and  
 \$ 28,044.00 thereafter on the 11th of each July

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable 40 (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this note shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Government according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this note and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

While this note is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment of Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security hereto, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act if the box opposite "Association" is checked under the heading "KIND OF LOAN," or pursuant to Title V of the Housing Act of 1949 if the box opposite "HOUSING-ORGANIZATION" is checked. This note shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

Lake Village Water Association Inc

(Name of Borrower)

*Danny Noel*

(Signature of Executive Official)

(CORPORATE SEAL)

Danny Noel, Chairman

(Title of Executive Official)

ATTEST:

*Scott H. Campbell*

(Signature of Attesting Official)

P. O. Box 303

(Post Office Box No. or Street Address)

*Secretary Treasurer*

(Title of Attesting Official)

Burgin, KY 40310-0303

(City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1)\$ 656,000.00	07-11-2016	(6)\$	
(2)\$		(7)\$	
(3)\$		(8)\$	
(4)\$		(9)\$	
(5)\$		(10)\$	
TOTAL		\$656,000.00	

PAY TO THE ORDER OF \_\_\_\_\_

UNITED STATES OF AMERICA  
USDA Rural Development

(Name of Agency)

BY \_\_\_\_\_

REAL ESTATE MORTGAGE FOR KENTUCKY  
LAKE VILLAGE WATER ASSOCIATION, INC.

THIS MORTGAGE is made and entered into by \_\_\_\_\_

BY AND THROUGH ITS BOARD OF DIRECTORS, AS EVIDENCED BY THE SIGNATURES BY ITS  
PRESIDENT AND SECRETARY, ACTING ON ITS BEHALF

residing in BOYLE AND MERCER COUNTIES County, Kentucky, whose post office

address is PO BOX 303, BURGIN 40310  
\_\_\_\_\_, Kentucky \_\_\_\_\_,

herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Instalment</u>
07/11/2016	\$656,000.00	2.75%	07/11/2056

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky:

THE PROPERTY MORE PARTICULARLY DESCRIBED IN DEED BOOK 499 PAGE 197 FILED IN THE  
County or Counties of BOYLE OFFICE OF THE CLERK OF  
BOYLE COUNTY, KENTUCKY.

RD 1927-1 KY (Rev. 1-97)

STATE OF KENTUCKY, COUNTY OF BOYLE, SCT.

I, Trille L. Bottom, Boyle County Clerk, do certify that the foregoing record shows a true and correct copy of

Mortgage as said record appears in this office in Mortg Book 711 Pg 63

Given under my hand and seal of office this 26th day of May 2017, at Danville, Boyle County, Kentucky.

TRILLE L. BOTTOM, BOYLE COUNTY CLERK

BY Elizabeth Paudel D.C.

BOYLE

M711 PG63

THE PROPERTY MORE PARTICULARLY DESCRIBED IN DEED BOOK 499, PAGE 197, and  
DEPICTED IN THE WATER EASEMENT PLAT ATTACHED AS EXHIBIT A TO DEED BOOK 499,  
PAGE 197 AS FILED OF RECORD IN THE OFFICE OF THE CLERK OF BOYLE COUNTY,  
KENTUCKY.

being the same (or part of the same) land conveyed\* to LAKE VILLAGE WATER ASSOCIATION, INC together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

BOYLE

M711 PG64

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to,   
 40065  
 65 BREIGHTON BLVD, SHELBYVILLE, KY, and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

BOYLE

M711 PG65

Given under the hands and seals of Borrower this 11th day of JULY, 2016  
Danny Noel (SEAL)  
Earl Campbell (SEAL)

STATE OF KENTUCKY }  
COUNTY OF MERCER } ss:

Before me, MICHAEL D. SANFORD, a Notary Public in and for  
the County of MERCER personally appeared DANNY NOEL, PRESIDENT OF THE  
BOARD OF DIRECTORS OF LAKE VILLAGE and EARL CAMPBELL, SECRETARY  
who acknowledged that they executed the foregoing instrument on the 11th  
day of JULY, 2016, as their free act and deed.

WITNESS my hand and official seal this 11th day of JULY, 2016

Michael D. Sanford  
Notary Public

(SEAL)  
My commission expires: 8/5/18

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

LYNNE PIERCE DEAN

(name),

PO BOX 901, DANVILLE, KENTUCKY 40423-0901

Lynne Pierce Dean

(Signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY }  
COUNTY OF \_\_\_\_\_ } ss:

I, \_\_\_\_\_, Clerk of the County Court for the County aforesaid, do certify  
that the foregoing mortgage was on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, lodged for record  
at \_\_\_\_\_ o'clock \_\_\_\_\_ M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Clerk of \_\_\_\_\_ County Court  
By \_\_\_\_\_, D.C.

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**TRANSCRIPT OF PROCEEDINGS**  
**LAKE VILLAGE WATER ASSOCIATION, INC.**  
**LOAN IN THE AMOUNT OF \$2,250,000**

**FROM THE**

**KENTUCKY RURAL WATER FINANCE CORPORATION**  
**PUBLIC PROJECTS TAXABLE REFUNDING REVENUE BONDS**  
**(FLEXIBLE TERM PROGRAM)**  
**SERIES 2021B**  
**DATED JULY 21, 2021**  
**IN THE AMOUNT OF \$5,830,000**

**APPROVING LEGAL OPINION**

**By**

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

## **TRANSCRIPT OF PROCEEDINGS INDEX**

Re: Loan in the Amount of \$2,250,000, dated July 21, 2021, to the Lake Village Water Association, Inc., from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B.

### **ASSISTANCE AGREEMENT AND CLOSING DOCUMENTATION**

- a. Resolution of the Board of Directors, dated January 12, 2021.
- b. Minutes of Meeting of the Board of Directors on January 12, 2021.
- c. Assistance Agreement.
- d. Certificate of Officers.
- e. PSC Certificate of Public Convenience and Necessity.
- f. Certificate of Existence.
- g. Certificate as to Debt Service Savings.
- h. Certificate of Rural Development as to consent to issuance of the loan ranking on a parity with other bonds of the Association.
- i. Notice to the State Local Debt Officer.
- j. Legal Opinion of Rubin & Hays.
- k. Distribution List.

## RESOLUTION

### RESOLUTION OF THE LAKE VILLAGE WATER ASSOCIATION, INC. APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF REFINANCING AND CURRENTLY REFUNDING CERTAIN OBLIGATIONS OF THE ASSOCIATION.

**WHEREAS**, the Board of Directors ("Governing Authority") of the Lake Village Water Association, Inc. (the "Association") has previously determined that it is in the public interest to refinance and currently refund the outstanding promissory notes owed by the Association to the U.S. Department of Agriculture Rural Development with the following dates of issuance and original principal amounts:

<u>Dated</u>	<u>Original Principal Amount</u>
11/08/2007	\$885,000
01/12/2010	\$1,544,000

(these promissory notes are hereinafter collectively referred to as the "Prior Notes"), in order for the Association to obtain substantial interest cost savings, which Prior Notes were issued by the Association to make improvements and extensions to the Association's water system (the "System"); and

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

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

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Authority of the Lake Village Water Association, Inc. as follows:

1. **Authorization of Assistance Agreement and the Obligations Thereunder.** To pay the cost, not otherwise provided, of the refinancing and current refunding of the Prior Notes, the Association hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$2,100,000 (subject to adjustment plus or minus ten percent (10%)) (which aggregate principal amount may be adjusted downward in the event that the President determines it is in the Association's best interest to not refund one or more of the Prior Notes) [the "Loan"], which amount as adjusted shall be the maximum amount of such Loan to be outstanding at any one time under the Assistance Agreement, issued as fully-registered obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Loan shall bear interest at such rates and shall be payable in such

amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the Association and the Corporation.

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

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

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

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

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

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

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

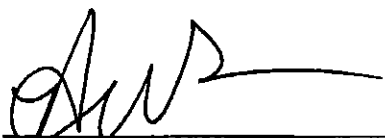
9. **Effective Date of Resolution.** This Resolution shall take effect from and after its adoption and approval.

Adopted on January 12, 2021.

LAKE VILLAGE WATER  
ASSOCIATION, INC.

By  \_\_\_\_\_  
President


Attest:

By  \_\_\_\_\_  
Secretary

**CERTIFICATE**

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Lake Village Water Association, Inc.; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of the Lake Village Water Association, Inc. at a meeting duly held on January 12, 2021; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this January 12, 2021.

 \_\_\_\_\_  
Secretary

**Lake Village Water Association, Inc.**  
**801 Pleasant Hill Drive**  
**Post Office Box 303**  
**Burkin, Kentucky 40310**

The regular monthly meeting of the Lake Village Water Association, Inc. was held at 12:00 p.m. on the 12th day of January 2021 via Zoom webinar.

President Boyd called the meeting to order. Present: Vice President Kenny Carey, Secretary/Treasurer Andrea Gross, Director Jeff Hughes, Director Thomas Hager, Attorney Chris Tucker, Liz Dienst, Mike Sanford and Rita Monson.

Director Hughes moved to approve the minutes from the December 8, 2020 meeting as presented. Vice President Carey seconded the motion. Motion carried.

Secretary/Treasurer Gross moved to approve the invoices as presented. Director Hager seconded the motion. Motion carried.

Sanford presented the Financial Report for December, stating that the financial performance for the month was good and compared favorably to the budget. Sanford provided detail of the monthly income and expenses, stating that the Gross Profit for the month was \$68,043.89 pointing out that the Water Costs were under budget by \$1,701.83. Sanford went on to report that the Net Income for the month was a loss of \$3,567.37. Sanford concluded by stating that the Net Income for the entire year was \$4,482.69 and that the year was tight financially at times, but did not operate at a loss.

Sanford provided the board with the Non-Revenue Water calculations for December, stating that the percentage was up due to 8 leaks, coming in at 26% before accounting for the leaks, which brought the percentage down to 14% for the month. Sanford stated that the Association purchased 15,190,000 gallons and sold 11,047,500 gallons and that leak detection is ongoing to reduce the percentage. Sanford went on to state that except for the first quarter of 2020, the Non-Revenue Water percentage looked good and much progress was made. Sanford concluded by stating that for 2020, there is approximately 7.5% of water that cannot be accounted for either by meter sales or known leaks and repairs.

Sanford stated that the Board of Directors election process is underway and that a nomination was needed to recommend Director Hager for a second term. Vice President Carey moved to nominate Director Hager for a second three-year term. Director Hughes seconded the motion. Tucker stated that he will prepare the nomination letter to be sent to the Association members and forward the letter to Monson for review.

Sanford provided an update on the customer payment plans that are in place as a result of the PSC order. Sanford stated that 14 payment plans are in place, of which 10 are current, with 4 customers having made no payments since entering the payment plan. Sanford went on to state that the 19<sup>th</sup> Hole was current and that extra measures, including a disconnection notification had to be sent to Quality inn to keep the payment plan current. Director Hager asked if most of the accounts were residential. Sanford stated that all are residential except for the 19<sup>th</sup> Hole and Quality Inn. Sanford went on to add that penalties will be applied this month for the first time

**Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
Post Office Box 303  
Burgin, Kentucky 40310**

since February 2020 and that service disconnections for non-payment will also resume, per the PSC order. President Boyd questioned Tucker as to whether there are any potential issues with the PSC regarding the service disconnections. Tucker stated that the PSC order should followed and there should not be any issues. Sanford explained that customers will be notified via a door hanger and given the opportunity to make an arrangement before being disconnected. Director Hughes stated that he reads the Harrodsburg Herald and noted that Sanford has been quoted stating that the Association will work to keep all water service on and that it is clear that the Association will work with customers. Secretary/Treasurer Gross moved to approve the plan for disconnections as presented by Sanford. Vice President Carey seconded the motion. Motion carried.

Sanford presented the resolution to refinance the two RD loans originally in the amount of \$1,544,000 and \$885,000. The resolution authorizes the Association to borrow \$2,100,000 from the Kentucky Rural Water Finance Corporation to refinance the existing debt. Tucker stated that he has reviewed the resolution and that the language was provided by Rubin and Hays, Bond Counsel for the project. Secretary/Treasurer Gross moved to approve the resolution as presented. Vice President Carey seconded the motion. Motion carried.

Sanford presented the Roles and Responsibilities of the Executive Director and stated that it is the first document to begin preparing a final SOP for the position. Sanford went to state that the list was kept open and added to over the past several weeks in an effort to be as comprehensive as possible. President Boyd stated that the document is more detailed than he as expecting for the initial index and recommended that Sanford keep working towards a full SOP. Director Hughes added that an SOP is needed for each position to be fully prepared in the event that the guidance is needed for any of the employees. Sanford stated that he will likely shift to Monson's position since she will be off for 8 weeks starting in March due to a double knee replacement. Sanford went on to state that he will be assuming Monson's job responsibilities while she is out and will be able to test out the efficiency of the SOP.

