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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)

(Name of Utility)

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

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

(Telephone Number)

BASIC INFORMATION

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

(Name)

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

(Address - City, State, Zip)

(Telephone Number)

(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. | | | |
| | 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. | | | |
| 2. | a. | Applicant has filed an annual report with the Public Service Commission for the past year. | | | |
| | b. | Applicant has filed an annual report with the Public Service Commission for the two previous years. | | | |
| 3. | | Applicant's records are kept separate from other commonly-owned enterprises. | | | N/A |

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,_____.
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 \$ _____ and total revenues from service rates of \$ _____. 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 _____customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

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

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

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

Signed Matthew Dyer
Officer of the Company/Authorized Representative

Title Manager

Date September 21, 2022

COMMONWEALTH OF KENTUCKY

COUNTY OF Cumberland

Before me appeared Matthew Dyer, Manager, 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.

Brenda Bowlin
Notary Public ID 626795
My commission expires: 7-12-23

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

Customer Notice of Proposed Rate Adjustment

“Reasons for Application” Attachment”

Current and Proposed Rates” Attachment

“Statement of Adjusted Operations” Attachment

“Revenue Requirements Calculation” Attachment

Attachment Billing Analysis” Attachment

Depreciation Schedules

Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)

State Tax Return

Federal Tax Return

Statement of Disclosure of Related Party Transactions - ARF Form 3

EXHIBITS TO APPLICATION

Exhibit	Description
A	Attachment SR – Reasons for Application
B	Attachment CPR – Current and Proposed Rates
C	Attachment SAO – Statement of Adjusted Operations
C.1	2021 and 2023 Salaries and Wages
C.2	Overtime 2021 and 2023
C.3	Health Insurance 2021 and 2022
D	Attachment RR-DC – Revenue Calculation Form – Debt Coverage
D.1	5 Year Debt Payments
E	Attachment BA-DB - Billing Analysis
E.1	Billing Analysis – 2021 Usage at Existing Rates
E.2	Billing Analysis – 2021 Usage at Proposed Rates
F	Depreciation Schedule
G	Outstanding Debt Instruments - Bond Resolutions/Evidence of Indebtedness
G.1	Assistance Agreement - Kentucky Rural Water Finance Corporation 2005
G.2	Assistance Agreement - Kentucky Infrastructure Authority F15-001
G.3	Assistance Agreement - Kentucky Rural Water Finance Corporation 2020
G.4	Lease Purchase Agreement - Ditch Witch Financial Services 2020
G.5	Bond Resolution - USDA Rural Development 2011
G.6	Bond Resolution - USDA Rural Development 2014
G.7	Bond Resolution - USDA Rural Development 2018
G.8	Bond Resolution - USDA Rural Development 2020
H	Debt Amortization Schedules
I	ARF Form 3 – Disclosure Forms
J	Resolution of the Board of Commissioners for the Cumberland County Water District Authorizing an Application to the Kentucky Public Service Commission for Authority to Adjust Rates for Water Service
K	Compliance with Notice Provisions of 807 KAR 5:076

EXHIBITS

EXHIBIT A

REASONS FOR APPLICATION

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

The Cumberland County Water District ("the District") is requesting an 18.21 percent rate increase for its water customers. The rate increase will generate approximately \$260,122 in additional annual revenue. The District is filing the rate adjustment application for the following reasons:

- 1.) To comply with PSC Order in Case No. 2020-00188; and
- 2.) To enable the District to pay its annual principal payments on its existing long-term debt from water revenues rather than from depreciation reserves; and
- 3.) To enable the District to meet the requirements set forth in its existing debt instruments; and
- 4.) To restore the District to a sound financial condition; and
- 5.) 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.

EXHIBIT B

CURRENT AND PROPOSED RATES
(List Applicant's Current and Proposed Rates)

<u>CURRENT RATE SCHEDULE</u>				<u>PROPOSED RATE SCHEDULE</u>			
<u>5/8" X 3/4" Meters</u>				<u>5/8" X 3/4" Meters</u>			
First	2,000	\$ 29.10	Minimum Bill	First	2,000	\$ 34.40	Minimum Bill
Next	3,000	\$ 7.70	per 1,000 gallons	Next	3,000	\$ 9.10	per 1,000 gallons
Next	5,000	\$ 6.70	per 1,000 gallons	Next	5,000	\$ 7.92	per 1,000 gallons
OVER	10,000	\$ 5.70	per 1,000 gallons	OVER	10,000	\$ 6.74	per 1,000 gallons
<u>1" Meters</u>				<u>1" Meters</u>			
First	5,000	\$ 52.20	Minimum Bill	First	5,000	\$ 61.71	Minimum Bill
Next	5,000	\$ 6.70	per 1,000 gallons	Next	5,000	\$ 7.92	per 1,000 gallons
OVER	10,000	\$ 5.70	per 1,000 gallons	OVER	10,000	\$ 6.74	per 1,000 gallons
<u>1-1/2" Meters</u>				<u>1-1/2" Meters</u>			
First	12,500	\$ 99.95	Minimum Bill	First	12,500	\$ 118.15	Minimum Bill
OVER	12,500	\$ 5.70	per 1,000 gallons	OVER	12,500	\$ 6.74	per 1,000 gallons
<u>2" Meters</u>				<u>2" Meters</u>			
First	25,000	\$ 171.20	Minimum Bill	First	25,000	\$ 202.38	Minimum Bill
OVER	25,000	\$ 5.70	per 1,000 gallons	OVER	25,000	\$ 6.74	per 1,000 gallons
<u>Dale Hollow State Park</u>				<u>Dale Hollow State Park</u>			
First	300,000	\$ 1,738.70	Minimum Bill	First	300,000	\$ 2,055.32	Minimum Bill
OVER	300,000	\$ 5.70	per 1,000 gallons	OVER	300,000	\$ 6.74	per 1,000 gallons

EXHIBIT C

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20 21

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales				0.00
Metered Water Sales	1,467,059.00	-38,940.00	A	1,428,119.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale				0.00
Total Sales of Water	1,467,059.00	-38,940.00		1,428,119.00
Other Water Revenues				
Forfeited Discounts		15,829.00	B	15,829.00
Miscellaneous Service Revenues		24,953.00	C	24,953.00
Rents from Water Property				0.00
Other Water Revenues		33,112.00	D	33,112.00
Total Other Water Revenues	0.00	73,894.00		73,894.00
Total Operating Revenues	1,467,059.00	34,954.00		1,502,013.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	311,763.00	39,738.36	E	351,501.36
Salaries and Wages - Officers	8,850.00			8,850.00
Employee Pensions and Benefits	51,803.00	933.60	F	52,736.60
Purchased Water	403,015.00	-81,449.00	G	321,566.00
Purchased Power	53,370.00	-10,786.00	G	42,584.00
Fuel for Power Production				0.00
Chemicals				0.00
Materials and Supplies	121,822.00			121,822.00
Contractual Services	26,961.00			26,961.00
Water Testing				0.00
Rents				0.00
Transportation Expenses	52,106.00			52,106.00
Insurance	21,389.00			21,389.00
Regulatory Commission Expenses	53,982.00			53,982.00
Bad Debt Expense				0.00

Miscellaneous Expenses	11,239.00			11,239.00
Total Operation and Maintenance Expenses	1,116,300.00	-51,563.04		1,064,736.96
Depreciation Expense	325,017.00			325,017.00
Amortization Expense				0.00
Taxes Other Than Income	28,401.00			28,401.00
Income Tax Expense				0.00
Total Operating Expenses	1,469,718.00	-51,563.04		1,418,154.96
Utility Operating Income	-2,659.00	86,517.04		83,858.04

References

A.) The Current Billing Analysis results in Pro Forma metered sales revenue of \$1,428,119. The reported meter sales revenue for the test year erroneously included \$73,894 which should have been reported as other water revenues as described below.

B.) The reported meter sales revenue for the test year erroneously included \$15,829 in late fees which which should have been reported as forfeited discounts.

C.) The reported meter sales revenue for the test year erroneously included \$24,953 which which should have been reported as miscellaneous service revenues.

D.) The reported meter sales revenue for the test year erroneously included \$33,112 which which should have been reported as other water revenues.

E.) Since 2021 there have been merit based increases in wage rates, four (4) employees left and three (3) were added. These changes result in an annual wage increases (including overtime) of \$39,738. A spreadsheet showing all employee positions and corresponding 2020 and 2021 salaries and increases is filed with this application.

F.) The PSC previously limited employer's contribution to employee health insurance expense to the current Bureau of Labor Statistics (BLS) Average Employer Contribution Rate for Health Insurance (78% Single Coverage; 66% Family Coverage). Applying BLS average requires an adjustment of (\$1,335.84) based on 2022 insurance premiums. Small premium increases in 2022 result in an increase of \$2,269.44. This results in a total health insurance adjustment of \$933.60.

A spreadsheet showing the calculations for health insurance is filed with the application.

G.) The District's test year water loss was 35.21 percent. The PSC 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.

EXHIBIT C.1

**Cumberland County Water District
Salaries by Position**

Position	2021 Salary	2023 Salary	Increase	Percent	2021 Regular Hours	Total Salary 2021	Total Salary 2023	2021 Overtime Pay
General Manager	\$ 23.83	\$ 24.50	\$ 0.67	3%	1,965	\$ 46,825.95	\$ 50,960.00	\$ 35.75
Office Manager	\$ 12.82	\$ 14.00	\$ 1.18	9%	2,124	\$ 27,229.68	\$ 29,120.00	\$ 1487.13
Customer Service Representative	\$ 13.00	\$ 13.50	\$ 0.50	4%	2,084	\$ 27,092.00	\$ 28,080.00	\$ 42.21
Assistant Manager - Class III	\$ 16.79	\$ 18.50	\$ 1.71	10%	2,125	\$ 35,678.75	\$ 38,480.00	\$ 1,140.18
Drinking Water Operator - Class II	\$ 17.17	\$ 18.00	\$ 0.83	5%	2,123	\$ 36,451.91	\$ 37,440.00	\$ 1,543.67
Drinking Water Operator - Class II	\$ 17.17	\$ 18.00	\$ 0.83	5%	2,093	\$ 35,936.81	\$ 37,440.00	\$ 488.22
Drinking Water Operator - Class I	\$ 14.40	\$ 15.00	\$ 0.60	4%	2,235	\$ 32,184.00	\$ 31,200.00	\$ 4,389.54
Drinking Water Operator - Class I	\$ 11.44	\$ -	\$ -	-	721	\$ 8,248.24	\$ -	\$ 343.05
Drinking Water Operator - Class I	\$ 11.44	\$ -	\$ -	-	899	\$ 10,284.56	\$ -	\$ 717.78
Drinking Water Operator - Class I	\$ 13.85	\$ -	\$ -	-	1,339	\$ 18,545.15	\$ -	\$ 545.49
Drinking Water Operator - Class I	\$ 13.85	\$ -	\$ -	-	1,348	\$ 18,669.80	\$ -	\$ 472.78
Drinking Water Operator - Class I	\$ -	\$ 13.00	\$ -	-	-	\$ -	\$ 27,040.00	\$ -
Drinking Water Operator - Class I	\$ -	\$ 13.00	\$ -	-	-	\$ -	\$ 27,040.00	\$ -
Drinking Water Operator - Class I	\$ -	\$ 13.00	\$ -	-	-	\$ -	\$ 27,040.00	\$ -
Commissioner - Chairman - Troy Norris	\$ 1,925.00	\$ 1,800.00	\$ -	-	-	\$ 1,925.00	\$ 1,800.00	\$ -
Commissioner - Vice Chairman - Jay Cary	\$ 1,450.00	\$ 1,800.00	\$ -	-	-	\$ 1,450.00	\$ 1,800.00	\$ -
Commissioner - Treasurer - Mark Vibbert	\$ 2,975.00	\$ 2,925.00	\$ -	-	-	\$ 2,975.00	\$ 2,925.00	\$ -
Commissioner - Secretary - Eric Carver	\$ 1,425.00	\$ 1,800.00	\$ -	-	-	\$ 1,425.00	\$ 1,800.00	\$ -
Commissioner - Garland Hieneman/Sandy Hieneman	\$ 975.00	\$ 1,800.00	\$ -	-	-	\$ 975.00	\$ 1,800.00	\$ -
						\$ 304,921.85	\$ 343,965.00	\$ 11,205.80
					Increase 2021 to 2023		\$ 39,043.15	

EXHIBIT C.2

**Cumberland County Water District
Overtime**

		2021			2023		
Position		Salary	Hours	Total	Rate	Hours	Total
General Manager	Matthew Dyer	\$ 23.83	1.0	\$ 35.75	\$ 24.5	1	\$ 36.75
Office Manager	Julie Clemens	\$ 12.82	77.3	\$ 1,487.13	\$ 14.00	75	\$ 1,575.00
Customer Service Representative	Brenda Bowlin	\$ 13.00	2.2	\$ 42.21	\$ 13.50	2	\$ 40.50
Assistant Manager - Class III	Joey Anderson	\$ 16.79	45.3	\$ 1,140.18	\$ 18.50	45	\$ 1,248.75
Drinking Water Operator - Class II	Joe Myers	\$ 17.17	59.9	\$ 1,543.67	\$ 18.00	60	\$ 1,620.00
Drinking Water Operator - Class II	Rex England	\$ 17.17	19.0	\$ 488.22	\$ 18.00	20	\$ 540.00
Drinking Water Operator - Class I	Tony Melocosky	\$ 14.40	203.2	\$ 4,389.54	\$ 15.00	200	\$ 4,500.00
Drinking Water Operator - Class I	Alex Savage (Left December 2021)	\$ 11.44	20.0	\$ 343.05	\$ -		\$ -
Drinking Water Operator - Class I	Dylan Radford (Left June 2022)	\$ 11.44	41.8	\$ 717.78	\$ -		\$ -
Drinking Water Operator - Class I	Jamie Branham (Left December 2021)	\$ 13.85	26.3	\$ 545.49	\$ -		\$ -
Drinking Water Operator - Class I	Trevor Corbin (Left December 2021)	\$ 13.85	22.8	\$ 472.78	\$ -		\$ -
Drinking Water Operator - Class I	David Waid (Hired July 2022)	\$ -	-	\$ -	\$ 13.00	40	\$ 780.00
Drinking Water Operator - Class I	Timothy Davis (Hired August 2022)	\$ -	-	\$ -	\$ 13.00	40	\$ 780.00
Drinking Water Operator - Class I	Jessie Shoopman (Hired August 2022)	\$ -	-	\$ -	\$ 13.00	40	\$ 780.00
			519	\$ 11,205.80		522	\$ 11,901.00
					Increase 2021 to 2023		\$ 695.21

EXHIBIT C.3

**Cumberland County Water District
Health Insurance**

2021

Plan	Total Monthly Premium	Employer %	Employees in Plan	MCWD Annual Total
Single	\$ 666.20	80.0%	8	\$ 51,164.16
Employee + Spouse	\$ 1,384.29	80.0%	-	\$ -
Employee + Child	\$ 1,188.45	80.0%	-	\$ -
Family	\$ 2,102.37	80.0%	-	\$ -
				\$ 51,164.16

2022

Plan	Total Monthly Premium	Employer %	Employees in Plan	MCWD Annual Total
Single	\$ 695.75	80.0%	8	\$ 53,433.60
Employee + Spouse	\$ 1,446.34	80.0%	-	\$ -
Employee + Child	\$ 1,241.64	80.0%	-	\$ -
Family	\$ 2,196.94	80.0%	-	\$ -
				\$ 53,433.60

Increase 2021 to 2022 **\$ 2,269.44**

2022 (Allowable)

Plan	Total Monthly Premium	Employer %	Employees in Plan	MCWD Annual Total
Single	\$ 695.75	78.0%	8	\$ 52,097.76
Employee + Spouse	\$ 1,446.34	78.0%	-	\$ -
Employee + Child	\$ 1,241.64	78.0%	-	\$ -
Family	\$ 2,196.94	66.0%	-	\$ -
				\$ 52,097.76

2022 Health Insurance	\$ 53,433.60
2022 Allowable Cost	\$ 52,097.76
Difference	\$ (1,335.84)

Increase 2021 to 2022 **\$ 2,269.44**

Total Adjustment **\$ 933.60**

EXHIBIT D

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

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

Pro forma Operating Expenses	\$1,418,154.96
Plus: Average Annual Debt Principal and Interest Payments*	287,805.00
Debt Coverage Requirement**	57,561.00
Total Revenue Requirement	1,763,520.96
Less: Other Operating Revenue	-73,894.00
Non-operating Revenue	
Interest Income	-1,386.00
Revenue Required from Rates	1,688,240.96
Less: Revenue from Sales at Present Rates	-1,428,119.00
Required Revenue Increase	\$260,121.96

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	18.21%
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* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

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

EXHIBIT D.1

EXHIBIT D.1
5 YEAR DEBT SERVICE SCHEDULE
CUMBERLAND COUNTY WATER DISTRICT
CY 2023 - 2027

Existing Long-Term Debt

C.Y.	KRWFC 2005B		KIA F15-001			KRWFC 2020E		Ditchwitch Equipment	
	Principal	Interest	Principal	Interest	Fees	Principal	Interest	Principal	Interest
2023	\$ 5,000	\$ 2,321	\$ 43,192	\$ 4,683	\$ 1,561	\$ 104,583	\$ 45,535	\$ 13,423	\$ 0
2024	\$ 5,000	\$ 2,085	\$ 43,517	\$ 4,358	\$ 1,453	\$ 105,000	\$ 41,091	\$ 6,712	\$ 0
2025	\$ 5,000	\$ 1,857	\$ 43,844	\$ 4,031	\$ 1,344	\$ 91,250	\$ 36,628	\$ 0	\$ 0
2026	\$ 5,000	\$ 1,628	\$ 44,173	\$ 3,702	\$ 1,234	\$ 76,250	\$ 32,750	\$ 0	\$ 0
2027	\$ 6,000	\$ 1,373	\$ 44,505	\$ 3,370	\$ 1,123	\$ 70,417	\$ 29,509	\$ 0	\$ 0
TOTALS	\$ 26,000	\$ 9,264	\$ 219,230	\$ 20,143	\$ 6,714	\$ 447,500	\$ 185,513	\$ 20,135	\$ 0

C.Y.	USDA RD 2011 Series		USDA RD 2014 Series		USDA RD 2018 Series		USDA RD 2020 Series		TOTALS
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 20,500	\$ 18,821	\$ 9,000	\$ 11,839	\$ 13,000	\$ 12,206	\$ 6,098	\$ 9,500	\$ 321,261
2024	\$ 21,000	\$ 18,360	\$ 9,000	\$ 11,591	\$ 13,000	\$ 11,963	\$ 5,991	\$ 9,500	\$ 309,620
2025	\$ 21,500	\$ 17,888	\$ 9,500	\$ 11,344	\$ 13,500	\$ 11,719	\$ 5,884	\$ 10,000	\$ 285,287
2026	\$ 22,000	\$ 17,404	\$ 9,500	\$ 11,083	\$ 13,500	\$ 11,466	\$ 5,771	\$ 10,000	\$ 265,460
2027	\$ 22,500	\$ 16,909	\$ 10,000	\$ 10,821	\$ 14,000	\$ 11,213	\$ 5,659	\$ 10,000	\$ 257,398
TOTALS	\$ 107,500	\$ 89,381	\$ 47,000	\$ 56,678	\$ 67,000	\$ 58,566	\$ 29,402	\$ 49,000	\$ 1,439,026

5 Year Average - Principal, Interest & Fees \$ 287,805

5 Year Average - Debt Service Coverage \$ 57,561

EXHIBIT E

EXHIBIT E.1

**CURRENT BILLING ANALYSIS - 2021 USAGE & EXISTING RATES
Cumberland County Water District**

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	31,418	96,116,100	\$ 1,282,889
1" Meters	173	12,194,900	75,421
1-1/2" Meters	-	-	-
2" Meters	36	3,502,400	21,559
Dale Hollow State Park	12	8,404,400	48,249
Retail Sales	31,639	120,217,800	\$ 1,428,119
Total Pro Forma Sales Revenue			\$ 1,428,119

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	15,392	11,767,900	11,767,900	-	-	-	11,767,900
NEXT	3,000	11,057	36,405,700	22,114,000	14,291,700	-	-	36,405,700
NEXT	5,000	3,887	26,164,300	7,774,000	11,661,000	6,729,300	-	26,164,300
ALL OVER	10,000	1,082	21,778,200	2,164,000	3,246,000	5,410,000	10,958,200	21,778,200
		31,418	96,116,100	43,819,900	29,198,700	12,139,300	10,958,200	96,116,100

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	31,418	43,819,900 \$ 29.10	\$ 914,264
NEXT	3,000		29,198,700 7.70	224,830
NEXT	5,000		12,139,300 6.70	81,333
ALL OVER	10,000		10,958,200 5.70	62,462
TOTAL	31,418	96,116,100		\$ 1,282,889

1" METERS

	USAGE	BILLS	GALLONS	FIRST 5,000	NEXT 5,000	ALL OVER 10,000	TOTAL
FIRST	5,000	75	128,700	128,700	-	-	128,700
NEXT	5,000	34	256,500	170,000	86,500	-	256,500
ALL OVER	10,000	64	11,809,700	320,000	320,000	11,169,700	11,809,700
		173	12,194,900	618,700	406,500	11,169,700	12,194,900

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	173	618,700 \$ 52.20	\$ 9,031
NEXT	5,000		406,500 6.70	2,724
ALL OVER	10,000		11,169,700 5.70	63,667
TOTAL	173	12,194,900		\$ 75,421

1-1/2" METERS

	USAGE	BILLS	GALLONS	FIRST 12,500	ALL OVER 12,500	TOTAL
FIRST	12,500	-	-	-	-	-
ALL OVER	12,500	-	-	-	-	-
		-	-	-	-	-

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	12,500	-	- \$ 99.95	\$ -
ALL OVER	12,500	-	5.70	-
TOTAL	-	-		\$ -

2" METERS

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
FIRST	25,000	7	76,300	76,300	-	76,300
ALL OVER	25,000	29	3,426,100	725,000	2,701,100	3,426,100
		36	3,502,400	801,300	2,701,100	3,502,400

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	25,000	36	801,300 \$ 171.20	\$ 6,163
ALL OVER	25,000	2,701,100	5.70	15,396
TOTAL	36	3,502,400		\$ 21,559

DALE HOLLOW STATE PARK

	USAGE	BILLS	GALLONS	FIRST 300,000	ALL OVER 300,000	TOTAL
FIRST	300,000	-	-	-	-	-
ALL OVER	300,000	12	8,404,400	3,600,000	4,804,400	8,404,400
		12	8,404,400	3,600,000	4,804,400	8,404,400

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	300,000	12	3,600,000 \$ 1,738.70	\$ 20,864
ALL OVER	300,000	4,804,400	5.70	27,385
TOTAL	12	8,404,400		\$ 48,249

EXHIBIT E.2

PROPOSED BILLING ANALYSIS - 2021 USAGE & PROPOSED RATES
Cumberland County Water District

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	31,418	96,116,100	\$ 1,516,489
1" Meters	173	12,194,900	89,179
1-1/2" Meters	-	-	-
2" Meters	36	3,502,400	25,491
Dale Hollow State Park	12	8,404,400	57,045
Retail Sales	31,639	120,217,800	\$ 1,688,205
Total Pro Forma Sales Revenue			\$ 1,688,205

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	15,392	11,767,900	11,767,900	-	-	-	11,767,900
NEXT	3,000	11,057	36,405,700	22,114,000	14,291,700	-	-	36,405,700
NEXT	5,000	3,887	26,164,300	7,774,000	11,661,000	6,729,300	-	26,164,300
ALL OVER	10,000	1,082	21,778,200	2,164,000	3,246,000	5,410,000	10,958,200	21,778,200
		31,418	96,116,100	43,819,900	29,198,700	12,139,300	10,958,200	96,116,100

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	31,418	\$ 34.40	\$ 1,080,779
NEXT	3,000	29,198,700	9.10	265,708
NEXT	5,000	12,139,300	7.92	96,143
ALL OVER	10,000	10,958,200	6.74	73,858
TOTAL	31,418	96,116,100		\$ 1,516,489

1" METERS

	USAGE	BILLS	GALLONS	FIRST 5,000	NEXT 5,000	ALL OVER 10,000	TOTAL
FIRST	5,000	75	128,700	128,700	-	-	128,700
NEXT	5,000	34	256,500	170,000	86,500	-	256,500
ALL OVER	10,000	64	11,809,700	320,000	320,000	11,169,700	11,809,700
		173	12,194,900	618,700	406,500	11,169,700	12,194,900

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	173	\$ 61.71	\$ 10,676
NEXT	5,000	406,500	7.92	3,219
ALL OVER	10,000	11,169,700	6.74	75,284
TOTAL	173	12,194,900		\$ 89,179

1-1/2" METERS

	USAGE	BILLS	GALLONS	FIRST 12,500	ALL OVER 12,500	TOTAL
FIRST	12,500	-	-	-	-	-
ALL OVER	12,500	-	-	-	-	-
		-	-	-	-	-

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	12,500	-	\$ 118.15	\$ -
ALL OVER	12,500	-	6.74	-
TOTAL	-	-		\$ -

2" METERS

	USAGE	BILLS	GALLONS	FIRST 25,000	ALL OVER 25,000	TOTAL
FIRST	25,000	7	76,300	76,300	-	76,300
ALL OVER	25,000	29	3,426,100	725,000	2,701,100	3,426,100
		36	3,502,400	801,300	2,701,100	3,502,400

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	25,000	36	801,300 \$ 202.38	\$ 7,286
ALL OVER	25,000	2,701,100	6.74	18,205
TOTAL	36	3,502,400		\$ 25,491

DALE HOLLOW STATE PARK

	USAGE	BILLS	GALLONS	FIRST 300,000	ALL OVER 300,000	TOTAL
FIRST	300,000	-	-	-	-	-
ALL OVER	300,000	12	8,404,400	3,600,000	4,804,400	8,404,400
		12	8,404,400	3,600,000	4,804,400	8,404,400

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	300,000	12	3,600,000 \$ 2,055.32	\$ 24,664
ALL OVER	300,000	4,804,400	6.74	32,382
TOTAL	12	8,404,400		\$ 57,045

EXHIBIT F

Book Asset Detail 1/01/21 - 12/31/21

FYE: 12/31/2021

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: Buildings & Improvements												
4		Office Building	1/31/89	25,000.00	0.00	0.00	15,468.00	625.00	16,093.00	8,907.00	S/L	40.00
5		Storage Building	6/12/96	2,000.00	0.00	0.00	2,000.00	0.00	2,000.00	0.00	S/L	10.00
6		Chain Link Fence	6/30/96	10,449.00	0.00	0.00	10,449.00	0.00	10,449.00	0.00	S/L	10.00
8		Storage Building	11/27/96	500.00	0.00	0.00	500.00	0.00	500.00	0.00	S/L	10.00
9		Fence	7/08/02	2,199.00	0.00	0.00	2,199.00	0.00	2,199.00	0.00	S/L	10.00
11		Building	10/14/05	112,500.00	0.00	0.00	112,500.00	0.00	112,500.00	0.00	S/L	10.00
12		Drive Up Window	2/01/06	11,237.00	0.00	0.00	4,070.23	280.93	4,351.16	6,885.84	S/L	40.00
13		Flooring	2/06/06	1,626.00	0.00	0.00	1,626.00	0.00	1,626.00	0.00	S/L	7.00
195		40' X 40' Maintenance Building	10/24/14	13,926.00	0.00	0.00	3,496.97	557.04	4,054.01	9,871.99	S/L	25.00
202		50 x 60 Storage Building	12/12/16	25,000.00	0.00	0.00	4,083.33	1,000.00	5,083.33	19,916.67	S/L	25.00
214		New HVAC Unit for Water Office	7/22/19	5,500.00	0.00	0.00	779.17	550.00	1,329.17	4,170.83	S/L	10.00
215		New Roof at Pump Station	9/09/19	5,200.00	0.00	0.00	277.33	208.00	485.33	4,714.67	S/L	25.00
216		Paving Parking Lot & New Porch	7/10/19	18,700.00	0.00	0.00	2,805.00	1,870.00	4,675.00	14,025.00	S/L	10.00
Buildings & Improvements				233,837.00	0.00c	0.00	160,254.03	5,090.97	165,345.00	68,492.00		
Group: Collecting & Impounding												
14		Water Storage Tanks	1/01/79	27,031.00	0.00	0.00	27,031.00	0.00	27,031.00	0.00	S/L	40.00
15		Allen Creek Tank	9/30/87	63,500.00	0.00	0.00	52,795.50	1,587.50	54,383.00	9,117.00	S/L	40.00
16		Aaron Tank	4/04/89	14,100.00	0.00	0.00	14,100.00	0.00	14,100.00	0.00	S/L	40.00
17		Huffman Tank	3/04/02	51,944.00	0.00	0.00	48,047.20	2,597.20	50,644.40	1,299.60	S/L	20.00
18		Tank	8/11/03	6,983.00	0.00	0.00	6,109.65	349.15	6,458.80	524.20	S/L	20.00
19		Tank	1/12/04	583.00	0.00	0.00	480.65	29.15	509.80	73.20	S/L	20.00
Collecting & Impounding				164,141.00	0.00c	0.00	148,564.00	4,563.00	153,127.00	11,014.00		
Group: Land & Land Rights												
21		Land	1/14/55	650.00	0.00	0.00	0.00	0.00	0.00	650.00	Land	40.00
22		Land	1/01/94	1,500.00	0.00	0.00	0.00	0.00	0.00	1,500.00	Land	40.00
23		Land	6/30/96	1,885.00	0.00	0.00	0.00	0.00	0.00	1,885.00	Land	40.00
24		land	1/30/01	2,000.00	0.00	0.00	0.00	0.00	0.00	2,000.00	Land	40.00
25		Land	1/12/04	175.00	0.00	0.00	0.00	0.00	0.00	175.00	Land	40.00
26		Land	3/08/04	575.00	0.00	0.00	0.00	0.00	0.00	575.00	Land	40.00
27		Land	4/14/04	4,000.00	0.00	0.00	0.00	0.00	0.00	4,000.00	Land	40.00
28		Land	4/26/04	10.00	0.00	0.00	0.00	0.00	0.00	10.00	Land	40.00
29		Land	6/03/04	18.00	0.00	0.00	0.00	0.00	0.00	18.00	Land	40.00
30		Land(10% of Building)	10/14/05	12,500.00	0.00	0.00	0.00	0.00	0.00	12,500.00	Land	40.00
189		Land	8/20/10	22,000.00	0.00	0.00	0.00	0.00	0.00	22,000.00	Land	0.00
191		Land - New Marrowbone Water Tar	2/29/12	10,000.00	0.00	0.00	0.00	0.00	0.00	10,000.00	Land	0.00
Land & Land Rights				55,313.00	0.00c	0.00	0.00	0.00	0.00	55,313.00		
Group: Meter/Meter Installation												
31		Meter	1/01/79	27,933.00	0.00	0.00	27,217.63	698.33	27,915.96	17.04	S/L	40.00
32		Meter Installations	1/01/79	21,252.00	0.00	0.00	20,646.30	531.30	21,177.60	74.40	S/L	40.00
33		Meter Installations	9/30/87	2,358.00	0.00	0.00	1,899.45	58.95	1,958.40	399.60	S/L	40.00

Book Asset Detail 1/01/21 - 12/31/21

FYE: 12/31/2021

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: Meter/Meter Installation (continued)												
34		Dutch Ck & Gray Line	10/31/88	2,846.00	0.00	0.00	2,214.65	71.15	2,285.80	560.20	S/L	40.00
35		Meter Hook Up	6/30/89	3,904.00	0.00	0.00	3,904.00	0.00	3,904.00	0.00	S/L	20.00
36		Meter Hook Up	6/15/90	3,919.00	0.00	0.00	3,919.00	0.00	3,919.00	0.00	S/L	20.00
37		Meter Installations	6/01/91	3,929.00	0.00	0.00	3,929.00	0.00	3,929.00	0.00	S/L	20.00
38		2002 Additions	6/30/02	1,539.00	0.00	0.00	1,423.45	76.95	1,500.40	38.60	S/L	20.00
39		Meter Valve	3/03/08	785.00	0.00	0.00	471.75	39.25	511.00	274.00	S/L	20.00
40		Meter	3/28/08	5,335.00	0.00	0.00	3,200.25	266.75	3,467.00	1,868.00	S/L	20.00
201		Hersey Radio Read Meters	7/31/15	67,915.00	0.00	0.00	36,787.29	6,791.50	43,578.79	24,336.21	S/L	10.00
207		Hwy 1206 Master Meter	12/01/16	19,415.00	0.00	0.00	3,963.90	970.75	4,934.65	14,480.35	S/L	20.00
221		New Meters	10/21/21	36,624.00	0.00c	0.00	0.00	152.60	152.60	36,471.40	S/L	40.00
222		New Meters	1/25/21	24,236.00	0.00c	0.00	0.00	555.41	555.41	23,680.59	S/L	40.00
Meter/Meter Installation				221,990.00	0.00c	0.00	109,576.67	10,212.94	119,789.61	102,200.39		
Group: Office Furniture & Equip												
41		Office Equipment	1/01/79	165.00	0.00	0.00	165.00	0.00	165.00	0.00	S/L	10.00
42		Meter	1/01/86	58.00	0.00	0.00	58.00	0.00	58.00	0.00	S/L	10.00
43		2 Cannon Calculators	9/30/87	260.00	0.00	0.00	260.00	0.00	260.00	0.00	S/L	5.00
44		Chair	10/31/88	75.00	0.00	0.00	75.00	0.00	75.00	0.00	S/L	5.00
45		Mobile Radio	6/01/91	500.00	0.00	0.00	500.00	0.00	500.00	0.00	S/L	5.00
46		Copier	5/01/92	787.00	0.00	0.00	787.00	0.00	787.00	0.00	S/L	5.00
47		Computer System	4/01/94	11,285.00	0.00	0.00	11,285.00	0.00	11,285.00	0.00	S/L	5.00
48		Office Equipment	5/01/92	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	5.00
49		Gateway Computer	7/18/96	2,909.00	0.00	0.00	2,909.00	0.00	2,909.00	0.00	S/L	5.00
50		Computer System	7/18/96	3,843.00	0.00	0.00	3,843.00	0.00	3,843.00	0.00	S/L	5.00
52		2 Printers	6/30/98	1,228.00	0.00	0.00	1,228.00	0.00	1,228.00	0.00	S/L	5.00
53		Additions	6/30/99	1,400.00	0.00	0.00	1,400.00	0.00	1,400.00	0.00	S/L	5.00
54		Computer Equipment	6/30/99	4,905.00	0.00	0.00	4,905.00	0.00	4,905.00	0.00	S/L	5.00
55		Computer	6/30/99	2,100.00	0.00	0.00	2,100.00	0.00	2,100.00	0.00	S/L	5.00
56		Computer	6/30/99	1,100.00	0.00	0.00	1,100.00	0.00	1,100.00	0.00	S/L	5.00
57		Copier	6/30/99	2,273.00	0.00	0.00	2,273.00	0.00	2,273.00	0.00	S/L	7.00
59		Computer	6/30/99	502.00	0.00	0.00	502.00	0.00	502.00	0.00	S/L	5.00
60		Plant Computer	6/30/99	3,756.00	0.00	0.00	3,756.00	0.00	3,756.00	0.00	S/L	5.00
61		Computer	12/01/01	5,000.00	0.00	0.00	5,000.00	0.00	5,000.00	0.00	S/L	5.00
62		Computer	7/16/04	598.00	0.00	0.00	598.00	0.00	598.00	0.00	S/L	5.00
63		Lexmark Printer	2/10/05	2,020.00	0.00	0.00	2,020.00	0.00	2,020.00	0.00	S/L	5.00
64		Telephone	2/13/06	776.00	0.00	0.00	776.00	0.00	776.00	0.00	S/L	5.00
65		Office Furniture	2/08/06	2,734.00	0.00	0.00	2,734.00	0.00	2,734.00	0.00	S/L	5.00
66		HP Computer	5/07/07	1,300.00	0.00	0.00	1,300.00	0.00	1,300.00	0.00	S/L	5.00
67		Computer	9/23/08	698.00	0.00	0.00	698.00	0.00	698.00	0.00	S/L	5.00
68		Computer	9/28/09	1,930.00	0.00	0.00	1,930.00	0.00	1,930.00	0.00	S/L	5.00
198		Copier - Purcells	1/07/14	3,213.00	0.00	0.00	3,213.00	0.00	3,213.00	0.00	S/L	5.00
199		New Computers - Computer Knight	4/14/14	4,701.00	0.00	0.00	4,701.00	0.00	4,701.00	0.00	S/L	5.00
Office Furniture & Equip				62,445.00	0.00c	0.00	62,445.00	0.00	62,445.00	0.00		

