

TRANSCRIPT OF PROCEEDINGS

ASSISTANCE AGREEMENT
BETWEEN THE
KENTUCKY INFRASTRUCTURE AUTHORITY
AND
NORTHERN KENTUCKY WATER DISTRICT

DATED FEBRUARY 16, 2023
PROJECT NUMBER F20-044

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

INDEX TO TRANSCRIPT OF PROCEEDINGS

In re: Assistance Agreement between Kentucky Infrastructure Authority (the “Authority”) and Northern Kentucky Water District (the “Governmental Agency”), regarding Project Number F20-044.

1. Minutes of Kentucky Infrastructure Authority authorizing the Assistance Agreement.
2. Minutes of Capital Projects and Bond Oversight Committee.
3. Certification by the Division of Water.
4. PSC Certificate of Public Convenience and Necessity, entered April 6, 2021.
5. PSC Certificate of Public Convenience and Necessity, entered November 7, 2022.
6. Commitment Letter of Kentucky Infrastructure Authority.
7. Resolution of the Governmental Agency authorizing the Assistance Agreement.
8. Minutes of the Meeting of the Governing Body of the Governmental Agency adopting Resolution authorizing Assistance Agreement.
9. Assistance Agreement.
10. General Closing Certificate of the Governmental Agency.
11. Opinion of Counsel to the Governmental Agency.
12. Distribution List.

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: May 7, 2020 – 1:00 p.m.
Kentucky Infrastructure Authority
Via Video Conference

Members present:

Mr. Dennis Keene, Commissioner, Department for Local Government
Mr. Winston Miller, proxy for. Holly M. Johnson, Secretary, Finance and Administration Cabinet
Mr. Paul Miller, proxy for Rebecca Goodman, Secretary, Energy and Environment Cabinet
Mr. Claude Christensen, representing Kentucky League of Cities
Mr. Ron Lovan, Representing the Kentucky Section of the American Water Works Association
Mr. Kent Chandler, Executive Director, Public Service Commission
Mr. Bobby Aldridge, proxy for Interim Secretary Larry Hayes, Cabinet for Economic Development
Mr. Russell Rose, representing Kentucky Rural Water Association
Mr. David A. Voegele, representing Kentucky Association of Counties
Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association
Mr. Kurt Stafford, representing the For-Profit Water Companies

DLG Staff:

Mr. Eddie Jacobs, Chief of Staff
Mr. Matthew Stephens, General Counsel
Ms. Kim Wooldridge, Executive Assistant

KIA Staff:

Ms. Edith Halbleib, Executive Director
Ms. Linda Bridwell, Deputy Executive Director
Ms. Ashley Adams, Financial Analyst
Mr. Jeff Abshire, Fiscal Officer and KIA Treasurer
Ms. Julie Bickers, Regional Compliance Coordinator
Mr. Bryan Bunch, Systems Engineer IT
Mr. Kelly Cunnagin, Executive Staff Assistant
Mr. Dustin Horn, WRIS Geoprocessing Specialist
Ms. Debbie Landrum, Regional Compliance Coordinator
Ms. Meg Link, Administrative Specialist III and KIA Secretary
Mr. James Nelson, Accountant/Grants
Mr. Don Schierer, WRIS Resource Management Analyst
Ms. Sarah Parsley, Regional Compliance Coordinator
Mr. Tom Schubert, GIS Specialist
Ms. Meili Sun, Financial Analyst

Guests:

Mr. Matt Baker, Cann-Tech Engineers, LLC
Mr. Jory Becker, Division of Water
Mr. John Bunnell, Hart County Industrial Authority
Ms. Barbara Campbell, City of Kuttawa
Mr. Joe Choate, Hart County Judge Executive
Ms. Bethany Couch, Office of Financial Management
Mr. Kyle Cunningham, Pennyryle Area Development District

Ms. Kristie Dodge, Buffalo Trace Area Development District
Mr. Lindsey Flora, Public Service Commission
Mr. Darren Garrison, Maysville Utility Commission
Mr. Patrick Kirby, Community & Economic Development Associates, Inc.
Ms. Amy Kramer, Northern Kentucky Water District
Mr. Charles McCann, Rivercrest Engineering
Ms. Cheryl Moore, South Shore Mayor
Ms. Lindsey Rehtin, Northern Kentucky Water District
Mr. Jeff. Reynolds, HMB Professional Engineers
Ms. Cindy Ring, Buffalo Trace Area Development District
Ms. Cheryl Robbins, City of South Shore
Mr. Kyle Ryan, Northern Kentucky Water District
Mr. Ronnie Slaydon, Crittenden-Livingston Water District
Ms. Sandy Williams, Office of Financial Management

PROCEEDINGS

Commissioner Dennis Keene, called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. He noted that the press notification distribution had been done appropriately and confirmed a quorum was present. Meg Link, KIA Secretary was asked to call the Roll.

I. BUSINESS (Board Action Required)

1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of March 5, 2020

Mr. Ron Lovan moved to approve the minutes of the March 5, 2020, regular board meeting. Mr. Russ Rose seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-022) INCREASE FOR AN AMOUNT UP TO \$1,717,436 TO THE CITY OF KUTTAWA, LYON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Linda Bridwell, and Mr. Charles McCann, Rivercrest Engineering representing the City of Kuttawa. KIA discussed the City's request for a Fund A Loan increase of \$453,236, (A20-022 for total amount up to \$1,717,436 for the Lift Station and Force Main Replacement project. The total loan amount will be \$1,717,436. The increase is due to the bids coming in higher than expected. The project will replace the existing Magnolia lift station with a new lift station, sized to handle existing and anticipated future flows, as well as replacement of approximately 1,400 linear feet of existing cast iron force main. This lift station receives flows from the surrounding neighborhoods as well as the Old Kuttawa area. The project will also replace the existing Old Kuttawa lift station with a new lift station, sized to handle existing and anticipated future flows, as well as replacement of approximately 8,000 linear feet of existing cast iron force main. The purpose of the work

is to help the City achieve compliance with an EPA Agreed Order related to sanitary sewer system overflows and pollutant removal at their wastewater treatment plant due to excess infiltration and inflow from their collection system.

The City provides water and wastewater services in Kuttawa, serving 475 customers. The City is a regional provider, treating wastewater from the Lyon County Water District, which is a PSC regulated system.

Mr. Kent Chandler asked Mr. Becker if the requested increase was due to one particular bid coming in higher than expected. Mr. Becker noted prior to the pandemic, most bids were coming in significantly higher than expected. Mr. Charles McCann with Rivercrest Engineering noted the original budget was set some time ago and when they began the process, companies were difficult to secure due to the high demand and pricing was higher than originally budgeted.

Mr. Chandler referenced a slide Ms. Bridwell has presented on no additional subsidizations. Ms. Bridwell noted that some communities are eligible for additional subsidizations. Kuttawa has a fairly high MHI of \$53,000, where generally the Commonwealth is \$46,000, which would normally be 2.5% interest, but they have an agreed order that allows them the 1.5% and will not be given any principal forgiveness.

Mr. McCann thanked the Board for their support.

Mr. Ron Lovan moved to approve the Fund A Loan increase, (A20-022), in an amount of \$453,236 for a total amount up to \$1,717,436 with the standard conditions. Mr. Claude Christensen seconded and the motion was unanimously approved.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-034) FOR AN AMOUNT UP TO \$850,000 TO THE CITY OF MAYSVILLE, MASON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Mr. Jeff Abshire, KIA, discussed the City's request for a Fund A Loan for an amount up to \$850,000 for the Wall Street Combined Sewer Elimination project. The project will separate storm sewer lines which are a component of the City's Long Term Control Plan. These improvements will allow the wastewater treatment facility to better accommodate additional flows generated due to the elimination of sewer overflows throughout the system.

The City utility serves approximately 5,100 water customers and 3,700 wastewater customers. They treat waste for the Western Mason County Sanitation District which has approximately 450 customers. They also supply water to the Buffalo Trail Water Association and Western Lewis-Rectorville Water and Gas District, which are regulated by the Kentucky PSC, and the City of Flemingsburg.

Mr. Claude Christensen moved to approve the Fund A Loan (A20-034) for an amount up to \$850,000 for with the standard conditions. Mr. Winston Miller seconded and the motion was unanimously approved.

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A20-037) FOR AN AMOUNT UP TO \$1,035,000 TO THE CITY OF SOUTH SHORE, GREENUP COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Meili Sun, KIA, discussed the City of South Shore's request for a Fund A Loan, (A20-037) for an amount up to \$1,035,000 for the Upgrade Forest Heights Collection Lines project. This project will replace approximately 4,300 linear feet of clay sewer lines with 8" PVC lines, replace 19 manholes, and install new service lines and cleanout to 53 customers. The existing system consists of 6" and 8" clay sewer lines that are undersized and plagued with inflow and infiltration, which could result in sanitary sewer overflow. The area impacted includes Mildred Street, Mayfield Street, Maple Street, Christopher Drive, and Forest Avenue.

The South Shore Wastewater Treatment Plant is a Kentucky Pollution Discharge Elimination Systems (KPDES) utility currently serving approximately 780 retail customers in the City and the surrounding area.

Judge David Voegele moved to approve the Fund A Loan (A20-037) for an amount up to \$1,035,000 to the City of South Shore with the standard conditions. Mr. Kurt Stafford seconded and the motion was unanimously approved.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-069) FOR AN AMOUNT UP TO \$853,442 TO THE HART COUNTY INDUSTRIAL AUTHORITY, HART COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Linda Bridwell, KIA and Mr. John Bunnell, representing the Authority, discussed the Authority's request for a Fund A Loan for an amount up to \$853,442 for the Progress Park Industrial Park Pretreatment Expansion project. This project will upgrade the pretreatment facility serving the Progress Park Industrial Park in Horse Cave in order to increase the capacity of wastewater treatment and accommodate the planned growth of the industrial park. Specifically, this expansion will support a 120,000 square foot, \$50 million expansion at the Sister Schubert's Homemade Rolls Inc. bakery which is expected to bring 70+ additional jobs.

The project will consist of increasing the average flow of the pretreatment facility from 200,000 gallons per day to 300,000 gallons per day, along with adding two stainless steel equalization tanks at the facility with a combined capacity of 500,000 gallons in order to control high hydraulic flows. The project will also include the following elements: 1) New influent screen that will accept flows up to 2,000 gallons per minute that will be located in a new building; 2) New vacuum press will be installed to handle the extra grease production from the enhancement of the facility's two dissolved air flotation units; 3) Enhancements to the facility's moving bed biofilm reactor (MBBR) treatment tank with the addition of air blowers and treatment media; 4) New sludge holding tanks will be added for sludge reduction; 5) New effluent storage tank; and 6) New, increased-capacity pumping facility with new yard piping and electrical enhancements.

The pretreatment facility supports the T. Marzetti and Sister Schubert's factories located in Progress Park Industrial Park. Caveland Environmental Authority operates and provides maintenance for the pretreatment facility under agreement with the Hart County Industrial Authority.

Mr. Kent Chandler asked Ms. Bridwell about the two customers, neither of which pay rates, but will be paid from the TIF, which is why staff is wanting the special condition voted on as a designated revenue source. Ms. Bridwell said yes, that is correct.

Mr. Russ Rose moved to approve the Fund F Loan (A20-069) in an amount up to \$853,442 to the Hart County Industrial Authority with the standard conditions and the following special condition: The Hart County Industrial Authority and/or the Hart County Fiscal Court will make a motion to commit future TIF revenues created by this pretreatment expansion project to repayment of KIA debt service, replacement reserve, maintaining a 1.1 debt coverage ratio, and any other loan conditions for the life of this new KIA loan.. Mr. Ron Lovan seconded and the motion was unanimously approved.

5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (C20-002) FOR AN AMOUNT UP TO \$300,000 TO THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT, LIVINGSTON COUNTY, KENTUCKY

Ms. Meili Sun, KIA, discussed the District's request for a Fund C Loan (C20-002) for an amount up to \$300,000 for the Automatic Meter Reading (AMR) Replacement project. This project will replace 1,400 aging customer meters in the Crittenden-Livingston service area, primarily in Livingston County, with radio read meters. The installation of new meters will help the District save operating and maintenance costs by reducing up to 50% of the time and labor required for meter reading.

A PSC regulated system, the District is a regional provider that serves approximately 3,600 retail customers and wholesales to 2 water districts and 4 municipals. All retail and wholesale rates are subject to PSC approval.

Mr. Kent Chandler abstained from voting. Mr. Ron Lovan moved to approve the Fund C Loan (C20-002) for an amount up to \$300,000 to the Crittenden-Livingston County Water District with the standard conditions. Mr. Winston Miller seconded and the motion was unanimously approved.

6. A 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 (F20-044) FOR AN AMOUNT UP TO \$8,000,000 TO THE NORTHERN KENTUCKY WATER DISTRICT, KENTON COUNTY, KENTUCKY

Mr. Ron Lovan left the meeting. Mr. Jory Becker, DOW, Ms. Linda Bridwell, KIA and Ms. Amy Kramer, Ms. Lindsey Rehtin, and Mr. Kyle Ryan, representing the Northern Kentucky Water District, discussed the District's request for a Fund F Loan (F20-044), for an amount up to \$8,000,000 for the Taylor Mill Treatment Plant Emergency Generator/Fort Thomas Treatment Plant Phase 2 Basin Improvements project. The purpose of this project is to improve water

quality and service reliability for customers. This project will include improvements to both the Taylor Mill Treatment Plant and the Fort Thomas Treatment Plant.

The Taylor Mill Treatment Plant was built in the 1950s and is capable of treating up to 10 MGD. Additionally, this plant houses a critical pump station, which transmits water from both the Fort Thomas and Taylor Mill Treatment Plants to about 60% of Kenton County. The pump station and a majority of the plant are fed from a Duke Energy transmission line. In the event of power outage or critical substation/transformer failure, the District would lose the ability to supply water to a majority of Kenton County. This is significant water quality and public health concern. With the proposed standby power project, the plan is to install a generator, switch gear, and new substation. These improvements will be capable of powering the existing treatment plant and one of the larger pumps or potentially two of the smaller pumps within the pump station. This will allow improved system reliability without creating potential water quality concerns.

The preliminary treatment facilities at the Fort Thomas Treatment Plant (FTTP) consists of four uncovered concrete basins. Basins #2 and #3 were constructed in 1936 and underwent extensive rehabilitation in 2015. The current project will address Basins #1 and #4 which were built in 1987 and 1992 respectively. These basins are beginning to show signs of concrete deterioration and the process equipment is worn out requiring frequent repair. To extend the life of these 2 basins, improvements will include concrete repair, reconfiguration of the flocculation process and mixing basins, and replacement of influent/effluent valves and sludge collection equipment. In addition to this work, the existing tube settlers in all 4 basins will be replaced with new plate settlers and the chemical feed manifold piping within the sodium hypochlorite building will be replaced. This will improve water quality and treatment efficiency.