Sanford stated the Request to Bid was not approved in time for the advertisement to make the Harrodsburg Herald this week, therefore it will go out in the paper next week. Dienst stated that the bid opening will be held electronically on February 11<sup>th</sup>. Sanford stated that he is still working on three easements for Bellows Mill Road but if the easements are not obtained, the existing easement will be used. Sanford recommended rescheduling the monthly board meeting from February 9<sup>th</sup> to February 16<sup>th</sup> to review the bids in a timely manner. Director Hager moved to change the meeting to February 16<sup>th</sup> at noon. Vice President Carey seconded the motion. Motion carried.

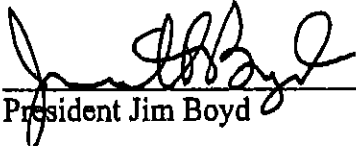
Sanford provided an update on the efforts to address the pressure issues caused by the Northpoint Tank filling cycle. Sanford reported that 56 customers were moved from the KY 33 master meter zone to the Shakertown master meter zone by opening the valve located at Robinson Roe Road and KY 152 and closing the valve located at the intersection of Paradise Camp Road and Hughley Lane. The customers that were moved are located on KY 33, Paradise Camp Road and Robinson Roe Road. Sanford stated that the goal was to move as many

**Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
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Burgin, Kentucky 40310**

properties as possible that could be served by the Shakertown master meter to reduce the number of properties impacted by the tank filling. Director Hughes questioned whether the building inspector or Planning & Zoning office reached out to the Association or questioned the property owners about pressure during the building process, further stating that more customers could cause pressure issues and complaints in the future. Sanford stated that the only time that the Association has the opportunity to approve or deny connections through the Planning and Zoning process is when the Association reviews and signs off on subdivision plats and main extensions and that for a single dwelling that process does not take place. Director Hughes suggested reaching out to the Building Inspector or Planning and Zoning to gain their opinion on trying to stay ahead of potential pressure issues in the future. Sanford agreed and stated that he will contact Mercer County Building Inspector Jack Coleman for an opinion. Secretary/Treasurer Gross inquired about whether the staff had reached out to property owners to see if the pressures improved. Sanford stated that the property owners were home when the pressure were taken, but he is planning to follow up with them to check on the service.

Sanford stated that there is a vacant maintenance position, and that the Association is currently taking applications and to send any interested applicants to the office. President Boyd suggested contacting the Workforce staff at the ADD for potential applicants.

Director Hughes moved to adjourn the meeting at 12:50 pm. Director Hager seconded the motion. Meeting adjourned.



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President Jim Boyd



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Secretary/Treasurer Andrea Gross



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**ASSISTANCE AGREEMENT**  
**BETWEEN**  
**KENTUCKY RURAL WATER FINANCE CORPORATION**  
**AND**  
**LAKE VILLAGE WATER ASSOCIATION, INC.**  
**DATED**  
**JULY 21, 2021**  
**IN THE AMOUNT OF \$2,250,000**

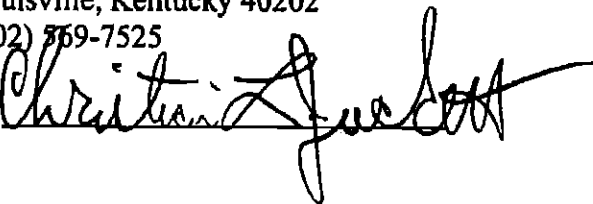
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This document was prepared by:

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

## **ASSISTANCE AGREEMENT**

This Assistance Agreement made and entered into as of July 21, 2021 (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 Lake Village Water Association, Inc., a non-profit corporation organized and existing as a water association under the laws of the Commonwealth of Kentucky, 801 Pleasant Hill Drive, Burgin, Kentucky 40310 (the "Borrower"):

### **WITNESSETH**

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2021B (the "Series 2021B Bonds") in the aggregate principal amount of \$5,830,000, pursuant to a Supplemental Trust Indenture No. 82, dated as of July 21, 2021 by and between the Issuer and the Trustee, which Series 2021B Bonds will rank on a parity with the other outstanding bonds issued under the terms of the Indenture and the proceeds of which will be used by certain governmental agencies to acquire, construct and equip public projects described in various assistance agreements by and between the governmental agencies and the Issuer; and

WHEREAS, the Borrower has outstanding its:

1. Loan 91-09 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated November 8, 2007, in the original principal amount of \$885,000; and
2. Loan 91-10 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated January 12, 2010, in the original principal amount of \$1,544,000

(collectively, the "Refunded Loans"), which loans were issued by the Borrower to make improvements and extensions to the Borrower's water system (the "System"); and

WHEREAS, the Borrower has determined that it is necessary and desirable and in the public interest to currently refund the Refunded Loans, in order to effect substantial debt service savings (the "Refunding Program"), and the Issuer has determined that the Refunding Program is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

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

WHEREAS, pursuant to this Assistance Agreement the Borrower will proceed with the Refunding Program; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Borrower that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$2,250,000, to provide funds for the Refunding Program, and to reaffirm the conditions and restrictions under which similar loans or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Chapter 273 of the Kentucky Revised Statutes the Borrower is authorized to enter into this Assistance Agreement and to borrow the Loan to provide such funds for the purpose aforesaid; and

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

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

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

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

"Act" refers to Chapters 273 of the Kentucky Revised Statutes.

"Assistance Agreement" refers to this Assistance Agreement authorizing the Loan and the obligations hereunder.

*"Borrower"* refers to the Lake Village Water Association, Inc., 801 Pleasant Hill Drive, Burgin, Kentucky 40310.

*"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 Borrower financial matters.

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

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

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

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

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

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

*"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. 82, dated July 21, 2021, by and between the Issuer and the Trustee.

*"Interest Payment Date"* shall mean the 1<sup>st</sup> day of each month, commencing September 1, 2021 and continuing through and including July 1, 2050 or until the Loan has been paid in full.

*"Issuer"* refers to the Kentucky Rural Water Finance Corporation, 1151 Old Porter Pike, Bowling Green, Kentucky 42103.

*"Loan"* refers to the loan authorized by this Assistance Agreement from the Issuer to the Borrower, in the principal amount of \$2,250,000, maturing July 1, 2050, to defray the cost of the Refunding Program.

*"Operation and Maintenance Fund"* refers to the Lake Village Water Association, Inc. Operation and Maintenance Fund, described in Section 8 hereof.

*"Outstanding Loans"* refers collectively to all outstanding Prior Loans, the outstanding Loan and any outstanding Parity Loans, and does not refer to any loans that have been defeased.

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

**“Permitted Investments”** refers to investments of funds on deposit in the various funds created herein and includes:

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

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

1. United States Treasury;
2. Export-Import Bank of the United States;
3. Farmers Home Administration;
4. Government National Mortgage Corporation; and
5. Merchant Marine bonds;

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

1. Federal Home Loan Mortgage Corporation;
2. Federal Farm Credit Banks;
3. Bank for Cooperatives;
4. Federal Intermediate Credit Banks;
5. Federal Land Banks;
6. Federal Home Loan Banks;
7. Federal National Mortgage Association; and
8. Tennessee Valley Authority;

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

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one (1) of the three (3) highest

categories by a competent rating agency;

(f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a competent rating agency;

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

(h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;

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

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

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

(k) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and

(l) Individual high-quality corporate bonds that are managed by a professional investment manager that:

1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
2. Have a standard maturity of no more than ten (10) years; and
3. Are rated in the three (3) highest rating categories by at least two (2) competent credit rating agencies.

(m) Any other lawful investment authorized by the Kentucky Revised Statutes to be utilized by local governments with a rating equal to or higher than the rating of the Bonds, as rated by each rating agency then rating the Bonds, including an investment agreement with investment agreement provider whose obligations have a current rating at least equal to the rating on the Bonds.

***“President”*** refers to the President of the Governing Body of the Borrower.

***“Prior Loans”*** refers collectively to the following:

1. Loan in the amount of \$1,160,000, dated March 10, 2015, to the Lake Village Water Association, Inc. from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2015C; and
2. Loan 91-11 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated July 11, 2016, in the original principal amount of \$656,000.

***“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., 1151 Old Porter Pike, Bowling Green, Kentucky 42103.

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

***“Project”*** refers specifically to the construction of the extensions, additions and improvements to the System that were financed with proceeds of the Refunded Loans.

***“Refunding Program”*** refers to financing the cost to currently refund the outstanding Refunded Loans, with the proceeds of the Loan.

***“Refunded Loans”*** refers to the outstanding:

1. Loan 91-09 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated November 8, 2007, in the original principal amount of \$885,000; and
2. Loan 91-10 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated January 12, 2010, in the original principal amount of \$1,544,000

***“Revenue Fund”*** refers to the Lake Village Water Association, Inc. Revenue Fund, described in Section 8 hereof.

***“Secretary”*** refers to the Secretary of the Governing Body.

***“Sinking Fund”*** refers to the Lake Village Water Association, Inc. Water Sinking Fund, described in Section 8 hereof.



"System" refers to the Borrower's water system, together with all future extensions, additions, and improvements to said System.

"Treasurer" refers to the Treasurer of the Borrower.

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

**Section 3. Authorization of Loan; Place of Payment; Manner of Execution.** That pursuant to the Constitution and laws of Kentucky, and particularly Chapter 273 of the Kentucky Revised Statutes, the Borrower hereby authorizes the borrowing of \$2,250,000 from the Program, to provide funds for the Refunding Program.

The Loan is payable on the Interest Payment Date in such principal and interest amounts as set forth in Exhibit A attached hereto.

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

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

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Loan and any other payments due under this Assistance Agreement on behalf of the Borrower (the "Reserve Withdrawal"), the Borrower shall pay to the Trustee, each amount set forth as

sinking fund payments on Exhibit A attached hereto, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

**Section 4. Redemption.**

(a) *Optional Redemption.* Subject to the prior written approval of the Compliance Group, the Loan payments due on or after July 1, 2030 are subject to optional redemption, in whole or in part, by the Borrower prior to their stated maturity, at any time falling on or after July 1, 2029 at a redemption price equal to 100% of the principal amount of the Loan called for redemption, plus unpaid interest accrued to the date of redemption.

In the event that the Borrower desires to optionally redeem a portion of the principal due under the Loan, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

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

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

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

**Section 6. Loan Payable Out of Gross Revenues on a Parity with Prior Loans.** The Loan and Prior Loans, together with the interest thereon and such additional loans 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 Sinking Fund 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 gross revenues of the System of said Borrower pledged to said fund.

**Section 7. Parity Coverage Requirements of the Prior Loans.** It is hereby declared that prior to the issuance of the Loan hereby authorized, there will be procured and filed with the Secretary of the Borrower any and all statements or certifications for the purpose of having both principal and interest on the Prior Loans and the Loan hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Loans.

**Section 8. Flow of Funds.** The income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

**A. Revenue Fund.** The Borrower covenants and agrees that it will 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 be used, disbursed and applied by the Borrower only for the purpose and in the manner and order of priorities specified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

**B. Sinking Fund.** There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Loan and the Prior Loans, 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 Loan and the Prior Loans, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of the Loan and the Prior Loans maturing on the next succeeding payment date.

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

If the Borrower for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Loan, as same fall due, such excess may be used for redemption or prepayment of any Loan, subject to the terms and conditions set forth therein, prior to maturity.

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

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

Provided, however, the Borrower 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; 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 Borrower under any Prior Loans for payment of any amounts due from the Borrower under this Assistance Agreement.

**Section 9. Disposition of Proceeds of the Loan; Governmental Agency Account.**

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

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

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

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

(1) To pay the interest on the Refunded Loans to and including July 23, 2021;  
and

(2) To redeem on July 23, 2021 at a price equal to 100% of principal amount the Refunded Loans that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Loans.

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 Borrower 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 Borrower with respect

to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

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

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

**Section 10. Parity Loans.** The Loan 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 Loan, 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 loans 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 Loans and the Loan as may from time to time be outstanding; provided the Borrower has reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional loans from time to time payable from the income and revenues of the System ranking on a parity with the Loan, but only under the conditions specified hereinafter, taking into account the issuance of the Loan.

