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

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

(Name of Utility)

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

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

(Telephone Number)

BASIC INFORMATION

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

(Name)

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

(Address - City, State, Zip)

(Telephone Number)

(Email Address)

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

YES NO N/A

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

YES NO N/A

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

YES NO N/A

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

YES NO N/A

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

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

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

Signed Sandra Smith
Officer of the Company/Authorized Representative
 Title Manager
 Date Oct. 3, 2022

COMMONWEALTH OF KENTUCKY

COUNTY OF Whitley

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

Angela Meadows
 Notary Public
 My commission expires: 11/28/2024



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

Customer Notice of Proposed Rate Adjustment

“Reasons for Application” Attachment”

Current and Proposed Rates” Attachment

“Statement of Adjusted Operations” Attachment

“Revenue Requirements Calculation” Attachment

Attachment Billing Analysis” Attachment

Depreciation Schedules

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

State Tax Return

Federal Tax Return

Statement of Disclosure of Related Party Transactions - ARF Form 3

LIST OF ATTACHMENTS
WHITLEY COUNTY WATER DISTRICT

1. Customer Notice of Proposed Rate Adjustments
2. Reasons for Application
3. Current and Proposed Rates
4. Statement of Adjusted Operations and Revenue Requirements with the following attachments:
 - i. References
 - ii. Table A - Depreciation Expense Adjustments
 - iii. Table B - Debt Service Schedule
5. Current Billing Analysis
6. Proposed Billing Analysis
7. Depreciation Schedule
8. Outstanding Debt Instruments
 - i. Loan 91-13
 - ii. Loan B08-03
 - iii. Loan F15-30
 - iv. Capital Lease
9. Amortization Schedules
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

Attachment #1

WHITLEY COUNTY WATER DISTRICT CUSTOMER NOTICE

Notice is hereby given that Whitley County Water District expects to file an application with the Kentucky Public Service Commission on or about October 8, 2022, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

<u>CURRENT AND PROPOSED RATES with WATER LOSS REDUCTION SURCHARGE</u>					
WHITLEY COUNTY WATER DISTRICT #1					
		<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	1,000 gallons	\$19.72 per month	\$20.81 per month	\$1.09	5.53%
Next	4,000 gallons	\$0.00718 per gallon	\$0.00758 per gallon	\$0.00040	5.57%
Next	95,000 gallons	\$0.00676 per gallon	\$0.00714 per gallon	\$0.00038	5.62%
Over	100,000 gallons	\$0.00621 per gallon	\$0.00655 per gallon	\$0.00034	5.48%
Water Loss Reduction Surcharge		\$0.00 per month	\$3.95 per month	\$3.95	100.00%

If the Public Service Commission approves the proposed water rates for Division 1, then the monthly water bill for a customer using an average of 4,000 gallons per month will increase from \$0.00718 per gallon to \$0.00758 per gallon. This is an increase of \$.00040 per gallon or 5.57%. If the Public Service Commission approves the proposed water rates and a Water Loss Reduction Surcharge, then the monthly water bill for a customer using an average of 4,000 gallons per month will increase from \$41.26 to \$43.55. This is an increase of \$2.29 or 5.55%.

If the Public Service Commission approves the proposed water rates Division 2, then the monthly water bill for a customer using an average of 4,000 gallons per month will increase from \$42.01 to \$44.34. This is an increase of \$2.33 or 5.55%. If the Public Service Commission approves the proposed water rates and a Water Loss Reduction Surcharge, then the monthly water bill for a customer using an average of 4,000 gallons per month will increase from \$42.01 to \$52.25. This is an increase of \$10.24 or 24.38%.

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

Whitley County Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the District's office located at 19 US-25W Williamsburg, KY 40769. You may contact the office at 606-549-3600.

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

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

Attachment #2

Reasons for Application

Whitley County Water District (“the District”) is requesting a 5.55 percent rate increase for all of its water customers. The rate increase will generate approximately \$102,118 in additional annual revenue.

The District needs the rate increase for the following reasons:

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

Attachment #3

TABLE C

CURRENT AND PROPOSED RATES with WATER LOSS REDUCTION SURCHARGE
WHITLEY COUNTY WATER DISTRICT #1

	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 1,000 gallons	\$19.72 per month	\$20.81 per month	\$1.09	5.53%
Next 4,000 gallons	\$0.00718 per gallon	\$0.00758 per gallon	\$0.00040	5.57%
Next 95,000 gallons	\$0.00676 per gallon	\$0.00714 per gallon	\$0.00038	5.62%
Over 100,000 gallons	\$0.00621 per gallon	\$0.00655 per gallon	\$0.00034	5.48%
Water Loss Reduction Surcharge	\$0.00 per month	\$3.95 per month	\$3.95	100.00%

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS
WHITLEY COUNTY WATER DISTRICT #1

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	1,861,535	(22,500)	A	1,839,035
Private Fire Protection	-			-
Sales for Resale	-			-
Interdepartmental Sales	-			-
Other Water Revenues:				
Forfeited Discounts	-			-
Miscellaneous Service Revenues	310,690			310,690
Interdepartments Rents	-			-
Total Operating Revenues	<u>2,172,225</u>	<u>(22,500)</u>		<u>2,149,725</u>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	286,270	(9,750)	B	
		5,391	C	281,911
Salaries and Wages - Officers	10,000			10,000
Employee Pensions and Benefits	101,440	(5,672)	I	
		26,010	D	121,778
Purchased Water	746,436	(143,269)	H	603,167
Purchased Power		32,801	G	
		(6,296)	H	26,506
Chemicals	201	(39)	H	162
Materials and Supplies	33,799	(22,750)	B	11,049
Contractual Services	40,655			40,655
Rental of Equipment	279			279
Transportation Expenses	36,435			36,435
Insurance - Vehicle	3,587			3,587
Insurance - Gen. Liab. & Workers Comp.	18,538			18,538
Insurance - Other	3,450			3,450
Bad Debt	-			-
Miscellaneous Expenses	383,413	(18,358)	E	
	-	(32,801)	G	332,254
Total Operation and Mnt. Expenses	<u>1,664,503</u>	<u>(174,732)</u>		<u>1,489,771</u>
Depreciation Expense	643,000	(132,312)	J	
		(141,096)	K	369,592
Taxes Other Than Income		18,358	E	
	-	3,954	F	22,312
Total Operating Expenses	<u>2,307,503</u>	<u>(425,828)</u>		<u>1,881,675</u>
Total Utility Operating Income	<u>(135,278)</u>	<u>403,328</u>		<u>268,050</u>

WHITLEY COUNTY WATER DISTRICT #1

REVENUE REQUIREMENTS USING DEBT SERVICE COVERAGE METHOD

Pro Forma Operating Expenses				1,881,675
Plus:	Average Annual Principal and Interest Payments		L	314,535
	Additional Working Capital		L	<u>62,907</u>
Total Revenue Requirement				2,259,117
Less:	Other Operating Revenue			310,690
	Interest Income			<u>7,274</u>
Revenue Required From Sales of Water				1,941,153
Less:	Revenue from Sales with Present Rates			1,839,035
Required Revenue Increase				102,118
Percent Increase				5.55%

REFERENCES

- A. The Current Billing Analysis results in pro forma metered sales revenue of \$1,839,035. This reflects a full year at the retail rates that were effective in 2021 and indicates a decrease to reported Metered Sales of \$22,500 is required.
- B. The District collected \$32,500 in tapping fees in 2021. These taps were installed by District forces and were recorded as labor and materials expenses. Labor expense has been reduced by \$9,750 or 30% of the tapping fees while Materials and Supplies expense has been reduced by \$22,750 or 70% of the tapping fees.
- C. Since 2021, there have been increases in wage rates resulting in an annual wage increase of \$5,391.
- D. The increase in wages results in higher employee pensions of \$26,010.
- E. Payroll Taxes of \$18, 358 were incorrectly recorded as Miscellaneous Expenses.
- F. The increase in wages results in higher payroll taxes of \$3,954.
- G. Purchased Power Expenses of \$32,801 were incorrectly recorded as Miscellaneous Expenses.
- H. The District's test year water loss was 34.19 percent. The PSC's maximum allowable loss for rate-making purposes is 15.0 percent. Therefore, the expenses for Purchased Water, Purchased Power, and Chemicals related to water purchased and pumped above the 15 percent limit are not allowed in the rate base and must be deducted. Purchased Water was decreased by \$143,269; Purchased Power was decreased by \$6,296; and Chemicals was decreased by \$39.
- I. The District pays 100 percent of its employees' health and dental insurance premiums. The PSC requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 79 percent for single coverage. The PSC also limits expenses associated with dental insurance premiums to 60 percent for single and family coverages. Applying those percentages to premiums to be paid in the current year results in a deduction from 2021 benefits expense of \$5,672.
- J. The District reported annual depreciation expenses of \$643,000 in its 2021 Annual Report. The Fixed Assets Register for the District showed only \$510,688 in annual depreciation expenses, resulting in a decrease of \$132,312 to reflect the correct amount.
- K. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges, with Depreciation Expense reduced by \$141,096. See Table A.

- L. Revenue requirements were computed using the Debt Service Coverage Method. Annual debt service payments for the District's debt are shown in Table B. The five-year average of these payments \$314,535 is added in the revenue requirement calculation. The amount shown in Table B for coverage on long term debt is required by the District's loan documents. This amount of \$62,907 is included in the revenue requirement as Additional Working Capital.
- M. Revenue requirements were also computed using the Operating Ratio Method. Average interest over the next five years of \$108,938 were added to the revenue requirement calculation.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Whitley County Water District #1

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Proforma Life</u>	<u>Proforma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>General Plant</u>							
1 Structures & Improvements	various	74,504	varies	2,321	37.5	1,987	(334)
2 Communication & Computer Eqmt.	various	112,270	varies	15,162	10.0	11,227	(3,935)
3 Office Furniture & Equipment	various	16,587	varies	1,357	22.5	737	(620)
4 Power Operated Equipment	various	1,642	varies	117	12.5	131	14
5 Tools, Shop, & Garage Equipment	various	9,193	varies	1,193	17.5	525	(668)
6 Tank Repairs & Painting					15.0	-	-
<u>Pumping Plant</u>							
7 Structures & Improvements					37.5	-	-
8 Telemetry					10.0	-	-
9 Pumping Equipment					20.0	-	-
<u>Transmission & Distribution Plant</u>							
10 Hydrants					50.0	-	-
11 Transmission & Distribution Mains	various	16,240,158	varies	406,129	62.5	259,843	(146,286)
12 Meter Installations	various	94,178	varies	4,152	45.0	2,093	(2,059)
13 Meter Change-outs	various	794,032	varies	24,966	15.0	52,935	27,969
14 Pump Equipment	various	1,182	varies	30	20.0	59	29
15 Tank Fence					37.5	-	-
16 Services	various	12,098	varies	1,210	40.0	302	(908)
17 Reservoirs & Tanks	various	176,323	varies	4,408	45.0	3,918	(490)
18 Tank Painting & Repairs					15.0	-	-
<u>Transportation Equipment</u>							
19 Entire Group	various	88,599	varies	13,429	7.0	12,657	(772)
<u>Water Treatment Plant</u>							
20 Transmission & Distribution Mains	various	1,448,559	varies	36,214	62.5	23,177	(13,037)
TOTALS		\$ 19,069,325		\$ 510,688		\$ 369,592	\$ (141,096)

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

Depreciation Listed on Fixed Assets Report	\$ 510,688
Less Depreciation Listed on PSC Annual Report	<u>\$ (643,000)</u>
Adjustment to Correct PSC Annual Report	\$ (132,312)

Table B
DEBT SERVICE SCHEDULE
Whitley County Water District #1
 CY 2023 - 2027

	CY 2023		CY 2024		CY 2025		CY 2026		CY 2027		TOTALS
	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	
Loan 91-13	6,000	9,368	6,300	9,114	6,500	8,850	6,800	8,576	7,100	8,289	\$ 76,897
Loan B08-03	46,612	3,936	46,892	3,563	47,274	3,187	47,358	2,809	47,743	2,429	251,802
Loan F15-30	46,182	7,965	46,529	7,502	46,879	7,036	47,231	6,567	47,586	6,093	269,570
Capital Lease	95,000	100,631	100,000	95,519	105,000	90,144	110,000	84,506	115,000	78,606	974,406
											-
											-
TOTALS	193,794	121,900	199,721	115,698	205,653	109,217	211,388	102,458	217,429	95,417	\$ 1,572,676
Average Annual Principal & Interest											\$ 314,535
Average Annual Coverage											\$ 62,907

Attachment #5

**CURRENT BILLING ANALYSIS WITH 2021 USAGE & EXISTING RATES
WHITLEY COUNTY WATER DISTRICT #1**

SUMMARY			
COMPONENT	BILLS	GALLONS	REVENUE
Total Retail Sales	51,656	183,928,600	\$ 2,012,935
Less Adjustments			\$ (173,900)
Total			\$ 1,839,035
From PSC Annual Report			\$ 1,861,535
Difference			\$ (22,500)
			-1.21%

CONSUMPTION BY RATE INCREMENT								
	USAGE	BILLS	GALLONS	First 1,000	Next 4,000	Next 95,000	Over 100,000	Total
First	1,000	14,298	3,684,000	3,684,000				3,684,000
Next	4,000	28,081	77,937,700	28,081,000	49,856,700			77,937,700
Next	95,000	9,243	84,071,000	9,243,000	36,972,000	37,856,000		84,071,000
Over	100,000	<u>34</u>	<u>18,235,900</u>	<u>34,000</u>	<u>136,000</u>	<u>3,230,000</u>	<u>14,835,900</u>	<u>18,235,900</u>
		51,656	183,928,600	41,042,000	86,964,700	41,086,000	14,835,900	183,928,600

REVENUE BY RATE INCREMENT					
	USAGE	BILLS	GALLONS	RATE	REVENUE
First	1,000	51,656	41,042,000	\$19.72 per month	\$ 1,018,656
Next	4,000		86,964,700	\$0.00718 per gallon	\$ 624,407
Next	95,000		41,086,000	\$0.00676 per gallon	\$ 277,741
Over	100,000		<u>14,835,900</u>	<u>\$0.00621 per gallon</u>	<u>\$ 92,131</u>
			183,928,600		\$ 2,012,935

Attachment #6

**PROPOSED BILLING ANALYSIS WITH 2021 USAGE & PROPOSED RATES
WHITLEY COUNTY WATER DISTRICT #1**

SUMMARY

COMPONENT	BILLS	GALLONS	REVENUE
Total Retail Sales	51,656	183,928,600	\$ 2,124,682
Less Adjustments			\$ (173,900)
Total			\$ 1,950,782
Less Required Revenue			\$ (1,941,153)
Difference			\$ 9,629
			0.50%

CONSUMPTION BY RATE INCREMENT

	USAGE	BILLS	GALLONS	First 1,000	Next 4,000	Next 95,000	Over 100,000	Total
First	1,000	14,298	3,684,000	3,684,000				3,684,000
Next	4,000	28,081	77,937,700	28,081,000	49,856,700			77,937,700
Next	95,000	9,243	84,071,000	9,243,000	36,972,000	37,856,000		84,071,000
Over	100,000	34	18,235,900	34,000	136,000	3,230,000	14,835,900	18,235,900
		51,656	183,928,600	41,042,000	86,964,700	41,086,000	14,835,900	183,928,600

REVENUE BY RATE INCREMENT

	USAGE	BILLS	GALLONS	RATE	REVENUE
First	1,000	51,656	41,042,000	\$20.81 per month	\$ 1,074,961.00
Next	4,000		86,964,700	\$0.00758 per gallon	\$ 659,192.00
Next	95,000		41,086,000	\$0.00714 per gallon	\$ 293,354.00
Over	100,000		14,835,900	\$0.00655 per gallon	\$ 97,175.00
			183,928,600		\$ 2,124,682.00

Attachment #7

8

Depreciation Detail Listing

2021

* Item is included in UBIA for Section 199A calculations.

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PAGE 1

See "UBIA" in lower right corner.

(This page is not filed with the return. It is for your records only.)

Name(s) as shown on return: WHITLEY COUNTY WATER DISTRICT Social security number/EIN: 61-0898691

No.	Description	Date	Cost	Basis Adjustment	Business percentage	Section 179	Bonus depreciation	Depreciable Basis	Life	Method	Rate	Prior Depreciation	Current Depreciation	Accumulated Depreciation	AMT Current
1	LAND	12312005	32,163	32,163	100.00			0	0		0				
2	LAND & RIGHTS	03012011	11,000	11,000	100.00			0	0		0				
3	SUPPLY MAINS	07292011	5,000		100.00			5,000	10	SL HY	10	4,750	250	5,000	250
4	METERS	06302011	103,851		100.00			103,851	10	SL HY	10	98,658	5,193	103,851	5,193
5	OFFICE FURNITURE	03312011	1,247		100.00			1,247	10	SL HY	10	1,187	60	1,247	60
6	OFFICE FURNITURE	04302011	4,290		100.00			4,290	10	SL HY	10	4,076	214	4,290	214
7	VEHICLES	03292011	14,500		100.00			14,500	5		0	14,500		14,500	
8	STRUCTURES & IMPROVEM	12312005	46,320		100.00			46,320	39	SL MM	2.564	33,674	1,188	34,862	1,188
9	COLLECTING & IMPOUNDI	12312005	7,216		100.00			7,216	20	SL MQ	5	7,216		7,216	
10	WELLS & SPRINGS 307	12312005	81,298		100.00			81,298	40	SL MM	2.5	81,298		81,298	
11	INFILTRATION	12312005	1,448,559		100.00			1,448,559	40	SL MM	2.5	1,183,206	36,214	1,219,420	36,214
12	PUMPING EQUIPMENT 311	12312005	64,212		100.00			64,212	10		0	62,918		62,918	
13	WATER TREATMENT 302	12312010	3,548		100.00			3,548	10		0	3,548		3,548	
14	DISTRIBUTION RESERVIC	12312005	176,323		100.00			176,323	40	SL MM	2.5	83,966	4,408	88,374	4,408
15	TRANSMISSION AND DIST	12312005	14,265,311		100.00			14,265,311	40	SL MM	2.5	4,001,123	356,633	4,357,756	356,633
16	SERVICES 333	12312005	695,558		100.00			695,558	20	SL MQ	5	695,558		695,558	
17	METERS AND METERS INS	12312005	138,807		100.00			138,807	10		0	138,807		138,807	
18	OFFICE FURNITURE 340	12312005	72,944		100.00			72,944	7		0	72,944		72,944	
19	TRANSPORTATION EQUIPM	12312005	121,734		100.00			121,734	5		0				
20	TOOLS SHOP EQUIPMENT	12312005	14,034		100.00			14,034	7		0	14,034		14,034	
21	LABORATORY EQUIPMENT	12312005	567		100.00			567	7		0	567		567	
22	POWER OPERATED EQUIPM	12312005	54,784		100.00			54,784	7		0	54,784		54,784	
23	COMMUNICATION EQUIPME	12312005	2,869		100.00			2,869	10		0	2,869		2,869	
24	MISCL EQUIPMENT 347	12312005	560		100.00			560	10		0	280		280	
25	LAND & LAND RIGHTS	04302012	4,500	4,500	100.00			0	0		0				
26	IMPROVEMENTS TO ROOF	09012012	14,541		100.00			14,541	39	SL MM	2.564	3,093	373	3,466	373
27	SUPPLY ,MAINS	12312012	87,940		100.00			87,940	40	SL MM	2.5	17,675	2,198	19,873	2,198
28	METERS & METER INSTAL	02062012	70,209		100.00			70,209	40	SL MM	2.5	15,575	1,755	17,330	1,755
29	OFFICE FURNITURE/COMB	12312012	50,408		100.00			50,408	7		0	50,408		50,408	
30	BUILDING IMPROVEMENTS	06012013	9,500		100.00			9,500	39	SL MM	2.564	1,840	244	2,084	244

* Item is included in UBIA
for Section 199A calculations.
See "UBIA" in lower right corner.