Book Asset Detail 1/01/21 - 12/31/21

FYE: 12/31/2021

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: Other Plant & Misc.												
69		Water Works Supply	9/01/94	334.00	0.00	0.00	334.00	0.00	334.00	0.00	S/L	20.00
70		Other Plant and Supply	7/27/95	646.00	0.00	0.00	646.00	0.00	646.00	0.00	S/L	20.00
71		Telemetry Control System	6/30/96	85,674.00	0.00	0.00	85,674.00	0.00	85,674.00	0.00	S/L	20.00
72		Pump Station RTV	4/16/02	8,560.00	0.00	0.00	7,918.00	428.00	8,346.00	214.00	S/L	20.00
73		Other Plant and Supply	4/30/02	32,340.00	0.00	0.00	29,915.00	1,617.00	31,532.00	808.00	S/L	20.00
74		Other Plant & Supply	9/11/02	19,408.00	0.00	0.00	17,949.40	970.40	18,919.80	488.20	S/L	20.00
75		Construction 2007	3/21/07	19,130.00	0.00	0.00	12,433.50	956.50	13,390.00	5,740.00	S/L	20.00
76		Equipment CUMWD	12/16/08	2,011.00	0.00	0.00	2,011.00	0.00	2,011.00	0.00	S/L	7.00
212		Hydraulic Hammer for Mini Excava	11/26/18	8,850.00	0.00	0.00	1,843.75	885.00	2,728.75	6,121.25	S/L	10.00
213		HTI - Software for Meters	12/31/18	3,880.00	0.00	0.00	1,552.00	776.00	2,328.00	1,552.00	S/L	5.00
		Other Plant & Misc.		<u>180,833.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>160,276.65</u>	<u>5,632.90</u>	<u>165,909.55</u>	<u>14,923.45</u>		
Group: Power Operated Equipment												
77		Other Equipment	1/01/79	7,461.00	0.00	0.00	7,461.00	0.00	7,461.00	0.00	S/L	10.00
78		Drive Stem Ditch Witch	3/01/86	630.00	0.00	0.00	630.00	0.00	630.00	0.00	S/L	10.00
79		Trencher	10/15/86	121.00	0.00	0.00	121.00	0.00	121.00	0.00	S/L	5.00
80		Trencher	8/18/86	12,834.00	0.00	0.00	12,834.00	0.00	12,834.00	0.00	S/L	10.00
81		Truck Radio	2/29/88	148.00	0.00	0.00	148.00	0.00	148.00	0.00	S/L	5.00
82		Trenched Motor	1/05/90	2,754.00	0.00	0.00	2,754.00	0.00	2,754.00	0.00	S/L	5.00
83		Motor	12/13/02	2,861.00	0.00	0.00	2,861.00	0.00	2,861.00	0.00	S/L	5.00
85		Cylinder Equipment	12/20/02	1,269.00	0.00	0.00	1,269.00	0.00	1,269.00	0.00	S/L	5.00
86		Equipment	8/11/06	3,240.00	0.00	0.00	3,240.00	0.00	3,240.00	0.00	S/L	5.00
87		Air Compressor	2/03/06	7,920.00	0.00	0.00	7,920.00	0.00	7,920.00	0.00	S/L	5.00
		Power Operated Equipment		<u>39,238.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>39,238.00</u>	<u>0.00</u>	<u>39,238.00</u>	<u>0.00</u>		
Group: Pumping Equipment												
97		Addition	6/30/97	5,000.00	0.00	0.00	5,000.00	0.00	5,000.00	0.00	S/L	10.00
98		Engine	7/09/01	1,158.00	0.00	0.00	1,158.00	0.00	1,158.00	0.00	S/L	10.00
108		S61 Pump	11/08/10	19,595.00	0.00	0.00	19,595.00	0.00	19,595.00	0.00	S/L	10.00
203		North 61 Pump Station	12/06/16	17,760.00	0.00	0.00	7,252.00	1,776.00	9,028.00	8,732.00	S/L	10.00
		Pumping Equipment		<u>43,513.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>33,005.00</u>	<u>1,776.00</u>	<u>34,781.00</u>	<u>8,732.00</u>		
Group: Services												
109		Services	1/01/82	1,403.00	0.00	0.00	1,365.88	35.08	1,400.96	2.04	S/L	40.00
110		AMAM Energy	5/01/92	52,497.00	0.00	0.00	37,624.73	1,312.43	38,937.16	13,559.84	S/L	40.00
111		Harper & Davidson	5/01/92	6,132.00	0.00	0.00	4,389.30	153.30	4,542.60	1,589.40	S/L	40.00
112		Harlan & Judd	5/01/92	1,767.00	0.00	0.00	1,262.98	44.18	1,307.16	459.84	S/L	40.00
113		Westerfield Bond	5/01/92	488.00	0.00	0.00	346.20	12.20	358.40	129.60	S/L	40.00
		Services		<u>62,287.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>44,989.09</u>	<u>1,557.19</u>	<u>46,546.28</u>	<u>15,740.72</u>		
Group: Shop Tools & Garage Equip												
114		Lawn Mower	12/31/69	65.00	0.00	0.00	65.00	0.00	65.00	0.00	S/L	10.00

Book Asset Detail 1/01/21 - 12/31/21

FYE: 12/31/2021

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: Shop Tools & Garage Equip (continued)												
115		Other Equipment	12/31/69	239.00	0.00	0.00	239.00	0.00	239.00	0.00	S/L	10.00
116		Lawn Mower	6/07/88	140.00	0.00	0.00	140.00	0.00	140.00	0.00	S/L	5.00
117		Test Mench	7/01/86	3,611.00	0.00	0.00	3,611.00	0.00	3,611.00	0.00	S/L	5.00
118		Club Cadet	5/16/96	5,995.00	0.00	0.00	5,995.00	0.00	5,995.00	0.00	S/L	10.00
119		AAA Services	3/12/01	7,950.00	0.00	0.00	7,950.00	0.00	7,950.00	0.00	S/L	10.00
120		Equipment Data Recorder	8/13/01	8,491.00	0.00	0.00	8,491.00	0.00	8,491.00	0.00	S/L	10.00
121		Pressure Washer	11/10/03	417.00	0.00	0.00	417.00	0.00	417.00	0.00	S/L	10.00
122		Lawn Mower	8/06/07	500.00	0.00	0.00	500.00	0.00	500.00	0.00	S/L	7.00
123		GPS/GTS	8/15/11	4,990.00	0.00	0.00	4,990.00	0.00	4,990.00	0.00	S/L	3.00
194		John Deere Lawn Mower	4/16/14	4,699.00	0.00	0.00	4,699.00	0.00	4,699.00	0.00	S/L	5.00
200		Lift and air compressor	2/20/15	3,900.00	0.00	0.00	3,249.99	557.14	3,807.13	92.87	S/L	7.00
Shop Tools & Garage Equip				<u>40,997.00</u>	<u>0.00</u> ^c	<u>0.00</u>	<u>40,346.99</u>	<u>557.14</u>	<u>40,904.13</u>	<u>92.87</u>		

Group: Transmission & Distribut

124		Transmission and Dist Main	1/01/79	253,350.00	0.00	0.00	253,350.00	0.00	253,350.00	0.00	S/L	40.00
125		New Line Construction	1/01/86	520,261.00	0.00	0.00	520,261.00	0.00	520,261.00	0.00	S/L	35.00
126		System Additions	9/30/87	192,830.00	0.00	0.00	160,003.25	4,820.75	164,824.00	28,006.00	S/L	40.00
127		Ditch Check and Gray Lines	10/31/88	13,179.00	0.00	0.00	10,589.28	329.48	10,918.76	2,260.24	S/L	40.00
128		Transmissions Dist	6/01/91	5,861.00	0.00	0.00	5,861.00	0.00	5,861.00	0.00	S/L	20.00
129		Scotts Construction	5/01/92	280,920.00	0.00	0.00	201,323.00	7,023.00	208,346.00	72,574.00	S/L	40.00
130		Transmission Line	4/01/94	2,260.00	0.00	0.00	2,260.00	0.00	2,260.00	0.00	S/L	20.00
131		Transmission Line	5/01/92	2,111.00	0.00	0.00	1,516.58	52.78	1,569.36	541.64	S/L	40.00
132		Water Transmission Line	7/18/96	258,303.00	0.00	0.00	158,216.38	6,457.58	164,673.96	93,629.04	S/L	40.00
133		Jackson Hollow Project	6/30/98	90,774.00	0.00	0.00	50,936.85	2,269.35	53,206.20	37,567.80	S/L	40.00
134		Water Transmission Line	6/30/98	184,814.00	0.00	0.00	108,583.85	4,620.35	113,204.20	71,609.80	S/L	40.00
135		Joe Scott Ridge Project	6/30/99	14,412.00	0.00	0.00	7,744.30	360.30	8,104.60	6,307.40	S/L	40.00
136		Water Line Extension	12/21/01	749,631.00	0.00	0.00	374,816.58	18,740.78	393,557.36	356,073.64	S/L	40.00
137		Water Line Extensions	7/01/06	1,472,802.00	0.00	0.00	534,215.55	36,820.05	571,035.60	901,766.40	S/L	40.00
138		Water Line Modac Rd	8/07/06	9,050.00	0.00	0.00	3,279.75	226.25	3,506.00	5,544.00	S/L	40.00
140		County Wide Improv 08-10	1/01/11	1,446,471.94	0.00	0.00	361,618.00	36,161.80	397,779.80	1,048,692.14	S/L	40.00
190		Countywide Water System Improve:	4/30/12	1,455,562.00	0.00	0.00	315,371.77	36,389.05	351,760.82	1,103,801.18	S/L	40.00
196		Fence for New Marrowbone Tank	12/05/14	4,500.00	0.00	0.00	2,737.50	450.00	3,187.50	1,312.50	S/L	10.00
197		New Marrowbone Water Tank	12/01/14	946,558.00	0.00	0.00	230,329.11	37,862.32	268,191.43	678,366.57	S/L	25.00
208		Countywide Water System Improve:	9/23/16	1,200,085.00	0.00	0.00	127,509.05	30,002.13	157,511.18	1,042,573.82	S/L	40.00
211		County Wide System Improvements	10/12/18	930,482.00	0.00	0.00	52,339.61	23,262.05	75,601.66	854,880.34	S/L	40.00
219		Highway 704 Construction Project	9/30/20	980,374.00	0.00	0.00	5,831.07	24,509.35	30,340.42	950,033.58	S/L	40.00
Transmission & Distribut				<u>11,014,590.94</u>	<u>0.00</u> ^c	<u>0.00</u>	<u>3,488,693.48</u>	<u>270,357.37</u>	<u>3,759,050.85</u>	<u>7,255,540.09</u>		

Group: Transportation

144		Ditchwitch	6/03/93	29,324.00	0.00	0.00	29,324.00	0.00	29,324.00	0.00	S/L	5.00
153		1994 Intl Dump Truck	8/16/05	13,000.00	0.00	0.00	13,000.00	0.00	13,000.00	0.00	S/L	5.00
154		Towmaster Trailer	5/16/06	10,876.00	0.00	0.00	10,876.00	0.00	10,876.00	0.00	S/L	5.00
155		Backhoe	1/09/06	57,607.00	0.00	0.00	57,607.00	0.00	57,607.00	0.00	S/L	10.00
156		2006 Checy Truck	3/24/06	18,696.00	0.00	0.00	18,696.00	0.00	18,696.00	0.00	S/L	5.00
157		2 New Trucks	10/28/11	24,000.00	0.00	0.00	24,000.00	0.00	24,000.00	0.00	S/L	5.00
192		Dump Truck - Lexington Truck Sak	10/24/14	33,000.00	0.00	0.00	33,000.00	0.00	33,000.00	0.00	S/L	5.00

Book Asset Detail 1/01/21 - 12/31/21

FYE: 12/31/2021

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: Transportation (continued)												
193		2011 Ford Ranger	3/27/14	7,400.00	0.00	0.00	7,400.00	0.00	7,400.00	0.00	S/L	5.00
204		2017 Ford Truck	12/19/16	27,655.00	0.00	0.00	22,124.00	5,531.00	27,655.00	0.00	S/L	5.00
205		Caterpillar Mini Excavator	7/28/16	38,667.00	0.00	0.00	17,077.93	3,866.70	20,944.63	17,722.37	S/L	10.00
206		2015 Model Trailer	6/30/16	5,100.00	0.00	0.00	4,590.00	510.00	5,100.00	0.00	S/L	5.00
209		2018 Chevy Truck	7/11/17	27,148.00	0.00	0.00	19,003.60	5,429.60	24,433.20	2,714.80	S/L	5.00
210		Truck Bed (Fabco)	1/27/17	6,500.00	0.00	0.00	5,091.67	1,300.00	6,391.67	108.33	S/L	5.00
217		2006 Chevy Silverado 2500HD Wo	8/06/19	15,400.00	0.00	0.00	4,363.33	3,080.00	7,443.33	7,956.67	S/L	5.00
218		Ditch Witch	6/22/20	53,692.55	0.00	0.00	2,684.63	5,369.26	8,053.89	45,638.66	S/L	10.00
220		Ditch Witch Trailer	2/12/21	2,000.00	0.00c	0.00	0.00	183.33	183.33	1,816.67	S/L	10.00
		Transportation		<u>370,065.55</u>	<u>0.00c</u>	<u>0.00</u>	<u>268,838.16</u>	<u>25,269.89</u>	<u>294,108.05</u>	<u>75,957.50</u>		
Group: Water Treatment Equip												
168		Test Equipment	4/05/91	1,681.00	0.00	0.00	1,681.00	0.00	1,681.00	0.00	S/L	5.00
169		SCBS Equipment	6/01/91	1,294.00	0.00	0.00	1,294.00	0.00	1,294.00	0.00	S/L	5.00
174		Carbon Feeder	10/11/02	9,665.00	0.00	0.00	9,665.00	0.00	9,665.00	0.00	S/L	10.00
176		Colorimeter	12/20/02	749.00	0.00	0.00	749.00	0.00	749.00	0.00	S/L	10.00
180		Self Contained Breathing Aparatus	10/10/05	4,030.00	0.00	0.00	4,030.00	0.00	4,030.00	0.00	S/L	10.00
181		ABB D/B Transmitter	8/11/06	5,249.00	0.00	0.00	5,249.00	0.00	5,249.00	0.00	S/L	5.00
182		Soft Therma Hose	4/10/06	3,959.00	0.00	0.00	3,959.00	0.00	3,959.00	0.00	S/L	5.00
183		Self Contained Breathing App	4/07/06	4,440.00	0.00	0.00	4,440.00	0.00	4,440.00	0.00	S/L	10.00
185		Hydrant Flow Diffuser	12/17/07	680.00	0.00	0.00	680.00	0.00	680.00	0.00	S/L	5.00
187		Cattleguard	4/05/10	1,372.00	0.00	0.00	1,372.00	0.00	1,372.00	0.00	S/L	3.00
188		Leak Detector	12/10/10	3,800.00	0.00	0.00	3,800.00	0.00	3,800.00	0.00	S/L	5.00
		Water Treatment Equip		<u>36,919.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>36,919.00</u>	<u>0.00</u>	<u>36,919.00</u>	<u>0.00</u>		
		Grand Total		<u>12,526,169.49</u>	<u>0.00c</u>	<u>0.00</u>	<u>4,593,146.07</u>	<u>325,017.40</u>	<u>4,918,163.47</u>	<u>7,608,006.02</u>		

EXHIBIT G

EXHIBIT G.1

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
CUMBERLAND COUNTY WATER DISTRICT
DATED OCTOBER 19, 2005
IN THE AMOUNT OF \$107,000

This document was prepared by:

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

By Christina L. Jordan

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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of October 19, 2005 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, a non-profit corporation and instrumentality of the various entities of the Commonwealth of Kentucky (the "Issuer") and the Cumberland County Water District, Burkesville, Kentucky (the "Governmental Agency"):

WITNESSETH

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B (the "Series 2005B Bonds") in the aggregate principal amount of \$4,855,000, pursuant to a Supplemental Trust Indenture No. 18, dated as of October 1, 2005 by and between the Issuer and the Trustee, which Series 2005B Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

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

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

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

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

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

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

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$107,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

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

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

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

“*Act*” refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

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

“*Bond Counsel*” refers to a nationally recognized firm of Bond Counsel which firm has prepared the legal proceedings for the Obligations, has furnished all of the customary services of Bond Counsel in this financing and will continue to furnish such services until the Obligations are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Obligations and the tax exemption of the interest thereon.

“*Bond Legislation of 1995*” refers to the ordinance authorizing the Series 1995 Bonds, which was adopted by the Governing Body on _____.

“*Bond Legislation of 1996*” refers to the ordinance authorizing the Series 1996 Bonds, which was adopted by the Governing Body on _____, 1996.

“*Bond Legislation of 2001*” refers to the ordinance authorizing the Series 2001 Bonds, which was adopted by the Governing Body on _____, 2001.

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

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

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

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

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

“*Depreciation Fund*” refers to the Cumberland County Water District Depreciation Reserve Fund created in the Prior Bond Legislation, which Fund will continue to be maintained for the benefit of all of the Bonds.

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

“*Funds*” refers to the Revenue Fund, the Sinking Fund, the Depreciation Fund, the Operation and Maintenance Fund, and the Governmental Agency Account.

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

“*Governmental Agency*” refers to the Cumberland County Water District.

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

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

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 18, dated October 1, 2005, by and between the Issuer and the Trustee.

“*Interest Payment Date*” shall mean the 1st day of each month, commencing December 1, 2005 and continuing through and including January 1, 2031 or until the Loan has been paid in full.

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

“*Obligations*” refers to the Loan authorized by this Assistance Agreement in the principal amount of \$107,000.

“*Operation and Maintenance Fund*” refers to the Cumberland County Water District Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation, which Fund will continue to be maintained for the benefit of the System.

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

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

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

- (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully guaranteed by the United States of America, including instruments evidencing an ownership interest in securities described in this clause (1);
- (2) obligations, debentures, notes or other evidences of indebtedness issued or guaranteed by any of the following:

Federal Home Loan Bank System, Export-Import Bank of the United States, Federal Financing Bank, Federal Land Banks, Government National Mortgage Association, Federal Home Loan Mortgage Corporation or Federal Housing Administration;
- (3) repurchase agreements (including those of the Trustee or the Bank) fully secured by collateral security described in clause (1) or (2) of this definition, which collateral (a) is held by the Trustee or a third party agent during the term of such repurchase agreement, (b) is not subject to liens or claims of third parties and (c) has a market value (determined at least once every fourteen days) at least equal to the amount so invested;
- (4) certificates of deposit of, or time deposits in, any bank (including the Trustee or the Bank) or savings and loan association (a) the debt obligations of which (or in the case of the principal bank of a bank holding company, the debt obligations of the bank holding company of which) have been rated at least equal to the rating assigned to the Bonds by each Rating Agency then rating the Bonds or (b) which are fully insured by the Federal Deposit Insurance Corporation or (c) which are secured at all times, in the manner and to the extent provided by law, by collateral security (described in clause (1) or (2) of this definition) of a market value (valued at least quarterly) of no less than the amount of money so invested;
- (5) shares in any investment company registered under the Federal Investment Governmental Agency Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are government securities described in clause (1) or (2) of this definition and repurchase agreements fully secured by government securities described in clause (1) or (2) of this definition and/or other obligations rated AAA by S&P;
- (6) tax-exempt obligations of any state of the United States, or political subdivision thereof, which are rated AA or better by S&P or mutual funds invested only in such obligations;
- (7) units of a taxable or nontaxable government money-market portfolio composed of U.S. Government obligations and repurchase agreements collateralized by such obligations;

- (8) commercial paper rated A-1 or A-1+ by S&P;
- (9) corporate notes or bonds with one year or less to maturity rated in one of the two highest Rating Categories by S&P; or
- (10) shares of mutual funds, each of which shall have the following characteristics:
 - (i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment company Act of 1940, as amended;
 - (ii) The management company of the investment company shall have been in operation for at least five (5) years; and
 - (iii) All of the securities in the mutual fund shall be in investments in any one or more of the investments described in (1) and (3) above.

“*Prior Bond Legislation*” refers collectively to the Bond Legislation of 1995 Bonds, the Bond Legislation of 1996, and the Bond Legislation of 2001.

“*Prior Bonds*” refers collectively to the Series 1995 Bonds, the Series 1996 Bonds, and the Series 2001 Bonds.

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

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

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

“*Project*” refers to financing the acquisition of a backhoe and miscellaneous equipment, with the proceeds of the Obligations.

“*Record Date*” shall mean with respect to any Interest Payment Date, the close of business on the 15th day next preceding such Interest Payment Date, whether or not such day is a business day.

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

“Revenue Fund” refers to the Cumberland County Water District Water Revenue Fund created in the Prior Bond Legislation, which Fund will continue to be maintained for the benefit of all of the Bonds.

“Series 1995 Bonds” refers to the Cumberland County Water District Water Revenue Bonds Series A through I of 1995, dated November 29, 1995, in the combined aggregate principal amount of \$1,515,800.

“Series 1996 Bonds” refers to the Cumberland County Water District Water Revenue Bonds, Series 1996, dated September 24, 1996, in the aggregate principal amount of \$254,000.

“Series 2001 Bonds” refers to the Cumberland County Water District Water Revenue Bonds, Series 2001, dated October 23, 2001, in the aggregate principal amount of \$400,000.

“Sinking Fund” refers to the Cumberland County Water District Water Revenue Bond and Interest Sinking Fund created and confirmed in the Prior Bond Legislation, which Fund will continue to be maintained for the benefit of all of the Bonds.

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

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

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

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

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

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 to 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$107,000 from the Program, for the purpose of providing funds for the Project. The Obligations shall mature on each January 1 beginning January 1, 2007 and continuing thereafter through and until January 1, 2031, in such principal

amounts, and shall bear interest payable on the Interest Payment Dates, commencing December 1, 2005 in the maturities and at the interest rates set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Dates, beginning December 1, 2005 to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before the first day of each month, from the Sinking Fund, the amounts hereinafter specified:

- (1) An amount equal to one-sixth (1/6) of the interest becoming due on the Obligations on the next succeeding interest due date, and subject to a credit for the amount on deposit in the Sinking Fund transferred thereto on the date of issue of the Obligations; plus
- (2) An amount equal to one-twelfth (1/12) of the principal amount of all Obligations maturing on the next succeeding January 1.

Notwithstanding the provisions of paragraph (1) above, because the Issuer must make payments on the Series 2005B Bonds every February 1 and August 1, and the Governmental Agency must make monthly principal and interest payments on the Interest Payment Date totaling the Governmental Agency's pro rata share of the principal and interest payments on the Series 2005B Bonds by each January 1 and July 1, the Governmental Agency's initial eight (8) payments on the Obligations will include interest amortized from October 1, 2005 to August 1, 2006.

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

Section 4. Redemption. (a) *Optional Redemption.* Obligations maturing on and prior to January 1, 2015, shall not be subject to redemption prior to maturity. Subject to the prior written approval of the Compliance Group, Obligations maturing on or after January 1, 2016, are subject to redemption, in whole or in part, by the Governmental Agency prior to their stated

maturities, at any time falling on or after January 1, 2015 upon payment of the principal amount to be redeemed plus accrued interest to the date of redemption, on the dates, subject to redemption premium stated as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Dates (Inclusive)</u>	<u>Redemption Price</u>
January 1, 2016 through December 31, 2016	101.00%
January 1, 2017 through December 31, 2017	100.05%
January 1, 2018 and thereafter	100.00%

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

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

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

Section 5. Obligations Payable Out of Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided, and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 7. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other

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

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

B. Sinking Fund. It is hereby recognized that the Governmental Agency is obligated upon the issuance of the Obligations to provide for the additional debt service requirements of the Obligations.

There shall be transferred from the Revenue fund to the Sinking Fund a monthly amount equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the interest requirements becoming due on the Outstanding Bonds and the Obligations on the next succeeding interest due date.
- (2) A sum equal to one-twelfth (1/12) of the principal requirements becoming due on the Outstanding Bonds and the Obligations on the next succeeding January 1.

Notwithstanding the provisions of paragraph (1) above, because the Issuer must make payments on the Series 2005B Bonds every February 1 and August 1, and the Governmental Agency must make monthly principal and interest payments on the Interest Payment Date totaling the Governmental Agency's pro rata share of the principal and interest payments on the Series 2005B Bonds by each January 1 and July 1, the Governmental Agency's initial eight (8) payments on the Obligations will include interest amortized from October 1, 2005 to August 1, 2006.

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

C. Operation and Maintenance Fund. The Operation and Maintenance Fund shall be maintained as long as any of the Prior Bonds, Obligations, and any Parity Bonds remain outstanding. Beginning with the month following the month in which the Obligations are delivered, after observing the priorities of the transfers enumerated in subsection (B) above, there shall be transferred from the Revenue Fund to the Operation and Maintenance Fund a monthly amount sufficient to provide for the operation, maintenance and insurance of the System for the ensuing month and maintain a balance over and above monthly expenses equal to anticipated expenditures for a period of three (3) months pursuant to the District's annual budget.

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

There shall also be deposited in the Depreciation Fund proceeds from the sale of any equipment no longer usable or needed, fees or charges, if any collected from potential customers for connecting the System, and the proceeds of any property damage insurance not immediately used to replace the damaged or destroyed property. Monies in the Depreciation Fund shall be used for making extraordinary maintenance, repairs, renewals or replacements to the System and for paying the cost of constructing improvements or extensions to the System that will either enhance the revenue producing capacity of the System or provide a higher degree of service, and no withdrawals shall be made for any other purposes; provided, however, that moneys on deposit in the Depreciation Fund shall be available for the principal and interest requirements on the Outstanding Bonds, Obligations, or any Parity Bonds, if, for any reason, and whenever sufficient funds are not available in the Sinking Fund.

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

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

Section 8. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the deliverance of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is

to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

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

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

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Cumberland County Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the cost of the Project.

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

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

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

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

After completion of the Project, as certified by the Engineers, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on

the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 9. Arbitrage Limitations. (a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

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

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

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

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

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

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

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

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

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

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

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

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

Section 10. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

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

(a) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional Parity Bonds and the outstanding Prior Bonds and Obligations.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(c) 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 parity bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to equal at least 120% of the average annual debt service requirements for principal of and interest on all outstanding Bonds payable from the revenues of the System, plus the anticipated 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 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 revision 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, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or 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 a Certified Public Accountant.

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

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

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

(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 replacement costs of the facilities to be constructed and acquired with the proceeds of such additional Parity Bonds.

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

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

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

Section 11. Rates and Charges for Services of the System. While there are any Outstanding Bonds, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all Outstanding Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the "annual net revenues" (defined as gross revenues less essential operation and maintenance 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 10 hereof.

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

Section 12. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 13. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in direct obligations of or obligations guaranteed by the United States of America, including book entry obligations and trust receipts representing an ownership in direct obligations of the United States of America, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such Permitted Investments shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 14. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the

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

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

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

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

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

Section 16. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 17. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

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

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the

opinion that the Obligations are not “arbitrage bonds” within the meaning of Section 148 of the Code.

Section 18. Insurance. (a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

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

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

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

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

Section 19. Event of Default; Remedies. The following items shall constitute an “Event of Default” on the part of the Governmental Agency:

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

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

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

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

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

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

Section 20. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2005) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year (December 31).

Section 21. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;

(b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;

(c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;

(d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;

(e) to effect the issuance of additional Parity Bonds; and/or

(f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 24. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 26. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By 
President

Attest:

Secretary/Treasurer

CUMBERLAND COUNTY WATER DISTRICT

By _____
Chairman

Attest:

Secretary

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:



Secretary/Treasurer

CUMBERLAND COUNTY WATER DISTRICT

By _____
Chairman

Attest:

Secretary

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

Secretary/Treasurer

CUMBERLAND COUNTY WATER DISTRICT

By Stephen L. Cooper
Chairman

Attest:

Gary R. Lee
Secretary

ISSUER ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF HENDERSON

The foregoing instrument was acknowledged before me this October 19, 2005 by Allan VanMeter who is the President of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this October 19, 2005.

My Commission expires: Oct. 21, 2006.


Sandra K. Nilkerson
Notary Public, in and for said County and State

COMMONWEALTH OF KENTUCKY

COUNTY OF WARREN

The foregoing instrument was acknowledged before me this October ____, 2005 by Gary Larimore who is the Secretary/Treasurer of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this October ____, 2005.

My Commission expires: _____.

Notary Public, in and for said County and State

ISSUER ACKNOWLEDGMENT

COMMONWEALTH OF KENTUCKY

COUNTY OF HENDERSON

The foregoing instrument was acknowledged before me this October ____, 2005 by Allan VanMeter who is the President of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this October ____, 2005.

My Commission expires: _____.

Notary Public, in and for said County and State

COMMONWEALTH OF KENTUCKY

COUNTY OF WARREN

The foregoing instrument was acknowledged before me this October 14, 2005 by Gary Larimore who is the Secretary/Treasurer of the Kentucky Rural Water Finance Corporation, on behalf of said Corporation.

WITNESS my hand this October 14, 2005.

My Commission expires: 7-11-06.

Bobbie S. Shenahan
Notary Public, in and for said County and State

GOVERNMENTAL AGENCY ACKNOWLEDGMENT

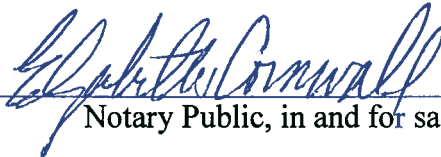
COMMONWEALTH OF KENTUCKY

COUNTY OF CUMBERLAND

The foregoing instrument was acknowledged before me this October 17, 2005 by Steve Capps and ~~Jerry~~^{Jerry} Lee who are the Chairman and Secretary of the Cumberland County Water District, on behalf of said District.

WITNESS my hand this October 17, 2005.

My Commission expires: 7/28/07.



Notary Public, in and for said County and State

EXHIBIT A

Debt Service Schedule

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2005 B

Borrower: Cumberland Co. WD
Dated Date: 10/19/05

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
10/19/05						
07/01/06			3,746.25	250.00	3,996.25	3,996.25
01/01/07	3,000.00	4.000%	2,247.75		5,247.75	
07/01/07	0.00		2,187.75	250.00	2,437.75	7,685.50
01/01/08	3,000.00	4.000%	2,187.75		5,187.75	
07/01/08	0.00		2,127.75	250.00	2,377.75	7,565.50
01/01/09	3,000.00	4.000%	2,127.75		5,127.75	
07/01/09	0.00		2,067.75	250.00	2,317.75	7,445.50
01/01/10	3,000.00	4.000%	2,067.75		5,067.75	
07/01/10	0.00		2,007.75	250.00	2,257.75	7,325.50
01/01/11	3,000.00	4.000%	2,007.75		5,007.75	
07/01/11	0.00		1,947.75	250.00	2,197.75	7,205.50
01/01/12	3,000.00	4.000%	1,947.75		4,947.75	
07/01/12	0.00		1,887.75	250.00	2,137.75	7,085.50
01/01/13	3,000.00	4.000%	1,887.75		4,887.75	
07/01/13	0.00		1,827.75	250.00	2,077.75	6,965.50
01/01/14	3,000.00	4.000%	1,827.75		4,827.75	
07/01/14	0.00		1,767.75	250.00	2,017.75	6,845.50
01/01/15	3,000.00	4.000%	1,767.75		4,767.75	
07/01/15	0.00		1,707.75	250.00	1,957.75	6,725.50
01/01/16	3,000.00	4.000%	1,707.75		4,707.75	
07/01/16	0.00		1,647.75	250.00	1,897.75	6,605.50
01/01/17	4,000.00	4.000%	1,647.75		5,647.75	
07/01/17	0.00		1,567.75	250.00	1,817.75	7,465.50
01/01/18	4,000.00	4.000%	1,567.75		5,567.75	
07/01/18	0.00		1,487.75	250.00	1,737.75	7,305.50
01/01/19	4,000.00	4.000%	1,487.75		5,487.75	
07/01/19	0.00		1,407.75	250.00	1,657.75	7,145.50
01/01/20	4,000.00	4.100%	1,407.75		5,407.75	
07/01/20	0.00		1,325.75	250.00	1,575.75	6,983.50
01/01/21	4,000.00	4.125%	1,325.75		5,325.75	
07/01/21	0.00		1,243.25	250.00	1,493.25	6,819.00
01/01/22	5,000.00	4.200%	1,243.25		6,243.25	
07/01/22	0.00		1,138.25	250.00	1,388.25	7,631.50
01/01/23	5,000.00	4.250%	1,138.25		6,138.25	
07/01/23	0.00		1,032.00	250.00	1,282.00	7,420.25
01/01/24	5,000.00	4.250%	1,032.00		6,032.00	
07/01/24	0.00		925.75	250.00	1,175.75	7,207.75
01/01/25	5,000.00	4.300%	925.75		5,925.75	
07/01/25	0.00		818.25	250.00	1,068.25	6,994.00
01/01/26	5,000.00	4.350%	818.25		5,818.25	
07/01/26	0.00		709.50	250.00	959.50	6,777.75
01/01/27	6,000.00	4.375%	709.50		6,709.50	
07/01/27	0.00		578.25	250.00	828.25	7,537.75
01/01/28	6,000.00	4.375%	578.25		6,578.25	
07/01/28	0.00		447.00	250.00	697.00	7,275.25
01/01/29	6,000.00	4.400%	447.00		6,447.00	
07/01/29	0.00		315.00	250.00	565.00	7,012.00
01/01/30	7,000.00	4.500%	315.00		7,315.00	
07/01/30	0.00		157.50	250.00	407.50	7,722.50
01/01/31	7,000.00	4.500%	157.50		7,157.50	
07/01/31	0.00			250.00	250.00	7,407.50
Totals	107,000.00		70,656.50	6,500.00	184,156.50	

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
12/5-1/6	-	468.28	468.28
2/6-7/6	250.00	468.28	718.28
8/6-1/7	250.00	374.63	624.63
2/7-7/7	250.00	364.63	614.63
8/7-1/8	250.00	364.63	614.63
2/8-7/8	250.00	354.63	604.63
8/8-1/9	250.00	354.63	604.63
2/9-7/9	250.00	344.63	594.63
8/9-1/10	250.00	344.63	594.63
2/10-7/10	250.00	334.63	584.63
8/10-1/11	250.00	334.63	584.63
2/11-7/11	250.00	324.63	574.63
8/11-1/12	250.00	324.63	574.63
2/12-7/12	250.00	314.63	564.63
8/12-1/13	250.00	314.63	564.63
2/13-7/13	250.00	304.63	554.63
8/13-1/14	250.00	304.63	554.63
2/14-7/14	250.00	294.63	544.63
8/14-1/15	250.00	294.63	544.63
2/15-7/15	250.00	284.63	534.63
8/15-1/16	250.00	284.63	534.63
2/16-7/16	333.33	274.63	607.96
8/16-1/17	333.33	274.63	607.96
2/17-7/17	333.33	261.29	594.63
8/17-1/18	333.33	261.29	594.63
2/18-7/18	333.33	247.96	581.29
8/18-1/19	333.33	247.96	581.29
2/19-7/19	333.33	234.63	567.96
8/19-1-20	333.33	234.63	567.96
2/20-7/20	333.33	220.96	554.29
8/20-1/21	333.33	220.96	554.29
2/21-7/21	416.67	207.21	623.88
8/21-1/22	416.67	207.21	623.88
2/22-7/22	416.67	189.71	606.38
8/22-1/23	416.67	189.71	606.38
2/23-7/23	416.67	172.00	588.67
8/23-1/24	416.67	172.00	588.67
2/24-7/24	416.67	154.29	570.96
8/24-1/25	416.67	154.29	570.96
2/25-7/25	416.67	136.38	553.04
8/25-1/26	416.67	136.38	553.04
2/26-7/26	500.00	118.25	618.25
8/26-1/27	500.00	118.25	618.25
2/27-7/27	500.00	96.38	596.38
8/27-1/28	500.00	96.38	596.38
2/28-7/28	500.00	74.50	574.50
8/28-1/29	500.00	74.50	574.50
2/29-7/29	583.33	52.50	635.83
8/29-1/30	583.33	52.50	635.83
2/30-7/30	583.33	26.25	609.58
8/30-2/31	583.33	26.25	609.58
Totals	107,000.00	70,656.50	177,656.50

EXHIBIT B

**REQUEST FOR PAYMENT WITH RESPECT TO
KENTUCKY RURAL WATER FINANCE CORPORATION
(FLEXIBLE TERM PROGRAM)**

Request No. _____

Dated _____

To: Regions Bank
315 Union Street
P.O. Box 198977
Nashville, Tennessee 37219
Fax Number: (615) 687-4503

From: Cumberland County Water District ("Governmental Agency")

Contact Person: Steve Capps, Chairman
Cumberland County Water District
1236 Columbia Road
Burkesville, Kentucky 42717

Ladies and Gentlemen:

The above-identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Rural Water Finance Corporation (the "Issuer") for the acquisition of equipment 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 Issuer's funding share of these expenses is in the amount so denoted in this request totaling \$_____ and is set forth in Exhibit A attached hereto.

