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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)

Elkhorn Water District

(Name of Utility)

PO Box 67

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

Frankfort, KY 40601

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

502-695-4431

(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:

Nancy Sherrow, Office Manager

(Name)

PO Box 67

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

Frankfort, KY 40601

(Address - City, State, Zip)

502-695-4431

(Telephone Number)

pmwd2011@att.net

(Email Address)

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

- | | YES | NO | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <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 \$ 76,516 and total revenues from service rates of \$ 407,947. 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 600 +/- 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |
| b. Applicant is required to file state and federal tax returns. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| c. Applicant's most recent state and federal tax returns are attached to this Application.
(Attach a copy of returns.) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. Approximately <u>- 0 -</u> (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. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | |
| 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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | |

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 *Nancy Sherrow*
 Officer of the Company/Authorized Representative
 Title Office Manager
 Date 4/21/22

COMMONWEALTH OF KENTUCKY

COUNTY OF FRANKLIN

Before me appeared Nancy Sherrow, 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.

Jessie C. Driskell
 Notary Public State at Large
 My commission expires: July 23, 2022
 ID # 603599

LIST OF ATTACHMENTS
Elkhorn Water District

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:
 - a. References
 - b. Table A - Depreciation Expense Adjustments
 - c. Table B - Debt Service Schedule
5. Current Billing Analysis
6. Proposed Billing Analysis
7. Depreciation Schedule
8. Outstanding Debt Instruments
9. Amortization Schedules
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

CUSTOMER NOTICE

Notice is hereby given that the Elkhorn Water District expects to file an application with the Kentucky Public Service Commission on or about April 25, 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.

MONTHLY WATER RATES

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. Incl'd. in Minimum</u>	<u>Minimum Bills</u>		<u>Dollar</u>	<u>Percent</u>
		<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
5/8 x 3/4 inch	2,000	\$17.12	\$21.07	\$3.95	23.07%
1 inch	5,000	37.52	46.18	8.66	23.08%
1-1/2 inch	10,000	68.36	84.13	15.77	23.07%

Minimum Bills for Mobile Home Parks

Southcreek	15,000	\$ 128.40	\$ 158.05	\$29.65	23.09%
Elkhorn	76,000	650.59	800.81	150.22	23.09%
Capital	125,000	1,070.05	1,317.12	247.07	23.09%

Rates for Water Usage in Addition to Minimums

<u>No. of Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
First 2,000 Gallons	\$17.12	\$21.07	\$3.95	23.07%
Next 3,000 Gallons	6.80	8.37	1.57	23.09%
Next 5,000 Gallons	6.17	7.59	1.42	23.01%
Over 10,000 Gallons	4.85	5.97	1.12	23.09%

Emergency Wholesale Rate

All water purchased	\$4.85	\$5.97	\$1.12	23.09%
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If the Public Service Commission approves the proposed rates, then the monthly bill for a retail customer using an average of 5,000 gallons per month will increase from \$37.52 to \$46.18. This is an increase of \$8.66 or 23.08%. If the proposed rates are approved, then the average monthly bills for Mobile Home Park customers will increase as follows: Southcreek for 60,000 gallon average from \$346.65 to \$426.70, an increase of \$80.05 or 23.09%; Elkhorn for 300,000 gallon average from \$1,736.99 to \$2,138.09, an increase of \$401.10 or 23.09%; Capital for 700,000 gallon average from \$3,858.80 to \$4,749.87, an increase of \$891.07 or 23.09%. If the proposed rates are approved, then the monthly bill for an Emergency Wholesale Customer using 100,000 gallons per month will increase from \$485.00 to \$597.00, an increase of \$112.00 or 23.09%.

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

Elkhorn Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the District's office located at 7165 US 127 North, Frankfort, KY 40601. You may contact the office at 502-695-4431.

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

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

Reasons for Application

Elkhorn Water District (“the District”) is requesting a 23.09 percent rate increase for all its water customers. The rate increase will generate approximately \$76,516 in additional annual revenue. The District needs the rate increase for the following reasons:

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

CURRENT AND PROPOSED RATES
Elkhorn Water District

	<u>CURRENT</u> <u>RATES</u>	<u>PROPOSED</u> <u>RATES</u>	
<u>5/8" x 3/4" Meters</u>			
First 2,000 gallons	\$ 17.12	\$ 21.07	Minimum Bill
Next 3,000 gallons	6.80	8.37	per 1,000 gallons
Next 5,000 gallons	6.17	7.59	per 1,000 gallons
Over 10,000 gallons	4.85	5.97	per 1,000 gallons
<u>1" Meters</u>			
First 5,000 gallons	\$ 37.52	\$ 46.18	Minimum Bill
Next 5,000 gallons	6.17	7.59	per 1,000 gallons
Over 10,000 gallons	4.85	5.97	per 1,000 gallons
<u>1-1/2" Meters</u>			
First 10,000 gallons	\$ 68.36	\$ 84.13	Minimum Bill
Over 10,000 gallons	4.85	5.97	per 1,000 gallons
<u>Mobile Home Parks</u>			
Southcreek 15,000 gallons	\$ 128.40	\$ 158.05	Minimum Bill
Elkhorn 76,000 gallons	650.59	800.81	Minimum Bill
Capital 125,000 gallons	1,070.05	1,317.12	Minimum Bill
Over Minimum Usage	4.85	5.97	per 1,000 gallons
<u>Emergency Wholesale Rate</u>			
All water purchased	\$ 4.85	\$ 5.97	per 1,000 gallons

SCHEDULE OF ADJUSTED OPERATIONS
Elkhorn Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Pro forma</u>
<u>Operating Revenues</u>				
Total Metered Water Sales	\$ 329,429	(1,854)	A	
		3,856	B	\$ 331,431
Other Water Revenues:				
Forfeited Discounts	-	391	A	
		2,592	C	2,983
Misc. Service Revenues	-	1,463	A	1,463
Total Operating Revenues	\$ 329,429			\$ 335,877
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	-			-
Salaries and Wages - Officers	8,479			8,479
Employee Pensions and Benefits	-			-
Purchased Water	180,062	(851)	D	179,211
Purchased Power	7,751	(37)	D	7,714
Chemicals & Lab Testing	2,398			2,398
Materials and Supplies	-			-
Contractual Services - Acct.	14,120			14,120
Contractual Services - Other	48,764	(4,400)	E	
		17,520	F	61,884
Rental of Bld./Real Property	92			92
Transportation Expenses	-			-
Insurance - General Liability	4,189			4,189
Advertising	636			636
Miscellaneous Expenses	28,682			28,682
Total Operation and Mnt. Expenses	295,173			307,405
Depreciation Expense	12,183	23,104	G	35,287
Taxes Other Than Income	2,057			2,057
Total Operating Expenses	\$ 309,413			\$ 344,750
Net Utility Operating Income	\$ 20,016			\$ (8,873)
REVENUE REQUIREMENTS				
Pro Forma Operating Expenses				\$ 344,750
Plus: Avg. Annual Principal and Interest Payments			H	57,102
Additional Working Capital			I	11,420
Total Revenue Requirement				413,272
Less: Other Operating Revenue				(4,446)
Interest & Dividend Income				(879)
Revenue Required From Metered Water Sales				\$ 407,947
Revenue from Sales at Present Rates				331,431
Required Revenue Increase				\$ 76,516
Percent Increase				23.09%

REFERENCES

- A. The amount reported in the test year for Total Metered Water Sales includes certain nonrecurring charges. That revenue is reclassified to the appropriate categories.
- B. The Current Billing Analysis results in pro forma metered sales revenue of \$331,431. This indicates an addition to reported Metered Sales of \$3,856 is required.
- C. In early 2020, the Governor issued an Executive Order that prohibited utilities from charging Late Fees on past due accounts. This Order has now been rescinded. To normalize the revenue from Late Fees an adjustment of \$2,592 is added to the amount reported for 2020. This brings the pro forma figure for Late Fees back to the level experienced in 2019.
- D. The District's test year water loss was 15.473 percent. The PSC's maximum allowable loss for rate-making purposes is 15.0 percent. Therefore, the expenses for Purchased Water and Power related to water purchased and pumped above the 15 percent limit are not allowed in the rate base and must be deducted.
- E. During the test year payments to a contractor for installation and the District's cost of materials for new meter services were charged to Contractual Services - Other. These capital costs must be deducted from operating expenses. The amount of tap fees collected for new connections can be substituted for the actual installation expenses. The total of \$4,400 is deducted from this expense category.
- F. Charges from the District's operations contractor, Gatewood Water Service, have increased substantially since the 2020 test year. To include this increase in expenses an addition of \$17,520 to Contractual Services – Other is required.
- G. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges. Adjustments are also included for the new facilities constructed in the recent project. See Table A.
- H. The annual debt service payments for the District's Rural Development and KIA loans are shown in Table B. The five-year average of these payments is added in the revenue requirement calculation.
- I. The amount shown in Table B for coverage on long term debt is required by the District's loan documents. This is included in the revenue requirement as Additional Working Capital.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Elkhorn Water District