Depreciation Detail Listing

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(This page is not filed with the return. It is for your records only.)

Name(s) as shown on return: **WHITLEY COUNTY WATER DISTRICT** Social security number/EIN: **61-0898691**

No.	Description	Date	Cost	Basis Adjustment	Business percentage	Section 179	Bonus depreciation	Depreciable Basis	Life	Method	Rate	Prior Depreciation	Current Depreciation	Accumulated Depreciation	AMT Current
31	METERS	01312013	86,899		100.00			86,899	40	SL MM	2.5	17,286	2,172	19,458	2,172
32	OFFICE PRINTER	06242013	1,663		100.00			1,663	7		0	1,663		1,663	
33	TRUCK	10312013	15,650		100.00			15,650	5		0	15,650		15,650	
34	TRUCK	10312013	18,200		100.00			18,200	5		0	18,200		18,200	
35	TOOLS	12192013	3,028		100.00			3,028	7		0	3,028		3,028	
36	MISCL EQUIP	02282013	1,357		100.00			1,357	7		0	1,357		1,357	
37	METERS	01012014	4,942		100.00			4,942	40	SL MM	2.5	862	124	986	124
38	EASMENT	12012014	375	375	100.00			0	0		0				
39	SUPPLY MAINS	01012014	82,119		100.00			82,119	40	SL MM	2.5	14,286	2,053	16,339	2,053
40	OFFICE TONER	01012014	31,442		100.00			31,442	3		0	31,442		31,442	
41	METERS	01012014	50,000		100.00			50,000	40	SL MM	2.5	8,698	1,250	9,948	1,250
42	SUPPLY MAINS	01012014	375,393		100.00			375,393	40	SL MM	2.5	65,304	9,385	74,689	9,385
43	SUPPLY MAINS	01012015	313,125		100.00			313,125	40	SL MM	2.5	46,642	7,828	54,470	7,828
44	PUMPING EQUIPMENT	01222015	1,182		100.00			1,182	40	SL MM	2.5	178	30	208	30
45	METERS	01222015	96,920		100.00			96,920	40	SL MM	2.5	14,437	2,423	16,860	2,423
46	OFFICE FURNITURE	01262015	3,412		100.00			3,412	10	SL HY	10	1,876	341	2,217	341
47	TRANSPORTATION	08012015	27,250		100.00			27,250	5		0	27,250		27,250	
48	METERS HAYES PIPE	01012016	38,003		100.00			38,003	40	SL MM	2.5	4,711	950	5,661	950
49	METERS FROM UNITED SY	04012016	89,650		100.00			89,650	40	SL MM	2.5	10,552	2,241	12,793	2,241
50	OFFICE PROGRAMING	03232016	4,728		100.00			4,728	5	SL MQ	20	4,611	117	4,728	117
51	TRUCK FROM TIN CHEV	12012016	12,700		100.00			12,700	5	200 DB MQ	9.58	11,483	1,217	12,700	1,217
52	PAVING	06302016	993		100.00			993	15	SL MQ	6.667	305	66	371	66
53	SUPPLY PIPE MAINS	05012017	597,471		100.00			597,471	40	SL MM	2.5	54,149	14,937	69,086	14,937
54	COMPUTERS	08012017	22,480		100.00			22,480	7	SL HY	14.286	11,239	3,211	14,450	3,211
55	METERS	03282017	74,852		100.00			74,852	40	SL MM	2.5	7,094	1,871	8,965	1,871
56	TOOLS	10262017	3,618		100.00			3,618	7	SL HY	14.286	1,809	517	2,326	517
57	SUPPLY MAINS	01012018	303,566		100.00			303,566	40	SL MM	2.5	22,451	7,589	30,040	7,589
58	METERS AND METER INST	01012018	23,969		100.00			23,969	10	SL HY	10	5,992	2,397	8,389	2,397
59	TRANSPORTATION EQUI	03012018	16,000		100.00			16,000	5	200 DB HY	11.52	11,392	1,843	13,235	1,843
60	TRANSPORTATION EQUI	05012018	19,000		100.00			19,000	5	200 DB HY	11.52	13,528	2,189	15,717	2,189

* Item is included in UBIA
for Section 199A calculations.
See "UBIA" in lower right corner.

Depreciation Detail Listing

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2021

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Name(s) as shown on return

Social security number/EIN

WHITLEY COUNTY WATER DISTRICT

61-0898691

No.	Description	Date	Cost	Basis Adjustment	Business percentage	Section 179	Bonus depreciation	Depreciable Basis	Life	Method	Rate	Prior Depreciation	Current Depreciation	Accumulated Depreciation	AMT Current	
61	TOOLS	11302018	3,885		100.00			3,885	7	SL	HY	14.286	1,388	555	1,943	555
62	SUPPLY MAINS	09302018	46,501		100.00			46,501	40	SL	MM	2.5	2,665	1,163	3,828	1,163
63	SUPPLY MAINS	11272018	19,269		100.00			19,269	40	SL	MM	2.5	1,024	482	1,506	482
64	SUPPLY MAINS	03132018	58,130		100.00			58,130	40	SL	MM	2.5	4,056	1,453	5,509	1,453
65	SUPPLY MAINS	06212018	67,390		100.00			67,390	40	SL	MM	2.5	4,282	1,685	5,967	1,685
66	MICRO COM	11302019	873		100.00			873	10	SL	MQ	10	98	87	185	87
67	METERS	02082019	7,920		100.00			7,920	40	SL	MM	2.5	371	198	569	198
68	METERS	03012019	29,820		100.00			29,820	40	SL	MM	2.5	1,335	745	2,080	746
69	METERS	04242019	8,518		100.00			8,518	40	SL	MM	2.5	364	213	577	213
70	METERS	05302019	7,735		100.00			7,735	40	SL	MM	2.5	314	193	507	193
71	METERS	08022019	9,197		100.00			9,197	40	SL	MM	2.5	316	230	546	230
72	METERS	10312019	15,840		100.00			15,840	40	SL	MM	2.5	479	396	875	396
73	METERS	11302019	1,340		100.00			1,340	40	SL	MM	2.5	37	33	70	34
74	METERS	11302019	1,634		100.00			1,634	40	SL	MM	2.5	46	41	87	41
75	OFFICE FURNITURE	06012019	6,885		100.00			6,885	10	SL	MQ	10	1,118	688	1,806	688
76	TRANSPORTATION EQUIP	11012019	3,650		100.00			3,650	5	SL	MQ	20	821	730	1,551	730
77	RD EXEC	12012019	80,266		100.00			80,266	7	SL	MQ	14.286	12,900	11,467	24,367	11,467
78	SUPPLY MAINS	06112020	6,888		100.00			6,888	40	SL	MM	2.5	93	172	265	172
79	SUPPLY MAINS	06112020	12,055		100.00			12,055	40	SL	MM	2.5	163	301	464	301
80	SERVICES	06112020	12,098		100.00			12,098	10	SL	HY	10	605	1,210	1,815	1,210
81	METERS	01132020	66,105		100.00			66,105	40	SL	MM	2.5	1,584	1,653	3,237	1,653
82	SERVICE TRUCK	04012020	14,000		100.00			14,000	5	SL	HY	20	1,400	2,800	4,200	2,800
83	SERVICE TRUCK	08012020	20,500		100.00			20,500	5	SL	HY	20	2,050	4,100	6,150	4,100
84	TRUCK ENGINE	11192020	2,749		100.00			2,749	5	SL	HY	20	275	550	825	550
85	TOLLS	05312020	3,150		100.00			3,150	7	SL	HY	14.286	225	450	675	450
86	METERS	09302021	100,806		100.00			100,806	10	SL	HY	5		5,040	5,040	5,040
87	OFFICE FURNITURE	04202021	753		100.00			753	7	SL	HY	7.143		54	54	54
88	TOOLS	07202021	1,690		100.00			1,690	7	SL	HY	7.143		121	121	121
89	POWER TOOL	01312021	1,642		100.00			1,642	7	SL	HY	7.143		117	117	117
90	MICRO COM	05052021	3,923		100.00			3,923	7	SL	HY	7.143		280	280	280
Totals			20,538,992					20,490,954				7,114,038	510,688	7,624,726	510,691	

Land Amount

CY 179 and CY Bonus

ST ADJ:

DEPRECIATION LISTING FOR 610898691 WHITLEY COUNTY WATER DISTRICT

Description	Rate Study	Acq. Date	Cost	Life	Current	Num Item
PAVING	1	6/30/2016	993	15	66	21
TOLLS	1	5/31/2020	3,150	7	450	29
STRUCTURES & IMPROVEMENTS	1	12/31/2005	46,320	39	1,188	67
IMPROVEMENTS TO ROOF	1	9/1/2012	14,541	39	373	82
BUILDING IMPROVEMENTS	1	6/1/2013	9,500	39	244	89
	1 Total		74,504		2,321	
MICRO COM	2	11/30/2019	873	10	87	7
OFFICE PROGRAMING	2	3/23/2016	4,728	5	117	13
COMPUTERS	2	8/1/2017	22,480	7	3,211	20
MICRO COM	2	5/5/2021	3,923	7	280	31
RD EXEC	2	12/1/2019	80,266	7	11,467	43
COMMUNICATION EQUIPMENT 3	2	12/31/2005		10	-	68
OFFICE FURNITURE/COMPUTER	2	12/31/2012		7	-	85
OFFICE PRINTER	2	6/24/2013		7	-	88
	2 Total		112,270		15,162	
OFFICE FURNITURE	3	1/26/2015	3,412	10	341	15
OFFICE FURNITURE	3	4/20/2021	753	7	54	34
OFFICE FURNITURE	3	6/1/2019	6,885	10	688	44
LABORATORY EQUIPMENT 344	3	12/31/2005		7	-	52
OFFICE FURNITURE 340	3	12/31/2005		7	-	55
OFFICE FURNITURE	3	3/31/2011	1,247	10	60	58
OFFICE FURNITURE	3	4/30/2011	4,290	10	214	62
OFFICE TONER	3	1/1/2014		3	-	74
	3 Total		16,587		1,357	
POWER TOOL	4	1/31/2021	1,642	7	117	30
POWER OPERATED EQUIPMENT	4	12/31/2005		7	-	53
MISCL EQUIP	4	2/28/2013		7	-	73
MISCL EQUIPMENT 347	4	12/31/2005		10	-	83
	4 Total		1,642		117	
TOOLS	5	11/30/2018	3,885	7	555	2
TOOLS	5	10/26/2017	3,618	7	517	19
TOOLS	5	7/20/2021	1,690	7	121	32
TOOLS SHOP EQUIPMENT 343	5	12/31/2005		7	-	54
TOOLS	5	12/19/2013		7	-	72
	5 Total		9,193		1,193	
WELLS & SPRINGS 307	7	12/31/2005		40	-	63
	7 Total		-		-	
SUPPLY MAINS	11	1/1/2018	303,566	40	7,589	4
SUPPLY MAINS	11	9/30/2018	46,501	40	1,163	6
SUPPLY MAINS	11	6/21/2018	67,390	40	1,685	9
SUPPLY MAINS	11	11/27/2018	19,269	40	482	10
SUPPLY MAINS	11	3/13/2018	58,130	40	1,453	11
SUPPLY PIPE MAINS	11	5/1/2017	597,471	40	14,937	22
SUPPLY MAINS	11	6/11/2020	6,888	40	172	41

SUPPLY MAINS	11	6/11/2020	12,055	40	301	42
TRANSMISSION AND DISTRIBU	11	12/31/2005	14,265,311	40	356,633	46
SUPPLY MAINS	11	7/29/2011	5,000	10	250	59
SUPPLY MAINS	11	1/1/2014	82,119	40	2,053	70
SUPPLY MAINS	11	1/1/2015	313,125	40	7,828	77
SUPPLY MAINS	11	1/1/2014	375,393	40	9,385	79
SUPPLY Mains	11	12/31/2012	87,940	40	2,198	80
	11 Total		16,240,158		406,129	
METERS AND METER INSTALL	12	1/1/2018	23,969	10	2,397	5
METERS AND METERS INSTALL	12	12/31/2005		10	-	51
METERS & METER INSTALL	12	2/6/2012	70,209	40	1,755	81
	12 Total		94,178		4,152	
METERS	13	2/8/2019	7,920	40	198	8
METERS FROM UNITED SYSTEM	13	4/1/2016	89,650	40	2,241	12
METERS HAYES PIPE	13	1/1/2016	38,003	40	950	14
METERS	13	3/28/2017	74,852	40	1,871	18
METERS	13	3/1/2019	29,820	40	745	23
METERS	13	1/13/2020	66,105	40	1,653	28
METERS	13	9/30/2021	100,806	10	5,040	33
METERS	13	10/31/2019	15,840	40	396	35
METERS	13	11/30/2019	1,340	40	33	36
METERS	13	8/2/2019	9,197	40	230	37
METERS	13	4/24/2019	8,518	40	213	38
METERS	13	5/30/2019	7,735	40	193	39
METERS	13	11/30/2019	1,634	40	41	40
METERS	13	6/30/2011	103,851	10	5,193	57
METERS	13	1/1/2014	4,942	40	124	71
METERS	13	1/22/2015	96,920	40	2,423	76
METERS	13	1/1/2014	50,000	40	1,250	78
METERS	13	1/31/2013	86,899	40	2,172	90
	13 Total		794,032		24,966	
PUMPING EQUIPMENT 311	14	12/31/2005		10	-	49
PUMPING EQUIPMENT	14	1/22/2015	1,182	40	30	75
	14 Total		1,182		30	
SERVICES	16	6/11/2020	12,098	10	1,210	27
SERVICES 333	16	12/31/2005		20	-	47
	16 Total		12,098		1,210	
DISTRIBUTION RESERVIORS	17	12/31/2005	176,323	40	4,408	48
	17 Total		176,323		4,408	
TRANSPORTATION EQUI	19	5/1/2018	19,000	5	2,189	1
TRANSPORTATION EQUI	19	3/1/2018	16,000	5	1,843	3
TRANSPORTATION	19	8/1/2015		5	-	16
TRUCK FROM TIN CHEV	19	12/1/2016	12,700	5	1,217	17
SERVICE TRUCK	19	8/1/2020	20,500	5	4,100	24
TRUCK ENGINE	19	11/19/2020	2,749	5	550	25
SERVICE TRUCK	19	4/1/2020	14,000	5	2,800	26
TRANSPORTATION EQUIP	19	11/1/2019	3,650	5	730	45
TRANSPORTATION EQUIPMENT	19	12/31/2005		5	-	56
VEHICLES	19	3/29/2011		5	-	66

TRUCK	19	10/31/2013	5	-	86
TRUCK	19	10/31/2013	5	-	87
	19 Total			88,599	13,429
	20 Total			1,448,559	36,214
LAND		12/31/2005		-	60
LAND & RIGHTS		3/1/2011		-	61
EASMENT		12/1/2014		-	69
LAND & LAND RIGHTS		4/30/2012		-	84
	Grand Total			19,069,325	510,688

Attachment #8

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
COUNTY OF WHITLEY

REGISTERED

NUMBER
R-1

WHITLEY COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2006
INTEREST RATE: 4.125%

REGISTERED

PRINCIPAL AMOUNT
\$295,000

KNOW ALL PERSONS BY THESE PRESENTS, That the Whitley County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Whitley County, Kentucky for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477, the Registered Owner hereof, or its registered assigns, solely from the fund hereinafter identified, the sum of

TWO HUNDRED NINETY-FIVE THOUSAND DOLLARS (\$295,000)

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

Year	Principal	Year	Principal	Year	Principal
2008	\$3,200	2021	\$5,500	2034	\$ 9,600
2009	3,300	2022	5,700	2035	10,000
2010	3,400	2023	6,000	2036	10,500
2011	3,600	2024	6,300	2037	10,900
2012	3,700	2025	6,500	2038	11,400
2013	3,900	2026	6,800	2039	11,900
2014	4,100	2027	7,100	2040	12,400
2015	4,300	2028	7,400	2041	13,000
2016	4,400	2029	7,700	2042	13,500
2017	4,600	2030	8,100	2043	14,100
2018	4,800	2031	8,400	2044	14,700
2019	5,100	2032	8,800	2045	15,800
2020	5,300	2033	9,200		

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of January and July in each year, beginning with the first January or July after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and

duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued on a parity as to security and source of payment with the outstanding (i) Whitley County Water District Waterworks Revenue Bonds, Series 1994, dated December 20, 1994 (the "1994 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 13, 1994 (the "1994 Bond Resolution"); (ii) Whitley County Water District Waterworks Revenue Bonds, Series 1998, dated November 17, 1998 (the "1998 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 10, 1998 (the "1998 Bond Resolution"); (iii) Whitley County Water District Waterworks Revenue Bonds, Series 2000, dated March 21, 2001 (the "2000 Bonds"), authorized by a Resolution adopted by the Commission of the District on September 28, 2000 (the "2000 Bond Resolution"); and (iv) Whitley County Water District Waterworks Revenue Bonds, Series 2003, dated October 17, 2003 (the "2003 Bonds"), authorized by a Resolution adopted by the Commission of the District on December 12, 2002 (the "2003 Bond Resolution") (hereinafter the 1994 Bonds, 1998 Bonds, 2000 Bonds, and 2003 Bonds shall be collectively referred to as the "Prior Bonds", and the 1994 Bond Resolution, the 1998 Bond Resolution, the 2000 Bond Resolution, and the 2003 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"). Accordingly, this Bond, the Prior Bonds and any bonds ranking on a parity therewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System.