Respectfully submitted,

CUMBERLAND COUNTY WATER
DISTRICT

By _____

Title _____

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

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

Engineer/Consultant

Firm Name _____

By _____

Title _____

EXHIBIT G.2

ASSISTANCE AGREEMENT

BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY

AND

~~CUMBERLAND COUNTY WATER DISTRICT~~

TRANSCRIPT OF PROCEEDINGS

PECK, SHAFFER & WILLIAMS, A DIVISION OF
DINSMORE & SHOHL LLP
COVINGTON, KENTUCKY

INDEX TO TRANSCRIPT OF PROCEEDINGS

In re: Assistance Agreement between Kentucky Infrastructure Authority (the "Authority") and Cumberland County Water District (the "Governmental Agency"), dated as of August 1, 2015

1. Opinion of Counsel to the Governmental Agency.
2. General Closing Certificate of the Governmental Agency.
3. Assistance Agreement.
4. Resolution of the Governmental Agency authorizing the Assistance Agreement.
5. Extract of Minutes of the Meeting of the Board of Commissioners adopting Resolution authorizing Assistance Agreement.
6. Extract of Minutes of the Authority authorizing the Assistance Agreement.
7. Commitment Letter, including Credit Analysis.

DISTRIBUTION LIST

Alvin Pharis
Chairman
Cumberland County Water District
133 Lower River Street
Burkesville, Kentucky 42717

Ms. Brandi Norton
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Mr. Buddy Griffin
Water Infrastructure Branch
Energy and Environment Cabinet
200 Fair Oaks, 4th Floor
Frankfort, Kentucky 40601

Mr. Charles Lush, Jr.
U.S. Bank National Association
Corporate Trust Services
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COMMONWEALTH OF KENTUCKY
OFFICE OF THE CUMBERLAND COUNTY ATTORNEY

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August 10th, 2015

Kentucky Infrastructure Authority
1024 Capital Center Drive Suite 340
Frankfort, Kentucky 40601

**RE: Assistance Agreement by and between Kentucky Infrastructure Authority
and Cumberland County Water District, dated as of August 1, 2015**

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Cumberland County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

- 1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.
- 2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.
- 3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

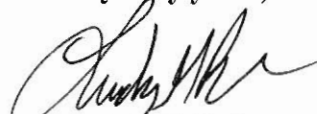
6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,



Lindsey G. Bell

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and Cumberland County Water District (the "Governmental Agency"), dated as of August 1, 2015

GENERAL CLOSING CERTIFICATE OF GOVERNMENTAL AGENCY

In connection with the above-captioned Assistance Agreement (the "Assistance Agreement"), the Governmental Agency, through its undersigned duly authorized officer hereby certifies, represents, warrants and covenants as follows:

1. No event of default exists, or with the passage of time will exist, under the Assistance Agreement and the representations and warranties set forth in the Assistance Agreement are true and correct as of the date hereof.

2. ~~The Governmental Agency has examined and is familiar with proceedings of the governing body of the Governmental Agency approving the Assistance Agreement and authorizing its negotiation, execution and delivery and such proceedings were duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such proceedings are in full force and effect and have not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.~~

3. The Governmental Agency is a duly organized and validly existing political subdivision of the Commonwealth of Kentucky with full power to own its properties, conduct its affairs, enter into the Assistance Agreement and consummate the transactions contemplated thereby.

4. The negotiation, execution and delivery of the Assistance Agreement by the Governmental Agency and the consummation of the transactions contemplated thereby by the Governmental Agency have been duly authorized by all requisite action of the governing body of the Governmental Agency.

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

6. There is no controversy or litigation of any nature pending, or to the knowledge of the Governmental Agency after diligent inquiry, 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 the 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 which have been taken in the authorization or delivery of the Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of the Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of the

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 the Assistance Agreement.

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

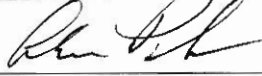
8. All actions taken by the Governmental Agency in connection with the Assistance Agreement and the loan described therein and the Project, as defined in the Assistance Agreement, have been in full compliance with the provisions of the Kentucky Open Meetings Law, KRS 61.805 to 61.850.

9. The Governmental Agency has all licenses, permits and other governmental approvals required to own, occupy, operate and maintain the Project and to enter into the Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Governmental Agency Project, and has full right, power and authority to perform the acts and things as provided for in the Assistance Agreement.


10. The individuals named below are the duly elected or appointed qualified and acting incumbents in the office of the Governmental Agency indicated after their respective names and the signatures subscribed above their names are their genuine signatures.

WITNESS our signatures, this 10TH day of August, 2015.

**GOVERNMENTAL AGENCY:
CUMBERLAND COUNTY WATER DISTRICT**

By: 
Name: Alvin Pharis
Title: Chairman

Attest:

By: 
Name: Mark Vibbert
Title: Secretary

9812686v1

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F15-001
BORROWER: Cumberland County Water District
BORROWER'S ADDRESS: 133 Lower River Street
Burkesville, Kentucky 42717
DATE OF ASSISTANCE AGREEMENT: August 1, 2015
CFDA NO.: 66.458

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

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

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

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

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

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

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

"*Cabinet*" means the Energy and Environment Cabinet of the Commonwealth.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"*Schedule of Service Charges*" shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, and such other revenues identified in Exhibit C hereto from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority 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 Charges shall be no less than those set forth in the Schedule of Service Charges.

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

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or

administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to proceed with the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the Construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

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

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

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

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

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

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

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

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed

as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(V) The Governmental Agency shall require all laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of Chapter 31 of title 40, United States Code.

(W) The Governmental Agency shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2014 (the "2014 Appropriations Act") and related Program policy guidelines) which the Governmental Agency understands includes, among other requirements, that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel

Requirement”) unless (i) the Governmental Agency has requested and obtained a waiver from the United States Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Participant in writing that the American Iron and Steel Requirement is not applicable to the Project.

(X) The Governmental Agency shall comply with all record keeping and reporting requirements under the Federal Act, including any reports required by a Federal agency or the Authority such as performance indicators of program deliverables, information on costs and project progress. The Governmental Agency understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Federal Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance of the maturity of the Bonds and/or other remedial actions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

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

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

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

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

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

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

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

made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$500,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with OMB Circular A-133.

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

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

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

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

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

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

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

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) 40 CFR 35.3580 (and Appendix A to Subpart L) – NEPA – Like State Environmental Review Process
- (d) Environmental Justice, Executive Order 12898
- (e) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (f) Protection of Wetlands, Executive Order 11990
- (g) Farmland Protection Policy Act, Pub. L. 97-98
- (h) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (i) National Historic Preservation Act of 1966, PL 89-665, as amended
- (j) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (k) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

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

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432
- (g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

(2) State:

- (a) KRS 151
- (b) KRS 224
- (c) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
- (d) KRS Chapter 337, Labor Laws
- (e) 401 KAR Chapter 8

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

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

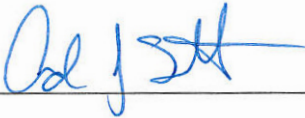
Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

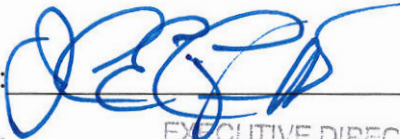
Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

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

ATTEST:

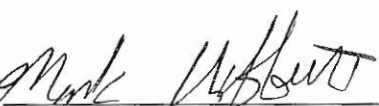
KENTUCKY INFRASTRUCTURE
AUTHORITY

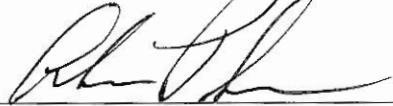

Title: SECRETARY

By: 
Title: EXECUTIVE DIRECTOR


ATTEST:

GOVERNMENTAL AGENCY:
CUMBERLAND COUNTY WATER DISTRICT

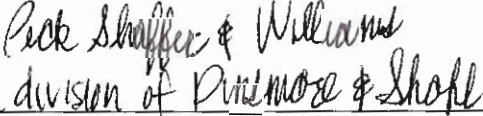

Title: Secretary

By: 
Title: Chairman

APPROVED:


SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

EXAMINED:


LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY


APPROVED
FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
CUMBERLAND COUNTY WATER DISTRICT
PROJECT SPECIFICS
F15-001

GOVERNMENTAL AGENCY:

Name: Cumberland County Water District
 133 Lower River Street
 Burkesville, KY 42717

Contact
 Person: Alvin Pharis
 Chairman

SYSTEM: Water

PROJECT:

The proposed project will upgrade or rehabilitate various aging, undersized and inadequate infrastructure components of the District. Project components include waterline replacements, elevated storage tank and pump station rehabilitation, new telemetry communications system and installation of radio read meters.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 5,000
Legal Expenses	8,000
Engineering Fees - Design / Const	88,000
Engineering Fees - Inspection	56,000
Engineering Fees - Other	20,000
Construction	1,092,000
Contingency	99,000
Total	\$ 1,368,000

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 1,268,000	93%
USDA RD	100,000	7%
Total	\$ 1,368,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 1,268,000
Less: Principal Forgiveness (30%)	380,400
Amortized Loan Amount	\$ 887,600
Interest Rate	0.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 47,875
Administrative Fee (0.25%)	2,219
Total Estimated Annual Debt Service	\$ 50,094

**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 polices 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
------------------	---------------	---------------	---------------

CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST

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

Engineer/Architect

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached

For: CUMBERLAND COUNTY, KY

PSC KY Number: 4

Revised Sheet No. 4

Cancelling PSC KY Number: 1

Revised Sheet No. 4

CUMBERLAND COUNTY WATER DISTRICT

(Name of Utility)

A. MONTHLY RATES

5/8" X 3/4" Meter

First	2,000 Gallons	\$27.00	Minimum Bill
Next	3,000 Gallons	7.50	per 1,000 Gallons
Next	5,000 Gallons	6.50	per 1,000 Gallons
All Over	10,000 Gallons	5.50	per 1,000 Gallons

1" Meter

First	5,000 Gallons	\$49.50	Minimum Bill
Next	5,000 Gallons	6.50	per 1,000 Gallons
Over	10,000 Gallons	5.50	per 1,000 Gallons

1 1/2" Meter

First	12,500 Gallons	\$95.25	Minimum Bill
Over	12,500 Gallons	5.50	per 1,000 Gallons

2" Meter

First	25,000 Gallons	\$164.50	Minimum Bill
Over	25,000 Gallons	5.50	per 1,000 Gallons

Dale Hollow Meter

First	300,000 Gallons	\$1,677.00	Minimum Bill
Over	300,000 Gallons	5.50	per 1,000 Gallons

DATE OF ISSUE 05/16/2013
Month / Day / Year

DATE EFFECTIVE 05/16/2013
Month / Day / Year

ISSUED BY Stephan Carson
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. 2013-00159 DATED 5-16-2013

**KENTUCKY
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN
EXECUTIVE DIRECTOR**

TARIFF BRANCH

Brent Kirtley

EFFECTIVE

5/16/2013

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EXHIBIT D

RESOLUTION

RESOLUTION OF THE CUMBERLAND COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF AUGUST 1, 2015 BETWEEN THE CUMBERLAND COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Cumberland County Water District ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to acquire and construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of August 1, 2015 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Cumberland County Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the acquisition and construction of the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on _____, 2015.

Chairman

Attest:

Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Cumberland County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on _____, 2015; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this ____ day of _____, 2015.

Secretary

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Cumberland County Water District, dated as of August 1, 2015

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Cumberland County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

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

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN
CUMBERLAND COUNTY WATER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

Total Loan to be Repaid by
Governmental Agency to
Kentucky Infrastructure Authority \$ _____

Principal and Interest Payable
on Each June 1 and December 1

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Title: _____

**CUMBERLAND COUNTY WATER DISTRICT,
Governmental Agency**

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

9812263v1

RESOLUTION

RESOLUTION OF THE CUMBERLAND COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF AUGUST 1, 2015 BETWEEN THE CUMBERLAND COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Cumberland County Water District ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to acquire and construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of August 1, 2015 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Cumberland County Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the acquisition and construction of the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

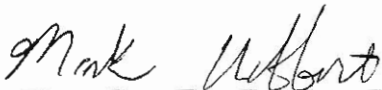
SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on August 10TH, 2015.



Chairman

Attest:



Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Cumberland County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on AUGUST 10TH, 2015; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 10TH day of AUGUST, 2015.

Secretary

**Cumberland County Water District
Board of Commissioners
August 10, 2015 6:00 p.m.**

Commissioners:

Alvin Pharis, Chairman; Garland Hieneman, Vice-Chairman
Troy Norris, Treasurer; Jay Cary

Employees: Johnny Carter, Matthew Dyer

Visitors: David Bowles, Lee Mudd

A quorum being present the Chairman called the meeting to order.

Lee Mudd presented the information to the Board pertaining to the upcoming system project. Lee informed the Board that a resolution needed to be reviewed and passed in order to move forward with the project. "Resolution of the Cumberland County Water District Approving and Authorizing an Assistance Agreement Dated as of August 1, 2015 Between the Cumberland County Water District and the Kentucky Infrastructure Authority." This resolution is for the CCWD to accept the funding for system wide projects from the KIA. A motion was made by Troy Norris, second by Garland Hieneman; all in favor.

The minutes of the July 27, 2015 meeting were approved on a motion by Troy Norris, second by Garland Hieneman; all in favor.

The July Water Loss Report was reviewed and discussed by the Board. The report showed a total of 18.47% of water not sold.

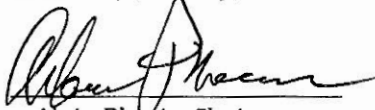
Johnny gave the Board his Manager's Report.

The Board performed the financial review.

There was no Old Business to discuss.

In New Business, Matthew presented the Employee Health Insurance Renewal to the Board for review. We are looking at an increase of 2.9% which equals \$143.00 monthly. The Board accepted the increase and the renewal on a motion by Troy Norris, second by Mark Vibbert; all in favor.

With no further business the meeting was adjourned on a motion made by Garland Hieneman, second by Jay Cary; all in favor.



Alvin Pharis, Chairman

**KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board**

Meeting Date/Location: October 2, 2014 – 1:00 p.m.
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Mr. Russ Salsman, Department for Local Government
(proxy for Commissioner Tony Wilder)
Mr. Sam Ruth, Finance and Administration Cabinet
(proxy for Secretary Lori H. Flanery, FAC)
Ms. Lona Brewer, Energy and Environment Cabinet
(permanent proxy for Secretary Leonard K. Peters, EEC)
Mr. Jeff Derouen, Executive Director, Public Service Commission
Mr. C. Ronald Lovan, representing the American Water Works Association
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities
Mr. Damon Talley, representing the Kentucky Rural Water Association

Members absent:

Secretary Larry Hayes, Economic Development Cabinet
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky
Association of Counties
Mr. Marty T. Ivy, representing the Kentucky Municipal Utilities Association

Guests:

Mr. Shafiq Amawi, Division of Water
Mr. Kevin Collignon, City of Owensboro
Mr. Joe Schepers, City of Owensboro
Mr. Eddie Brown, Kenvirons
Mr. Bryan Kirby, Community & Economic Development Associates, Inc,
Mr. Tim Schwendemann, Cumberland Valley Area Development District
Mr. Dennis McClure, City of Mount Vernon
Mr. Steve Starkweather, Office of Financial Management
Mr. John Brady, Office of Financial Management
Mr. Chris Stewart, HMB Professional Engineers, Inc.
Mr. Chad Clark, Western Lewis-Rectorville Water & Gas
Mr. Ora Main, Nesbitt Engineering, Inc.
Annette Dupont-Ewing, Kentucky Municipal Utilities Association
Ms. Donna McNeil, Kentucky Rural Water Association
Ms. Laura Jefferson, Buffalo Trace Area Development District
Mr. Josh W. Nacey, Legislative Research Commission

PROCEEDINGS

Vice Chair Damon Talley called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order in the absence of Board Chair Tony Wilder. Mr. Talley asked board members and guests to introduce themselves. He confirmed that a quorum was present and that the press had been notified regarding the meeting.

Mr. Rusty Anderson, KIA, made maps available for viewing via the Water Resource Information System (WRIS) which showed an overview of the water and sewer projects that were to be considered at this board meeting.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of September 4, 2014

Mr. Sam Ruth moved to approve the minutes of the September 4, 2014, regular board meeting. Ms. Lona Brewer seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY FOR APPROVAL OF A FUND A LOAN (A15-036) IN THE AMOUNT OF \$3,975,000 TO THE CITY OF OWENSBORO, DAVIESS COUNTY, KENTUCKY

Ms. Shafiq Amawi, DOW, and Ms. Brandi Armstrong, KIA, presented the project to the Board. The City of Owensboro requested a \$3,975,000 Fund A loan for the Sherm Ditch Phase IV project. The project is the fourth phase of the City's Sherm Ditch Rehabilitation project and will separate storm and sanitary sewer lines along Sherm Road to Weslyn Plaza. Roadway structures will also be removed and replaced with box culverts and curb boxes. Mr. Damon Talley requested an explanation of the City's "Your Community Vision Fund" and how they can finance projects without sewer rates. A city representative explained that their "Your Community Vision Special Revenue Fund" is funded by a .33 percent tax on net profits and income. He told the board that by ordinance a substantial portion is designated to be used for storm water.

Mr. Ron Lovan moved to approve the Fund A Loan A15-036 in the amount of \$3,975,000 to the City of Owensboro with the standard conditions. Mr. David Cartmell seconded, and the motion was unanimously approved.

2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A GOVERNMENTAL AGENCIES FUND C LOAN (C15-001) IN THE AMOUNT OF \$1,200,000 TO THE NORTHERN MADISON COUNTY SANITATION DISTRICT, MADISON COUNTY, KENTUCKY

Mr. Jeff Abshire, KIA, presented the project to the Board. The Northern Madison County Sanitation District requested a Fund C loan in the amount of \$1,200,000 for the Muddy Creek Wastewater Treatment Plant project. The project will involve the construction of a 200,000 gallon per day (GPD) wastewater treatment plant, force main and two lift stations in the Muddy Creek area east of the Richmond city limits. The project will serve an existing 386 customers and also provide the capacity to expand into existing unserved areas (subdivisions with failing septic systems, a school, and several small businesses). Mr. Ron Lovan wanted to clarify if this construction of this plant is necessary to deal with capacity issues. He was told that the new treatment plant is needed to address both capacity issues and the cost of bulk treatment. The 200,000 GPD capacity will allow for three existing package plants to be decommissioned in future phases. Mr. Damon Talley confirmed with Mr. Shafiq Amawi that the Division of Water (DOW) finds this system to be appropriately sized and is prepared to approve the required permits. Mr. Talley stressed that the record should reflect that DOW approval is available and that future phases will eliminate three package plants.

Mr. Ron Lovan moved to approve the Fund C Loan C15-001 in the amount of \$1,200,000 to the Northern Madison County Sanitation District with the standard conditions. Mr. Sam Ruth seconded, and the motion was unanimously approved.

3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT OF THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND F LOAN (F12-01) INCREASING THE AMOUNT TO \$3,023,310 TO THE CITY OF MOUNT VERNON, ROCKCASTLE COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Mr. Jeff Abshire, KIA, presented the project to the Board. The City of Mount Vernon requested an increase of \$423,310 to a previously approved Fund F loan in the amount of \$2,600,000 for the Phase #2 Potable Water Storage Tanks and Lines project. Changes made during the design phase of the project increased the project cost by about \$360,000, while inflation increased cost by \$63,000. The interest rate will remain at 1.00%, the same as on the original project loan. Project Engineer Eddie Brown, Kenvirons, Inc., explained that the increase is needed to cover additions to the original plan as well as more site preparation for the tank than originally anticipated.

Mr. Sam Ruth moved to approve the increase to Fund F Loan F12-01 in the amount of \$423,310 for a total of \$3,023,310 with the standard conditions. Mr. Ron Lovan seconded, and the motion was unanimously approved.

4. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F15-001) OF \$1,268,000 TO THE CUMBERLAND COUNTY WATER DISTRICT, CUMBERLAND COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Jami Johnson, KIA, presented the project to the Board. The Cumberland County Water District requested a \$1,268,000 Fund F loan for the Water System Improvement Project. The project will replace aging and undersized lines; rehabilitate two pump stations; rehabilitate a 100,000 gallon elevated storage tank; install new telemetry communications systems on five storage tanks, four pump stations and at the water treatment plant; and install approximately 400 radio read meters. The project qualified for additional subsidization in the amount of \$280,400. As the water district is regulated by the Kentucky Public Service Commission, Mr. Jeff Derouen indicated that he would abstain from this vote.

Mr. Ron Lovan moved to approve the Fund F Loan F15-001 in the amount of \$1,268,000 to the Cumberland County Water District with the standard conditions. Mr. David Cartmell seconded, and the motion received all "aye" votes with the exception of Mr. Jeff Derouen, who abstained.

5. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F15-005) OF \$1,266,500 TO THE WESTERN LEWIS-RECTORVILLE WATER AND GAS DISTRICT, MASON COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Jami Johnson, KIA, presented the project to the Board. The Western Lewis-Rectorville Water and Gas District requested a Fund F loan in the amount of \$1,266,500 for the Water System Improvements Project. This project will install approximately 30,000 feet of various sized water lines to provide new service and improve existing service, and it will install four loops to eliminate dead end lines. The project will also install an interconnect with the Greater Fleming County Regional Water Commission, and recoat the interior and exterior of an existing water storage tank. The project qualified for additional subsidization in the amount of \$379,950. Mr. Damon Talley confirmed with Western Lewis-Rectorville representatives that a water rate increase application has already been made. Mr. Jeff Derouen and Mr. David Cartmell indicated that they would abstain from this vote.

Ms. Lona Brewer moved to approve the Fund F Loan F15-005 in the amount of \$1,266,500 to the Western Lewis-Rectorville Water and Gas District with the standard conditions. Mr. Ron Lovan seconded, and the motion received all "aye" votes with the exception of Mr. Jeff Derouen and Mr. David Cartmell, who abstained.

6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F15-014) OF \$2,800,000 TO THE HENRY COUNTY WATER DISTRICT #2, HENRY COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Jami Johnson, KIA, presented the project to the Board. Henry County Water District #2 requested a Fund F loan in the amount of \$2,800,000 for the U.S. Highway 42 Storage Tank Project. The project involved construction of a one million gallon composite storage tank that will replace a 47-year-old 200,000 gallon elevated leg tank that is in need of repair and painting. This project will increase storage capacity, allow for more water to be available to the first three booster pump stations, and increase gravity flow, reducing pump run times at the pumping stations. Mr. Damon Talley clarified that while Kentucky Infrastructure Authority is not including a rate increase in its conditions for approval of the loan, the Henry County Water District feels that it would be prudent to plan for one. Mr. Jimmy Simpson with Henry County Water District #2 told the board that the water district will be petitioning the Public Service Commission for a rate increase in early 2016. Mr. Jeff Derouen indicated that he would abstain from this vote.

Mr. David Cartmell moved to approve the Fund F Loan F15-014 in the amount of \$2,800,000 to Henry County Water District #2 with the standard conditions. Mr. Ron Lovan seconded, and the motion received all "aye" votes with the exception of Mr. Jeff Derouen, who abstained.

7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES

This is a routine resolution allowing KIA to reimburse expenses that are paid out of the Authority's funds with bond proceeds. The projects listed below are covered under this resolution:

APPLICANT	FUND	AMOUNT
City of Owensboro	A15-036	\$3,975,000
Northern Madison County Sanitation District	C15-001	\$1,200,000
City of Mount Vernon (increase of \$423,310)	F12-01	\$3,023,310
Cumberland County Water District	F15-001	\$1,268,000
Western Lewis-Rectorville Water and Gas District	F15-005	\$1,266,500
Henry County Water District #2	F15-014	\$2,800,000

Mr. Russ Salsman moved to approve the resolution. Mr. David Cartmell seconded, and the motion carried unanimously.

II. EXECUTIVE DIRECTOR'S REPORT

Mr. Covington provided more in-depth information on changes to the Clean Water Act that he received in training. He told the board that Davis Bacon and American Iron and Steel and Additional Subsidization provisions have been made a permanent part of the program. Davis Bacon and American Iron and Steel will now apply to more types of projects, such as storm water and decentralized systems.

Additional Subsidization is now optional, but if a state chooses to use it, affordability requirements must be based on income, unemployment data, population trends, and other relevant data as determined by the state. Additional subsidization can also be used to implement water and energy efficiency goals, mitigate stormwater runoff, and encourage sustainable project planning and design. States must establish Affordability Criteria before September 30, 2015.

There have also been changes to eligible projects. Land purchases will now be eligible. The Clean Water Act also allows loans to private and non-profit entities, but that is still prohibited by state law.

Mr. Covington discussed the requirement for borrowers to have a Fiscal Sustainability Plan, which will include an inventory of critical assets, evaluation of condition, borrower certification that water and energy conservations efforts are a part of the plan, and a plan for financing maintenance and repair of facilities. The facility plan and information contained in the WRIS will be useful in complying with this requirement. Cost and effectiveness and water/energy efficiency of projects must also be evaluated.

Requirements for procurement or architectural and engineering services include a public announcement, evaluation and rankings based on qualifications, and consideration of at least three firms. Negotiations can then take place with the most qualified fund.

Revisions to the Clean Water Act will change receipt of Administrative Funds. There will be a choice of taking 4% of the Cap Grant or one fifth of the net value of the Fund.

As discussed at the last meeting, another change board members must consider is the ability to make loans with for a term of 30 years or the useful life of the project. In order to allow such loans, it would be necessary to revise KRS 224A.111, which requires that loans be repaid within 20 years.

Mr. Covington told board members that representatives of the company that performed the agency's audit will be attending either the November or December board meeting.

III. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Tentatively set for Thursday, November 6, 2014
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business Mr. Russ Salsman moved to adjourn. Mr. Jeff Derouen seconded and the motion carried unanimously. The October 2 2014, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Jeff Abshire
Jeffrey A. Abshire, Secretary
Kentucky Infrastructure Authority

10/27/14
Date



KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

Steven L. Beshear
Governor

John E. Covington III
Executive Director

October 2, 2014

Mr. Alvin Pharis, Chairman
Cumberland County Water District
133 Lower River Street
Burkesville, KY 42717

2014 OCT 24 AM 10 02
RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F15-001)**

Dear Chairman Pharis:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On October 2, 2014, the Authority approved your loan for the Water System Improvement Project subject to the conditions stated below. The total cost of the project shall not exceed \$1,368,000 of which the Authority loan shall provide \$1,268,000 of the funding. Other anticipated funding for the project is reflected in the attached documents. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. The attachments incorporated herein by reference fully describe the project.

An Assistance Agreement will be executed between the Authority and the Cumberland County Water District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (October 2, 2015), will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$1,268,000.

2. The loan shall contain principal forgiveness in the amount of 30%. Actual amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.
3. The loan shall bear interest at the rate of 0.75 percent per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements will change for

calendar or fiscal years beginning after December 26, 2014. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.

11. The Authority requires an annual financial audit to be performed for the life of the loan.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return to the Authority the attached "Authorization for Electronic Deposit of Vendor Payment" Form.
7. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.

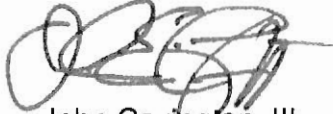
8. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
9. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
10. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.
11. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
12. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
13. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
14. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.
15. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions stated in the Project Review attachment must be resolved.

Chairman Alvin Pharis
October 2, 2014
Page 5

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,

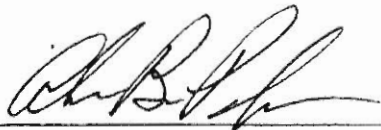


John Covington, III
Executive Director

Attachments

cc: Mathew Dyer, Cumberland County Water District
Johnny Carter, Cumberland County Water District
Lee Mudd, Monarch Engineering, Inc
Division of Water
Dirk Bedarff, Peck, Shaffer & Williams LLP
State Local Debt Office, DLG
Borrower File - Cumberland County Water District - F15-001

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.



Accepted

10-14-2014

Date

EXHIBIT G.3

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
CUMBERLAND COUNTY WATER DISTRICT
DATED
SEPTEMBER 23, 2020
IN THE AMOUNT OF \$1,560,000

This document was prepared by:

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

By

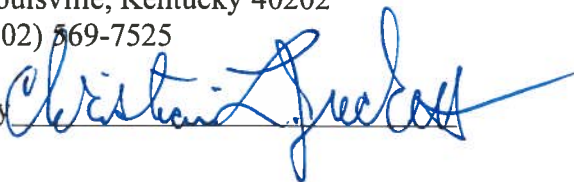


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EXHIBIT A Debt Service Schedule

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of September 23, 2020 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Cumberland County Water District, 133 Lower River Road, Burkesville, Kentucky 42717 (the "Governmental Agency"):

WITNESSETH

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2020E (the "Series 2020E Bonds") in the aggregate principal amount of \$11,375,000, pursuant to a Supplemental Trust Indenture No. 77, dated as of September 23, 2020 by and between the Issuer and the Trustee, which Series 2020E Bonds will rank on a parity with the other outstanding bonds issued under the terms of the Indenture and the proceeds of which will be used by certain governmental agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental agencies and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its:

- (i) Cumberland County Water District Water Revenue Bonds, Series 1995A (RD Loan #02), dated November 29, 1995, in the original principal amount of \$339,000, bearing interest at the rate of 5.00% per annum, currently held by the United States Department of Agriculture, acting through Rural Development ("RD");
- (ii) Cumberland County Water District Water Revenue Bonds, Series 1995B (RD Loan #04), dated November 29, 1995, in the original principal amount of \$73,500, bearing interest at the rate of 5.00% per annum, currently held by RD;
- (iii) Cumberland County Water District Water Revenue Bonds, Series 1995C (RD Loan #08), dated November 29, 1995, in the original principal amount of \$315,000, bearing interest at the rate of 5.00% per annum, currently held by RD;

- (iv) Cumberland County Water District Water Revenue Bonds, Series 1995D (RD Loan #10), dated November 29, 1995, in the original principal amount of \$115,000, bearing interest at the rate of 5.00% per annum, currently held by RD;
- (v) Cumberland County Water District Water Revenue Bonds, Series 1995E (RD Loan #12), dated November 29, 1995, in the original principal amount of \$87,300, bearing interest at the rate of 5.00% per annum, currently held by RD;
- (vi) Cumberland County Water District Water Revenue Bonds, Series 1995F (RD Loan #14), dated November 29, 1995, in the original principal amount of \$151,000, bearing interest at the rate of 4.50% per annum, currently held by RD;
- (vii) Cumberland County Water District Water Revenue Bonds, Series 1995G (RD Loan #16), dated November 29, 1995, in the original principal amount of \$133,000, bearing interest at the rate of 4.50% per annum, currently held by RD;
- (viii) Cumberland County Water District Water Revenue Bonds, Series of 1996 (RD Loan #17), dated September 24, 1996, in the original principal amount of \$254,000, bearing interest at the rate of 4.50% per annum, currently held by RD;
- (ix) Cumberland County Water District Water Revenue Bonds, Series of 2001 (RD Loan #19), dated October 23, 2001, in the original principal amount of \$400,000, bearing interest at the rate of 4.50% per annum, currently held by RD;
- (x) Cumberland County Water District Water Revenue Bonds, Series of 2005 (RD Loan #24), dated October 26, 2005, in the original principal amount of \$456,000, bearing interest at the rate of 4.25% per annum, currently held by RD; and
- (xi) Cumberland County Water District Water Revenue Bonds, Series of 2009 (RD Loan #26), dated October 15, 2009, in the original principal amount of \$415,000, bearing interest at the rate of 4.25% per annum, currently held by RD;

(collectively, the “Refunded Bonds”), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency’s waterworks system (the “System”); and

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

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

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

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the Governmental Agency’s outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of

financing the cost of extensions, additions and improvements to the System and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$1,560,000 for the Refunding Program, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

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

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

Section 1. Definitions.

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

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

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

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

"Bond Legislation of 1995" refers to the Resolution authorizing the Bonds of 1995, duly adopted by the Governing Body of the Governmental Agency.

“*Bond Legislation of 1996*” refers to the Resolution authorizing the Bonds of 1996, duly adopted by the Governing Body of the Governmental Agency.

“*Bond Legislation of 2001*” refers to the Resolution authorizing the Bonds of 2001, duly adopted by the Governing Body of the Governmental Agency.

“*Bond Legislation of 2005*” refers to the Resolution authorizing the Bonds of 2005, duly adopted by the Governing Body of the Governmental Agency.

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

“*Bond Legislation of 2011*” refers to the Resolution authorizing the Bonds of 2011, duly adopted by the Governing Body of the Governmental Agency.

“*Bond Legislation of 2013*” refers to the Resolution authorizing the Bonds of 2013, duly adopted by the Governing Body of the Governmental Agency.

“*Bond Legislation of 2018*” refers to the Resolution authorizing the Bonds of 2018, duly adopted by the Governing Body of the Governmental Agency.

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

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

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

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

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

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

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

“*Funds*” refers collectively to the Revenue Fund, the Sinking Fund, the Sinking Fund of 2018, the Operation and Maintenance Fund, and the Governmental Agency Account.

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

“*Governmental Agency*” refers to the Cumberland County Water District, 133 Lower River Road, Burkesville, Kentucky 42717.

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

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

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 77, dated September 23, 2020, by and between the Issuer and the Trustee.

“*Interest Payment Date*” shall mean the 1st day of each month, commencing November 1, 2020 and continuing through and including January 1, 2049 or until the Loan has been paid in full.

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

“*KIA*” refers to the Kentucky Infrastructure Authority, an agency and instrumentality of the Commonwealth of Kentucky.

“*KIA Loan*” refers to the outstanding Kentucky Infrastructure Authority loan to the District, dated August 1, 2015, in the original authorized principal amount of \$1,268,000.

“*Loan*” refers to the loan authorized by this Assistance Agreement from the Issuer to the Governmental Agency, in the principal amount of \$1,560,000, maturing January 1, 2049, to defray the cost of the Refunding Program.

“*Operation and Maintenance Fund*” refers to the Cumberland County Water District Operation and Maintenance Fund created in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Prior Bond Legislation” refers collectively to the Series 2005B Assistance Agreement, the Bond Legislation of 2011, the Bond Legislation of 2013, the Bond Legislation of 2018, and the 2020 Bond Legislation.

“*Prior Bonds*” refers collectively to the Series 2005B Loan, the Series 2011 Bonds, the Series 2013 Bonds, and the KIA Loan.

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

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

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

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

“*Refunded Bonds*” refers to the outstanding Series 1995A Bonds, Series 1995B Bonds, Series 1995C Bonds, Series 1995D Bonds, Series 1995E Bonds, Series 1995F Bonds, Series 1995G Bonds, Series 1996 Bonds, Series 2001 Bonds, Series 2005 Bonds, and Series 2009 Bonds.

“*Refunding Program*” refers to the current refunding of the Refunded Bonds with the proceeds of the Loan.

“*Revenue Fund*” refers to the Cumberland County Water District Water Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

“*Series 1995 Bonds*” refers to the outstanding Cumberland County Water District Water Revenue Bonds, Series A through I of 1995, dated November 29, 1995, in the original authorized aggregate principal amount of \$1,515,800.

“*Series 1996 Bonds*” refers to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 1996, dated September 24, 1996, in the original authorized principal amount of \$254,000.

“*Series 2001 Bonds*” refers to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2001, dated October 23, 2001, in the original authorized principal amount of \$400,000.

“*Series 2005 Bonds*” refers to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2005, dated October 26, 2005, in the original authorized principal amount of \$456,000.

“*Series 2005B Assistance Agreement*” refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated October 19, 2005, authorizing the Series 2005B Loan.

“*Series 2005B Loan*” refers to the outstanding loan in the amount of \$107,000, dated October 19, 2005, to the Cumberland County Water District from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2005B

“*Series 2009 Bonds*” refers to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2009, dated October 15, 2009, in the original authorized principal amount of \$415,000.

“*Series 2011 Bonds*” refers to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2011, dated November 10, 2011, in the original authorized principal amount of \$1,000,000.

“*Series 2013 Bonds*” refers to the outstanding Cumberland County Water District Water Revenue Bonds, Series 2013, dated May 23, 2014, in the original authorized principal amount of \$487,000.

“*Series 2018 Bonds*” refers to the outstanding Cumberland County Water District Waterworks Revenue Bonds, Series 2018, dated September 24, 2018, in the original authorized principal amount of \$700,000.