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Reported Life</u>	<u>Depr. Exp.</u>	<u>Pro forma Life</u>	<u>Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>PUMPS, LINES, METERS</u>							
PUMPS, LINES, METERS	07/01/89	5,864	40	147	40.0	\$ 147	\$ -
LINE TO NEW STORAGE TANK	01/01/94	128,891	45	2,864	62.5	2,062	(802)
PUMPS, LINES, METERS	12/10/97	8,503	40	213	40.0	213	-
2007 NEW CUSTIMER SERV	06/30/07	10,069	50	201	40.0	252	50
2008 NEW CUSTIMER SERV	06/30/08	6,074	50	121	40.0	152	30
2009 NEW CUSTIMER SERV	06/30/09	32,055	50	641	40.0	801	160
2010 NEW CUSTIMER SERV	06/30/10	14,410	50	288	40.0	360	72
2011 NEW CUSTIMER SERV	06/30/11	2,707	50	54	40.0	68	14
2012NEW CUSTIMER SERV	06/30/12	2,100	50	42	40.0	53	11
2013 NEW CUSTIMER SERV	06/30/13	3,117	50	62	40.0	78	16
2014 NEW CUSTIMER SERV	06/30/14	2,669	50	53	40.0	67	13
2015 NEW CUSTIMER SERV	06/30/15	1,653	50	33	40.0	41	8
PUMPS, LINES, METERS	09/12/20	5,284	40	33	40.0	132	99
PUMPS, LINES, METERS	09/12/20	4,170	40	26	40.0	104	78
PUMPS, LINES, METERS	11/11/20	2,544	40	5	40.0	64	58
<u>TANKS</u>							
STORAGE TANK	01/01/94	251,295	45	5,584	45.0	5,584	-
Tank Cathodic Protection	06/30/07	3,750	15	250	15.0	250	-
<u>METERS & METER INSTALLATIONS</u>							
MASTER METER SOFTWARE	07/01/13	14,212	10	1,421	10.0	1,421	-
METERS & INSTALLATIONS	06/30/14	1,720	15	115	45.0	38	(76)
METERS & INSTALLATIONS	06/30/15	420	15	28	45.0	9	(19)
<u>KIA FUNDED CONSTRUCTION PROJECT</u>							
Water Line	2022	227,325	na	-	62.5	3,637	3,637
Pumping Station	2022	277,918	na	-	37.5	7,411	7,411
AMR Meters	2022	246,867	na	-	20.0	12,343	12,343
Totals				12,183		35,288	\$ 23,104

* Includes only costs of assets that contributed to depreciation expense in the test year and the KIA project.

Table B
DEBT SERVICE SCHEDULE
Elkhorn Water District
CY 2023 - 2027

	RD Bonds		KIA Loan *			Totals
	Principal	Interest	Principal	Interest	Fees	
2023	7,700	5,394	25,182	17,419	1,267	56,962
2024	8,200	4,976	25,879	16,722	1,216	56,993
2025	8,800	4,529	26,596	16,005	1,164	57,094
2026	9,400	4,052	27,332	15,269	1,110	57,163
2027	10,100	3,541	28,089	14,512	1,055	57,297
Totals	\$ 44,200	\$ 22,492	\$ 133,078	\$ 79,926	\$ 5,813	\$ 285,509
5 Year Average Principal & Interest						\$ 57,102
5 Year Average Coverage						\$ 11,420

* Payments are based on a final KIA loan amount of \$652,000. The total project cost of \$752,000 will be partially funded by a \$100,000 grant from Franklin Co. Fiscal Court.

CURRENT BILLING ANALYSIS WITH 2020 USAGE & EXISTING RATES
Elkhorn Water District

SUMMARY

Classification	No. of Bills	Gallons Sold	Revenue
5/8"x 3/4" Mtrs	7,036	35,022,999	\$ 258,161
1" Meters	60	728,950	4,972
South Creek	12	745,500	4,283
Elkhorn	12	3,499,000	20,354
Capital	12	8,368,500	46,153
	7,132	48,364,949	333,923
		Less Net Billing Adjustments	(2,492)
		Pro forma Sales Revenue	\$ 331,431

5/8" x 3/4" METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	ALL OVER 10,000	TOTAL
First	2,000	2,228	2,593,535	2,593,535	-	-	-	2,593,535
Next	3,000	2,953	10,683,236	5,906,000	4,777,236	-	-	10,683,236
Next	5,000	1,354	9,485,853	2,708,000	4,062,000	2,715,853	-	9,485,853
All Over	10,000	501	12,260,375	1,002,000	1,503,000	2,505,000	7,250,375	12,260,375
		7,036	35,022,999	12,209,535	10,342,236	5,220,853	7,250,375	35,022,999

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	2,000	7,036	12,209,535	\$ 17.12	\$ 120,456.32
Next	3,000		10,342,236	6.80	70,327.20
Next	5,000		5,220,853	6.17	32,212.66
All Over	10,000		7,250,375	4.85	35,164.32
		7,036	35,022,999		\$ 258,160.51

1" METERS

	USAGE	BILLS	GALLONS	FIRST 5,000	NEXT 5,000	ALL OVER 10,000	TOTAL
First	5,000	26	36,950	36,950	-	-	36,950
Next	5,000	13	103,500	65,000	38,500	-	103,500
All Over	10,000	21	588,500	105,000	105,000	378,500	588,500
		60	728,950	206,950	143,500	378,500	728,950

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	5,000	60	206,950	\$ 37.52	\$ 2,251.20
Next	5,000		143,500	6.17	885.40
All Over	10,000		378,500	4.85	1,835.73
		60	728,950		\$ 4,972.32

SOUTH CREEK MOBILE HOME PARK

	USAGE	BILLS	GALLONS	FIRST 15,000	ALL OVER 15,000	TOTAL
First	15,000	-	-	-	-	-
All Over	15,000	12	745,500	180,000	565,500	745,500
		12	745,500	180,000	565,500	745,500

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
First	15,000	12	180,000	\$ 128.40	\$ 1,540.80
All Over	15,000		565,500	4.85	2,742.68
		12	745,500		\$ 4,283.48

ELKHORN MOBILE HOME PARK

	USAGE	BILLS	GALLONS	FIRST 76,000	ALL OVER 76,000	TOTAL
First	76,000	-	-	-	-	-
All Over	76,000	12	3,499,000	912,000	2,587,000	3,499,000
		12	3,499,000	912,000	2,587,000	3,499,000

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
First	76,000	12	912,000	\$ 650.59	\$ 7,807.08
All Over	76,000		2,587,000	4.85	12,546.95
		12	3,499,000		\$ 20,354.03

CAPITAL MOBILE HOME PARK

	USAGE	BILLS	GALLONS	FIRST 125,000	ALL OVER 125,000	TOTAL
First	125,000	-	-	-	-	-
All Over	125,000	12	8,368,500	1,500,000	6,868,500	8,368,500
		12	8,368,500	1,500,000	6,868,500	8,368,500

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
First	125,000	12	1,500,000	\$ 1,070.05	\$ 12,840.60
All Over	125,000		6,868,500	4.85	33,312.23
		12	8,368,500		\$ 46,152.83

PROPOSED BILLING ANALYSIS WITH 2020 USAGE & PROPOSED RATES
Elkhorn Water District

SUMMARY

Classification	No. of Bills	Gallons Sold	Revenue
5/8"x 3/4" Mtrs	7,036	35,022,999	\$ 317,724
1" Meters	60	728,950	6,120
South Creek	12	745,500	5,273
Elkhorn	12	3,499,000	25,054
Capital	12	8,368,500	56,810
	7,132	48,364,949	410,981
		Less Net Billing Adjustments	(3,067)
		Pro forma Sales Revenue	\$ 407,913

5/8" x 3/4" METERS

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 5,000	ALL OVER 10,000	TOTAL
First	2,000	2,228	2,593,535	2,593,535	-	-	-	2,593,535
Next	3,000	2,953	10,683,236	5,906,000	4,777,236	-	-	10,683,236
Next	5,000	1,354	9,485,853	2,708,000	4,062,000	2,715,853	-	9,485,853
All Over	10,000	501	12,260,375	1,002,000	1,503,000	2,505,000	7,250,375	12,260,375
		7,036	35,022,999	12,209,535	10,342,236	5,220,853	7,250,375	35,022,999