[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

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

IN WITNESS WHEREOF said Whitley County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is **April 24, 2007**.

Attest:

Ralph Stanley
Secretary



WHITLEY COUNTY WATER DISTRICT
Whitley County, Kentucky

By *Walter B. Estes*
Chairman

This Bond has been issued in full compliance with the Current Bond Resolution and the Prior Bond Resolution, and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the Prior Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Whitley County Water District Waterworks Sinking Fund" created in the Prior Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution the District covenants that so long as any of the Prior Bonds and/or this Bond, are outstanding the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal and interest on the Prior Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the

necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book of the District kept for that purpose.

The District, at its option, shall have the right to prepay on any interest payment date on and after January 1, 2015, in inverse chronological order of the installments due on this Bond the entire principal amount of this Bond then remaining unpaid, or such lesser portion hereof in a multiple of One Hundred Dollars (\$100) as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assigns at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of the Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

LEGAL OPINION

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202
Telephone (502) 569-7425 Telefax (502) 569-7555

Re: Whitley County Water District Waterworks Revenue Bonds, Series 2005, in the principal amount of \$295,000.

We have acted as Bond Counsel in connection with the issuance by the Whitley County Water District of Whitley County, Kentucky (the "District") of \$295,000 of its Whitley County Water District Waterworks Revenue Bonds, Series 2005 (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Current Bonds, payable semiannually on January 1 and July 1 of each year, with principal amounts falling due on January 1 in each of the respective years, 2008 through 2045, inclusive.

Said Current Bonds are issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the executed single, fully registered bond, numbered R-1, representing the total authorized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import thereof and are on a parity as to security and source of payment with the outstanding (i) Whitley County Water District Waterworks Revenue Bonds, Series 1994, dated December 20, 1994 (the "1994 Bonds"), authorized by a Resolution adopted by the District on April 13, 1994 (the "1994 Bond Resolution"); (ii) Whitley County Water District Waterworks Revenue Bonds, Series 1998, dated November 17, 1998 (the "1998 Bonds") authorized by a Resolution adopted by the District on June 16, 1998 (the "1998 Bond Resolution"); (iii) Whitley County Water District Waterworks Revenue Bonds, Series 2000, dated March 21, 2001 (the "2000 Bonds") authorized by a Resolution adopted by the District on September 28, 2000 (the "2000 Bond Resolution"); and (iv) Whitley County Water District Waterworks Revenue Bonds Series 2003, dated October 17, 2003 (the "2003 Bonds") authorized by a Resolution adopted by the District on December 12, 2003 (the "2003 Bond Resolution"). (Hereinafter the 1994 Bonds, the 1998 Bonds, the 2000 Bonds, and the 2003 Bonds shall be collectively referred to as the "Prior Bonds" and the 1994 Bond Resolution, the 1998 Bond Resolution, the 2000 Bond Resolution, and the 2003 Bond Resolution shall be collectively referred to as the "Prior Bond Resolution") and that the Current Bonds and the Prior Bonds are secured by and are payable from a pledge of the gross revenues of the System, and that a sufficient portion of said gross revenues has been ordered by the Commission to be set aside at least semiannually and pledged to the payment of the

interest on and principal of the Prior Bonds and the Current Bonds as the same become due. We express no opinion concerning the sufficiency of such revenues for that purpose.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Prior Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue additional parity bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the Prior Bond Resolution and Current Bond Resolution are in existence and properly certified.

Based on current rulings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986 as amended (the "Code"), including a covenant to comply with any and all requirements as to escrow (and reports with reference thereto) to the United States of America as to certain investment earnings on the proceeds of the Current Bonds, we are of the opinion that: (1) interest on the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "qualified tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 103 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, the effect on certain Subchapter S Corporations with excess passive income and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individuals or corporations) owning the Current Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from Kentucky income taxes; and (10) the principal of the Current Bonds is exempt from all income taxation by the Commonwealth of Kentucky and all of its political subdivisions.

No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the District kept for that purpose by the Secretary, as Bond Registrar, upon presentation hereof to said Secretary, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered owner or its attorney, such transfer to be made on said book and endorsed hereon.

Date of Registration _____ Name of Registered Owner _____ Signature of Bond Registrar _____

UNITED STATES OF AMERICA
acting by and through the
U.S. DEPARTMENT OF AGRICULTURE
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

April 24, 2007



ASSIGNMENT

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto

this day of _____, 20__

By _____

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND B

PROJECT NUMBER B08-03
BORROWER: Whitley County Water District
BORROWER'S ADDRESS Post Office Box 329
Williamsburg, Kentucky 40769
DATE OF ASSISTANCE AGREEMENT: July 1, 2010

RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY
2010 AUG -14 P 1:08

RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY
2010 JUL 28 | A 10:57

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 the Kentucky (the "Authority") and the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

WITNESSETH

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

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

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of September 1, 1989 (the "Indenture") between the Authority and National City Bank of Kentucky (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide funding for its 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 AN IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

"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 revenues of the Project.

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

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

"Indenture" shall mean the General Trust Indenture dated as of September 1, 1989 between the Authority and the Trustee.

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

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

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

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

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

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

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

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

"Schedule of Service Charges" shall mean those revenues identified in Exhibit C from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

"Service Charges" shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by

the Authority, in respect of the Project which Service Charges arise by reason of the existence of, and requirement of, any Assistance Agreement and for the purposes of this Assistance Agreement said Service Charge shall be no less than those set forth in the Schedule of Service Charges.

"System" shall mean the utility system of which the Project shall become a part.

[End of Article I]

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

(D) The authorization, execution and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act and 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) There is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the

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

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

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

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

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

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

[End of Article II]

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

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

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

[End of Article III]

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

(N) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers to the Governmental Agency and approved by state and federal agencies, but only to the extent such approvals may be required.

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

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

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

(R) The Governmental Agency shall require that any bid for any portion of the Construction of the Project be accompanied by a bid bond, certified check or other negotiable instrument payable to the Governmental Agency, as assurance that the bidder will, upon acceptance of such bid, execute the necessary contractual documents within the required time.

(S) The Governmental Agency shall require that each construction contractor or contractors furnish a performance and 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.

(T) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor, shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

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

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

Section 4.2. Disbursements of Loan; Requisition for Funds. The Governmental Agency may submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) a Requisition for Funds during the first ten days 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 thereunder due, together with the Engineer's and Governmental Agency's approval thereof for payment by the Authority directly to the contractor.

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

[End of Article IV]

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 the Service Charges set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

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

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments.

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

The Service Charges imposed by the Governmental Agency shall be paid not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". On or before each payment date identified in the Schedule of Payments,

the Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to ten percent (10%) of the amount of such Loan payment until the amount on deposit in such fund is equal to five percent (5%) of the original principal amount of the Loan (the "Required Balance"). Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the costs of replacing worn or obsolete portions of the Project. If amounts are withdrawn from such fund, the Governmental Agency shall again make the periodic deposits hereinabove required until the Required Balance is reinstated.

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

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

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

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

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

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

Section 5.8. Mandatory Sewer Connection. In the event that the Project consists of sanitary sewer facilities, the Governmental Agency hereby irrevocably covenants and agrees with the Authority that it will, to the maximum extent permitted by Kentucky law, and by means of ordinance, or other appropriate legislative order or action, mandatorily require the connection to and use of, the sanitary sewers constituting the Project by all persons owning, renting or occupying premises generating pollutants where such sanitary sewers are reasonably available to such premises, and to exhaust, at the expense of the Governmental Agency, all remedies for the collection of Service Charges, including, either directly or indirectly, pursuant to authority granted by Sections 96.930 to 96.943, inclusive, of the Kentucky Revised Statutes, and the Act, causing termination of water services to any premises where the bill for sewer services is delinquent and foreclosure and decretal sale in respect of improvement benefit assessments which are delinquent.

Section 5.9. Termination of Water Services to Delinquent Users. In the event the Project consists of water facilities the Governmental Agency covenants and agrees that it shall, pursuant to applicable provisions of law, to the maximum extent authorized by law, enforce and collect

the Service Charges imposed, and will promptly cause water service to be discontinued to any premises where any billing for such facilities and services shall not be paid in a timely manner.

[End of Article V]

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

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

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

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

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

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

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

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries

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

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

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

Section 6.10. Project Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities constituting the Project or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

[End of Article VI]

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain Project. 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 it 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 Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.4. 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 Project 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 Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.6. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.8. 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.

[End of Article VII]

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 state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.
- (D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing, the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

- (A) Declare all payments due hereunder, as set forth in the Schedule of Payments to be immediately due and payable.
- (B) Exercise all the rights and remedies of the Authority set forth in the Act.
- (C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer;

provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

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

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

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

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the nondefaulting 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 nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

[End of Article VIII]

ARTICLE IX

MISCELLANEOUS PROVISIONS

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

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

Section 9.3. Effective Date. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue to 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, nor assignable by either 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. 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 9.7. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.8. Venue. The parties hereto agree that in the event of a default by the Governmental Agency pursuant to the provisions of Article 8 of this Agreement, the Authority shall, to the extent permitted under the laws of the Commonwealth, have the right to file any necessary actions with respect thereto in Franklin Circuit Court.

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.

[End of Article IX]

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

ATTEST:

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

Sandy Williams
Title: SECRETARY

By: [Signature]
Title: EXECUTIVE DIRECTOR

ATTEST:

**GOVERNMENTAL AGENCY:
WHITLEY COUNTY WATER
DISTRICT**

By: Peggy L. Bird
Title: Secretary

By: Walter B. Estes
Title: Chairman

APPROVED:

EXAMINED:

E. Jeffrey Mosley for
SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY

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

APPROVED AS TO FORM AND LEGALITY

Patrick McJree
APPROVED

FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
Whitley County Water District
PROJECT SPECIFICS
B08-03

GOVERNMENTAL AGENCY:

Name: Whitley County Water District
 19 South Highway 25W
 Williamsburg, Kentucky 40769

Contact Person: Walter Estes, Chairman

SYSTEM: Drinking Water

PROJECT: WX21235434
 This project proposes to upgrade 83,200 lf of water lines to underserved areas throughout the county.

PROJECT BUDGET:

	Total
Administrative Expenses	\$ 14,000
Legal Expenses	7,500
Land, Easements	7,500
Planning	5,000
Engineering Fees	108,700
Construction	680,618
Contingency	24,682
Total	\$ 848,000

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$ 848,000	100%
Total	\$ 848,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 848,000
Interest Rate	0.60%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 45,058
Administrative Fee (0.20%)	\$ 1,696
Total Estimated Annual Debt Service	\$ 46,754

Commercial Property - Premise Schedule

Prepared on: 04/12/2010 Page 17 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

Locator #	Building #	Address	Building Description
00001	00001	19 S Hwy 25 West	Office
00001	00002	19 S Hwy 25 West	Equipment Storage
00002	00001	Junction 1348 East Hwy 92	Pumping Tank
00003	00001	Junction of Wolf Creek River Road	Pumping Tank

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

PAGE 02

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04/14/2001

Additional Interest Schedule

Prepared on: 04/12/2010

Page 3 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

Name and Address	Description of Risk	Interest Type
Additional Interest # 1 Rural Development 95 South Laurel Road, Suite A London, KY 40741	Line of Business	Other

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

Summary of Insurance

Prepared on: 04/12/2010

Page 5 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

Coverage	Amount/Limits	Insurance Company	Policy Number	Policy Period	Premium
<p>Loc # 00001 Bldg # 00002 19 S Hwy 25 West Williamsburg, KY 40969 Building</p> <p style="text-align: right;">58,000 Lim 500 Ded</p> <p>Valuation: Replacement Cost Coins: 100</p> <p>Business Personal Property</p> <p style="text-align: right;">22,222 Lim 500 Ded</p> <p>Valuation: Replacement Cost Coins: 100</p> <p>Loc # 00002 Bldg # 00001 Junction 1348 East Hwy 92 Williamsburg, KY 40769 Building</p> <p style="text-align: right;">45,000 Lim 500 Ded</p> <p>Valuation: Replacement Cost Coins: 100</p>					

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

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04/14/2011

Summary of Insurance

Prepared on: 04/12/2010 Page 5 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

Coverage	Amount/Limits	Insurance Company	Policy Number	Policy Period	Premium
Loc # 00003 Bldg # 00001 Junction of Wolf Creek River Road Williamsburg, KY 40769 Building Valuation: Replacement Cost Coins: 100	60,000 Lim 500 Ded				
General Liability		Scottsdale Indemnity Co	PEI0005320	7/1/2009 - 7/1/2010	
General Aggregate	2,000,000				
Employment Practices Liab Ins	1,000,000				
	1,000 Ded				
Errors & Omissions	1,000,000				
	1,000 Ded				
Fire Damage	500,000				
Medical Expense	5,000				
Products/Completed Ops Aggregate	2,000,000				
Personal & Advertising Injury	1,000,000				
Each Occurrence	1,000,000				
Employee Benefits	1,000,000				
Inland Marine (C)		Scottsdale Indemnity Co	PEI0005320	7/1/2009 - 7/1/2010	
Equipment Floater:					
Contractors Equipment	25,000				
Business Auto		Scottsdale Indemnity Co	WA10002016	7/1/2009 - 7/1/2010	
Combined single limit	1,000,000				
PIP-Basic	10,000				
Uninsured motorist combined single limit	1,000,000				
Underinsured motorist combined single limit	1,000,000				

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

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04/14/2010

Summary of Insurance

Prepared on: 04/12/2010 Page 7 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

Coverage	Amount/Limits	Insurance Company	Policy Number	Policy Period	Premium
Comprehensive Collision	500 500				
Umbrella(G)		National Casualty Company	UM00032289	7/1/2009 - 7/1/2010	
Coverage Type: Umbrella					
Umbrella(C)	1,000,000/1,000,000 10,000 Ded				
Crime		Scottsdale Indemnity Co	WD10000157	7/1/2009 - 7/1/2010	
A. Employee Dishonesty	500,000/1,000 Ded				
B. Forgery or Alteration	250,000/1,000 Ded				
C. Theft, Disappearance & Destruction					
Sec 1-Inside the Premises					
Sec 2-Outside the Premises					
D. Robbery & Safe Burglary					
Sec 1-Inside:Robbery of Custodians	5,000/1,000 Ded				
Safe Burglary					
Sec 2-Outside the Premises					
E. Premises Burglary					
F. Computer Fraud					
G. Extortion					
Ins Loss Participation					
H. Premises Theft & Robbery Outside					
Sec 1 - Theft	250,000/1,000 Ded				
Sec 2 - Robbery Outside	250,000/1,000 Ded				
Q. Robbery & Safe Burglary					
Money & Securities					
Sec 1 - Inside the Premises	5,000/1,000 Ded				
Sec 2 - Outside the Premises					
U. Other Coverage					
Funds Transfer Fraud	100,000 1,000 Ded				

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

Summary of Insurance

Prepared on: 03/12/2010 Page 8 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

Coverage	Amount/Limits	Insurance Company	Policy Number	Policy Period	Premium
Money Orders and Counterfeit Paper Currency	5,000 1,000 Ded				
Workers Compensation		KY EMPLOYERS MUTUAL INS (I	356562	7/1/2009 - 7/1/2010	
Part 1 - Workers Compensation States:	KY				
Part 2 - Employers Liability:					
Increased employer's liability					
Each Accident Limit:	1,000,000				
Disease Policy Limit:	1,000,000				
Disease Each Employee:	1,000,000				
Deductible:					
Deductible Type:					
Applies To:					
Factor:					
Factored Premium:					
Other Coverages:					
Premium discount					
Expense constant					
Employer's liability					
Increased employer's liability					
WCOT2					
Part 3 - Other States Included:					
Part 3 - Other States Excluded:					

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

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04/14/2001

Equipment Floater - Scheduled Equipment

Prepared on: 04/12/2010 Page 16 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

Item #	Cost #	Year	Equipment Description	Serial #	Purchase Date	New/Used	Insured Amount
0001	1	1995 2007	Kubota, Backhoe,	L3563230			20,000

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

Business Auto Vehicle Schedule

Prepared on: 04/12/2010 Page 9 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

VE#	Class	Year	Make/Model	VIN	Garaged	Class	Cost New	Lab	PIP	Med	UM	UM	Com	Coll	SP	Stated Ar
Policy No: WAJD002016 LGB AUTOB																
00001	00001	2003	Dodge/Dakota	1D7GG16X435252742	Williamsburg, KY	014990	14,255	X	X	X	X		500	500		
00003	00003	1998	Chevrolet/Cheyenne	1GCEK14R7WZ128108	Williamsburg, KY	014990	19,355	X	X	X	X		500	500		
00005	00005	1998	GMC/Sierra - K Series	1GTGK24R8WZ504541	Williamsburg, KY	014990	21,196	X	X	X	X		500	500		
00006	00009	1998	Dodge/Ram 2500	3B7KC2667WM269822		014990	19,510	X	X	X	X		500	500		
00008	00011	2006	Ford/F350 1 ton	1FDWW37P86FC33225	Williamsburg, KY	014990	19,000	X	X	X	X		500	500		
00009	00012	2005	Towmaster/Equipment Tr	4KNTT14235L164443	Williamsburg, KY	694990	2,200	X	X	X	X		500	500		
00010	00013	2007	Ford/F150 4 x 4	1FTRF14W57NA88602	Williamsburg, KY	014900	22,975	X	X	X	X		500	500		
00011	00014	2004	Chevrolet/1500 (Blue)	1GCEK19T74E349765	Williamsburg, KY	01499	27,475	X	X	X	X		500	500		

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

Business Auto Driver Schedule

Prepared on: 04/12/2010

Page 11 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

Driver Number	Driver Name	DOB	License Number	License State
Policy No: WA100126161 OB AUT9B				
0001	Albert Mayhan III	2/6/1961	M92017676	KY
0002	Gavin L. Lawson	3/24/1960	L95056673	KY
0003	Darrell Adkins	3/20/1977	A89066098	KY
0004	David Tinch	10/30/1966	T92409294	KY
0005	Darrell Hurst	7/14/1938	H86433400	KY
0006	Jeff Jones	12/2/1963	J93241827	KY
	Michael Schrenker			
	Jimmy Caudell			

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

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J&J_ACCOUNTING_&_TAX

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04/14/2001

Workers Compensation Rating Schedule

Prepared on: 04/12/2010 Page 14 of 17

agency: Energy Insurance Agency, Inc.
 PO Box 55268
 Lexington, KY 40555
 (859)273-1549
 eia@energyinsagency.com
 http://energyinsagency.com/

For: Whitley County Water District
 19 S Hwy 25 West
 Williamsburg, KY 40769
 Bus: (606)549-3600

State/Loc#	Class	Category	Total Emp	Emp Part	Emp Full	Est Ann Return	Rate	Est Ann Prem
Policy No: 3565621 GP WORK								
KY / 00001	8810	Clerical				12,491	0.21	26.00
KY / 00001	7520	Waterworks Operations				102,132	3.17	3,238.00
KY / 00001	8742	Salesman Collectors				37,407	0.57	213.00

These schedules are provided as a brief outline of your policy. You must refer to the provisions found in your policy for the details of your coverages, terms, conditions and exclusions that apply.

EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED JULY 1, 2010

Request No. _____

Dated _____

ORIGINAL SENT TO: Kentucky Infrastructure Authority
 1024 Capital Center Drive
 Suite 340
 Frankfort, Kentucky 40601

COPY SENT TO: Ms. Nancy Sanders
 Director, Community Programs
 Governor's Office for Local Development
 1024 Capitol Center Drive
 Frankfort, Kentucky 40601

FROM: Whitley County Water District ("Governmental Agency")

Gentlemen:

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

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

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

ELIGIBLE PROJECT EXPENSES INCURRED

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

Total

ALLOCATION OF FUNDING FOR EXPENSES

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

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

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

Respectfully submitted,

Governmental Agency

By: _____

Title: _____

Certificate of Consulting Engineers as to
Payment Request

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

Engineer/Consultant

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached Water Rate Schedule

Whitley County Water District Rate Chart

Rates To Print All Rates
Service Type All
Rate All
Addon Type All
Addon Rate All
Print Usage Tables Yes
Usage Range 0 To 30000
Usage Increment 100
Include Inactive Rates No

Service Type WT Water **Rate Code** 01 **Description** Water
Print Description On Bill **Is Service Charge** **Is Metered** **Is Inactive**
Is Accumulate Minimum **Is Single Calculation**

Bill Code W1
AR Code WTB Water Billing Charge **Units Of Measure** Gallons
GL Revenue Account 00461-0000 Metered Sales
GL AR Account 00141-0000 Accounts Receivable
GL Liability Account 00141-0000 Accounts Receivable
GL Cash Account 00131-0002 Cash in Bank General
GL Deposit Refundable Account 00235-0000 Customer Deposits
GL Bad Debt Writeoff Account 00670-0000 Bad Debt Expense
GL Bad Debt Recovery Account 00670-0000 Bad Debt Expense
Calculation Method Usage
Based On Service Type WT Water **Reading Factor** 100.000
Base Amount \$19.18 **Prorate Minimum** \$0.00

	Cutoff	Add Amount	Rate / 1000
	1,000	\$0.00	0.0000
	4,000	\$0.00	6.6400
	95,000	\$26.56	6.2200
	999,999,999	\$617.46	5.6700

Usage	Charge	Usage	Charge	Usage	Charge	Usage	Charge
0	\$19.18	100	\$19.18	200	\$19.18	300	\$19.18
400	\$19.18	500	\$19.18	600	\$19.18	700	\$19.18
800	\$19.18	900	\$19.18	1,000	\$19.18	1,100	\$19.84
1,200	\$20.51	1,300	\$21.17	1,400	\$21.84	1,500	\$22.50
1,600	\$23.16	1,700	\$23.83	1,800	\$24.49	1,900	\$25.16
2,000	\$25.82	2,100	\$26.48	2,200	\$27.15	2,300	\$27.81
2,400	\$28.48	2,500	\$29.14	2,600	\$29.80	2,700	\$30.47
2,800	\$31.13	2,900	\$31.80	3,000	\$32.46	3,100	\$33.12
3,200	\$33.79	3,300	\$34.45	3,400	\$35.12	3,500	\$35.78
3,600	\$36.44	3,700	\$37.11	3,800	\$37.77	3,900	\$38.44
4,000	\$39.10	4,100	\$39.76	4,200	\$40.43	4,300	\$41.09
4,400	\$41.76	4,500	\$42.42	4,600	\$43.08	4,700	\$43.75
4,800	\$44.41	4,900	\$45.08	5,000	\$45.74	5,100	\$46.36
5,200	\$46.98	5,300	\$47.61	5,400	\$48.23	5,500	\$48.85
5,600	\$49.47	5,700	\$50.09	5,800	\$50.72	5,900	\$51.34
6,000	\$51.96	6,100	\$52.58	6,200	\$53.20	6,300	\$53.83
6,400	\$54.45	6,500	\$55.07	6,600	\$55.69	6,700	\$56.31
6,800	\$56.94	6,900	\$57.56	7,000	\$58.18	7,100	\$58.80
7,200	\$59.42	7,300	\$60.05	7,400	\$60.67	7,500	\$61.29

7,600	\$61.91	7,700	\$62.53	7,800	\$63.16	7,900	\$63.78
8,000	\$64.40	8,100	\$65.02	8,200	\$65.64	8,300	\$66.27
8,400	\$66.89	8,500	\$67.51	8,600	\$68.13	8,700	\$68.75
8,800	\$69.38	8,900	\$70.00	9,000	\$70.62	9,100	\$71.24
9,200	\$71.86	9,300	\$72.49	9,400	\$73.11	9,500	\$73.73
9,600	\$74.35	9,700	\$74.97	9,800	\$75.60	9,900	\$76.22
10,000	\$76.84	10,100	\$77.46	10,200	\$78.08	10,300	\$78.71
10,400	\$79.33	10,500	\$79.95	10,600	\$80.57	10,700	\$81.19
10,800	\$81.82	10,900	\$82.44	11,000	\$83.06	11,100	\$83.68
11,200	\$84.30	11,300	\$84.93	11,400	\$85.55	11,500	\$86.17
11,600	\$86.79	11,700	\$87.41	11,800	\$88.04	11,900	\$88.66
12,000	\$89.28	12,100	\$89.90	12,200	\$90.52	12,300	\$91.15
12,400	\$91.77	12,500	\$92.39	12,600	\$93.01	12,700	\$93.63
12,800	\$94.26	12,900	\$94.88	13,000	\$95.50	13,100	\$96.12
13,200	\$96.74	13,300	\$97.37	13,400	\$97.99	13,500	\$98.61
13,600	\$99.23	13,700	\$99.85	13,800	\$100.48	13,900	\$101.10
14,000	\$101.72	14,100	\$102.34	14,200	\$102.96	14,300	\$103.59
14,400	\$104.21	14,500	\$104.83	14,600	\$105.45	14,700	\$106.07
14,800	\$106.70	14,900	\$107.32	15,000	\$107.94	15,100	\$108.56
15,200	\$109.18	15,300	\$109.81	15,400	\$110.43	15,500	\$111.05
15,600	\$111.67	15,700	\$112.29	15,800	\$112.92	15,900	\$113.54
16,000	\$114.16	16,100	\$114.78	16,200	\$115.40	16,300	\$116.03
16,400	\$116.65	16,500	\$117.27	16,600	\$117.89	16,700	\$118.51
16,800	\$119.14	16,900	\$119.76	17,000	\$120.38	17,100	\$121.00
17,200	\$121.62	17,300	\$122.25	17,400	\$122.87	17,500	\$123.49
17,600	\$124.11	17,700	\$124.73	17,800	\$125.36	17,900	\$125.98
18,000	\$126.60	18,100	\$127.22	18,200	\$127.84	18,300	\$128.47
18,400	\$129.09	18,500	\$129.71	18,600	\$130.33	18,700	\$130.95
18,800	\$131.58	18,900	\$132.20	19,000	\$132.82	19,100	\$133.44
19,200	\$134.06	19,300	\$134.69	19,400	\$135.31	19,500	\$135.93
19,600	\$136.55	19,700	\$137.17	19,800	\$137.80	19,900	\$138.42
20,000	\$139.04	20,100	\$139.66	20,200	\$140.28	20,300	\$140.91
20,400	\$141.53	20,500	\$142.15	20,600	\$142.77	20,700	\$143.39
20,800	\$144.02	20,900	\$144.64	21,000	\$145.26	21,100	\$145.88
21,200	\$146.50	21,300	\$147.13	21,400	\$147.75	21,500	\$148.37
21,600	\$148.99	21,700	\$149.61	21,800	\$150.24	21,900	\$150.86
22,000	\$151.48	22,100	\$152.10	22,200	\$152.72	22,300	\$153.35
22,400	\$153.97	22,500	\$154.59	22,600	\$155.21	22,700	\$155.83
22,800	\$156.46	22,900	\$157.08	23,000	\$157.70	23,100	\$158.32
23,200	\$158.94	23,300	\$159.57	23,400	\$160.19	23,500	\$160.81
23,600	\$161.43	23,700	\$162.05	23,800	\$162.68	23,900	\$163.30
24,000	\$163.92	24,100	\$164.54	24,200	\$165.16	24,300	\$165.79
24,400	\$166.41	24,500	\$167.03	24,600	\$167.65	24,700	\$168.27
24,800	\$168.90	24,900	\$169.52	25,000	\$170.14	25,100	\$170.76
25,200	\$171.38	25,300	\$172.01	25,400	\$172.63	25,500	\$173.25
25,600	\$173.87	25,700	\$174.49	25,800	\$175.12	25,900	\$175.74
26,000	\$176.36	26,100	\$176.98	26,200	\$177.60	26,300	\$178.23
26,400	\$178.85	26,500	\$179.47	26,600	\$180.09	26,700	\$180.71
26,800	\$181.34	26,900	\$181.96	27,000	\$182.58	27,100	\$183.20
27,200	\$183.82	27,300	\$184.45	27,400	\$185.07	27,500	\$185.69
27,600	\$186.31	27,700	\$186.93	27,800	\$187.56	27,900	\$188.18
28,000	\$188.80	28,100	\$189.42	28,200	\$190.04	28,300	\$190.67
28,400	\$191.29	28,500	\$191.91	28,600	\$192.53	28,700	\$193.15
28,800	\$193.78	28,900	\$194.40	29,000	\$195.02	29,100	\$195.64
29,200	\$196.26	29,300	\$196.89	29,400	\$197.51	29,500	\$198.13
29,600	\$198.75	29,700	\$199.37	29,800	\$200.00	29,900	\$200.62
30,000	\$201.24						

EXHIBIT D

RESOLUTION

RESOLUTION OF THE WHITLEY COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE WHITLEY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("governing authority") of the Whitley County Water District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain water facilities and improvements to the Governmental Agency's Water Service System (the "Project"); and

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement with the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Whitley County Water District, as follows:

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

SECTION 2. That any officer of the Governmental Agency be and hereby is 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 _____, 2010.

Chairman

Attest:

Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Whitley County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said District at a meeting duly held on _____, 2010; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this _____ day of _____, 2010.

Recording Officer

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and the Whitley County Water District, dated as of July 1, 2010

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 Whitley County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the infrastructure project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement 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 political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

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

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

Principal and Interest Payable
on Each _____ and

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

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

KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Title: _____

WHITLEY COUNTY WATER DISTRICT
GOVERNMENTAL AGENCY

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

Any required approvals required by the Kentucky Public Service Commission shall be obtained with a copy of such approvals submitted to the Authority prior to the disbursement of funds.

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RESOLUTION

RESOLUTION OF THE WHITLEY COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE WHITLEY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners, ("governing authority") of the Whitley County Water District, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain water facilities and improvements to the Governmental Agency's Water Service System (the "Project"); and

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement with the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Whitley County Water District, as follows:

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

SECTION 2. That any officer of the Governmental Agency be and hereby is 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 July 1, 2010.


Walter Estes, Chairman

Attest:


Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Whitley County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said District at a meeting duly held on July 1, 2010; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 1 day of July, 2010.

Peggy L Bird
Secretary

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**Whitley County Water District
19 S Highway 25W
Williamsburg, Ky 40769**

July 1, 2010, 1:00 p.m.

Minutes of Special Meeting

- 1. Chairman Estes called the meeting to order.
- 2. Board members present: Walter Estes and Peggy Bird Absent: Andy Meadors
Staff present: Angie Carroll

- 3. Chairman Estes stated the purpose of the special called meeting was to adopt a resolution for approval and authorization of the Chairman to execute a Loan Assistance Agreement with the Kentucky Infrastructure Authority.

Chairman Estes proceeded to read the resolution (copy included with these official minutes of the Whitley County Water District).

Upon completion of the reading the resolution, Commissioner Bird made a motion to adopt said resolution as read. Chairman Estes seconded the motion. All in favor, motion carried.

- 4. Adjournment

There being no further business, Chairman Estes declared the meeting adjourned.

Walter B. Estes
Chairman

Peggy Meadors
Secretary

July 22, 2010
Date

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: **March 6, 2008 – 1:30 p.m.**
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Ms. Terri Fugate, Finance and Administration Cabinet
(proxy for Secretary Jonathan Miller, FAC)
Secretary Robert D. Vance, Environmental and Public Protection Cabinet
Mr. George Burgess, Economic Development Cabinet
(proxy for Secretary John Hindman, EDC)
Mr. Bob Amato, Deputy Executive Director, Public Service Commission
(proxy for Ms. Beth O'Donnell, Executive Director, PSC)
Mr. Matt Sawyers, Chief of Staff, Governor's Office for Local Development
(proxy for Mr. James L. Cauley, Acting Commissioner, GOLD)
Mr. Damon Talley, representing the Kentucky Rural Water Association
Mr. Lyn Bailey, Mayor, City of Cadiz, representing the Kentucky League of Cities
Ms. Linda C. Bridwell, representing for-profit private water companies

Members absent:

Mr. Gregory Heitzman, representing the American Water Works Association
Mr. Larry B. Whitaker, McLean County Judge/Executive, representing the Kentucky
Association of Counties

Guests:

Ms. Kristi Culpepper, Legislative Research Commission
Ms. Lola Lyle, Division of Water
Ms. Donna Marlin, Division of Water
Mr. Brent Tippey, HDR/Quest Engineers
Mr. Bob Sturdivant, HDR/Quest Engineers
Mr. John Scheben, Northern Kentucky Water District
Ms. Amy Kramer, Northern Kentucky Water District
Mr. Gary Larimore, Kentucky Rural Water Association
Ms. Sheryl Chino, Green River Area Development District
Ms. Pat Kessinger, City of Centertown
Mr. Walt Beasley, Ohio County Water District
Mr. Hayward Dean Minton, Ohio County Fiscal Court
Mr. Harry Storm, Ohio County Water District
Mr. Henry Morgan, Ohio County Water District
Mr. Lindsey Baronas, GRW Engineers
Mr. Dave Ewen, Bluegrass Area Development District

Mr. Dan Shoemaker, Tetra Tech, Inc.
Mr. Len Hale, Hopkinsville Water Environmental Authority
Ms. Kay Sanborn, KY/TN American Water Works Association
Mr. Brett Pyles, Hardin County Water District #1
Mr. Jim Bruce, Hardin County Water District #1
Mr. Bob Scott, Ky. Division of Abandoned Mine Lands
Mr. Ken Taylor, Kenvirons, Inc.
Mr. Tim Schwendeman, Cumberland Valley Area Development District
Mr. Mike Gardner, Bowling Green Municipal Utilities

PROCEEDINGS

Vice Chair Lyn Bailey called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. He noted that a quorum was present and that the press had been notified regarding the meeting. Vice Chair Bailey asked all board members and guests to introduce themselves. He mentioned that Damon Talley, Linda Bridwell and Gregory Heitzman regretted their detainment by a hearing at the Public Service Commission and Judge Larry Whitaker would not be present due to some weather related issues in his county.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Full Board Meeting of February 7, 2007

Mr. George Burgess moved to approve the minutes of the February 7, 2007 meeting. Mr. Bob Amato seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2008 CAPITALIZATION GRANT FOR THE DRINKING WATER REVOLVING FUND

Ms. Sandy Williams, KIA, presented the request to the board for permission to apply with the United States Environmental Protection Agency for the Federal Capitalization Grant for the Drinking Water Revolving Fund. The capitalization grant was included as part of the available funds identified in the 2008 Intended Use Plan and will be used to make drinking loans during the fiscal year 2008. The federal capitalization grant amount is \$8,543,000.

Ms. Terri Fugate moved to approve the resolution. Mr. Matt Sawyers seconded and the motion carried unanimously.

2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL

FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2008 CAPITALIZATION GRANT FOR THE WASTEWATER REVOLVING FUND

Ms. Sandy Williams, KIA, presented the request to the board for permission to apply with the United States Environmental Protection Agency for the Federal Capitalization Grant for the Wastewater Revolving Fund. The capitalization grant was included as part of the available funds identified in the 2008 Intended Use Plan and will be used to make loans for wastewater projects during the fiscal year 2008. The federal capitalization grant amount is \$8,468,100.

Mr. Matt Sawyers moved to approve the resolution. Secretary Robert Vance seconded, and the motion carried unanimously.

3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FEDERALLY ASSISTED WASTEWATER REVOLVING FUND (FUND A) LOAN IN THE AMOUNT OF \$3,086,981.51 TO THE HARDIN COUNTY WATER DISTRICT #1, HARDIN COUNTY, KENTUCKY

Ms. Sandy Williams, KIA, presented the request to the board. The City of Radcliff and Hardin County Water District No. 1 have entered into a Memorandum of Understanding and have executed a Wastewater System Acquisition Agreement whereby the District will assume ownership of the City's sanitary sewer system. Concurrent with the transfer of the assets, the District requests assumption of the City's KIA loan A97-03 in the amount of \$3,086,981.51. The original rate of 3.8% will remain in place and the remaining term is 11 years. The payment amount of \$352,155 will also remain the same. The City of Radcliff currently has approximately 8700 customers. The original loan request was approved in June 1997 in the amount of \$4,836,450. The final loan amount of \$4,809,652.01 was established at project completion in October 1999. The loan has been in repayment for 9 years and has been paid as agreed. Because the City of Radcliff has extremely high sewer rates, the District plans to reduce the sewer rates by 15% in the second year of the loan. Based on the financial model provided by the District and reviewed and approved by KIA staff, the new sewer system will generate a debt coverage ratio of 3.55 in Year 1 and a debt coverage ratio of 2.02 in Year 2, after the reduction has been put in place. Based on the assumptions provided by the District, the District will meet the required cash flow through the projected years. KIA staff recommends approval of the assumption with the standard conditions and the following special condition: that the Assumption Agreement be executed after the Public Service Commission has issued the order that the acquisition of the Radcliff sewer system by the Hardin County Water District No. 1 is approved.