“*Series 2020 Bonds*” refers to the Cumberland County Water District Waterworks Revenue Bonds, Series 2020, dated July 17, 2020, in the original authorized principal amount of \$560,000

“*Sinking Fund*” refers to the Cumberland County Water District Bond and Interest Redemption Fund, created in the Prior Bond Legislation and defined as the “Prior Sinking Fund” and which Sinking Fund will continue to be maintained for the benefit of all of the Bonds.

“*Sinking Fund of 2018*” refers to the Cumberland County Water District Waterworks Sinking Fund of 2018, created in the Prior Bond Legislation and defined as the “Current Sinking Fund” and which Sinking Fund of 2018 will continue to be maintained for the benefit of all of the Bonds.

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

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

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

“*U.S. Obligations*” refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America,

including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System.

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

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

That pursuant to the Constitution and laws of Kentucky, and particularly the Act, the Governmental Agency hereby authorizes the borrowing of \$1,560,000 from the Program, to provide funds for the Refunding Program.

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

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

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

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

Section 4. Redemption.

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

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

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

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

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

The Loan, the Prior Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable out of the gross revenues of the System.

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

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

Section 7. Flow of Funds.

All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

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

B. Sinking Fund. There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Sinking Fund sums sufficient to pay when due the principal and interest requirements on the Loan and the Prior Bonds. Specifically, there shall be paid into the Sinking Fund on or before the 20th day of each month, on account of the Loan and the Prior Bonds, not less than the following:

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

In the event additional Parity Bonds are issued pursuant to the conditions and restrictions hereinafter prescribed, the monthly deposits to the Sinking Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Sinking Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need to be made into the Sinking Fund if and when the amount held therein and in any other available fund is at least equal to the amount required to retire all Loan and the Prior Bonds and Parity Bonds and paying all interest that will accrue thereon.

B. Sinking Fund of 2018. After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Sinking Fund of 2018 on or before the 20th day of each month, for payment of interest on and principal of the Series 2018 Bonds and Series 2020 Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Series 2018 Bonds and Series 2020 Bonds, plus

- (2) A sum equal to one-twelfth (1/12) of the principal of any Series 2018 Bonds and Series 2020 Bonds maturing on the next succeeding principal payment date.

The Sinking Fund of 2018 is hereby pledged for the payment of the interest and the principal of the Series 2018 Bonds and Series 2020 Bonds, but subject to the vested rights and priorities of the Prior Bonds.

Pursuant to Section 4.3(b)(iv) of the Indenture, the money and investments in the Principal and Interest Account (as defined in the Indenture) may be returned to the Governmental Agency and applied to the final Loan Payment (as defined in the Indenture) for the Governmental Agency.

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

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

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

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

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

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Loan the fees and costs incurred by the Governmental Agency and any other

pertinent expenses incident to the issuance, sale and delivery of the Loan and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

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

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

(1) To pay the interest on the Refunded Bonds to and including September 25, 2020; and

(2) To redeem on September 25, 2020 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

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

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

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

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

Section 9. Arbitrage Limitations.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 10. Parity Bonds.

The lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Loan as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Loan, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Loan.

No other bonds or other obligations shall be issued by the Governmental Agency and made payable from the revenues of the System unless the pledge of revenues for the same is expressly made subordinate and inferior to the lien and pledge herein created; provided, however, the Governmental Agency hereby reserves the right and privilege of issuing additional bonds, from time to time, payable from the revenues of the System, ranking on a basis of equality and parity as to security and source of payment with the Loan, and heretofore issued and outstanding parity bonds, for the following purposes and subject to the following conditions and restrictions:

(A) The Governmental Agency shall have the right to add new System facilities and related auxiliary facilities by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenues and any other security pledged to the Loan, provided in each instance that:

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

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

(iii) the annual net revenues, defined as gross revenues less Current Expenses of the System for the fiscal year next preceding the issuance of additional parity bonds, are certified by an independent certified public accountant to have been equal to at least one and twenty hundredths (1.20) times the average annual requirements for principal and interest on all bonds then outstanding and payable from the revenues of the System. The term "Current Expenses," as used herein, includes all reasonable and necessary costs of operating, repairing, maintaining and insuring the System, but shall exclude any allowance for depreciation, payments into a depreciation fund for extensions, improvements and extraordinary repairs and maintenance, and payments into a sinking fund and a debt service reserve;

(iv) the estimated average annual net revenues of the facility or facilities to be constructed or acquired with the proceeds of such additional bonds (and any other funds pledged as security), when added to the estimated future average annual net revenues of the then existing System, shall be at least one and twenty hundredths (1.20) times the average annual debt service requirements for principal and interest on all outstanding bonds payable from the revenues of the System and on the additional bonds to be issued. Future net revenue estimates shall be furnished by a recognized independent Consulting Engineer and shall be forecast over a period not exceeding ten (10) years from the date of the additional bonds proposed to be issued. Provided, however, the foregoing conditions and limitations prescribed in subparagraph (iii) and this subparagraph (iv) may be waived or modified by the written consent of the holders of at least seventy-five percent (75%) in principal amount of the Outstanding Bonds and parity bonds.

(B) The Governmental Agency hereby covenants and agrees that in the event additional series of parity bonds are issued, it shall:

(i) adjust the monthly deposits into the Sinking Fund on the same basis as that prescribed in Section 7 hereof to reflect the annual debt service on the additional bonds; and

(ii) adjust and increase appropriately the monthly amount to be deposited into a depreciation fund in accord with controlling resolutions to give recognition to the facilities and equipment to be constructed or acquired with the proceeds of such additional bonds.

(C) The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this Section, shall be understood

to mean bonds or obligations payable from the revenues of the System on a basis of equality and parity with the Loan, and shall not be deemed to include other bonds or obligations, the security and source of payment of which are subordinate and subject to the priority of the Loan and parity bonds herein authorized or permitted to be issued. The Governmental Agency expressly reserves the right to issue the Loan or other obligations payable from the revenues herein pledged, and not ranking on a basis of equality and parity with the Loan and parity bonds herein otherwise referred to, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for additions or extensions or improvements of the System, and only if the same are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment, and protection of the Loan and parity bonds herein authorized and permitted to be issued. Provided, however, that nothing in this Section is intended or shall be construed as a restriction upon the ordinary refunding of the Loan, and/or of any bonds which may have been issued and are outstanding under any of the provisions of this Assistance Agreement, if such refunding does not operate to increase, in any year until the final maturity of the refunding bonds, the aggregate of the principal and interest requirements of the bonds to remain outstanding and the bonds proposed to be refunded.

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

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

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

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in the

previous Section; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 12. All Obligations of this Loan Are Equal.

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

Section 13. Defeasance and/or Refunding of the Loan.

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

Section 14. Contractual Nature of Assistance Agreement.

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

Section 15. Appointment and Duties of Trustee.

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

Its duties as Trustee shall be as follows:

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

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

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

Section 16. Provisions in Conflict Repealed.

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

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

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

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

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

Section 18. Insurance.

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

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

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

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

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

Section 19. Event of Default; Remedies.

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

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

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

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

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

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Loan, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then,

upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Loan, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

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

Section 20. Annual Reports.

The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the Fiscal Year ended prior to the Fiscal Year in which this Agreement is executed) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

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

Section 21. Supplemental Assistance Agreement.

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

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

Section 22. No Remedy Exclusive.

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

Section 23. Waivers.

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

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

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

Section 25. Signatures of Officers.

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

Section 26. Severability Clause.

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

[Signature Page Follows]

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By John M. Dix
President

Attest:

By [Signature]
Secretary/Treasurer

CUMBERLAND COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

CUMBERLAND COUNTY WATER DISTRICT

By  _____
Chairman

Attest:

By  _____
Secretary

EXHIBIT A

Debt Service Schedule

**KRWFC Flexible Term Program Series 2020 E
Sinking Fund Payment Schedule**

Borrower: Cumberland County Water District
Closing Date: 09/23/20

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
11/20-1/21		6,337.04	6,337.04
2/21-7/21	7,916.67	4,455.73	12,372.40
8/21-1/22	7,916.67	4,455.73	12,372.40
2/22-7/22	8,333.33	4,119.27	12,452.61
8/22-1/23	8,333.33	4,119.27	12,452.61
2/23-7/23	8,750.00	3,765.11	12,515.11
8/23-1/24	8,750.00	3,765.11	12,515.11
2/24-7/24	8,750.00	3,393.23	12,143.23
8/24-1/25	8,750.00	3,393.23	12,143.23
2/25-7/25	7,500.00	3,021.36	10,521.36
8/25-1/26	7,500.00	3,021.36	10,521.36
2/26-7/26	6,250.00	2,702.61	8,952.61
8/26-1/27	6,250.00	2,702.61	8,952.61
2/27-7/27	5,833.33	2,436.98	8,270.31
8/27-1/28	5,833.33	2,436.98	8,270.31
2/28-7/28	5,416.67	2,189.06	7,605.73
8/28-1/29	5,416.67	2,189.06	7,605.73
2/29-7/29	5,416.67	1,958.86	7,375.52
8/29-1/30	5,416.67	1,958.86	7,375.52
2/30-7/30	5,416.67	1,728.65	7,145.31
8/30-2/31	5,416.67	1,728.65	7,145.31
2/31-7/31	5,833.33	1,552.61	7,385.94
8/31-1/32	5,833.33	1,552.61	7,385.94
2/32-7/32	5,833.33	1,363.02	7,196.36
8/32-1/33	5,833.33	1,363.02	7,196.36
2/33-7/33	5,833.33	1,173.44	7,006.77
8/33-1/34	5,833.33	1,173.44	7,006.77
2/34-7/34	6,250.00	1,042.19	7,292.19
8/34-1/35	6,250.00	1,042.19	7,292.19
2/35-7/35	5,000.00	901.56	5,901.56
8/35-1/36	5,000.00	901.56	5,901.56
2/36-7/36	3,750.00	789.06	4,539.06
8/36-1/37	3,750.00	789.06	4,539.06
2/37-7/37	3,750.00	704.69	4,454.69
8/37-1/37	3,750.00	704.69	4,454.69
2/38-7/38	4,166.67	615.63	4,782.29
8/38-1/39	4,166.67	615.63	4,782.29
2/39-7/39	4,166.67	516.67	4,683.33
8/39-1/40	4,166.67	516.67	4,683.33
2/40-7/40	4,166.67	417.71	4,584.38
8/40-1/41	4,166.67	417.71	4,584.38
2/41-7/41	2,500.00	308.33	2,808.33
8/41-1/42	2,500.00	308.33	2,808.33
2/42-7/42	2,500.00	242.71	2,742.71
8/42-1/43	2,500.00	242.71	2,742.71
2/43-7/43	2,500.00	177.08	2,677.08
8/43-1/44	2,500.00	177.08	2,677.08
2/44-7/44	2,500.00	111.46	2,611.46
8/44-1/45	2,500.00	111.46	2,611.46
2/45-7/45	416.67	45.83	462.50
8/45-1/46	416.67	45.83	462.50
2/46-7/46	416.67	34.38	451.04
8/46-1/47	416.67	34.38	451.04
2/47-7/47	416.67	22.92	439.58
8/47-1/48	416.67	22.92	439.58
2/48-7/48	416.67	11.46	428.13
8/48-1/49	416.67	11.46	428.13
8/48-1/49	-	-	-
	<u>1,560,000.00</u>	<u>496,630.03</u>	<u>2,050,292.99</u>

EXHIBIT G.4



Re: Agreement # 379-2619384-001

July 13, 2020

**CUMBERLAND COUNTY WATER DISTRICT
133 LOWER RIVER ST.
BURKESVILLE, KY 42717**

Dear MATTHEW DYER

We are pleased to welcome you to our growing portfolio of customers. Our commitment to you does not end when we fund your transaction. If you need assistance with any aspect of this contract, please call our Customer Service department. We will do our very best to serve your needs in a prompt and professional manner.

Please note the following:

Based on the date of your equipment acceptance, your contract commenced on July 15, 2020, pursuant to section one of your contract. Your contract is for 48 months and Monthly payments are \$1,118.59, plus applicable taxes, if any, due on the 15th. As a courtesy, we will invoice you for each payment. Your invoice will be mailed to you no later than 21 days prior to your due date. If you do not receive your invoice at least seven days prior to your due date, please give us a call.

Your next payment is due on August 15th, 2020. We added H313 SN:DWPH313XPK0002333 and updated your name to Cumberland County Water District, per credit app. Please, see a revised exhibit A.

We may have mentioned that you could be contacted to provide evidence of insurance for this equipment. If you have already provided a copy of your insurance certificate, we have forwarded the certificate to Assurant Specialty Property, our equipment insurance manager. They may send you a letter in the next few days detailing your insurance requirements under this contract. Please take a few minutes to follow any instructions you may receive from Assurant. Should you have questions regarding insurance, please contact Assurant directly. They will work with both of us to ensure all insurance requirements are fulfilled. Should you choose not to provide the required coverage, we will arrange for Assurant to cover the equipment at your expense. Our property insurance provides greater coverage than normally found in a standard commercial property policy. In addition to fire, theft, and other standard perils, our policy also covers power surge and flood, and there is no deductible for losses over \$100.

At the beginning of the month you will receive a ServiceOne letter from us providing details on how to access your online account information, get copies of your contract or invoice and much more. Again, thank you for your business. Should you have additional financing needs, please call us at 800-841-4433.

Sincerely,

Jenny Jaksic
Contract Administrator

EXHIBIT A

TO MUNICIPAL LEASE PURCHASE AGREEMENT NO. 379-2619384-001 BETWEEN DITCH WITCH FINANCIAL SERVICES ("LESSOR") AND CUMBERLAND COUNTY WATER DISTRICT ("LESSEE")

VENDOR:

OHIO UNDERGROUND, INC.
3660 INTERCHANGE RD
COLUMBUS, OH 43204

EQUIPMENT LOCATION:

133 LOWER RIVER ST.
BURKESVILLE, KY 42717

EQUIPMENT DESCRIPTION

NEW DITCH WITCH RT45 TRENCHER
SN:DWPRT45XPK0004232; H313 SN:DWPH313XPK0002333
DOCUMENTATION FEE

AMOUNT

\$53,392.55

\$300.00

TOTAL

\$53,692.55

EXHIBIT A
TO MUNICIPAL LEASE PURCHASE AGREEMENT NO. 379-2619384-001 BETWEEN DITCH WITCH FINANCIAL SERVICES ("LESSOR") AND CUMBERLAND COUNTY WATER ("LESSEE")

VENDOR:
OHIO UNDERGROUND, INC.
3660 INTERCHANGE RD
COLUMBUS, OH 43204

EQUIPMENT LOCATION:
133 LOWER RIVER ST.
BURKESVILLE, KY 42717

EQUIPMENT DESCRIPTION	AMOUNT
NEW DITCH WITCH RT45 TRENCHER SN: <u>DWPRT45XPK0004232</u> DWP H313 XPK 0002333	\$53,392.55
DOCUMENTATION FEE	\$300.00
TOTAL	\$53,692.55



June 29, 2020

CUMBERLAND COUNTY WATER
133 LOWER RIVER ST.
BURKESVILLE, KY 42717

Municipal Lease Purchase Agreement No. 379-2619384-001

Dear :

We at Ditch Witch Financial Services are pleased to provide financing to grow your business. Enclosed are your contract documents written in plain English for your review. Please provide the authorized signature(s) and requested information for your company and any guarantors, as applicable on the following documents:
Opinion of Counsel: Please send to your attorney for review and signature. The executed document should be returned to us with the executed lease documents.

Municipal Lease Purchase Agreement
Essential Use Letter
Resolution of Governing Body

Tax Exempt Certificate: Please include a copy of your tax exempt certificate. If an exemption certificate is not provided, we will add sales tax to the payment.

Insurance: Please note that you are required to insure the equipment on this contract. The requirements include Loss Payee and Additional Insured endorsements as well as theft coverage. You will be contacted at a later date to provide evidence of insurance coverage. Should you choose not to provide the required coverage, we will arrange for our insurance program to cover the equipment at your expense. Our property insurance provides greater coverage than normally found in a standard commercial property policy. In addition to fire, theft, and other standard perils, our policy also covers power surge and flood, and there is no deductible for losses over \$100.

Accounts Payable Information:

Matthew Dyer
A/P Contact (Required)

(270) 864-3133
A/P Phone Number (Required)

ccwateroffice@yahoo.com
Email (Recommended to receive expedited account updates, including commencement and due dates.)

(270) 864-3865
Fax Number

Please provide your **Billing Address** below if different than that of the address on your Agreement. We will send your invoice to this address.

133 Lower River Street
Street Address/Post Office Box

Burkesville, KY 42717
City, State, Zip Code

Advance Payments: Please include a check for the total amount due to cover the payment due in advance. Please be advised that we will only accept your company check for advance payments. No third party checks will be accepted. If you have already paid this amount to the vendor, please provide us with a photocopy of your check or a copy of a voided blank check. The breakdown of advance monies due is as follows:

ADVANCE PAYMENT	\$1,118.59
TOTAL DUE:	\$1,118.59

PLEASE RETURN ALL PAGES OF YOUR COMPLETED CONTRACT DOCUMENTS (INCLUDING A COPY OF YOUR CHECK, IF APPLICABLE, AND THOSE NOT REQUIRING SIGNATURE) VIA EMAIL OR FAX TO THE UNDERSIGNED TODAY SO WE CAN EXPEDITE YOUR ORDER.

We would like to thank you for doing business with us. Please call us at 800-841-4433 if you have any questions regarding your agreement or if you have any additional financing needs in the future. We look forward to helping you finance the growth of your business.

Very truly yours,

Jenny Jaksic
Ditch Witch Financial Services
Jenny.Jaksic@financial-svcs.com

Enclosures

IMPORTANT INFORMATION REGARDING OBTAINING AN EXTENSION OF CREDIT:

To help the Federal government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person/entity who obtains an extension of credit from the institution. When you obtain an extension of credit, we will ask for your name; street address; taxpayer identification number or alien identification number as applicable; date of birth (individual applicants and sole proprietors only); and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.



MUNICIPAL LEASE PURCHASE AGREEMENT NO. 379-2619384-001

LESSEE: CUMBERLAND COUNTY WATER
133 LOWER RIVER ST.
BURKESVILLE, KY 42717

SUPPLIER: OHIO UNDERGROUND, INC.
3660 INTERCHANGE RD
COLUMBUS, OH 43204

PHONE: 270-864-3133

PHONE: 800-686-2517

EQUIPMENT: See Exhibit A attached hereto
EQUIPMENT LEASE TERMS:

Commencement Date of Lease: 7/15/2020 (To be filled in by us per Section 1 below)
Lease Term (number of months): 48, plus any extension and renewal periods
Number of Rentals Paid in advance: 1 (First and Last 0)
End of Term: Purchase Option: \$1.00
Monthly Rental Amount: \$1,118.59, tax exempt

TERMS AND CONDITIONS

This Municipal Lease Purchase Agreement (the "Agreement") has been written in plain English. The words "you" and "your" herein refer to the Lessee listed above. The words "we", "us" and "our" refer to the Lessor, Ditch Witch Financial Services, a program of Bank of the West.

1. Term and Rent. We agree to lease to you and you agree to lease from us the personal property listed in any attached exhibit, plus any replacements, additions and accessories attached to the property (the "Equipment") for the full number of consecutive payment periods stated above (the "Initial Lease Term"), plus any extension and renewal periods. You agree to pay to us the Rental Amount ("Rental") for the full Initial Lease Term, plus any extension and renewal periods. This Equipment and the supplier referenced above have been selected by you and if you have entered into any purchase or supply contracts for the Equipment, you assign to us your rights under such supply contracts. By executing this Agreement, you request us to order the Equipment, arrange for its delivery to you and pay for the Equipment upon your acceptance of it. This Agreement will begin on the date when the Equipment is accepted by you and the Equipment will be deemed irrevocably accepted by you upon the earlier of: a) the delivery to us of a signed Acceptance Certificate (if requested by us); or b) 10 days after delivery of the Equipment to you if previously you have not given written notice to us of your non-acceptance. Any payments shown above as required in advance shall be due before we fund this transaction. Subsequent payments shall become due on a consecutive payment period basis thereafter starting on the 1st day of each month after funding this transaction if funded on the 1st through the 14th day of the month or starting on the 15th day of each month if funded on the 15th through the 24th day of the month or starting on the 1st of the following month if funded on the 25th through the last day of each month.

2. Disclaimer of Warranties. We are leasing the Equipment to you "AS IS". WE MAKE NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE MERCHANTABILITY AND PERFORMANCE OF THE EQUIPMENT OR THE EQUIPMENT'S FITNESS FOR A PARTICULAR PURPOSE OR ITS COMPLIANCE WITH APPLICABLE LAW. WE MAKE NO WARRANTY OF TITLE TO ANY PORTION OF THE EQUIPMENT WHICH CONSISTS OF SOFTWARE, SOFTWARE LICENSES AND/OR THE RIGHT TO USE ANY SOFTWARE. You acknowledge that we do not manufacture, deliver or install the Equipment, we do not represent the supplier(s) of the Equipment and you have selected the Equipment and the supplier(s) based on your own judgment. You agree not to make any claim for any reason against us for consequential damages. You acknowledge you have been advised that you may have rights against the supplier(s) of the Equipment and that you should contact each supplier for a description of any such rights. You agree that this is a "Finance Lease" under Division 10 of the California Commercial Code.

3. Noncancelable Lease. This Agreement cannot be canceled and you agree that all your obligations are absolute and unconditional. Upon your acceptance of the Equipment and to the extent permitted by law, you agree to waive any rights to reject the Equipment and repudiate this Agreement.

4. Governing Law. You agree that this Agreement shall be governed by the laws of the State of California. You agree that any litigation, related to or arising from this Agreement, may be brought in the City and County of San Francisco, California and you consent to personal jurisdiction in either state or federal court.

5. Agency. You agree that no salesperson or representative of any supplier is acting on behalf of us or can bind us in any way.

6. Late Charges. Time is of the essence. If any Rental or other amount due under this Agreement is not paid within 10 days after its due date, you agree to promptly pay a late charge of 5% of the past due amount, subject to a \$25 minimum, for those amounts under 30 days past due, plus interest on any amounts over 30 days past due at the rate of 1.5% per month. However, in no event shall these late charges or interest exceed the maximum lawful charges and any excessive charges or amounts paid by you, above what you would have paid under the legally permitted maximum rate, as determined by a court of competent jurisdiction, will be applied as a credit to the remaining balance of your obligations to us.

7. Ownership, Location, Return and Use of Equipment. We are the owners of the Equipment and you have no rights to the Equipment except as provided for in this Agreement. You agree to keep the Equipment clear of all liens, claims and encumbrances. You agree that the Equipment will remain our personal property regardless of its attachment to realty. You agree to use the Equipment only for business purposes and in compliance with its intended use, any applicable laws and any license agreement pertaining to the Equipment. You agree to keep the Equipment at an appropriate and safe location, and you agree to promptly inform us of such location in advance. Subject to Sections 13 and 14 of this Agreement, and after prior written notice, you agree, at your expense, to return the Equipment to us at the end of the Initial Lease Term (or any renewal term) to such address as we may designate in writing, in the same condition as it was delivered to you except for ordinary wear and tear.

8. Equipment Maintenance. You are responsible, at your expense, to maintain the Equipment in good working order, condition and appearance. If any Equipment is damaged, missing or does not work satisfactorily for any reason, you agree to continue to pay all Rentals and other amounts under this Agreement when they become due. You shall not make any alterations to the Equipment without our advance written consent. You agree that we may inspect the Equipment at any reasonable time.

9. Taxes and Fees. You agree to pay when due, either directly or to us upon our demand, all taxes, filing fees, license fees, interest and penalties relating to this Agreement and the Equipment. If we pay any of these amounts you agree to reimburse us upon demand and to pay to us a service charge. You agree to pay

to us a documentation fee to cover our costs of preparing this Agreement. You shall pay to us a fee for every check or other form of payment that is returned to us as unpaid by your bank.

10. Risk of Loss and Insurance. You are responsible for any loss or damage to the Equipment and/or caused by the Equipment until all of your obligations under this Agreement have been fulfilled. You agree to immediately notify us of any such losses or damages and of any insurance claims pertaining to the Equipment. If the Equipment or any portion of the Equipment is missing, stolen or damaged, you will, at our option and at your expense, promptly repair the Equipment to our satisfaction, replace the Equipment with comparable equipment of equal value or pay to us any default remedies described under Section 12 of this Agreement. At your expense you agree to keep the Equipment fully insured against loss until your obligations under this Agreement are paid in full, with any loss payable to us. You will maintain public liability coverage that is acceptable to us and include us as an insured on that policy. You agree to provide us with satisfactory evidence of the required insurance. You agree that we may sign, endorse and/or negotiate on your behalf as attorney-in-fact for you any instrument representing proceeds from any insurance policy covering the Equipment. If you fail to obtain any of the required insurance and we obtain it for you, you agree to pay us the cost of that coverage plus any lessor servicing fees and interest. You also acknowledge that such insurance shall cover our interests only and will not include any lessee liability coverage. You acknowledge that we are not required to maintain any insurance and we will not be liable to you if we terminate or modify any insurance coverage that we may arrange.

11. Assignment. You may not sell, transfer, assign or sublease the Equipment or this Agreement without our advance written consent and payment to us of an assignment processing fee. You agree that we may sell or assign this Agreement and any security interest without notice to you, and that our assignee shall have all of our rights under this Agreement. You agree that the rights of our assignee will not be subject to any claims, defenses or setoffs that you may have against us.

12. Default and Remedies. You are in default if you a) fail to pay any Rental when due; b) fail to comply with any requirement of this Agreement and/or any other obligation to us and/or any license agreement, system support agreement, mandatory maintenance agreement or installation agreement, pertaining to the Equipment; c) any representation made to us by or on behalf of you and/or any guarantor of your obligations hereunder is found to have been false when made. Upon such default, we may, at our option, do one or more of the following: a) require you to immediately pay the remaining amounts due under this Agreement including but not limited to the balance of unpaid Rentals b) terminate this Agreement and/or any other agreements we have entered into with you; c) require you to immediately pay us the value of the Equipment or promptly return the Equipment to us in good condition; d) peacefully enter onto your premises and take possession of the Equipment without liability to you for trespass or damages; e) deactivate the Equipment; and f) use any other remedies available to us at law or in equity. You agree that any delay or failure by us to enforce this Agreement does not prevent us from enforcing our rights at a later time. You agree to pay all of our costs to enforce this Agreement including reasonable attorney's fees and the costs of repossessing, refurbishing, storing and selling the Equipment. If we take possession of the Equipment, we may sell or otherwise dispose of it at a public or private sale, and apply the proceeds (after deducting our disposition costs) to the amounts that are due to us. Our acceptance of any amount due hereunder which is less than payment in full of all amounts due and owing at that time shall not constitute a waiver of our right to receive payment in full.

13. Surrender. Upon termination of this lease under paragraph 16 or upon the request of us following a default, you will promptly return the Equipment or each specified Item, properly packed and crated with freight prepaid, to us at such place and by such reasonable means as may be designated by us in the same repair, condition and working order as at the commencement of the term hereof, reasonable wear and tear resulting from the proper use thereof alone excepted. If requested by us, you will, prior to returning any Item to us, provide suitable and adequate storage space at the Equipment Location or such location to which the Item may have been moved or at which the Item is permanently garaged with the written consent of us for a period not to exceed 90 days during which time you will remain liable for all its obligations hereunder with respect thereto, except the obligation to pay payments on account hereof, and will ensure that we will be allowed reasonable access thereto.

14. Purchase Option. If it is indicated above that you have been given an end of Initial Lease Term purchase option and if you are not in default under this Agreement, and upon 90 days prior written notice of election to purchase, you may purchase all of the Equipment at the end of the Initial Lease Term for the stated price plus any applicable taxes and remaining amounts due hereunder. Such purchase of the Equipment shall be "AS IS, WHERE IS" and we make no warranties of any kind. If the purchase price is "Fair Market Value" in place, in use, and we and you cannot agree on such value, you may, at your expense, retain an independent appraiser acceptable to us and such appraisal shall be binding. If the purchase price is stated as a percentage, the percentage shall apply to the original Equipment cost paid to purchase the Equipment from the Supplier(s).

15. Indemnity. You agree that we are not responsible for any losses or injuries, caused by or relating to the Equipment. You agree to indemnify us for and, at our option and your expense, defend us against any claims, suits and actions, including negligence and strict liability, whenever made for losses or injuries, including court costs and legal expenses, related to the Equipment.

16. Non-Appropriation. If under state law you are legally precluded from committing to make certain future payments due hereunder, this Section will apply. You have appropriated the funds necessary to make all payments when due under this Agreement during your initial fiscal period during the lease term. You agree that in each succeeding fiscal year during the term of this Agreement, you will take all necessary steps to make a timely appropriation of funds in order to pay the payments due hereunder during that period, subject to the annual appropriations limitation imposed upon you under state law. In the event that despite your best efforts, you determine that funds for any amounts due under this Agreement will not be available or cannot be obtained during any succeeding fiscal period, you may terminate this Agreement prior to the commencement of such succeeding fiscal period by giving written notice to us of such determination at least 60 days prior to the first day of such succeeding period for which an appropriation has not been made by you and returning the Equipment as contemplated in Section 13. Such failure to obtain proper appropriation of the full amount of funds necessary to pay amounts when due hereunder during any fiscal period subsequent to the current fiscal period shall terminate all of your right, title, and interest in and to the Equipment and obligations under this Agreement arising out of subsequent events, effective on the later of the last day of the last fiscal period for which appropriation of funds was properly obtained or completion of your surrender obligations. Upon such termination you shall transfer free and clear title to the Equipment to us.

17. Federal Tax Matters. Each of us acknowledges that this Agreement is intended to provide us (or the consolidated entities if we are covered by a consolidated return) as to all interest payable under this Agreement (i) for purposes of our United States federal income tax obligations, tax free interest as provided by the Internal Revenue Code of 1986 as amended (the "Code") without any loss of deductibility of carrying costs and (ii) for purposes of our state income or franchise tax obligations, similar tax free and deductibility treatment if so provided under State law. You agree to take all actions required of you for us to have, and not to take any action which would preclude us from having available, such treatment. If we (i) lose the right to claim, do not have or do not claim (based upon the advice of the our tax counsel) such tax free interest or deductibility or (ii) if there is disallowed, deferred, or recaptured in whole or in part any such tax free interest or deductibility for any reason (unless due solely to our failure to claim the tax free interest or deductibility on a timely basis) or (iii) there is after the date hereof any change in federal, state, local or foreign tax law or tax rates which we calculate has the direct effect of reducing our net after tax return respecting this Agreement (any of the foregoing constituting a "Loss"), then you shall pay to us, on demand, an amount which, after payment of all taxes required to be paid by us in respect to the receipt of such amount and after payment of all interest and penalties required to be paid by us, shall restore us to the same net after tax

position we would have enjoyed had such Loss not occurred. Upon our being notified by any tax authority of a potential Loss, we agree to notify you promptly thereof. We further agree to exercise in good faith our best efforts, as determined in the sole discretion of our tax counsel to be reasonable for us, to avoid your payment of such additional amounts; provided that we have sole discretion to determine whether to proceed, and, if so, what proceedings are appropriate, beyond the level of an auditing agent; and provided further, that we shall not take any action unless you shall indemnify us in advance for all costs and expenses which we would reasonably incur by reason of the action, including accountants' and attorneys' fees.

18. Tax Designation. You certify that you will not issue more than the allowed amount of "qualified tax exempt obligations," as defined in §265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code") through you and any subordinate entities during the calendar year in which this Agreement is signed. You will designate the obligations undertaken pursuant to this Agreement as "qualified tax exempt obligations" eligible for the exemption under §265(b)(3)(D) of the Code allowing for an exception to the general rules of the Code which disallow any interest deduction for interest allocable to the carrying of tax exempt obligations.

19. Miscellaneous. You agree that this Agreement is the entire agreement you have with us pertaining to this Equipment and it cannot be changed except as agreed by you and us in writing. You agree, however, that we are authorized, without notice to you, to supply missing information or correct obvious errors in this Agreement. You agree that the Rental amount may be adjusted to reflect any change in the Equipment cost as a result of any Equipment change orders, additions, returns, errors or other similar events verbally agreed to by you. In the event of any such adjustment, we will furnish you a written notice thereof. You agree that a signed electronically transferred or faxed version of this Agreement and Acceptance Certificate shall be deemed to be of the same force and effect as an original of a manually signed Agreement and Acceptance Certificate. This Agreement is binding upon the successors and assigns of you and us. If there is more than one Lessee, your obligations shall be joint and several. You agree that all of our rights under this Agreement (including indemnity rights) shall survive any expiration or termination of this agreement.

20. Jury Waiver. EACH OF US IRREVOCABLY WAIVES ANY RIGHT TO A TRIAL BY JURY OF ANY CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND IF THE FOREGOING WAIVER IS UNENFORCEABLE FOR ANY REASON, EACH OF US HEREBY CONSENTS TO THE ADJUDICATION OF ALL SUCH CLAIMS, PURSUANT TO JUDICIAL REFERENCE AS PROVIDED IN CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 638, AND THE JUDICIAL REFEREE SHALL BE EMPOWERED TO HEAR AND DETERMINE ALL ISSUES IN SUCH REFERENCE, WHETHER FACT OR LAW.

Dated: June 29, 2020

LESSOR:
DITCH WITCH FINANCIAL SERVICES

This Agreement shall not be binding on us until it has been accepted and executed by the Lessor.

Signature: _____

Print Name: _____

Title: _____

Date: _____

1625 W. Fountainhead Pkwy, AZ-FTN-10C-A
Tempe, AZ 85282 | 800-841-4433

LESSEE:
CUMBERLAND COUNTY WATER

The undersigned affirms that he/she is a duly authorized officer of the above-named Lessee.

Signature: Matthew Dyer

Print Name: Matthew Dyer

Title: Manager

Date: 6-30-2020

Lessee Tax ID#: 61-1283686

The original of this Agreement has the Lessor's original signature. Any purchaser of this paper is hereby notified that a security interest has been granted to the party holding the copy of this Agreement with the original Lessor's signature.

RESOLUTION OF GOVERNING BODY
EXTRACT OF MINUTES

LESSEE: CUMBERLAND COUNTY WATER

LESSOR: Ditch Witch Financial Services

RE: MUNICIPAL LEASE PURCHASE AGREEMENT NO. 379-2619384-001

At a duly called meeting of the governing body of Lessee (as defined in the Municipal Lease Purchase Agreement) held on the 22nd day of June, 20 20, the following resolution was introduced and adopted.

WHEREAS, the governing body of Lessee has determined that a true and very real need exists for the acquisition of the Equipment described in the Municipal Lease Purchase Agreement presented to this meeting; and

WHEREAS, the governing body of Lessee has taken the necessary steps, including any legal bidding requirements, under applicable law to arrange for the acquisition of such Equipment.

BE IT RESOLVED, by the governing body of Lessee that the terms of said Municipal Lease Purchase Agreement are in the best interest of Lessee for the acquisition of such Equipment, and the governing body of Lessee designates and confirms that the persons indicated below are authorized to execute and deliver the Municipal Lease Purchase Agreement and any related documents necessary to the consummation of the transactions contemplated by the Municipal Lease Purchase Agreement.

FURTHER BE IT RESOLVED, that pursuant to Section 265 (b) 3 (D) of the Internal Revenue Code, as amended, the governing body of Lessee hereby designates this Municipal Lease Purchase Agreement as comprising a portion of the \$10 million in aggregate issues designated as "qualified tax-exempt obligations" eligible for the exception to the general rule of the Code which provides for a total disallowance of a deduction for interest expense allocable to the carrying of tax-exempt obligations. The governing body of the Lessee further certifies that it does not reasonably contemplate issuing more than \$10,000,000 of "qualified tax-exempt obligations," as defined in the Code, during the current fiscal year.


(Name of Party to Execute Municipal Lease Purchase Agreement)

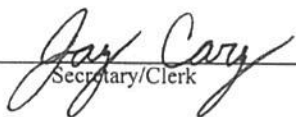
Manager
(Title)

(Name of Party to Execute Municipal Lease Purchase Agreement)

(Title)

The undersigned further certifies that the above resolution has not been repealed or amended and remains in full force and effect and further certifies that the above and foregoing Municipal Lease Purchase Agreement is the same as presented at said meeting of the governing body of Lessee.