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

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

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

(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 Loans 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 Loans payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Loans then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Loans to be issued shall, regardless of whether such

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

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

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

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

(e) The Borrower hereby covenants and agrees that in the event any additional Parity Loans are issued, the Borrower shall:

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

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

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

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

(2) in the alternative, that the average annual debt service requirements for the Prior Loans, the Loan, any previously issued Parity Loans and the proposed Parity Loans, in any year of maturities thereof after the redemption of the Outstanding Loans scheduled

to be refunded through the issuance of the proposed Parity Loans, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior Loans, the Loan and any previously issued Parity Loans for any year prior to the issuance of the proposed Parity Loans and the redemption of the Outstanding Loans to be refunded.

**Section 11. Rates and Charges for Services of the System.** While the Loan remains outstanding and unpaid, the rates for all services of the System rendered by the Borrower 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 Loans and the accruing interest on all Outstanding Loans as may be outstanding under the provisions of this Assistance Agreement, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Loan a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Borrower covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer or a Certified Public Accountant that the annual net revenues (as defined in Section 10 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 Loans payable from the revenues of the System, calculated in the manner specified in Section 10 hereof.

The Borrower 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 Loans 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 Borrower 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 Borrower shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

**Section 13. Defeasance and/or Refunding of Loan.** The Borrower reserves the right, at any time, to cause the pledge of the revenues securing the Loan to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or U.S. Obligations, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Loan 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 Loan to and on said date, or (b) to pay all principal and interest requirements on the Loan 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 Borrower shall take all steps necessary to publish the required notice of the redemption of the Loan and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

**Section 14. Contractual Nature of Assistance Agreement.** The provisions of this Assistance Agreement shall constitute a contract between the Borrower and the Issuer; and after the issuance of the Loan, no change, variation or alteration of any kind in the provisions of this Assistance Agreement shall be made in any manner except as herein or therein provided until such time as the Loan has been paid or provided for in full, or as otherwise provided herein; provided that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

**Section 15. Appointment and Duties of Trustee.** The Trustee is hereby designated as the bond registrar and paying agent with respect to the Loan.

Its duties as Trustee shall be as follows:

- (a) To register the Loan in the name of the Issuer;
- (b) To maintain adequate records relevant to the Loan;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Borrower, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Loan obligations to be redeemed and to redeem the Loan prior to its stated maturity upon receiving sufficient funds; and
- (e) To supply the Borrower with a written accounting evidencing the payment of interest on and principal of the Loan within thirty (30) days following each respective due date.

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



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

**Section 16. Provisions in Conflict Repealed.** All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other loans 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 loans shall be issued and delivered.

**Section 17. Insurance.**

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

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

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

(b) *Liability Insurance on Facilities.* So long as the Loan is outstanding, the Borrower 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 Borrower 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 Borrower'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 Borrower owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Loan, the Borrower shall, if such insurance is not already in force, procure and maintain, so long as the Loan is outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Borrower 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 Borrower.

**Section 18. Changes in Use or User of System.** The Borrower represents that (a) no part of the System will be sold, or otherwise disposed of without the prior written consent of the Issuer; (b) it will not permit any use of its System by any person or entity other than itself without the prior written consent of the Issuer; (c) any portion of the System 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 Loan 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 Borrower, (ii) the Borrower expected at the date of this 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 19. Security Instruments.** In order to secure the payment of the principal and interest of the Loan, the President and Secretary of the Borrower are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets both real and personal constituting the System, as completed or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Issuer.

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

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

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

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

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

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Loan, may enforce and compel the performance of all duties and obligations of the Borrower 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 Borrower, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Loan, and for the payment of operation and maintenance expenses of the System, and to provide and apply the

income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

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

**Section 21. Annual Reports.** The Borrower 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 preceding the Fiscal Year in which this Agreement is executed) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 180 days after the end of each Fiscal Year.

**Section 22. Supplemental Assistance Agreement.** The Borrower 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 loans, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Borrower in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Borrower or to surrender any right or power herein reserved to or conferred upon the Borrower;
- (e) to effect the issuance of additional Parity Loans; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

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

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

**Section 25. Agreement to Pay Attorneys' Fees and Expenses.** In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

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

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

*[Signature page follows]*

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Lake Village Water Association, Inc. 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 John M. Dix  
President

Attest:

By [Signature]  
Secretary/Treasurer

LAKE VILLAGE WATER ASSOCIATION, INC.

By \_\_\_\_\_  
President

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 Lake Village Water Association, Inc. 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

LAKE VILLAGE WATER ASSOCIATION, INC.

By  \_\_\_\_\_  
President

Attest:

By  \_\_\_\_\_  
Secretary

**EXHIBIT A**

**Debt Service Schedule**

**KRWFC Flexible Term Program Series 2021 B  
Sinking Fund Payment Schedule**

**Borrower:** Lake Village Water Association  
**Closing Date:** 07/21/21

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
9/21-1/22	4,545.45	7,069.85	11,615.30
2/22-7/22	4,545.45	5,581.46	10,126.91
8/22-1/23	5,000.00	5,448.13	10,448.13
2/23-7/23	5,000.00	5,448.13	10,448.13
8/23-1/24	5,000.00	5,288.13	10,288.13
2/24-7/24	5,000.00	5,288.13	10,288.13
8/24-1/25	5,000.00	5,128.13	10,128.13
2/25-7/25	5,000.00	5,128.13	10,128.13
8/25-1/26	5,416.67	4,968.13	10,384.79
2/26-7/26	5,416.67	4,968.13	10,384.79
8/26-1/27	5,416.67	4,794.79	10,211.46
2/27-7/27	5,416.67	4,794.79	10,211.46
8/27-1/28	5,833.33	4,621.46	10,454.79
2/28-7/28	5,833.33	4,621.46	10,454.79
8/28-1/29	5,833.33	4,434.79	10,268.13
2/29-7/29	5,833.33	4,434.79	10,268.13
8/29-1/30	5,833.33	4,248.13	10,081.46
2/30-7/30	5,833.33	4,248.13	10,081.46
8/30-2/31	6,250.00	4,119.79	10,369.79
2/31-7/31	6,250.00	4,119.79	10,369.79
8/31-1/32	6,250.00	3,982.29	10,232.29
2/32-7/32	6,250.00	3,982.29	10,232.29
8/32-1/33	6,250.00	3,838.54	10,088.54
2/33-7/33	6,250.00	3,838.54	10,088.54
8/33-1/34	6,250.00	3,688.54	9,938.54
2/34-7/34	6,250.00	3,688.54	9,938.54
8/34-1/35	6,666.67	3,532.29	10,198.96
2/35-7/35	6,666.67	3,532.29	10,198.96
8/35-1/36	6,666.67	3,358.96	10,025.63
2/36-7/36	6,666.67	3,358.96	10,025.63
8/36-1/37	6,666.67	3,178.96	9,845.63
2/37-7/37	6,666.67	3,178.96	9,845.63
8/37-1/37	7,083.33	2,985.63	10,068.96
2/38-7/38	7,083.33	2,985.63	10,068.96
8/38-1/39	7,083.33	2,780.21	9,863.54
2/39-7/39	7,083.33	2,780.21	9,863.54
8/39-1/40	7,500.00	2,564.17	10,064.17
2/40-7/40	7,500.00	2,564.17	10,064.17
8/40-1/41	7,500.00	2,335.42	9,835.42
2/41-7/41	7,500.00	2,335.42	9,835.42
8/41-1/42	7,916.67	2,106.67	10,023.33
2/42-7/42	7,916.67	2,106.67	10,023.33
8/42-1/43	7,916.67	1,853.33	9,770.00
2/43-7/43	7,916.67	1,853.33	9,770.00
8/43-1/44	8,333.33	1,600.00	9,933.33
2/44-7/44	8,333.33	1,600.00	9,933.33
8/44-1/45	8,333.33	1,333.33	9,666.67
2/45-7/45	8,333.33	1,333.33	9,666.67
8/45-1/46	8,750.00	1,066.67	9,816.67
2/46-7/46	8,750.00	1,066.67	9,816.67
8/46-1/47	8,750.00	786.67	9,536.67
2/47-7/47	8,750.00	786.67	9,536.67
8/47-1/48	5,000.00	506.67	5,506.67
2/48-7/48	5,000.00	506.67	5,506.67
8/48-1/49	5,416.67	346.67	5,763.33
2/49-7/49	5,416.67	346.67	5,763.33
8/49-1/50	5,416.67	173.33	5,590.00
2/50-7/50	5,416.67	173.33	5,590.00
	<u>2,250,000.00</u>	<u>1,089,675.49</u>	<u>3,339,675.49</u>



**CERTIFICATE OF OFFICERS OF  
LAKE VILLAGE WATER ASSOCIATION, INC.**

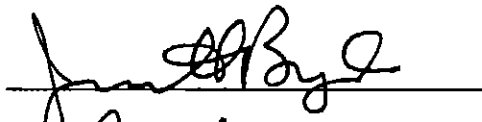

**Re: Loan in the amount of \$2,250,000, dated July 21, 2021, to the Lake Village Water Association, Inc. from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B.**

The undersigned officials of the Lake Village Water Association, Inc. (the "Association") under the Assistance Agreement (the "Agreement") between the Association and the Kentucky Rural Water Finance Corporation ("KRWFC"), dated the date hereof, do hereby certify as follows:

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

2. That the Association is a non-profit corporation, duly organized and validly organized and existing as a water association, in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to operate a water supply and distribution system (the "System") and to carry on its business as now being conducted.

3. That the below-named persons were on the date or dates of the execution of the Agreement and are on the date of this Certificate the duly elected or appointed and qualified incumbents of the respective offices of the Association 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>
Jim Boyd	President	
Andrea Gross	Secretary	

4. 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 Association on January 12, 2021 (the "Resolution"), authorizing the appropriate officials of the Association to execute the Agreement. The Resolution was duly adopted in accordance with all applicable laws. The Resolution duly authorized the current refunding of the following outstanding notes of the Association:

- a. Loan 91-09 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated November 8, 2007, in the original principal amount of \$885,000; and

- b. Loan 91-10 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated January 12, 2010, in the original principal amount of \$1,544,000

(collectively, the "Refunded Loans").

5. The Agreement has been duly authorized, executed and delivered by the Association and constitutes a legal, valid, and binding obligation of the Association, enforceable against the Association in accordance with its terms.

6. The representations and warranties of the Association made in the Agreement 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 Resolution has not been amended or supplemented and is in full force and effect; and the Agreement has been entered into and is in full force and effect.

7. That we are familiar with the provisions of the Agreement, and we hereby certify that at the time of or immediately after the issuance, sale and delivery of the Loan, the proceeds of the Loan authorized by the Agreement were applied or will be applied as itemized in the Distribution of Loan Proceeds Schedule attached hereto as **Exhibit A**, and this certification constitutes the instruction to and authorization of the Trustee to make such payments and deposits specified in said **Exhibit A**.

8. The Association is not in default under or in violation of (i) any provisions of applicable law, (ii) the Agreement, or (iii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, bond, 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 Association or on the ability of the Association to perform its obligations under the Agreement. Neither the execution and delivery of the Agreement nor compliance by the Association with the terms, conditions and provisions of the Agreement will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

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

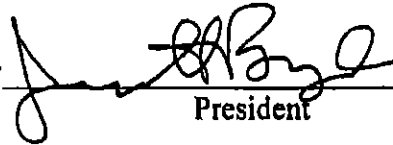
10. There is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, or public board or body, pending or, to the best of our knowledge, threatened against or affecting the Association wherein an unfavorable decision, ruling or finding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

11. 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 Association of the Agreement have been duly obtained, given or taken (and copies thereof have been provided to KRWFC).


12. Any certificate signed by any official of the Association and delivered to KRWFC will be deemed to be a representation by the Association to KRWFC as to the statements made therein.

WITNESS our hands this July 21, 2021.

LAKE VILLAGE WATER  
ASSOCIATION, INC.

By  \_\_\_\_\_  
President

Attest:

By  \_\_\_\_\_  
Secretary

**EXHIBIT A**

**DISTRIBUTION OF LOAN PROCEEDS SCHEDULE**

Re: Loan in the amount of \$2,250,000, dated July 21, 2021, to the Lake Village Water Association, Inc. from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B.