Mr. Bob Amato asked Mr. Jim Bruce of Hardin County Water District No. 1 if a tariff to the facts of the terms of the acquisition proposal had been filed with the Public Service Commission. Mr. Bruce affirmed a tariff was filed as recently as a week before this meeting. Mr. Amato also asked, in general, does KIA staff check to see if rates or terms change between the time the application is made

and the time the loan is approved and what kind of impact that might make. Ms. Williams stated if KIA is made aware of a huge rate increase or decrease, then KIA staff makes sure the system retains the ability to repay the loan.

Mr. Damon Talley moved to approve the resolution. Mr. George Burgess seconded, and the motion carried unanimously with Mr. Bob Amato abstaining.

4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A INFRASTRUCTURE REVOLVING FUND (FUND B) LOAN IN THE AMOUNT OF \$490,000 TO THE CITY OF LANCASTER, GARRARD COUNTY, KENTUCKY

Mr. John Covington, KIA, presented the project to the board. This project involves improvements at the wastewater treatment plant. Improvements include replacing the existing manually cleaned bar screen with a mechanically cleaned bar screen and replacing the existing pump station completely. The total cost for the project is \$844,200, with KIA providing \$490,000 in construction funding at an interest rate of .6% for a term of 20 years. The total estimated annual debt service is \$27,016. The median household income is \$26,175, which is less than the statewide median income, thus City of Lancaster qualified for the hardship rate. Between 2004 and 2007 revenues grew each year but kept ahead of expenses with debt coverage ratios increasing each year from 1.08 in 2003 to 1.81 in 2007. In projected years of 2009, 2010, and 2011, the debt coverage ratios are better than 2:1. KIA staff recommends approval of the loan with the standard conditions.

Secretary Robert Vance moved to approve the resolution. Mr. Damon Talley seconded, and the motion carried unanimously.

5. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND (FUND B) LOAN IN THE AMOUNT OF \$848,000 TO THE WHITLEY COUNTY WATER DISTRICT, WHITLEY COUNTY, KENTUCKY

Mr. John Covington, KIA, presented the project to the board. The Whitley County Water District has applied for a loan that has been broken down into two projects. One project is for an extension of approximately 115,100 linear feet of 3, 4, 6 and 8-inch water lines to serve a potential of 204 customers along 16 roads in Whitley County. The other projects proposed to upgrade 83,200 linear feet of water lines to underserved areas throughout the county. The funding is divided into two amounts because one of the projects is also receiving Appalachian Region Commission (ARC) funding. Restrictions of an ARC grant necessitates the break down of funding so Whitley County Water District doesn't show they have more money than needed. The total cost of the project is \$2,708,000 with the KIA total funding of \$848,000. The interest rate is .6% and the term is 20 years. The estimated annual debt service is \$46,754. The total number of residential, business and industrial customers is 3,330 plus an additional amount of approximately 110 customers. The median household income for Whitley

County is \$22,075, which is less than the statewide median household income thus qualifying for the lower interest rate. Between 2003 and 2007 revenues grew each year but barely kept ahead of expenses with debt coverage ratios hovering around 1:1. With full debt service payments in 2009 and 2010, debt coverage ratios are projected to be 2.47 and 2.80 respectively. KIA staff recommends approval of the loan with the standard conditions.

Mr. Matt Sawyers asked about the status of the ARC Grant. Mr. Covington stated the grant is not committed yet and funding commitments are a condition of the loan.

Mr. Matt Sawyers moved to approve the resolution. Ms. Terri Fugate seconded, and the motion carried unanimously with Mr. Bob Amato abstaining.

6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (FUND F) LOAN IN THE AMOUNT OF \$4,000,000 TO THE CITY OF HOPKINSVILLE, CHRISTIAN COUNTY, KENTUCKY

Ms. Sandy Williams, KIA and Ms. Donna Marlin, DOW, presented the project to the board. The proposed project is the upgrade and expansion of the Hopkinsville Water Environment Authority (HWEA) McKenzie T. Moss Water Treatment Plant. The project will expand plant capacity from 10 MGD to 15 MGD to meet projected demand through 2030 and will upgrade the facilities for improved compliance with the Safe Drinking Water Act. The total cost of the project is \$11,300,00 with KIA providing \$4,000,000 in construction funding at an interest rate of 1.0% for a term of 20 years. The estimated annual debt service is \$231,164. The City of Hopkinsville has a median household income of \$30,419, which is less than the statewide median household income thus qualifying for the lower interest rate. Revenue growth from 2003 through 2005 remained relatively unchanged averaging less than 1% over the period. A water rate increase in 2006 translated to a 12% increase in revenue and continued to rise another 7% in 2007 due to overall economic growth, new industries and an increase in residences by soldiers from Fort Campbell. The debt to equity ratio in 2004 was a low 0.68 to 1. However, in 2005 the system issued \$25,635,000 in new revenue bonds, which caused the debt to equity ratio to double to 1.33 to 1. These bond proceeds will be used for water system improvements. Revenues for 2008 are projected to decrease \$300,000 due to the loss of Flynn, a large industrial customer that ceased operations in 2008 and moved to Mexico. Any cash flow shortfalls will be subsidized from cash reserves. A rate study is planned at the end of the year to assess the effects of the loss of Flynn and the utility will adjust rates to meet operating and debt service expenses at that time. Revenues for 2009 through 2012 are projected to increase 4% annually while operating expenses are projected to increase 4% per year. General and administrative expenses are projected to increase 5% per year. The utility shows adequate cash flow to repay the KIA Fund F loan and shows a projected 1.1 coverage ratio for 2011. KIA staff recommends approval of the loan with the standard conditions and the following special condition: the Hopkinsville Water Environment Authority will conduct a rate study at the end of the 2008 fiscal year.

At the conclusion of the study, rates will be adjusted to an amount sufficient to cover all operation and maintenance costs as well as all debt service requirements.

Mr. Damon Talley asked if the City of Hopkinsville was going to issue its own bonds to cover the \$7,300,000 in local funding for the project. Ms. Williams stated that was her understanding. Mr. Talley also commended the City of Hopkinsville for their low water rates.

Mr. Bob Amato expressed concern about the loss of Flynn as an industrial customer and wondered how much water usage that represented. Mr. Len Hale, Hopkinsville Water Environment Authority, explained that the reduction of volume was approximately 400,000 gallons per day. Mr. Amato also questioned the need to expand the plant capacity from 10 MGD to 15 MGD in light of the recent reduction in water usage. Mr. Hale stated there was still a need to increase capacity because of overall economic growth, new industrial customers and an increase in residential customers; i.e. the soldiers from Fort Campbell.

Mr. Matt Sawyers moved to approve the resolution. Mr. Bob Amato seconded, and the motion carried unanimously.

7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (FUND F) LOAN IN THE AMOUNT OF \$4,000,000 TO THE NORTHERN KENTUCKY WATER DISTRICT, KENTON COUNTY, KENTUCKY

Ms. Sandy Williams, KIA and Ms. Donna Marlin, DOW, presented the project to the board. The Northern Kentucky Water District is proposing to construct improvements to the chemical feed system at the Ft. Thomas Water Treatment Plant and upgrades to the gravity thickener. The project also includes the purchase of a portable emergency generator and installation of transfer switches at multiple pump stations to allow acceptance of generator power. A new 24-inch transmission main will be constructed along the AA Highway from East Alexandria Pike to Riley Road for redundancy and increased pressure. The total cost of the project is \$6,565,000 with KIA providing \$4,000,000 at an interest rate of 1.0% for a term of 20 years. The Water District, by providing water service to multiple cities, counties and water districts, is considered multi-jurisdictional and therefore meets the definition of a regional system that qualified the project for the lower interest rate. The estimated annual payment is \$231,164. Balance sheets show debt to equity ratios from 2002 to 2005 increased slightly from 1.51 to 1.67 before declining to 1.60 in 2006. This indicates that system growth had not been entirely financed through debt and that some growth was most likely financed from system revenues. Revenues are projected to increase 5% each year except for 2009 when revenues are projected to increase 15% (the amount approved by the Public Service Commission). Operating expenses are projected to increase 5% each year. There is not a requirement to fund a separate Repair and Replacement Account because the Water District self funds an account for the entire system. The Water District shows adequate cash flow to repay the KIA Fund F loan and is projected to have a 1.81 coverage ratio in 2010. DOW

recommends the project for approval. KIA staff recommends approval of the loan with the standard conditions and the following special conditions: 1) Northern Kentucky Water District agrees to consult with the Kentucky Heritage Council (KHC) prior to implementation of the project to determine whether an historic water treatment plant building located on the project site and slated for demolition, but which is eligible for listing on the National Register of Historic Places, can be rehabilitated and adapted for reuse in accordance with *the Secretary of the Interior's Standards for Rehabilitation* and a **No Adverse Effect** determination reached by KHC; and 2) Should avoidance or minimization not be feasible, and an **Adverse Effect** finding is issued by KHC, then consultation will continue to determine what appropriate mitigation measures will be implemented, including, but not limited to, state-level documentation of the building and its historic context.

Ms. Terri Fugate pointed out there was some material in the Project Review (page 86 for the Board Book) that was repeated from the previously presented project. Ms. Williams stated this would be corrected and placed in the file.

Mr. Damon Talley moved to approve the resolution. Ms. Terri Fugate seconded, and the motion carried unanimously with Mr. Bob Amato abstaining.

8. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (FUND F) LOAN IN THE AMOUNT OF \$3,000,000 TO THE OHIO COUNTY WATER DISTRICT, OHIO COUNTY, KENTUCKY

Mr. Damon Talley informed the board he has been working with the Ohio County Water District as Special Counsel in their negotiations on this project with the Ohio County Fiscal Court to pay the debt service associated with this loan; therefore, due to this conflict of interest, he will be abstaining from voting on this project.

Ms. Sandy Williams, KIA and Ms. Donna Marlin, DOW, presented the project to the board. The Ohio County Water District is proposing to construct a new 4 MGD water treatment plant. The new treatment plant will replace an existing 2 MGD plant and to offset the loss of treated water now supplied to the District under contract with a local poultry processing facility. The existing plant does not meet current drinking water regulations and the contract with the poultry facility expires February 2009. The existing raw water intake structure will be upgraded to serve the new water plant. Source water for the new plant will continue to be the Green River. The project will also include conversion of an existing treated water main to transport raw water and a new section of treated water transmission main. The Ohio County Water District requests a KIA loan in the amount of \$3,000,000 to be combined with several state and federal funding sources for a total project amount of \$21,802,350. The loan will have an interest rate of 1.0%, a term of 20 years and estimated annual payments of \$173,373. The district provides water service to multiple cities and counties and is therefore considered multi-jurisdictional which qualifies the project for the lower interest rate. Revenues have been up and down between 2004 and 2006 showing an

increase of 5% between 2004 and 2005 and showing a decline of 3% in 2006 due to weather conditions that provided for a more mild summer. A 1% decline in administrative and operating expenses in 2005 was followed by an increase of 7% in 2006 primarily due to increased salaries, employee benefits and material and supplies. The balance sheet shows a declining debt to equity ratio from 1.13 in 2004 to 0.8 in 2006. The current ratio shows that current assets are more than two times what is necessary to cover current liabilities. Revenues are projected to increase 2% each year except for 2009, when a rate of 6% will go into effect based on the amount required in the USRD Letter of Conditions. This rate is subject to approval by the Public Service Commission. Operating and maintenance expenses are projected to increase 4% each year. The Ohio County Fiscal Court has pledged to transfer \$166,000 annually beginning in 2010 to the water district until the KIA loan is retired. Outstanding Series 1998 Bonds and Series 2000 bonds will be refinanced by the RD loan that will reduce the debt service expense by approximately \$200,000 every year. The water district shows adequate cash flow to repay the KIA Fund F loan and is projected to have a 2.14 debt coverage ratio in 2010. DOW recommends approval of the loan. KIA staff recommends approval of the loan with the standard conditions and the following special conditions: 1) The Ohio County Water District must provide an agreement acceptable to KIA between the Ohio County Water District and the Ohio County Fiscal Court that obligates the fiscal court to transfer to the water district an amount no less than \$166,000 annually for the payment of debt service on the KIA Fund F loan; and 2) The Ohio County Water District must affirm to KIA that it will increase water rates in an amount sufficient to pay debt service on the KIA Fund F loan should the Ohio County Fiscal Court not transfer sufficient funds to meet the semi-annual debt service payments.

Secretary Robert Vance asked if KIA staff had reviewed the financial statements of the Ohio County Fiscal Court to check their ability to pay an additional \$166,000 a year. Ms. Williams affirmed KIA staff had reviewed the Fiscal Court's financial statements and they have adequate revenue. She added that the revenue to pay the debt service is anticipated to come from future coal severance payments and other revenue coming in. Secretary Vance recommended, if funding were to come from another governmental agency, it would be beneficial for the board to have to agency's financial information also for their consideration.

Ms. Donna Marlin, DOW, stated that since the treatment plant is going from 2 MGD to 4 MGD, the classification operator changes and recommended as a special condition, the water district have a properly certified operator on staff prior to initiation of operation. Mr. Bob Amato asked if this condition should be added to the special conditions for loan approval. A representative from Ohio County confirmed that those operators are already in place and Ms. Marlin stated this condition would be added to the permit.

Secretary Robert Vance moved to approve the resolution. Mr. George Burgess seconded, and the motion carried unanimously with Mr. Damon Talley abstaining.

9. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF

A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (FUND F) LOAN IN THE AMOUNT OF \$2,101,654 TO THE CITY OF CENTERTOWN, OHIO COUNTY, KENTUCKY

Ms. Sandy Williams, KIA and Ms. Donna Marlin, DOW, presented the project to the board. The City of Centertown is requesting to increase system water quality, pressures, reliability, and fire protection to their entire system. The project will include the construction of approximately 33,000 linear feet of 8-inch water transmission main, 9,000 linear feet of 6-inch water main (reinforcing loop), a 150,000 gallon elevated water storage tank and a 200 gpm (gallon per minute) triplex booster pumping station. The total cost of the project is \$3,357,037 with KIA funding \$2,101,654. The loan will have an interest rate of 1.0% with a term of 30 years and an estimated annual payment of \$86,516. The City has a median household income of \$31,250 which is less than the statewide median household income therefore qualified for the lower interest rate. Revenues had decreased slightly between 2004 and 2006 from approximately \$222,000 to \$220,000 annually due to decreased demand based on weather conditions. Operating expenses had fluctuated during the same time period decreasing approximately 8% from 2004 to 2005 and increasing the same amount from 2005 to 2006. Salaries dropped approximately 53% due to a reduction in personnel. Charges for service in 2007 and 2008 are projected to increase only slightly by one-half of 1% annually. Charges for services in 2009 will have a required rate increase of 20% and another required rate increase of 25% in 2010. The City of Centertown will meet the required cash flow through the projected years and will have a debt coverage ratio of 1.12 by 2010. DOW recommends approval of the loan. KIA staff recommends approval of the loan with the standard conditions and the following special conditions: Prior to the first request for funds under the loan: 1) the City of Centertown must pass a rate increase of at least 20% to go into effect no later than July 1, 2008; and 2) the City of Centertown must pass an additional rate increase of at least 25% to go into effect no later than July 1, 2009.

Mr. Damon Talley expressed concern over the required substantial rate increases and wanted to make sure the City of Centertown was ready to implement the recommendations. Ms. Pat Kessinger, City Clerk of Centertown, stated the City doesn't like what they have to do but knows the increases must be made and are hoping more funding will come available to help.

Mr. Bob Amato noticed that the inside and outside city water rates after 2010 would have a \$20.00 difference per month and was this difference considered. Ms. Williams stated when KIA staff looks at an amount necessary to meet the debt service; the numbers are viewed as a whole. KIA does not dictate to how the City specifically implements the required rate increases for inside or outside the city. Ms. Kessinger stated the City has not yet looked at the demographics or decided how the increased rates will be disbursed.

Ms. Linda Bridwell asked what is the City of Centertown's current water source. Ms. Marlin stated that the City of Hartford is their main water source.

Mr. Damon Talley moved to approve the resolution. Ms. Linda Bridwell seconded, and the motion carried unanimously.

Ms. Sandy Williams announced that, with the approval of this last group of Drinking Water Revolving Loans, every dollar available had been obligated in Fund F for environmental improvements in the Commonwealth and wished to congratulate the board on this accomplishment. Mr. Tim Thomas, KIA, informed the board that, in future months, obligated amounts would come from funds available in Fund A and Fund F for the next fiscal year. Discussions regarding the actual amount of funding are still ongoing in the legislature but an approximate amount for Fund F could be \$12,000,000 and \$24,000,000 for Fund A.

Mr. Damon Talley asked about the status of Fund B. Mr. Thomas stated there have been no indications of appropriated funding to replenish Fund B other than repayments; therefore the program would probably be operating in a smaller capacity than in the last several years.

Mr. Walt Beasley, Ohio County Water District, wished to thank the Division of Water and KIA staff for their help in acquiring and maintaining funding.

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

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

APPLICANT	FUND	AMOUNT
City of Lancaster	B	\$ 490,000
Whitley County Water District	B	\$ 848,000
City of Hopkinsville	F	\$4,000,000
Northern Kentucky Water District	F	\$4,000,000
Ohio County Water District	F	\$3,000,000
City of Centertown	F	\$2,101,654

Ms. Linda Bridwell moved to approve the resolution. Ms. Terri Fugate seconded, and the motion carried unanimously.

II. INFORMATIONAL ITEM

Division of Water was asked to give an update on an infrastructure needs survey that was completed recently. Mr. Tim Thomas expressed appreciation to DOW for being prepared today but asked for this item be deferred to the next board meeting because there were a couple of board members absent and wanted all members to receive the information.

III. EXECUTIVE DIRECTOR'S REPORT

Mr. Tim Thomas informed the board of some observations and information regarding the legislative budget process. Regarding the possibility of line item appropriations for water and sewer infrastructure projects in the upcoming biennium, KIA staff had been contacted on several different occasions by the Legislative Research Commission staff and a number of individual legislators on various proposed infrastructure projects across the state for both coal and tobacco counties. This information is maintained in the water resource information system. There are no details at this time as to how the information provided will ultimately be utilized in the final budget that will be passed. Also, there have been some informal requests from the legislative branch about the revenue bond leveraging proposal for the two state revolving fund programs. The water and sewer utility associations and municipal groups have also had some discussions with the General Assembly on this issue. Mr. Thomas wanted to make the board aware of these discussions and is still unaware of what the final outcome of these discussions will be.