The District serves over 80,000 customers in Kenton, Campbell, and a portion of Boone counties and it is a PSC regulated entity. It is a wholesale water provider to Bullock Pen Water District, Pendleton County Water District #1 North, and Walton Waterworks Department.

Mr. Russ Rose asked if they had existing funds or were they were local grants. Mr. Kyle Ryan noted they were not existing funds; monies are in their Band 2020 plan. They plan to issue a Band in 2020 and a portion will be funded at the time of the receipts. Mr. Kent Chandler asked if these funds would be from all their customers or from certain customers. Ms. Kramer noted it would be from all customers.

Ms. Bridwell noted there are two special conditions for this loan since it is a PSC regulated entity. The debt authorization application should include a forecast for meeting debt service and prior to the assistance agreement being executed the District must receive a Certificate of Public Convenience and Necessity from the Public Service Commission. Mr. Kent Chandler noted this is for loans that go past two years, which started KIA began including a few months ago. This is a statutory requirement, some Utilities neglected to do so previously.

Mr. Ron Lovan abstained from voting. Mr. Winston Miller moved to approve the Fund F Loan (F20-044) for an amount up to \$8,000,000 to the Northern Kentucky Water District with the standard conditions and the following special conditions: The District will need to apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for the \$8,000,000 million loan. This debt authorization

application should include a forecast for meeting debt service projected through no less than 2025; and Prior to the assistance agreement being executed, the District must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement. Mr. Winston Miller seconded and the motion was unanimously approved.

Mr. Ron Lovan was invited back into the meeting.

7. RESOLUTION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY 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:

| <u>BORROWER</u> | <u>FUND</u> | <u>AMOUNT UP TO</u> |
|---|--------------------|----------------------------|
| City of Kuttawa (Increase) | A20-022 | \$453,236 |
| City of Maysville | A20-034 | \$850,000 |
| City of South Shore | A20-037 | \$1,035,000 |
| Hart County Industrial Authority | A20-069 | \$853,442 |
| Crittenden-Livingston County Water District | C20-002 | \$300,000 |
| Northern Kentucky Water District | F20-044 | \$8,000,000 |

Mr. Bob Amato moved to approve the reimbursement resolution. Mr. Claude Christensen seconded and the motion carried unanimously.

EXECUTIVE DIRECTOR’S REPORT

Executive Director Edith Halbleib noted the May Board meeting is the first meeting in which the KIA Board met by videoconference. Despite the numerous technical hurdles, the KIA videoconference team hosted the Zoom conference, placed the meeting livestream on YouTube, placed an imbedded link on the KIA website, and filed the recorded link to the meeting under the Board Meetings.

KIA has been working on concluding fiscal year 2020 projects. The list of KIA Board approved projects, which has concluded with a signed assistance agreement, is located in the status report on page 101-102 of the Board Book. With the upheaval of the past two months, the question of whether to proceed with the project has been a difficult one for a couple of the entities as they face uncertainties in their income streams.

KIA is currently preparing the Intended Use Plans (IUP), the two plans for the funds available under its state revolving fund program. As a recap, the Kentucky Infrastructure Authority loans

funds through its state revolving fund program. The EPA has awarded a grant for approximately \$18 million for Drinking Water and \$20 million for Clean Water. The Commonwealth provides a match for 20%. The balance of the funds are from the revolving fund program.

This year, the Clean Water Stater Revolving Fund (CWSRF) will have approximately \$98 million available for \$290 million in requests. The KIA will send about 20 first round invitations from approximately 70 project requests.

This year, the Drinking Water Stater Revolving Fund (DWSRF) will have approximately \$67 million available for \$221 million in requests. KIA will send approximately 20 first round invitations from approximately 75 projects.

The Division of Water has submitted its rankings for projects. We are working together to put together the plan for the upcoming year. The target for publishing the draft IUP is the first week of June, with a special meeting approximately ten days later.

KIA has moved forward with getting electronic signatures on the KIA Assistance Agreements, in order to move documentation along in a timely manner while working remotely.

Ms. Halbleib noted that Financial Analyst Ashley Adams had given her notice and will be leaving KIA on May 8th. She wished Ashley the best in her future endeavors.

Mr. Ron Lovan thanked all the essential employees, including all the city and county water and sewer employees that have been doing a terrific job during this trying time.

Mr. Lovan also asked if there had been any consideration on Utilities financially struggling with no cut-offs and allowing people to continue to use services without payment, ultimately responsible for payment. He feels like there are going to be difficulties in collecting those monies. Some smaller utilities will be struggling. Is there any flexibility and/or the ability to assist some of these small utilities? Ms. Halbleib said she had been looking into the SRF Funding parameters that will need to be met. There could possibly be some FEMA funds available and there is a possibility for some stimulus funding to assist. KIA staff is working the Council on Infrastructure Financing Authorities for ways to address those needs. Will work with directly with any borrowers experiencing issues. Ms. Bridwell noted that KIA staff has meet with several Area Development District's during their Water Management Council meetings, along with DOW. This was brought up KIA is sufficiently funded to make our debt payment in August. Two have already approached KIA to discuss. KIA cannot loan money for operations.

ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Thursday, June 4, 2020, 1:00 p.m.
Via Teleconference

There being no further business, Mr. Ron Lovan moved to adjourn. Mr. Russ Rose seconded and the motion carried unanimously. The March 5, 2020 meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Margaret F. Link
Margaret F. Link, Secretary
Kentucky Infrastructure Authority

5/28/2020
Date

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

June 25, 2020

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Thursday, June 25, 2020, at 12:00 PM, via videoconference. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Walker Thomas, Co-Chair; Senator Rick Girdler, Co-Chair; Senators Christian McDaniel and Robby Mills; and Representatives Phillip Pratt, Steven Rudy, and Maria Sorolis.

Guests: Janice Tomes, Deputy State Budget Director; Brigadier General (Retired) Benjamin Adams, Executive Director, Office of Management and Administration, Department of Military Affairs; Edith Halbleib, Executive Director, Kentucky Infrastructure Authority; Linda Bridwell, Deputy Executive Director, Kentucky Infrastructure Authority; Katie Smith, Commissioner, Department for Financial Services, Cabinet for Economic Development; and Sandy Williams, Deputy Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; Julia Wang, Legislative Analyst; and Jenny Wells Lathrem, Committee Assistant.

Approval of Minutes

Representative Rudy moved to approve the May 19, 2020 meeting minutes. Representative Pratt seconded the motion, and the committee approved without objection.

Information Items

Pursuant to KRS 45.760(5), the University of Louisville reported a \$598,400 mass spectrometer purchase from federal National Institute of Health Shared Instrument Grant funds.

Pursuant to KRS 45.812(1), the Covington Independent and Walton-Verona school districts, which did not need an additional tax levy to pay debt service, reported an estimated \$3.75 million, for three elementary school roof replacements, and \$380,000, for high school athletic improvements, respective upcoming debt issuances.

Pursuant to KRS 45A.860(3), the Auditor of Public Accounts provided reports certifying procedural statutory compliance for five selection committees.

Report from the University of Kentucky

Ms. Baker reported three funding source revisions without aggregate appropriation increases. The first two were for projects from the Improve Center for Applied Energy Research restricted funds project authorization. UK opted to utilize a U.S. Department of Defense (DoD) federal grant rather than restricted funds for its \$1.5 million, 2,000 square foot Mineral Process Building Expansion; climate controlled space for raw materials to develop high performing concrete [replacing heavy precast rebar-laden components] for DOD and U.S. Army Corps of Engineers military applications. UK will use a U.S. Department of Energy federal grant rather than restricted funds for its \$2.5 million, 5,000 square foot Carbon Fiber Development Facility; a pilot-scale process plant producing high-value carbon products from coal at the largest scale in the United States, in partnership with the Oak Ridge National Laboratory. The high-value carbon products will replace traditional metals used in aerospace and automotive applications. Representative Thomas praised UK for initiating development of the largest scale high-value carbon fiber facility in the United States.

The third funding source revision was from the Acquire Land restricted funds project authorization. UK will use a [USDA National Institute of Food and Agriculture] federal capacity grant available to land-grant institutions rather than restricted funds for its \$2 million purchase of 287.54 acres in Caldwell County adjacent to its Research and Education Center. UK has leased the land, which has the two soil types and is within eighty miles of eighty percent of the acreage for Kentucky grains, since 2016 for agricultural research. Representative Thomas encouraged members to visit the Research and Education Center.

Ms. Baker submitted one lease renewal and one new lease. Representative Pratt moved to roll the leases into one roll call vote, seconded by Representative Sorolis, and approved without objection. The UK HealthCare Information Technology lease renewal, authorized in House Bill 352, was for 25,903 square feet of space at 245 Fountain Court, costing \$595,769 annually. The new lease, 4,907 square feet of space in Edgewood close to the St. Elizabeth Medical Center costing \$112,135 annually, will provide additional space for the UK/Northern Kentucky University/St. Elizabeth Healthcare medical education program.

Representative Rudy moved to approve the leases, seconded by Representative Pratt, and unanimously approved by roll call vote.

Report from the Finance and Administration Cabinet

Ms. Tomes submitted six new Department of Military Affairs projects at four facilities. Representative Rudy moved to roll the projects into one roll call vote, seconded by Representative Pratt, and approved without objection.

The first was the \$1.946 million Barbourville Readiness Center Latrine Upgrade project; using \$1,459,500 in federal funds, \$449,000 in state investment income, and \$37,500 in bond funds. Interior upgrades include new female latrine/shower and lactation room, existing male latrine/shower, boiler system replacement to more energy efficient HVAC system, windows to antiterrorism/force protection standards, and new organizational clothing individual equipment storage.

The second was the \$1.965 million Richmond Readiness Center Interior Modernization project; using \$1,473,750 in federal funds, \$460,000 in state investment income, and \$31,250 in bond funds. Interior upgrades include existing female and male latrines/showers, new lactation room, windows to antiterrorism/force protection standards, kitchen facilities, drill hall, new organizational clothing individual equipment storage, and new HVAC direct digital controls for energy efficiency.

The third was the \$1,745,495 Boone National Guard Center Auditorium project; using \$1,309,121 in federal funds, \$423,100 in state agency restricted funds, and \$13,274 in state investment income. The 5,500 – 6,000 square foot multi-use auditorium seating style facility, designed for multi-tiered seating with work tables that include data and electric, will accommodate staff briefings, soldier/employee training classes, general presentations/ceremonies, and stage performances by the Kentucky National Guard.

The next three projects were for the Wendell H. Ford Regional Training Center (WHFRTC). The first was the \$1,785,550 WHFRTC 1103rd Law and Order Military Police Readiness Center/Provost/Welcome Center project; using 75 percent federal funds and 25 percent state agency restricted funds. This facility will have administrative office space, female and male latrines, lactation area, weapons vault, organizational clothing individual equipment storage, and visitor control center space for all military and civilian visitors to check-in and receive room assignments or be directed to training areas. WHFRTC has over 100,000 military and civilian annual visitors and serves as a training site for the Kentucky National Guard, state and local police and fire departments, as well as other states' National Guard and Emergency Services personnel. This facility is critical for the control and vetting of all WHFRTC visitors.

The second was the 6,000 square foot, solely federally funded \$1.650 million WHFRTC Fire Station Addition; multiuse storage, billeting, and office space, necessary due to fleet modernization and increase in WHFRTC firefighters and apparatus.

The last was the solely federally funded \$1.375 million WHFRTC Multipurpose Athletic Field project; providing access and a location for formal ceremonies, athletic

events, and collective physical fitness activities, including Army Physical Fitness Test/Army Combat Fitness Test training.

Brigadier General (Retired) Benjamin Adams reintroduced himself, stating it was good to be working with this committee as well as the Veterans, Military Affairs, and Public Protection committee. Representative Thomas said he appreciated his service.

Representative Pratt moved to approve the new projects, seconded by Representative Sorolis, and approved by unanimous roll call vote.

Report from the Office of Financial Management Kentucky Infrastructure Authority

Ms. Bridwell submitted seven Clean Water State Revolving Fund (Fund A) Program loans. Representative Rudy moved to roll the loans into one roll call vote, seconded by Senator Mills, and approved without objection.

The Adair County Water District requested a \$2,104,870 Fund A loan for its Downtown Sewer System Improvements – Phase 1 project; 12,865 linear feet of 8-inch gravity sewer and service laterals. For 4,000 gallons, effective since February 2015, the monthly sewer rate is \$25.80 and the district has a proposed 39 percent sewer rate increase pending Public Service Commission approval. The term is 30 years at a 0.50 interest rate.

The City of Morehead, Rowan County, requested a \$1,363,200 Fund A loan for its \$1,963,200 Derrickson Lift Station Upgrade project; replacement of the lift station and adjacent force sewer main. The Transportation Cabinet is funding the remaining project costs. For 4,000 gallons, effective since August 1, 2018, the monthly inside city sewer rate is \$29.76. The term is 20 years at a 1.50 percent interest rate.

The City of Kuttawa, Lyon County, requested a \$453,236 Fund A loan increase to its previously approved \$1,264,200 Fund A loan for a \$1,717,436 total Fund A loan amount. The Lift Station and Force Main Replacement project will replace the existing Magnolia and Kuttawa lift stations and adjacent force sewer main. For 4,000 gallons, effective since February 1, 2019, the monthly sewer rate is \$30.00. The term is 20 years at a 1.50 percent interest rate.

The City of Maysville, Mason County, requested an \$850,000 Fund A loan for its Wall Street Combined Sewer Elimination project; separating combined sewer lines to adjacent storm sewer lines. For 4,000 gallons, the monthly sewer rate has been \$31.60 since July 1, 2013; however, the city added an annual CPI clause to its water and sewer ordinance this year, increasing the monthly sewer rate by 2.30 percent to \$32.32 this July. The term is 20 years at a 0.50 percent interest rate.

The City of South Shore, Greenup County, requested a \$1,035,000 Fund A loan, of which KIA will apply \$517,500 in principal forgiveness, for its South Shore: Upgrade Forest Heights Collection Lines project; 4,300 linear feet of sewer lines and laterals. For 4,000 gallons, effective since May of this year, the monthly inside city sewer rate is \$48.00. The term is 30 years at a 0.50 percent interest rate.