**SOURCES OF FUNDS**

Par Amount of Loan	\$2,250,000.00
Plus Original Issue Premium	<u>40,370.45</u>
<b>Total Sources</b>	<b>\$2,290,370.45</b>

**USES OF FUNDS**

Deposit to the Association's Governmental Agency Account to refund the Refunded Loans	\$2,189,932.74
Deposit to Governmental Agency Account for Costs of Issuance	39,500.00
Deposit to the Association's Sinking Fund (rounding)	16,927.71
Underwriter's Discount	<u>44,010.00</u>
<b>Total Uses</b>	<b>\$2,290,370.45</b>

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF THE LAKE	)	
VILLAGE WATER ASSOCIATION, INC. TO ISSUE	)	
SECURITIES IN THE APPROXIMATE PRINCIPAL	)	
AMOUNT OF \$2,100,000 FOR THE PURPOSE OF	)	CASE NO.
REFUNDING CERTAIN OUTSTANDING	)	2021-00020
INDEBTEDNESS OF THE ASSOCIATION	)	
PURSUANT TO THE PROVISIONS OF KRS	)	
278.300 AND 807 KAR 5:001	)	

**ORDER**

On January 22, 2021, Lake Village Water Association (Lake Village Water), filed an application seeking Commission authority to enter into a loan agreement (Loan) with Kentucky Rural Water Finance Corporation (KRWFC) to borrow approximately \$2,100,000 (subject to adjustment of up to 10 percent), the proceeds of which will be used to refinance two outstanding debt obligations of Lake Village Water and to pay the costs of issuance of the Loan. There are no Intervenor in this case, and the matter is submitted to the Commission for a decision based upon the evidentiary record.

Lake Village Water, a water association organized pursuant to KRS Chapter 273, owns and operates facilities that provide retail water service to 2,226 residential customers in Boyle and Mercer counties, Kentucky.<sup>1</sup>

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<sup>1</sup> *Annual Report of Lake Village Water Association to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2019 (2019 Annual Report) at 12 and 49.*

The Commission also notes that Lake Village Water has not sought a general adjustment in rates since 2003.<sup>2</sup> An examination of finances outlined in the annual and audit reports filed with the Commission reveals that Lake Village Water has been operating with a negative net income for all the past five calendar years.<sup>3</sup> A key general recommendation that resulted from the investigation by the Commission in Case No. 2019-00041,<sup>4</sup> was that water districts with sustained excessive water loss should monitor the sufficiency of their base rates closely and, in general, apply for base rate adjustments on a more frequent basis.<sup>5</sup> While this statement was made in the context of Case No. 2019-00041, which involved water utilities that were under examination due to high water loss, the theory that a closer examination of a water district's finances with regard to the sufficiency of rates by the Commission still applies in this instance. The lack of insight into Lake Village Water's financial records that provide more detail than its annual reports and audits filed with the Commission, coupled with the fact that Lake Village Water has been operating with a negative net income for the preceding five calendar years, indicates to the Commission that Lake Village Water should file an application for a traditional adjustment in rates or an alternative rate adjustment within one year of the date of filing of this Order.

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<sup>2</sup> Case No. 2003-00401, *The Application of the Lake Village Water Association, Inc., for Approval of a Proposed Increase in Rates for Water Service* (Ky. PSC Feb. 2, 2004).

<sup>3</sup> Lake Village Association's Comprehensive Net Income for the calendar years 2015 through 2019 was \$(227,641), \$(216,124), \$(208,843), \$(322,870), and \$(223,391), respectively.

<sup>4</sup> Case No. 2019-00041, *Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities* (Ky. PSC. Nov. 22, 2019).

<sup>5</sup> See generally, *Id.*

The Commission notes that in its 2019 Annual Report, Lake Village Water reported a water loss of 17.009 percent.<sup>6</sup> Commission regulation 807 KAR 5:066(6)(3) states that for ratemaking purposes, a utility's water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. Reduction of Lake Village Water's water loss to 15 percent would result in an approximate \$10,453.49<sup>7</sup> decrease to purchased water expense. Potentially, Lake Village Water is paying \$.05 per 1,000 gallons sold, for expenses associated with water loss greater than 15 percent.<sup>8</sup>

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent water loss threshold and strongly encourages Lake Village Water to pursue reasonable actions to reduce its water loss. Failure by Lake Village Water to make significant progress towards reducing water loss may cause the Commission to pursue additional action with the utility.

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<sup>6</sup> 2019 Annual Report at 57.

<sup>7</sup>

Purchased Water from 2019 Annual Report	\$ 520,333
Times: Water Loss Above 15 Percent	<u>2.009%</u>
Purchased Water Expense Reduction	\$ 10,453.49

<sup>8</sup>

Purchased Water Expense Reduction	\$ 10,453.49
Divided by: Total 1,000 gallons sold from 2019 Annual Report	<u>208,854</u>
Cost per 1,000 gallons sold	\$ 0.05

Lake Village Water proposes to execute the Loan with KRWFC to borrow \$2,100,000.<sup>9</sup> The proposed Loan will have a 30-year term subject to interest rates that will vary from 2.75 percent to 3.35 percent per annum.<sup>10</sup> Lake Village Water proposes to use the proceeds from the KRWFC Loan to fully refund the Rural Development (RD) loan held by the United States Department of Agriculture (USDA) No. 91-09 dated November 8, 2007, with an original principal amount of \$885,000, and promissory note 91-10 dated January 12, 2010, with an original principal amount of \$1,544,000.<sup>11</sup>

Lake Village Water estimates that it will expend \$2,180,376.90 to refund the prior bonds.<sup>12</sup> The estimated expended cost to refinance the outstanding indebtedness includes reoffering premiums of \$80,376.90.<sup>13</sup> Lake Village Water provided a Debt Service Comparison indicating that the refinancing would save \$362,235.66<sup>14</sup> over the life of the proposed Loan, resulting in a positive net present value (NPV) cash flow savings of \$245,416.65.<sup>15</sup>

The Commission has reviewed the proposed refinancing and finds Lake Village Water's proposal to be reasonable due to the lower effective interest rate and cash flow savings Lake Village Water would realize over the period of the Loan. Although, if the

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<sup>9</sup> Application at 2, paragraph 5.

<sup>10</sup> *Id.*, Exhibit B.

<sup>11</sup> *Id.* at 2, paragraph 5.

<sup>12</sup> *Id.*, Exhibit C, Sources and uses. Uses of Funds: \$36,750.00 (Total Underwriter's Discount) + \$37,100.00 (Costs of Issuances) + \$2,105,311.98 (Deposit to Current Refunding Fund) + \$1,184.92 (Rounding Amount) = \$2,180,376.90.

<sup>13</sup> *Id.*, Exhibit C.

<sup>14</sup> *Id.*, Exhibit D.

<sup>15</sup> *Id.*



new interest rate on the proposed refinancing is higher than the range of interest rates set forth in the application, Lake Village Water should not proceed with the refinancing unless the NPV of the refinancing results in positive cash flow. The Commission commends Lake Village Water for taking advantage of the financing alternatives available to it, thereby securing savings for itself and its customers. However, the Commission is concerned with Lake Village Water's prolonged absence from the Commission's review of its asset management through an application for adjustment of its rates. The Commission notes that, according to Lake Village Water's audit reports, Lake Village Water has had a negative net income for the last five years and a continuous decrease in cash during the last four years, as shown below.<sup>16</sup>

Year	2015	2016	2017	2018	2019
Net Income	\$(227,641)	\$(216,124)	\$(208,843)	\$(322,870)	\$(223,391)
Add: Depreciation Expense	239,252	292,770	306,829	312,039	312,915
Cash Basis Income	\$ 11,611	\$ 76,646	\$ 97,986	\$ (10,831)	\$ 89,524

Year	2015	2016	2017	2018	2019
Cash and Cash Equivalents	\$ 47,545	\$ 13,740	\$ 32,243	\$ 4,996	\$ 9,577
Restricted Funds	306,258	277,947	241,704	132,759	117,307
Net Increase (Decrease) in Cash	18,016	(71,675)	(33,203)	(124,598)	(25,904)

KRS 278.300(4) states that the Commission may grant or deny an application for approval of financing in whole or in part, or upon such terms and conditions as deemed necessary or appropriate. Therefore, the Commission finds that Lake Village Water's

<sup>16</sup> Lake Village Water's Audit Reports can be found on the Commission's Website at:  
[https://psc.kv.gov/Utility\\_Financial\\_Reports\\_Net/uploaded/support/SD\\_34800\\_2019\\_1.pdf](https://psc.kv.gov/Utility_Financial_Reports_Net/uploaded/support/SD_34800_2019_1.pdf)  
[https://psc.kv.gov/Utility\\_Financial\\_Reports\\_Net/uploaded/support/SD\\_34800\\_2018\\_1.pdf](https://psc.kv.gov/Utility_Financial_Reports_Net/uploaded/support/SD_34800_2018_1.pdf)  
[https://psc.kv.gov/Utility\\_Financial\\_Reports\\_Net/uploaded/support/SD\\_34800\\_2017\\_1.pdf](https://psc.kv.gov/Utility_Financial_Reports_Net/uploaded/support/SD_34800_2017_1.pdf)  
[https://psc.kv.gov/Utility\\_Financial\\_Reports\\_Net/uploaded/support/SD\\_34800\\_2016\\_1.pdf](https://psc.kv.gov/Utility_Financial_Reports_Net/uploaded/support/SD_34800_2016_1.pdf)  
[https://psc.kv.gov/Utility\\_Financial\\_Reports\\_Net/uploaded/support/SD\\_34800\\_2015\\_1.pdf](https://psc.kv.gov/Utility_Financial_Reports_Net/uploaded/support/SD_34800_2015_1.pdf)

proposal should be granted with the condition that it file an application for adjustment of its base rates through an alternative rate filing within one year of the date of filing of this Order.

After consideration of the evidence of record and being sufficiently advised, the Commission finds that:

1. The proposed Loan from KRWFC is for lawful objects within the corporate purposes of Lake Village Water; is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public; will not impair its ability to perform that service; is reasonable, necessary, and appropriate for such purposes; and should be approved.

2. Lake Village Water should execute its note as security for the proposed Loan in the manner described in its application.

3. The Commission directs Lake Village Water to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085<sup>17</sup> regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency.

4. The final amounts of the RD payoff, the legal fees, and the new KRWFC loan will not be known until the refinancing transaction is finalized. Therefore, Lake Village Water should provide the Commission an updated version the application, Exhibit D, reflecting the cash flow analysis of the new KRWFC Loan within ten days of finalizing the transaction.

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<sup>17</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

5. Within ten days of the execution of the new KRWFC loan documents, Lake Village Water should file with the Commission one copy in paper medium and an electronic version of the loan documents.

6. The proceeds from the proposed Loan should be used only for the lawful purposes set out in Lake Village Water's application.

7. The terms and conditions of the new KRWFC Loan should be consistent with the KRWFC assistance program as described in Lake Village Water's application.

8. Lake Village Water should file for an adjustment in base rates or file for an alternative rate filing within one year of the date of filing of this Order to ensure that its rates are sufficient.

**IT IS THEREFORE ORDERED that:**

1. Lake Village Water is authorized to enter into the Loan with KRWFC to borrow no more than the total amount to pay off the indebtedness proposed to be refinanced as identified in the application on the condition that the final NPV of the savings, determined upon closing, generate positive cash flow. The Loan maturity date and interest rate shall be in accordance with the KRWFC assistance program as described in Lake Village Water's application.

2. Lake Village Water shall execute the KRWFC Loan documents as authorized herein.

3. Lake Village Water shall comply with all matters set out in finding paragraphs 3 through 7 as if they were individually so ordered.

4. Any documents filed in the future pursuant to finding paragraphs 4 and 5 shall reference this case number and shall be retained in the post-case correspondence file.

5. Lake Village Water shall file for an adjustment in base rates or file for an alternative rate filing within one year of the date of filing of this Order.

6. This case is closed and will be removed from the Commission's docket.

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

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By the Commission

ENTERED  
MAR 09 2021 rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

Case No. 2021-00020

\*Kristen Millard  
Raymond James Financial Services  
300 West Vine Street  
Lexington, KENTUCKY 40507

\*Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
P. O. Box 303  
Burgin, KY 40310

\*Mike D Sanford  
Executive Director  
Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
P. O. Box 303  
Burgin, KY 40310

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

**Commonwealth of Kentucky  
Michael G. Adams, Secretary of State**

Michael G. Adams  
Secretary of State  
P. O. Box 718  
Frankfort, KY 40602-0718  
(502) 564-3480  
<http://www.sos.ky.gov>

**Certificate of Existence**

Authentication number: 251118

Visit <https://web.sos.ky.gov/show/certvalidate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

**LAKE VILLAGE WATER ASSOCIATION, INC.**

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 273, whose date of incorporation is May 2, 1968 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 23<sup>rd</sup> day of July, 2021, in the 230<sup>th</sup> year of the Commonwealth.