II. STATUS REPORT FOR FUNDS

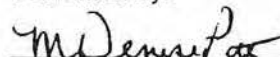
- A. 2003 Coal/Tobacco Development Fund Grants
- B. IEDF Fund Grants
- C. 2020 Account / Fund B Grants
- D. Funds A, A1, B, B1, C, F, F1

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Tentatively scheduled for
Thursday, April 3, 2008
1024 Capital Center Drive, Suite 340
Frankfort, KY

There being no further business, Secretary Robert Vance moved to adjourn. Mr. Bob Amato seconded and the motion carried unanimously. The March 6, 2008, meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



M. Denise Pitts, CPA, Secretary
Kentucky Infrastructure Authority

3/27/08
Date



Steven L. Beshear
Governor

KENTUCKY INFRASTRUCTURE AUTHORITY

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

John E. Covington III
Executive Director

June 25, 2010

Mr. Dirk Bedarff
Peck, Shaffer & Williams
50 East RiverCenter Blvd, Ste 1150
Covington, Kentucky 41011

VIA EMAIL

RE: Whitley County Water District
Infrastructure Revolving Fund Loan B08-03

Dear Dirk:

Enclosed please find the following information with regard to the above-mentioned project:

Distribution List
Exhibit A
Exhibit G
Executed copy of commitment letter
Minutes approving the project

Please include the attached conditions as Exhibit G in the Assistance Agreement. All other conditions contained within the commitment letter have been met. Please prepare the Assistance Agreement for execution and forward to the Walter Estes, Chairman of the district.

Sincerely,

A handwritten signature in cursive script that reads "Kasi L. White".

Kasi L. White
Financial Analyst

Attachments

Whitley County Water District
Distribution List
B08-03

Receiving original Assistance Agreement

1. Walter Estes, Chairman
Whitley County Water District
19 South Highway 25W
Williamsburg, Kentucky 40769

Receiving copy of Assistance Agreement

2. Kasi White
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
3. Timothy M. Schwendeman
Cumberland Valley Area Development District
Post Office Box 1740
London, Kentucky 40743-1740

Receiving copy of Letter Only

4. Kathy Moyers
Whitley County Water District
19 South Highway 25W
Williamsburg, Kentucky 40769
5. Ken Taylor
Kenvirons
452 Versailles Road
Frankfort, Kentucky 40601

EXHIBIT G
(B08-03)

Any required approvals required by the Kentucky Public Service Commission shall be obtained with a copy of such approvals submitted to the Authority prior to the disbursement of funds.



RECEIVED

KENTUCKY INFRASTRUCTURE AUTHORITY

2008 MAR 27 P 9:48

Steven L. Beshear
Governor

Capital Center Complex
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
(502) 573-0260
(502) 573-0157 (fax)
kia.ky.gov

Tim Thomas
Executive Director
KENTUCKY INFRASTRUCTURE
AUTHORITY

March 14, 2008

Mr. Walter Estes, Chairman
Whitley County Water District
19 South Highway 25W
Williamsburg, Kentucky 40769

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND
CONDITIONAL LOAN COMMITMENT B08-03**

Dear Mr. Estes:

The Kentucky Infrastructure Authority (the "Authority") commends your efforts to improve public service facilities in your community. On March 6, 2008 the Authority approved your loan for drinking water system improvements subject to the conditions stated below. The total cost of the project shall not exceed \$2,708,000 of which the Authority loan shall provide up to \$848,000. Other anticipated funding for the project is reflected in Attachment A. The final loan amount will be equal to the Authority's portion of estimated project amount applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An assistance agreement will be executed between the Authority and the Whitley County Water District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter March 14, 2008 will be allowed for you to meet the conditions set forth in this letter and enter into an assistance agreement. A one-time extension up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the assistance agreement.

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

1. The Authority project loan shall not exceed \$848,000.
2. The loan shall bear interest at the rate of 0.6% per annum commencing with the first draw of funds.

3. The loan shall be repaid over a period of twenty (20) years from the date of project completion.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on June 1 or December 1 immediately succeeding the date of the last draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the last draw of funds, then the first principal payment date shall be the June 1 or December 1 which is at least six months from the date of the last draw of funds. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of two-tenths of one percent of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
7. Loan funds will be disbursed after execution of the assistance agreement as project costs are incurred.
8. The final assistance agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

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 shall be provided directly to the Authority.

1. Upon completion of final design of the facilities in the attached project description, favorable approval shall be obtained of such design by all appropriate parties as required by Kentucky statute or administrative regulation.
2. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.

3. Documentation of final funding commitments from all parties other than the Authority as reflected in the Attachment A description shall be provided to the Authority prior to the pre-closing of the Authority loan and disbursement of the loan moneys. Rejections of any anticipated project funding or any new sources of funding not reflected in Attachment A shall be immediately reported to the Authority and cause this loan to be subject to further consideration.
4. Upon receipt of construction bids a tabulation of such bids and engineer's recommendations on compliance with bid specifications and recommendation for award, shall be forwarded to the Authority for final approval and sizing of this loan and the project.
5. Based on the final "as bid" project budget, the community must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that projections of operating expenses have not materially changed. This shall be reviewed and approved by your consultant engineer.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the city council or appropriate governing board. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of said acquisitions shall be provided to the Authority.
8. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
9. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
10. Complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
11. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for

Mr. Walter Estes
March 14, 2008
Page 4

service are based upon the cost of providing such service.

12. Final Design Plans in an AutoCAD Drawing File Format (DWG), referenced to the appropriate (North, South or Single) Kentucky State Plane Coordinate System (NAD83-Survey Feet) on a Compact Disc (CD). If there is a significant deviation from the Final Design Plan during construction, As-built plans shall also be provided to the Authority in the same format.

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

Sincerely,



John E. Covington, III
Financial Analyst

Attachment

- c: Ms. Kathy Moyers, Whitley County Water District
Mr. Ken Taylor, Kenvirons
Mr. Timothy M. Schwendeman, Cumberland Valley ADD
Mr. Dirk Bedarff, Peck Shaffer & Williams, LLP
Mr. Lonnie Campbell, State Local Debt Officer, GOLD

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms.

Walter B. Estes

Accepted

3-25-08

Date

ATTACHMENT A

EXECUTIVE SUMMARY		Reviewer:	John Covington
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	3/6/08
FUND B, INFRASTRUCTURE REVOLVING FUND		KIA Loan Number:	B08-03
BORROWER:	Whitley County Water District		
	Whitley County		
BRIEF DESCRIPTION:	WX21235432		
	Extension of approximately 115,100 lf of 3, 4, 6 and 8 inch water lines to serve a potential of 204 customers along 16 roads in Whitley Count		
	WX21235434		
	This project proposes to upgrade 83,200 lf of water lines to underserved areas throughout the county.		
PROJECT FINANCING:	PROJECT BUDGET		
Fund B WX21235432	\$ 548,000	Administrative Expenses	\$ 60,000
Fund B WX21235434	\$ 300,000	Legal Expenses	\$ 33,500
ARC	\$ 600,000	Land, Easements	\$ 35,000
HB 380 Grant	\$ 1,160,000	Planning	\$ 20,000
Local	\$ 100,000	Eng. Fees - Design	\$ 139,800
		Engineering Construction	\$ 34,950
		Eng. Fees - Insp. and Other	\$ 112,400
		Construction	\$ 2,070,000
		Contingency	\$ 202,350
TOTAL	\$ 2,708,000	TOTAL	2,708,000
REPAYMENT		Est. Annual	
	Rate	0.60%	Payment \$46,754
	Term	20 years	1st Payment 6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Kenvirons	
	Bond Counsel	Peck, Shafer, & Williams	
PROJECT SCHEDULE			
	Bid Opening	7/2/2008	
	Construction Start:	9/1/2008	
	Construction Stop:	4/1/2008	
OTHER DEBT	See Attached		
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached		
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>
	Current	2,990	\$38.10 (for 4,000 gallons)
	Proposed	204	Same (for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.		
CASHFLOW	Cash Available for	Income after Debt	
	Debt Service	Debt Service	Service Coverage Ratio
Audited 2003	91,180	91,065	115 1.00
Audited 2004	158,802	181,494	(22,692) 0.87
Audited 2005	210,314	199,009	11,305 1.06
Audited 2006	210,040	200,508	9,532 1.05
Unaudited 2007	491,058	197,471	293,587 2.49
Projected 2008	529,730	197,845	331,885 2.68
Projected 2009	601,179	243,883	357,296 2.47
Projected 2010	681,088	243,588	437,499 2.80

**KENTUCKY INFRASTRUCTURE AUTHORITY
 INFRASTRUCTURE REVOLVING FUND (FUND "B")
 WHITLEY COUNTY WATER DISTRICT, WHITLEY COUNTY
 PROJECT REVIEW**

I. PROJECT DESCRIPTION

WX21235432

Extension of approximately 115,100 lf of 3, 4, 6 and 8 inch water lines to serve a potential of 204 customers along 16 roads in Whitley County. These roads were not eligible for a previously funded and completed AML grant. The area water supplies show various forms of contamination.

WX21235434

This project proposes to upgrade 83,200 lf of water lines to underserved areas throughout the county.

II. PROJECT BUDGET

Administrative Expenses	60,000	2.22%
Legal Expenses	33,500	1.24%
Land, Easements	35,000	1.29%
Planning	20,000	0.74%
Eng. Fees - Design	139,800	5.16%
Engineering Construction	34,950	1.29%
Eng. Fees - Insp. and Other	112,400	4.15%
Construction	2,070,000	76.44%
Contingency	202,350	7.47%
Total	2,708,000	100.00%

III. PROJECT FUNDING

Fund B WX21235432	548,000	20.24%
Fund B WX21235434	300,000	11.08%
ARC	600,000	22.16%
HB 380 Grant	1,160,000	42.84%
Local	100,000	3.69%
Total	2,708,000	100.00%

KIA Debt Service

Construction Loan	848,000
Interest Rate	0.6%

Loan Term	20
Estimated Annual Debt Service	45,058
Administrative Fee (0.2%)	1,696
Total Estimated Annual Debt Service	46,754

IV. PROJECT SCHEDULE

Bid Opening:	July 2, 2008
Construction Start:	September 1, 2008
Construction Stop:	April 1, 2009

V. DEMOGRAPHICS/RATE STRUCTURE

CUSTOMERS

	2004	2005	2006	Current	Proposed	Total
Residential	2,616	2,659	2,788	2,990	204	3,194
Business	117	125	126	130	-	130
Industrial	6	7	6	6	-	6
Total	2,739	2,791	2,920	3,126	204	3,330

RATE STRUCTURE

First 1,000 Gallons	\$18.93 Minimum Bill
Next 4,000 Gallons	\$6.39 per 1,000 Gallons
Next 95,000 Gallons	\$5.42 per 1,000 Gallons
All Over 100,000 Gallons	\$5.97 per 1,000 Gallons

Bill for 4,000 Gallons	\$38.10
Date of Last Rate Increase	9/14/2006

CURRENT SYSTEM

Whitley County Water District purchases all water from Corbin, Williamsburg, Jellico Tennessee or McCreary County Water District.

DEMOGRAPHICS

Whitley County had a population of 35,865 and 13,870 households according to the 2000 Census. Projected county population and households are shown below:

	Projections				
	2005	2010	2015	2020	2025
Population	37,053	38,804	40,449	41,860	43,068
Households	14,931	15,852	16,639	17,219	17,716
Pop per Household	2.48	2.45	2.43	2.43	2.43

In 2000, the county's Median Household Income (MHI) level was \$22,075. The

median household income for the Commonwealth is \$33,672. Based on median household income, the project will qualify for the 1% interest rate.

VI. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the utility was obtained from the audited financial statements of the Whitley County Water District for the years ended December 31, 2004, 2005 and 2006 and unaudited statements for 2007.

The balance sheets between 2004 and 2006 show annual increases in net assets without a corresponding increase in liabilities resulting in decreasing debt to equity ratios. As of December 31, 2006 the system has debt of \$3,807,624. This loan increases debt 22%.

Between 2003 and 2007 revenues grew each year but barely keep ahead of expenses with debt coverage ratios hovering around 1:1. In September of 2006 the system implemented a rate increase the significantly improved operations increasing the debt coverage ratio from 1.05 in 2006 to 2.49 in 2007. Revenues were projected each year through 2010 using the 11% average change in revenues for years 2004, 2005, and 2006. 2007 was not used to eliminate the one time impact of the rate increase. Expenses were projected to increase 8% annually using the same assumptions as were used projecting revenues. With full debt service payments in 2009 and 2010 debt coverage ratios are projected to be 2.47 and 2.80 respectively.

VII. DEBT OBLIGATIONS

Bond Issue	Maturity	Balance
Series 1994	1/1/2033	\$639,000
Series 1998	1/1/2038	\$549,000
Series 2000	1/1/2040	\$355,000
Series 2003	1/1/2042	\$1,800,000

VIII. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

Year	Project	Source	Amount
2002	E92 Water Line Ext	AML, RD, CDBG, ARC	\$5,000,000
2005/06	Water Line Ext	State Grant	\$500,000
2005/06	Meadow Creek/ Tacket Creek WL Ext	AML	\$1,800,000
2006	Northend Line Rehab	State Grant	\$700,000
2007	West 92 Water Line Ext	ARC, RD, State Grant	\$1,835,000

IX. CONTACTS

Applicant

Name: Whitley County Water District
Address: 19 South Highway 25W
Williamsburg, Kentucky 40769

County: Whitley
Contact: Walter Estes, Chairman
Kathy Moyers
Phone: (606) 549-3600

Applicant Contact

Name: Cumberland Valley Area Development District
Address: Post Office Box 1740
London, Kentucky 40743-1740

Contact: Timothy M. Schwendeman
Phone: (606) 864-7391

Engineer

Name: Kenvirons
Address: 452 Versailles Road
Frankfort, Kentucky 40601

Contact: Ken Taylor
Phone: (502) 695-4357

X. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

EXHIBIT 1
Whitley County Water District
WATER FUND
CASHFLOW ANALYSIS

	Audited 2003	Audited 2004	Audited 2005	Audited 2006	Unaudited 2007	Projected 2008	Projected 2009	Projected 2010
<i>Revenues</i>								
Water Sales	835,019	967,374	1,000,973	1,107,068	1,383,463	1,521,809	1,673,990	1,841,389
Other Operating Revenues		28,246	30,111	34,681	38,011	32,762	32,762	32,762
Miscellaneous								
Total Revenues	835,019	995,620	1,031,084	1,141,749	1,421,474	1,554,571	1,706,752	1,874,151
<i>Expenses</i>								
Administrative & Operating Expense	772,482	840,116	834,227	956,770	963,256	1,040,316	1,123,542	1,213,425
Depreciation	133,788	142,999	124,978	124,704	124,704	130,000	130,000	130,000
Replacement Reserve								
Total Expenses	906,270	983,115	959,205	1,081,474	1,087,960	1,170,316	1,253,542	1,343,425
Net Income Cash	(71,251)	12,505	71,879	60,275	333,514	384,255	453,211	530,726
<i>Non-Operating Revenues and Expenses</i>								
Investment Income	1,710	1,563	9,120	18,475	29,106	11,995	14,052	16,550
Other	26,933	1,735	4,337	4,115	3,734	3,480	3,917	3,812
Total Non-Operating Rev & Exp	28,643	3,298	13,457	22,590	32,840	15,475	17,968	20,361
<i>Add Non-Cash Expenses</i>								
Depreciation	133,788	142,999	124,978	124,704	124,704	130,000	130,000	130,000
Cash Available for Debt Service	91,180	158,802	210,314	210,040	491,058	529,730	601,179	681,088
<i>Debt Service</i>								
Existing Debt	91,065	181,494	199,009	200,508	197,471	197,845	197,129	196,834
New KIA Fund C Loan							46,754	46,754
Total Debt Service	91,065	181,494	199,009	200,508	197,471	197,845	243,883	243,588
Income After Debt Service	115	(22,692)	11,305	9,532	293,587	331,885	357,296	437,499
Debt Coverage Ratio	1.00	0.87	1.06	1.05	2.49	2.68	2.47	2.80

Whitley County Water District
Balance Sheets

ASSETS	<u>2004</u>	<u>2005</u>	<u>2006</u>
Current Assets			
Cash and Cash Equivalents	61,696	33,258	96,445
Accounts Receivable - Customers	152,637	166,367	220,475
Other Accounts Receivable	24,250	24,250	-
Provision for Uncollectable Accounts	(10,648)	(10,648)	(10,648)
Prepaid Insurance	5,588	5,588	2,034
Total Current Assets	<u>233,523</u>	<u>218,815</u>	<u>308,306</u>
Restricted Assets			
Restricted Cash and Cash Equivalents	335,606	374,706	848,139
Total Restricted Assets	<u>335,606</u>	<u>374,706</u>	<u>848,139</u>
Capital Assets			
Land	5,663	6,463	8,463
Equipment, Structures, Vehicles	322,806	339,842	348,458
Distribution System	4,887,407	4,887,407	10,253,020
Accumulated Depreciation	(1,427,005)	(1,551,709)	(1,676,414)
Construction in Progress	3,632,749	5,311,352	1,791,543
Total Capital Assets	<u>7,421,620</u>	<u>8,993,355</u>	<u>10,725,070</u>
Other Assets			
Deposits	2,000	2,000	2,000
Prepaid Debt Service	41,500	44,500	46,000
Miscellaneous Other Assets	-	-	70
Bond Related Cost	4,868	4,868	8,027
Accumulated Amortization Bond Costs	(888)	(1,162)	(1,436)
Total Other Assets	<u>47,480</u>	<u>50,206</u>	<u>54,661</u>
Total Assets	<u>8,038,229</u>	<u>9,637,082</u>	<u>11,936,176</u>
LIABILITIES			
Current Liabilities			
Accounts Payable/Accrued Liabilities	106,858	106,978	108,385
Accrued Taxes	5,967	7,651	10,088
Accrued Interest Payable	15,387	15,305	2,793
Current Notes Payable - Kentucky Rural Water	-	-	126,244
Current Bonds Payable	41,500	44,500	46,000
Total Current Liabilities	<u>169,712</u>	<u>174,434</u>	<u>293,510</u>
Non-Current Liabilities			
Customer Deposits	129,342	145,853	168,581
Escrow Charges	2,533	2,533	2,533
Bonds Payable	3,433,500	3,389,000	3,343,000
Total Non-Current Liabilities	<u>3,565,375</u>	<u>3,537,386</u>	<u>3,514,114</u>
Total Liabilities	<u>3,735,087</u>	<u>3,711,820</u>	<u>3,807,624</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,988,120	5,604,355	7,255,826
Restricted			
Deposits	113,813	122,559	140,202
Capital Projects	135,708	162,217	481,059
Debt Service	86,085	89,929	226,878
Unrestricted (Deficit)	(20,584)	(53,798)	24,587
Total Net Assets	<u>4,303,142</u>	<u>5,925,262</u>	<u>8,128,552</u>
Total Liabilities and Net Assets	<u>8,038,229</u>	<u>9,637,082</u>	<u>11,936,176</u>
Balance Sheet Analysis			
Current Ratio	1.38	1.25	1.05
Debt to Equity	0.87	0.63	0.47