The McCreary County Water District requested a \$3,244,500 Fund A loan, of which KIA will apply \$450,000 in principal forgiveness, for its \$3,644,500 MCWD - Sanitary Sewer Collection System Expansion - Phase 1 project; providing sewer service to 305 unserved homes. MCWD obtained a Rural Development loan to finance the remaining project costs. For 4,000 gallons, effective since August 29, 2019, the monthly sewer rate is \$41.07. The term is 30 years at a 0.50 percent interest rate.

The Hart County Industrial Authority requested an \$853,442 Fund A loan for its \$2,353,442 Progress Park Industrial Park Pretreatment Expansion project, pretreatment facility upgrades. An Appalachian Regional Commission grant and a Community Development Block Grant funded the remaining project costs. The term is 20 years at a 0.50 percent interest rate.

Representative Rudy moved to approve the Fund A loans, contingent upon necessary PSC approvals, seconded by Senator Mills, and approved by unanimous roll call vote.

The Crittenden-Livingston County Water District, Livingston County, requested a \$300,000 Governmental Agencies (Fund C) Program loan for its AMR Meter Replacement project; replacement of approximately 1,400 meters with radio read meters. For 4,000 gallons, effective since May 23 of this year, the monthly water rate is \$61.37. The term is 20 years at a 2.75 percent interest rate.

Senator Mills moved to approve the Fund C loan, contingent upon necessary PSC approvals, seconded by Representative Pratt, and approved by unanimous roll call vote.

Ms. Bridwell submitted five Drinking Water State Revolving Fund (Fund F) Program loans. Senator Mills moved to roll the loans into one roll call vote, seconded by Representative Rudy, and approved without objection.

The City of Olive Hill, Carter County, requested a \$122,344 Fund F loan increase to its previously approved \$883,000 Fund F loan for a total \$1,005,344 Fund F loan amount. The \$1,248,344 Olive Hill: Replace Downtown Area Waterline Replacement project replaced 5,900 linear feet of cast iron waterlines. An ARC grant funded the remaining project costs. For 4,000 gallons, effective since January 1, 2019, the inside and outside city monthly water rates are \$27.43 and \$43.14. The term is 30 years at a 0.25 percent interest rate.

The Adair County Water District requested a \$1,342,530 Fund F loan, of which KIA will apply \$671,265 in principal forgiveness, for its CAUD - Water Main Replacement project; 7,400 linear feet of 8-inch water lines (replacing asbestos-cement) plus 5,250 linear feet of 6-inch water lines, renovation of the City Industrial Tank, and demolition of two other tanks. For 4,000 gallons, effective since February 2012, the monthly water rate is \$33.90 and the district has a 21 percent water rate increase pending PSC approval. The term is 30 years at a 0.50 percent interest rate.

The City of Salem, Livingston County, requested a \$585,000 Fund F loan, of which KIA will apply \$292,500 in principal forgiveness, for its Salem - Water Main Replacement project; 5,500 linear feet of water lines on its western supply route connecting to the Crittenden-Livingston County Water District. For 4,000 gallons, effective since March 27 of this year, the monthly water rate is \$36.48. The term is 30 years at 0.50 percent interest rate.

The Cave Run Water Commission, Menifee County, requested a \$1,171,350 Fund F loan for its Cave Run Water Commission Elevated Water Storage Tank Construction project; a 300,000 gallon elevated storage tank serving the Cities of Frenchburg and Jeffersonville as well as the Morgan County Water District. The commission is a wholesale water provider only. The term is 20 years at a 1.50 percent interest rate.

The Northern Kentucky Water District, Kenton County, requested an \$8 million Fund F loan for its \$10.05 million Taylor Mill Treatment Plant Emergency Generator/Fort Thomas Treatment Plant Phase 2 Basin Improvements project. NKWD is funding the remaining project costs. For 4,000 gallons, effective since March 26 of this year, the monthly water rate is \$38.78. The term is 20 years at a 1.50 percent interest rate.

Senator Mills moved to approve the Fund F loans, contingent upon necessary PSC approvals, seconded by Representative Rudy, and approved by unanimous roll call vote.

Cabinet for Economic Development

Ms. Smith submitted two Economic Development Fund (EDF) grants for the Cabinet for Economic Development (CED). Senator Mills moved to roll the grants into one roll call vote, seconded by Representative Pratt, and approved without objection. Both EDF grants were for projects among the eight recommended by an independent site consultant to receive Kentucky Product Development Initiative program funds for industrial site upgrades, administered in conjunction with the Kentucky Association for Economic Development. Disbursements of grant funds will occur on a reimbursement basis to local governments after CED reviews the required supporting documentation.

The first grant was \$175,000 to Henderson County for the benefit of the City of Henderson, to finance the approximately 4,400 foot municipal gas line extension to the

property site located along the Highway 425 bypass. The city and Henderson County Economic Development have committed \$75,000 and \$100,000 respectively for the match.

The second grant was \$198,189 to the County of Marion for the benefit of the Marion County Industrial Foundation, to finance an access road to the 250 acre business and industrial park in Lebanon. MCIF has committed funding equal to the grant for the match.

Senator Mills moved to approve the grants, seconded by Senator McDaniel, and approved by unanimous roll call vote.

Previous Debt Issue

Ms. Williams reported the \$66.71 million State Property and Buildings Commission (SPBC) Revenue Refunding Bonds, Project No. 122, Series C, which refunded \$68 million of SPBC Project No. 98 debt for \$1.7 million in net present value savings. The issue priced last October and closed May of this year. The forward delivery structure was used as it generated more savings than a taxable advance refunding.

School District Debt Issue with School Facilities Construction Commission Debt Service Participation

Ms. Williams submitted an anticipated \$6.73 million Breckinridge County School District debt issue with SFCC debt service participation. The district did not need an additional tax levy to pay debt service and the proceeds will be used for high school renovations.

Representative Rudy moved to approve the school district debt issue with SFCC debt service participation, seconded by Senator Mills, and approved by unanimous roll call vote.

Adjournment

Representative Thomas announced upcoming meeting dates and times: July 22, 2020, 12:00 p.m.; and August 19, 2020, 3:00 p.m.

Senator McDaniel referenced a utility's increases in administrative expenses and rates, stating that administrative expenses at all levels of government need to be closely monitored. Representative Thomas said he appreciated Senator McDaniel's comments.

With there being no further business the meeting adjourned at 1:49 p.m.



ANDY BESHEAR
GOVERNOR

REBECCA W. GOODMAN
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

October 27, 2021

Sandy Williams, Deputy Executive Director
Kentucky Infrastructure Authority
100 Airport Road, 3rd Floor
Frankfort, Kentucky 40601

Re: F20-044
Northern KY Water District--2485
Activity ID: FGL20200004
Project Name: Taylor Mill Generator/Fort Thomas Phase 2
Basin Improvements
Assistance Agreement

Dear Mrs. Williams:

The Division of Water (DOW) hereby certifies that the Northern Kentucky Water District has satisfied the following Drinking Water State Revolving Fund general conditions for Contract #2 (Ft. Thomas Improvements) as specified in the Conditional Commitment Letter dated May 8, 2020.

1. An environmental review was completed and approved by DOW on March 30, 2020.
2. Plans and specifications, including a completed SRF checklist, were approved by the DOW on October 20, 2020.
3. Plans and specifications indicated that American Iron and Steel components were included in the project as approved on October 20, 2020.
4. All easements and/or land purchases were completed as demonstrated by the provisions of a Clear Site Certificate to the DOW on January 26, 2021.
5. This project did not have a "Green Reserve" component.
6. Bids were opened on January 13, 2021 and the ATA package was approved on February 2, 2021.

If you have any questions or require additional information, please contact Joel Murphy, Project Manager, at (502) 782-7024.

Sincerely,

 Recoverable Signature

For:
Carey Johnson
Director, Division of Water

CJ/JB;jjm

c: Joe Henry, GRW Engineers
Kyle Ryan, Northern Kentucky Water District
Jenna Bareswilt, Northern Kentucky Water District



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF NORTHERN |) | |
| KENTUCKY WATER DISTRICT FOR A |) | |
| CERTIFICATE OF PUBLIC CONVENIENCE |) | CASE NO. |
| AND NECESSITY TO CONSTRUCT THE |) | 2021-00047 |
| FORT THOMAS TREATMENT PLANT BASIN |) | |
| IMPROVEMENTS PHASE 2 AND FOR |) | |
| APPROVAL OF FINANCING |) | |

ORDER

On February 5, 2021, Northern Kentucky Water District (Northern Kentucky District) filed an electronic application, pursuant to KRS 278.020 and KRS 278.300, for a Certificate of Public Convenience and Necessity (CPCN) and approval of the financing for construction of Phase II of the improvements at the Fort Thomas Treatment Plant. No party has sought intervention in this matter. The record for this case is complete, and the matter stands ready for decision.

Northern Kentucky District, a water district organized under KRS Chapter 74, provides retail water service to approximately 84,139 customers¹ in Kenton, Boone, and Campbell counties, Kentucky. Northern Kentucky District sells water wholesale to the following nonaffiliated water distribution systems the Bullock Pen Water District, the Pendleton County Water District, and to the city of Walton.²

¹ *Annual Report of Northern Kentucky Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2019* at 53.

² *Id.* at 60.

The proposed Phase II Project will improve water quality and service reliability for customers by making improvements to both the Taylor Mill Treatment Plant (Taylor Mill Plant) and the Fort Thomas Treatment Plant (Fort Thomas Plant).³ The Taylor Mill Plant contains a critical pump station, which is responsible for transmitting water to approximately 60 percent of Kenton County.⁴ The pump station and a majority of the Taylor Mill Plant have a single source of electricity from a Duke Energy transmission line.⁵ The proposed Phase II Project includes the installation of a generator, switch gear, and new substation that will provide a backup power supply to the Taylor Mill Plant.⁶

The Phase II Project will address the problems at Basin No. 1 and Basin No. 2 at the Fort Thomas Plant.⁷ The improvements at these two basins will include concrete repair, reconfiguration of the flocculation process and mixing basins, and replacement of influent/effluent valves and sludge collection equipment.⁸ Also, in Phase II the existing tube settlers in all four basins will be replaced with new plate settlers and the chemical feed manifold piping will be replaced in the sodium hypochlorite building.⁹

Northern Kentucky District intends to finance the \$6,000,000 project with a \$3,395,000 State Revolving Fund (SRF) loan from the Kentucky Infrastructure Authority

³ Northern Kentucky District's Response to Staff Telephone Data Request of March 24, 2021 (filed Mar. 25, 2021), Item 2.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* There are four uncovered concrete basins at the Fort Thomas Plant.

⁸ *Id.*

⁹ *Id.*

(KIA) and a \$2,065,000 Bond Anticipation Note (BAN).¹⁰ The \$3,395,000 KIA SRF loan is to be repaid over a 20-year term at an interest rate of 1.75 percent per annum with a loan-servicing fee of 0.25 percent of the annual outstanding loan balance payable to KIA with each interest payment.¹¹

GRW, Engineering prepared the plans and specifications for the proposed Phase II construction project.¹² The Kentucky Division of Water (KDOW) approved the plans and specifications for the proposed construction of Phase II of the improvements at the Ft. Thomas Treatment Plant on October 20, 2020.¹³ Northern Kentucky District opened bids for this project on January 13, 2021. Bids are subject to acceptance for 90 days. The bids on this project will expire on April 13, 2021.¹⁴ Northern Kentucky District states that the proposed improvements will enable it to continue to provide adequate and safe service to its customers.¹⁵

To establish that the public convenience and necessity require the construction of a new facility, an applicant must demonstrate the need for the proposed facilities and that the proposed construction will not result in the wasteful duplication of facilities.¹⁶

“Need” requires:

¹⁰ Application at paragraph 7.

¹¹ *Id.*, Exhibit D, Project Finance Information.

¹² *Id.*, Exhibit A.

¹³ *Id.*, Exhibit B3.

¹⁴ *Id.* at paragraph 10.

¹⁵ *Id.* at paragraph 6.

¹⁶ *Kentucky Utilities Company v. Public Service Commission*, 252 S.W.2d 885 (Ky. 1952).

[A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated.

[T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.¹⁷

“Wasteful duplication” is defined as “an excess of capacity over need” and “an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties.”¹⁸ To demonstrate that a proposed facility does not result in wasteful duplication, we have held that the applicant must demonstrate that a thorough review of all reasonable alternatives has been performed.¹⁹ Selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.²⁰ All relevant factors must be balanced.²¹ The statutory touchstone for ratemaking in Kentucky is the requirement that rates set by the Commission must be fair, just and reasonable.²²

¹⁷ *Id.* at 890.

¹⁸ *Id.*

¹⁹ Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005).

²⁰ See *Kentucky Utilities Co. v. Pub. Serv. Comm’n*, 390 S.W.2d 168, 175 (Ky. 1965). See also Case No. 2005-00089, *The Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of a 138 kV Electric Transmission Line in Rowan County, Kentucky* (Ky. PSC Aug. 19, 2005), final Order.

²¹ Case No. 2005-00089, *East Kentucky Power Cooperative, Inc.* (Ky. PSC Aug. 19, 2005), final Order at 6.

²² KRS 278.190(3).

KRS 278.300(2) requires a finding by the Commission that the proposed Assistance Agreement is for some lawful object within the corporate purposes of Northern Kentucky District, is necessary or appropriate for or consistent with the proper performance by Northern Kentucky District of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. The proposed construction will not result in wasteful duplication of existing facilities.
2. The proposed construction does not conflict with any existing certificates or the service of any other utility operating in the area.
3. Public convenience and necessity require the proposed construction, which allows Northern Kentucky District to continue to provide reliable and adequate water service to its customers.
4. KDOW has approved the plans and specifications for the proposed project.
5. The proposed Assistance Agreement with KIA is for lawful objects within Northern Kentucky District's corporate purpose. It is necessary for, appropriate for, and consistent with the proper performance of Northern Kentucky District's service to the public. It will not impair Northern Kentucky District's ability to perform that service. It is reasonably necessary and appropriate for such purpose.
6. Furthermore, \$2,065,000 of this project will be financed through a BAN, and Commission approval of the financing of this amount is not presently required. However,

pursuant to KRS 278.300, Northern Kentucky District should seek Commission approval before issuing any long-term revenue notes.

IT IS THEREFORE ORDERED that:

1. Northern Kentucky District is granted a CPCN to proceed with the proposed construction of Phase II of the improvements at the Fort Thomas Plant and the Taylor Mill Plant as set forth in its application.