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	2,000	7,036	12,209,535	\$ 21.07	\$ 148,248.52
Next	3,000		10,342,236	8.37	86,564.52
Next	5,000		5,220,853	7.59	39,626.27
All Over	10,000		7,250,375	5.97	43,284.74
		7,036	35,022,999		\$ 317,724.05

1" METERS

	USAGE	BILLS	GALLONS	FIRST 5,000	NEXT 5,000	ALL OVER 10,000	TOTAL
First	5,000	26	36,950	36,950	-	-	36,950
Next	5,000	13	103,500	65,000	38,500	-	103,500
All Over	10,000	21	588,500	105,000	105,000	378,500	588,500
		60	728,950	206,950	143,500	378,500	728,950

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	5,000	60	206,950	\$ 46.18	\$ 2,770.80
Next	5,000		143,500	7.59	1,089.17
All Over	10,000		378,500	5.97	2,259.65
		60	728,950		\$ 6,119.61

SOUTH CREEK MOBILE HOME PARK

	USAGE	BILLS	GALLONS	FIRST 15,000	ALL OVER 15,000	TOTAL
First	15,000	-	-	-	-	-
All Over	15,000	12	745,500	180,000	565,500	745,500
		12	745,500	180,000	565,500	745,500

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
First	15,000	12	180,000	\$ 158.05	\$ 1,896.60
All Over	15,000		565,500	5.97	3,376.04
		12	745,500		\$ 5,272.64

ELKHORN MOBILE HOME PARK

	USAGE	BILLS	GALLONS	FIRST 76,000	ALL OVER 76,000	TOTAL
First	76,000	-	-	-	-	-
All Over	76,000	12	3,499,000	912,000	2,587,000	3,499,000
		12	3,499,000	912,000	2,587,000	3,499,000

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
First	76,000	12	912,000	\$ 800.81	\$ 9,609.72
All Over	76,000		2,587,000	5.97	15,444.39
		12	3,499,000		\$ 25,054.11

CAPITAL MOBILE HOME PARK

	USAGE	BILLS	GALLONS	FIRST 125,000	ALL OVER 125,000	TOTAL
First	125,000	-	-	-	-	-
All Over	125,000	12	8,368,500	1,500,000	6,868,500	8,368,500
		12	8,368,500	1,500,000	6,868,500	8,368,500

REVENUE BY RATE INCREMENT

		BILLS	GALLONS	RATE	REVENUE
First	125,000	12	1,500,000	\$ 1,317.12	\$ 15,805.44
All Over	125,000		6,868,500	5.97	41,004.95
		12	8,368,500		\$ 56,810.39

BOND RESOLUTION

ELKHORN WATER DISTRICT

AUTHORIZING

ELKHORN WATER DISTRICT WATERWORKS REVENUE BONDS OF 1993

IN THE AMOUNT OF

\$200,000

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BOND RESOLUTION

RESOLUTION OF THE ELKHORN WATER DISTRICT OF FRANKLIN COUNTY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$200,000 PRINCIPAL AMOUNT OF ELKHORN WATER DISTRICT WATERWORKS REVENUE BONDS OF 1993 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; PROVIDING FOR SAID BONDS TO RANK ON A PARITY WITH CERTAIN OUTSTANDING REVENUE BONDS, PREVIOUSLY ISSUED BY SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Elkhorn Water District (the "District") is owned and operated by said District pursuant to Chapters 74 and 106 and Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes (the "Act"), and

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

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

WHEREAS, it is the desire and intent of the District at this time to adopt this Resolution pursuant to the Act, to authorize and provide for the issuance of revenue bonds in the principal amount of \$200,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Warner A. Broughman III and Associates, now on file in the office of the Secretary of the District, and to prescribe the covenants of the District, the

rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued so as to rank on a parity basis with the Prior Bonds, and

WHEREAS, the Prior Bonds were issued to and are now held by the Farmers Home Administration of the Department of Agriculture of the United States of America (the "FmHA"), and

WHEREAS, the FmHA, as the Owner of the Prior Bonds, has consented to the issuance by the District of the Current Bonds, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$151,500, and by a contribution from the District in the amount of at least \$31,000, to provide the total cost of such construction, and

WHEREAS, the District has entered into a Water Purchase Contract (as hereinafter defined) with the Frankfort Electric and Water Plant Board, assuring the District an adequate supply of water for as long as any of the proposed Current Bonds shall be outstanding,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE ELKHORN WATER DISTRICT OF FRANKLIN COUNTY, KENTUCKY, AS FOLLOWS:

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

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

"ACT" refers to Chapters 74 and 106 and Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes.

"BEGINNING MONTH" means the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

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

"BONDOWNER" or "OWNER" means and contemplates the registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"BONDS" refers to the outstanding Prior Bonds and the Current Bonds.

"BONDS OF 1969" refers to the original authorized issue of \$138,000 of bonds designated as "Elkhorn Water District Waterworks System Revenue Bonds", dated February 26, 1969 scheduled to mature on January 1 in each of the years 1994 through 2008, inclusive.

"BOND RESOLUTION OF 1969" or "1969 BOND RESOLUTION" refers to the Resolution authorizing the Bonds of 1969, duly adopted by the Board of Commissioners of the District on September 25, 1968.

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

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

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

"CONSTRUCTION ACCOUNT" refers to the Elkhorn Water District Construction Account, created in Section 301(B) of this Current Bond Resolution.

"CONSTRUCTION PROJECT" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Construction

Project is being financed by the Current Bonds and by other funds.

"CONTRACTORS" means the general contractors who have been employed by the District to construct the Construction Project.

"CURRENT BOND RESOLUTION" or "RESOLUTION" refers to this Resolution authorizing the Current Bonds.

"CURRENT BONDS" refers to the \$200,000 of Elkhorn Water District Waterworks Revenue Bonds of 1993 authorized by this Resolution, to be dated as of the date of issuance thereof.

"DEPOSITORY BANK" means the bank, which shall be a member of the FDIC, at which the principal of and interest on the Prior Bonds are payable and which has served and shall continue to serve as the depository of all of the Funds created in the Prior Bond Resolution and this Current Bond Resolution, which bank is Farmers Bank, Frankfort, Kentucky, or its successor.

"DEPRECIATION FUND" refers to the Depreciation Reserve Fund, created in Section 6 (B) of the Prior Bond Resolution.

"DISTRICT" refers to the Elkhorn Water District of Franklin County, Kentucky.

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

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

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

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

"FmHA" means the Farmers Home Administration of the Department of Agriculture of the United States of America.

"FUNDS" refers to the Revenue Fund, the Prior Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund.

"GOVERNMENT" means the United States of America, or any agency thereof, including the FmHA.

"GRANT PROCEEDS" refers to the proceeds of the State Grant.

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

"INTERIM LENDER" means *Frankfort* *Farmers Bank & Capital Trust Co.*, Kentucky, its successors or assigns, or any other financial institution or governmental agency approved by the District.

"LOCAL COUNSEL" refers to Thomas A. Marshall, Frankfort, Kentucky, or any other attorney or firm of attorneys designated by the District.

"MULTIPLE ADVANCES" refers to the advance of loan funds from the FmHA as described in Section 302 of this Resolution.

"NOTE" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Section 58.150 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Construction Project as prescribed in Section 302 of this Resolution.

"OPERATION AND MAINTENANCE FUND" refers to the Operation and Maintenance Fund described in Section 402(E) of this Resolution.

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

"PARITY BONDS" means bonds which may be issued in the future, in addition to the Prior Bonds and the Current Bonds, which Parity Bonds issued in the future will, pursuant to the provisions of the Prior Bond Resolution and of this Current Resolution, rank on a basis of parity with said outstanding Prior Bonds and Current Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Prior Bonds and Current Bonds.

"PRIOR BONDS" refers to the Bonds of 1969.

"PRIOR BOND RESOLUTION" refers to the 1969 Bond Resolution.

"PRIOR SINKING FUND" refers to the Waterworks Bond and Interest Sinking Fund, created in Section 6 (A) of the 1969 Bond Resolution.

"PURCHASER" means the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds, and such definition shall refer to the FmHA if it is the Purchaser of the Current Bonds at said public sale.

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

"REVENUE FUND" refers to the Water Revenue Fund, created in Section 6 of the 1969 Bond Resolution.

"STATE GRANT" refers to the State Grant described in Section 804 of this Resolution.