*Michael G. Adams*

Michael G. Adams  
Secretary of State  
Commonwealth of Kentucky  
251118/0030003

**CERTIFICATE AS TO DEBT SERVICE SAVINGS**

Re: Loan in the amount of \$2,250,000, dated July 21, 2021, to the Lake Village Water Association, Inc. from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B.

In connection with the issuance of the above-referenced loan to the Lake Village Water Association, Inc. (the "Association"), the undersigned hereby certifies as follows:

1. That we are the financial advisor in connection with the issuance of the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B, the proceeds of which bonds fund the above-referenced Series 2021B Loan to the Association.

2. That we have been advised that on July 21, 2021, the Association intends to refund the outstanding: (a) Loan 91-09 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated November 8, 2007, in the original principal amount of \$885,000; and (b) Loan 91-10 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated January 12, 2010, in the original principal amount of \$1,544,000 (collectively, the "Refunded Loans") with the proceeds of the Series 2021B Loan, which loan is scheduled to close on July 21, 2021.

3. That we have prepared a schedule titled Debt Service Comparison, which compares the debt service for the Series 2021B Loan with the debt service for the Refunded Loans. A copy of such schedule is attached hereto as **Exhibit A**.

4. That based upon (a) said examination and studies, (b) upon such further examination as was deemed appropriate and necessary by the undersigned, it is hereby certified that the debt service requirements for the proposed Series 2021B Loan, in any year of maturities thereof after the redemption of the Refunded Loans scheduled to be refunded through the issuance of the proposed Series 2021B Loan, does not exceed the scheduled debt service requirements applicable to the then outstanding Refunded Loans, for any year prior to the issuance of the proposed Series 2021B Loan and the refunding of the Refunded Loans.

IN TESTIMONY WHEREOF, witness my signature on behalf of Raymond James & Associates, Inc. this July 21, 2021.

RAYMOND JAMES & ASSOCIATES,  
INC.

*Kristen Millard*  
By Kristen Millard (Jul 8, 2021 09:19 EDT)

Authorized Representative



**\$2,250,000**

**Kentucky Rural Water Finance Corporation**

**Taxable Public Projects Refunding Revenue Bonds, Series 2021 B**

**Lake Village Water Association**

**Debt Service Comparison**

Date	Total P+I	Net New D/S	Old Net D/S	Savings
12/31/2021	-	-	49,660.33	49,660.33
12/31/2022	118,837.99	118,837.99	132,426.99	13,589.00
12/31/2023	125,377.50	125,377.50	132,358.02	6,980.52
12/31/2024	123,457.50	123,457.50	132,362.89	8,905.39
12/31/2025	121,537.50	121,537.50	132,172.57	10,635.07
12/31/2026	124,617.50	124,617.50	131,087.73	6,470.23
12/31/2027	122,537.50	122,537.50	132,042.81	9,505.31
12/31/2028	125,457.50	125,457.50	131,957.33	6,499.83
12/31/2029	123,217.50	123,217.50	131,872.72	8,655.22
12/31/2030	120,977.50	120,977.50	131,791.18	10,813.68
12/31/2031	124,437.50	124,437.50	131,702.65	7,265.15
12/31/2032	122,787.50	122,787.50	131,617.33	8,829.83
12/31/2033	121,062.50	121,062.50	131,532.83	10,470.33
12/31/2034	119,262.50	119,262.50	131,447.68	12,185.18
12/31/2035	122,387.50	122,387.50	131,363.26	8,975.76
12/31/2036	120,307.50	120,307.50	131,277.73	10,970.23
12/31/2037	118,147.50	118,147.50	130,193.09	12,045.59
12/31/2038	120,827.50	120,827.50	130,153.07	9,325.57
12/31/2039	118,362.50	118,362.50	130,113.21	11,750.71
12/31/2040	120,770.00	120,770.00	131,072.80	10,302.80
12/31/2041	118,025.00	118,025.00	130,029.93	12,004.93
12/31/2042	120,280.00	120,280.00	129,950.91	9,670.91
12/31/2043	117,240.00	117,240.00	129,911.26	12,671.26
12/31/2044	119,200.00	119,200.00	129,870.73	10,670.73
12/31/2045	116,000.00	116,000.00	129,857.36	13,857.36
12/31/2046	117,800.00	117,800.00	129,790.73	11,990.73
12/31/2047	114,440.00	114,440.00	128,750.32	14,310.32
12/31/2048	66,080.00	66,080.00	79,719.16	13,639.16
12/31/2049	69,160.00	69,160.00	79,719.36	10,559.36
12/31/2050	67,080.00	67,080.00	79,720.16	12,640.16
<b>TOTAL</b>	<b>\$3,339,675.49</b>	<b>\$3,339,675.49</b>	<b>\$3,695,526.14</b>	<b>\$355,850.65</b>

**PV Analysis Summary (Net to Net)**

Gross PV Debt Service Savings	253,766.50
Net PV Cashflow Savings @ 3.169% (AIC)	253,766.50
Contingency or Rounding Amount	16,927.71
<b>Net Benefit</b>	<b>372,778.36</b>
<b>Net Present Value Benefit</b>	<b>\$254,802.95</b>
Net PV Benefit / \$2,151,708 Refunded Principal	11.842%
Net PV Benefit / \$2,250,000 Refunding Principal	11.325%

**Refunding Bond Information**

Refunding Dated Date	7/21/2021
Refunding Delivery Date	7/21/2021

Series 2021 B - Final Loe | Lake Village Water Assoc | 8/29/2021 | 4:48 PM

**Raymond James**

**CERTIFICATE OF NOTEHOLDER AS TO  
CONSENT TO ISSUANCE OF A LOAN TO THE  
LAKE VILLAGE WATER ASSOCIATION, INC.  
RANKING ON A PARITY WITH  
OTHER NOTES OF THE ASSOCIATION**

Re: Loan in the amount of \$2,250,000, dated July 21, 2021, to the Lake Village Water Association, Inc. from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B.

The Rural Development (the "RD") of the Department of Agriculture of the United States of America hereby certifies that it is the owner of the following outstanding Notes (the "Prior Loan"):

Loan 91-11 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated July 11, 2016, in the original principal amount of \$656,000.

The RD consents to the issuance of the above-referenced Series 2021B Loan in the amount of \$2,250,000, maturing in 2050, ranking on a parity as to security and source of payment with the Prior Loan, without the necessity for establishing compliance with any of the terms and conditions for the issuance of parity notes, other than this consent of the owner of the outstanding Prior Loan; and the RD further consents to the affixing of a statement on the Prior Loan owned by the RD, reading substantially as follows:

The holder of this Loan has consented to the issuance of the Series 2021B Loan in the principal amount of \$2,250,000 ranking on parity as to security and source of payment with this Loan.

IN TESTIMONY WHEREOF, witness the duly authorized signature of the Rural Development this July 7, 2021.

RURAL DEVELOPMENT

By TRACI VAUGHT Digitally signed by TRACI VAUGHT  
Date: 2021.07.07 15:03:50 -0400  
Signature  
Traci Vaught  
Title Acting State Director



**OFFICE OF THE GOVERNOR  
DEPARTMENT FOR LOCAL GOVERNMENT**

**Andy Beshear**  
Governor

100 Airport Road, Third Floor  
Frankfort, Kentucky 40601  
Phone: (502) 573-2382  
Fax: (502) 227-8691  
[www.kydlgweb.ky.gov](http://www.kydlgweb.ky.gov)

**Dennis Keene**  
Commissioner

August 3, 2021

Mr. Christian L. Juckett  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, KY 40202-1410

RE: \$2,250,000 Lake Village Water Association, Inc., Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B, dated July 21, 2021

Dear Mr. Juckett:

This letter will acknowledge receipt of notification regarding the issuance of the above referenced bonds in conformity with KRS 65.117.

The information received complies with the requirements of this office and the above referenced statute.

If I may be of further assistance, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "D Keene".

**DENNIS KEENE**  
Commissioner and State Local Debt Officer

**TEAM**  
**KENTUCKY™**

An Equal Opportunity Employer M/F/D

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7525    Telefax (502) 569-7555    www.rubinhays.com

CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT  
NICHOLAS J. LOCOCO

July 6, 2021

VIA ELECTRONIC MAIL (lisa.dale@ky.gov)  
Ms. Lisa Dale  
Local Government Advisor  
Department for Local Government  
Office of Financial Management and Administration  
100 Airport Road, 3rd Floor  
Frankfort, Kentucky 40601

Re:    Loan in the amount of \$2,250,000, dated July 21, 2021, to the Lake Village Water Association, Inc. from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B.

Dear Ms. Dale:

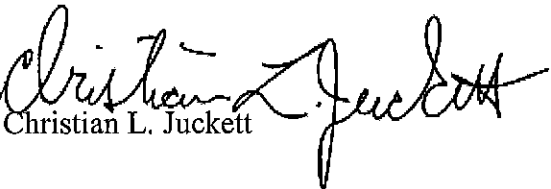
Enclosed is a copy of our proposed approving Legal Opinion, a Local Debt Notification Bond Summary Form, and the Schedule of Principal Maturities and Interest Rates in connection with the above transaction. The Loan proceeds were derived from a public competitive sale on June 29, 2021, by the financial advisor, Raymond James & Associates, Inc. of Lexington, Kentucky, at a price of \$2,246,360.45 (99.828% of par). Regions Bank, Nashville, Tennessee, is acting as Trustee and Paying Agent.

The Loan is dated and the closing is scheduled for July 21, 2021. The Loan (i) matures on July 1, 2050 and (ii) bears interest at the fixed rates set forth in the enclosed Schedule.

We would appreciate your furnishing us your letter that the Association has complied with the requirements of KRS 65.117 in the issuance of this Loan.

Sincerely,

Rubin & Hays

By   
Christian L. Juckett

cc: Mr. Robert Brown (RobertO.Brown@ky.gov)  
Enclosures

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7525    Telefax (502) 569-7555    www.rubinhays.com

CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT  
NICHOLAS J. LOCOCO

July 21, 2021

Kentucky Rural Water Finance Corporation  
1151 Old Porter Pike  
Bowling Green, Kentucky 42103

Regions Bank  
Corporate Trust Department  
150 Fourth Avenue North, 9th Floor  
Nashville, Tennessee 37219

Re:    Loan in the amount of \$2,250,000, dated July 21, 2021, to the Lake Village Water Association, Inc. from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B.

We have examined a certified copy of the transcript of proceedings of the Lake Village Water Association, Inc., a non-profit corporation of the Commonwealth of Kentucky (the "Association") relating to the authorization and issuance of its Assistance Agreement, dated as of July 21, 2021, (the "Assistance Agreement") by and between the Association and the Kentucky Rural Water Finance Corporation, representing a loan in the aggregate principal amount of \$2,250,000 (the "Loan").

The Loan has been authorized and issued pursuant to the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), including particularly Chapters 273 of the Kentucky Revised Statutes (the "Act"), in accordance with the Assistance Agreement.

We have examined such portions of the Constitution, statutes and laws of the United States, the Constitution, statutes and laws of the Commonwealth, and such applicable court decisions, regulations, rulings, and opinions as we have deemed necessary or relevant for the purposes of the opinions set forth below.

We have also made such investigation as we have deemed necessary for the purposes of such opinions and relied upon certificates of officials of the Commonwealth and the Association as to certain factual matters.

Based upon the foregoing, it is our opinion, under the law existing on the date of this opinion, that:

1.    The Association is a non-profit corporation, duly organized and validly organized and existing as a water association under the laws of the Commonwealth and has the legal right and authority to borrow the Loan.

2. The Assistance Agreement has been duly authorized, executed and delivered by the Association and is a valid and binding obligation of the Association enforceable in accordance with its terms.

3. The Loan has been duly authorized by the Association and is a valid and binding limited and special obligation of the Association enforceable in accordance with its terms.

4. The Loan is payable as to principal, premium, if any, and interest from and is secured by a pledge of and a lien on the revenues of the Association's System, as defined in the Assistance Agreement.

Our opinion set forth above is subject to the qualification that the enforceability of the Assistance Agreement, the Loan and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

**LOCAL DEBT NOTIFICATION  
BOND SUMMARY FORM**

Please complete this form and return to the State Local Debt Officer. Include all corresponding bond information and the **principal payment schedule**. Completion of this form along with the payment schedule will insure timely entry into the State Local Debt Report. Thank you in advance for your assistance.