2. Northern Kentucky District shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

3. Any deviation from the approved construction shall be undertaken only with the prior approval of the Commission.

4. Northern Kentucky District shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

5. Northern Kentucky District is authorized to supplement the executed Assistance Agreement with KIA and, under the terms of that Agreement, to borrow from KIA an amount not to exceed \$3,395,000 to be repaid over a 20-year period at an interest rate of 1.75 percent per annum and loan servicing fee of 0.25 percent per annum.

6. Northern Kentucky District shall submit an application to the Commission prior to issuing any securities that require approval pursuant to KRS 278.300.

7. Northern Kentucky District shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized

costs, (e.g., engineering, legal, administrative) within 60 days of the date that construction authorized under this CPCN is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

8. Northern Kentucky District shall file a copy of the “as-built” drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

9. Any documents filed in the future pursuant to ordering paragraphs 2, 6, 8, and 9 shall reference this case number and shall be retained in the post-case correspondence file.

10. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Northern Kentucky District’s showing of good cause for such extension.

11. This case is closed and removed from the Commission’s docket.

By the Commission

ENTERED
APR 06 2021 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2021-00047

*Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

*Lindsey Rehtin
Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640

*Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640

*Tom Edge
Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF NORTHERN |) | CASE NO. |
| KENTUCKY WATER DISTRICT FOR APPROVAL |) | 2022-00319 |
| TO ISSUE EVIDENCE OF INDEBTEDNESS |) | |

ORDER

On September 29, 2022, Northern Kentucky Water District (Northern Kentucky District) tendered an application, pursuant to KRS 278.300, seeking Commission approval for financing of a loan in the amount of \$8,000,000 to fund portions of the construction of the Fort Thomas Treatment Plant Basin Improvements Phase Two Project and the Taylor Mill Treatment Plant Emergency Generator Project. Northern Kentucky District also expects to use \$2,050,000 of internal funds for the project.¹ The application was marked as deficient, and the deficiencies were cured on October 7, 2022. There are no intervenors in this case. The matter is now submitted to the Commission for a decision based upon the evidentiary record.

LEGAL STANDARD

KRS 278.300 requires Commission approval before a utility may “issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person.”² The legal standard contained in KRS 278.300(3) establishes the purview of Commission review, stating:

¹ Application at 109, Executive Summary.

² KRS 278.300(1).

The commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

PROPOSED FINANCING

Northern Kentucky District intends to finance \$8,000,000 of the cost of two projects with a loan from the Kentucky Infrastructure Authority (KIA). The loan will have an interest rate of 1.50 percent for 20 years with total payments of approximately \$484,482,³ paid semi-annually, per year. The financing will be through the Federally Assisted Drinking Water Revolving Loan Fund.⁴

DISCUSSION AND FINDINGS

The first project loan component, for which Northern Kentucky District requested \$3,935,000 in financing, is for the Fort Thomas Treatment Plant Basin Improvements Phase 2, which has already been granted a Certificate of Public Convenience and Necessity (CPCN) in Case No. 2021-00047.⁵ The improvements will include concrete repair, reconfiguration of the flocculation process and mixing basis, and replacement of

³ Application at 111.

⁴ Application at 109, Executive Summary.

⁵ Case No. 2021-00047, *Electronic Application of Northern Kentucky Water District for a Certificate of Public Convenience and Necessity to Construct the Fort Thomas Treatment Plant Basin Improvements Phase 2 and for Approval of Financing* (Ky. PSC Apr. 6, 2021), final Order.

influent/effluent valves and sludge collection equipment. Additionally, the existing tube settlers in all four basins will be replaced with new plate settlers and the chemical feed manifold piping will be replaced in the sodium hypochlorite building.⁶ The existing basins were constructed in 1987 and 1992 are showing signs of deterioration and the process equipment requires frequent repair.⁷

The second project loan component, for which Northern Kentucky District requested \$4,065,000 in financing, is for part of the Taylor Mill Treatment Plant Emergency Generator Project, which is currently being reviewed by Kentucky Division of Water and Northern Kentucky District expects to make application for a CPCN within the next year.⁸ The Taylor Mill Treatment Plant Emergency generator project will include the installation of a new 7.5 MVA, 69KV x 2400V substation, 2000 KW, 2400V standby diesel generator, 2400V switchgear in a walk-in enclosure, 500 KVA, 2400V x 480/277V pad mounted transformer, and associated structures, cabling, terminations, etc., and remote I/O panel connected via fiber optic cabling. The project includes site grading, relocation of underground utilities, equipment pads, fencing, and platforms and railings. In its application, Northern Kentucky District stated that the Emergency Generator project is vital to provide a reliable backup power source to the Taylor Mill Treatment Plant and that both projects are important for Northern Kentucky District's ability to continue to provide

⁶ Case No. 2021-00047, *Electronic Application of Northern Kentucky Water District for a Certificate of Public Convenience and Necessity to Construct the Fort Thomas Treatment Plant Basin Improvements Phase 2 and for Approval of Financing* (Ky. PSC Apr. 6, 2021), final Order.

⁷ Case No. 2021-00047, *Electronic Application of Northern Kentucky Water District for a Certificate of Public Convenience and Necessity to Construct the Fort Thomas Treatment Plant Basin Improvements Phase 2 and for Approval of Financing*. Northern Kentucky District's Response to Staff Telephone Data Request of March 24, 2021 (filed Mar. 25, 2021), Item 2.

⁸ Application at 2, paragraph 8.

adequate and reasonable water service.⁹ Northern Kentucky District further asserted these projects will improve water quality, treatment efficiency, and allow improved system reliability without creating potential water quality concerns.¹⁰

Having reviewed the proposed financing, the Commission finds that Northern Kentucky District satisfied the legal standards established in KRS 278.300. The lawful object of Northern Kentucky District's purpose is to provide safe, adequate, and reliable water service to the public. The proposed financing meets the lawful object of the utility's purpose because it will be used for projects directed at both replacing deteriorating infrastructure that is frequently in need of repair and installing new infrastructure necessary to maintain and improve its ability to provide service to its customers. The proposed financing is also appropriate for the proper performance by the utility, will not impair its ability to perform that service, and is reasonably, necessary to meet its statutory duty to provide safe, adequate and reliable water service, in furtherance of projects, one of which has already been granted a CPCN by the Commission, intended to improve water quality and provide improved system reliability for its customers. For these reasons, the Commission finds that Northern Kentucky District's proposed financing should be approved. The Commission further finds that Northern Kentucky District should execute its note as security for the proposed loan in the manner described in the application.

Further, the Commission finds that Northern Kentucky District should be permitted to expend not more than \$3,935,000 of proceeds from the note for execution of the Fort

⁹ Application at 2, paragraph 8.

¹⁰ Case No. 2021-00047, *Electronic Application of Northern Kentucky Water District for a Certificate of Public Convenience and Necessity to Construct the Fort Thomas Treatment Plant Basin Improvements Phase 2 and for Approval of Financing*. Northern Kentucky District's Response to Staff Telephone Data Request of March 24, 2021 (filed Mar. 25, 2021), Item 2.

Thomas Treatment Plant Basin Improvements Phase Two Project. The remaining loan balance of \$4,065,000 should not be expended until Northern Kentucky District is granted a CPCN for the Taylor Mill Treatment Plant Emergency Generator Project.

IT IS THEREFORE ORDERED THAT:

1. Northern Kentucky District is authorized to borrow \$8,000,000 from the KIA. The loan terms shall be in accordance with the terms as described in Northern Kentucky District's application.
2. Northern Kentucky District shall execute the loan documents as authorized herein.
3. An amount not to exceed \$3,935,000 shall be obtained in accordance with the terms of the loan documents for the Fort Thomas Treatment Plant Basin Improvements Phase Two Project for which a CPCN was granted in Case No. 2021-00047.
4. The remaining \$4,065,000 of the loan shall not be expended until Northern Kentucky District is granted a CPCN for the Taylor Mill Treatment Plant Emergency Generator Project.
5. Within ten days of the execution of the new loan, Northern Kentucky District shall file with the Commission an electronic version of the loan documents.
6. Any documents filed pursuant to paragraph 5 of this Order shall reference this case number and shall be retained in the post-case correspondence file.
7. The proceeds from the proposed loan shall be used only for the lawful purposes set out in Northern Kentucky District's application.

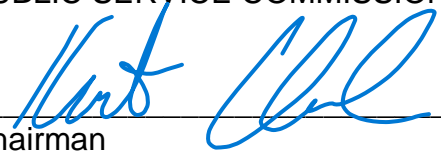
8. The terms and conditions of the loan shall be consistent with the terms as described in Northern Kentucky District's application.

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

10. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

*Lindsey Rehtin
Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640

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KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
(502) 696-0676 (fax)
kia.ky.gov

Edith Halbleib
Executive Director

May 8, 2020

The Honorable Lindsey Rehtin, CFO
Northern Kentucky Water District
PO Box 18640
Erlanger, KY 41018

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F20-044)

Dear Ms Rehtin:

The Kentucky Infrastructure Authority (“the Authority”) commends your efforts to improve public service facilities in your community. On May 7, 2020, the Authority approved your loan for the Taylor Mill Treatment Plant Emergency Generator project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$10,050,000 without prior authorization of the Authority, of which the Authority loan shall provide 8,000,000 of the funding. The final loan amount will be equal to the Authority’s portion of estimated project cost applied to the actual project cost. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and “the Northern Kentucky Water District” upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by May 8, 2021 (twelve months from the date of this letter). 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.

Ms Rehtin
May 8, 2020
Page 2

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,



Linda Bridwell, PE
Deputy Executive Director
Kentucky Infrastructure Authority

Attachments

cc: Amy Kramer, Northern Kentucky Water District

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms along with the completed "Transparency Act Reporting Information Form". Complete the attached "Authorization for Electronic Deposit of Vendor Payment Form" and the "ACH Debit Authorization Form" **and return to the US Bank address at the bottom of each form**. Also included are the "Legal Counsel Certification Letter" sample and the "Statement of Approval of Projections of Revenue and Expenses" for you to complete at the appropriate time.

We have attached an SRF loan checklist to use as a guide.


Accepted

7/6/2022

Date

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

1. The Authority project loan shall not exceed \$8,000,000 without prior authorization.
2. This loan does not qualify for principal forgiveness.
3. The loan shall bear interest at the rate of 1.5 % per annum commencing with the first draw of funds.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day. Please complete and return the attached authorization form to U.S. Bank for processing.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.25% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only 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 sub-recipients **expending \$750,000 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 has changed for fiscal or calendar year 2016 audits. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.

11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
13. The Borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

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. Any special conditions listed in Attachment B must be satisfied

before the project is presented before the Committee.

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 the attached "Authorization for Electronic Deposit of Vendor Payment" form to U.S. Bank.
7. The Borrower must provide documentation of Eclearinghouse Endorsement and Eclearinghouse Comments.
8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving State Revolving Funds ("SRF") money.
9. Technical plans and specifications and a complete SRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. 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.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the SRF loan project.
12. The Borrower 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.
13. The Borrower shall implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates

and charges for services are based upon the cost of providing such service.

14. 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 for all work relating to the subject Project.
15. 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.
16. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.
17. 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 Attachment B must be resolved.

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE NORTHERN KENTUCKY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$8,000,000 OF LOAN FUNDS FOR PROJECT NUMBER F20-044.

WHEREAS, the Board of Commissioners (“Governing Authority”) of the Northern Kentucky Water District (“Governmental Agency”) has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the “Project”) to the Governmental Agency’s water system (the “System”);

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement (the “Assistance Agreement”) with the Authority.

NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of the Northern Kentucky Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number F20-044 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

SECTION 2. That the Chair 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 February 16, 2023.

GOVERNMENTAL AGENCY:
NORTHERN KENTUCKY WATER
DISTRICT

By:  _____
Chair

ATTEST:

By:  _____
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Northern Kentucky Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Northern Kentucky Water District at a meeting duly held on February 16, 2023; 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 February 16, 2023.



Secretary of Governmental Agency

**Northern Kentucky Water District
Board of Commissioners
Regular Meeting
February 16, 2023**

A regular meeting of the Board of Commissioners of the Northern Kentucky Water District was held on February 16, 2023 at the District's facility located at 2835 Crescent Springs Road in Erlanger, Kentucky and via video teleconference in accordance with KRS 61.826. All Commissioners were present. Also present were Lindsey Rehtin, Amy Stoffer, Stacey Kampsen, Tom Edge, Chris Bryant, Matt Piccirillo, Mark Raffenberg, Adam Smith, Kyle Ryan, Mary Carol Wagner, and Matthew Hamstra.

Commissioner Koester called the meeting to order at 12:01 p.m., and Stacey Kampsen led the pledge of allegiance.

The Commissioners reviewed correspondence received and articles published since the last regular Board meeting on January 19, 2023.

On motion of Commissioner Lange, seconded by Commissioner Cunningham, the Board unanimously approved the minutes for the regular Board meeting held on January 19, 2023.

The Board was provided a copy of the District's check registers, which included the check number, check date, payee, check amount and description of the reason for each payment, detailing the District's expenditures for the period January 1, 2023 through January 31, 2023. On motion of Commissioner Wagner, seconded by Commissioner Winnike, and after discussion, the Board unanimously approved the expenditures of the District for the month of January 2023.

On motion of Commissioner Cunningham, seconded by Commissioner Wagner, the Board unanimously accepted the bid of and awarded a contract to Univar Solutions USA Inc. as primary and Chemicals Inc. as secondary for the purchase of sodium hypochlorite, and authorized the execution of the applicable contract documents.

On motion of Commissioner Lange, seconded by Commissioner Cunningham, the Board unanimously accepted the bid of Atlas-SSI, Inc. and awarded the contract for the Ohio River Pump Station No. 2 Traveling Screen Replacement Project with a total budget of \$335,000, and authorized staff to execute the applicable contract documents.

On motion of Commissioner Wagner, seconded by Commissioner Lange, after Commissioner Macke recused himself as it relates to the matter and then the Board unanimously accepted the bids of Pro Innovations, and A&A Lawncare and Landscaping and authorized staff to negotiate, award and execute contracts to maintain the water towers and pump stations with the option to renew the agreements for two additional one-year periods at staff's discretion.

On motion of Commissioner Winnike, seconded by Commissioner Macke, the Board unanimously authorized Staff to negotiate and purchase up to 12 vehicles and equipment in a total amount not to exceed the 2023 budget amount through either the Kentucky State Procurement Master Contracts, after traditional advertisement and bid process, or other Cooperative Purchasing Agreements; declare and sell the vehicles and equipment listed in the board communication as surplus; and authorized staff to execute necessary documents to effectuate these actions.