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

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

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

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

"WATER PURCHASE CONTRACT" refers to the contract for purchase of treated water by and between the District and the Frankfort Electric and Water Plant Board, as amended and supplemented.

All words and terms importing the singular number shall, where the context requires, import the plural number and

vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

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

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

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Construction Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$382,500. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Construction Project that the District issue a total of \$200,000 of Current Bonds, based on the following calculation:

Total cost of Construction Project		\$382,500
Less:		
State Grant	151,500	
District Contribution	<u>31,000</u>	
Total Non-Bond Funds:		<u>(182,500)</u>
Balance to be financed by Current Bonds		\$200,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Construction Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$200,000 principal amount of Elkhorn Water District Waterworks Revenue Bonds of 1993.

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

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

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

Section 107. Current Bonds Shall be Payable Out of Gross Revenues and Secured by Statutory Mortgage Lien on a Parity with the Prior Bonds. All of the Current Bonds, the Prior Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions herein set forth, shall be (i) secured on a parity first lien basis by and payable solely from the gross revenues of the System; (ii) a valid claim of the Owners thereof against the Prior Sinking Fund created for the benefit of such Owners; and (iii) further secured, on a parity first lien basis, by a statutory mortgage lien as provided in Section 106.080 of the Kentucky Revised Statutes, which statutory mortgage lien is hereby recognized to be valid and binding upon the District and

upon all of the properties constituting the System. Such lien shall take effect immediately upon delivery of the Current Bonds.

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

ARTICLE 2

THE BONDS; PRINCIPAL INSTALLMENTS; BOND FORM; EXECUTION; PREPAYMENT.

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

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

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

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

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, installments of principal falling due prior to January 1, 2002, shall not be subject to prepayment. Installments of principal falling due on and after January 1, 2002, shall be subject to prepayment by the District on any interest payment date falling on and after January 1, 2001, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or installments in a multiple of \$1,000, may be prepaid at any time in inverse chronological order of the installments due, at par plus accrued interest without any prepayment penalty.

ARTICLE 3

CONSTRUCTION ACCOUNT; INTERIM FINANCING; APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.

Section 301. The Construction Account; Fidelity Bond of Treasurer; Covenants Applicable if FmHA Purchases the Bonds; Application of Proceeds of Bonds; Other Transfers and Deposits.

The Treasurer of the District, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System, and such funds shall be deposited in the Depository Bank. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of funds of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$16,000 (the "Fidelity Bond"), or such larger amount as the FmHA may require, which Fidelity Bond shall be effective and secured by a surety company approved by the FmHA so long as it is owner of any of the Bonds; the FmHA and the District shall be named co-obligees in such Fidelity Bond; and the amount thereof shall not be reduced without the written consent of the FmHA; provided that whenever sums in the various accounts referred to herein (other than the Construction Account) shall exceed \$16,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the FmHA.

In like manner, the officials of the District entrusted with the receipt and disbursement of moneys in the Construction Account shall be covered by a separate fidelity bond (the "Construction Account Fidelity Bond") with the FmHA and the District named as co-obligees in the maximum amount anticipated to be on deposit in the Construction Account at any one time as determined by the Chairman, with the approval of the FmHA. The District will segregate and earmark its various funds, consistent with this Resolution, in such manner as to enable the District to obtain the lowest possible surety premium rate on such Fidelity Bond and Construction Account Fidelity Bond.

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

procedure, and the necessity of using FmHA Forms, shall not be applicable.

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

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

(2) Construction Account; Grant Proceeds and District Contribution. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Elkhorn Water District Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds. Simultaneously with or prior to the delivery of the Bonds, there shall also be deposited in the Construction Account the proceeds of the District contribution in the minimum amount of \$31,000 (less any amounts theretofore used for authorized purposes), to supplement the proceeds of the Bonds and Grant Proceeds in order to assure completion of the Construction Project.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the FmHA as to such expenditures, if the FmHA is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such Treasurer or such other official shall be covered by the Construction Account Fidelity Bond required by

Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Construction Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated FmHA official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items. The executed Requisition Certificates shall be retained by the Treasurer and need not be furnished to the Depository Bank, which shall be authorized to honor checks signed by the Treasurer.

During construction, the District shall disburse Construction Account funds in a manner consistent with FmHA Instruction 1942.17(p)(5) of Appendix "A" to FmHA Instruction 1942-A. Form FmHA 424-18, "Partial Payment Estimate" or similar form approved by FmHA, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to FmHA for review and acceptance. Form SF-271, "Outlay Report and Request for Reimbursement for Construction Programs," shall be prepared and submitted to FmHA to account for funds expended in the last 30-day period.

After the Bonds are delivered, the District shall prepare and submit Form SF-272, "Report of Federal Cash Transactions", to report the status of federal cash received during each prior monthly period. Form FmHA 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____", will be prepared by the District and submitted to FmHA in order that a periodic Advance of Federal Cash may be requested. Forms FmHA 440-11 and SF-272 will be submitted to FmHA simultaneously.

Periodic audits of the District's Construction Account records shall be made by FmHA as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Prior Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$6,500) during the construction of the Construction Project, as approved by the Engineers and by the FmHA. If and to the extent not theretofore expended in paying

interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Construction Project, such amount so transferred from the Construction Account shall be deposited in the Prior Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of the Construction Project (as determined by the Engineers, the Chairman and the representative of the FmHA), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate FmHA Form 402-4 Agreement is executed, if the FmHA has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) Statements of Contractors, Engineers, and Attorneys as to Payment. Prior to the delivery of the Current Bonds, if the FmHA is the Purchaser of the Current Bonds, the District will be required to provide the FmHA with statements from the Contractors, Engineers, and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under FmHA Instructions 1942-A, Subsection 1942.17(n)(2).

(7) Disposition of Balance in Construction Account After Completion of Construction Project. When the Construction Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the FmHA,

any balance then remaining in the Construction Account may, with the consent of the State Director of the FmHA, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Construction Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Prior Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Prior Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$1,000 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of \$200,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Construction Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

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

(2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by

the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$200,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the FmHA.

The total authorized interim financing of \$200,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

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

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

B. Multiple Advances by FmHA. In the event the Current Bonds are purchased by the FmHA, and in the event the

District is unable to obtain a commitment for interim financing for the Construction Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the FmHA.

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

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

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Construction Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301B(3) hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

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

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, as follows:

(a) The District certifies, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Purchaser and/or Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of

the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

(b) The District certifies, based on information furnished by the Engineers, and on known facts and reasonable expectations at this time, as follows:

- (1) that the District has entered into a contract with the Engineers for engineering services in connection with the Construction Project financed by the Current Bonds and the fees to be paid to such Engineers will exceed 2-1/2% of the total cost of the Construction Project;
- (2) that work on the Construction Project has commenced or will commence within six (6) months from the date of issuance of the Current Bonds or from the date of the first interim financing loan made under this Resolution, whichever occurs first;
- (3) that the construction of said Construction Project will proceed thereafter to completion with due diligence on the part of the District;
- (4) that all of the proceeds of the Current Bonds, with the possible exception of five percent (5%) of the proceeds of the Bonds, will be expended on the costs of the Construction Project within less than three (3) years from the date of issuance of the Current Bonds;
- (5) that it is anticipated that amounts on deposit in the Prior Sinking Fund will be used within thirteen (13) months from the date of deposit for the payment of debt service on the Outstanding Bonds, and that, except for an amount equal to not more than the greater of (i) one-twelfth (1/12) of debt service requirements of the Outstanding Bonds for the then ensuing year; or (ii) one (1) year's earnings on the Prior Sinking Fund, such Prior Sinking Fund will be depleted through such application for current debt service requirements of the Outstanding Bonds;

- (6) that it is not anticipated that amounts will be accumulated in any reserve fund anticipated to be used for debt service on the Outstanding Bonds in excess of an amount reasonably required to sell the Current Bonds; provided, however, in no event shall such amount exceed the lesser of (i) the maximum annual debt service on all Outstanding Bonds; (ii) 1.25 times the average annual debt service for principal and interest on all Outstanding Bonds; or (iii) more than 10% of the face amount (par) of the Current Bonds, plus 10% of the face amount of all Prior Bonds (15% as to any Prior Bonds issued prior to August 16, 1986);
- (7) that it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of the debt service on any Outstanding Bonds, even though such Depreciation Fund will be available if necessary to prevent a default in the payment of principal and interest on the Bonds; and
- (8) that the District has not been advised of any listing or contemplated listing by the Internal Revenue Service determining that the foregoing type of certification with respect to the District's obligations may not be relied on.