**Name of Entity Issuing Bond:** Lake Village Water Association, Inc., 801 Pleasant Hill Drive, Burgin, Kentucky 40310

**County** (Please specify the **County or Counties** in which the **Entity** is located. This is strictly for our filing purposes.) Mercer

**Type of Bond:** (please circle one or fill in the blank if type not listed) \_\_\_\_\_

Bond Anticipation Notes	General Obligation	Industrial Revenue
Lease Revenue	Public Corporation	Refunding
<u>Refunding Revenue</u>	Revenue	Special Assessment

**Purpose of the Bond:** the current refunding of some of the Association's Rural Development notes.

**IF REFUNDING AND IMPROVEMENT**— Please state the name, date and principal amount of original issue(s) being refunded:

1. Loan 91-09 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated November 8, 2007, in the original principal amount of \$885,000; and
2. Loan 91-10 from the U.S. Department of Agriculture, Rural Development to Lake Village Water Association, Inc., dated January 12, 2010, in the original principal amount of \$1,544,000

**Is the COUNTY (in which the Entity is located) Obligated?** No.

**Date the Bond was Issued:** July 21, 2021

**Bond Series:** Series 2021B.

**Principal Amount:** \$2,250,000

**Type of Interest (Fixed or Variable):** Fixed.

**Interest Rate:** Please see Schedule attached hereto.

**Date of Initial Payment:** September 1, 2021

**AOC Percent (if applicable):** N/A

**Date of Maturity:** July 1, 2050

**Call Date:** Obligations maturing on or after July 1, 2030 are subject to redemption at any time falling on or after July 1, 2029.

**Retirement Method:** Revenues of the water system.

**Who is the Financial Advisor (if applicable):** Raymond James & Associates, Inc., Lexington, Ky.

**Who is Trustee/Paying Agent:** Regions Bank, Nashville, Tennessee.

**Who is Bond Counsel:** Rubin & Hays, Louisville, Kentucky.

\$2,250,000

Kentucky Rural Water Finance Corporation  
Taxable Public Projects Refunding Revenue Bonds, Series 2021 B  
Lake Village Water Association

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
07/21/2021	-	-	-	-	-
02/01/2022	-	-	35,349.24	35,349.24	-
08/01/2022	50,000.00	3.200%	33,488.75	83,488.75	-
12/31/2022	-	-	-	-	118,837.99
02/01/2023	-	-	32,688.75	32,688.75	-
08/01/2023	60,000.00	3.200%	32,688.75	92,688.75	-
12/31/2023	-	-	-	-	125,377.50
02/01/2024	-	-	31,728.75	31,728.75	-
08/01/2024	60,000.00	3.200%	31,728.75	91,728.75	-
12/31/2024	-	-	-	-	123,457.50
02/01/2025	-	-	30,768.75	30,768.75	-
08/01/2025	60,000.00	3.200%	30,768.75	90,768.75	-
12/31/2025	-	-	-	-	121,537.50
02/01/2026	-	-	29,808.75	29,808.75	-
08/01/2026	65,000.00	3.200%	29,808.75	94,808.75	-
12/31/2026	-	-	-	-	124,617.50
02/01/2027	-	-	28,768.75	28,768.75	-
08/01/2027	65,000.00	3.200%	28,768.75	93,768.75	-
12/31/2027	-	-	-	-	122,537.50
02/01/2028	-	-	27,728.75	27,728.75	-
08/01/2028	70,000.00	3.200%	27,728.75	97,728.75	-
12/31/2028	-	-	-	-	125,457.50
02/01/2029	-	-	26,608.75	26,608.75	-
08/01/2029	70,000.00	3.200%	26,608.75	96,608.75	-
12/31/2029	-	-	-	-	123,217.50
02/01/2030	-	-	25,488.75	25,488.75	-
08/01/2030	70,000.00	2.200%	25,488.75	95,488.75	-
12/31/2030	-	-	-	-	120,977.50
02/01/2031	-	-	24,718.75	24,718.75	-
08/01/2031	75,000.00	2.200%	24,718.75	99,718.75	-
12/31/2031	-	-	-	-	124,437.50
02/01/2032	-	-	23,893.75	23,893.75	-
08/01/2032	75,000.00	2.300%	23,893.75	98,893.75	-
12/31/2032	-	-	-	-	122,787.50
02/01/2033	-	-	23,031.25	23,031.25	-
08/01/2033	75,000.00	2.400%	23,031.25	98,031.25	-
12/31/2033	-	-	-	-	121,062.50
02/01/2034	-	-	22,131.25	22,131.25	-
08/01/2034	75,000.00	2.500%	22,131.25	97,131.25	-
12/31/2034	-	-	-	-	119,262.50
02/01/2035	-	-	21,193.75	21,193.75	-
08/01/2035	80,000.00	2.600%	21,193.75	101,193.75	-
12/31/2035	-	-	-	-	132,387.50
02/01/2036	-	-	20,153.75	20,153.75	-
08/01/2036	80,000.00	2.700%	20,153.75	100,153.75	-
12/31/2036	-	-	-	-	120,307.50
02/01/2037	-	-	19,073.75	19,073.75	-
08/01/2037	80,000.00	2.900%	19,073.75	99,073.75	-
12/31/2037	-	-	-	-	118,147.50
02/01/2038	-	-	17,913.75	17,913.75	-
08/01/2038	85,000.00	2.900%	17,913.75	102,913.75	-
12/31/2038	-	-	-	-	120,827.50
02/01/2039	-	-	16,681.25	16,681.25	-
08/01/2039	85,000.00	3.050%	16,681.25	101,681.25	-
12/31/2039	-	-	-	-	118,262.50
02/01/2040	-	-	15,385.00	15,385.00	-
08/01/2040	90,000.00	3.050%	15,385.00	105,385.00	-
12/31/2040	-	-	-	-	120,730.00
02/01/2041	-	-	14,012.50	14,012.50	-
08/01/2041	90,000.00	3.050%	14,012.50	104,012.50	-
12/31/2041	-	-	-	-	118,025.00
02/01/2042	-	-	12,640.00	12,640.00	-
08/01/2042	95,000.00	3.200%	12,640.00	107,640.00	-
12/31/2042	-	-	-	-	120,380.00
02/01/2043	-	-	11,120.00	11,120.00	-
08/01/2043	95,000.00	3.200%	11,120.00	106,120.00	-
12/31/2043	-	-	-	-	117,240.00
02/01/2044	-	-	9,600.00	9,600.00	-
08/01/2044	100,000.00	3.200%	9,600.00	109,600.00	-
12/31/2044	-	-	-	-	119,200.00
02/01/2045	-	-	8,000.00	8,000.00	-
08/01/2045	100,000.00	3.200%	8,000.00	108,000.00	-
12/31/2045	-	-	-	-	116,000.00
02/01/2046	-	-	6,400.00	6,400.00	-
08/01/2046	105,000.00	3.200%	6,400.00	111,400.00	-
12/31/2046	-	-	-	-	117,800.00
02/01/2047	-	-	4,720.00	4,720.00	-
08/01/2047	105,000.00	3.200%	4,720.00	109,720.00	-
12/31/2047	-	-	-	-	114,440.00
02/01/2048	-	-	3,040.00	3,040.00	-
08/01/2048	60,000.00	3.200%	3,040.00	63,040.00	-
12/31/2048	-	-	-	-	66,080.00
02/01/2049	-	-	2,080.00	2,080.00	-
08/01/2049	65,000.00	3.200%	2,080.00	67,080.00	-
12/31/2049	-	-	-	-	69,160.00
02/01/2050	-	-	1,040.00	1,040.00	-
08/01/2050	65,000.00	3.200%	1,040.00	66,040.00	-
12/31/2050	-	-	-	-	67,080.00
Total	\$1,250,000.00	-	\$1,089,675.49	\$3,339,675.49	-

Yield Statistics

Bond Year Dollars	\$36,047.50
Average Life	16.021 Years
Average Coupon	3.022878%
Net Interest Cost (NIC)	3.0336292%
True Interest Cost (TIC)	3.0211657%
Bond Yield for Arbitrage Purposes	2.6031139%
All Inclusive Cost (AIC)	3.1685111%

IRS Form 8038

Net Interest Cost	2.8941840%
Weighted Average Maturity	15.835 Years

Series 2021 B - Final Loc | Lake Village Water Assoc | 02/28/2021 | 4:49 PM

Raymond James



Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7575 Teletax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT  
MICHAEL J. LOCCO

July 21, 2021

Kentucky Rural Water Finance Corporation  
1151 Old Porter Pike  
Bowling Green, Kentucky 42103

Regions Bank  
Corporate Trust Department  
150 Fourth Avenue North, 9th Floor  
Nashville, Tennessee 37219

Re: Loan in the amount of \$2,250,000, dated July 21, 2021, to the Lake Village Water Association, Inc. from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B.

We have examined a certified copy of the transcript of proceedings of the Lake Village Water Association, Inc., a non-profit corporation of the Commonwealth of Kentucky (the "Association") relating to the authorization and issuance of its Assistance Agreement, dated as of July 21, 2021, (the "Assistance Agreement") by and between the Association and the Kentucky Rural Water Finance Corporation, representing a loan in the aggregate principal amount of \$2,250,000 (the "Loan").

The Loan has been authorized and issued pursuant to the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), including particularly Chapters 273 of the Kentucky Revised Statutes (the "Act"), in accordance with the Assistance Agreement.

We have examined such portions of the Constitution, statutes and laws of the United States, the Constitution, statutes and laws of the Commonwealth, and such applicable court decisions, regulations, rulings, and opinions as we have deemed necessary or relevant for the purposes of the opinions set forth below.

We have also made such investigation as we have deemed necessary for the purposes of such opinions and relied upon certificates of officials of the Commonwealth and the Association as to certain factual matters.

Based upon the foregoing, it is our opinion, under the law existing on the date of this opinion, that:

1. The Association is a non-profit corporation, duly organized and validly organized and existing as a water association under the laws of the Commonwealth and has the legal right and authority to borrow the Loan.

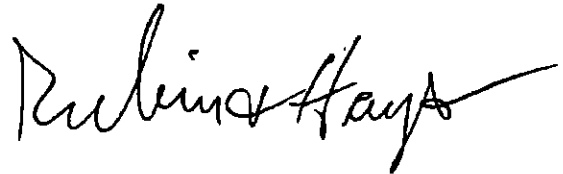
2. The Assistance Agreement has been duly authorized, executed and delivered by the Association and is a valid and binding obligation of the Association enforceable in accordance with its terms.

3. The Loan has been duly authorized by the Association and is a valid and binding limited and special obligation of the Association enforceable in accordance with its terms.

4. The Loan is payable as to principal, premium, if any, and interest from and is secured by a pledge of and a lien on the revenues of the Association's System, as defined in the Assistance Agreement.

Our opinion set forth above is subject to the qualification that the enforceability of the Assistance Agreement, the Loan and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

A handwritten signature in black ink, appearing to read "Ruben Hays", with a long horizontal flourish extending to the right.

**KENTUCKY RURAL WATER FINANCE CORPORATION  
FLEXIBLE TERM FINANCE PROGRAM**

**Distribution List**

Re: Loan in the amount of \$2,250,000, dated July 21, 2021, to the Lake Village Water Association, Inc. from the Kentucky Rural Water Finance Corporation Public Projects Taxable Refunding Revenue Bonds (Flexible Term Program), Series 2021B.