On motion of Commissioner Wagner, seconded by Commissioner Lange, the Board unanimously adopted Resolution No. 042-021623 which approves and authorizes the Assistance Agreement and authorizes the Chair

and Secretary of the District to execute necessary documents or agreements and to otherwise act on behalf of the District to affect such financing.

On motion of Commissioner Wagner, seconded by Commissioner Lange, the Board unanimously authorized staff to execute an engineering services agreement, and any related documents, with HDR Engineering for the Assessment of the Ohio River Intakes.

On motion of Commissioner Cunningham, seconded by Commissioner Wagner, the Board unanimously authorized staff to execute an amendment to the engineering services agreement with GRW Engineers, Inc. for the Taylor Mill Tank Project.

The Board reviewed the District's financial reports and Department reports.

Vice President of Finance & Support Services Stacey Kampsen updated the Board on revenues and expenses, modifications to the monthly financial reports, the 2022 audit, main breaks, and the AMI project.

Director of Technology, Innovation and Business Intelligence Chris Bryant provided the Board an updated on implementation of credit card convenience fees.

Vice President of Engineering, Production & Water Quality Amy Stoffer reviewed with the Board the status of on-going projects within the 2023 5-Year Capital Budget, and provided an update on the procurement of potassium permanganate and the East Palestine Train Derailment water impact.

Legal Counsel, Manager of Legal, Compliance, and Regulatory Affairs Tom Edge provided the Board an update on PSC Case No. 2022-00161 – General Rate Case.

Other matters of a general nature were discussed.

The meeting was adjourned at 2:16 p.m.



CHAIRMAN



SECRETARY

**KENTUCKY INFRASTRUCTURE AUTHORITY
ASSISTANCE AGREEMENT**

FUND F

PROJECT NUMBER: F20-044

GOVERNMENTAL AGENCY (Borrower): Northern Kentucky Water District

GOVERNMENTAL AGENCY'S ADDRESS: 2835 Crescent Springs Road
Erlanger, Kentucky 41018

DATE OF ASSISTANCE AGREEMENT: February 16, 2023

CFDA NO: 66.468

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

WHEREAS, the 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 Trust Company, National Association, as the ultimate 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 acquire, construct, and finance the Project, as hereinafter defined, and the Authority has determined that the Project is a Project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Authority; and

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

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

contained to levy, collect, and enforce and remit adequate Service Charges, as hereinafter defined, for the services provided by the Governmental Agency's System, as hereinafter defined, and to apply the necessary portion of said Service Charges to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

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

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

ARTICLE I DEFINITIONS

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

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

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

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

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

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

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

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

“*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.

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

“*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.

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

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

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

“*Federal Agreement*” shall mean 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.

“*Governmental Agency*” shall mean any agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate a Project, including specifically but not by way of limitation, incorporated cities, counties, including any counties containing a metropolitan sewer district, sanitation districts, water districts, public authorities, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either

acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Assistance Agreement shall mean the Governmental Agency identified on the front cover of this Assistance Agreement and in the Project Specifics.

“*Indenture*” shall mean the General Trust Indenture dated as of February 1, 2000 between the Authority and the Trustee, as amended and supplemented from time to time.

“*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 Loan Term Schedule, for the purpose of defraying the costs incidental to the Construction of the Project.

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

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

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

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

“*Program*” shall mean the program authorized by KRS 224A.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 construction of the Project progresses.

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

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

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

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

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

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

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority.

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

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

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

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

(D) The authorization, execution and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act and 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 acquire and construct the Project; or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions that have been taken in the authorization or delivery of this Assistance Agreement or the construction of the Project; or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor; or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

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

(F) Pursuant to the Resolution of the governing body, the Governmental Agency has approved and authorized the execution and delivery of this Assistance Agreement. Such Resolution was duly enacted or adopted at a duly called meeting, held in accordance with the law

of the governing body of the Governmental Agency at which a quorum was present and acting throughout; is in full force and effect; and has not been superseded, altered, amended or repealed as of the date hereof.

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

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

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

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

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

The outstanding principal balance of the Loan shall bear interest, payable on the Loan Payment Dates, at the Loan Rate identified in the Loan Term Schedule. Beginning on the

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

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

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

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

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

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

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

Section 3.4. Subordination of Loan.

The Authority hereby agrees that, subject to compliance by the Governmental Agency with the covenants and conditions set forth in this Assistance Agreement, the source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such

Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6(C) hereof.

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

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

By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority 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 enter upon the Project and its site during construction of the Project and to examine and inspect same, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

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

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

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

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

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

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

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

(I) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, the Cabinet and any other participating federal or state agency, the Engineers, and all construction contractors. Such conference shall be held in accordance with guidelines established by the Authority 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 party involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

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

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

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

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

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

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

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

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

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

(S) The Governmental Agency shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications and designs prepared by the Engineers. Such resident engineer shall certify to the Authority, 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.

(T) The Governmental Agency shall demonstrate to the satisfaction of the Authority the legal capability of the Governmental Agency to enact, adopt, levy, charge, collect, enforce and remit to the Authority 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 as of the submission of the initial Requisition for Funds.

(U) 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.

(V) 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 Governmental Agency in writing that the American Iron and Steel Requirement is not applicable to the Project.

(W) 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 and/or other remedial actions.

Notwithstanding anything in this Assistance Agreement to the contrary, if the Governmental Agency fails to comply, at any time, with the provisions of Section 4.1(V) or Section 4.1(W) hereof, the Authority may, at its sole discretion, withhold the disbursements of any proceeds of the Loan to the Governmental Agency or its designee.

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) That the Project shall be completed no later than the Amortization Commencement Date.

(B) 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.

(C) 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.

(D) That all real property or property rights 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 CFR 24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

(E) 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(B) hereof.

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

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

(H) That final disbursement will not be remitted before the Cabinet has approved a final operations and maintenance manual.

(I) 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).

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

(K) That within 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.

(L) 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.

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

(N) 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.

(O) That all measures required to minimize water pollution to affected waters shall be employed in the construction of 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 Funds; 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 (5th) day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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

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

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

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

Section 5.1. Imposition of Service Charges.

The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan

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

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

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

Section 5.3. Covenant to Adjust Service Charges.

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

Section 5.4. Adequacy of Service Charges.

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

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

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve.

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

Section 5.6. Reports; Inspection.

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

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

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

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

Section 5.7. Segregation of Funds.

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

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

Section 6.1. Further Assurance.

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

Section 6.2. Completion of Project.

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

Section 6.3. Establishment of Completion Date.

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

Section 6.4. Commitment to Operate.

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

Section 6.5. Continue to Operate.

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

Section 6.6. Tax Covenant.

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

Section 6.7. Accounts and Reports.

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

Section 6.8. Audit Requirements.

Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, including disclosure of the Maintenance and Replacement Reserve, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$750,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with 2 CFR Part 200.

Section 6.9. General Compliance with all Duties.

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

Section 6.10. System Not to Be Disposed Of.

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

Section 6.11. 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 it under the Federal Agreement.

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

(C) All residents in the service area of the System must be offered the same opportunity to become users of the System regardless of race, religion, color, national origin, sex, disability 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 SEC 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.

Section 6.13. General.

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

ARTICLE VII
MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System.

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

Section 7.2. Additions and Improvements.

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

Section 7.3. Compliance with State and Federal Standards.

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

Section 7.4. Access to Records.

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

Section 7.5. Covenant to Insure - Casualty.

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

Section 7.6. Authority as Named Insured.

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

Section 7.7. Covenant to Insure - Liability.

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

Section 7.8. Covenant Regarding Worker's Compensation.

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

Section 7.9. Application of Casualty Insurance Proceeds.

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

Section 7.10. Eminent Domain.

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

condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

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

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

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

Section 7.11. Flood Insurance.

For so long as any amounts are due and payable under this Assistance Agreement, all structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the replacement cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined.

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

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

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental

Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

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

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

Section 8.2. Remedies on Default.

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

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

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

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

(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 6.12 hereof shall be those remedies specifically set forth in Section 6.12 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 defaults under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

**ARTICLE IX
MISCELLANEOUS PROVISIONS**

Section 9.1. Approval not to be Unreasonably Withheld.

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

Section 9.2. Approval.

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

Section 9.3. Effective Date.

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

Section 9.4. Binding Effect.

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

Section 9.5. Severability.

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

Section 9.6. Assignability.

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

Section 9.7. Execution in Counterparts.

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

Section 9.8. Applicable Law.

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

Section 9.9. Captions.

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

[Signature Page Follows]

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

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: 
Chairman

ATTEST:

Margaret F. Link
By: Margaret F. Link (Mar 7, 2023 12:15 EST)
Secretary of Kentucky Infrastructure Authority

GOVERNMENTAL AGENCY:
NORTHERN KENTUCKY WATER
DISTRICT

By: 
Chair


ATTEST:

By: 
Secretary of Governmental Agency

APPROVED:

patrick McGee
By: patrick McGee (Mar 7, 2023 13:48 EST)
Secretary/Finance and Administration
Cabinet of the Commonwealth of Kentucky

EXAMINED:

By: 
Legal Counsel to the
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND
LEGALITY:


By: 
Approved, Finance and
Administration Cabinet

EXHIBIT A
NORTHERN KENTUCKY WATER DISTRICT
PROJECT SPECIFICS
F20-044

GOVERNMENTAL AGENCY:

Name: Northern Kentucky Water District
 PO Box 18640
 Erlanger, KY 41018

Contact Person: Lindsey Rehtin
 CFO

SYSTEM: Water

PROJECT:

This project includes two new generators for providing backup electrical power supply to the Taylor Mill Treatment Plant and pumping station during emergencies. The project will also replace treatment process equipment in two basins at the Fort Thomas Treatment Plant that has reached the end of its useful life as well as repair the concrete walls of the basin.

PROJECT BUDGET:

| | <u>Total</u> |
|---------------------------------|----------------------|
| Administrative Expenses | \$ 2,000 |
| Engineering Fees - Design | 190,000 |
| Engineering Fees - Construction | 75,000 |
| Engineering Fees - Inspection | 75,000 |
| Construction | 8,908,000 |
| Contingency | 800,000 |
| Total | \$ 10,050,000 |

FUNDING SOURCES:

| | <u>Amount</u> | <u>%</u> |
|--------------|----------------------|-------------|
| Fund F Loan | \$ 8,000,000 | 80% |
| Local Funds | 2,050,000 | 20% |
| Total | \$ 10,050,000 | 100% |

KIA DEBT SERVICE:

| | |
|--|---------------------|
| Construction Loan | \$ 8,000,000 |
| Less: Principal Forgiveness | 0 |
| Amortized Loan Amount | <u>\$ 8,000,000</u> |
| Interest Rate | 1.50% |
| Loan Term (Years) | <u>20</u> |
| Estimated Annual Debt Service | \$ 464,482 |
| Administrative Fee (0.25%) | 20,000 |
| Total Estimated Annual Debt Service | \$ 484,482 |

AMORTIZATION SCHEDULE OF PAYMENTS: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/23).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/24). All interest and principal repayments shall be made by Automated Clearing House "ACH" transfers.

EXHIBIT B

REQUEST FOR PAYMENT AND PROJECT STATUS REPORT

Borrower: _____

WX/SX Number: _____

KIA Loan # _____

Draw Number _____

Date: _____

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

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

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

Funds Requested: _____

Project Budget and Expenses

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

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

Project Funding

| Funding Agency | Expenses This Request | Expenses to Date | Project Budget | Balance |
|-----------------------|------------------------------|-------------------------|-----------------------|----------------|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |

10
11
12

TOTAL _____

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

Borrower Signature: _____

Project Administrator: _____

Draw # _____

STATUS REPORT:

PROJECT IS:

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

PROJECT EXPENSES THIS DRAW REQUEST

(Include Invoices for Expenses Listed Below)

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

**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)

SECTION II – RETAIL WATER RATES

Northern Kentucky Water District Service Area

1. Monthly Service Rate


| | | | |
|---|--------------------|--|-------------|
| First | 1,500 cubic feet | \$4.77 per 100 cubic feet | |
| Next | 163,500 cubic feet | \$4.44 per 100 cubic feet | |
| Over | 165,000 cubic feet | \$3.25 per 100 cubic feet | |
| Customers in Subdistrict B | | *shall be assessed a monthly surcharge in the amount of | \$11.96 (R) |
| Customers in Subdistrict C | | *shall be assessed a monthly surcharge in the amount of | \$11.06 (I) |
| Customers in Subdistrict D | | *shall be assessed a monthly surcharge in the amount of | \$28.96 |
| Customers in Subdistrict E | | *shall be assessed a monthly surcharge in the amount of | \$29.41 (R) |
| Customers in Subdistrict F | | *shall be assessed a monthly surcharge in the amount of | \$13.70 (R) |
| Customers in Subdistrict G | | *shall be assessed a monthly surcharge in the amount of | \$19.19 (R) |
| Customers in Subdistrict H | | *shall be assessed a monthly surcharge in the amount of | \$30.00 |
| Customers in Subdistrict I | | *shall be assessed a monthly surcharge in the amount of | \$28.92 (R) |
| Customers in Subdistrict K | | *shall be assessed a monthly surcharge in the amount of | \$6.45 (I) |
| Customers in Subdistrict M | | *shall be assessed a monthly surcharge in the amount of | \$30.00 |
| Customers in Subdistrict R | | *shall be assessed a monthly surcharge in the amount of | \$4.59 (R) |
| Customers in Subdistrict RF | | *shall be assessed a monthly surcharge in the amount of | \$20.97 (R) |
| Customers in Subdistrict RL | | *shall be assessed a monthly surcharge in the amount of | \$0 (D) |

- *Subdistrict charges are reviewed annually.
- *Detailed street listing within each Subdistrict can be found under Section XXIV.
- *Service connections on extensions or laterals from a subdistrict street will be assessed the appropriate Subdistrict charge.
- **~~Subdistrict RL surcharge ends September 2021.~~ (D)
- **Subdistrict R surcharge ends February 2022. (N)

2. Quarterly Rates

| | | |
|-------|--------------------|---------------------------|
| First | 4,500 cubic feet | \$4.77 per 100 cubic feet |
| Next | 490,500 cubic feet | \$4.44 per 100 cubic feet |
| Over | 495,000 cubic feet | \$3.25 per 100 cubic feet |