Date: 6-22-2020


Secretary/Clerk



ACCEPTANCE CERTIFICATE
HOLD FOR DELIVERY

FOR MUNICIPAL LEASE PURCHASE AGREEMENT NO. 379-2619384-001

LESSEE: CUMBERLAND COUNTY WATER
133 LOWER RIVER ST.
BURKESVILLE, KY 42717
PHONE: 270-864-3133

SUPPLIER: OHIO UNDERGROUND, INC.
3660 INTERCHANGE RD
COLUMBUS, OH 43204
PHONE: 800-686-2517

EQUIPMENT: See Exhibit A to Municipal Lease Purchase Agreement
EQUIPMENT SCHEDULE LEASE TERMS:

Lease Term (number of months): 48, plus any extension and renewal periods
Number of Rentals Paid in advance: 1 (First and Last 0)
End of Term: Purchase Option: \$1.00
Monthly Rental Amount: \$1,118.59, tax exempt

This Acceptance Certificate has been written in plain English. The word "Equipment" refers to the equipment leased under the above referenced Municipal Lease Purchase Agreement ("Agreement"). The words "you" and "your" refer to the Lessee listed above. The words "we", "us" and "our" refer to the Lessor, Ditch Witch Financial Services, a program of Bank of the West. You agree that an electronically transferred or faxed version of this signed Acceptance Certificate shall be deemed to be of the same force and effect as an original of a manually signed Acceptance Certificate.

You hereby acknowledge the receipt in good condition of all of the Equipment in accordance with the terms and conditions of the Agreement. You accept this Equipment and agree that we have performed all of our obligations under the Agreement. You acknowledge that the lease established by this Agreement is NON-CANCELABLE for any reason until all of your obligations under this Agreement have been fulfilled. You acknowledge that you have selected the supplier and the Equipment based on your own judgment and that we have NO RESPONSIBILITY AS TO THE SATISFACTORY PERFORMANCE OR MAINTENANCE OF the Equipment. WE MAKE NO WARRANTIES REGARDING THE EQUIPMENT. In reliance upon your execution of this Acceptance Certificate, we will pay the supplier for the Equipment. This Acceptance Certificate cannot be changed except in writing signed by you and us. Your Rentals due under the Agreement shall commence in accordance with the terms of the Agreement.

LESSEE:
CUMBERLAND COUNTY WATER

Upon signing below you affirm that you are an authorized officer of the Lessee.

Signature: Matthew Dyer
Print Name: Matthew Dyer
Title: Manager
Acceptance Date: 6-29-2020

After signing this form, please fax it to Contract Administration at 800-268-1591 to expedite the commencement of your agreement.

image002.png

From: Bryan Hodges (bhodges@ditchwitchmidstates.com)
To: ccwateroffice@yahoo.com
Date: Monday, July 13, 2020, 9:12 AM CDT

Matthew,

Please fill this out also. It was in the paperwork I sent you but I didn't get filled out.
I also need the following
A check for first months payment. It needs to be wrote out to Ditch Witch Financial services
A blank voided check so they can set up automatic payments
I need a copy of your tax exempt certificate

Thanks for the all the help

RE: Municipal Lease Purchase Agreement No. 379-2619384-001

Gentlemen:

This letter is being written with respect to the use of the Equipment (therein so called) to be leased to the undersigned under the above-referenced Municipal Lease Purchase Agreement. The Equipment will be used by the undersigned for the following purposes:

Installing water line

Our source of funds for payments of the rent due under the Lease for the current year is:

Operation & Maintenance fund - Automatic Withdrawal

The undersigned expects to make immediate use of substantially all of the Equipment, which need is not temporary or expected to diminish in the foreseeable future, and represents that the use of the Equipment is essential to its proper, efficient and economic operation.

Sincerely,

Bryan Hodges
Territory
Manager
W: (502)
543-3309
M: (270)
763-2870

Ditch Witch Mid-States
400 Sparrow Dr // Shepherdsville, KY 40165
697 Blue Sky Parkway // Lexington, KY 40509
3660 Interchange Rd // Columbus, OH 43204
9052 Marshall Rd // Cranberry Township, PA 16066
Toll Free: 1-888-DITCHWITCH // www.ditchwitchmidstates.com

ESSENTIAL USE LETTER

DITCH WITCH FINANCIAL SERVICES
1625 W. FOUNTAINHEAD PKWY, AZ-FTN-10C-A
TEMPE, AZ 85282

RE: Municipal Lease Purchase Agreement No. 379-2619384-001

Gentlemen:

This letter is being written with respect to the use of the Equipment (therein so called) to be leased to the undersigned under the above-referenced Municipal Lease Purchase Agreement. The Equipment will be used by the undersigned for the following purposes:

Our source of funds for payments of the rent due under the Lease for the current year is:

The undersigned expects to make immediate use of substantially all of the Equipment, which need is not temporary or expected to diminish in the foreseeable future, and represents that the use of the Equipment is essential to its proper, efficient and economic operation.

Sincerely,

LESSEE:
CUMBERLAND COUNTY WATER

Signature: Matthew Dyer

Print Name: Matthew Dyer

Title: Manager

Date: 6-29-2020

EXHIBIT G.5

A RESOLUTION OF THE BOARD OF WATER COMMISSIONERS OF THE CUMBERLAND COUNTY WATER DISTRICT AUTHORIZING THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE DISTRICT'S WATER SYSTEM; AUTHORIZING THE ISSUANCE OF \$1,000,000 OF THE DISTRICT'S WATER REVENUE BONDS, SERIES OF 2011, TO PROVIDE PART OF THE COSTS OF SAID CONSTRUCTION; PROVIDING FOR THE TERMS AND CONDITIONS UPON WHICH SAID BONDS ARE TO BE ISSUED; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE DISTRICT'S WATER SYSTEM SHALL BE OPERATED; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION WITH SAID CONSTRUCTION AND THE ISSUANCE OF SAID BONDS.

WHEREAS, it is permitted and provided by Sections 74.370 and 96.350 through 96.510 of the Kentucky Revised Statutes that any water district may finance the costs of construction of additions, extensions and improvements to its water distribution system by the issuance of revenue bonds, secured solely by the revenues of the system, and the Board of Water Commissioners of the Cumberland County, Kentucky, Water District (the "District") has so determined; and

WHEREAS, the District has determined it is necessary and desirable to construct improvements to its water distribution System ("System"), consisting of additions and improvements (the "Construction Project"); and

WHEREAS, in order to assist in financing the Construction Project the District will receive a Grant in the amount of approximately \$500,000 from the United States of America, acting through the U.S. Department of Agriculture, Rural Development ("USDARD") and apply a loan from USDARD in the amount not to exceed \$1,000,000 to be represented by the District's Water Revenue Bonds, Series of 2011 (the "Bonds" or "Series 2011 Bonds") hereinafter identified which are to be sold to USDARD in the event bids are not received from others for said Bonds on a basis USDARD considers reasonable, and

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

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

"Additional Bonds" means bonds issued in the future payable from the income and revenues of the System which may or may not rank on the basis of parity as to security and source of payment with the Series 2011 Bonds.

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

"Bonds" or "Series 2011 Bonds" means any of the bonds payable from the income and revenues of the system authorized by this Resolution, specifically the \$1,000,000 Cumberland County, Kentucky, Water District Water Revenue Bonds, Series of 2011.

"Bond Fund" or "Sinking Fund" or "Prior Lien Bond Fund" means the "Cumberland County, Kentucky Water District Water Revenue Bond and Interest Redemption Fund" established pursuant to the provisions of the Resolution authorizing the Outstanding Bonds and constituting the sinking fund or debt service fund for all Outstanding or Prior Lien Bonds payable from the income and revenues of the System.

"Bond Anticipation Note" or "Notes" means the obligations of the District authorized by this Resolution to provide interim financing or multiple advances pending the delivery of the Series 2011 Bonds.

"Commission" means the Board of Water Commissioners of the District.

"Construction Account" means the "Cumberland County Water District Water System Construction Project Account of 2011" established under the provisions of this Resolution for the purpose of accounting for the disbursements for the Construction Project from the proceeds of the District's Bond Anticipation Notes and/or Series 2011 Bonds and Grant proceeds.

"Construction Project" or "Extension Project" means additions and improvements to the District's water distribution system, which construction is being financed in part by the Series 2011 Bonds herein authorized.

"Date of Closing" means the date upon which the Series 2011 Bonds are delivered to the successful purchaser.

"Depository Bank" means the bank or trust company selected by the District which shall serve as the depository of all of the various funds created or referred to in this Resolution.

"District" or "Issuer" means Cumberland County, Kentucky, Water District.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Grant" means a Grant from United States of America, acting through the USDARD in the amount of approximately \$500,000.

"Independent Consulting Engineer" means an independent Consulting Engineer or firm of Engineers of recognized excellent reputation in the field of water system engineering and such definition includes the Engineers named above.

"Issuer" means the District.

"PSC" means the Public Service Commission of Kentucky.

"KRS" means the Kentucky Revised Statutes.

"KRWFC" means Kentucky Rural Water Finance Corporation.

"KRWFC Loan" means the loan by KRWFC to the District under the Loan Agreement to provide interim financing for the Construction Project pending the delivery of the Series 2011 Bonds.

"Original Purchaser" means the agency, person, firm or firms to which or to whom the Series 2011 Bonds herein authorized are awarded at the public sale of said Series 2011 Bonds, or their successors, and such definition shall include USDARD if it is the original purchaser of said Series 2011 Bonds.

"Outstanding Bonds" or "Prior Lien Bonds" means the Cumberland County Water District Water Revenue Bonds Series A through I of 1995, the Series of 1996, the Series of 2001, the Series of 2005, the Series of 2009 and the Kentucky Rural Water Finance Corporation Flexible Term Program, Series 2005B.

"Parity Bonds" means bonds issued in the future ranking on the basis of parity as to security and source of payment with the Outstanding Bonds and the Series 2011 Bonds.

"Registered Owner" "bond," "owner" "holder" and "person" shall include the plural as well as the singular number unless the context shall otherwise indicate. The term "Registered Owner" means and contemplates, unless context otherwise indicates, the Registered Owner or Owners or holders of the Fully Registered Bonds at the time issued and outstanding hereunder, or any of them.

"Second Lien Bond Fund" means the "Cumberland County, Kentucky Water District Second Lien Water Revenue Bond and Interest Redemption Fund" established pursuant to the provisions of this Resolution authorizing the Series 2011 Bonds and constituting the sinking fund or debt service fund for said Series 2011 Bonds payable from the income and revenues of the System.

"System" means the water distribution System of the District.

"USDARD" means the United States of America, acting through the U.S. Department of Agriculture, Rural Development.

"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.

Section II. Approval of Public Service Commission of Kentucky as Prerequisite to Financing: That in order for the District to finance the Construction Project through the issuance of its Bonds, pursuant to the provisions of Chapter 278 of the Kentucky Revised Statutes, the District constitutes a "utility" within the definition of said Chapter and is subject to the jurisdiction of the Public Service Commission of Kentucky and the prior approval of said PSC in accordance with KRS 278.023 is required in regard to the Construction Project and the financing therefore. Accordingly, the Chairman or Secretary of the District is authorized to file a copy of this Resolution and accompanying appropriate documentation in accordance with the provisions of KRS Chapter 278 in order that the District may obtain a Certificate of Public Convenience and Necessity from said Public Service Commission of Kentucky for the Construction Project and financing plan represented by the Bonds.

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

The Issuer hereby declares that the period of usefulness of the entire System is more than forty (40) years from the date of completion of the "Construction Project." All of the streets, alleys and rights-of-way within the jurisdiction of the District are hereby, to the extent required, dedicated to the use of the System.

Section IV. Authorization of Series 2011 Bonds: It has been heretofore determined by the Issuer that the total cost of the construction of the extensions, additions and improvements to the System, including preliminary expenses, land and rights-of-way, engineering expense, interest during construction, legal and administrative expense, publication costs and all necessary and incidental expenses thereto will not exceed approximately \$1,500,000, and after deducting the \$500,000 of Grant proceeds it is necessary that the issuer authorize and issue \$1,000,000 of Water Revenue Bonds, Series of 2011, for the purpose of financing the costs, not otherwise provided, of the aforesaid extensions, additions and improvements under the provisions of Sections 74.370 and 96.350 through 96.510 of Kentucky Revised Statutes. There are hereby authorized to be issued and sold One Million Dollars (\$1,000,000) principal amount of "Cumberland County (Kentucky) Water District Water Revenue Bonds, Series of 2011". All of said Series 2011 Bonds shall be dated as of the date of delivery to the purchaser thereof, and shall bear interest from such date at a rate or rates as may be fixed by supplemental Resolution as a result of the advertised sale and competitive bidding for said Series 2011 Bonds, as hereinafter provided, and shall be issued and delivered only according to the "Form of Fully Registered Bond," as hereinafter prescribed.

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

Said Bonds shall mature as to principal on January 1 of each of the respective years of maturity. The purchaser(s) of said Bonds shall have the right to elect that such Bonds be issued in denominations of from \$500 to \$1,000,000, in multiples of \$500, consistent with the schedule of principal maturities as follows:

<u>SCHEDULE OF PRINCIPAL MATURITIES, SERIES 2011 BONDS</u>					
<u>Maturity Date</u>		<u>Principal</u>	<u>Maturity Date</u>		<u>Principal</u>
January 1	2014	\$16,500	January 1	2033	\$26,000
	2015	17,000		2034	26,500
	2016	17,500		2035	27,000
	2017	17,500		2036	27,500
	2018	18,000		2037	28,500
	2019	18,500		2038	29,000
	2020	19,000		2039	29,500
	2021	19,500		2040	30,500
	2022	20,000		2041	31,000
	2023	20,500		2042	32,000
	2024	21,000		2043	32,500
	2025	21,500		2044	33,500
	2026	22,000		2045	34,000

2027	22,500	2046	35,000
2028	23,000	2047	36,000
2029	23,500	2048	36,500
2030	24,000	2049	37,500
2031	24,500	2050	38,500
2032	25,000	2051	38,000

Section V. Provisions for Prepayment of Principal. Principal installments due on the Bonds on or after January 1, 2015 shall be subject to prepayment, in whole or in part, on January 1, 2014 and on any interest payment date thereafter, in multiples of \$500 in inverse chronological order of installments, upon terms of the principal amount to be prepaid, plus accrued interest to the date of prepayment but without prepayment penalty.

In the event the Issuer elects to prepay less than all of the Bonds, it shall exchange with the Registered Owner at the expense of the Issuer a new Bond or Bonds representing the correct unpaid principal balance following the partial prepayment. Notwithstanding the foregoing, in the event USDARD is the Registered Owner of Bonds upon which a prepayment is made, the Issuer shall not be required to exchange its new Bonds as indicated in the preceding sentence.

Notice of prepayment shall be given by regular United States mail to the Registered Owner of the Bonds to be prepaid not less than thirty (30) days prior to the date fixed for prepayment. All principal payments as to which the Issuer exercises the right of redemption and as to which notice shall have been given, and for the prepayment of which, upon the terms aforesaid, funds are duly provided, shall cease to bear interest on the redemption date so designated.

Notwithstanding any of the foregoing provisions as to prepayment Series 2011 Bonds may be redeemed at any time from the proceeds of said Bonds remaining unused at the time the Construction Project is completed upon thirty (30) days written notice to the Registered Owner.

Section VI. Series 2011 Bonds Payable From System Revenues; Statutory Mortgage Lien Created. All of said Series 2011 Bonds, together with the interest thereon, and any additional parity bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be payable solely and only out of the "Cumberland County, Kentucky Water District Second Lien Water Revenue Bond and Interest Redemption Fund" (the "Second Lien Bond Fund"), hereby established under the provisions of this Resolution and shall be a valid claim of the Registered Owners only against such Second Lien Bond Fund and the System revenues pledged to said Bond Fund, in accordance with the provisions of Chapter 74 and 96 of Kentucky Revised Statutes; provided, however, that the pledge of revenues of the System and the statutory mortgage lien securing the Series 2011 Bonds are inferior and subordinate to the pledges and liens securing the Prior Lien Bonds.

That in accordance with Provisions of KRS 96.400, in addition to the secondary pledge of the income and revenues of the System made to secure the Series 2011 Bonds, the District hereby acknowledges the existence of the secondary statutory mortgage lien upon the System and all appurtenances and extensions thereto in favor of the Registered Owners of the Series 2011 Bonds.

The System, together with all extensions and appurtenances, shall remain subject to the statutory mortgage lien created by KRS 96.400 until the payment in full of the principal and interest on the Prior Lien Bonds and Series 2011 Bonds and any Registered Owner of the Outstanding Bonds or Series 2011 Bonds may, by action at law or in equity, protect and enforce the lien and compel the performance of all duties required by KRS 96.350 through 96.510, and KRS 58.010 through 58.140, including the making and collecting of sufficient rates, the segregation of the income and revenues of the System, and the application thereof to the payment of the Outstanding Bonds and Series 2011 Bonds.

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

The Fully Registered Bonds shall be executed by the manual signature of the Chairman, impressed with the corporate seal of the Issuer and attested by the manual signature of the Secretary.

The Registered Owner of any Fully Registered Bonds shall have the right, upon written request to the Issuer and within ninety (90) days following such request, at the expense of the Registered Owner, to exchange Fully Registered Bonds for other Fully Registered Bonds in denominations selected by the Registered Owner in multiples of \$500

consistent with the schedule of principal maturities of said Series 2011 Bonds. New Bonds shall be so issued and substituted only for and upon surrender to the Issuer of the corresponding Bonds so exchanged which shall then be immediately canceled by the Treasurer of the Issuer.

Section VIII. Interim Financing; Bond Anticipation Notes. The Issuer and USDARD have entered into Loan Resolution whereby USDARD has agreed to purchase the Series 2011 Bonds herein authorized in the event the Issuer is unable to sell said Series 2011 Bonds (to obtain credit elsewhere) at reasonable rates and terms taking into consideration prevailing private and corporate rates and terms in the community in accordance with USDARD Regulations. Under the terms of USDARD Regulations, delivery of the Series 2011 Bonds herein authorized and the receipt of the purchase price therefore will not be accomplished until the Construction Project is substantially complete. Therefore, in order to facilitate the completion of the Construction Project pending the issuance and delivery of the Bonds herein authorized, there are hereby authorized to be executed and delivered for the purpose of providing funds for the expenses of the Construction Project incurred in the interim period from the date of the sale of said Series 2011 Bonds until the issuance and delivery of the Series 2011 Bonds "Cumberland County (Kentucky) Water District Water Revenue Bond Anticipation Notes, Series of 2011" in the aggregate principal amount of \$1,000,000 (hereinafter sometimes referred to as the "Bond Anticipation Notes").

Notwithstanding any alternate procedure for the issuance of Bond Anticipation Notes herein set forth, the District may elect (by adoption of an appropriate resolution) to enter a Loan Agreement with Kentucky Rural Water Finance Corporation to provide interim financing for said Construction Project. In such an event the Chairman and Secretary are hereby authorized to execute such Loan Agreement in favor of KRWFC and the procedures for the disbursement of interim loan proceeds by the KRWFC Trustee shall be governed by the terms of said Loan Agreement, including the periodic execution of the required Requisition for Funds or Request for Payment as therein set forth.

The procedure for the execution of said Bond Anticipation Notes and the disbursement of the proceeds thereof shall be strictly in accordance with the terms of this Resolution and as set forth in this Section VIII.

There is hereby created a special and separate account of the Issuer which shall be designated as the "Cumberland County Water District Water System Construction Project Account of 2011." (hereinafter sometimes referred to as the "Construction Account"). Said Construction Account shall be established with the Depository Bank and any deposit in said Construction Account in excess of FDIC insurance coverage shall be secured by the Depository Bank in accordance with U.S. Treasury Department Circular No. 176 by a pledge of collateral with a Federal Reserve Bank. Pending the issuance and delivery of the Bonds all monies received in connection with the Construction Project from the Grant and the proceeds of Bond Anticipation Notes shall be deposited in said Construction Account and shall be applied to meet the costs incident to said Construction Project pending the delivery of the Bonds.

The Engineers shall prepare one or more Estimate of Funds Needed, which will show the amount of funds needed during the 30-day period following the submission of such estimate in a form satisfactory to USDARD (Form 440-11), and which Estimates shall be executed by a representative of said Engineers in charge of the Construction Project, stating that the amount requested under said Estimate represents an estimated sum to be earned by and due to contractors under contracts with the Issuer for work performed or materials furnished in connection with said Construction Project. Each Estimate of Funds Needed shall be countersigned by the Chairman and approved by USDARD. In regard to items of expense in connection with the Construction Project not relating to construction contracts, the Engineer's executions of the Estimate of Funds shall not be necessary and an Estimate of Funds for projected expenses of this type shall be signed only by the Chairman and approved by the duly authorized representative of USDARD.

The Estimate of Funds Needed (RD Form 440-11)(properly countersigned) shall be submitted to the Chairman and Secretary, who, upon the receipt thereof, shall be authorized to execute a Bond Anticipation Note or Notes in accordance with the terms of this Resolution in the aggregate amount represented by the Estimate of Funds submitted.

Upon the execution of the Bond Anticipation Notes, same shall be delivered to the purchaser thereof, whether said purchaser be a bank or USDARD, and the proceeds received there from shall be deposited in the Construction Account and disbursed from said Account in accordance with the terms of this Resolution.

All requests for disbursements from the Construction Account shall be accompanied by one or more vouchers (Partial Payment Estimates in a form satisfactory to USDARD) executed by a representative of the Engineers in charge of said Construction Project certifying that the amount requested represents a sum actually earned by and due to contractors under a contract with the Issuer for work performed or for materials furnished to the Issuer in connection with said Construction Project. Each such voucher shall likewise be countersigned by the Chairman and approved by the duly

authorized representative of USDARD. To the extent a requested disbursement from said Construction Account shall be for items not relating to construction contracts, a voucher (in a form satisfactory to USDARD) for such disbursement signed only by the Chairman and approved by the duly authorized representative of USDARD shall be submitted stating that the requested advance represents an expenditure which may be properly made under the terms of the USDARD Loan Resolution and is eligible for payment by the Issuer from the proceeds of the Bonds herein authorized.

Disbursements from the Construction Account shall be made by check signed by the Treasurer of the Issuer countersigned by the duly authorized representative of USDARD (if so required by USDARD) and shall be made only upon the Treasurer's receipt of such voucher.

Notwithstanding anything contained in this Resolution to the contrary, no disbursements shall be made from the Construction Account nor shall any Bond Anticipation Notes be issued and delivered unless and until the Issuer has certified and USDARD has accepted the existence of not less than 2,455 water users of the System, of which 2,405 are existing users and 50 are new users.

The position of Treasurer of the Issuer shall be covered by a Fidelity Bond in the amount of not less than \$225,000 with a surety company approved by USDARD; the Issuer and USDARD shall be named Co-Obligees in such Bond, and the amount thereof shall not be reduced without the written consent of USDARD. Should the aggregate total of the deposits in the various accounts authorized to be maintained under the provisions of this Resolution equal more than \$225,000 at any one time during the year the Fidelity Bond of the Treasurer of the Issuer will be increased to cover the larger amount so accumulated; including the period during which the Construction Account is being utilized.

The Bond Anticipation Notes shall be in substantially the same form as the Bond Anticipation Note attached to and made a part of this Resolution and marked for identification as Exhibit B. The Chairman and Secretary are hereby authorized to execute said Notes periodically but in an aggregate principal amount not to exceed \$1,000,000 upon their receipt of the duly executed Estimate of Funds in accordance with the preceding paragraphs of this Section.

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

The Bond Anticipation Notes herein authorized shall be payable solely from and secured by (i) the proceeds derived from the issuance of the Series 2011 Bonds herein authorized, or (ii) the proceeds of other interim financing loans made in anticipation of the issuance of such Series 2011 Bonds.

Said Notes are authorized in strict conformity with the Constitution of the Commonwealth of Kentucky, particular reference being made to KRS 58.150, KRS 56.513, KRS 96.350 through KRS 96.510 and KRS 58.010 through 58.140 of the Kentucky Revised Statutes.

The authority hereby delegated to the Chairman and Secretary in regard to the execution of a total aggregate principal amount of \$1,000,000 of Notes includes the execution of renewal notes in evidence of the renewal and extension of Notes becoming due, providing the aggregate of the principal amount of all such Bond Anticipation Notes outstanding and payable shall not exceed \$1,000,000 and providing any Note which is renewed or superseded is simultaneously canceled and transmitted to the Issuer. The maximum aggregate principal amount of Bond Anticipation Notes permitted by this Resolution shall include the interest on said Notes.

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

The Issuer further covenants simultaneously with the issuance and delivery of said Series 2011 Bonds to the successful purchaser, all amounts due, owing and unpaid on said Bond Anticipation Notes shall be repaid at said time of delivery, including principal and interest.

In the event there may from time to time be on deposit in said Construction Account funds which are not immediately needed for the payment of construction costs, same may be invested, but only in the manner permitted by USDARD; provided, however, that no deposit in said Construction Account or any other fund provided for hereunder shall be used or invested in any manner which would cause the Series 2011 Bonds to become arbitrage bonds within the

meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or any Regulations of the U.S. Treasury Department interpreting same.

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

Section IX. Delivery of the Series 2011 Bonds; Payment of Bond Anticipation Notes; Disbursement of Series 2011 Bond Proceeds. Upon the delivery of the Series 2011 Bonds herein authorized, the following distribution of the proceeds of said Series 2011 Bonds shall be made simultaneously with said delivery and receipt of payment (the "Date of Closing"):

(A) Simultaneously with the delivery of the Series 2011 Bonds, all amounts due and owing by the Issuer on interim construction loans evidenced by the Bond Anticipation Notes (including the KRWFC Loan), including principal and interest, and prepayment premium, if any, shall be paid in full and the Notes canceled or Loan retired.

(B) After observing the priority of the disbursement set forth in subparagraph (A) above, and simultaneously with the delivery of the Series 2011 Bonds, the balance of the proceeds of said Bonds remaining after the payment of the expenses incident to their authorization and sale, shall be transferred to the Construction Account established by Section VIII of this Resolution.

Section X. Disposition of Water System Revenues. From and after the delivery of the Series 2011 Bonds authorized under the provisions of this Resolution, the System shall continue to be operated on a fiscal year basis (January 1 through December 31) and on that basis all income and revenues derived directly or indirectly from the operation of said System shall be deposited promptly and as received first to the credit of a separate and special account known as the "Cumberland County Water District Water Revenue Fund" (the "Revenue Fund"), established by the Resolution authorizing the Outstanding Bonds. Such Revenue Fund shall be held separate and apart from all other funds of the District and shall be maintained so long as any of the Outstanding Bonds, Series 2011 Bonds or any Parity Bonds are outstanding and payment is not provided therefore and shall be used and disbursed only for the purposes and in the manner and order of priorities specified herein. The monies so deposited in such Revenue Fund shall be expended only in the manner and order as follows:

(A) The separate and special account of the District designated as the "Cumberland County Water District Bond and Interest Redemption Fund" (the "Bond Fund" or "Sinking Fund" or "Prior Lien Bond Fund") established by the Resolution authorizing the Outstanding Bonds shall be maintained so long as any of the Prior Lien Bonds remain outstanding. There shall continue to be transferred from the Revenue Fund to the Prior Lien Bond Fund a monthly amount equal to the total of the following:

(1) A sum equal to one-sixth (1/6) of the interest requirements becoming due on the Outstanding Bonds on the next succeeding interest due date.

(2) A sum equal to one-twelfth (1/12) of the principal requirements becoming due on the Outstanding Bonds on the next succeeding January 1.

(B) A separate and special account of the District is hereby established designated as the "Cumberland County Water District Second Lien Bond and Interest Redemption Fund" (the "Second Lien Bond Fund" or "Second Lien Sinking Fund") which shall be maintained so long as any of the Series 2011 Bonds remain outstanding. Beginning with the month following the month in which the Series 2011 Bonds are delivered there shall be transferred from the Revenue Fund to the Second Lien Bond Fund a monthly amount equal to the total of the following:

(1) A sum equal to one-sixth (1/6) of the interest requirements becoming due on the Series 2011 Bonds on the next succeeding interest due date.

(2) A sum equal to one-twelfth (1/12) of the principal requirements becoming due on the Series 2011 Bonds on the next succeeding January 1.

Notwithstanding anything contained herein to the contrary, in the event that USDARD is the Registered Owner of the Series 2011 Bonds, then in the event USDARD so desires, payments to USDARD from the Second Lien Fund for interest and principal installments on the Series 2011 Bonds shall be made direct to USDARD on a monthly basis. The

District hereby consents to the utilization of the Preauthorized Debit ("PAD") payment process which authorizes the electronic withdrawal of funds to meet installments of principal and interest. It is provided further that so long as USDARD is the Registered Owner of the Series 2011 Bonds, monies on deposit in all of the various accounts established by this Resolution shall be secured as required by USDARD Regulations.

(C) The separate and special account of the District designated as the Cumberland County Water District Operation and Maintenance Fund" ("O & M Fund") established by the Resolution authorizing the Outstanding Bonds shall be maintained as long as any of the Outstanding Bonds, Series 2011 Bonds and any Parity Bonds remain outstanding. Beginning with the month following the month in which the Series 2011 Bonds are delivered, after observing the priorities of the transfers enumerated in subsection (A) above, there shall be transferred from the Revenue Fund to the O & M Fund a monthly amount sufficient to provide for the operation, maintenance and insurance of the System for the ensuing month and maintain a balance over and above monthly expenses equal to anticipated expenditures for a period of three (3) months pursuant to the District's annual budget.

Notwithstanding the foregoing requirements for transfers from the revenue fund to meet current operating expenses and maintain a three (3) month operating reserve, there shall be an additional monthly transfer to the Operation and Maintenance Fund in the sum of not less than \$575 (formerly \$375) which shall be segregated in a sub-account designated "short-lived asset account" which may be utilized to acquire, replace or repair short-lived assets necessary for the operation of the System.

(D) The separate and special account of the District designated as the "Cumberland County Water District Depreciation Reserve Fund" ("Depreciation Fund") established by the Resolution authorizing the Outstanding Bonds shall be maintained as long as any of the Outstanding Bonds, Series 2011 Bonds or any Parity Bonds remain outstanding. Beginning with the month following the month in which the Series 2011 Bonds are delivered, the balance then remaining in the Revenue Fund (but not less than \$1,881 (formerly \$1,551) which amount includes the additional \$330 required for the Series 2011 Bonds) shall be transferred to the Depreciation Fund until there is established and maintained said Depreciation Fund a Required Minimum Balance equal to not less than the maximum annual principal and interest requirement of the outstanding Bonds, Series 2011 Bonds and any Parity Bonds.

There shall also be deposited in the Depreciation Fund proceeds from the sale of any equipment no longer usable or needed, fees or charges, if any, collected from potential customers for connecting the System, and the proceeds of any property damage insurance not immediately used to replace the damaged or destroyed property. Monies in the Depreciation Fund shall be used for making extraordinary maintenance, repairs, renewals or replacements to the System and for paying the cost of constructing improvements or extensions to the System which will either enhance the revenue producing capacity of the System or provide a higher degree of service, and no withdrawals shall be made for any other purposes; provided, however, that moneys on deposit in the Depreciation Fund shall be available for the principal and interest requirements on the Outstanding Bonds, Series 2011 Bonds or any Parity Bonds, if, for any reason, and whenever sufficient funds are not available in the Sinking Fund.

Upon the establishment of the Required Minimum Balance any amounts on deposit in the Depreciation Fund shall be maintained therein or applied to the redemption of the Series 2011 Bonds, or any Parity Bonds, at the election of the District.

Deposits Secured. All funds referred to in Subsections (A), (B), (C) and (D) above are to be deposited with a bank or banks which is a member or are members of the Federal Deposit Insurance Corporation and, to the extent the aggregate deposits of the District in such bank or banks exceed FDIC coverage, shall be secured by a pledge of obligations of or obligations which are fully guaranteed by the United States Government having a market value equal to the amount of such excess.

Investment of Funds. All Funds shall be deposited in the Depository Banks, or such portion thereof as is designated by the Board. All Funds shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Banks 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 Banks shall cause the total deposits of the District in any 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 KRS 66.480. Investments in Certificates of Deposit may be made only if a separate USDARD Form Agreement is executed. Any such investments will be a part of the respective Fund from which the proceeds invested are derived, and income from such investments will be credited to such respective Fund.

Section XI. No Priority Among Bonds. That the Series 2011 Bonds shall not be entitled to priority one over the other in the application of the income and revenues of said System, or with respect to the security for their payment, regardless of the time or times of their issuance; provided, however, said Series 2011 Bonds shall be inferior and subordinate as to security and source of payment to the District's Outstanding Bonds.

Section XII. General Covenants of Issuer. The Issuer, through adoption of this Resolution, hereby irrevocably covenants and agrees with the Registered Owners of any and all Series 2011 Bonds, that so long as the same or any part thereof remain outstanding and unpaid:

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

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

(C) It will maintain the said System in good condition through application of revenues accumulated and set aside for operation and maintenance, as herein provided, and will make renewals and replacements, as the same may be desired, through application of revenues accumulated and set aside into the Depreciation Fund.

(D) It will not sell, mortgage, pledge, lease or in any manner dispose of the said System, or any extensions, improvements or additions which may be made thereto, or the revenues thereof, except that if the Issuer shall determine by resolution that any identified properties of the System are worn out, obsolete, or otherwise no longer useful and needed, the same may be sold or exchanged as the Issuer may order, and if sold for cash, the proceeds shall be deposited in the Depreciation Fund and be available for any authorized purpose of said Fund.

(E) It will establish, enforce and collect rates and charges for services rendered and facilities afforded by said System and the same shall be reasonable and just taking into account and consideration the cost and value of the System, the costs of operating the same and maintaining it in a good state of repair proper and necessary allowances for depreciation and for additions and extensions, and the amounts necessary for the orderly retirement of all the Outstanding Bonds and the Series 2011 Bonds herein authorized, and the accruing interest thereon and the accumulation of reserves as herein provided, and such rates and charges shall be adequate to meet all such requirements as provided in this Resolution and shall, if necessary, be adjusted from time to time in order to comply herewith.

On or before the issuance of the Series 2011 Bonds, the Issuer will adopt a budget of Current Expenses for the System for the remainder of the current fiscal year of the System, and thereafter, on or before the first day of each fiscal year so long as any bonds are outstanding, it will adopt an Annual Budget of Current Expenses for the ensuing fiscal year and will file a copy of each such Budget and of any amendments thereto in the Office of the Secretary of the District and furnish copies thereof to the Registered Owner of any Series 2011 Bond upon request. The term "Current Expenses," as used herein, includes all reasonable and necessary costs of operating repairing, maintaining and insuring the System, but shall exclude any allowance for depreciation, and required payments into the Sinking Fund and Depreciation Fund. The Issuer covenants that the Current Expenses incurred in any year will not exceed the reasonable and necessary amounts therefore, and that it will not expend any amount or incur any obligations for operation, maintenance and repairs in excess of the amounts provided for Current Expenses in the Annual Budget, except upon order duly adopted by the governing body of the Issuer determining that such expenses are necessary in order to operate and maintain the System. At the same time and in like manner the Issuer agrees that it will prepare an estimate of gross revenues to be derived from operation of the System for each fiscal year and, to the extent that said gross revenues are insufficient to provide for all payments required to be made under Section X hereof during such ensuing fiscal year, it will revise its rates and charges for service rendered by the System so that the same will be adequate to meet all of such requirements.

(F) It will maintain the rates and charges for the services furnished by such System which are in effect at the time of the sale of the Bonds herein authorized which shall not be reduced unless an independent, recognized, and reputable Independent Consulting Engineer not in the regular employ of the Issuer gives and files in the office of the Secretary of the District a statement, based upon a complete examination of the records of such System, certifying in facts and figures that any proposed rate reduction will still maintain current bond service requirements, depreciation requirements, operation and maintenance requirements and their respective reserves, and provided those requirements and reserves have been accumulated to the maximum accumulation required by Section X of this Resolution.

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

(H) It will keep proper books of record and account separate and clearly distinguishable from all other municipal records and accounts, showing complete and correct entries, of all transactions relating to said System, and the same shall be available and open to inspection by any Registered Owner, and any agent or representative of a Registered Owner. Additionally, if requested to do so by the original purchaser of the Series 2011 Bonds, said Issuer will furnish to such original purchaser a monthly statement of income and expenses of the System in reasonable detail and showing all transfers to the special funds referred to in Section X hereof.

(I) It will, within sixty (60) days after the end of each fiscal year, cause an audit to be made of the books of record and account pertinent to the System, by an independent state-licensed accountant not in the employ of the Issuer on a monthly salary basis, showing all receipts and disbursements, with comments of the auditor concerning whether the books and records are being kept in compliance with this Resolution and in accordance with recognized accounting practices, and will promptly cause a copy of the audit report to be filed in the office of the Secretary of the District where it will be available for public inspection, and will promptly mail a copy thereof to the Registered Owners. If requested to do so, the Issuer will furnish to any Registered Owner a condensed form of the Balance Sheet and a condensed form of the Operating Report, in reasonable detail. All expenses incurred in causing such audits to be made, and copies distributed, shall constitute proper expenses of operating and maintaining the System, and may be paid from revenues allocated for such purposes, as herein provided.

(J) Any Registered Owner may either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance by said Issuer and its officers and agents of all duties imposed or required by law or this Resolution in connection with the operation of said System, including the making and collecting of sufficient rates and segregation of the revenues and application thereof.