(c) The District covenants that neither the proceeds of the Bonds, nor Non-Exempt Revenues (hereinafter defined) of the District will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Current Bonds, if such investment would cause the Current Bonds to be treated as "arbitrage bonds"; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever such Code permits same to be invested without causing the Current Bonds to be treated as "arbitrage bonds".

"Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the District deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Outstanding Bonds, in excess of Exempt Revenues (hereinafter defined).

"Exempt Revenues" shall consist of the following:

- (1) amounts deposited in the Prior Sinking Fund for the purpose of paying debt service on any .

Outstanding Bonds within thirteen (13) months from the date of deposit;

- (2) amounts deposited in any reserve earmarked for or anticipated to be used for debt service on Outstanding Bonds, to the extent that such deposits do not cause the total amount of such reserves, deposits and other excess Non-Exempt Revenues, to exceed the limitations referred to in Section 303(b)(6) above, for which adequate provision will have been made to comply with such limitations;
- (3) amounts deposited in the Depreciation Fund, Operation and Maintenance Fund, or any other fund (however designated) reasonably expected to be used for extensions, additions, improvements, repairs or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose) of Outstanding Bonds; and
- (4) an amount of the original proceeds of the Current Bonds if such amount does not exceed the lesser of five percent (5%) of the proceeds of the Current Bonds or \$100,000.

If and to the extent that any Non-Exempt Revenues are on deposit and are available for investment, such funds shall be subject to the investment limitation referred to in Section 303(a) above.

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

ARTICLE 4

CURRENT BONDS ON A PARITY WITH PRIOR BONDS; FLOW OF FUNDS.

Section 401. Current Bonds on a Parity with Prior Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the Secretary of the District (a) a letter from the FmHA to the effect that the FmHA agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the Prior Bonds, all of which are owned by the FmHA, together with (b) a certification signed by the FmHA to the effect that a legend has been typed, stamped or otherwise affixed on each of the Prior Bonds held by the FmHA, evidencing the agreement of the FmHA as the then Owner of the Prior Bonds, to the issuance of the Current Bonds so as to rank on a parity with the Prior Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$200,000 of Elkhorn Water District Waterworks Revenue Bonds of 1993 ranking on a parity as to security and source of payment with this Bond.

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

Section 402. Provisions of Prior Bond Resolution Incorporated Herein; Adjustments in Required Deposits. All proceedings preliminary to and in connection with the issuance of said outstanding Prior Bonds of the District, including provisions made for (i) the receipt, custody and application of the proceeds of said Prior Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of said Prior Bonds; and (v) the depreciation of the System; and all other covenants for the benefit of bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Current Bonds, as well as of the Prior Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that the amount of the revenues of the System, to be paid into the Prior Sinking Fund during each of the fiscal years so long as any of the Prior Bonds and Current Bonds are outstanding, shall be sufficient to pay when due the interest upon and principal of all of the Prior Bonds and of all of the Current Bonds, as hereinafter specified.

A. Revenue Fund. A separate and special fund or account of the District, distinct and apart from all other funds and accounts, was heretofore created by the Prior Bond Resolution, which fund has been and is designated and identified as the Water Revenue Fund, in the custody of the Treasurer, which Fund has been deposited with and shall continue to be maintained and deposited with the Depository Bank, so long as any of the Prior Bonds, the Current Bonds or any Parity Bonds are outstanding. The District covenants and agrees that it will continue to deposit therein, 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 from time to time shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified by this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Adjustments in Required Prior Sinking Fund Deposits. In accordance with the requirements of the Prior Bond Resolution, it is hereby recognized that the District is obligated upon the issuance of the Current Bonds to provide for additional debt service requirements of the Current Bonds.

Accordingly, it is hereby provided that the Prior Bond Resolution is amended and supplemented to provide further as follows:

At or after the delivery of the Current Bonds, there shall be transferred from the Construction Account to the Prior Sinking Fund an amount sufficient to provide for capitalized interest (initially estimated at \$6,500) on the Current Bonds during the construction of the Construction Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Construction Project.

Until the expiration of the month in which interest on the Current Bonds is last payable out of the sum set aside into the Prior Sinking Fund as capitalized interest, there shall continue to be transferred and deposited in each month from the Revenue Fund created in Section 6 of the Prior Bond Resolution and into which Revenue Fund all cash income and revenues derived from the operation of the System are required to be deposited, into the Prior Sinking Fund on or before the twentieth (20th) day of each month, for payment of interest on and principal of the Prior Bonds, a sum equal to the total of the following:

- (a) An amount equal to one-sixth (or such larger amount as is necessary) of the next succeeding six-month interest installment to become due on the Prior Bonds, plus

- (b) A sum equal to one-twelfth of the principal of any Prior Bonds maturing on the next succeeding January 1.

After the expiration of the month in which interest on the Current Bonds is last payable out of the sum set aside into the Prior Sinking Fund as capitalized interest, the deposits required by subsections (a) and (b) above shall be superseded, and thenceforth and thereafter, there shall be transferred in each month from the Revenue Fund and deposited into the Prior Sinking Fund on or before the twentieth (20th) day of each month, for payment of interest on and principal of all of the Outstanding Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (or such larger amount as is necessary) of the next succeeding six-month interest installment to become due on the Outstanding Bonds, plus
- (2) A sum equal to one-twelfth (or such larger amount as is necessary) of the principal of the Outstanding Bonds maturing on the next succeeding January 1.

If the District 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 Prior 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 Prior Sinking Fund amounts in excess of the requirements during the next twelve (12) months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any of such Outstanding Bonds prior to maturity, as set forth in Section 204 hereof and as provided in the Prior Bond Resolution.

C. Monthly Principal and Interest Payments if Requested by the FmHA, or Other Owner of All Outstanding Bonds. So long as any of the Prior Bonds and Current Bonds are held or insured by the FmHA, the District shall, if requested by the FmHA, make the payments required by the preceding Section 402(B), in monthly installments to the FmHA or to the insured Owners of the Prior Bonds and Current Bonds; provided further that at the option of any other Owner of all of the Prior Bonds and Current Bonds, such payments shall similarly be made in monthly payments to such Owner.

D. Adjustment in Depreciation Fund Deposits. It is hereby recognized that in Section 6(B) of the Prior Bond Resolution, provision was made for the accumulation of a Depreciation Fund to which, from the balance of the funds remaining after the current Prior Sinking Fund deposit requirements are satisfied,

there shall be set aside and paid in each month, as the next payment from the Revenue Fund, the sum of \$50.00 in each month, until there has been accumulated in such Depreciation Fund the sum of \$850.00, after which no further deposits are required by the Prior Bond Resolution to be made into such Depreciation Fund except to replace withdrawals.

Pursuant to the provisions of the Prior Bond Resolution, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Construction Project, as certified by the Engineers and by the FmHA, the sum of \$180.00 (increased from \$50.00) each month shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of \$16,450 (increased from \$850.00), which amount shall be maintained, and when necessary, restored to said sum of \$16,450, so long as any of the Prior Bonds and/or Current Bonds are outstanding and unpaid.

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

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

All funds in the Prior Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All funds in the Prior Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be

needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

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

E. Operation and Maintenance Fund. After the completion of the transfers required in this Section 402 to be made in each month, 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 expenditures for a two-month period pursuant to the District's annual budget.

F. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred within sixty (60) days after the end of each fiscal year, to the Prior Sinking Fund, the balance of excess funds in the Revenue Fund on such date, to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

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

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

ARTICLE 5

COVENANTS OF DISTRICT

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

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

Section 502. Books and Accounts; Audit. If and to the extent not now fully required by the Prior Bond Resolution, the District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Owners of any of the Prior Bonds or the Current Bonds, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than sixty (60) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the FmHA without request, so long as the Government is the Owner of any of the Current Bonds, and to any Bondowner that may have made a written request for same.

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

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

Not later than sixty (60) days after the end of each Fiscal Year, beginning immediately after the issuance of the Current Bonds, the District agrees to cause to be prepared a detailed statement of income and expenditures for the Fiscal Year, a current financial statement and a proposed annual budget of current expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such Proposed Budget and to the FmHA without request if the Government is the Owner of any of the Current Bonds.

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

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

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

The District covenants that annually before the first day of July, the annual budget for the then current Fiscal Year

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

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

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;
- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;
- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account;
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed

as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures); and

Section 505. Other Covenants Applicable So Long as FmHA Owns Any Bonds. So long as the FmHA shall own any of the Current Bonds, the District shall comply with such FmHA regulations, requirements and requests as shall be made by the FmHA, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the FmHA, the carrying of insurance of such types and in such amounts as the FmHA may specify, with insurance carriers acceptable to the FmHA and compliance with all of the terms and conditions of the Loan Resolution (FmHA Form 442-47) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. If and to the extent not now fully required by the Prior Bond Resolution, the District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Construction Project from the Contractors, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the FmHA, so long as the FmHA is the Owner of any of the Current Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the FmHA if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the FmHA.