DATE OF ISSUE: 1/24/2022
 DATE EFFECTIVE: 1/1/2022
 ISSUED BY: *Andrew Richter*
 TITLE: Incoming President/CEO and VP of Finance & Support Services

| |
|--|
| KENTUCKY PUBLIC SERVICE COMMISSION |
| Linda C. Bridwell Executive Director |
|  |
| EFFECTIVE 1/1/2022 PURSUANT TO 807 KAR 5:011 SECTION 9 (1) |

SECTION II – RETAIL WATER RATES – Cont’d

3. Fixed Service Charge

(T)

| <u>Meter Size</u> | <u>Monthly Service Charge</u> | <u>Quarterly Charge</u> |
|-------------------|-------------------------------|-------------------------|
| 5/8" | \$18.50 | \$40.50 |
| 3/4" | \$19.00 | \$42.50 |
| 1" | \$20.80 | \$48.80 |
| 1 1/2" | \$23.40 | \$57.70 |
| 2" | \$29.60 | \$80.90 |
| 3" | \$71.30 | \$251.80 |
| 4" | \$89.50 | \$315.50 |
| 6" | \$132.40 | \$466.20 |
| 8" | \$178.80 | \$637.10 |
| 10" and Larger | \$237.80 | \$831.90 |

SECTION III – WHOLESALE WATER SALES

(T)

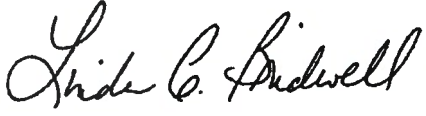
| | |
|----------------------------|---|
| Bullock Pen Water District | \$3.98 per 1,000 gallons (or) \$2.98 per 100 cubic feet |
| City of Walton | \$3.98 per 1,000 gallons (or) \$2.98 per 100 cubic feet |
| Pendleton County | \$3.98 per 1,000 gallons (or) \$2.98 per 100 cubic feet |

SECTION IV – MISCELLANEOUS SERVICE FEES

(T)

| | |
|-----------------------|---|
| Returned Check Charge | \$20.00 |
| Water Hauling Station | \$6.38 per 1,000 gallons |
| Service Charge | \$25.00 (See Definitions in Section I-A) |
| Overtime Charge | \$60.00 (To be applied to Customer account for Request for water turned On or Off outside normal business hours.) |

DATE OF ISSUE: 3/16/2021
 DATE EFFECTIVE: 4/16/2021
 ISSUED BY: *Andrew Rechten*
 TITLE: Vice-President of Finance & Support Services

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| KENTUCKY PUBLIC SERVICE COMMISSION |
| Linda C. Bridwell Executive Director |
|  |
| EFFECTIVE 4/16/2021 PURSUANT TO 807 KAR 5:011 SECTION 9 (1) |

SECTION II – RETAIL WATER RATES

Northern Kentucky Water District Service Area

1. Monthly Service Rate


| | | | |
|---|--------------------|--|--------------------|
| First | 1,500 cubic feet | \$4.77 per 100 cubic feet | |
| Next | 163,500 cubic feet | \$4.44 per 100 cubic feet | |
| Over | 165,000 cubic feet | \$3.25 per 100 cubic feet | |
| Customers in Subdistrict B | | *shall be assessed a monthly surcharge in the amount of | \$11.96 (R) |
| Customers in Subdistrict C | | *shall be assessed a monthly surcharge in the amount of | \$11.06 (I) |
| Customers in Subdistrict D | | *shall be assessed a monthly surcharge in the amount of | \$28.96 |
| Customers in Subdistrict E | | *shall be assessed a monthly surcharge in the amount of | \$29.41 (R) |
| Customers in Subdistrict F | | *shall be assessed a monthly surcharge in the amount of | \$13.70 (R) |
| Customers in Subdistrict G | | *shall be assessed a monthly surcharge in the amount of | \$19.19 (R) |
| Customers in Subdistrict H | | *shall be assessed a monthly surcharge in the amount of | \$30.00 |
| Customers in Subdistrict I | | *shall be assessed a monthly surcharge in the amount of | \$28.92 (R) |
| Customers in Subdistrict K | | *shall be assessed a monthly surcharge in the amount of | \$6.45 (I) |
| Customers in Subdistrict M | | *shall be assessed a monthly surcharge in the amount of | \$30.00 |
| Customers in Subdistrict R | | *shall be assessed a monthly surcharge in the amount of | \$4.59 (R) |
| Customers in Subdistrict RF | | *shall be assessed a monthly surcharge in the amount of | \$20.97 (R) |
| Customers in Subdistrict RL | | *shall be assessed a monthly surcharge in the amount of | \$0 (D) |

- *Subdistrict charges are reviewed annually.
- *Detailed street listing within each Subdistrict can be found under Section XXIV.
- *Service connections on extensions or laterals from a subdistrict street will be assessed the appropriate Subdistrict charge.
- **~~Subdistrict RL surcharge ends September 2021.~~ (D)
- **Subdistrict R surcharge ends February 2022. (N)

2. Quarterly Rates

| | | |
|-------|--------------------|---------------------------|
| First | 4,500 cubic feet | \$4.77 per 100 cubic feet |
| Next | 490,500 cubic feet | \$4.44 per 100 cubic feet |
| Over | 495,000 cubic feet | \$3.25 per 100 cubic feet |

DATE OF ISSUE: 1/24/2022
 DATE EFFECTIVE: 1/1/2022
 ISSUED BY: *Andrew Rechten*
 TITLE: Incoming President/CEO and VP of Finance & Support Services

| |
|--|
| KENTUCKY PUBLIC SERVICE COMMISSION |
| Linda C. Bridwell Executive Director |
|  |
| EFFECTIVE 1/1/2022 PURSUANT TO 807 KAR 5:011 SECTION 9 (1) |

SECTION II – RETAIL WATER RATES – Cont’d

3. Fixed Service Charge

(T)

| <u>Meter Size</u> | <u>Monthly Service Charge</u> | <u>Quarterly Charge</u> |
|-------------------|-------------------------------|-------------------------|
| 5/8" | \$18.50 | \$40.50 |
| ¾" | \$19.00 | \$42.50 |
| 1" | \$20.80 | \$48.80 |
| 1 ½" | \$23.40 | \$57.70 |
| 2" | \$29.60 | \$80.90 |
| 3" | \$71.30 | \$251.80 |
| 4" | \$89.50 | \$315.50 |
| 6" | \$132.40 | \$466.20 |
| 8" | \$178.80 | \$637.10 |
| 10" and Larger | \$237.80 | \$831.90 |

SECTION III – WHOLESALE WATER SALES

(T)

| | |
|----------------------------|---|
| Bullock Pen Water District | \$3.98 per 1,000 gallons (or) \$2.98 per 100 cubic feet |
| City of Walton | \$3.98 per 1,000 gallons (or) \$2.98 per 100 cubic feet |
| Pendleton County | \$3.98 per 1,000 gallons (or) \$2.98 per 100 cubic feet |

SECTION IV – MISCELLANEOUS SERVICE FEES

(T)

| | |
|-----------------------|---|
| Returned Check Charge | \$20.00 |
| Water Hauling Station | \$6.38 per 1,000 gallons |
| Service Charge | \$25.00 (See Definitions in Section I-A) |
| Overtime Charge | \$60.00 (To be applied to Customer account for Request for water turned On or Off outside normal business hours.) |

DATE OF ISSUE: 3/16/2021
 DATE EFFECTIVE: 4/16/2021
 ISSUED BY: *Andrew Rechten*
 TITLE: Vice-President of Finance & Support Services

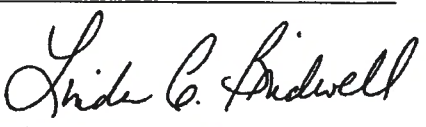
| |
|--|
| KENTUCKY PUBLIC SERVICE COMMISSION |
| Linda C. Bridwell Executive Director |
|  |
| EFFECTIVE 4/16/2021 PURSUANT TO 807 KAR 5:011 SECTION 9 (1) |

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE NORTHERN KENTUCKY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$8,000,000 OF LOAN FUNDS FOR PROJECT NUMBER F20-044.

WHEREAS, the Board of Commissioners (“Governing Authority”) of the Northern Kentucky Water District (“Governmental Agency”) has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the “Project”) to the Governmental Agency’s water system (the “System”);

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement (the “Assistance Agreement”) with the Authority.

NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of the Northern Kentucky Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number F20-044 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

SECTION 2. That the Chair 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 February 16, 2023.

GOVERNMENTAL AGENCY:
NORTHERN KENTUCKY WATER
DISTRICT

By: _____
Chair

ATTEST:

By: _____
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Northern Kentucky Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Northern Kentucky Water District at a meeting duly held on February 16, 2023; 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 February 16, 2023.

Secretary of Governmental Agency

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

February 16, 2023

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the Northern Kentucky Water District, regarding Project Number: F20-044.

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 Northern Kentucky Water District (“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 dated the date hereof by and between the Kentucky Infrastructure Authority (“Authority”) and the Governmental Agency (the “Assistance Agreement”) is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the legislation of the governing authority authorizing the execution and delivery of said Assistance Agreement and the plans, designs and specifications prepared by the engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

1) The Governmental Agency is a duly organized and existing municipal corporation and political subdivision 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 taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement 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 acquisition and 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 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

LOAN TERM SCHEDULE

| | |
|---------------------------------|----------------------------|
| Principal Amount of Loan: | \$8,000,000 |
| Loan Interest Rate: | 1.50% |
| Default Interest Rate: | 8.00% |
| Authority's Administrative Fee: | 0.25% |
| Loan Payment Dates: | Each June 1 and December 1 |
| Amortization Commencement Date: | June 1, 2024 |
| Schedule of Payments: | See attached |

It is understood and agreed by the parties to this Assistance Agreement that this Term Loan Schedule (Exhibit F) is an integral part of the Assistance Agreement between the Governmental Agency and the Authority. This Term Loan Schedule may be amended, supplemented or modified by the mutual agreement of the Governmental Agency and the Authority provided that such amendment, supplement or modification shall be in writing and executed by the respective duly authorized officers of the Governmental Agency and the Authority. Upon the execution and delivery of any amended, supplemented or modified Term Loan Schedule, the Assistance Agreement and the Term Loan Schedule shall be, and be deemed to be, amended, supplemented and modified in accordance therewith, and the respective rights, duties and obligations under the Assistance Agreement of the Governmental Agency and the Authority shall thereafter be determined, exercised and enforced under the Assistance Agreement subject in all respects to such amendments, supplements and modifications.