(K) If there be any default in the payment of the principal of or interest on any of said Series 2011 Bonds, then upon the filing of suit by any Registered Owner of said Series 2011 Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the Issuer with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against said System, and for the payment of current expenses, and to apply the revenues in conformity with this Resolution and the provisions of said statute laws of Kentucky aforesaid.

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

(M) It is permitted and provided by Sections 74.30 and 96.350 through 96.510 of the Kentucky Revised Statutes that any water district may finance the cost of construction of additions, extensions and improvements to its water distribution system by the issuance of revenue bonds, secured solely by the revenues of the System, and the Board of Commissioners of the District has so determined in regard to the Outstanding Bonds and Series 2011 Bonds.

Section XIII. Registered Owner's Rights to Enforce Covenants. Any Registered Owner of the Series 2011 Bonds, either at law or in equity, by suit, action, mandamus or other proceedings, may enforce and compel performance by said Issuer and its officers and agents of all duties imposed or required by law or this Resolution in connection with the operation of said System including the making and collection of sufficient rates and segregation of the income and revenues and the application thereof.

If there be any default in the payment of the principal of or interest on any of the Outstanding Bonds or Series 2011 Bonds, then upon the filing of suit by any Registered Owner of any of said Outstanding Bonds or Series 2011 Bonds, any court having jurisdiction of the action may appoint a receiver to administer the said System on behalf of the Issuer, with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against such System and for the payment of operating expenses and to apply the income and revenue in conformity with this Resolution and with the provisions of Sections 96.350 through 96.510 of Kentucky Revised Statutes. Reasonable attorneys fees and court costs incurred by any Registered Owner in connection with the appointment of such receiver shall be a proper charge and shall be payable out of the income and revenues from the System properties securing the Series 2011 Bonds herein authorized.

Section XIV. Special Covenants Applicable So Long As USDARD Holds Any Bonds. So long as the USDARD shall hold the any of the Series 2011 Bonds, the Issuer shall comply with such regulations, requirements and requests as have been made by the USDARD, including the furnishing of operating and other financial statements in such form and substance and for such periods as may be requested by the USDARD, the carrying of insurance of such types and in such amounts as the USDARD may specify with insurance carriers acceptable to USDARD, and compliance with all the terms and conditions of the Loan Resolution between the Issuer and USDARD.

In addition, so long as USDARD shall hold the any of the Series 2011 Bonds, the Issuer shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the security interest of the Registered Owner of any Series 2011 Bonds without the full retirement thereof.

Section XV. No Priority Among Series 2011 Bonds. The Series 2011 Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Series 2011 Bonds authorized by this Resolution regardless of the fact that they may be actually issued in different series and delivered at different times.

Section XVI. Insurance.

(A) **Fire and Extended Coverage.** If and to the extent that the System includes structures above ground level (including equipment and machinery but not including water reservoirs, standpipes, elevated tanks and non-combustible materials) the Issuer shall, upon the sale of the Series 2011 Bonds if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Series 2011 Bonds are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

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

(B) **Liability Insurance on Facilities.** Upon the sale of said Series 2011 Bonds, the Issuer shall, if such insurance is not already in force, procure and maintain, so long as any of the Series 2011 Bonds are outstanding public liability insurance relating to the operation of the facilities of the System with limits of not less than \$100,000 for one person and \$500,000 for more than one person involved in one accident, to protect the Issuer from claims for bodily injury and/or death, and not less than \$100,000 from claims for damage to property of others which may arise from the Issuer's operations of the System and any other facilities constituting a portion of the System.

(C) **Vehicle Liability Insurance.** If and to the extent that the Issuer owns or operates vehicles in the operation of the System upon receipt of the proceeds of the Series 2011 Bonds, the Issuer shall, if such insurance is not already in force, procure and maintain, so long as any of the Series 2011 Bonds are outstanding vehicular public liability insurance with limits of not less than \$100,000 for one person and \$500,000 for more than one person involved in one accident, to protect the Issuer from claims for bodily injury and/or death, and not less than \$20,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Issuer.

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

Section XVII. Additional Parity Bonds. The District covenants and agrees not to issue any other obligations of any kind payable in whole or in part from or secured by the revenues of the System except after meeting the conditions hereinafter set forth, unless the lien of such obligations is junior and subordinate in all respects to the lien in favor of the Registered Owners of the Series 2011 Bonds except only to the extent specifically authorized herein.

Said District hereby reserves the right and privilege of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity as to security and source of payment with the Outstanding Bonds and Series 2011 Bonds, subject to the conditions and restrictions set forth in the following lettered paragraphs of this Section:

(A) In the event the costs of construction or completion of the Construction Project, as is set out in the plans and specifications of the Engineers, and presently on file in the office of the District, shall exceed the estimated costs

contained in said report, the District agrees to deposit into the Construction Account, in addition to any other funds deposited therein to cover the original estimated costs of the Construction Project, such funds as may be necessary to pay the excess costs not already provided for. If necessary, the District may provide such excess, and only such excess, through the issuance of Parity Bonds and the sale thereof.

(B) The District shall have the right to add new water facilities and related auxiliary facilities by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenues pledged to the Outstanding Bonds and Series 2011 Bonds, provided in each instance that:

1. The facility or facilities to be built for the proceeds of the additional Parity Bonds is or are made a part of such System and its or their revenues are pledged as additional security for the additional Parity Bonds, the Outstanding Bonds and the Series 2011 Bonds;

2. The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds and Series 2011 Bonds payable from the revenues of the System or any part thereof;

3. The "annual net revenues", defined as gross revenues less current expenses (excluding allowances for depreciation), of such System for the fiscal year next preceding the issuance of additional Parity Bonds, are certified by an independent certified public accountant, to have been equal to at least one and one-twenty hundredths (1.20) times the average annual requirements for principal and interest on all Bonds, including the Outstanding Bonds, the Series 2011 Bonds, and any additional Parity Bonds then outstanding and payable from the revenues of the System and the Parity Bonds proposed to be issued;

The annual net revenues may be adjusted to reflect any revision in the schedule of rates and charges being imposed for the services of the System at the time of the issuance of such additional Parity Bonds or to reflect the income and revenues to be generated by the additional facilities to be constructed; all as certified by an Independent Consulting Engineer;

4. The District shall adjust the monthly deposits into the Sinking Fund on the same basis as that prescribed in the provisions establishing said Sinking Fund and by this Resolution in order to reflect the required annual debt service requirements on the additional Parity Bonds;

5. The District shall adjust the maximum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Fund by the Resolutions authorizing the Outstanding Bonds and Series 2011 Bonds, taking into account the future replacement costs of the facilities to be constructed and acquired with the proceeds of such additional Parity Bonds;

6. Such additional Parity Bonds shall be 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 additional Parity Bonds;

7. The District has obtained the written consent of USDARD for the issuance of such Parity Bonds if USDARD is the Registered Owner of any of the Outstanding Bonds or Series 2011 Bonds at the time of the issuance of such Parity Bonds or the written consent of the Registered Owners of 75% in principal amount of the Outstanding Bonds and Series 2011 Bonds if same are not then held by USDARD.

8. Notwithstanding anything contained in this Section XVII to the contrary, without the permission of the Registered Owners of the Series 2011 Bonds, the District may not attempt to issue any Bonds ranking on the basis of parity with the Series 2011 Bonds or the Outstanding Bonds unless said Series 2011 Bonds have been paid and retired.

Section XVIII. Contractual Nature of Bond Resolution. The provisions of this Resolution shall constitute a contract between the Issuer and the Registered Owners of the Series 2011 Bonds; and after the issuance of any of said Series 2011 Bonds no change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner except as herein provided until such time as all of said Series 2011 Bonds and the interest thereon have been paid or provided for in full; provided the Issuer may enact other resolutions 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, subject to the condition that this Resolution shall not be so modified in any manner that may adversely affect the rights of any certain Registered Owners without similarly affecting the rights of the Registered Owners of all Series 2011 Bonds.

Section XIX. Sale of Bonds. The Secretary of the District is hereby authorized and directed to cause notice for bids for the purchase of said Series 2011 Bonds to be published pursuant to all applicable Kentucky Revised Statutes. Said Notice shall state the name and amount of Series 2011 Bonds, to be sold, the time of sale and other details concerning the Series 2011 Bonds and shall inform prospective bidders that a copy of the Official Notice of Sale of Bonds, setting out the maturities, security of the Series 2011 Bonds, provisions as to redemption prior to maturity, and related information may be obtained from the Issuer. Such Official Notice shall contain the following bidding requirements:

- (A) Bidders are required to bid a cash price of not less than par value of the Series 2011 Bonds.
- (B) Interest rates must be in multiples of 1/8 or 1/20 of 1%, with not more than one interest rate per maturity being stipulated by any bidder.
- (C) Bids will be considered only for the entire issue.
- (D) Bidders (except the USDARD) are required to make a good faith deposit by cashier's check or certified check payable to the Issuer, which check shall accompany the bid, in the minimum amount of 2% of the face amount of the Bonds. Checks of the unsuccessful bidders will be returned promptly after being opened.
- (E) The lowest net interest cost will be determined by deducting the total amount of any premium bid from the aggregate amount of interest upon the Series 2011 Bonds, computed from the first day of the month following the date of sale of the Bonds (even though the Bonds will bear interest only from the date of delivery) to final maturity.
- (F) Bidders shall be advised that USDARD has entered into a Loan Resolution with the Issuer pursuant to which said USDARD reserves the right to withdraw its bid in the event bids are received from others on terms which USDARD considers reasonable.
- (G) The Issuer expects to deliver, and the successful bidder must be prepared to accept delivery of and pay for, the Series 2011 Bonds at the office of the Secretary of the District within forty-five (45) days after notice is given of the award. If said Series 2011 Bonds are not ready for delivery and Payment within forty-five (45) days from the aforesaid date of sale, the successful bidder(s) shall be relieved of any liability to accept delivery of any of the 2011 Bonds. In the event USDARD is the successful bidder, it is anticipated that delivery of the Series 2011 Bonds will be made at the time the Construction Project is substantially complete and the Issuer's failure to deliver said Series 2011 Bonds within forty-five (45) days from said date of sale shall not relieve USDARD of its obligation to accept said Series 2011 Bonds.
- (H) The Issuer reserves the right, in its discretion, to determine the best bid or bids, to waive any informality or irregularity and to reject any or all bids.
- (I) The Series 2011 Bonds will be tendered within said forty-five (45) day period and the successful bidder will receive the approving legal opinion of Henry M. Reed III, Bond Counsel, Louisville, Kentucky, as to the legality and tax-exemption of said Series 2011 Bonds, without additional cost to the successful bidder.

In the event that there is no bid or that all bids are rejected, the Issuer may re-advertise the sale pursuant to this Resolution.

Section XX. Approval and Acceptance of USDARD Grant Agreement. As set out in preamble hereto, USDARD has agreed to make a grant to the District in the amount of \$500,000 in order to supplement the proceeds of the Series 2011 Bonds in order to provide the total cost of the Water Construction Project, and USDARD has requested that the District approve, accept and execute a certain USDARD Grant Agreement setting out the terms and conditions upon which said Grant will be made. Said Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said 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 grants offered to the District in connection with the Water Construction Project and to execute any and all Grant Agreements and any other documents as may be requested by USDARD or such other grantor in connection with said additional grants which have been and/or which may hereafter be approved for such Construction Project.

Section XXI. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The District 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 Construction 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 USDARD Letter of Conditions.
- (D) Loan Resolution (RD Form 1940-1).
- (E) Agreement for Engineering Services with the Engineers.
- (F) Such Construction Contracts for the Construction Project as are required, following public advertisement for bids.

Section XXII. Floodplain Construction Prohibited. From and after the adoption of this Resolution no water service provided by the System shall be made available to any future customer wishing to build within a designated flood plain, including the area served by the Construction Project. Notwithstanding the foregoing, nothing herein shall be construed as a prohibition against the District providing water service to users of the System existing at the time this Resolution is adopted.

Section XXIII. Designation of Series 2011 Bonds. By the adoption of this Resolution the District covenants and agrees not to issue in excess of \$10,000,000 of its debt obligations during the calendar year in which the Series 2011 Bonds are ultimately delivered and hereby designates said Series 2011 Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

Section XXV. Effective Date of Resolution. Upon the receipt of the approval of the Public Service Commission of Kentucky this Resolution shall take effect from and after its passage and approval.

Passed and adopted on May 2, 2011.

CUMBERLAND COUNTY WATER DISTRICT


Chairman

ATTEST:


Secretary

A RESOLUTION OF THE BOARD OF WATER COMMISSIONERS OF CUMBERLAND COUNTY WATER DISTRICT AMENDING RATES AND CHARGES FOR WATER SERVICE PROVIDED BY THE DISTRICT.

WHEREAS, Cumberland County Water District (the "District") has applied or will apply to the Kentucky Public Service Commission for a Certificate of Public Convenience and Necessity authorizing and permitting said District to construct water distribution system improvements consisting of first time potable water service to approximately 50 new customers, construction of new water lines to replace existing water lines and the renovation of two water storage tanks (the "Project") and,

WHEREAS, the District proposes to finance said Project through the issuance of \$1,000,000 of the District's "Water Revenue Bonds, Series of 2011," (the "Bonds") to be sold to the United States Department of Agriculture, Rural Development ("USDARD") supplemented by a \$500,000 USDARD Grant and,

WHEREAS, the District has applied or will apply to the Kentucky Public Service Commission for a Certificate of Public Convenience and Necessity and approval of a Schedule of Rates and Charges for water service in accordance with the USDARD's Letter of Conditions dated March 15, 2010 as amended by Letter dated February 2, 2011:

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF THE CUMBERLAND COUNTY WATER DISTRICT AS FOLLOWS:

1. That subject to PSC approval commencing with the billing period corresponding to the month following such PSC approval, the District's rates and charges for water service shall be as follows:

<u>Gallonge Block</u>	<u>Existing Rate per Gallon</u>	<u>New Rates per Gallon</u>
<u>5/8" Meters:</u>		
First 2,000 gallons	\$16.99 Minimum Bill	\$19.48 Minimum Bill
Next 3,000 gallons	\$ 6.95 per 1,000 gallons	\$ 7.10 per 1,000 gallons
Next 5,000 gallons	\$ 5.75 per 1,000 gallons	\$ 5.90 per 1,000 gallons
Over 10,000 gallons	\$ 4.65 per 1,000 gallons	\$ 4.80 per 1,000 gallons
<u>1" Meters</u>		
First 5,000 gallons	\$ 37.39 Minimum Bill	\$ 40.78 Minimum Bill
Next 5,000 gallons	\$ 5.75 per 1,000 gallons	\$ 5.90 per 1,000 gallons
Over 10,000 gallons	\$ 4.65 per 1,000 gallons	\$ 4.80 per 1,000 gallons
<u>1 1/2" Meters</u>		
First 12,500 gallons	\$ 76.64 Minimum Bill	\$ 82.28 Minimum Bill
Over 12,500 gallons	\$ 4.65 per 1,000 gallons	\$ 4.80 per 1,000 gallons
<u>2" Meters</u>		
First 25,500 gallons	\$ 135.14 Minimum Bill	\$ 142.28 Minimum Bill
Over 25,500 gallons	\$ 4.65 per 1,000 gallons	\$ 4.80 per 1,000 gallons

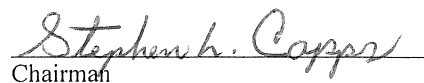
2. That all other rates and charges not specifically mentioned herein shall remain as presently effective.

3. That all resolutions or parts thereof in conflict with the provisions of this Resolution are hereby repealed to the extent of such conflict.

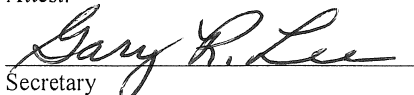
4. That this Resolution shall become effective upon its adoption and approval of the Public Service Commission.

Passed and adopted this 2nd day of May, 2011.

CUMBERLAND COUNTY WATER DISTRICT


Chairman

Attest:


Secretary

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF CUMBERLAND

REGISTERED

NUMBER

R-1-1,000

REGISTERED

PRINCIPAL AMOUNT

\$1,000,000

**CUMBERLAND COUNTY WATER DISTRICT
WATER REVENUE BOND
SERIES OF 2011**

RATE
2¼ %

REGISTERED OWNER:

**UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
771 CORPORATE DRIVE
LEXINGTON, KENTUCKY 40504**

PRINCIPAL AMOUNT:

ONE MILLION

DOLLARS

KNOW ALL MEN BY THESE PRESENTS:

That the Cumberland County Water District, acting by and through its governing body (the "issuer"), for value received, hereby promises to pay to the Registered Owner hereof, as hereinafter provided, solely from the special fund hereinafter identified, the sum of One Million Dollars (\$1,000,000) on the first day of January, in years and installments as follows:

Year	Principal	Year	Principal	Year	Principal
2014	\$16,500	2027	\$22,500	2040	\$30,500
2015	17,000	2028	23,000	2041	31,000
2016	17,500	2029	23,500	2042	32,000
2017	17,500	2030	24,000	2043	32,500
2018	18,000	2031	24,500	2044	33,500
2019	18,500	2032	25,000	2045	34,000
2020	19,000	2033	26,000	2046	35,000
2021	19,500	2034	26,500	2047	36,000
2022	20,000	2035	27,000	2048	36,500
2023	20,500	2036	27,500	2049	37,500
2024	21,000	2037	28,500	2050	38,500
2025	21,500	2038	29,000	2051	38,000
2026	22,000	2039	29,500		

without deduction for exchange or collection charges, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America; and in like manner, solely from said special fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, in like coin or currency, at the rate of four and one quarter per cent (2 1/4%) per annum, semi-annually on the first days of January

and July in each year hereafter until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, to the Registered Owner at the address shown on the registration books of the issuer.

[Further provisions of this Bond are set forth on the reverse hereof.]

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

IN WITNESS WHEREOF, Cumberland County Water District, in the County of Cumberland, the Commonwealth of Kentucky, by its governing body, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is November 10, 2011.

CUMBERLAND COUNTY WATER DISTRICT

BY:

Chairman

ATTEST:

Secretary

EXHIBIT G.6

BOND RESOLUTION

CUMBERLAND COUNTY WATER DISTRICT

AUTHORIZING

CUMBERLAND COUNTY WATER DISTRICT

WATERWORKS REVENUE BONDS, SERIES 2013

IN THE PRINCIPAL AMOUNT OF

\$487,000

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BOND RESOLUTION

RESOLUTION OF THE CUMBERLAND COUNTY WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$487,000 PRINCIPAL AMOUNT OF CUMBERLAND COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2013 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

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

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

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

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$487,000 (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 Monarch Engineering, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued as second lien bonds on a parity with the 2011 Bonds, subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and

WHEREAS, the 2011 Bonds were issued to and are now held by the Rural Development of the Department of Agriculture of the United States of America (the "RD"), and

WHEREAS, RD, as the Owner of the 2011 Bonds, has consented to the issuance by the District of the Current Bonds, and

WHEREAS, the Public Service Commission of Kentucky is in the process of granting to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$309,000 to provide the total cost of such construction,

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

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

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

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

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

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

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

"Bonds" collectively refers to the outstanding Current Bonds, 2011 Bonds, Prior Bonds and the Parity Bonds.

"Bonds of 1995" or "1995 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series A through I of 1995, dated November 29, 1995, in the original authorized aggregate principal amount of \$1,515,800.

"Bonds of 1996" or "1996 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 1996, dated September 24, 1996, in the original authorized principal amount of \$254,000.

"Bonds of 2001" or "2001 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2001, dated October 23, 2001, in the original authorized principal amount of \$400,000.

"Bonds of 2005" or "2005 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2005, dated October 26, 2005, in the original authorized principal amount of \$456,000.

"Bonds of 2009" or "2009 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2009, dated October 15, 2009, in the original authorized principal amount of \$415,000.

"Bonds of 2011" or "2011 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2011, dated November 10, 2011, in the original authorized principal amount of \$1,000,000.

"Bond Resolution of 1995" or *"1995 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1995, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 1996" or *"1996 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1996, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2001" or *"2001 Bond Resolution"* refer to the Resolution authorizing the Bonds of 2001, duly adopted by the Board of Commissioners of the District.

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

"Bond Resolution of 2009" or *"2009 Bond Resolution"* refer to the Resolution authorizing the Bonds of 2009, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2011" or *"2011 Bond Resolution"* refer to the Resolution authorizing the Bonds of 2011, duly adopted by the Board of Commissioners of the District.

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

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

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

"Construction Account" refers to the Cumberland County Water District Waterworks Construction Account, created in Section 301(B) of this Current Bond Resolution.

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

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

"Current Bonds" refers to the \$487,000 of Cumberland County Water District Waterworks Revenue Bonds, Series 2013 authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Cumberland County Water District Second Lien Bond and Interest Redemption Fund, described in Section 401 of this Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is First & Farmers National Bank, Burkesville, Kentucky, or its successor.

"Depreciation Fund" refers to the Cumberland County Water District Depreciation Reserve Fund, described in Section 402 of this Resolution.

"District" refers to the Cumberland County Water District.

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

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

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

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

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

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

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

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

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

"KRWFC Loan" refer to the outstanding Kentucky Rural Water Finance Corporation Flexible Loan Program, Series 2005B loan to the District, dated October 19, 2005, in the original authorized principal amount of \$107,000.

"KRWFC Resolution of 2005" refer to the Resolution authorizing the KRWFC Loan, duly adopted by the Board of Commissioners of the District.

"Local Counsel" refers to Lindsay G. Bell, Esq., Burkesville, Kentucky, or any other attorney or firm of attorneys designated by the District.

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

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

"Operation and Maintenance Fund" refers to the Cumberland County Water District Operation and Maintenance Fund described in Section 401 of this Resolution.

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

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

"Prior Bonds" refers collectively to the 1995 Bonds, the 1996 Bonds, the 2001 Bonds, the KRWFC Loan, the 2005 Bonds and the 2009 Bonds.

"Prior Bond Resolution" refers collectively to the 1995 Bond Resolution, the 1996 Bond Resolution, the 2001 Bond Resolution, the KRWFC Resolution, the 2005 Bond Resolution and the 2009 Bond Resolution.

"Prior Sinking Fund" refers to the Cumberland County Water District Water Bond and Interest Redemption Fund, described in Section 401 of this Resolution.

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

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

"RD" refers to the United States Department of Agriculture, acting through Rural Development.

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

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

"Revenue Fund" refers to the Cumberland County Water District Water Revenue Fund, described in Section 401 of this Resolution.

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

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

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

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

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

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

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

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$796,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$487,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$796,000
Less:		
RD Grant	\$309,000	
Total Non-Bond Funds:		<u>(309,000)</u>
Balance to be financed by Current Bonds		\$487,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$487,000 principal amount of Cumberland County Water District Waterworks Revenue Bonds, Series 2013.

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

Interest on the Current Bonds shall be payable semiannually on 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 lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

Section 107. Current Bonds Shall be Payable Out of Gross Revenues. The Current Bonds, the 2011 Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable on a parity solely out of the gross revenues of the System, after providing for all of the principal and interest requirements of the outstanding Prior Bonds.

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

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

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

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

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

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

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

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

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

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

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$250,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$250,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

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

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

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

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

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

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

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

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

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

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$10,000) during the construction of the Project, as approved by the Engineers and by the RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

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

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

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

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

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

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of \$487,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on

behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

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

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

The aggregate of the principal amount of all Notes shall not exceed \$487,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$487,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

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

theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

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

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

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

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

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

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

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such

Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

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

ARTICLE 4. FLOW OF FUNDS.

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

- (a) Cumberland County Water District Water Revenue Fund
- (b) Cumberland County Water District Water Bond Redemption Fund
- (c) Cumberland County Water District Depreciation Reserve Fund
- (d) Cumberland County Water District Operation and Maintenance Fund

There was also created and established in the 2011 Bond Resolution the Cumberland County Water District Second Lien Bond and Interest Redemption Fund.

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

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

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

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

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

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

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$10,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

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

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the 2011 Bonds and the Current Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any 2011 Bonds and Current Bonds maturing on the next succeeding January 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the 2011 Bonds and the Current Bonds, but subject to the vested rights and priorities of the Prior Bonds.

D. Depreciation Fund. Pursuant to the provisions of the 2011 Bond Resolution which requires that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the 2011 Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least \$175 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$21,000, which amount shall be maintained, and when necessary, restored to said sum of \$21,000, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution.

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

property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

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

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

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

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

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

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

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

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

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

Section 403. Current Bonds on a Parity with 2011 Bonds, Subject to the Priority of the Prior Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the District (i) a letter from the RD to the effect that the RD agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the 2011 Bonds, all of which are owned by the RD, together with (ii) a certification signed by the RD to the effect that a legend has been typed, stamped or otherwise affixed on each of the 2011 Bonds held by the RD, evidencing the agreement of the RD as the then Owner of the 2011 Bonds, to the issuance of the Current Bonds so as to rank on a parity with the 2011 Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$487,000 of Cumberland County Water District Waterworks Revenue Bonds, Series 2013 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 2011 Bonds from the gross income and revenues of the System, subject to the priority of the outstanding Prior Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Make such Parity Bonds payable as to principal on 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 RD.

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

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

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

(b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

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

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

ARTICLE 7. DEFAULT AND CONSEQUENCES

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

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

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

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

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

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

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

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

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

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

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

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$309,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

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

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

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

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

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

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

ARTICLE 9. SALE OF CURRENT BONDS

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

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

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

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

ARTICLE 10. CONCLUDING PROVISIONS

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

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

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$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 any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the

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

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

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

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

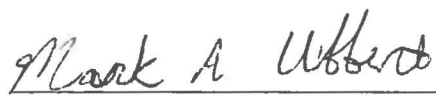
Adopted this May 6, 2013.

Cumberland County Water District


Chairman

(Seal of District)

Attest:


Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Cumberland County Water District, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on May 6, 2013, 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 May 6, 2013.

Mark A. Wilbert

Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

<u>Payment Due January 1</u>	<u>Principal Payment</u>	<u>Payment Due January 1</u>	<u>Principal Payment</u>
2016	\$7,500	2035	\$12,500
2017	7,500	2036	13,000
2018	8,000	2037	13,000
2019	8,000	2038	13,500
2020	8,500	2039	14,000
2021	8,500	2040	14,000
2022	8,500	2041	14,500
2023	9,000	2042	15,000
2024	9,000	2043	15,500
2025	9,500	2044	16,000
2026	9,500	2045	16,500
2027	10,000	2046	17,000
2028	10,500	2047	17,000
2029	10,500	2048	17,500
2030	11,000	2049	18,000
2031	11,000	2050	18,500
2032	11,500	2051	19,000
2033	12,000	2052	19,500
2034	12,000	2053	21,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CUMBERLAND COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2013**

No. R- _____ Interest Rate: _____ % \$ _____

KNOW ALL PERSONS BY THESE PRESENTS:

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

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

_____ DOLLARS (\$ _____),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
-------------	------------------	-------------	------------------	-------------	------------------

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

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

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

This Bond is issued on a parity as to security and source of payment with the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2011, dated November 10, 2011 (the "2011 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "2011 Bond Resolution"); but subject to the vested rights and priorities in favor of the owners of the outstanding (i) Cumberland County Water District Water Revenue Bonds, Series A through I of 1995, dated November 29, 1995 (the "1995 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "1995 Bond Resolution"); (ii) Cumberland County Water District Water Revenue Bonds, Series of 1996, dated September 24, 1996 (the "1996 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "1996 Bond Resolution"); (iii) Cumberland County Water District Water Revenue Bonds, Series of 2001, dated October 23, 2001 (the "2001 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "2001 Bond Resolution"); (iv) Kentucky Rural Water Finance Corporation Flexible Loan Program, Series 2005B loan to the District, dated October 19, 2005 (the "KRWFC Loan"), authorized by a Resolution adopted by the Commission of the District (the "KRWFC Resolution"); (v) Cumberland County Water District Water Revenue Bonds, Series of 2005, dated October 26, 2005 (the "2005 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "2005 Bond Resolution"); and (vi) Cumberland County Water District Water Revenue Bonds, Series of 2009, dated October 15, 2009 (the "2009 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "2009 Bond Resolution") [hereinafter the 1995 Bonds, 1996 Bonds, 2001 Bonds, KRWFC Loan, 2005 Bonds and 2009 Bonds shall be collectively referred to as the "Prior Bonds", and the 1995 Bond Resolution, the 1996 Bond Resolution, the 2001 Bond Resolution, the KRWFC Resolution, the 2005 Bond Resolution and the 2009 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, the 2011 Bonds, together with any bonds ranking on a parity herewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution and the 2011 Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the 2011 Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Cumberland County Water District Second Lien Bond and Interest Redemption Fund", created in the 2011 Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the 2011 Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the 2011 Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the 2011 Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2023, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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

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

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the

face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

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

CUMBERLAND COUNTY WATER DISTRICT

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

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

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Cumberland County Water District Waterworks Revenue Bonds, Series 2013, in the principal amount of \$487,000

The undersigned hereby certify as follows:

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

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

Cumberland County Water District

Monarch Engineering, Inc.

By _____
Chairman

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

USDA, Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Approved on _____

Total _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

The holder of this Bond has consented to the issuance of \$560,000 of bonds ranking on a parity as to security and source of payment with this bond.

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CUMBERLAND COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2013**

No. R-1

Interest Rate: 2.75%

\$487,000

KNOW ALL PERSONS BY THESE PRESENTS:

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

**UNITED STATES OF AMERICA
acting by and through the
U.S. DEPARTMENT OF AGRICULTURE
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477**

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

FOUR HUNDRED EIGHTY-SEVEN THOUSAND DOLLARS (\$487,000),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2016	\$7,500	2029	\$10,500	2042	\$15,000
2017	7,500	2030	11,000	2043	15,500
2018	8,000	2031	11,000	2044	16,000
2019	8,000	2032	11,500	2045	16,500
2020	8,500	2033	12,000	2046	17,000
2021	8,500	2034	12,000	2047	17,000
2022	8,500	2035	12,500	2048	17,500
2023	9,000	2036	13,000	2049	18,000
2024	9,000	2037	13,000	2050	18,500
2025	9,500	2038	13,500	2051	19,000
2026	9,500	2039	14,000	2052	19,500
2027	10,000	2040	14,000	2053	21,000
2028	10,500	2041	14,500		

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

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

This Bond is issued on a parity as to security and source of payment with the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2011, dated November 10, 2011 (the "2011 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "2011 Bond Resolution"); but subject to the vested rights and priorities in favor of the owners of the outstanding (i) Cumberland County Water District Water Revenue Bonds, Series A through I of 1995, dated November 29, 1995 (the "1995 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "1995 Bond Resolution"); (ii) Cumberland County Water District Water Revenue Bonds, Series of 1996, dated September 24, 1996 (the "1996 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "1996 Bond Resolution"); (iii) Cumberland County Water District Water Revenue Bonds, Series of 2001, dated October 23, 2001 (the "2001 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "2001 Bond Resolution"); (iv) Kentucky Rural Water Finance Corporation Flexible Loan Program, Series 2005B loan to the District, dated October 19, 2005 (the "KRWFC Loan"), authorized by a Resolution adopted by the Commission of the District (the "KRWFC Resolution"); (v) Cumberland County Water District Water Revenue Bonds, Series of 2005, dated October 26, 2005 (the "2005 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "2005 Bond Resolution"); and (vi) Cumberland County Water District Water Revenue Bonds, Series of 2009, dated October 15, 2009 (the "2009 Bonds"), authorized by a Resolution adopted by the Commission of the District (the "2009 Bond Resolution") [hereinafter the 1995 Bonds, 1996 Bonds, 2001 Bonds, KRWFC Loan, 2005 Bonds and 2009 Bonds shall be collectively referred to as the "Prior Bonds", and the 1995 Bond Resolution, the 1996 Bond Resolution, the 2001 Bond Resolution, the KRWFC Resolution, the 2005 Bond Resolution and the 2009 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, the 2011 Bonds, together with any bonds ranking on a parity herewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution and the 2011 Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the 2011 Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Cumberland County Water District Second Lien Bond and Interest Redemption Fund", created in the 2011 Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the 2011 Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the 2011 Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the 2011 Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2023, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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


Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the

Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

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

IN WITNESS WHEREOF said Cumberland County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is May 23, 2014.

CUMBERLAND COUNTY WATER DISTRICT

By  _____
Chairman


Attest:

 _____
Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
May 23, 2014	UNITED STATES OF AMERICA acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

By: _____

EXHIBIT G.7

BOND RESOLUTION

CUMBERLAND COUNTY WATER DISTRICT

AUTHORIZING

CUMBERLAND COUNTY WATER DISTRICT

WATERWORKS REVENUE BONDS, SERIES 2018

IN THE PRINCIPAL AMOUNT OF

\$700,000

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BOND RESOLUTION

RESOLUTION OF THE CUMBERLAND COUNTY WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$700,000 PRINCIPAL AMOUNT OF CUMBERLAND COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2018 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

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

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

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

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$700,000 (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 Monarch Engineering, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

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

WHEREAS, the Public Service Commission of Kentucky is in the process of granting to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$300,000 to provide the total cost of such construction,

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

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

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

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

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

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

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

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

"Bonds of 1995" or "1995 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series A through I of 1995, dated November 29, 1995, in the original authorized aggregate principal amount of \$1,515,800.

"Bonds of 1996" or "1996 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 1996, dated September 24, 1996, in the original authorized principal amount of \$254,000.

"Bonds of 2001" or "2001 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2001, dated October 23, 2001, in the original authorized principal amount of \$400,000.

"Bonds of 2005" or "2005 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2005, dated October 26, 2005, in the original authorized principal amount of \$456,000.

"Bonds of 2009" or "2009 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2009, dated October 15, 2009, in the original authorized principal amount of \$415,000.

"Bonds of 2011" or "2011 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2011, dated November 10, 2011, in the original authorized principal amount of \$1,000,000.

"Bonds of 2013" or "2013 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series 2013, dated May 23, 2014, in the original authorized principal amount of \$487,000.

"Bond Resolution of 1995" or "1995 Bond Resolution" refer to the Resolution authorizing the Bonds of 1995, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 1996" or "1996 Bond Resolution" refer to the Resolution authorizing the Bonds of 1996, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2001" or "2001 Bond Resolution" refer to the Resolution authorizing the Bonds of 2001, duly adopted by the Board of Commissioners of the District.

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

"Bond Resolution of 2009" or "2009 Bond Resolution" refer to the Resolution authorizing the Bonds of 2009, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2011" or "2011 Bond Resolution" refer to the Resolution authorizing the Bonds of 2011, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2013" or "2013 Bond Resolution" refer to the Resolution authorizing the Bonds of 2013, duly adopted by the Board of Commissioners of the District.

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

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

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

"Construction Account" refers to the Cumberland County Water District Waterworks Construction Account, created in Section 301(B) of this Current Bond Resolution.

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

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

"Current Bonds" refers to the \$700,000 of Cumberland County Water District Waterworks Revenue Bonds, Series 2018 authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Cumberland County Water District Waterworks Sinking Fund of 2018 created in Section 401 of this Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is First & Farmers National Bank, Burkesville, Kentucky, or its successor.

"Depreciation Fund" refers to the Cumberland County Water District Depreciation Reserve Fund, described in Section 402 of this Resolution.

"District" refers to the Cumberland County Water District.

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

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

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

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

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

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

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

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

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

"KIA Loan" refer to the outstanding Kentucky Infrastructure Authority loan to the District, dated August 1, 2015, in the original authorized principal amount of \$1,268,000.

"KRWFC Loan" refer to the outstanding Kentucky Rural Water Finance Corporation Flexible Loan Program, Series 2005B loan to the District, dated October 19, 2005, in the original authorized principal amount of \$107,000.

"Local Counsel" refers to Lindsay G. Bell, Esq., Burkesville, Kentucky, or any other attorney or firm of attorneys designated by the District.

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

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

"Operation and Maintenance Fund" refers to the Cumberland County Water District Operation and Maintenance Fund described in Section 401 of this Resolution.

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

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

"Prior Bonds" refers collectively to the 1995 Bonds, the 1996 Bonds, the 2001 Bonds, the KRWFC Loan, the 2005 Bonds, the 2009 Bonds, the 2011 Bonds, the 2013 Bonds and the KIA Loan.

"Prior Bond Resolution" refers collectively to the 1995 Bond Resolution, the 1996 Bond Resolution, the 2001 Bond Resolution, the 2005 Bond Resolution, the 2009 Bond Resolution, the 2011 Bond Resolution and the 2013 Bond Resolution.

"Prior Sinking Fund" refers to the Cumberland County Water District Water Bond and Interest Redemption Fund, described in Section 401 of this Resolution.

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

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

"RD" refers to the United States Department of Agriculture, acting through Rural Development.

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

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

"Revenue Fund" refers to the Cumberland County Water District Water Revenue Fund, described in Section 401 of this Resolution.