ARTICLE 6

INFERIOR BONDS AND PARITY BONDS

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

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

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

- (a) the consent of the FmHA as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and
- (b) the consent of (1) the FmHA if the Government is the purchaser of the Current Bonds; or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current

Bonds have been issued, sold and delivered and are held by Owners other than the Government.

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

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

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

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds and payable from the revenues of the System or any part thereof.

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

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

(1) any revisions in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

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

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

(e) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained (1) the written consent of the FmHA for the issuance of such Parity Bonds, if the FmHA is the Owner of any of the Prior Bonds or any of the Current Bonds at the time of issuance of such Parity Bonds; (2) the written consent of the Owners of all of the then outstanding Prior Bonds; and (3) the written consent of the Owners of 75% of the principal amount of the then outstanding Current Bonds and any other Parity Bonds; provided, however, that if the District obtains the written consent of the Owners of all Current Bonds and of all Parity Bonds outstanding against the System, no other prerequisite need be complied with by the District in order to issue Parity Bonds.

(f) Reference is made to Section 606 hereof as to the necessity of obtaining the written consent of the FmHA for the issuance of future bonds encumbering the System while the FmHA owns any Bonds payable from the revenues of the System.

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

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

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions

establishing such Depreciation Fund, taking into account the future debt service requirements of all second lien bonds which will then be outstanding against the System; and

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

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

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

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

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

which shall be incorporated into the System, as hereinbefore provided;

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

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

ARTICLE 7

DEFAULT AND CONSEQUENCES

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

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

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

The District hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the District's obligations, all contracts,

including specifically the Water Purchase Contract, and other rights of the District pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Prior Bonds or the Current Bonds may require the governing body of the District by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Resolution.

ARTICLE 8

CONTRACTUAL PROVISIONS; GRANT APPROVAL; MISCELLANEOUS PROVISIONS.

Section 801. Resolution Contractual with Bondowners.

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

It is further agreed that the Owners of 80% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Prior Bonds and Current Bonds without similarly affecting the rights of all Owners of such Prior Bonds, Current Bonds and any Parity Bonds then outstanding, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the FmHA so long as the FmHA owns any of the Outstanding Bonds.

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

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative

or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of State Grant Agreement. As set out in Section 105 hereof, the Commonwealth of Kentucky, acting through its agencies, has agreed to make a grant to the District in the amount of \$151,500 (the "State Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Construction Project. Said State Grant is hereby approved, and the Chairman and the Secretary are authorized to execute any State Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other State Grants offered to the District in connection with the Construction Project and to execute any and all State Grant Agreements and any other documents as may be requested by the Commonwealth of Kentucky in connection with State Grants which have been and/or which may hereafter be approved for such Construction Project.

Section 805. Alternate Statutory Authority. If it shall ever be held that the District did not have the authority to issue said Current Bonds and/or to construct the Construction Project under the provisions of Chapter 106 of the Kentucky Revised Statutes, then this Resolution shall be deemed to have been authorized under the provisions of Section 74.370 and Sections 96.350 through 96.510, inclusive, of the Kentucky Revised Statutes, with said Current Bonds being secured by a statutory mortgage lien as provided in Section 96.400 of the Kentucky Revised Statutes.

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

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.

- (c) Letter of Intent to Meet Conditions of FmHA Letter of Conditions (FmHA Form 442-46).
- (d) Loan Resolution (FmHA Form 1942-47).
- (e) Agreement for Engineering Services with the Engineers.

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

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

ARTICLE 9

SALE OF CURRENT BONDS

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

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

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

Section 902. Possible Adjustment in Date of Current Bonds, Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason until after January 1, 1994, the name of the Current Bonds may, pursuant to Resolution adopted by the Commission with the written consent of the Purchaser of the Current Bonds, be changed to reflect the year in which the Current Bonds will be issued, with maturities, the applicable prepayment date and all other dates being adjusted accordingly, if so desired.

ARTICLE 10

CONCLUDING PROVISIONS

Section 1001. Covenant of District to Take All Necessary Action To Assure Compliance with Internal Revenue Code.

In order to assure the Purchaser and any subsequent owner of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from all Kentucky income taxation, the District covenants to and with the owners of the Current Bonds to take the following action:

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

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$10,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

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

(d) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income

attributable to such excess, there shall be established a separate and special fund with the Depository Bank, which fund shall be designated the "Excess Earnings and Rebate Fund", which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America on or before the anniversary of the fifth (5th) year from the date of the Current Bonds, and once every five (5) years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with the Depository Bank. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

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

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

Section 1004. Effective Ten Days From Adoption. This Resolution shall take effect and be effective ten (10) days after its adoption in order to enable notice of the adoption hereof to be published pursuant to Section 106.250 of the Kentucky Revised Statutes.

Adopted this April 23, 1993.


Chairman

(Seal of District)

Attest:


Secretary

CERTIFICATION

I, George M. Catlett, hereby certify that I am the duly qualified and acting Secretary of the Elkhorn Water District of Franklin County, Kentucky, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on April 23, 1993, as shown by the official records of said District in my custody and under my control.

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

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this April 23, 1993.


Secretary

(Seal of District)

RESOL\RESOL.MRG

EXHIBIT A

Schedule of Principal Maturities

<u>Payment Due</u> <u>January 1,</u>	<u>Principal</u> <u>Installments</u>
1995	\$1,200
1996	1,200
1997	1,300
1998	1,400
1999	1,500
2000	1,600
2001	1,700
2002	1,900
2003	2,000
2004	2,100
2005	2,300
2006	2,400
2007	2,600
2008	2,800
2009	3,000
2010	3,200
2011	3,400
2012	3,700
2013	3,900
2014	4,200
2015	4,500
2016	4,800
2017	5,100
2018	5,500
2019	5,900
2020	6,300
2021	6,700
2022	7,200
2023	7,700
2024	8,200
2025	8,800
2026	9,400
2027	10,100
2028	10,800
2029	11,500
2030	12,400
2031	13,200
2032	14,500

**KENTUCKY INFRASTRUCTURE AUTHORITY
ASSISTANCE AGREEMENT**

FUND B

PROJECT NUMBER: B18-003

GOVERNMENTAL AGENCY (Borrower): Elkhorn Water District

GOVERNMENTAL AGENCY'S ADDRESS: P.O. Box 67
Frankfort, Kentucky 40602

DATE OF ASSISTANCE AGREEMENT: June 21, 2021

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of September 1, 1989 (the "Indenture") between the Authority and U.S. Bank National Association, as successor in interest to National City Bank (f/k/a First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to levy, collect, and enforce and remit adequate Service Charges, as hereinafter defined, for the services provided by the Governmental Agency's System, as hereinafter defined, and to apply the necessary portion of said Service Charges to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

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

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

ARTICLE I DEFINITIONS

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

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

“*Administrative Fee*” means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Loan Term Schedule.

“*Amortization Commencement Date*” means the date set forth on the Loan Term Schedule when the first payment of principal of and interest on the Loan is due under the Schedule of Payments.

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

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

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

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

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

“*Commonwealth*” shall mean the Commonwealth of Kentucky.

“*Construction*” shall mean construction as defined in the Act.

“*Debt Obligations*” shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

“*Default Rate*” means the rate of interest identified in the Loan Term Schedule to accrue on the amount of the Loan that is in default under this Assistance Agreement.

“*Effective Date*” means the date set forth on the cover page of this Assistance Agreement.

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

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

“*Indenture*” shall mean the General Trust Indenture dated as of September 1, 1989 between the Authority and the Trustee, as amended and supplemented from time to time.

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

“*Loan Payment Date*” shall mean the dates principal of and/or interest on the Loan are due as set forth in the Loan Term Schedule.

“*Loan Rate*” means the rate per annum of interest identified in the Loan Term Schedule.

“*Loan Term Schedule*” shall mean the payment information and terms of the Loan identified and set forth in **Exhibit F** attached hereto and includes any amendments or supplements thereto.

“*Person*” shall mean any individual, firm, partnership, association, limited liability company, corporation or Governmental Agency.