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER:	F15-030
BORROWER:	Whitley County Water District
BORROWER'S ADDRESS:	19 S. Hwy 25 West Williamsburg, Kentucky 40769
DATE OF ASSISTANCE AGREEMENT:	March 1, 2017
CFDA NO.:	66.468

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

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

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

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

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

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

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

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

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

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Federal Cross-Cutters

Environmental Authorities

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

Economic and Miscellaneous Authorities

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

Social Policy Authorities

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

(2) State:

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

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

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

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

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

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

ATTEST:

**KENTUCKY INFRASTRUCTURE
AUTHORITY**



Title: SECRETARY

By: Donna McNeil

Title: EXECUTIVE DIRECTOR

ATTEST:

**GOVERNMENTAL AGENCY:
WHITLEY COUNTY WATER DISTRICT**



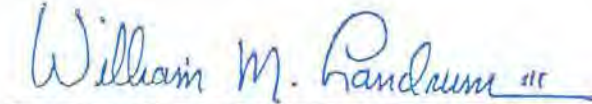
Title: Secretary

By: Andy Meador

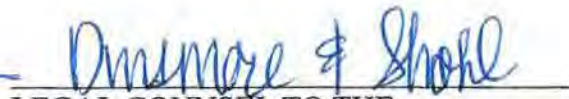
Title: Chairman

APPROVED:

EXAMINED:



SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY



LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

APPROVED AS TO FORM AND LEGALITY



APPROVED

FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
WHITLEY COUNTY WATER DISTRICT
PROJECT SPECIFICS
F15-030

GOVERNMENTAL AGENCY:

Name: Whitley County Water District
 19 S. Hwy 25 West
 Williamsburg, KY 40769

Contact
 Person: Andrew Meadors
 Chairman

SYSTEM: Water

PROJECT:

This project will replace 36,400 linear feet of deteriorated water lines across the Fairview, Savoy, Fabor and Woodbine areas of Whitley County. The majority of lines are undersized and have frequent leaks. The District will also replace 700 conventional meters with radio read meters.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 25,000
Legal Expenses	5,750
Land, Easements	5,000
Planning	5,000
Engineering Fees - Design / Const	56,750
Engineering Fees - Inspection	40,000
Engineering Fees - Other	10,000
Construction	575,000
Equipment	140,000
Contingency	75,000
Total	\$ 937,500

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 932,500	99%
Local Funds	5,000	1%
Total	\$ 937,500	100%

KIA DEBT SERVICE:

Construction Loan	\$	932,500
Less: Principal Forgiveness (0%)		0
Amortized Loan Amount	\$	932,500
Interest Rate		0.75%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	50,296
Administrative Fee (0.25%)		2,331
Total Estimated Annual Debt Service	\$	52,628

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/17).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/18).

REPLACEMENT RESERVE ACCOUNT:	\$	2,300	ANNUAL AMOUNT
	\$	23,000	TOTAL AMOUNT

The annual replacement cost is \$2,300. This amount should be added to the replacement account each December 1 until the balance reaches \$23,000 and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.25%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	Outstanding	Maturity
RD Series 1994 Bond	\$ 537,500	2033
RD Series 1998 Bond	480,000	2038
RD Series 2000 Bond	316,000	2040
RD Series 2003 Bond	1,622,000	2042
RD Series 2006 Bond	269,800	2045
KIA (B08-03)	910,816	2033
Total	\$ 4,136,116	

LIABILITY INSURANCE COVERAGE:

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

\$1,000,000.00
\$1,000,000.00
\$1,000,000.00

\$4,000,000.00 umbrella in force over each limit

**EXHIBIT B
REQUEST FOR PAYMENT AND PROJECT STATUS REPORT**

Borrower: _____

WX/SX Number: _____

KIA Loan # _____

Draw Number _____

Date: _____

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

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

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

Funds Requested: _____

Project Budget and Expenses

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

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

Project Funding

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

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

Borrower Signature: _____

Project Administrator: _____

Draw # _____

STATUS REPORT:
PROJECT IS:

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

PROJECT EXPENSES THIS DRAW REQUEST
(Include Invoices for Expenses Listed Below)

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

CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST

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

Engineer/Architect

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached

FOR entire service area
Community, Town or City

P.S.C. KY. NO. _____

SHEET NO. _____

Whitley County Water District No. 1
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

RATES AND CHARGES

First 1,000 gallons	\$19.35	Minimum bill
Next 4,000 gallons	\$6.81	per 1,000 gallons
Next 95,000 gallons	\$6.39	per 1,000 gallons
All Over 100,000 gallons	\$5.84	per 1,000 gallons

DATE OF ISSUE March 30, 2012
Month / Date / Year

DATE EFFECTIVE May 1, 2012
Month / Date / Year

ISSUED BY Walter B. Estes
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION OF KENTUCKY
IN CASE NO. 2012-00124 DATED 4/24/12

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
<u>Brent Kirtley</u> EFFECTIVE 5/1/2012
PURSUANT TO 807 KAR 5 011 SECTION 9 (1)

EXHIBIT D

RESOLUTION

RESOLUTION OF THE WHITLEY COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF MARCH 1, 2017 BETWEEN THE WHITLEY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

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

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of March 1, 2017 (the "Assistance Agreement") with the Authority.

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

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

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

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

ADOPTED on _____, 2017.

Chairman

Attest:

Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Whitley County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on _____, 2017; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this ____ day of _____, 2017.

Secretary

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Whitley County Water District, dated as of March 1, 2017

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 Whitley County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

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

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

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

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

Principal and Interest Payable
on Each June 1 and December 1

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

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

KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Title: _____

**WHITLEY COUNTY WATER DISTRICT,
Governmental Agency**

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

11149431v1

BUTCHER, BOWLING & DIXON

ATTORNEYS AT LAW

WWW.BUTCHERLAWKY.COM

JANE R. BUTCHER
RONALD L. BOWLING
ERIC M. DIXON

209 MAIN STREET
P.O. BOX 704
WILLIAMSBURG, KENTUCKY, 40769

TELEPHONE: (606) 549-4955
FACSIMILE: (606) 549-9779
EMAIL: BUTCHERLAW@HOTMAIL.COM

March 21, 2017

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

RE: **Assistance Agreement by and between Kentucky Infrastructure Authority and Whitley County Water District, dated as of March 1, 2017**

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 Whitley County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed, and delivered.

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

Based upon my review, I am of the opinion that:

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

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

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

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

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

6. To the best of my knowledge after due inquiry there is no action, suite, 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

Page 3 of 3
March 21, 2017

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 Agency to perform its obligations under the Assistance Agreement.

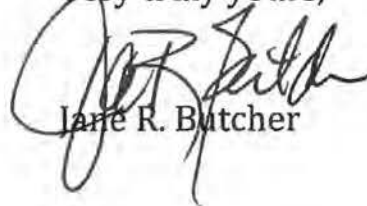
7. None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution, or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

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

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

If you should have any questions or concerns with regard to what has been set forth, please do not hesitate to contact my office.

Very truly yours,



Jane R. Butcher

JRB/hlc.

cc: Whitley County Water District

RESOLUTION

RESOLUTION OF THE WHITLEY COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF MARCH 1, 2017 BETWEEN THE WHITLEY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

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

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of March 1, 2017 (the "Assistance Agreement") with the Authority.

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

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

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

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

ADOPTED on March 23, 2017.


Chairman

Attest:


Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Whitley County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on March 23, 2017; 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 28 day of May, 2017.



Secretary

11149656v1

RESOLUTION

RESOLUTION OF THE WHITLEY COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF MARCH 1, 2017 BETWEEN THE WHITLEY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

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

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of March 1, 2017 (the "Assistance Agreement") with the Authority.

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

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

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

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

ADOPTED on March 23, 2017.


Chairman

Attest:


Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Whitley County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on March 23, 2017; 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 23 day of March, 2017.


Secretary

11149656v1

**Whitley County Water District
19 S Highway 25W
Williamsburg, Kentucky**

Minutes Regular Meeting

March 23, 2017 1:00 p.m.

1. Chairman Meadors called the meeting to order.
2. Declaration of a quorum: Chairman Meadors declared that a quorum was present.

Board members present:, Andy Meadors, Peggy Bird & Bob Durham absent: None

Staff present: Albert Mahan and Sandy Smith and all staff

Others present: Bill Johnson with J&J Accounting , Ken Taylor with Kenviorns Engineering, Tim Schwendeman with CVADD, JV Loughan inspector with Kenviorns, and Tim Akins with Akins Construction

3. General Public: None

4. Floor Business

A. Approval of minutes:

February 23, 2016 regular meeting

Commissioner Durham made a motion to approve the minutes as presented. Commissioner Bird seconded the motion. All in favor, motion carried. Chairman Meadors stated that he would present minutes of the March 14, 2017 meeting relating to the applicant interviews at the next regular meeting.

B. Financial Report J&J Accounting:

Chairman Meadors stated that he had reviewed the financial report and everything seemed to be in order. Commissioner Bird made a motion to accept the financial report as presented. Commissioner Durham seconded the motion. All in favor, motion carried.

2016 Audit PB and Bd to approve

C. Progress Meeting:

Chairman Meadors recognized Ken Taylor, Engineer with Kenviorns and ask that he conduct the progress meeting on the Water System Improvements project (SFR Loan Number F15-030). The Board agreed that the minutes of the Progress Meeting would represent this agenda item and a copy would be attached for documentation.

D. New Hire:

After a discussion of recent applicant interviews, Commissioner Bird made a motion to hire Travis Rains as presented. Commissioner Durham seconded the motion. All in favor, motion carried.

E. Water Leak at Dollar General Store #15143:

After considerable discussion with Office Manager Sandy Smith and Field Manager Albert Mahan and reviewing the various handouts, files, etc., the Board concluded that DG was entitled to an adjustment for the months of November and December, 2016. Also, the Board did acknowledge that the notes, printouts, contacts, etc., of the District Staff pertaining to the complaint/request of DG, are the official files. The Board further acknowledged that the first notice of the leak that was sent to DG was consistent with policy and that follow-up notices are sent on a courteous basis.

5. General Business:

A. Personnel & Operations Report: The Board reviewed all reports

B. Managers Activities Report: The Board reviewed the reports

C. General Business:

Engineer Ken Taylor, presented the Board with a price quote from MicroComm to install telemetry at the Saxton Pump Station. The quote included, \$16,960.00 for parts/materials and \$5,500.00 for electrical and labor. Ken noted that although the total amount is over \$20,000.00, which normally would require bidding, but since the product is only compatible with existing equipment, it is to be considered "sole source." After some discussion, Commissioner Bird made a motion to authorize Ken Taylor to direct MicroComm to proceed with the work. Commissioner Durham seconded the motion. All in favor, motion carried.

The Board read aloud a "Resolution of the Whitley County Water District Approving and Authorizing an Assistance Agreement dated as of March 1, 2017 between the Whitley County Water District and the Kentucky Infrastructure Authority." Commissioner Bird made a motion to adopt said resolution. Commissioner Durham seconded the motion. All in favor, motion carried.

Adjournment

At approximately 3:00 p.m., there being no further business, Commissioner Durham made a motion to adjourn. Chairman Meadors seconded the motion. All in favor, motion carried.

Chairman

Secretary

Date

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and Whitley County Water District (the "Governmental Agency"), dated as of March 1, 2017

GENERAL CLOSING CERTIFICATE OF GOVERNMENTAL AGENCY

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

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

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

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

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

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

6. There is no controversy or litigation of any nature pending, or to the knowledge of the Governmental Agency after diligent inquiry, threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under the Assistance Agreement or to construct the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of the Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of the Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of the

Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with the Assistance Agreement.

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

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

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

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

WITNESS our signatures, this 23 day of March, 2017.

**GOVERNMENTAL AGENCY:
WHITLEY COUNTY WATER DISTRICT**

By: Andrew Meadors
Name: Andrew Meadors
Title: Chairman

Attest:

By: Bob D. [Signature]
Name: Bob D. [Signature]
Title: Secretary

Dinsmôre

Legal Counsel.

DINSMORE & SHOHL LLP
50 East RiverCenter Boulevard ^ Suite 1150
Covington, KY 41011
www.dinsmore.com
(859) 431-7000 ^ (859) 431-0673 (fax)

April 3, 2017

Mr. Chris Kellogg
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and the
Whitley County Water District No. F15-030 dated as of March 1, 2017

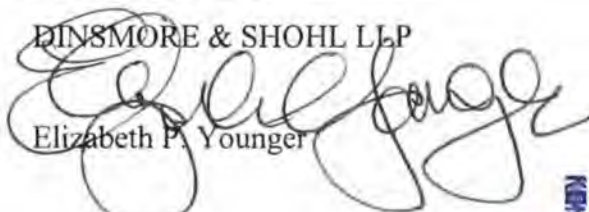
Dear Chris:

Enclosed please find executed documents in connection with the above captioned
assistance agreement. Please have the appropriate parties execute the agreement on behalf of the
Authority and the Commonwealth and return all documents to us for inclusion in the transcripts.

If you should have any questions, please do not hesitate to call.

Very truly yours,

DINSMORE & SHOHL LLP


Elizabeth P. Younger

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KENTUCKY INFRASTRUCTURE
AUTHORITY

2017 APR 5 AM 10 21

APR 05 2017

SCANNED



KENTUCKY INFRASTRUCTURE AUTHORITY

Matthew G. Bevin
Governor

Capital Center Complex
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
(502) 573-0260
(502) 573-0157 (fax)
kia.ky.gov

Donna McNeil
Executive Director

April 6, 2017

Secretary William M. Landrum, III
Finance and Administration Cabinet
702 Capitol Ave, Room 383
Frankfort, KY 40601



RE: Whitey County Water District
F15-030, Fund F Loan Assistance Agreement

Dear Secretary Landrum:

Enclosed please find for your review and signature the Assistance Agreement for the above referenced project. The loan was approved by the KIA Board and was reviewed and approved by the Capital Projects and Bond Oversight Committee.

Dirk Bedarff, attorney with KIA legal counsel Dinsmore and Shohl LLP, has examined the agreement and supporting documentation for completeness and correctness and shows his concurrence via signature.

KIA staff has reviewed the documentation for financial compliance with the State Revolving Fund Loan program. KIA shows its concurrence via the signature of the Board Chair.

Please return all documents to KIA upon execution.

Sincerely,

Chris Kellogg
Executive Staff Advisor

Enclosure

REVENUE LEASE

LEASE AGREEMENT

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

LESSEE: Whitley County Water District

LESSEE'S ADDRESS: 19 South Highway 25 West
Williamsburg, Kentucky 40769

DATE OF LEASE: September 20, 2018

TERMINATION DATE: February 1, 2042

This Lease Agreement constitutes a Security Agreement and all right, title and interest of the Lessor herein has been assigned to U.S. Bank National Association, as trustee under a Trust Indenture dated as of October 1, 2010 between it and the Lessor.

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LEASE AGREEMENT

THIS LEASE AGREEMENT, dated the date shown on the cover page hereof (together with any amendments hereto made in accordance herewith, this "Lease"), is entered into by and between the Kentucky Association of Counties Finance Corporation (the "Lessor"), as the lessor hereunder, a nonprofit corporation duly created and existing under the laws of the Commonwealth of Kentucky (the "State"), and the Lessee shown on the cover page hereof (the "Lessee"), as lessee hereunder, a body politic and corporate validly existing under the constitution, statutes and laws of the State.

WITNESSETH:

WHEREAS, the governing body of the Lessee (the "Governing Body") has the power, pursuant to Section 65.940 *et seq.* of the Kentucky Revised Statutes to enter into lease agreements with or without the option to purchase in order to provide for the use of property for public purposes;

WHEREAS, the Governing Body has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined herein;

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Lessor enter into this Lease for the leasing by the Lessee from the Lessor of the Project and to become a Participant in the Program, as defined in the Indenture;

WHEREAS, the execution, delivery and performance of this Lease, have been authorized, approved and directed by the Governing Body by a resolution finally passed and adopted by the Governing Body; and

WHEREAS, the Lessor desires to lease the Project to the Lessee, and the Lessee desires to lease the Project from the Lessor, pursuant to the terms and conditions and for the purposes set forth herein;

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. All words and phrases will have the meanings specified below unless the context clearly requires otherwise. Terms not defined herein will have the meanings assigned to them in the Indenture. References to Sections mean Sections of this Lease unless otherwise indicated.

"Additional Rentals" means the aggregate of (i) any expenses (including attorneys' fees and expenses) of the Lessor and/or the Trustee in defending an action or proceeding in connection with this Lease or in enforcing the provisions of this Lease; (ii) any taxes or any other expenses, including, but not limited to, licenses, permits, state and local sales and use or ownership taxes or property taxes and recording fees and/or other fees which the Lessor is expressly required to pay as a result of or in connection with this Lease; and (iii) the Lessee's Proportionate Share of any Administrative Expenses and Fiduciary Fees to the extent the same are not included in and paid as Base Rentals.

"Administrative Expenses" means the fees and expenses of the Lessor in administering the Program.

"Base Rentals" means the payments payable by the Lessee which constitute the principal component and interest component of Lease Rental Payments hereunder and other amounts set forth in Exhibit B.

"Bonds" mean the Bonds issued by the Kentucky Association of Counties Finance Corporation to fund this Lease.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein will be deemed to include the United States Treasury Regulations proposed or in effect with respect thereto and applicable to the Bonds or the use of the proceeds thereof.

"Costs" means, with respect to the Project, all or any part of the cost of construction, installation and acquisition of all land, buildings, structures, machinery and equipment; finance charges; extensions, enlargements, additions, replacements, renovations and improvements; engineering, financial and legal services; plans, specifications,

studies, surveys, estimates of cost of revenue, administrative expenses, expenses necessary or incidental to determining the feasibility or practicability of constructing a Project; and such other expenses as the Lessor determines may be necessary or incidental to the construction, installation and acquisition of the Project, the financing of such construction, installation and acquisition, interest during construction, installation or acquisition and the placing of the Project in service.