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

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

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

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

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

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

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders,

and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$1,000,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$700,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$1,000,000
Less:		
RD Grant	\$300,000	
Total Non-Bond Funds:		<u>(300,000)</u>
Balance to be financed by Current Bonds		\$700,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$700,000 principal amount of Cumberland County Water District Waterworks Revenue Bonds, Series 2018.

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

Interest on the Current Bonds shall be payable semiannually on 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 lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

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

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

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

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

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

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

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

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2028, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2028, shall be subject to prepayment by the District on any date falling on and after January 1, 2027, at par plus accrued interest, without any prepayment penalty.

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

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

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

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$278,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$278,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

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

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

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

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

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

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

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

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

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

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$25,000) during the construction of the Project, as approved by the Engineers and by the RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

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

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

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

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

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

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of \$700,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on

behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

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

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

The aggregate of the principal amount of all Notes shall not exceed \$700,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$700,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

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

theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

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

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

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

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

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

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

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such

Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

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

ARTICLE 4. FLOW OF FUNDS.

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

- (a) Cumberland County Water District Water Revenue Fund
- (b) Cumberland County Water District Water Bond Redemption Fund
- (c) Cumberland County Water District Depreciation Reserve Fund
- (d) Cumberland County Water District Operation and Maintenance Fund

The is hereby created and established the Cumberland County Water District Sinking Fund of 2018.

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

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

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

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

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

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

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$25,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

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

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

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

D. Depreciation Fund. There shall next be transferred from the Revenue Fund the sum of at least \$210 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$25,200, which amount shall be maintained, and when necessary, restored to said sum of \$25,200, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution.

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

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of

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

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

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

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

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

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

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

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

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

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

ARTICLE 5. COVENANTS OF DISTRICT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 506. Civil Rights and Equal Opportunity. The District covenants and agrees to comply with all applicable Federal laws and statutes, including but not limited to:

(a) *Section 504 of the Rehabilitation Act of 1973.* The District acknowledges that under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RHS financial assistance.

(b) *Civil Rights Act of 1964.* The District acknowledges that it is subject to, and its Facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C.

2000d *et seq.*) and Subpart E of Part 1901 of said Title VI, particularly as it relates to conducting and reporting of compliance reviews.

(c) *Americans with Disabilities Act (ADA) of 1990.* The District acknowledges that the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 *et seq.*) [the "ADA Act"] prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the ADA Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the ADA Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

(d) *Age Discrimination Act of 1975.* The District acknowledges that the Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

(e) *Limited English Proficiency (LEP) under Executive Order 13166.* The District acknowledges that LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the grounds of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write or understand English. These individuals may be entitled to language assistance, free of charge. The District agrees to take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to RHS programs, services and information the District provides. These protections are pursuant to Executive Order 13166 entitled "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005 "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA.

Section 507. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Make such Parity Bonds payable as to principal on 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 RD.

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

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

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

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

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

ARTICLE 7. DEFAULT AND CONSEQUENCES

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

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

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

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

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

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

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

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

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

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

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

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$300,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

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

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

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

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

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

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

ARTICLE 9. SALE OF CURRENT BONDS

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

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

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

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

ARTICLE 10. CONCLUDING PROVISIONS

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

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

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$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 any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the

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

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

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

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

Adopted this November 13, 2017.

Cumberland County Water District



Chairman

(Seal of District)

Attest:



Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Cumberland County Water District, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on November 13, 2017, 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 November 13, 2017.



Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>
2019	\$12,000	2039	\$17,500
2020	12,000	2040	17,500
2021	12,500	2041	18,000
2022	12,500	2042	18,500
2023	13,000	2043	18,500
2024	13,000	2044	19,000
2025	13,500	2045	19,500
2026	13,500	2046	19,500
2027	14,000	2047	20,000
2028	14,000	2048	20,500
2029	14,500	2049	21,000
2030	14,500	2050	21,000
2031	15,000	2051	21,500
2032	15,000	2052	22,000
2033	15,500	2053	22,500
2034	15,500	2054	23,000
2035	16,000	2055	23,500
2036	16,500	2056	23,500
2037	16,500	2057	24,000
2038	17,000	2058	23,500

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CUMBERLAND COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2018**

No. R-_____ Interest Rate: _____% \$ _____

KNOW ALL PERSONS BY THESE PRESENTS:

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

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

_____ DOLLARS (\$ _____),

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

Year Principal Year Principal Year Principal

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

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

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

This Bond is issued subject to the rights and priorities of the outstanding (i) Cumberland County Water District Water Revenue Bonds, Series A through I of 1995, dated November 29, 1995 (the "1995 Bonds"); (ii) Cumberland County Water District Water Revenue Bonds, Series of 1996, dated September 24, 1996 (the "1996 Bonds"); (iii) Cumberland County Water District Water Revenue Bonds, Series of 2001, dated October 23, 2001 (the "2001 Bonds"); (iv) Kentucky Rural Water Finance Corporation Flexible Loan Program, Series 2005B loan to the District, dated October 19, 2005 (the "KRWFC Loan"); (v) Cumberland County Water District Water Revenue Bonds, Series of 2005, dated October 26, 2005 (the "2005 Bonds"); (vi) Cumberland County Water District Water Revenue Bonds, Series of 2009, dated October 15, 2009 (the "2009 Bonds"); (vii) Cumberland County Water District Water Revenue Bonds, Series of 2011, dated November 10, 2011 (the "2011 Bonds"); (viii) Cumberland County Water District Water Revenue Bonds, Series 2013, dated May 23, 2014 (the "2013 Bonds"); and (ix) Kentucky Infrastructure Authority loan, dated August 1, 2015 (the "KIA Loan") [hereinafter the 1995 Bonds, the 1996 Bonds, the 2001 Bonds, the KRWFC Loan, the 2005 Bonds, the 2009 Bonds, the 2011 Bonds, the 2013 Bonds and the KIA Loan shall be collectively referred to as the "Prior Bonds"]. Accordingly, this Bond, together with any bonds ranking on a parity herewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds.

This Bond has been issued in full compliance with the Current Bond Resolution and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Cumberland County Water District Waterworks Sinking Fund of 2018", created in the Current Bond Resolution.

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

Current Bonds and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2027, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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

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


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

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

CUMBERLAND COUNTY WATER DISTRICT

By 
Chairman

Attest:


Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

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

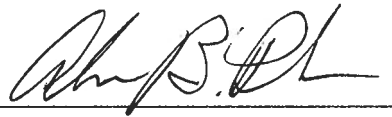
By:  _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Cumberland County Water District Waterworks Revenue Bonds, Series 2018, in the principal amount of \$700,000

The undersigned hereby certify as follows:

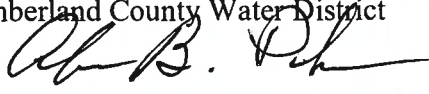
1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the Cumberland County Water District (the "District").

2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$ _____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:

3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "Cumberland County Water District Waterworks Construction Account".

4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this 13 day of November, 2017.

Cumberland County Water District
By 
Chairman

Monarch Engineering, Inc.
By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

USDA, Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Approved on _____

Total _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

EXHIBIT G.8

BOND RESOLUTION

CUMBERLAND COUNTY WATER DISTRICT

AUTHORIZING

CUMBERLAND COUNTY WATER DISTRICT

WATERWORKS REVENUE BONDS, SERIES 2020

IN THE PRINCIPAL AMOUNT OF

\$560,000

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BOND RESOLUTION

RESOLUTION OF THE CUMBERLAND COUNTY WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$560,000 PRINCIPAL AMOUNT OF CUMBERLAND COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2020 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

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

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

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

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$560,000 (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 Monarch Engineering, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds rank on a parity with the Series 2018 Bonds, subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and

WHEREAS, the Kentucky Public Service Commission is in the process of granting to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$240,000 to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CUMBERLAND COUNTY WATER DISTRICT AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.**

Section 101. Definitions. As used in this Resolution, unless the context requires otherwise:

"Act" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin & Hays, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"Bonds" collectively refers to the outstanding Current Bonds, the Prior Bonds and the Parity Bonds.

"Bonds of 1995" or "1995 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series A through I of 1995, dated November 29, 1995, in the original authorized aggregate principal amount of \$1,515,800.

"Bonds of 1996" or "1996 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 1996, dated September 24, 1996, in the original authorized principal amount of \$254,000.

"Bonds of 2001" or "2001 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2001, dated October 23, 2001, in the original authorized principal amount of \$400,000.

"Bonds of 2005" or "2005 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2005, dated October 26, 2005, in the original authorized principal amount of \$456,000.

"Bonds of 2009" or "2009 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2009, dated October 15, 2009, in the original authorized principal amount of \$415,000.

"Bonds of 2011" or "2011 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series of 2011, dated November 10, 2011, in the original authorized principal amount of \$1,000,000.

"Bonds of 2013" or "2013 Bonds" refer to the outstanding Cumberland County Water District Water Revenue Bonds, Series 2013, dated May 23, 2014, in the original authorized principal amount of \$487,000.

"Bonds of 2018" or "2018 Bonds" refer to the outstanding Cumberland County Water District Waterworks Revenue Bonds, Series 2018, dated September 24, 2018, in the original authorized principal amount of \$700,000.

"Bond Resolution of 1995" or "1995 Bond Resolution" refer to the Resolution authorizing the Bonds of 1995, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 1996" or "1996 Bond Resolution" refer to the Resolution authorizing the Bonds of 1996, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2001" or "2001 Bond Resolution" refer to the Resolution authorizing the Bonds of 2001, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2005" or "2005 Bond Resolution" refer to the Resolution authorizing the Bonds of 2005, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2009" or "2009 Bond Resolution" refer to the Resolution authorizing the Bonds of 2009, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2011" or "2011 Bond Resolution" refer to the Resolution authorizing the Bonds of 2011, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2013" or "2013 Bond Resolution" refer to the Resolution authorizing the Bonds of 2013, duly adopted by the Board of Commissioners of the District.

"Bond Resolution of 2018" or "2018 Bond Resolution" refer to the Resolution authorizing the Bonds of 2018, duly adopted by the Board of Commissioners of the District.

"Chairman" refers to the elected or appointed Chairman or Chairperson of the Commission.

"Code" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"Commission" refers to the Board of Commissioners of the District, or such other body as shall be the governing body of said District under the laws of Kentucky at any given time.

"Construction Account" refers to the Cumberland County Water District Waterworks Construction Account, created in Section 301(B) of this Current Bond Resolution.

"Contractors" refers to the general contractors who have been employed by the District to construct the Project.

"Current Bond Resolution" or *"Resolution"* refer to this Resolution authorizing the Current Bonds.

"Current Bonds" refers to the \$560,000 of Cumberland County Water District Waterworks Revenue Bonds, Series 2020 authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Cumberland County Water District Waterworks Sinking Fund of 2018 created in the 2018 Bond Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is First & Farmers National Bank, Burkesville, Kentucky, or its successor.

"Depreciation Fund" refers to the Cumberland County Water District Depreciation Reserve Fund, described in Section 402 of this Resolution.

"District" refers to the Cumberland County Water District.

"Engineers" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Project, and shall be deemed to refer to Monarch Engineering, Inc., or a member of said firm, or their successors.

"Event of Default" refers to one or more of the Events of Default set forth in Section 701 of this Resolution.

"FDIC" refers to the Federal Deposit Insurance Corporation, or its successors.

"Fiscal Year" refers to the annual accounting period of the District, beginning on January 1, and ending on December 31 of each year.

"Funds" refers to the Construction Account, the Revenue Fund, the Current Sinking Fund, the Prior Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund.

"Government" refers to the United States of America, or any agency thereof, including RD.

"Grant Proceeds" refers to the proceeds of the RD Grant.

"Independent Consulting Engineer" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"Interim Lender" refers to Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the District.

"KIA Loan" refer to the outstanding Kentucky Infrastructure Authority loan to the District, dated August 1, 2015, in the original authorized principal amount of \$1,268,000.

"KRWFC Loan" refer to the outstanding Kentucky Rural Water Finance Corporation Flexible Loan Program, Series 2005B loan to the District, dated October 19, 2005, in the original authorized principal amount of \$107,000.

"Local Counsel" refers to Lindsay G. Bell, Esq., Burkesville, Kentucky, or any other attorney or firm of attorneys designated by the District.

"Multiple Advances" refers to the advance of loan funds from the RD as described in Section 302 of this Resolution.

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the Cumberland County Water District Operation and Maintenance Fund described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Prior Bonds" refers collectively to the 1995 Bonds, the 1996 Bonds, the 2001 Bonds, the KRWFC Loan, the 2005 Bonds, the 2009 Bonds, the 2011 Bonds, the 2013 Bonds and the KIA Loan.

"Prior Bond Resolution" refers collectively to the 1995 Bond Resolution, the 1996 Bond Resolution, the 2001 Bond Resolution, the 2005 Bond Resolution, the 2009 Bond Resolution, the 2011 Bond Resolution and the 2013 Bond Resolution.

"Prior Sinking Fund" refers to the Cumberland County Water District Water Bond and Interest Redemption Fund, described in Section 401 of this Resolution.

"Project" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Project is being financed by the Current Bonds and by other funds.

"Purchaser" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"RD" refers to the United States Department of Agriculture, acting through Rural Development.

"RD Grant" refers to the RD grant described in Section 804 of this Resolution.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"Revenue Fund" refers to the Cumberland County Water District Water Revenue Fund, described in Section 401 of this Resolution.

"Secretary" refers to the elected or appointed Secretary of the Commission.

"System" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"Treasurer" refers to the elected or appointed Treasurer of the Commission.

"U.S. Obligations" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public

project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$800,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$560,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$800,000
Less:		
RD Grant	\$240,000	
Total Non-Bond Funds:		<u>(240,000)</u>
Balance to be financed by Current Bonds		\$560,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$560,000 principal amount of Cumberland County Water District Waterworks Revenue Bonds, Series 2020.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on 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 lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

Section 107. Current Bonds Shall be Payable Out of Gross Revenues. The Current Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable solely out of the gross revenues of the System on a parity with the Series 2018 Bonds, after providing for all of the principal and interest requirements of the outstanding Prior Bonds.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to January 1, 2030, shall not be subject to prepayment. Principal maturities falling due on and after January 1, 2030, shall be subject to prepayment by the District on any date falling on and after January 1, 2029, at par plus accrued interest, without any prepayment penalty.

So long as the registered owner of the Current Bonds is the United States of America, or any agency thereof, the entire principal amount of the Current Bonds, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due. Prepayments or extra payments on the Current Bonds shall, after payment of interest, be applied to the installments last to become due hereunder and shall not affect the obligation of the District to pay the remaining installments in accordance with the Current Bonds.

Notice of such prepayment shall be given by certified mail to the Bondowner or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$275,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$275,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

A. Covenants Applicable if RD Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures and the necessity of using RD forms (the "RD Forms"), shall apply only if the RD is the Purchaser of the Current Bonds and only so long as the RD holds the Current Bonds thereafter. In the event that the RD shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures, and the necessity of using RD Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the RD if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the District in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Cumberland County Water District Waterworks Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be

deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the RD as to such expenditures, if the RD is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Chairman, the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated RD official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the District shall disburse Construction Account funds in a manner consistent with RD Instruction 1780.

The District shall prepare and submit any and all RD Forms required by the RD. Periodic audits of the District's Construction Account records shall be made by RD as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$25,000) during the construction of the Project, as approved by the Engineers and by the RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of the Project (as determined by the Engineers, the Chairman and the RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of

the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) Statements of Contractors, Engineers and Attorneys as to Payment. Prior to the delivery of the Current Bonds, if the RD is the Purchaser of the Current Bonds, the District will be required to provide the RD with statements from the Contractors, Engineers and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under RD Instruction 1780.

(7) Disposition of Balance in Construction Account After Completion of Project. When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the RD, any balance then remaining in the Construction Account may, with the consent of the RD, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Current Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Current Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$100 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

A. Interim Financing. The District shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$560,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on

behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

(1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or

(2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$560,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$560,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

The District hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the District will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the amount of the interim financing, after which, such interim financing may again be increased as

theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the District.

B. Multiple Advances by RD. In the event the Current Bonds are purchased by the RD, and in the event the District is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the RD.

If the RD agrees to make Multiple Advances to the District pending the delivery of the Current Bonds, the Chairman is hereby authorized to execute in the name and on behalf of the District any number of Notes. Each such Note, evidencing an advance of funds by the RD to the District, shall be in the form prescribed by the RD.

Each request for an advance from the RD shall be accompanied by a Requisition Certificate. The District will also furnish to the RD, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the RD, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds. The District further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such

Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Chairman and/or the Treasurer (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. There was heretofore created in the Prior Bond Resolution the following funds and accounts:

- (a) Cumberland County Water District Water Revenue Fund
- (b) Cumberland County Water District Water Bond Redemption Fund
- (c) Cumberland County Water District Depreciation Reserve Fund
- (d) Cumberland County Water District Operation and Maintenance Fund

The was heretofore created and established in the 2018 Bond Resolution the Cumberland County Water District Sinking Fund of 2018.

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding, subject to the right of the District to designate a different depository bank.

Section 402. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The District covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified by this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Prior Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on all Prior Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior Bonds maturing on the next succeeding principal payment date.

Said Prior Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Prior Bonds.

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$25,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds and the Series 2018 Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Current Bonds and the Series 2018 Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds and Series 2018 Bonds maturing on the next succeeding January 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Current Bonds and the Series 2018 Bonds, but subject to the vested rights and priorities of the Prior Bonds.

D. Depreciation Fund. There shall next be transferred from the Revenue Fund the sum of at least \$175 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$21,000, which amount shall be maintained, and when necessary, restored to said sum of \$21,000, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

E. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the District's annual budget.

F. Monthly Principal and Interest Payments if Requested by the RD. So long as any of the Bonds are held or insured by the RD, the District shall, if requested by the RD, make the payments required by this Section 402, in monthly installments to the RD or to the insured Owners of the Bonds.

G. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date to the: (i) Operation and Maintenance Fund; (ii) Depreciation Fund for application in accordance with the terms of this Resolution; or (iii) Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

H. Investment and Miscellaneous Provisions. All monies in the Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All monies in the Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

Any investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

All payments into the Funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Saturday, Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All monies held in any of the Funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

Section 403. Current Bonds on a Parity with the Series 2018 Bonds, Subject to the Priority of the Prior Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the District (i) a letter from the RD to the effect that the RD agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the Series 2018 Bonds, all of which are owned by the RD, together with (ii) a certification signed by the RD to the effect that a legend has been typed, stamped or otherwise affixed on each of the Series 2018 Bonds held by the RD, evidencing the agreement of the RD as the then Owner of the Prior Bonds, to the issuance of the Current Bonds so as to rank on a parity with the Series 2018 Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$560,000 of Cumberland County Water District Waterworks Revenue Bonds, Series 2020 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 the outstanding Series 2018 Bonds from the gross income and revenues of the System, subject to the priority of the outstanding Prior Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

Section 501. Rates and Charges. The District shall charge such rates and charges for all services and facilities rendered by the System, which rates and charges shall be reasonable, taking into account and consideration the cost and value of the System, the cost of maintaining, repairing and operating same and the amounts necessary for the payment of principal of and interest on Outstanding Bonds against the System. The District shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then Outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

Section 502. Books and Accounts; Audit. The District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Bondowners, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than ninety (90) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the RD without request, so long as the Government is the Owner of any of the Bonds, and to any Bondowner that may have made a written request for same.

Monthly operating reports shall be furnished to the RD and to any Bondowner requesting same, during the first two (2) years of operation after completion of the Project, and whenever and so long as the District is delinquent in any of the covenants set out in the Prior Bond Resolution or this Current Bond Resolution. Thereafter, quarterly operating reports shall be furnished at all other times to the RD and to any Bondowner requesting the same.

Section 503. System to Continue to be Operated on Fiscal Year Basis; Annual Budget. While any of the Bonds are outstanding and unpaid, and to the extent permitted by law, the System shall continue to be operated and maintained on a Fiscal Year basis.

Not later than sixty (60) days before the end of each Fiscal Year, the District agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such

Proposed Budget and to the RD without request, if the Government is the Owner of any of the Bonds.

For the purpose of the Proposed Budget, operating expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation and debt service payments. The District covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for operating expenses in the annual budget, except upon resolution by the District that such expenses are necessary to operate and maintain the System.

Not later than sixty (60) days before the end of each Fiscal Year, the District shall prepare an estimate of gross revenues to be derived from the operation of the System for said Fiscal Year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all Outstanding Bonds during the ensuing Fiscal Year, (b) to accumulate and maintain all required reserves enumerated herein and (c) to pay operating expenses, the District shall revise the rates and charges sufficiently to provide the funds so required.

If the Owners of at least 50% of the principal amount of the Outstanding Bonds, or the Government so long as it is the Owner of any of said Outstanding Bonds, so request, the Commission shall hold an open hearing not later than thirty (30) days before the beginning of the ensuing Fiscal Year, at which time any Bondowner may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least fifteen (15) days prior to the hearing to each registered Bondowner and to the Government.

The District covenants that annually before the first day of the Fiscal Year, the annual budget for the upcoming Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said District by a specific resolution duly adopted.

Section 504. General Covenants. The District, through its Commission, hereby covenants and agrees with the Owners of the Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;

- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;
- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds. So long as the RD shall own any of the Bonds, the District shall comply with such RD regulations, requirements and requests as shall be made by the RD, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the RD, the carrying of insurance of such types and in such amounts as the RD may specify, with insurance carriers acceptable to the RD and compliance with all of the terms and conditions of the Loan Resolution (RD Form 1780-27) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Civil Rights and Equal Opportunity. The District covenants and agrees to comply with all applicable Federal laws and statutes, including but not limited to:

(a) *Section 504 of the Rehabilitation Act of 1973.* The District acknowledges that under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RHS financial assistance.

(b) *Civil Rights Act of 1964.* The District acknowledges that it is subject to, and its Facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C.

2000d *et seq.*) and Subpart E of Part 1901 of said Title VI, particularly as it relates to conducting and reporting of compliance reviews.

(c) *Americans with Disabilities Act (ADA) of 1990.* The District acknowledges that the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 *et seq.*) [the "ADA Act"] prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the ADA Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the ADA Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

(d) *Age Discrimination Act of 1975.* The District acknowledges that the Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

(e) *Limited English Proficiency (LEP) under Executive Order 13166.* The District acknowledges that LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the grounds of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write or understand English. These individuals may be entitled to language assistance, free of charge. The District agrees to take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to RHS programs, services and information the District provides. These protections are pursuant to Executive Order 13166 entitled "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005 "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA.

Section 507. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

Section 601. Inferior Bonds. Except as hereinafter provided below in this Article, the District shall not, so long as any Bonds are outstanding, issue any additional bonds payable from the revenues of the System unless the security and/or pledge of the revenues to secure such additional bonds are made inferior and subordinate in all respects to the security of the Bonds.

The District expressly reserves the right at any time to issue its bonds or other obligations payable from the revenues of the System and not ranking on a parity basis with the Current Bonds, without any proof of previous earnings or net revenues, provided that the consent of the RD must be obtained prior to the issuance of any inferior bonds so long as the RD owns any of the Bonds, and provided further that, after the initial completion of the Project, such inferior bonds may be issued only for the purpose of providing for future extensions, additions and improvements to the System, and only in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds; provided further, that nothing in this Section is intended to restrict or shall be construed as a restriction upon, the ordinary refunding all or a portion of the Outstanding Bonds.

Section 602. Parity Bonds to Complete the Project. The District hereby certifies, covenants and agrees that in the event that the cost of completion of the construction of the Project shall exceed the moneys available to the District from any and all sources, the District shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the District has obtained a certification from the Engineers to the effect that it is necessary to issue the desired amount of Parity Bonds in order to enable the District to pay the cost (not otherwise provided) of the completion of the Project, and provided the District has complied with the provisions of Section 603 below or has obtained:

- (a) the consent of the RD if the Government is as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and
- (b) the consent of (1) the RD if the Government is the purchaser of the Current Bonds; or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are held by Owners other than the Government.

Section 603. Parity Bonds to Finance Future Improvements. The District reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional Parity Bonds, but only under the conditions specified in the Current Bond Resolution, which conditions are as follows:

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained (1) the written consent of the RD for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds; and (2) the written consent of the Owners of all of the then outstanding Prior Bonds, and no other prerequisite need be complied with by the District in order to issue Parity Bonds.

Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds. The District hereby covenants and agrees that in the event any Parity Bonds are issued, the District shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the average annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System; and

(c) Make such Parity Bonds payable as to principal on 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 RD.

Section 606. Consent of the RD Regarding Future Bonds. Notwithstanding any other provisions of this Resolution, the District agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the District will not issue any future bonds, notes or other obligations against, secured by or payable from the revenues of the System without the written consent of the RD.

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The District covenants and agrees that so long as any of the Prior Bonds and/or Bonds are outstanding, the District will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the District will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Outstanding Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

- (a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;
- (b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

- (c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

Notwithstanding any other provisions hereof, so long as any Bonds are held by the Government, the District shall not dispose of its title to the System or to any part thereof, without first obtaining the written consent of the RD.

ARTICLE 7. DEFAULT AND CONSEQUENCES

Section 701. Events of Default. The following items shall constitute an Event of Default on the part of the District:

- (a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.
- (b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the RD, within thirty (30) days thereafter.
- (c) The default by the District in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Prior Bond Resolution or in this Resolution.
- (d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.
- (e) The entering of any order or decree with the consent or the acquiescence of the District, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the District, its failure to have the order vacated, discharged or stayed on appeal within sixth (60) days after entry.

Section 702. Consequences of Event of Default. Any Owner of the Current Bonds may enforce and compel the performance of all duties and obligations of the District set forth herein. Upon the occurrence of an Event of Default, then upon the filing of a suit by any Owner of said the Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the District with power to charge and collect rates sufficient to provide for the payment of operating and maintenance expenses and for the payment of principal of and interest on the Outstanding Bonds and to provide and apply the income and revenues in conformity with this Resolution and with the laws of the Commonwealth of Kentucky.

The District hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the District's obligations, all contracts and other rights of the District pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Outstanding Bonds may require the governing body of the District by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Resolution.

**ARTICLE 8. CONTRACTUAL PROVISIONS; GRANT APPROVAL;
MISCELLANEOUS PROVISIONS.**

Section 801. Resolution Contractual with Bondowners. The provisions of this Resolution constitute a contract between the District and its Commission and the Owners of the Current Bonds as may be outstanding from time to time; and after the issuance of any of said Current Bonds, no change, alteration or variation of any kind of the provisions of this Resolution shall be made in any manner which will affect an Owner's rights except as herein provided or except with the written consent of all Bondowners until such time as all of the Current Bonds and the interest thereon have been paid in full or fully provided for; provided that the Commission may adopt any resolution for any purpose not inconsistent with the terms of this Resolution and which shall not impair the security of the Owners of the Current Bonds and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any resolution or other proceedings pertaining hereto.

It is further agreed that the Owners of 75% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Outstanding Bonds without similarly affecting the rights of all Owners of such Outstanding Bonds, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the RD so long as the RD owns any of the Outstanding Bonds.

Section 802. All Current Bonds are Equal. The Current Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among any of the Current Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating

the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$240,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1780-27).
- (e) Agreement for Engineering Services with the Engineers.

Section 806. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least

ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The District further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the Commission, toward the costs of such easements, rights-of-way and/or sites; provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the RD; and the Commission further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Resolution shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the District is unable to obtain the approval of the RD for any such payment, the Commission shall take all reasonably necessary actions, within the powers and authority of the Commission, to make such additional amount available from all other available District resources.

Section 807. Authorization to File Required Financing Statements. In the event that it is determined by Bond Counsel or Local Counsel that the District is required to file any financing statements under the Kentucky Uniform Commercial Code in order to perfect the pledge of the gross revenues of the District's System as security for the Current Bonds, Bond Counsel and/or Local Counsel are hereby authorized to prepare and file with the appropriate officials such financing statements as they deem necessary.

ARTICLE 9. SALE OF CURRENT BONDS

Section 901. Sale of Current Bonds. The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Commission shall designate.

A suggested form of "Notice of Bond Sale", a suggested form of "Official Notice of Sale of Bonds" and a suggested form of "Bid Form", having been prepared in advance by Bond Counsel, and all of such documents having been found to be in satisfactory form, a copy of each is hereby ordered to be filed in the records of the Secretary with the Minutes of the meeting at which this Resolution is adopted. The Notice of Bond Sale shall be signed by the Secretary and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of such documents shall be furnished to any interested parties who may request same.

In the event that there is no bid or that all bids are rejected, the District may readvertise the sale pursuant to this Resolution.

Section 902. Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason and the District, with the consent of the Purchaser of the Current Bonds, determines it is in the District's best interest to change the maturities, the applicable prepayment date or any other dates, the District may adjust the same by a Resolution of the Commission approving the adjustments.

ARTICLE 10. CONCLUDING PROVISIONS

Section 1001. Covenant of District to Take All Necessary Action To Assure Compliance with the Code. In order to assure the Owners of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from all Kentucky income taxation, the District covenants to and with the Owners of the Current Bonds to take the following action:

(a) The District will (1) take all actions necessary to comply with the provisions of the Code necessary to assure that interest on the Current Bonds will be excludable from gross income for federal income tax purposes; (2) will take no actions which will violate any of the provisions of the Code; and (3) not use the proceeds of the Current Bonds for any purpose which will cause interest on the Current Bonds or on interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof to become includable in gross income for federal income tax purposes.

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$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 any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the

District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

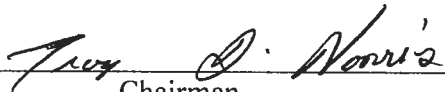
Section 1002. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

Section 1003. All Provisions in Conflict Repealed. All motions, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are to the extent of such conflict hereby repealed. It is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds of the District payable or secured in any manner by all or any part of the income and revenues of said System or any part thereof, and which have not been heretofore issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The District covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

Section 1004. Effective Immediately Upon Adoption. This Resolution shall take effect and be effective immediately upon its adoption.

Adopted this October 14, 2019.

Cumberland County Water District


Chairman

(Seal of District)

Attest:

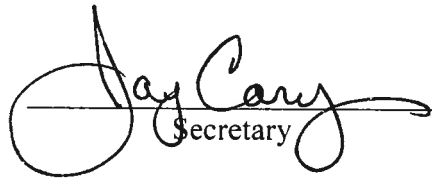

Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Cumberland County Water District, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on October 14, 2019, 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 October 14, 2019.


Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>January 1</u>	<u>Principal</u> <u>Payment</u>
2021	\$9,000	2041	\$13,500
2022	9,000	2042	14,000
2023	9,500	2043	14,500
2024	9,500	2044	14,500
2025	10,000	2045	15,000
2026	10,000	2046	15,500
2027	10,000	2047	15,500
2028	10,500	2048	16,000
2029	10,500	2049	16,500
2030	11,000	2050	16,500
2031	11,000	2051	17,000
2032	11,500	2052	17,500
2033	11,500	2053	17,500
2034	12,000	2054	18,000
2035	12,000	2055	18,500
2036	12,500	2056	19,000
2037	12,500	2057	19,000
2038	13,000	2058	19,500
2039	13,000	2058	20,000
2040	13,500	2060	21,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
CUMBERLAND COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2020**

No. R-_____ Interest Rate: _____ % \$ _____

KNOW ALL PERSONS BY THESE PRESENTS:

That the Cumberland County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Cumberland County, Kentucky, for value received, hereby promises to pay to

the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

_____ DOLLARS (\$ _____),

on the first day of January, in years and installments as follows:

Year Principal Year Principal Year Principal

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond ranks on a parity as to security and source of payment with the outstanding Cumberland County Water District Waterworks Revenue Bonds, Series 2018, dated September 24, 2018 (the "2018 Bonds") and is issued subject to the rights and priorities of the outstanding (i) Cumberland County Water District Water Revenue Bonds, Series A through I of 1995, dated November 29, 1995 (the "1995 Bonds"); (ii) Cumberland County Water District Water Revenue Bonds, Series of 1996, dated September 24, 1996 (the "1996 Bonds"); (iii) Cumberland County Water District Water Revenue Bonds, Series of 2001, dated October 23, 2001 (the "2001 Bonds"); (iv) Kentucky Rural Water Finance Corporation Flexible Loan Program, Series 2005B loan to the District, dated October 19, 2005 (the "KRWFC Loan"); (v) Cumberland County Water District Water Revenue Bonds, Series of 2005, dated October 26, 2005 (the "2005 Bonds"); (vi) Cumberland County Water District Water Revenue Bonds, Series of 2009, dated October 15, 2009 (the "2009 Bonds"); (vii) Cumberland County Water District Water Revenue Bonds, Series of 2011, dated November 10, 2011 (the "2011 Bonds"); (viii) Cumberland County Water District Water Revenue Bonds, Series 2013, dated May 23, 2014 (the "2013 Bonds"); and (ix) Kentucky Infrastructure Authority loan, dated August 1, 2015 (the "KIA Loan") [hereinafter the 1995 Bonds, the 1996 Bonds, the 2001 Bonds, the KRWFC Loan, the 2005 Bonds, the 2009 Bonds, the 2011 Bonds, the 2013 Bonds and the KIA Loan shall be collectively referred to as the "Prior Bonds"]. Accordingly, this Bond, the 2018 Bonds, together with any bonds ranking on a parity herewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds.

This Bond has been issued in full compliance with the Current Bond Resolution and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Cumberland County Water District Waterworks Sinking Fund of 2018".

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Current Bonds are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Current Bonds and that the District will fix, and if necessary

adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the Current Bonds and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after January 1, 2029, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Cumberland County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

CUMBERLAND COUNTY WATER DISTRICT

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the District kept for that purpose by the Secretary, as Bond Registrar, upon presentation hereof to said Secretary, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered owner or its attorney, such transfer to be made on said book and endorsed hereon.

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto _____, this ____ day of _____, _____.

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Cumberland County Water District Waterworks Revenue Bonds, Series 2020, in the principal amount of \$560,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the Cumberland County Water District (the "District").
2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$ _____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:
3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "Cumberland County Water District Waterworks Construction Account".
4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this ____ day of _____, 20____.

Cumberland County Water District

Monarch Engineering, Inc.