“*Program*” shall mean the program authorized by KRS 224A.112 and the Indenture as the “infrastructure revolving fund” for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

“*Project*” shall mean, when used generally, an infrastructure project as defined in the Act, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

“*Resolution*” means the resolution or ordinance of the Governmental Agency in the form of the resolution attached hereto as **Exhibit D** authorizing the execution of this Assistance Agreement.

“*Schedule of Payments*” means the debt service schedule of the Loan as set forth in the Loan Term Schedule.

“*Schedule of Service Charges*” shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in **Exhibit C** hereto, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

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

“*System*” shall mean the utility system owned and operated by the Governmental Agency of which the Project shall become a part.

“*Trustee*” shall mean U.S. Bank National Association, and its successors or assigns.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority.

The Authority represents and warrants for the benefit of the Governmental Agency as follows:

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

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

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

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

Section 2.2. Representations and Warranties of the Governmental Agency.

The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

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

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

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or

similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

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

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, or an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Pursuant to the Resolution of the governing body, the Governmental Agency has approved and authorized the execution and delivery of this Assistance Agreement. Such Resolution was duly enacted or adopted at a duly called meeting held in accordance with the law of the governing body of the Governmental Agency at which a quorum was present and acting throughout; is in full force and effect; and has not been superseded, altered, amended or repealed as of the date hereof.

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

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

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

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

ARTICLE III AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility.

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

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds.

The principal amount of the Loan shall be the Loan Amount as identified in the Loan Term Schedule, subject to such adjustments as may be set forth in any amendment or supplement to said Loan Term Schedule. Principal payments shall be made in the amounts and on the Loan Payment Dates established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the repayment term set forth in the Schedule of Payments, commencing on the Amortization Commencement Date.

The outstanding principal balance of the Loan shall bear interest, payable on the Loan Payment Dates, at the Loan Rate identified in the Loan Term Schedule. Beginning on the Amortization Commencement Date, principal and interest on the Loan shall be payable in the amounts and on the Loan Payment Dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such Loan payments, in such amounts as determined in the sole discretion of the Authority, shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as **Exhibit B** hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement. The Governmental Agency shall pay interest on the unpaid balance of disbursements at the Loan Rate payable on each Loan Payment Date prior to the Amortization Commencement Date.

Interest on the Loan shall be calculated on the actual number of days and an assumed 360-day year.

Payments of principal and interest on the Loan shall be payable in lawful money of the United States of America at the principal office of the Authority or the Trustee, as designated by the Authority. If so requested by the Authority, Loan payments hereunder shall be made by the Governmental Agency 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”) as provided by the Authority or the Trustee to the Governmental Agency, which ACH Authorization Form shall be completed, signed and forwarded to the Authority or the Trustee prior to the Governmental Agency receiving any disbursement of the proceeds of the Loan.

Section 3.3. Governmental Agency’s Right to Prepay Loan.

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

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

Section 3.4. Subordination of Loan.

The Authority hereby agrees that, subject to compliance by the Governmental Agency with the covenants and conditions set forth in this Assistance Agreement, the source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6(C) hereof.

**ARTICLE IV
CONDITIONS PRECEDENT TO DISBURSEMENT
REQUISITION FOR FUNDS**

Section 4.1. Covenants of Governmental Agency and Conditions of Loan.

By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority, if requested, appropriate documentation, satisfactory to the Authority, in its sole discretion, indicating the following:

(A) That the Authority and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to enter upon the Project and its site during construction of the Project and to examine and inspect same, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

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

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

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

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

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

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

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

(I) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project; said conference to include representatives of the Authority, the Governmental Agency, and any other participating federal or state agency, the Engineers, and all construction contractors. Such conference shall be held in accordance with guidelines established by the Authority. A written brief of said conference summarizing the construction schedule, fund requirements schedule,

payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each party involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

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

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

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

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

(N) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority noting the participation of the Authority in the financing of the Project.

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

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

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

(R) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project is completed and accepted by the Governmental Agency, the contractor shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion

of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

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

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

Section 4.2. Disbursements of Loan Funds; Requisition for Funds.

The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) a Requisition for funds prior to the fifth (5th) day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as **Exhibit B** and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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

Upon the Authority's receipt of the Requisition for Funds and such additional documentation as it may require, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan. If directed by the Authority, the Governmental Agency shall establish, with the Trustee, an electric fund transfer system, which may be an ACH Payment Method.

The Authority may disburse proceeds of the Loan directly to the Governmental Agency. The Governmental Agency, if so directed by the Authority, shall establish itself as a vendor under the eMars system of the Commonwealth of Kentucky.

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

Section 5.1. Imposition of Service Charges.

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

Section 5.2. Governmental Agency's Obligation to Repay Loan.

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

Section 5.3. Covenant to Adjust Service Charges.

In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to (i) provide for the required coverage of all debt service payments on obligations payable from the revenues of the System as set forth in Section 5.4 hereof, (ii) provide for the operation of the System as required under this Assistance Agreement, and (iii) make the required deposits to the Maintenance and Replacement Reserve; the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and Kentucky, immediately adjust and increase such Schedule of Service Charges or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities so as to provide funds sufficient to pay the debt service requirements set forth in the Schedule of Payments and the Authority's Administrative Fee, to provide for the operation of the System as required under this Assistance Agreement, and to make required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges.

The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in **Exhibit C** hereto so qualifies) as shall be at least adequate to provide revenues equal to the sum of (i) 110% of the debt service coming due during each fiscal year on this Loan and all other obligations secured and payable from the revenues of the System, in each case computed as of the beginning of such fiscal year (except to the extent the Governmental Agency has by binding ordinance or resolution committed reserves to the payment of such debt service), (ii) the amounts required to provide for the operation of the System during each fiscal year as required under this Assistance Agreement, and (iii) the amounts to be deposited hereunder to the Maintenance and Replacement Reserve in each fiscal year.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System, both existing and new users, and accordingly the Project. The Governmental Agency shall deliver to the Authority, on or before each Loan Payment Date, a report of all collections and any delinquencies.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve.

The Governmental Agency shall establish a special account identified as a “Maintenance and Replacement Reserve”. The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Funds in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the System or for the unbudgeted costs of replacing worn or obsolete portions of the System, subject to approval of the Authority.

Section 5.6. Reports; Inspection.

The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

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

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

(C) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations.

Section 5.7. Segregation of Funds.

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

Section 5.8. Mandatory Sewer Connection.

In the event the Project consists of sanitary sewer facilities, the Governmental Agency hereby irrevocably covenants and agrees with the Authority that it will, to the maximum extent permitted by Kentucky law, and by means of ordinance, resolution, or other appropriate legislative order or action, mandatorily require the connection to and use of, the sanitary sewers constituting the System by all persons owning, renting or occupying premises that generate pollutants where such sanitary sewers are reasonably available to such premises, and to exhaust, at the expense of the Governmental Agency, all remedies for the collection of Service Charges, including, either directly or indirectly, pursuant to authority granted by Sections 96.930 to 96.943, inclusive, of the Kentucky Revised Statutes, and the Act, causing termination of water services to any premises where the bill for sewer services is delinquent and foreclosure and decretal sale in respect of improvement benefit assessments which are delinquent.

Section 5.9. Termination of Water Services to Delinquent Users.

In the event the Project consists of water facilities the Governmental Agency covenants and agrees that it shall, pursuant to applicable provisions of law, to the maximum extent authorized by law, enforce and collect the Service Charges imposed, and will promptly cause water service to be discontinued to any premises where any billing for such facilities and services shall not be paid in a timely manner.

**ARTICLE VI
OTHER COVENANTS OF THE GOVERNMENTAL AGENCY**

Section 6.1. Further Assurance.

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

Section 6.2. Completion of Project.

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

Section 6.3. Establishment of Completion Date.

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

and expenses incurred in connection therewith have been paid, and (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to its satisfaction.

Section 6.4. Commitment to Operate.

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

Section 6.5. Continue to Operate.

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

Section 6.6. Tax Covenant.

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

Section 6.7. Accounts and Reports.

The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the “Uniform System of Accounts” established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Audit Requirements.

Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, including disclosure of the Maintenance and Replacement Reserve, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice

unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance with all Duties.

The Governmental Agency shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of the Act and this Assistance Agreement and any other Debt Obligations.

Section 6.10. System Not to Be Disposed Of.

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

Section 6.11. General.

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

**ARTICLE VII
MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION**

Section 7.1. Maintain System.

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

Section 7.2. Additions and Improvements.

The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the

Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. Compliance with State and Federal Standards.

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

Section 7.4. Access to Records.

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

Section 7.5. Covenant to Insure - Casualty.

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

Section 7.6. Authority as Named Insured.