**Kentucky Rural Water Finance Corporation**

Mr. Gary Larimore, Executive Director  
Mr. Andy Lange, Assistant Director  
1151 Old Porter Pike  
Bowling Green, Kentucky 42103  
Phone: (270) 843-2291  
Fax: (270) 796-8623  
[g.larimore@krwa.org](mailto:g.larimore@krwa.org)  
[a.lange@krwa.org](mailto:a.lange@krwa.org)

**KRWFC Counsel**

Damon R. Talley  
Stoll Keenon Ogden PLLC  
PO Box 150  
112 N Lincoln Blvd.  
Hodgenville, KY 42748  
Phone: (270) 358-3187  
Fax: (270) 358-9560  
[damon.talley@skofirm.com](mailto:damon.talley@skofirm.com)

**Trustee/Administrator**

Mr. Daniel Olson (615) 770-4357  
Ms. Inna Culp (615) 770-4352  
Regions Bank  
Corporate Trust Department  
150 Fourth Avenue North  
Suite 1500, 15<sup>th</sup> floor  
Nashville, TN 37219  
Facsimile: (615) 770-4350  
[daniel.olson@regions.com](mailto:daniel.olson@regions.com)  
[inna.culp@regions.com](mailto:inna.culp@regions.com)

**Borrower**

Mr. Mike Sanford  
Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
Burgin, KY 40310  
Phone: (859) 748-5642  
[mike@lakevillagewater.org](mailto:mike@lakevillagewater.org)

**Financial Advisor**

Mr. Bob Pennington (859) 232-8211  
Ms. Kristen Millard (859) 232-8249  
Raymond James & Associates, Inc.  
489 East Main Street  
Lexington, Kentucky 40507  
Toll-free: (800) 937-0161  
Fax: (859) 232-8255  
[bob.pennington@raymondjames.com](mailto:bob.pennington@raymondjames.com)  
[kristen.millard@raymondjames.com](mailto:kristen.millard@raymondjames.com)

**Bond Counsel**

Mr. Charles Musson  
Mr. Randy Jones  
Mr. Christian Juckett  
Rubin & Hays  
Kentucky Home Trust Building  
450 South 3<sup>rd</sup> Street  
Louisville, Kentucky 40202  
Phone: (502) 569-7525  
Fax: (502) 569-7555  
[csmusson@rubinhays.com](mailto:csmusson@rubinhays.com)  
[wrjones@rubinhays.com](mailto:wrjones@rubinhays.com)  
[cljuckett@rubinhays.com](mailto:cljuckett@rubinhays.com)

# Attachment #9

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2015 C

Borrower: Lake Village Water Association  
 Closing Date: 03/10/15

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
02/19/15						
07/01/15			15,691.15		15,691.15	15,691.15
01/01/16	25,000.00	3.000%	20,031.25	450.00	45,481.25	65,137.50
07/01/16			19,656.25		19,656.25	
01/01/17	55,000.00	3.000%	19,656.25	450.00	75,106.25	93,937.50
07/01/17			18,831.25		18,831.25	
01/01/18	55,000.00	3.000%	18,831.25	450.00	74,281.25	92,287.50
07/01/18			18,006.25		18,006.25	
01/01/19	55,000.00	3.000%	18,006.25	450.00	73,456.25	90,637.50
07/01/19			17,181.25		17,181.25	
01/01/20	55,000.00	3.000%	17,181.25	450.00	72,631.25	88,987.50
07/01/20			16,356.25		16,356.25	
01/01/21	60,000.00	3.000%	16,356.25	450.00	76,806.25	92,262.50
07/01/21			15,456.25		15,456.25	
01/01/22	60,000.00	3.000%	15,456.25	450.00	75,906.25	90,462.50
07/01/22			14,556.25		14,556.25	
01/01/23	60,000.00	3.000%	14,556.25	450.00	75,006.25	88,662.50
07/01/23			13,656.25		13,656.25	
01/01/24	65,000.00	3.000%	13,656.25	450.00	79,106.25	91,787.50
07/01/24			12,681.25		12,681.25	
01/01/25	65,000.00	3.000%	12,681.25	450.00	78,131.25	89,837.50
07/01/25			11,706.25		11,706.25	
01/01/26	70,000.00	3.850%	11,706.25	450.00	82,156.25	92,515.00
07/01/26			10,358.75		10,358.75	
01/01/27	55,000.00	3.850%	10,358.75	450.00	65,808.75	75,108.75
07/01/27			9,300.00		9,300.00	
01/01/28	55,000.00	3.850%	9,300.00	450.00	64,750.00	72,991.25
07/01/28			8,241.25		8,241.25	
01/01/29	60,000.00	3.850%	8,241.25	450.00	68,691.25	75,777.50
07/01/29			7,086.25		7,086.25	
01/01/30	60,000.00	3.850%	7,086.25	450.00	67,536.25	73,467.50
07/01/30			5,931.25		5,931.25	
01/01/31	65,000.00	3.850%	5,931.25	450.00	71,381.25	76,061.25
07/01/31			4,680.00		4,680.00	
01/01/32	65,000.00	3.850%	4,680.00	450.00	70,130.00	73,558.75
07/01/32			3,428.75		3,428.75	
01/01/33	70,000.00	3.850%	3,428.75	450.00	73,878.75	75,960.00
07/01/33			2,081.25		2,081.25	
01/01/34	70,000.00	3.850%	2,081.25	450.00	72,531.25	73,265.00
07/01/34			733.75		733.75	
01/01/35	5,000.00	3.850%	733.75	450.00	6,183.75	6,821.25
07/01/35			637.50		637.50	
01/01/36	5,000.00	4.250%	637.50	450.00	6,087.50	6,618.75
07/01/36			531.25		531.25	
01/01/37	5,000.00	4.250%	531.25	450.00	5,981.25	6,406.25
07/01/37			425.00		425.00	
01/01/38	5,000.00	4.250%	425.00	450.00	5,875.00	6,193.75
07/01/38			318.75		318.75	
01/01/39	5,000.00	4.250%	318.75	450.00	5,768.75	5,981.25
07/01/39			212.50		212.50	
01/01/40	5,000.00	4.250%	212.50	450.00	5,662.50	5,768.75
07/01/40			106.25		106.25	
01/01/41	5,000.00	4.250%	106.25	450.00	5,556.25	5,556.25
07/01/41						
Totals	<u>1,160,000.00</u>		<u>460,042.40</u>	<u>11,700.00</u>	<u>1,631,742.40</u>	<u>1,631,742.40</u>





United States Department of Agriculture  
 CPAP - Community Program Application Processing



### CPAP - Bond Schedule Detail

Name of Borrower: Lake Village Water Association			
Amount of Loan	656000	Annual Interest Rate	0.0275
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	No
Principal Payment Units	1	Interest Payment Units.	01

Year	Period	Number	Payment	Interest	Principal	Balance
2017	1	1	18040	18040	0	656000
2018	1	2	18040	18040	0	656000
2019	1	3	28044	18040	10004	645996
2020	1	4	28043 89	17764.89	10279	635717
2021	1	5	28044 21	17482.21	10562	625155
2022	1	6	28043 76	17191.76	10852	614303
2023	1	7	28044 33	16893.33	11151	603152
2024	1	8	28043 68	16586.68	11467	591695
2025	1	9	28043 61	16271.61	11772	579923
2026	1	10	28043 88	15947.88	12096	567827
2027	1	11	28044 24	15615.24	12429	555398
2028	1	12	28044 44	15273.44	12771	542627
2029	1	13	28044 24	14922.24	13122	529505
2030	1	14	28044 38	14561.38	13483	516022
2031	1	15	28043.6	14190.6	13853	502169
2032	1	16	28043.64	13809.64	14234	487935
2033	1	17	28044 21	13418.21	14626	473309
2034	1	18	28043.99	13015.99	15028	458281
2035	1	19	28043 72	12602.72	15441	442840
2036	1	20	28044.1	12178.1	15866	426974
2037	1	21	28043.78	11741.78	16302	410672
2038	1	22	28044.48	11293.48	16751	393921
2039	1	23	28043 82	10832.82	17211	376710
2040	1	24	28043.52	10359.52	17684	359026
2041	1	25	28044 21	9873.21	18171	340655
2042	1	26	28043.51	9373.51	18670	322185
2043	1	27	28044 08	8860.08	19184	303001
2044	1	28	28043 52	8332.52	19711	283290
2045	1	29	28044.47	7790.47	20264	263036
2046	1	30	28044.49	7233.49	20811	242225
2047	1	31	28044 18	6661.18	21383	220842
2048	1	32	28044 15	6073.15	21971	198871
2049	1	33	28043 95	5468.95	22575	176296
2050	1	34	28044 14	4848.14	23196	153100
2051	1	35	28044 25	4210.25	23834	129266
2052	1	36	28043 81	3554.81	24489	104777
2053	1	37	28044 36	2881.36	25163	79614
2054	1	38	28044 38	2189.38	25855	53759
2055	1	39	28044.37	1478.37	26566	27193
2056	1	40	27940 8	747.8	27193	0
<b>TOTALS</b>			<b>\$1,101,650.19</b>	<b>\$445,650.19</b>	<b>\$656,000.00</b>	

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.

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UNITED STATES DEPARTMENT OF AGRICULTURE  
RURAL DEVELOPMENT  
ANNUAL STATEMENT OF LOAN ACCOUNT

SAVE THIS INFORMATION  
FOR INCOME TAX PURPOSES

PAGE 003  
DATE 123120

DESCRIPTION	ADVANCES	INTEREST	PRINCIPAL	TOTAL	T	INTEREST RATE	EFFECTIVE DATE
CASE NUMBER 20-084-*****6901	FINAL YEAR OF LOAN 2056		AMOUNT OF LOAN 656,000.00				
FUND CODE 91	LOAN NUMBER 11	DATE OF LOAN 071116	INTEREST RATE 02.7500				
BEGIN LOAN BALNCE		8,420.07	645,995.99	654,416.06			010120
PAYMENT		17,764.89	10,279.11	28,044.00	R	02.7500	071120
TOTAL LOAN PMTS		17,764.89	10,279.11	28,044.00			
TOTAL PAID ON ALL LOANS THIS YEAR		108,539.42	48,275.58	156,815.00			



LOAN ACTIVITY	0.00	17,764.89	10,279.11	28,044.00		
LOAN BALANCE	UNPD INTEREST	8,286.09 **	UNPD PRIN	635,716.88 **		
NXT AMT DUE	28,044.00	DATE DUE	071121			
PAYMENT STATUS	ON SCHEDULE		UNPAID 17,764.89			
ALL LOAN ACTIVITY	0.00	108,539.42	48,275.58	156,815.00		
BORR BAL	UNPD INTEREST	66,549.02	UNPD PRIN	2,770,701.96		

\*These unpaid balances may not reflect the total amount due to the Agency at payoff.

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.  USDA RURAL DEVELOPMENT PHONE#(833)797-3726 4300 GOODFELLOW BLVD FC-1332 ST. LOUIS, MO 63120		CAUTION: The amount shown may not be fully deductible by you. Limits based on the loan amount and the cost and value of the secured property may apply. Also, you may only deduct interest to the extent it was incurred by you, actually paid by you, and not reimbursed by another person.		OMB NO. 1545-1380 <b>2020</b> (Rev. June 2020) Form 1098		<input type="checkbox"/> CORRECTED (If checked) <b>Mortgage Interest Statement</b>	
RECIPIENT'S/LENDERS TIN 431757115		PAYER'S/BORROWER'S TIN *****6901		1 Mortgage interest received from payer(s)/borrower(s) \$ 0.00		3 Mortgage origination date	
PAYER'S/BORROWER'S name, Street address (including apt. no.), city or town, state or province, country, and ZIP or foreign postal code  LAKE VILLAGE WATER ASSOCIATION INC P O BOX 303 BURGIN KY 40310		2 Outstanding mortgage principal \$		4 Refund of overpaid interest \$		5 Mortgage insurance premiums \$	
9 Number of properties securing the mortgage		10 Other IRS FORM 1098 DOES NOT APPLY TO YOUR LOAN		6 Points paid on purchase of principal residence \$		7 If address of property securing mortgage is the same as PAYER'S/BORROWER'S address, the box is checked, or the address or description is entered in box 8. <input checked="" type="checkbox"/>	
Account number (see Instructions) 20084*****690191 11		8 Address or description of property securing mortgage (see Instructions)		11 Mortgage acquisition date		The information in boxes 1 through 9 and 11 is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if the IRS determines that an underpayment of tax results because you overstated a deduction for this mortgage interest or for these points, reported in boxes 1 and 6; or because you didn't report the refund of interest (box 4); or because you claimed a nondeductible item.	



KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2021 B

Borrower: Lake Village Water Association  
 Closing Date: 07/21/21

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
07/01/21						
01/01/22			35,349.24	450.00	35,799.24	
07/01/22	50,000.00	3.200%	33,488.75		83,488.75	119,287.99
01/01/23			32,688.75	450.00	33,138.75	
07/01/23	60,000.00	3.200%	32,688.75		92,688.75	125,827.50
01/01/24			31,728.75	450.00	32,178.75	
07/01/24	60,000.00	3.200%	31,728.75		91,728.75	123,907.50
01/01/25			30,768.75	450.00	31,218.75	
07/01/25	60,000.00	3.200%	30,768.75		90,768.75	121,987.50
01/01/26			29,808.75	450.00	30,258.75	
07/01/26	65,000.00	3.200%	29,808.75		94,808.75	125,067.50
01/01/27			28,768.75	450.00	29,218.75	
07/01/27	65,000.00	3.200%	28,768.75		93,768.75	122,987.50
01/01/28			27,728.75	450.00	28,178.75	
07/01/28	70,000.00	3.200%	27,728.75		97,728.75	125,907.50
01/01/29			26,608.75	450.00	27,058.75	
07/01/29	70,000.00	3.200%	26,608.75		96,608.75	123,667.50
01/01/30			25,488.75	450.00	25,938.75	
07/01/30	70,000.00	2.200%	25,488.75		95,488.75	121,427.50
01/01/31			24,718.75	450.00	25,168.75	
07/01/31	75,000.00	2.200%	24,718.75		99,718.75	124,887.50
01/01/32			23,893.75	450.00	24,343.75	
07/01/32	75,000.00	2.300%	23,893.75		98,893.75	123,237.50
01/01/33			23,031.25	450.00	23,481.25	
07/01/33	75,000.00	2.400%	23,031.25		98,031.25	121,512.50
01/01/34			22,131.25	450.00	22,581.25	
07/01/34	75,000.00	2.500%	22,131.25		97,131.25	119,712.50
01/01/35			21,193.75	450.00	21,643.75	
07/01/35	80,000.00	2.600%	21,193.75		101,193.75	122,837.50
01/01/36			20,153.75	450.00	20,603.75	
07/01/36	80,000.00	2.700%	20,153.75		100,153.75	120,757.50
01/01/37			19,073.75	450.00	19,523.75	
07/01/37	80,000.00	2.900%	19,073.75		99,073.75	118,597.50
01/01/38			17,913.75	450.00	18,363.75	
07/01/38	85,000.00	2.900%	17,913.75		102,913.75	121,277.50
01/01/39			16,681.25	450.00	17,131.25	
07/01/39	85,000.00	3.050%	16,681.25		101,681.25	118,812.50
01/01/40			15,385.00	450.00	15,835.00	
07/01/40	90,000.00	3.050%	15,385.00		105,385.00	121,220.00
01/01/41			14,012.50	450.00	14,462.50	
07/01/41	90,000.00	3.050%	14,012.50		104,012.50	118,475.00
01/01/42			12,640.00	450.00	13,090.00	
07/01/42	95,000.00	3.200%	12,640.00		107,640.00	120,730.00
01/01/43			11,120.00	450.00	11,570.00	
07/01/43	95,000.00	3.200%	11,120.00		106,120.00	117,690.00
01/01/44			9,600.00	450.00	10,050.00	
07/01/44	100,000.00	3.200%	9,600.00		109,600.00	119,650.00
01/01/45			8,000.00	450.00	8,450.00	
07/01/45	100,000.00	3.200%	8,000.00		108,000.00	116,450.00
01/01/46			6,400.00	450.00	6,850.00	
07/01/46	105,000.00	3.200%	6,400.00		111,400.00	118,250.00
01/01/47			4,720.00	450.00	5,170.00	
07/01/47	105,000.00	3.200%	4,720.00		109,720.00	114,890.00
01/01/48			3,040.00	450.00	3,490.00	
07/01/48	60,000.00	3.200%	3,040.00		63,040.00	66,530.00
01/01/49			2,080.00	450.00	2,530.00	
07/01/49	65,000.00	3.200%	2,080.00		67,080.00	69,610.00
01/01/50			1,040.00	450.00	1,490.00	
07/01/50	65,000.00	3.200%	1,040.00		66,040.00	67,530.00
Totals	<u>2,250,000.00</u>		<u>1,089,675.49</u>	<u>13,050.00</u>	<u>3,352,725.49</u>	<u>3,352,725.49</u>

**KRWFC Flexible Term Program Series 2021 B  
Sinking Fund Payment Schedule**

**Borrower:** Lake Village Water Association  
**Closing Date:** 07/21/21

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
9/21-1/22	4,545.45	7,069.85	11,615.30
2/22-7/22	4,545.45	5,581.46	10,126.91
8/22-1/23	5,000.00	5,448.13	10,448.13
2/23-7/23	5,000.00	5,448.13	10,448.13
8/23-1/24	5,000.00	5,288.13	10,288.13
2/24-7/24	5,000.00	5,288.13	10,288.13
8/24-1/25	5,000.00	5,128.13	10,128.13
2/25-7/25	5,000.00	5,128.13	10,128.13
8/25-1/26	5,416.67	4,968.13	10,384.79
2/26-7/26	5,416.67	4,968.13	10,384.79
8/26-1/27	5,416.67	4,794.79	10,211.46
2/27-7/27	5,416.67	4,794.79	10,211.46
8/27-1/28	5,833.33	4,621.46	10,454.79
2/28-7/28	5,833.33	4,621.46	10,454.79
8/28-1/29	5,833.33	4,434.79	10,268.13
2/29-7/29	5,833.33	4,434.79	10,268.13
8/29-1/30	5,833.33	4,248.13	10,081.46
2/30-7/30	5,833.33	4,248.13	10,081.46
8/30-2/31	6,250.00	4,119.79	10,369.79
2/31-7/31	6,250.00	4,119.79	10,369.79
8/31-1/32	6,250.00	3,982.29	10,232.29
2/32-7/32	6,250.00	3,982.29	10,232.29
8/32-1/33	6,250.00	3,838.54	10,088.54
2/33-7/33	6,250.00	3,838.54	10,088.54
8/33-1/34	6,250.00	3,688.54	9,938.54
2/34-7/34	6,250.00	3,688.54	9,938.54
8/34-1/35	6,666.67	3,532.29	10,198.96
2/35-7/35	6,666.67	3,532.29	10,198.96
8/35-1/36	6,666.67	3,358.96	10,025.63
2/36-7/36	6,666.67	3,358.96	10,025.63
8/36-1/37	6,666.67	3,178.96	9,845.63
2/37-7/37	6,666.67	3,178.96	9,845.63
8/37-1/37	7,083.33	2,985.63	10,068.96
2/38-7/38	7,083.33	2,985.63	10,068.96
8/38-1/39	7,083.33	2,780.21	9,863.54
2/39-7/39	7,083.33	2,780.21	9,863.54
8/39-1/40	7,500.00	2,564.17	10,064.17
2/40-7/40	7,500.00	2,564.17	10,064.17
8/40-1/41	7,500.00	2,335.42	9,835.42
2/41-7/41	7,500.00	2,335.42	9,835.42
8/41-1/42	7,916.67	2,106.67	10,023.33
2/42-7/42	7,916.67	2,106.67	10,023.33
8/42-1/43	7,916.67	1,853.33	9,770.00
2/43-7/43	7,916.67	1,853.33	9,770.00
8/43-1/44	8,333.33	1,600.00	9,933.33
2/44-7/44	8,333.33	1,600.00	9,933.33
8/44-1/45	8,333.33	1,333.33	9,666.67
2/45-7/45	8,333.33	1,333.33	9,666.67
8/45-1/46	8,750.00	1,066.67	9,816.67
2/46-7/46	8,750.00	1,066.67	9,816.67
8/46-1/47	8,750.00	786.67	9,536.67
2/47-7/47	8,750.00	786.67	9,536.67
8/47-1/48	5,000.00	506.67	5,506.67
2/48-7/48	5,000.00	506.67	5,506.67
8/48-1/49	5,416.67	346.67	5,763.33
2/49-7/49	5,416.67	346.67	5,763.33
8/49-1/50	5,416.67	173.33	5,590.00
2/50-7/50	5,416.67	173.33	5,590.00
	<u>2,250,000.00</u>	<u>1,089,675.49</u>	<u>3,339,675.49</u>

# Attachment #10

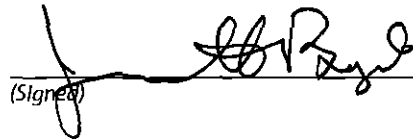
**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

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 LAKE VILLAGE WATER ASSOCIATION 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."

JAMES H. BOYD  
(Print Name)

  
(Signature)

~~CEO~~ PRESIDENT  
(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 Maver

Subscribed and sworn to before me by James H. Boyer  
(Name)

this 18<sup>th</sup> day of February, 2022.

Michael D. Sacco  
NOTARY PUBLIC  
State-at-Large

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Lake Village Water Assn, Inc. ("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."

Kenneth A. Carey  
(Print Name)

Kenneth A. Carey  
(Signed)

Vice President  
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Marion

Subscribed and sworn to before me by Ronald A. Conroy  
(Name)

this 21<sup>st</sup> day of February, 2022.

Michael D. Savel  
NOTARY PUBLIC  
State-at-Large

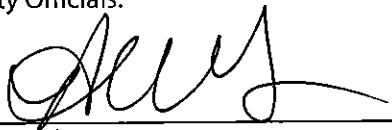
**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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Andrea W. Gross  
(Print Name)

  
(Signed)

Secretary / Treasurer  
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Marion

Subscribed and sworn to before me by Debra Cross  
(Name)

this 9<sup>th</sup> day of February, 2022.

Michael D. Sauer  
NOTARY PUBLIC  
State-at-Large

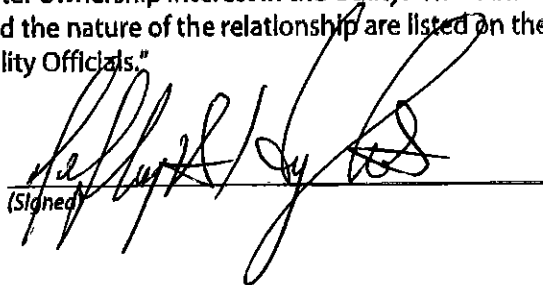
**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between LAKE VILLAGE WATER ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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JEFFREY A. HUGHES  
(Print Name)

  
(Signed)

BOARD DIRECTOR  
(Position/Office)

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COMMONWEALTH OF KENTUCKY  
STATE OF FLORIDA

COUNTY OF SARASOTA

Subscribed and sworn to before me by Jeffrey A. Hughes  
(Name)

this 25 day of February, 2025.

[Signature]  
NOTARY PUBLIC  
State-at-Large



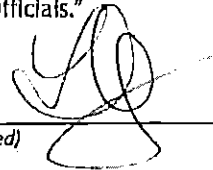
**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
N/A	N/A	N/A

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Thomas Hager  
(Print Name)

  
(Signed)

Board Member  
(Position/Office)

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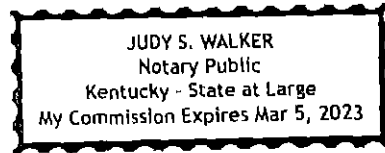
COMMONWEALTH OF KENTUCKY

COUNTY OF Boyle

Subscribed and sworn to before me by Thomas Hager  
(Name)

this 1 day of March, 2022.

Judy Walker  
NOTARY PUBLIC # 617397  
State-at-Large



# Attachment #11

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKE VILLAGE WATER ASSOCIATION PROPOSING ADJUSTMENTS TO ITS WATER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENT**

**WHEREAS**, the Lake Village Water Association (“Association”) is a water association created and organized under the provisions of KRS Chapter 74. The Association is subject to the jurisdiction of the Kentucky Public Service Commission (“PSC”);

**WHEREAS**, prudent financial management dictates that the Association take appropriate action to adjust its water 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 LAKE VILLAGE WATER ASSOCIATION 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 Association proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

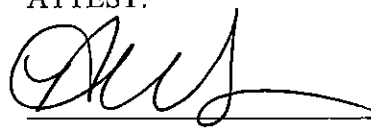
**Section 3.** The Chairman and Manager are hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

**Section 4.** The Chairman, Manager, and all others to whom the Chairman may delegate certain responsibilities are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

**Section 5.** This Resolution shall take effect upon its adoption.

**ADOPTED BY THE BOARD OF DIRECTORS OF THE LAKE VILLAGE WATER ASSOCIATION** at a meeting held on February 8, 2022, signed by the Chairman, and attested by the Secretary.

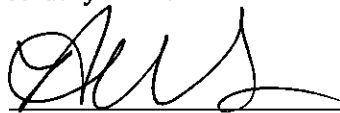
  
\_\_\_\_\_  
CHAIRMAN

ATTEST:  
  
\_\_\_\_\_  
SECRETARY

**CERTIFICATION**

I, Secretary of the Lake Village Water Association (the “Association”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Association at a meeting properly held on February 8, 2022, signed by the Chairman of the Association, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 8th day of February 2022.

  
\_\_\_\_\_  
SECRETARY



**APPENDIX A**

**CURRENT AND PROPOSED RATES**  
**LAKE VILLAGE WATER ASSOCIATION**

**RETAIL RATES**

Rate per Thousand Gallons

<u>per Month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 2,000 Gallons	\$ 26.72	\$ 30.09	\$ 3.37	12.61%
Next 18,000 Gallons	\$ 10.41	\$ 11.72	\$ 1.31	12.58%
Over 20,000 Gallons	\$ 8.43	\$ 9.49	\$ 1.06	12.57%

**WHOLESALE WATER RATE**

Rate per Thousand Gallons

<u>per Month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
For all Water Sold	\$ 4.06	\$ 4.57	\$ 0.51	12.56%

**WATER LOSS REDUCTION SURCHARGE**

<u>Amount per Customer</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
<u>per month</u>	\$ -	\$ 1.57	\$ 1.57	100.00%