By _____
Chairman

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

USDA, Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Approved on _____

Total _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

EXHIBIT H

\$107,000

*Cumberland County Water District
Kentucky Rural Water Finance Corporation
Flexible Term Program, Series 2005 B*

Debt Service Schedule

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
02/01/2006				
08/01/2006			3,851.92	3,851.92
02/01/2007	3,000.00	3.250%	2,311.15	5,311.15
08/01/2007			2,262.40	2,262.40
02/01/2008	3,000.00	3.330%	2,262.40	5,262.40
08/01/2008			2,212.45	2,212.45
02/01/2009	3,000.00	3.420%	2,212.45	5,212.45
08/01/2009			2,161.15	2,161.15
02/01/2010	3,000.00	3.500%	2,161.15	5,161.15
08/01/2010			2,108.65	2,108.65
02/01/2011	3,000.00	3.580%	2,108.65	5,108.65
08/01/2011			2,054.95	2,054.95
02/01/2012	3,000.00	3.700%	2,054.95	5,054.95
08/01/2012			1,999.45	1,999.45
02/01/2013	3,000.00	3.820%	1,999.45	4,999.45
08/01/2013			1,942.15	1,942.15
02/01/2014	3,000.00	3.930%	1,942.15	4,942.15
08/01/2014			1,883.20	1,883.20
02/01/2015	3,000.00	4.020%	1,883.20	4,883.20
08/01/2015			1,822.90	1,822.90
02/01/2016	3,000.00	4.100%	1,822.90	4,822.90
08/01/2016			1,761.40	1,761.40
02/01/2017	4,000.00	4.180%	1,761.40	5,761.40
08/01/2017			1,677.80	1,677.80
02/01/2018	4,000.00	4.240%	1,677.80	5,677.80
08/01/2018			1,593.00	1,593.00
02/01/2019	4,000.00	4.290%	1,593.00	5,593.00
08/01/2019			1,507.20	1,507.20
02/01/2020	4,000.00	4.340%	1,507.20	5,507.20
08/01/2020			1,420.40	1,420.40
02/01/2021	4,000.00	4.390%	1,420.40	5,420.40
08/01/2021			1,332.60	1,332.60
02/01/2022	5,000.00	4.440%	1,332.60	6,332.60
08/01/2022			1,221.60	1,221.60
02/01/2023	5,000.00	4.900%	1,221.60	6,221.60
08/01/2023			1,099.10	1,099.10
02/01/2024	5,000.00	4.530%	1,099.10	6,099.10
08/01/2024			985.85	985.85
02/01/2025	5,000.00	4.570%	985.85	5,985.85
08/01/2025			871.60	871.60
02/01/2026	5,000.00	4.610%	871.60	5,871.60
08/01/2026			756.35	756.35
02/01/2027	6,000.00	4.650%	756.35	6,756.35
08/01/2027			616.85	616.85
02/01/2028	6,000.00	4.690%	616.85	6,616.85

\$107,000

*Cumberland County Water District
Kentucky Rural Water Finance Corporation
Flexible Term Program, Series 2005B*

Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I
08/01/2028			476.15	476.15
02/01/2029	6,000.00	4.730%	476.15	6,476.15
08/01/2029			334.25	334.25
02/01/2030	7,000.00	4.760%	334.25	7,334.25
08/01/2030			167.65	167.65
02/01/2031	7,000.00	4.790%	167.65	7,167.65
Total	\$107,000.00		\$74,701.27	\$181,701.27

Yield Statistics

Accrued Interest from 10/01/2005 to 10/19/2005.....	231.12
Bond Year Dollars.....	\$1,649.67
Average Life.....	15.417 Years
Average Coupon.....	4.5282645%
Net Interest Cost (NIC).....	4.6255478%
True Interest Cost (TIC).....	4.6366308%
Bond Yield for Arbitrage Purposes.....	4.5704082%
All Inclusive Cost (AIC).....	5.0743166%

IRS Form 8038

Net Interest Cost.....	4.5296415%
Weighted Average Maturity.....	15.367 Years

\$107,000

*Cumberland County Wafer District
Kentucky Rural Wafer Finance Corporation
Flexible Term Program, Series 2005 B*

Sources & Uses

Dated 10/01/2005 | Delivered 10/19/2005

Sources Of Funds

Par Amount of Bonds.....	\$107,000.00
Accrued Interest from 10/01/2005 to 10/19/2005.....	231.12
Total Sources	\$107,231.12

Uses Of Funds

Total Underwriter's Discount	1,604.85
Costs of Issuance.....	4,105.00
Gross Bond Insurance Premium (29.7 bp).....	539.65
Deposit to Debt Service Fund.....	231.12
Deposit to Project Construction Fund.....	100,000.00
Rounding Amount.....	750.50
Total Uses	\$107,231.12

**KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 FUND F LOAN (F15-001)
 CUMBERLAND COUNTY WATER DISTRICT**

Loan Amount	\$887,600
Interest Rate	0.75%
Term	20
Payment	\$23,937.34

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Total Payment	Principal Balance	R&M Reserve	Total Reserve
							\$887,600.00		
06/01/17	\$20,608.84	\$3,328.50	0.75%	\$23,937.34	\$1,109.50	\$25,046.84	\$866,991.16	\$2,219.00	\$2,219.00
12/01/17	\$20,686.13	\$3,251.22	0.75%	\$23,937.34	\$1,083.74	\$25,021.08	\$846,305.03	\$0.00	\$2,219.00
06/01/18	\$20,763.70	\$3,173.64	0.75%	\$23,937.34	\$1,057.88	\$24,995.22	\$825,541.33	\$2,219.00	\$4,438.00
12/01/18	\$20,841.56	\$3,095.78	0.75%	\$23,937.34	\$1,031.93	\$24,969.27	\$804,699.77	\$0.00	\$4,438.00
06/01/19	\$20,919.72	\$3,017.62	0.75%	\$23,937.34	\$1,005.87	\$24,943.22	\$783,780.05	\$2,219.00	\$6,657.00
12/01/19	\$20,998.17	\$2,939.18	0.75%	\$23,937.34	\$979.73	\$24,917.07	\$762,781.88	\$0.00	\$6,657.00
06/01/20	\$21,076.91	\$2,860.43	0.75%	\$23,937.34	\$953.48	\$24,890.82	\$741,704.97	\$2,219.00	\$8,876.00
12/01/20	\$21,155.95	\$2,781.39	0.75%	\$23,937.34	\$927.13	\$24,864.47	\$720,549.02	\$0.00	\$8,876.00
06/01/21	\$21,235.28	\$2,702.06	0.75%	\$23,937.34	\$900.69	\$24,838.03	\$699,313.74	\$2,219.00	\$11,095.00
12/01/21	\$21,314.92	\$2,622.43	0.75%	\$23,937.34	\$874.14	\$24,811.49	\$677,998.82	\$0.00	\$11,095.00
06/01/22	\$21,394.85	\$2,542.50	0.75%	\$23,937.34	\$847.50	\$24,784.84	\$656,603.97	\$2,219.00	\$13,314.00
12/01/22	\$21,475.08	\$2,462.26	0.75%	\$23,937.34	\$820.75	\$24,758.10	\$635,128.89	\$0.00	\$13,314.00
06/01/23	\$21,555.61	\$2,381.73	0.75%	\$23,937.34	\$793.91	\$24,731.25	\$613,573.28	\$2,219.00	\$15,533.00
12/01/23	\$21,636.44	\$2,300.90	0.75%	\$23,937.34	\$766.97	\$24,704.31	\$591,936.84	\$0.00	\$15,533.00
06/01/24	\$21,717.58	\$2,219.76	0.75%	\$23,937.34	\$739.92	\$24,677.26	\$570,219.26	\$2,219.00	\$17,752.00
12/01/24	\$21,799.02	\$2,138.32	0.75%	\$23,937.34	\$712.77	\$24,650.12	\$548,420.24	\$0.00	\$17,752.00
06/01/25	\$21,880.77	\$2,056.58	0.75%	\$23,937.34	\$685.53	\$24,622.87	\$526,539.47	\$2,219.00	\$19,971.00
12/01/25	\$21,962.82	\$1,974.52	0.75%	\$23,937.34	\$658.17	\$24,595.52	\$504,576.65	\$0.00	\$19,971.00
06/01/26	\$22,045.18	\$1,892.16	0.75%	\$23,937.34	\$630.72	\$24,568.06	\$482,531.47	\$2,219.00	\$22,190.00
12/01/26	\$22,127.85	\$1,809.49	0.75%	\$23,937.34	\$603.16	\$24,540.51	\$460,403.62	\$0.00	\$22,190.00
06/01/27	\$22,210.83	\$1,726.51	0.75%	\$23,937.34	\$575.50	\$24,512.85	\$438,192.79	\$0.00	\$22,190.00
12/01/27	\$22,294.12	\$1,643.22	0.75%	\$23,937.34	\$547.74	\$24,485.08	\$415,898.67	\$0.00	\$22,190.00
06/01/28	\$22,377.72	\$1,559.62	0.75%	\$23,937.34	\$519.87	\$24,457.22	\$393,520.95	\$0.00	\$22,190.00
12/01/28	\$22,461.64	\$1,475.70	0.75%	\$23,937.34	\$491.90	\$24,429.24	\$371,059.31	\$0.00	\$22,190.00
06/01/29	\$22,545.87	\$1,391.47	0.75%	\$23,937.34	\$463.82	\$24,401.17	\$348,513.44	\$0.00	\$22,190.00
12/01/29	\$22,630.42	\$1,306.93	0.75%	\$23,937.34	\$435.64	\$24,372.99	\$325,883.02	\$0.00	\$22,190.00
06/01/30	\$22,715.28	\$1,222.06	0.75%	\$23,937.34	\$407.35	\$24,344.70	\$303,167.74	\$0.00	\$22,190.00
12/01/30	\$22,800.46	\$1,136.88	0.75%	\$23,937.34	\$378.96	\$24,316.30	\$280,367.27	\$0.00	\$22,190.00
06/01/31	\$22,885.97	\$1,051.38	0.75%	\$23,937.34	\$350.46	\$24,287.80	\$257,481.31	\$0.00	\$22,190.00
12/01/31	\$22,971.79	\$965.55	0.75%	\$23,937.34	\$321.85	\$24,259.19	\$234,509.52	\$0.00	\$22,190.00
06/01/32	\$23,057.93	\$879.41	0.75%	\$23,937.34	\$293.14	\$24,230.48	\$211,451.59	\$0.00	\$22,190.00
12/01/32	\$23,144.40	\$792.94	0.75%	\$23,937.34	\$264.31	\$24,201.66	\$188,307.19	\$0.00	\$22,190.00
06/01/33	\$23,231.19	\$706.15	0.75%	\$23,937.34	\$235.38	\$24,172.73	\$165,075.99	\$0.00	\$22,190.00
12/01/33	\$23,318.31	\$619.03	0.75%	\$23,937.34	\$206.34	\$24,143.69	\$141,757.69	\$0.00	\$22,190.00
06/01/34	\$23,405.75	\$531.59	0.75%	\$23,937.34	\$177.20	\$24,114.54	\$118,351.93	\$0.00	\$22,190.00
12/01/34	\$23,493.52	\$443.82	0.75%	\$23,937.34	\$147.94	\$24,085.28	\$94,858.41	\$0.00	\$22,190.00
06/01/35	\$23,581.62	\$355.72	0.75%	\$23,937.34	\$118.57	\$24,055.92	\$71,276.79	\$0.00	\$22,190.00
12/01/35	\$23,670.06	\$267.29	0.75%	\$23,937.34	\$89.10	\$24,026.44	\$47,606.73	\$0.00	\$22,190.00
06/01/36	\$23,758.82	\$178.53	0.75%	\$23,937.34	\$59.51	\$23,996.85	\$23,847.91	\$0.00	\$22,190.00
12/01/36	\$23,847.91	\$89.43	0.75%	\$23,937.34	\$29.81	\$23,967.15	(\$0.00)	\$0.00	\$22,190.00
Totals	\$887,600.00	\$69,893.73		\$957,493.73	\$23,297.91	\$980,791.64		\$22,190.00	

**KRWFC Flexible Term Program Series 2020 E
Sinking Fund Payment Schedule**

**Borrower: Cumberland County Water District
Closing Date: 09/23/20**

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
11/20-1/21		6,337.04	6,337.04
2/21-7/21	7,916.67	4,455.73	12,372.40
8/21-1/22	7,916.67	4,455.73	12,372.40
2/22-7/22	8,333.33	4,119.27	12,452.61
8/22-1/23	8,333.33	4,119.27	12,452.61
2/23-7/23	8,750.00	3,765.11	12,515.11
8/23-1/24	8,750.00	3,765.11	12,515.11
2/24-7/24	8,750.00	3,393.23	12,143.23
8/24-1/25	8,750.00	3,393.23	12,143.23
2/25-7/25	7,500.00	3,021.36	10,521.36
8/25-1/26	7,500.00	3,021.36	10,521.36
2/26-7/26	6,250.00	2,702.61	8,952.61
8/26-1/27	6,250.00	2,702.61	8,952.61
2/27-7/27	5,833.33	2,436.98	8,270.31
8/27-1/28	5,833.33	2,436.98	8,270.31
2/28-7/28	5,416.67	2,189.06	7,605.73
8/28-1/29	5,416.67	2,189.06	7,605.73
2/29-7/29	5,416.67	1,958.86	7,375.52
8/29-1/30	5,416.67	1,958.86	7,375.52
2/30-7/30	5,416.67	1,728.65	7,145.31
8/30-2/31	5,416.67	1,728.65	7,145.31
2/31-7/31	5,833.33	1,552.61	7,385.94
8/31-1/32	5,833.33	1,552.61	7,385.94
2/32-7/32	5,833.33	1,363.02	7,196.36
8/32-1/33	5,833.33	1,363.02	7,196.36
2/33-7/33	5,833.33	1,173.44	7,006.77
8/33-1/34	5,833.33	1,173.44	7,006.77
2/34-7/34	6,250.00	1,042.19	7,292.19
8/34-1/35	6,250.00	1,042.19	7,292.19
2/35-7/35	5,000.00	901.56	5,901.56
8/35-1/36	5,000.00	901.56	5,901.56
2/36-7/36	3,750.00	789.06	4,539.06
8/36-1/37	3,750.00	789.06	4,539.06
2/37-7/37	3,750.00	704.69	4,454.69
8/37-1/37	3,750.00	704.69	4,454.69
2/38-7/38	4,166.67	615.63	4,782.29
8/38-1/39	4,166.67	615.63	4,782.29
2/39-7/39	4,166.67	516.67	4,683.33
8/39-1/40	4,166.67	516.67	4,683.33
2/40-7/40	4,166.67	417.71	4,584.38
8/40-1/41	4,166.67	417.71	4,584.38
2/41-7/41	2,500.00	308.33	2,808.33
8/41-1/42	2,500.00	308.33	2,808.33
2/42-7/42	2,500.00	242.71	2,742.71
8/42-1/43	2,500.00	242.71	2,742.71
2/43-7/43	2,500.00	177.08	2,677.08
8/43-1/44	2,500.00	177.08	2,677.08
2/44-7/44	2,500.00	111.46	2,611.46
8/44-1/45	2,500.00	111.46	2,611.46
2/45-7/45	416.67	45.83	462.50
8/45-1/46	416.67	45.83	462.50
2/46-7/46	416.67	34.38	451.04
8/46-1/47	416.67	34.38	451.04
2/47-7/47	416.67	22.92	439.58
8/47-1/48	416.67	22.92	439.58
2/48-7/48	416.67	11.46	428.13
8/48-1/49	416.67	11.46	428.13
8/48-1/49	-	-	-
	<u>1,560,000.00</u>	<u>496,630.03</u>	<u>2,050,292.99</u>

Cumberland County Water District

379-2619384-001

Nominal Annual Rate: 0.000 %

Event	Date	Amount	Number	Period	End Date
1	Loan	07/15/2020	53,692.55	1	
2	Payment	08/15/2020	1,118.59	48	Monthly 07/15/2024

	Date	Payment	Interest	Principal	Balance
Loan	07/15/2020				53,692.55
1	08/15/2020	1,118.59	0.01-	1,118.60	52,573.95
2	09/15/2020	1,118.59	0.01-	1,118.60	51,455.35
3	10/15/2020	1,118.59	0.01-	1,118.60	50,336.75
4	11/15/2020	1,118.59	0.01-	1,118.60	49,218.15
5	12/15/2020	1,118.59	0.01-	1,118.60	48,099.55
2020 Totals		5,592.95	0.05-	5,593.00	
6	01/15/2021	1,118.59	0.01-	1,118.60	46,980.95
7	02/15/2021	1,118.59	0.01-	1,118.60	45,862.35
8	03/15/2021	1,118.59	0.01-	1,118.60	44,743.75
9	04/15/2021	1,118.59	0.01-	1,118.60	43,625.15
10	05/15/2021	1,118.59	0.01-	1,118.60	42,506.55
11	06/15/2021	1,118.59	0.01-	1,118.60	41,387.95
12	07/15/2021	1,118.59	0.01-	1,118.60	40,269.35
13	08/15/2021	1,118.59	0.01-	1,118.60	39,150.75
14	09/15/2021	1,118.59	0.01-	1,118.60	38,032.15
15	10/15/2021	1,118.59	0.01-	1,118.60	36,913.55
16	11/15/2021	1,118.59	0.01-	1,118.60	35,794.95
17	12/15/2021	1,118.59	0.01-	1,118.60	34,676.35
2021 Totals		13,423.08	0.12-	13,423.20	

18	01/15/2022	1,118.59	0.01-	1,118.60	33,557.75
19	02/15/2022	1,118.59	0.01-	1,118.60	32,439.15
20	03/15/2022	1,118.59	0.01-	1,118.60	31,320.55
21	04/15/2022	1,118.59	0.01-	1,118.60	30,201.95
22	05/15/2022	1,118.59	0.01-	1,118.60	29,083.35
23	06/15/2022	1,118.59	0.01-	1,118.60	27,964.75
24	07/15/2022	1,118.59	0.00	1,118.59	26,846.16
25	08/15/2022	1,118.59	0.00	1,118.59	25,727.57
26	09/15/2022	1,118.59	0.00	1,118.59	24,608.98
27	10/15/2022	1,118.59	0.00	1,118.59	23,490.39
28	11/15/2022	1,118.59	0.00	1,118.59	22,371.80
29	12/15/2022	1,118.59	0.00	1,118.59	21,253.21
2022 Totals		13,423.08	0.06-	13,423.14	
30	01/15/2023	1,118.59	0.00	1,118.59	20,134.62
31	02/15/2023	1,118.59	0.00	1,118.59	19,016.03
32	03/15/2023	1,118.59	0.00	1,118.59	17,897.44
33	04/15/2023	1,118.59	0.00	1,118.59	16,778.85
34	05/15/2023	1,118.59	0.00	1,118.59	15,660.26
35	06/15/2023	1,118.59	0.00	1,118.59	14,541.67
36	07/15/2023	1,118.59	0.00	1,118.59	13,423.08
37	08/15/2023	1,118.59	0.00	1,118.59	12,304.49
38	09/15/2023	1,118.59	0.00	1,118.59	11,185.90
39	10/15/2023	1,118.59	0.00	1,118.59	10,067.31
40	11/15/2023	1,118.59	0.00	1,118.59	8,948.72
41	12/15/2023	1,118.59	0.00	1,118.59	7,830.13
2023 Totals		13,423.08	0.00	13,423.08	
42	01/15/2024	1,118.59	0.00	1,118.59	6,711.54

43	02/15/2024	1,118.59	0.00	1,118.59	5,592.95
44	03/15/2024	1,118.59	0.00	1,118.59	4,474.36
45	04/15/2024	1,118.59	0.00	1,118.59	3,355.77
46	05/15/2024	1,118.59	0.00	1,118.59	2,237.18
47	06/15/2024	1,118.59	0.00	1,118.59	1,118.59
48	07/15/2024	1,118.59	0.00	1,118.59	0.00
2024 Totals		7,830.13	0.00	7,830.13	
Grand Totals		53,692.32	0.23-	53,692.55	

USDA BOND SCHEDULE

Water Works Revenue Bond 2011 ISSUE LOAN

		Principal	\$1,000,000
		Term	40
Annual Payment	\$38,177	Interest Rate	2.250%

YEAR	PMT. NO	TOTAL	INTEREST	PRINCIPAL	BALANCE
2012	1	\$22,500	\$22,500	\$0	\$1,000,000
2013	2	\$22,500	22,500	0	1,000,000
2014	3	\$39,000	22,500	16,500	983,500
2015	4	\$39,129	22,129	17,000	966,500
2016	5	\$39,246	21,746	17,500	949,000
2017	6	\$38,853	21,353	17,500	931,500
2018	7	\$38,959	20,959	18,000	913,500
2019	8	\$39,054	20,554	18,500	895,000
2020	9	\$39,138	20,138	19,000	876,000
2021	10	\$39,210	19,710	19,500	856,500
2022	11	\$39,271	19,271	20,000	836,500
2023	12	\$39,321	18,821	20,500	816,000
2024	13	\$39,360	18,360	21,000	795,000
2025	14	\$39,388	17,888	21,500	773,500
2026	15	\$39,404	17,404	22,000	751,500
2027	16	\$39,409	16,909	22,500	729,000
2028	17	\$39,403	16,403	23,000	706,000
2029	18	\$39,385	15,885	23,500	682,500
2030	19	\$39,356	15,356	24,000	658,500
2031	20	\$39,316	14,816	24,500	634,000
2032	21	\$39,265	14,265	25,000	609,000
2033	22	\$39,703	13,703	26,000	583,000
2034	23	\$39,618	13,118	26,500	556,500
2035	24	\$39,521	12,521	27,000	529,500
2036	25	\$39,414	11,914	27,500	502,000
2037	26	\$39,795	11,295	28,500	473,500
2038	27	\$39,654	10,654	29,000	444,500
2039	28	\$39,501	10,001	29,500	415,000
2040	29	\$39,838	9,338	30,500	384,500
2041	30	\$39,651	8,651	31,000	353,500
2042	31	\$39,954	7,954	32,000	321,500
2043	32	\$39,734	7,234	32,500	289,000
2044	33	\$40,003	6,503	33,500	255,500
2045	34	\$39,749	5,749	34,000	221,500
2046	35	\$39,984	4,984	35,000	186,500
2047	36	\$40,196	4,196	36,000	150,500
2048	37	\$39,886	3,386	36,500	114,000
2049	38	\$40,065	2,565	37,500	76,500
2050	39	\$40,221	1,721	38,500	38,000
2051	40	\$38,855	855	38,000	0
TOTALS		\$1,545,805	\$545,805	\$1,000,000	

USDA BOND SCHEDULE

Water Works Revenue Bond 2014 ISSUE LOAN

		Principal	\$487,000
		Term	40
Annual Payment	\$20,226	Interest Rate	2.750%

YEAR	PMT. NO	TOTAL	INTEREST	PRINCIPAL	BALANCE
2014	1	\$13,393	\$13,393	\$0	\$487,000
2015	2	\$13,393	13,393	0	487,000
2016	3	\$20,893	13,393	7,500	479,500
2017	4	\$20,686	13,186	7,500	472,000
2018	5	\$20,980	12,980	8,000	464,000
2019	6	\$20,760	12,760	8,000	456,000
2020	7	\$21,040	12,540	8,500	447,500
2021	8	\$20,806	12,306	8,500	439,000
2022	9	\$20,573	12,073	8,500	430,500
2023	10	\$20,839	11,839	9,000	421,500
2024	11	\$20,591	11,591	9,000	412,500
2025	12	\$20,844	11,344	9,500	403,000
2026	13	\$20,583	11,083	9,500	393,500
2027	14	\$20,821	10,821	10,000	383,500
2028	15	\$21,046	10,546	10,500	373,000
2029	16	\$20,758	10,258	10,500	362,500
2030	17	\$20,969	9,969	11,000	351,500
2031	18	\$20,666	9,666	11,000	340,500
2032	19	\$20,864	9,364	11,500	329,000
2033	20	\$21,048	9,048	12,000	317,000
2034	21	\$20,718	8,718	12,000	305,000
2035	22	\$20,888	8,388	12,500	292,500
2036	23	\$21,044	8,044	13,000	279,500
2037	24	\$20,686	7,686	13,000	266,500
2038	25	\$20,829	7,329	13,500	253,000
2039	26	\$20,958	6,958	14,000	239,000
2040	27	\$20,573	6,573	14,000	225,000
2041	28	\$20,688	6,188	14,500	210,500
2042	29	\$20,789	5,789	15,000	195,500
2043	30	\$20,876	5,376	15,500	180,000
2044	31	\$20,950	4,950	16,000	164,000
2045	32	\$21,010	4,510	16,500	147,500
2046	33	\$21,056	4,056	17,000	130,500
2047	34	\$20,589	3,589	17,000	113,500
2048	35	\$20,621	3,121	17,500	96,000
2049	36	\$20,640	2,640	18,000	78,000
2050	37	\$20,645	2,145	18,500	59,500
2051	38	\$20,636	1,636	19,000	40,500
2052	39	\$20,614	1,114	19,500	21,000
2053	40	\$21,578	578	21,000	0
TOTALS		\$817,935	\$330,935	\$487,000	

USDA BOND SCHEDULE

Water Works Revenue Bond 2018 ISSUE LOAN

		Principal	\$700,000
		Term	40
Annual Payment	\$25,031	Interest Rate	1.875%

YEAR	PMT. NO	TOTAL	INTEREST	PRINCIPAL	BALANCE
2019	1	\$25,125	\$13,125	\$12,000	\$688,000
2020	2	\$24,900	12,900	12,000	676,000
2021	3	\$25,175	12,675	12,500	663,500
2022	4	\$24,941	12,441	12,500	651,000
2023	5	\$25,206	12,206	13,000	638,000
2024	6	\$24,963	11,963	13,000	625,000
2025	7	\$25,219	11,719	13,500	611,500
2026	8	\$24,966	11,466	13,500	598,000
2027	9	\$25,213	11,213	14,000	584,000
2028	10	\$24,950	10,950	14,000	570,000
2029	11	\$25,188	10,688	14,500	555,500
2030	12	\$24,916	10,416	14,500	541,000
2031	13	\$25,144	10,144	15,000	526,000
2032	14	\$24,863	9,863	15,000	511,000
2033	15	\$25,081	9,581	15,500	495,500
2034	16	\$24,791	9,291	15,500	480,000
2035	17	\$25,000	9,000	16,000	464,000
2036	18	\$25,200	8,700	16,500	447,500
2037	19	\$24,891	8,391	16,500	431,000
2038	20	\$25,081	8,081	17,000	414,000
2039	21	\$25,263	7,763	17,500	396,500
2040	22	\$24,934	7,434	17,500	379,000
2041	23	\$25,106	7,106	18,000	361,000
2042	24	\$25,269	6,769	18,500	342,500
2043	25	\$24,922	6,422	18,500	324,000
2044	26	\$25,075	6,075	19,000	305,000
2045	27	\$25,219	5,719	19,500	285,500
2046	28	\$24,853	5,353	19,500	266,000
2047	29	\$24,988	4,988	20,000	246,000
2048	30	\$25,113	4,613	20,500	225,500
2049	31	\$25,228	4,228	21,000	204,500
2050	32	\$24,834	3,834	21,000	183,500
2051	33	\$24,941	3,441	21,500	162,000
2052	34	\$25,038	3,038	22,000	140,000
2053	35	\$25,125	2,625	22,500	117,500
2054	36	\$25,203	2,203	23,000	94,500
2055	37	\$25,272	1,772	23,500	71,000
2056	38	\$24,831	1,331	23,500	47,500
2057	39	\$24,891	891	24,000	23,500
2058	40	\$23,941	441	23,500	0
TOTALS		\$1,000,853	\$300,853	\$700,000	

USDA BOND SCHEDULE

Water Works Revenue Bond 2020 ISSUE LOAN

		Principal	\$560,000
		Term	40
Annual Payment	\$17,463	Interest Rate	1.125%

YEAR	PMT. NO	TOTAL	INTEREST	PRINCIPAL	BALANCE
2021	1	\$15,300	\$6,300	\$9,000	\$551,000
2022	2	\$15,199	6,199	9,000	542,000
2023	3	\$15,598	6,098	9,500	532,500
2024	4	\$15,491	5,991	9,500	523,000
2025	5	\$15,884	5,884	10,000	513,000
2026	6	\$15,771	5,771	10,000	503,000
2027	7	\$15,659	5,659	10,000	493,000
2028	8	\$16,046	5,546	10,500	482,500
2029	9	\$15,928	5,428	10,500	472,000
2030	10	\$16,310	5,310	11,000	461,000
2031	11	\$16,186	5,186	11,000	450,000
2032	12	\$16,563	5,063	11,500	438,500
2033	13	\$16,433	4,933	11,500	427,000
2034	14	\$16,804	4,804	12,000	415,000
2035	15	\$16,669	4,669	12,000	403,000
2036	16	\$17,034	4,534	12,500	390,500
2037	17	\$16,893	4,393	12,500	378,000
2038	18	\$17,253	4,253	13,000	365,000
2039	19	\$17,106	4,106	13,000	352,000
2040	20	\$17,460	3,960	13,500	338,500
2041	21	\$17,308	3,808	13,500	325,000
2042	22	\$17,656	3,656	14,000	311,000
2043	23	\$17,999	3,499	14,500	296,500
2044	24	\$17,836	3,336	14,500	282,000
2045	25	\$18,173	3,173	15,000	267,000
2046	26	\$18,504	3,004	15,500	251,500
2047	27	\$18,329	2,829	15,500	236,000
2048	28	\$18,655	2,655	16,000	220,000
2049	29	\$18,975	2,475	16,500	203,500
2050	30	\$18,789	2,289	16,500	187,000
2051	31	\$19,104	2,104	17,000	170,000
2052	32	\$19,413	1,913	17,500	152,500
2053	33	\$19,216	1,716	17,500	135,000
2054	34	\$19,519	1,519	18,000	117,000
2055	35	\$19,816	1,316	18,500	98,500
2056	36	\$20,108	1,108	19,000	79,500
2057	37	\$19,894	894	19,000	60,500
2058	38	\$20,181	681	19,500	41,000
2059	39	\$20,461	461	20,000	21,000
2060	40	\$21,236	236	21,000	0
TOTALS		\$706,756	\$146,756	\$560,000	

EXHIBIT I

**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 Cumberland County 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.
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Matthew Dyer
(Print Name)


(Signed)

Manager
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Cumberland

Subscribed and sworn to before me by Matthew Dyer
(Name)

this 19 day of Sept, 2022.

Brenda Bowlin exp 7-12-23
NOTARY PUBLIC Notary ID 626795
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

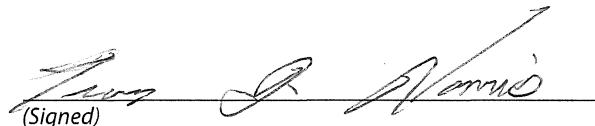
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Troy Norris

(Print Name)



(Signed)

Chairman

(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Cumberland

Subscribed and sworn to before me by Troy Norris
(Name)

this 16 day of Sept, 2022.

Brenda Bowlin exp 7/12/2023
NOTARY PUBLIC Notary ID 626795
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

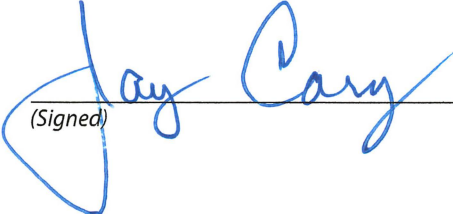
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Jay Cary

(Print Name)



(Signed)

Vice Chairman

(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Cumberland

Subscribed and sworn to before me by Jay Cary
(Name)

this 19 day of Sept, 2022.

Brenda Bowlin exp 7-12-23
NOTARY PUBLIC FD 626795
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Eric Carver

(Print Name)


(Signed)

Secretary

(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Cumberland

Subscribed and sworn to before me by Eric Carver
(Name)

this 19 day of Sept, 2022

Brenda Bowlin exp 7-12-23
NOTARY PUBLIC Notary ID 626795
State-at-Large

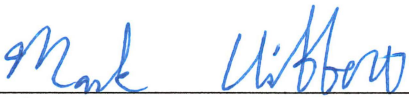
**STATEMENT OF DISCLOSURE OF
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Mark Vibbert
(Print Name)


(Signed)

Treasurer
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Cumberland

Subscribed and sworn to before me by Mark Vibbert
(Name)

this 19 day of Sept, 2022.

Brenda Bowlin exp 7-12-23
NOTARY PUBLIC
State-at-Large ID 626795

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Sandy Hieneman
(Print Name)

Sandy Hieneman
(Signed)

Commissioner
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Cumberland

Subscribed and sworn to before me by Sandy Hieneman
(Name)

this 19 day of Sept, 2022.

Brenda Bowlin exp 7-12-23
NOTARY PUBLIC
State-at-Large Notary ID 626795

EXHIBIT J

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE
CUMBERLAND COUNTY 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 Cumberland County Water District ("District") is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission ("PSC");

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges; and

WHEREAS, KRS 278.180 and 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 CUMBERLAND COUNTY 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 and Manager are hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing ("ARF") Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Manager, and all others to whom the Chairman may delegate certain responsibilities are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

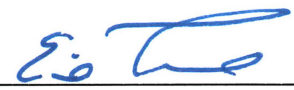
Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF THE CUMBERLAND COUNTY WATER DISTRICT at a meeting held on September 12, 2022, signed by the Chairman, and attested by the Secretary.



CHAIRMAN
9/12/22

ATTEST:

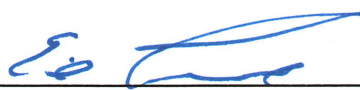


SECRETARY

CERTIFICATION

I, Secretary of the Cumberland County 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 September 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 September 2022.



SECRETARY

**APPENDIX A
CURRENT AND PROPOSED RATES
Cumberland County Water District**

CURRENT RATE SCHEDULE

5/8" X 3/4" Meters

First	2,000	\$ 29.10	Minimum Bill
Next	3,000	\$ 7.70	per 1,000 gallons
Next	5,000	\$ 6.70	per 1,000 gallons
OVER	10,000	\$ 5.70	per 1,000 gallons

1" Meters

First	5,000	\$ 52.20	Minimum Bill
Next	5,000	\$ 6.70	per 1,000 gallons
OVER	10,000	\$ 5.70	per 1,000 gallons

1-1/2" Meters

First	12,500	\$ 99.95	Minimum Bill
OVER	12,500	\$ 5.70	per 1,000 gallons

2" Meters

First	25,000	\$ 171.20	Minimum Bill
OVER	25,000	\$ 5.70	per 1,000 gallons

Dale Hollow State Park

First	300,000	\$ 1,738.70	Minimum Bill
OVER	300,000	\$ 5.70	per 1,000 gallons

PROPOSED RATE SCHEDULE

5/8" X 3/4" Meters

First	2,000	\$ 34.40	Minimum Bill
Next	3,000	\$ 9.10	per 1,000 gallons
Next	5,000	\$ 7.92	per 1,000 gallons
OVER	10,000	\$ 6.74	per 1,000 gallons

1" Meters

First	5,000	\$ 61.71	Minimum Bill
Next	5,000	\$ 7.92	per 1,000 gallons
OVER	10,000	\$ 6.74	per 1,000 gallons

1-1/2" Meters

First	12,500	\$ 118.15	Minimum Bill
OVER	12,500	\$ 6.74	per 1,000 gallons

2" Meters

First	25,000	\$ 202.38	Minimum Bill
OVER	25,000	\$ 6.74	per 1,000 gallons

Dale Hollow State Park

First	300,000	\$ 2,055.32	Minimum Bill
OVER	300,000	\$ 6.74	per 1,000 gallons

EXHIBIT K

COMPLIANCE WITH 807 KAR 5:076, SECTION 5

In accordance with 807 KAR 5:075 Section 5(2)(b), Cumberland County Water District has caused the notice on the next page to be published in a prominent manner in the Cumberland County News, a newspaper of general circulation in Cumberland County Water District's service area, once a week for three (3) consecutive weeks, beginning September 21, 2022.

In accordance with 807 KAR 5:076, Section 5(1)(a), Cumberland County Water District has posted at its office a copy of the notice on the next page as of September 21, 2022.

As of September 21, 2022, in accordance with 807 KAR 5:076, Section 5(1)(b), Cumberland County Water has posted on its website a copy of the notice on the next page and a hyperlink to the location on the Public Service Commission's website where the case documents are available.

LEGAL NOTICE REGARDING THE CUMBERLAND COUNTY WATER DISTRICT

Notice is hereby given that the Cumberland County Water District expects to file an application with the Kentucky Public Service Commission on or about September 21, 2022, seeking approval of a proposed rate adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

The proposed increase in rates is as follows:

	<u>Existing Rates</u>	<u>Proposed Rates</u>	<u>Increase (\$)</u>	<u>Increase (%)</u>
<u>5/8-Inch x 3/4-Inch Meter:</u>				
First 2,000 gallons	\$29.10 Minimum Bill	\$34.40 Minimum Bill	\$5.30	18.21%
Next 3,000 gallons	\$7.70 per 1000 gallons	\$9.10 per 1000 gallons	\$1.40	18.21%
Next 5,000 gallons	\$6.70 per 1000 gallons	\$7.92 per 1000 gallons	\$1.22	18.21%
Over 10,000 gallons	\$5.70 per 1000 gallons	\$6.74 per 1000 gallons	\$1.04	18.21%
<u>1-Inch Meter:</u>				
First 5,000 gallons	\$52.20 Minimum Bill	\$61.71 Minimum Bill	\$9.51	18.21%
Next 5,000 gallons	\$6.70 per 1000 gallons	\$7.92 per 1000 gallons	\$1.22	18.21%
Over 10,000 gallons	\$5.70 per 1000 gallons	\$6.74 per 1000 gallons	\$1.04	18.21%
<u>1 1/2-Inch Meter:</u>				
First 12,500 gallons	\$99.95 Minimum Bill	\$118.15 Minimum Bill	\$18.20	18.21%
Over 12,500 gallons	\$5.70 per 1000 gallons	\$6.74 per 1000 gallons	\$1.04	18.21%
<u>2-Inch Meter:</u>				
First 25,000 gallons	\$171.20 Minimum Bill	\$202.38 Minimum Bill	\$31.18	18.21%
Over 25,000 gallons	\$5.70 per 1000 gallons	\$6.74 per 1000 gallons	\$1.04	18.21%
<u>Dale Hollow State Park:</u>				
First 300,000 gallons	\$1,738.70 Minimum Bill	\$2,055.32 Minimum Bill	\$316.62	18.21%
Over 300,000 gallons	\$5.70 per 1000 gallons	\$6.74 per 1000 gallons	\$1.04	18.21%

If the Public Service Commission approves the proposed water rates, then the monthly bill for an average customer using 3,059 gallons of water each month will increase from \$37.25 to \$44.04. This is an increase of \$6.79 or 18.23%.

The charges/rates contained in this notice are the charges/rates proposed by the Cumberland County Water District. However, the Public Service Commission may order charges/rates to be charged that differ from these proposed charges/rates. Such action may result in charges/rates for consumers other than the charges/rates detailed in this notice.

Any person may examine this application at the offices of the Cumberland County Water District Office located at 133 Lower River Street, Burkesville, KY 42717. In addition, any person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Any comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602. The Public Service Commission can also be contacted 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.

CUMBERLAND COUNTY WATER DISTRICT
s/Troy Norris, Chairman