For so long as any amounts are due and payable under this Assistance Agreement, any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability.

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

Section 7.8. Covenant Regarding Worker's Compensation.

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

Section 7.9. Application of Casualty Insurance Proceeds.

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

Section 7.10. Eminent Domain.

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

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

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

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.10, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.11. Flood Insurance.

For so long as any amounts are due and payable under this Assistance Agreement, all structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the replacement cost excluding the cost of land and

any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined.

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

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

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

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

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

Section 8.2. Remedies on Default.

Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.12 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare the principal of and interest on the Loan, and all other payments due hereunder, to be immediately due and payable.

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

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

Section 8.3. Appointment of Receiver.

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

Section 8.4. No Remedy Exclusive.

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

Section 8.5. Consent to Powers of Authority Under Act.

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

Section 8.6. Waivers.

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

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses.

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

ARTICLE IX
MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld.

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

Section 9.2. Approval.

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

Section 9.3. Effective Date.

This Assistance Agreement shall become effective on the Effective Date and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect.

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

Section 9.5. Severability.

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

Section 9.6. Assignability.

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

Section 9.7. Execution in Counterparts.

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

Section 9.8. Applicable Law.

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

Section 9.9. Captions.

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

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the Effective Date.

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: _____
Chairman

ATTEST:

By: _____
Secretary of Kentucky Infrastructure Authority

GOVERNMENTAL AGENCY:
ELKHORN WATER DISTRICT

By: _____
Chairman

ATTEST:

By: _____
Secretary of Governmental Agency

APPROVED:

EXAMINED:

By: _____
Secretary/Finance and Administration
Cabinet of the Commonwealth of Kentucky

By: _____
Legal Counsel to the
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND
LEGALITY:

By: _____
Approved, Finance and
Administration Cabinet

EXHIBIT A
ELKHORN WATER DISTRICT
PROJECT SPECIFICS
B18-003

GOVERNMENTAL AGENCY:

Name: Elkhorn Water District
P.O. Box 67
Frankfort, KY 40601

Contact Person: Michael Dudgeon
Chairman

SYSTEM: Infrastructure

PROJECT:

This project will construct a new 400 GPM booster pump station, replace 6,600 linear feet of distribution pipeline located on Jones Lane, refurbish an existing elevated water storage tank, replace a master meter, and install approximately 500 automatic radio read meters and associated equipment.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 2,500
Legal Expenses	5,000
Planning	5,000
Engineering Fees - Design	60,638
Engineering Fees - Inspection	42,038
Construction	636,934
Contingency	37,600
Total	\$ 789,710

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$ 750,000	95%
Elkhorn Water District	39,710	5%
Total	\$ 789,710	100%

KIA DEBT SERVICE:

Construction Loan	\$ 750,000
Less: Principal Forgiveness	<u>0</u>
Amortized Loan Amount	\$ 750,000
Interest Rate	2.75%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 49,004
Administrative Fee (0.20%)	<u>1,500</u>
Total Estimated Annual Debt Service	\$ 50,504

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/21).

Full principal and interest payments will commence on June 1 or December 1 immediately succeeding the date of last draw of funds (estimated 12/01/22). All interest and principal repayments shall be made by Automated Clearing House "ACH" transfers.

REPLACEMENT RESERVE ACCOUNT:	\$ 1,900 ANNUAL AMOUNT
	\$ 38,000 TOTAL AMOUNT

The annual replacement cost is \$1,900. This amount should be added to the replacement account each December 1 until the balance reaches \$38,000 and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.20%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	<u>Outstanding</u>	<u>Maturity</u>
RD Bond 1993	\$ 138,200	2032
Total	\$ 138,200	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)	_____
Death or Personal Injury (per occurrence)	_____
Property Damage on System	_____

EXHIBIT B

REQUEST FOR PAYMENT AND PROJECT STATUS REPORT

Borrower: _____
WX/SX Number: _____ KIA Loan # _____
Draw Number: _____ Date: _____

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

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

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

Funds Requested: _____

Project Budget and Expenses

Line Item	Cost	Expenses This Request	Expenses to Date	Project Budget	Balance
1	Administrative				
2	Legal				
3	Land, Appraisals, Easements				
4	Relocation Expense				
5	Planning				
6	Engineering Fees – Design				
7	Engineering Fees - Construction				
8	Engineering Fees – Inspection				
9	Construction				
10	Equipment				
11	Contingency				
12	Other				
	TOTAL				

If expenses to date exceed project budget a revised budget must be submitted to and approved by the Authority before funds will be released.

Project Funding

Funding Agency	Expenses This Request	Expenses to Date	Project Budget	Balance
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
	TOTAL			

We certify that the expenses in this draw request were incurred pursuant to local procurement policies which conform to KRS 45A.

Borrower Signature: _____

Project Administrator: _____

Draw # _____

STATUS REPORT:

PROJECT IS:

On schedule _____
Ahead of schedule _____
Behind schedule _____
If ahead or behind, please explain _____

PROJECT EXPENSES THIS DRAW REQUEST

(Include Invoices for Expenses Listed Below)

Line Item	Draw #	Vender	Amount
------------------	---------------	---------------	---------------

**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 _____ Elkhorn Water District _____ ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Steve Miska
(Print Name)


(Signed)

Secretary
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Franklin

Subscribed and sworn to before me by Steve Mike
(Name)

this 18 day of April, 2002.

Notary Signature
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 Elkhorn Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Abner Lipps
(Print Name)


(Signed)

Treasurer
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Franklin

Subscribed and sworn to before me by Abner Lipps
(Name)

this 12 day of April, 2022.

[Signature]
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 _____ Elkhorn Water District _____ ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Brad Ceredony
(Print Name)


(Signed)

Chairman
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Franklin

Subscribed and sworn to before me by Bruce Gregory
(Name)

this 12 day of April, 2002.

[Signature]
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 Elkhorn Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Nancy Shrow
(Print Name)


(Signed)

Office Manager
(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 Franklin

Subscribed and sworn to before me by Nancy Sharrow
(Name)

this 21st day of April, 2022.

Jessie C. Driskell
NOTARY PUBLIC ID # 603599
State-at-Large
Comm. Expires July 22, 2022

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE ELKHORN WATER DISTRICT PROPOSING ADJUSTMENTS TO ITS WATER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENT

WHEREAS, the Elkhorn Water District (“District”) is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission (“PSC”);

WHEREAS, the Order from the PSC dated November 20, 2020, in Case No. 2020-00113 required the District file an application and prudent financial management dictates that the District take appropriate action to adjust its water rates when appropriate and;

WHEREAS, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the District to propose adjustments to its water rates and charges;

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

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. The District proposes to adjust its monthly water 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 is hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

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

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

ADOPTED BY THE COMMISSION OF ELKHORN WATER DISTRICT at a meeting held on April 12, 2022, signed by the Chairman, and attested by the Secretary.

ATTEST: 

SECRETARY



CHAIRMAN

CERTIFICATION

I, Secretary of the Elkhorn Water District (the “District”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District at a meeting properly held on April 12, 2022, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 12th day of April 2022.



SECRETARY

Appendix A
CURRENT AND PROPOSED RATES
Elkhorn Water District

	<u>CURRENT</u> <u>RATES</u>	<u>PROPOSED</u> <u>RATES</u>	
<u>5/8" x 3/4" Meters</u>			
First 2,000 gallons	\$ 17.12	\$ 21.07	Minimum Bill per 1,000 gallons per 1,000 gallons per 1,000 gallons
Next 3,000 gallons	6.80	8.37	
Next 5,000 gallons	6.17	7.59	
Over 10,000 gallons	4.85	5.97	
<u>1" Meters</u>			
First 5,000 gallons	\$ 37.52	\$ 46.18	Minimum Bill per 1,000 gallons per 1,000 gallons
Next 5,000 gallons	6.17	7.59	
Over 10,000 gallons	4.85	5.97	
<u>1-1/2" Meters</u>			
First 10,000 gallons	\$ 68.36	\$ 84.13	Minimum Bill per 1,000 gallons
Over 10,000 gallons	4.85	5.97	
<u>Mobile Home Parks</u>			
Southcreek 15,000 gallons	\$ 128.40	\$ 158.05	Minimum Bill
Elkhorn 76,000 gallons	650.59	800.81	Minimum Bill
Capital 125,000 gallons	1,070.05	1,317.12	Minimum Bill
Over Minimum Usage	4.85	5.97	per 1,000 gallons
<u>Emergency Wholesale Rate</u>			
All water purchased	\$ 4.85	\$ 5.97	per 1,000 gallons