KENTUCKY INFRASTRUCTURE AUTHORITY
 ANTICIPATED REPAYMENT SCHEDULE
 LOAN #F20-044
 NORTHERN KENTUCKY WATER DISTRICT

1.50% Interest
 \$232,241.25 P & I Calculation

| Payment Date | Principal Due | Interest Due | Interest Rate | Principal & Interest | Servicing Fee | Credit Due | Total Payment | Principal Balance | R & M Reserve | Total Reserve |
|---------------|-----------------------|-----------------------|---------------|-----------------------|---------------------|---------------|-----------------------|-------------------|---------------------|---------------|
| | | | | | | | | \$8,000,000.00 | | |
| 06/01/24 | \$172,241.25 | \$60,000.00 | 1.50% | \$232,241.25 | \$10,000.00 | \$0.00 | \$242,241.25 | \$7,827,758.75 | \$0.00 | \$0.00 |
| 12/01/24 | \$173,533.06 | \$58,708.19 | 1.50% | \$232,241.25 | \$9,784.70 | \$0.00 | \$242,025.95 | \$7,654,225.69 | \$20,000.00 | \$20,000.00 |
| 06/01/25 | \$174,834.56 | \$57,406.69 | 1.50% | \$232,241.25 | \$9,567.78 | \$0.00 | \$241,809.03 | \$7,479,391.13 | \$0.00 | \$20,000.00 |
| 12/01/25 | \$176,145.82 | \$56,095.43 | 1.50% | \$232,241.25 | \$9,349.24 | \$0.00 | \$241,590.49 | \$7,303,245.31 | \$20,000.00 | \$40,000.00 |
| 06/01/26 | \$177,466.91 | \$54,774.34 | 1.50% | \$232,241.25 | \$9,129.06 | \$0.00 | \$241,370.31 | \$7,125,778.40 | \$0.00 | \$40,000.00 |
| 12/01/26 | \$178,797.91 | \$53,443.34 | 1.50% | \$232,241.25 | \$8,907.22 | \$0.00 | \$241,148.47 | \$6,946,980.49 | \$20,000.00 | \$60,000.00 |
| 06/01/27 | \$180,138.90 | \$52,102.35 | 1.50% | \$232,241.25 | \$8,683.73 | \$0.00 | \$240,924.98 | \$6,766,841.59 | \$0.00 | \$60,000.00 |
| 12/01/27 | \$181,489.94 | \$50,751.31 | 1.50% | \$232,241.25 | \$8,458.55 | \$0.00 | \$240,699.80 | \$6,585,351.65 | \$20,000.00 | \$80,000.00 |
| 06/01/28 | \$182,851.11 | \$49,390.14 | 1.50% | \$232,241.25 | \$8,231.69 | \$0.00 | \$240,472.94 | \$6,402,500.54 | \$0.00 | \$80,000.00 |
| 12/01/28 | \$184,222.50 | \$48,018.75 | 1.50% | \$232,241.25 | \$8,003.13 | \$0.00 | \$240,244.38 | \$6,218,278.04 | \$20,000.00 | \$100,000.00 |
| 06/01/29 | \$185,604.16 | \$46,637.09 | 1.50% | \$232,241.25 | \$7,772.85 | \$0.00 | \$240,014.10 | \$6,032,673.88 | \$0.00 | \$100,000.00 |
| 12/01/29 | \$186,996.20 | \$45,245.05 | 1.50% | \$232,241.25 | \$7,540.84 | \$0.00 | \$239,782.09 | \$5,845,677.68 | \$20,000.00 | \$120,000.00 |
| 06/01/30 | \$188,398.67 | \$43,842.58 | 1.50% | \$232,241.25 | \$7,307.10 | \$0.00 | \$239,548.35 | \$5,657,279.01 | \$0.00 | \$120,000.00 |
| 12/01/30 | \$189,811.66 | \$42,429.59 | 1.50% | \$232,241.25 | \$7,071.60 | \$0.00 | \$239,312.85 | \$5,467,467.35 | \$20,000.00 | \$140,000.00 |
| 06/01/31 | \$191,235.24 | \$41,006.01 | 1.50% | \$232,241.25 | \$6,834.33 | \$0.00 | \$239,075.58 | \$5,276,232.11 | \$0.00 | \$140,000.00 |
| 12/01/31 | \$192,669.51 | \$39,571.74 | 1.50% | \$232,241.25 | \$6,595.29 | \$0.00 | \$238,836.54 | \$5,083,562.60 | \$20,000.00 | \$160,000.00 |
| 06/01/32 | \$194,114.53 | \$38,126.72 | 1.50% | \$232,241.25 | \$6,354.45 | \$0.00 | \$238,595.70 | \$4,889,448.07 | \$0.00 | \$160,000.00 |
| 12/01/32 | \$195,570.39 | \$36,670.86 | 1.50% | \$232,241.25 | \$6,111.81 | \$0.00 | \$238,353.06 | \$4,693,877.68 | \$20,000.00 | \$180,000.00 |
| 06/01/33 | \$197,037.17 | \$35,204.08 | 1.50% | \$232,241.25 | \$5,867.35 | \$0.00 | \$238,108.60 | \$4,496,840.51 | \$0.00 | \$180,000.00 |
| 12/01/33 | \$198,514.95 | \$33,726.30 | 1.50% | \$232,241.25 | \$5,621.05 | \$0.00 | \$237,862.30 | \$4,298,325.56 | \$20,000.00 | \$200,000.00 |
| 06/01/34 | \$200,003.81 | \$32,237.44 | 1.50% | \$232,241.25 | \$5,372.91 | \$0.00 | \$237,614.16 | \$4,098,321.75 | \$0.00 | \$200,000.00 |
| 12/01/34 | \$201,503.84 | \$30,737.41 | 1.50% | \$232,241.25 | \$5,122.90 | \$0.00 | \$237,364.15 | \$3,896,817.91 | \$20,000.00 | \$220,000.00 |
| 06/01/35 | \$203,015.12 | \$29,226.13 | 1.50% | \$232,241.25 | \$4,871.02 | \$0.00 | \$237,112.27 | \$3,693,802.79 | \$0.00 | \$220,000.00 |
| 12/01/35 | \$204,537.73 | \$27,703.52 | 1.50% | \$232,241.25 | \$4,617.25 | \$0.00 | \$236,858.50 | \$3,489,265.06 | \$20,000.00 | \$240,000.00 |
| 06/01/36 | \$206,071.76 | \$26,169.49 | 1.50% | \$232,241.25 | \$4,361.58 | \$0.00 | \$236,602.83 | \$3,283,193.30 | \$0.00 | \$240,000.00 |
| 12/01/36 | \$207,617.30 | \$24,623.95 | 1.50% | \$232,241.25 | \$4,103.99 | \$0.00 | \$236,345.24 | \$3,075,576.00 | \$20,000.00 | \$260,000.00 |
| 06/01/37 | \$209,174.43 | \$23,066.82 | 1.50% | \$232,241.25 | \$3,844.47 | \$0.00 | \$236,085.72 | \$2,866,401.57 | \$0.00 | \$260,000.00 |
| 12/01/37 | \$210,743.24 | \$21,498.01 | 1.50% | \$232,241.25 | \$3,583.00 | \$0.00 | \$235,824.25 | \$2,655,658.33 | \$20,000.00 | \$280,000.00 |
| 06/01/38 | \$212,323.81 | \$19,917.44 | 1.50% | \$232,241.25 | \$3,319.57 | \$0.00 | \$235,560.82 | \$2,443,334.52 | \$0.00 | \$280,000.00 |
| 12/01/38 | \$213,916.24 | \$18,325.01 | 1.50% | \$232,241.25 | \$3,054.17 | \$0.00 | \$235,295.42 | \$2,229,418.28 | \$20,000.00 | \$300,000.00 |
| 06/01/39 | \$215,520.61 | \$16,720.64 | 1.50% | \$232,241.25 | \$2,786.77 | \$0.00 | \$235,028.02 | \$2,013,897.67 | \$0.00 | \$300,000.00 |
| 12/01/39 | \$217,137.02 | \$15,104.23 | 1.50% | \$232,241.25 | \$2,517.37 | \$0.00 | \$234,758.62 | \$1,796,760.65 | \$20,000.00 | \$320,000.00 |
| 06/01/40 | \$218,765.55 | \$13,475.70 | 1.50% | \$232,241.25 | \$2,245.95 | \$0.00 | \$234,487.20 | \$1,577,995.10 | \$0.00 | \$320,000.00 |
| 12/01/40 | \$220,406.29 | \$11,834.96 | 1.50% | \$232,241.25 | \$1,972.49 | \$0.00 | \$234,213.74 | \$1,357,588.81 | \$20,000.00 | \$340,000.00 |
| 06/01/41 | \$222,059.33 | \$10,181.92 | 1.50% | \$232,241.25 | \$1,696.99 | \$0.00 | \$233,938.24 | \$1,135,529.48 | \$0.00 | \$340,000.00 |
| 12/01/41 | \$223,724.78 | \$8,516.47 | 1.50% | \$232,241.25 | \$1,419.41 | \$0.00 | \$233,660.66 | \$911,804.70 | \$20,000.00 | \$360,000.00 |
| 06/01/42 | \$225,402.71 | \$6,838.54 | 1.50% | \$232,241.25 | \$1,139.76 | \$0.00 | \$233,381.01 | \$686,401.99 | \$0.00 | \$360,000.00 |
| 12/01/42 | \$227,093.24 | \$5,148.01 | 1.50% | \$232,241.25 | \$858.00 | \$0.00 | \$233,099.25 | \$459,308.75 | \$20,000.00 | \$380,000.00 |
| 06/01/43 | \$228,796.43 | \$3,444.82 | 1.50% | \$232,241.25 | \$574.14 | \$0.00 | \$232,815.39 | \$230,512.32 | \$0.00 | \$380,000.00 |
| 12/01/43 | \$230,512.32 | \$1,728.93 | 1.50% | \$232,241.25 | \$288.14 | \$0.00 | \$232,529.39 | \$0.00 | \$20,000.00 | \$400,000.00 |
| Totals | \$8,000,000.00 | \$1,289,650.00 | | \$9,289,650.00 | \$214,941.65 | \$0.00 | \$9,504,591.65 | | \$400,000.00 | |

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

- (A) Unless otherwise agreed to by the Authority, all Loan proceeds shall be expended by the Governmental Agency no later than six months after the initiation of operation of the Project.

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: May 7, 2020 – 1:00 p.m.
Kentucky Infrastructure Authority
Via Video Conference

Members present:

Mr. Dennis Keene, Commissioner, Department for Local Government
Mr. Winston Miller, proxy for Holly M. Johnson, Secretary, Finance and Administration Cabinet
Mr. Paul Miller, proxy for Rebecca Goodman, Secretary, Energy and Environment Cabinet
Mr. Claude Christensen, representing Kentucky League of Cities
Mr. Ron Lovan, Representing the Kentucky Section of the American Water Works Association
Mr. Kent Chandler, Executive Director, Public Service Commission
Mr. Bobby Aldridge, proxy for Interim Secretary Larry Hayes, Cabinet for Economic Development
Mr. Russell Rose, representing Kentucky Rural Water Association
Mr. David A. Voegelé, representing Kentucky Association of Counties
Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association
Mr. Kurt Stafford, representing the For-Profit Water Companies

DLG Staff:

Mr. Eddie Jacobs, Chief of Staff
Mr. Matthew Stephens, General Counsel
Ms. Kim Wooldridge, Executive Assistant

KIA Staff:

Ms. Edith Halbleib, Executive Director
Ms. Linda Bridwell, Deputy Executive Director
Ms. Ashley Adams, Financial Analyst
Mr. Jeff Abshire, Fiscal Officer and KIA Treasurer
Ms. Julie Bickers, Regional Compliance Coordinator
Mr. Bryan Bunch, Systems Engineer IT
Mr. Kelly Cunnagin, Executive Staff Assistant
Mr. Dustin Horn, WRIS Geoprocessing Specialist
Ms. Debbie Landrum, Regional Compliance Coordinator
Ms. Meg Link, Administrative Specialist III and KIA Secretary
Mr. James Nelson, Accountant/Grants
Mr. Don Schierer, WRIS Resource Management Analyst
Ms. Sarah Parsley, Regional Compliance Coordinator
Mr. Tom Schubert, GIS Specialist
Ms. Meili Sun, Financial Analyst

Guests:

Mr. Matt Baker, Cann-Tech Engineers, LLC
Mr. Jory Becker, Division of Water
Mr. John Bunnell, Hart County Industrial Authority
Ms. Barbara Campbell, City of Kuttawa
Mr. Joe Choate, Hart County Judge Executive
Ms. Bethany Couch, Office of Financial Management
Mr. Kyle Cunningham, Pennyryle Area Development District

Ms. Kristie Dodge, Buffalo Trace Area Development District
Mr. Lindsey Flora, Public Service Commission
Mr. Darren Garrison, Maysville Utility Commission
Mr. Patrick Kirby, Community & Economic Development Associates, Inc.
Ms. Amy Kramer, Northern Kentucky Water District
Mr. Charles McCann, Rivercrest Engineering
Ms. Cheryl Moore, South Shore Mayor
Ms. Lindsey Rehtin, Northern Kentucky Water District
Mr. Jeff. Reynolds, HMB Professional Engineers
Ms. Cindy Ring, Buffalo Trace Area Development District
Ms. Cheryl Robbins, City of South Shore
Mr. Kyle Ryan, Northern Kentucky Water District
Mr. Ronnie Slaydon, Crittenden-Livingston Water District
Ms. Sandy Williams, Office of Financial Management

PROCEEDINGS

Commissioner Dennis Keene, called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. He noted that the press notification distribution had been done appropriately and confirmed a quorum was present. Meg Link, KIA Secretary was asked to call the Roll.

I. BUSINESS (Board Action Required)

1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of March 5, 2020

Mr. Ron Lovan moved to approve the minutes of the March 5, 2020, regular board meeting. Mr. Russ Rose seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-022) INCREASE FOR AN AMOUNT UP TO \$1,717,436 TO THE CITY OF KUTTAWA, LYON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Linda Bridwell, and Mr. Charles McCann, Rivercrest Engineering representing the City of Kuttawa. KIA discussed the City's request for a Fund A Loan increase of \$453,236, (A20-022 for total amount up to \$1,717,436 for the Lift Station and Force Main Replacement project. The total loan amount will be \$1,717,436. The increase is due to the bids coming in higher than expected. The project will replace the existing Magnolia lift station with a new lift station, sized to handle existing and anticipated future flows, as well as replacement of approximately 1,400 linear feet of existing cast iron force main. This lift station receives flows from the surrounding neighborhoods as well as the Old Kuttawa area. The project will also replace the existing Old Kuttawa lift station with a new lift station, sized to handle existing and anticipated future flows, as well as replacement of approximately 8,000 linear feet of existing cast iron force main. The purpose of the work

is to help the City achieve compliance with an EPA Agreed Order related to sanitary sewer system overflows and pollutant removal at their wastewater treatment plant due to excess infiltration and inflow from their collection system.

The City provides water and wastewater services in Kuttawa, serving 475 customers. The City is a regional provider, treating wastewater from the Lyon County Water District, which is a PSC regulated system.

Mr. Kent Chandler asked Mr. Becker if the requested increase was due to one particular bid coming in higher than expected. Mr. Becker noted prior to the pandemic, most bids were coming in significantly higher than expected. Mr. Charles McCann with Rivercrest Engineering noted the original budget was set some time ago and when they began the process, companies were difficult to secure due to the high demand and pricing was higher than originally budgeted.

Mr. Chandler referenced a slide Ms. Bridwell has presented on no additional subsidizations. Ms. Bridwell noted that some communities are eligible for additional subsidizations. Kuttawa has a fairly high MHI of \$53,000, where generally the Commonwealth is \$46,000, which would normally be 2.5% interest, but they have an agreed order that allows them the 1.5% and will not be given any principal forgiveness.

Mr. McCann thanked the Board for their support.

Mr. Ron Lovan moved to approve the Fund A Loan increase, (A20-022), in an amount of \$453,236 for a total amount up to \$1,717,436 with the standard conditions. Mr. Claude Christensen seconded and the motion was unanimously approved.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-034) FOR AN AMOUNT UP TO \$850,000 TO THE CITY OF MAYSVILLE, MASON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Mr. Jeff Abshire, KIA, discussed the City's request for a Fund A Loan for an amount up to \$850,000 for the Wall Street Combined Sewer Elimination project. The project will separate storm sewer lines which are a component of the City's Long Term Control Plan. These improvements will allow the wastewater treatment facility to better accommodate additional flows generated due to the elimination of sewer overflows throughout the system.

The City utility serves approximately 5,100 water customers and 3,700 wastewater customers. They treat waste for the Western Mason County Sanitation District which has approximately 450 customers. They also supply water to the Buffalo Trail Water Association and Western Lewis-Rectorville Water and Gas District, which are regulated by the Kentucky PSC, and the City of Flemingsburg.

Mr. Claude Christensen moved to approve the Fund A Loan (A20-034) for an amount up to \$850,000 for with the standard conditions. Mr. Winston Miller seconded and the motion was unanimously approved.

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A20-037) FOR AN AMOUNT UP TO \$1,035,000 TO THE CITY OF SOUTH SHORE, GREENUP COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Meili Sun, KIA, discussed the City of South Shore's request for a Fund A Loan, (A20-037) for an amount up to \$1,035,000 for the Upgrade Forest Heights Collection Lines project. This project will replace approximately 4,300 linear feet of clay sewer lines with 8" PVC lines, replace 19 manholes, and install new service lines and cleanout to 53 customers. The existing system consists of 6" and 8" clay sewer lines that are undersized and plagued with inflow and infiltration, which could result in sanitary sewer overflow. The area impacted includes Mildred Street, Mayfield Street, Maple Street, Christopher Drive, and Forest Avenue.

The South Shore Wastewater Treatment Plant is a Kentucky Pollution Discharge Elimination Systems (KPDES) utility currently serving approximately 780 retail customers in the City and the surrounding area.

Judge David Voegele moved to approve the Fund A Loan (A20-037) for an amount up to \$1,035,000 to the City of South Shore with the standard conditions. Mr. Kurt Stafford seconded and the motion was unanimously approved.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-069) FOR AN AMOUNT UP TO \$853,442 TO THE HART COUNTY INDUSTRIAL AUTHORITY, HART COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Linda Bridwell, KIA and Mr. John Bunnell, representing the Authority, discussed the Authority's request for a Fund A Loan for an amount up to \$853,442 for the Progress Park Industrial Park Pretreatment Expansion project. This project will upgrade the pretreatment facility serving the Progress Park Industrial Park in Horse Cave in order to increase the capacity of wastewater treatment and accommodate the planned growth of the industrial park. Specifically, this expansion will support a 120,000 square foot, \$50 million expansion at the Sister Schubert's Homemade Rolls Inc. bakery which is expected to bring 70+ additional jobs.

The project will consist of increasing the average flow of the pretreatment facility from 200,000 gallons per day to 300,000 gallons per day, along with adding two stainless steel equalization tanks at the facility with a combined capacity of 500,000 gallons in order to control high hydraulic flows. The project will also include the following elements: 1) New influent screen that will accept flows up to 2,000 gallons per minute that will be located in a new building; 2) New vacuum press will be installed to handle the extra grease production from the enhancement of the facility's two dissolved air flotation units; 3) Enhancements to the facility's moving bed biofilm reactor (MBBR) treatment tank with the addition of air blowers and treatment media; 4) New sludge holding tanks will be added for sludge reduction; 5) New effluent storage tank; and 6) New, increased-capacity pumping facility with new yard piping and electrical enhancements.

The pretreatment facility supports the T. Marzetti and Sister Schubert's factories located in Progress Park Industrial Park. Caveland Environmental Authority operates and provides maintenance for the pretreatment facility under agreement with the Hart County Industrial Authority.

Mr. Kent Chandler asked Ms. Bridwell about the two customers, neither of which pay rates, but will be paid from the TIF, which is why staff is wanting the special condition voted on as a designated revenue source. Ms. Bridwell said yes, that is correct.

Mr. Russ Rose moved to approve the Fund F Loan (A20-069) in an amount up to \$853,442 to the Hart County Industrial Authority with the standard conditions and the following special condition: The Hart County Industrial Authority and/or the Hart County Fiscal Court will make a motion to commit future TIF revenues created by this pretreatment expansion project to repayment of KIA debt service, replacement reserve, maintaining a 1.1 debt coverage ratio, and any other loan conditions for the life of this new KIA loan.. Mr. Ron Lovan seconded and the motion was unanimously approved.

5. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (C20-002) FOR AN AMOUNT UP TO \$300,000 TO THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT, LIVINGSTON COUNTY, KENTUCKY**

Ms. Meili Sun, KIA, discussed the District's request for a Fund C Loan (C20-002) for an amount up to \$300,000 for the Automatic Meter Reading (AMR) Replacement project. This project will replace 1,400 aging customer meters in the Crittenden-Livingston service area, primarily in Livingston County, with radio read meters. The installation of new meters will help the District save operating and maintenance costs by reducing up to 50% of the time and labor required for meter reading.

A PSC regulated system, the District is a regional provider that serves approximately 3,600 retail customers and wholesales to 2 water districts and 4 municipals. All retail and wholesale rates are subject to PSC approval.

Mr. Kent Chandler abstained from voting. Mr. Ron Lovan moved to approve the Fund C Loan (C20-002) for an amount up to \$300,000 to the Crittenden-Livingston County Water District with the standard conditions. Mr. Winston Miller seconded and the motion was unanimously approved.

6. **A 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 (F20-044) FOR AN AMOUNT UP TO \$8,000,000 TO THE NORTHERN KENTUCKY WATER DISTRICT, KENTON COUNTY, KENTUCKY**

Mr. Ron Lovan left the meeting. Mr. Jory Becker, DOW, Ms. Linda Bridwell, KIA and Ms. Amy Kramer, Ms. Lindsey Rehtin, and Mr. Kyle Ryan, representing the Northern Kentucky Water District, discussed the District's request for a Fund F Loan (F20-044), for an amount up to \$8,000,000 for the Taylor Mill Treatment Plant Emergency Generator/Fort Thomas Treatment Plant Phase 2 Basin Improvements project. The purpose of this project is to improve water

quality and service reliability for customers. This project will include improvements to both the Taylor Mill Treatment Plant and the Fort Thomas Treatment Plant.

The Taylor Mill Treatment Plant was built in the 1950s and is capable of treating up to 10 MGD. Additionally, this plant houses a critical pump station, which transmits water from both the Fort Thomas and Taylor Mill Treatment Plants to about 60% of Kenton County. The pump station and a majority of the plant are fed from a Duke Energy transmission line. In the event of power outage or critical substation/transformer failure, the District would lose the ability to supply water to a majority of Kenton County. This is significant water quality and public health concern. With the proposed standby power project, the plan is to install a generator, switch gear, and new substation. These improvements will be capable of powering the existing treatment plant and one of the larger pumps or potentially two of the smaller pumps within the pump station. This will allow improved system reliability without creating potential water quality concerns.

The preliminary treatment facilities at the Fort Thomas Treatment Plant (FTTP) consists of four uncovered concrete basins. Basins #2 and #3 were constructed in 1936 and underwent extensive rehabilitation in 2015. The current project will address Basins #1 and #4 which were built in 1987 and 1992 respectively. These basins are beginning to show signs of concrete deterioration and the process equipment is worn out requiring frequent repair. To extend the life of these 2 basins, improvements will include concrete repair, reconfiguration of the flocculation process and mixing basins, and replacement of influent/effluent valves and sludge collection equipment. In addition to this work, the existing tube settlers in all 4 basins will be replaced with new plate settlers and the chemical feed manifold piping within the sodium hypochlorite building will be replaced. This will improve water quality and treatment efficiency.

The District serves over 80,000 customers in Kenton, Campbell, and a portion of Boone counties and it is a PSC regulated entity. It is a wholesale water provider to Bullock Pen Water District, Pendleton County Water District #1 North, and Walton Waterworks Department.

Mr. Russ Rose asked if they had existing funds or were they were local grants. Mr. Kyle Ryan noted they were not existing funds; monies are in their Band 2020 plan. They plan to issue a Band in 2020 and a portion will be funded at the time of the receipts. Mr. Kent Chandler asked if these funds would be from all their customers or from certain customers. Ms. Kramer noted it would be from all customers.

Ms. Bridwell noted there are two special conditions for this loan since it is a PSC regulated entity. The debt authorization application should include a forecast for meeting debt service and prior to the assistance agreement being executed the District must receive a Certificate of Public Convenience and Necessity from the Public Service Commission. Mr. Kent Chandler noted this is for loans that go past two years, which started KIA began including a few months ago. This is a statutory requirement, some Utilities neglected to do so previously.

Mr. Ron Lovan abstained from voting. Mr. Winston Miller moved to approve the Fund F Loan (F20-044) for an amount up to \$8,000,000 to the Northern Kentucky Water District with the standard conditions and the following special conditions: The District will need to apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for the \$8,000,000 million loan. This debt authorization

application should include a forecast for meeting debt service projected through no less than 2025; and Prior to the assistance agreement being executed, the District must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement. Mr. Winston Miller seconded and the motion was unanimously approved.

Mr. Ron Lovan was invited back into the meeting.

7. RESOLUTION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY 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:

| BORROWER | FUND | AMOUNT UP TO |
|---|-------------|---------------------|
| City of Kuttawa (Increase) | A20-022 | \$453,236 |
| City of Maysville | A20-034 | \$850,000 |
| City of South Shore | A20-037 | \$1,035,000 |
| Hart County Industrial Authority | A20-069 | \$853,442 |
| Crittenden-Livingston County Water District | C20-002 | \$300,000 |
| Northern Kentucky Water District | F20-044 | \$8,000,000 |

Mr. Bob Amato moved to approve the reimbursement resolution. Mr. Claude Christensen seconded and the motion carried unanimously.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Edith Halbleib noted the May Board meeting is the first meeting in which the KIA Board met by videoconference. Despite the numerous technical hurdles, the KIA videoconference team hosted the Zoom conference, placed the meeting livestream on YouTube, placed an imbedded link on the KIA website, and filed the recorded link to the meeting under the Board Meetings.

KIA has been working on concluding fiscal year 2020 projects. The list of KIA Board approved projects, which has concluded with a signed assistance agreement, is located in the status report on page 101-102 of the Board Book. With the upheaval of the past two months, the question of whether to proceed with the project has been a difficult one for a couple of the entities as they face uncertainties in their income streams.

KIA is currently preparing the Intended Use Plans (IUP), the two plans for the funds available under its state revolving fund program. As a recap, the Kentucky Infrastructure Authority loans

funds through its state revolving fund program. The EPA has awarded a grant for approximately \$18 million for Drinking Water and \$20 million for Clean Water. The Commonwealth provides a match for 20%. The balance of the funds are from the revolving fund program.

This year, the Clean Water Stater Revolving Fund (CWSRF) will have approximately \$98 million available for \$290 million in requests. The KIA will send about 20 first round invitations from approximately 70 project requests.

This year, the Drinking Water Stater Revolving Fund (DWSRF) will have approximately \$67 million available for \$221 million in requests. KIA will send approximately 20 first round invitations from approximately 75 projects.

The Division of Water has submitted its rankings for projects. We are working together to put together the plan for the upcoming year. The target for publishing the draft IUP is the first week of June, with a special meeting approximately ten days later.

KIA has moved forward with getting electronic signatures on the KIA Assistance Agreements, in order to move documentation along in a timely manner while working remotely.

Ms. Halbleib noted that Financial Analyst Ashley Adams had given her notice and will be leaving KIA on May 8th. She wished Ashley the best in her future endeavors.

Mr. Ron Lovan thanked all the essential employees, including all the city and county water and sewer employees that have been doing a terrific job during this trying time.

Mr. Lovan also asked if there had been any consideration on Utilities financially struggling with no cut-offs and allowing people to continue to use services without payment, ultimately responsible for payment. He feels like there are going to be difficulties in collecting those monies. Some smaller utilities will be struggling. Is there any flexibility and/or the ability to assist some of these small utilities? Ms. Halbleib said she had been looking into the SRF Funding parameters that will need to be met. There could possibly be some FEMA funds available and there is a possibility for some stimulus funding to assist. KIA staff is working the Council on Infrastructure Financing Authorities for ways to address those needs. Will work with directly with any borrowers experiencing issues. Ms. Bridwell noted that KIA staff has meet with several Area Development District's during their Water Management Council meetings, along with DOW. This was brought up KIA is sufficiently funded to make our debt payment in August. Two have already approached KIA to discuss. KIA cannot loan money for operations.

ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Thursday, June 4, 2020, 1:00 p.m.
Via Teleconference

There being no further business, Mr. Ron Lovan moved to adjourn. Mr. Russ Rose seconded and the motion carried unanimously. The March 5, 2020 meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Margaret F. Link
Margaret F. Link, Secretary
Kentucky Infrastructure Authority

5/28/2020
Date












NKWD Assistance Agr_F20-044

Final Audit Report

2023-04-05


| | |
|-----------------|--|
| Created: | 2023-02-17 |
| By: | Christian Juckett (cljuckett@rubinhays.com) |
| Status: | Signed |
| Transaction ID: | CBJCHBCAABAAAh14qh5YfGQ-fypMtFvk_qKQjwfx65XM |


"NKWD Assistance Agr_F20-044" History

-  Document created by Christian Juckett (cljuckett@rubinhays.com)
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-  Document emailed to dennis.keene@ky.gov for signature
2023-02-17 - 8:57:05 PM GMT
-  Email viewed by dennis.keene@ky.gov
2023-02-21 - 6:18:39 PM GMT- IP address: 107.77.235.66
-  Email viewed by dennis.keene@ky.gov
2023-03-07 - 4:57:02 PM GMT- IP address: 104.47.65.254
-  Signer dennis.keene@ky.gov entered name at signing as Dennis Keene
2023-03-07 - 4:57:31 PM GMT- IP address: 205.204.186.1
-  Document e-signed by Dennis Keene (dennis.keene@ky.gov)
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2023-03-07 - 5:11:11 PM GMT- IP address: 104.47.64.254
-  Signer meg.link@ky.gov entered name at signing as Margaret F. Link
2023-03-07 - 5:15:31 PM GMT- IP address: 205.204.186.1
-  Document e-signed by Margaret F. Link (meg.link@ky.gov)
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-  Document emailed to patrick.mcgee@ky.gov for signature
2023-03-07 - 5:15:34 PM GMT


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 Signer patrick.mcgee@ky.gov entered name at signing as patrick McGee
2023-03-07 - 6:48:23 PM GMT- IP address: 74.215.208.99

 Document e-signed by patrick McGee (patrick.mcgee@ky.gov)
Signature Date: 2023-03-07 - 6:48:25 PM GMT - Time Source: server- IP address: 74.215.208.99

 Document emailed to Holly Johnson (hollymccoy.johnson@ky.gov) for signature
2023-03-07 - 6:48:27 PM GMT

 Email viewed by Holly Johnson (hollymccoy.johnson@ky.gov)
2023-04-05 - 2:14:02 PM GMT- IP address: 104.47.65.254

 New document URL requested by Holly Johnson (hollymccoy.johnson@ky.gov)
2023-04-05 - 2:14:12 PM GMT- IP address: 205.204.186.53

 Document e-signed by Holly Johnson (hollymccoy.johnson@ky.gov)
Signature Date: 2023-04-05 - 2:14:57 PM GMT - Time Source: server- IP address: 205.204.186.53

 Agreement completed.
2023-04-05 - 2:14:57 PM GMT

Names and email addresses are entered into the Acrobat Sign service by Acrobat Sign users and are unverified unless otherwise noted.

**GENERAL CLOSING CERTIFICATE OF
NORTHERN KENTUCKY WATER DISTRICT**

Re: Assistance Agreement between the Kentucky Infrastructure Authority (“KIA”) and Northern Kentucky Water District (the “Governmental Agency”) regarding Project Number: F20-044.

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 that 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 the Governmental Agency's water system 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 hands this February 16, 2023.

GOVERNMENTAL AGENCY:
NORTHERN KENTUCKY WATER
DISTRICT

By: 
Chair

ATTEST:

By: 
Secretary of Governmental Agency



February 16, 2023

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and the Northern Kentucky Water District, regarding Project Number: F20-044.

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 Northern Kentucky Water District ("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 dated the date hereof by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency (the "Assistance Agreement") is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the legislation of the governing authority authorizing the execution and delivery of said Assistance Agreement and the plans, designs and specifications prepared by the engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

- 1) The Governmental Agency is a duly organized and existing municipal corporation and political subdivision 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 taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement 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 acquisition and 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 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,

Respectfully,



Tom Edge, Esq.
General Counsel
Manager of Legal, Compliance, and Regulatory Affairs
Phone - 859-578-5457
Email : tedge@nkywater.org

DISTRIBUTION LIST

Re: Assistance Agreement between Kentucky Infrastructure Authority and the Northern Kentucky Water District, regarding Project Number F20-044

Governmental Agency

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