“Fiduciary Fees” shall mean the contractual fees and expenses (including reasonable attorney’s fees) of the Trustee under the terms of the Indenture.

“Indenture” means the General Trust Indenture dated as of October 1, 2010, as supplemented and amended, and the Series Indenture related to this Lease, which is entered into in accordance therewith.

“Late Payment Rate” means the per annum rate equal to 2.00% plus the greater of (i) the average interest rate on investments in the Debt Service Reserve Fund and (ii) the rate used to determine the interest component of Lease Rental Payments during the applicable period.

“Lease” means this Lease Agreement and any amendments or supplements hereto entered into in accordance with the provisions hereof, including the Exhibits attached hereto.

“Lease Rental Payments” means Base Rentals and Additional Rentals, which constitute the payments payable by the Lessee for and in consideration of the right to use and the option to purchase the Project and constitute Financing Payments under the Indenture.

“Lease Term” means the term of this Lease as determined pursuant to Sections 5 and 6 hereof.

“Lessee” means the Lessee identified on the cover page hereto.

“Lessor” means Kentucky Association of Counties Finance Corporation, acting as lessor under this Lease, or any successor thereto acting as lessor under this Lease.

“Optional Prepayment Price” means the amount determined by the Lessor and provided to the Trustee, which a Participant may, in its discretion, pay hereunder in order to prepay in full its Lease Rental Payments, which amount shall be equal to the unpaid principal component of Lease Rental Payments increased by the sum of (a) the amount of any due or past due Lease Rental Payments together with interest on such past due Lease Rental Payments to the date of such prepayment in full; (b) the unpaid accrued interest on the outstanding principal component of the Lease Rental Payments to the next date on which the related Bonds can be redeemed; (c) an amount of Defeasance Obligations which, together with the interest income thereon (as certified by the Program Administrator, Bond Counsel or other entity satisfactory to the Trustee), will be sufficient to pay Lease Rental Payments, which would have been due hereunder, if this Lease had not been prepaid, between the date of the prepayment and the date the prepayment will be used to redeem Bonds; (d) any additional Lease Rental Payments to the extent known or determinable at the time the prepayment is made through the date that the prepayment will be used to redeem Bonds; and (e) an amount equal to the premium, if any, payable on any Bonds to be redeemed on account of the payment of such Optional Prepayment Price. A Lease may not be prepaid if for any reason the Optional Prepayment Price cannot be calculated.

“Participant Disbursement Account” means the account by that name established for the Lessee by the Trustee under the Indenture.

“Program Administrator” means the Lessor or such other entity or unincorporated association as may be appointed in accordance with the Indenture to administer the Program and perform the duties and obligations of Program Administrator under the Indenture.

“Project” means property, the Costs of which are financed or refinanced, or the Costs of which are reimbursed hereunder, as more particularly described in Exhibit A hereto.

“Proportionate Share” means, as of a date of calculation, a fraction, the numerator of which is the unpaid principal components of Base Rentals hereunder, and the denominator of which is the sum of the unpaid principal components under all Financing Agreements related to the same Series of Bonds.

"State" means the Commonwealth of Kentucky.

"Trustee" means U.S. Bank National Association, a national banking association, as trustee under the Indenture, and any successor trustee at the time serving as such under the Indenture.

Section 2. Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants, in addition to any additional representations, covenants and warranties as may be set forth in Exhibit G, that (a) it is a body politic and corporate of the State; (b) it has full power and authority to enter into and to perform its obligations under, this Lease and all related documents; (c) it has duly authorized this Lease and all related documents; (d) this Lease and all related documents are valid, legal and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms; (e) the execution and delivery of this Lease and all related documents does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessee is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessee; (f) there is no action, suit, proceeding or investigation before or by any court or public body wherein an unfavorable decision would materially and adversely affect the transactions contemplated by this Lease; (g) it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Lease Rental Payments; (h) the Project furthers the Lessee's governmental purposes, serves a public purpose and is in the best interests of the Lessee and at the time of execution and delivery of the Lease, the Lessee intends to annually appropriate the Lease Rental Payments due hereunder; and (i) during the Lease Term, the Project will at all times be used only for the purpose of performing one or more lawful governmental functions of the Lessee.

The Lessee acknowledges that it has requested that the Lessor act on its behalf to issue the Bonds and that this Lease is being funded with the proceeds of bonds which may require the Lessee to comply with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"). The Lessee covenants and agrees that it will not take or omit to take any actions that conflict with the requirements of the Code that are applicable to the Bonds.

Section 3. Representations, Covenants and Warranties of Lessor. The Lessor represents, covenants and warrants that (a) it is a nonprofit corporation duly created and validly existing under the laws of the State, has all necessary power and authority to perform its obligations under, this Lease, and has duly authorized the execution and delivery of this Lease; (b) the execution and delivery of this Lease does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessor is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessor; (c) there is no litigation or proceeding pending or threatened against the Lessor or any other person affecting the right of the Lessor to execute or deliver this Lease or to comply with its obligations under this Lease.

Section 4. Demising Clause; Title; Security Interest. The Lessor leases the Project to the Lessee, and the Lessee leases the Project from the Lessor, in accordance with the provisions of this Lease, to have and to hold for the Lease Term. The Lessee will take possession of the Project upon delivery thereof.

Legal title to the Project and all fixtures, appurtenances and other permanent accessories thereto and all interests therein will be held by the Lessee, subject to Lessor's rights under this Lease. Lessor and Lessee agree that this Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Project and the Lease.

In order to secure all of its obligations hereunder, the Lessee hereby (i) grants to the Lessor a first and prior security interest in any and all right, title and interest of the Lessee in the portions of the Project that constitute personal property and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom, (ii) agrees that this Lease may be filed as a financing statement evidencing such security interest; and (iii) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence such security interest.

The Lessor's interest shall terminate upon (a) the Lessee's exercise of the purchase option granted in Section 24 hereof, or (b) the complete payment and performance by the Lessee of all of its obligations hereunder; provided, however, that title shall immediately and without any action by the Lessee vest in the Lessor and the Lessee shall immediately surrender possession of the Project to the Lessor upon (i) any termination of this Lease without the Lessee exercising its option to purchase pursuant to this Lease or (ii) the occurrence of an Event of Default. In any of such cases, the Lessee agrees to execute such instruments and do such things as the Lessor reasonably requests and as may

be required by law in order to effectuate transfer of any and all of the Lessee's right, title and interest in the Project, as is, to the Lessor. It is hereby acknowledged by the Lessor and the Lessee that the Lessee intends to purchase the Project on the terms set forth in this Lease.

Section 5. Duration of Lease Term. The Lease Term will commence and terminate on the dates shown on the cover page hereof unless earlier terminated as provided in Section 6. No provision of this Lease will be construed as creating a general obligation or other indebtedness of the Lessee within the meaning of any constitutional or statutory debt limitation.

Section 6. Termination of Lease Term. The Lease Term will terminate upon the earliest of (a) the termination of Lessor's interest in the Project pursuant to Section 24; or (b) an Event of Default and termination of this Lease as provided in Section 27.

Termination of the Lease Term will terminate the Lessee's rights to use, possess or occupy the Project (unless a conveyance of the Project to the Lessee has occurred).

Section 7. Enjoyment. The Lessor hereby covenants that the Lessee will during the Lease Term peaceably and quietly have and hold and enjoy the Project without suit, trouble or hindrance from the Lessor, except as expressly required or permitted by this Lease. The Lessor will, at the request of the Lessee and at the cost of the Lessee, join and cooperate fully in any legal action regarding the Project and the Lessee may, at its own expense, join in any legal action affecting the Project.

Section 8. Lease Rental Payments. The Lessee shall pay Base Rentals in the amounts and at the times set forth in Exhibit B, as said Exhibit B is in effect on the first day of each fiscal year during the Lease Term.

The Lessee will pay Additional Rentals within fifteen (15) days after a written request therefor is mailed to the Lessee by or on behalf of the Lessor.

Any Lease Rental Payment that is not paid within 10 days of the date due shall bear interest thereon at the Late Payment Rate. Amounts due pursuant to this paragraph will be deemed to be Additional Rentals due and payable when incurred and without further written demand therefor.

The Lessee agrees and acknowledges that (a) the Trustee is authorized under the Indenture to draw amounts from the Debt Service Reserve Fund if the Lessee fails to make any part of a Lease Rental Payment when due and (b) Exhibit B will be deemed automatically amended if the Trustee draws on such account to cure deficiencies in the payment of Lease Rental Payments, to increase the principal component of Lease Rental Payments due on the next applicable payment dates (which monthly payment dates may be established if there are less than 48 remaining payment dates) so that the amount such draw has caused the amount remaining on deposit in the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement (as determined in accordance with the Indenture) is repaid no later than 48 months from the date of such draw and to increase the interest component of Lease Rental Payments due on such dates on the unpaid amount so drawn at the rate per annum equal to the Late Payment Rate. Promptly following any such automatic amendment, the Lessor will mail to the Lessee a revised Exhibit B (identified by date or other means), by first class mail, postage prepaid; provided that any failure to mail such revised Exhibit B will not affect the obligation of the Lessee to make the revised Lease Rental Payments. Amounts drawn from the Debt Service Reserve Fund and applied to payment of all or any portion of Lease Rental Payments will satisfy such Lease Rental Payment to the extent so applied.

Each Lease Rental Payment will be applied first to the Base Rentals then due and payable, then as Additional Rentals then due and payable.

This Lease will be deemed and construed to be a "net lease," and the Lessee will pay absolutely net during the Lease Term, the Lease Rental Payments and all other payments required hereunder, free of any deductions, and without abatement, deduction or set-off (other than credits against Lease Rental Payments expressly provided for in this Lease).

Section 9. Manner of Payment. Unless Lessee has submitted a properly executed ACH service agreement acceptable to the Trustee or has otherwise provided for the electronic transfer of payments, all Lease Rental Payments will be paid by check made payable and delivered to the Trustee. The obligation of the Lessee to pay the Lease Rental Payments and to perform and observe the covenants and conditions contained herein during the Lease

Term will be absolute and unconditional except as otherwise expressly provided in this Lease, and payment of the Lease Rental Payments may not be abated through accident or unforeseen circumstances or payment of this Lease from the Debt Service Reserve Fund or damage to, destruction of, or failure to complete, the Project. Lessee will not assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lessor (or any of its assigns) will affect the Lessee's obligation to pay all Lease Rental Payment during the Lease Term.

Section 10. Expression of Lessee's Need for the Project; Determination as to Useful Life. The Lessee hereby declares its current need for the Project and further determines and declares its expectations that the Project will (so long as it is subject to the terms hereof) adequately serve the needs for which it is being acquired throughout the Lease Term. The Lessee hereby determines and declares that, to the best of its knowledge, the period during which the Lessee has an option to purchase the Project (i.e. the maximum term of this Lease) does not exceed the useful life of the Project.

Section 11. (Reserved)

Section 12. Agreement to Acquire, Construct and Install the Project and Lease to the Lessee. The Lessee will provide for completion of the acquisition, construction, installation and equipping of the Project by the Lessee as the agent of the Lessor. The Lessee agrees that it will do all things which may be necessary or proper for the construction, acquisition, installation and equipping of the Project, on behalf of the Lessor. So long as this Lease is in full force and effect and no Event of Default has occurred, the Lessee will have full power to carry out the acts and agreements provided in this Section, and such power is granted and conferred under this Lease to the Lessee, and is accepted by the Lessee, and will not be terminated or restricted by act of the Lessor or the Trustee, except as provided in this Section. All contracts relating to the Project are hereby assigned to the Lessor.

Section 13. Disbursements from the Participant Disbursement Account. As long as no Event of Default has occurred, and the Lessee's right to control acquisition, construction, installation and equipping of the Project has not otherwise been terminated, disbursements from the Participant Disbursement Account may be made to pay or reimburse the Lessee for Costs of the Project. The Lessee must provide to the Lessor for approval, and thereafter to the Trustee, a request for disbursement substantially in the form set forth in Exhibit F hereto.

If an Event of Default occurs prior to the completion of the Project or if the right of the Lessee to control the acquisition, construction, installation and equipping of the Project has been otherwise terminated, amounts on deposit in the Participant Disbursement Account may be utilized by the Lessor to complete the Project.

Section 14. Risk of Loss; Damage; Destruction. Lessee assumes all risk of loss or damage to the Project from any cause whatsoever. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Project will relieve Lessee of the obligation under this Lease. Lessee will promptly repair or replace any portions of Project lost, destroyed, damaged or appropriated which are necessary to maintain the Project in sound operating condition so that at all times during the Lease Term the Project will be able to carry out its intended functions.

The net proceeds of any insurance policies, performance bonds, condemnation awards or net proceeds received as a consequence of default or breach of warranty under a construction contract or other contract relating to the Project will be deposited in the Participant Disbursement Account, if received before the completion of the Project, or, if received thereafter, to be deposited in a separate trust fund held by the Trustee and will be applied in the same manner described in Section 13. The balance remaining after repair, restoration, modification, improvement or replacement of the Project has been completed will be applied to satisfy payment of Lease Rental Payments.

Section 15. Disclaimer of Warranties. THE LESSOR, THE TRUSTEE AND THE OWNERS OF THE BONDS MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY PORTION THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT OR ANY PORTION THEREOF.

Section 16. Financial Reports; Notice. The Lessee will provide the Lessor with a copy of the Lessee's annual audited financial report within thirty (30) days of its receipt by the Lessee. The Lessee will immediately

notify the Lessor and the Trustee of any Event of Default hereunder. If an audited financial report is not available to be submitted by the Lessee within 180 days of the end of Lessee's fiscal year, Lessee shall provide an unaudited financial report in form and substance satisfactory to Lessor.

Section 17. Inspection and Lessee Reports. The Lessor, the Trustee and their respective authorized representatives shall at any time during normal business hours have the right to enter the premises where the Project may be located for the purpose of inspecting and examining the Project and its condition, use, and operation and the books and records of the Lessee relating thereto.

Section 18. Maintenance of the Project by the Lessee. The Lessee agrees that, at all times during the Lease Term, the Lessee will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, and that the Lessee will from time to time promptly make or cause to be made all necessary and proper repairs, except as otherwise provided in Section 14. The Lessor, the Trustee and the owners of the Bonds will not have any responsibility in any of these matters or for the making of any additions, modifications, improvements or replacements to the Project.

Section 19. Modification of the Project; Installation of Equipment and Machinery of the Lessee. Following acquisition of the Project, Lessee will not make any alterations, additions, substitutions or replacements to the Project which would have an adverse effect on either the nature of the Project or the functionality or value of the Project, unless such alterations, additions, substitutions, replacements or improvements may be readily removed without damage to the Project. Any alterations, additions or improvements to the Project which may not be readily removed without damage to the Project, and any substitutions or replacements, shall be and be considered to constitute a part of the Project.

The Lessee may also install machinery, equipment and other tangible property in or on the Project; provided that such machinery, equipment and other tangible property which becomes permanently affixed to the Project will be subject to this Lease if the Lessor reasonably determines that the Project would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 20. Provisions Regarding Casualty, Public Liability and Property Damage Insurance. The Lessee, at its expense, will cause casualty and property damage insurance with a company or self-insurance fund acceptable to the Lessor to be carried and maintained with respect to the Project in an amount equal to the aggregate principal components of Lease Rental Payments payable during the maximum term of this Lease or the replacement cost (excluding foundations) of the Project, if less than such principal components. Any casualty and property damage insurance policy required by this Section will name the Lessor and the Trustee as additional named insureds and will be so written or endorsed as to make losses, if any, payable to the Trustee (for application as provided in Section 14).

The Lessee will cause public liability insurance to be carried and maintained with a company or self-insurance fund acceptable to the Lessor with respect to the Project in such amount as is approved by the Lessor. Any public liability insurance policy required by this Section will name the Lessor and the Trustee as additional named insureds.

Section 21. No Encumbrance, Mortgage or Pledge of Project. The Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Project, unless specifically consented to in writing by the Lessor.

Section 22. Assignment by Lessor. As security for the payment and performance by the Lessor of all of its obligations under the Indenture, including particularly the payment of the principal of, premium, if any, and interest on the Bonds, the Lessor has assigned to the Trustee, under and pursuant to the Indenture, all of the Lessor's right, title and interest in, to and under this Lease, including but not limited to the right to receive the Lease Rental Payments and other amounts due hereunder. The Lessee acknowledges and agrees that this assignment will entitle the Trustee to enforce any obligation of the Lessee hereunder and to exercise any remedy or right of the Lessor hereunder. The Lessee further acknowledges and agrees that, as provided in the Indenture, the function of the "Lessor" under this Lease may be performed by the Program Administrator (which may be a person or entity other than the Lessor) and its agents and representatives.

Section 23. Assignment and Subleasing by the Lessee. This Lease may not be assigned by the Lessee for any reason. The Project may be subleased by the Lessee, as a whole or in part, but only with the prior written consent of the Lessor.

Section 24. Purchase Option. The Lessee may, in its discretion, prepay in full its Lease Rental Payments under the Lease by paying to the Lessor the Optional Prepayment Price with respect to the Lease. The Optional Prepayment Price shall be used as provided in the Indenture. Upon payment of the Optional Prepayment Price, the Lessor will transfer and convey the Project to the Lessee pursuant to Section 4 hereof.

Section 25. Release and Indemnification Covenants. To the extent permitted by law, the Lessee will and hereby agrees to indemnify and save the Lessor and the Trustee (each, an "Indemnitee") harmless against and from any or all claims, by or on behalf of any person, firm, corporation or other legal entity, and all liabilities, obligations, losses and damages whatsoever, regardless of the cause thereof and the expenses, penalties and fees in connection therewith (including counsel fees and expenses), arising from or as a result of the operation, ordering, ownership, acquisition, construction, use, condition, delivery, rejection, storage, return or management of the Project during the Lease Term, or the entering into of the Lease or any other document or instrument relating thereto (collectively, "Indemnified Claims"), including, but not limited to: (i) any condition of the Project; (ii) any act of negligence of the Lessee or of any of the agents, contractors or employees or any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder; (iii) any accident in connection therewith resulting in damage to property or injury or death to any person; and (iv) the incurring of any cost or expense in connection with the acquisition of the Project in excess of the moneys available therefor in the Participant Disbursement Account. To the extent permitted by law, the Lessee will indemnify and save each Indemnitee harmless from any such Indemnified Claim, or in connection with any action or proceeding brought thereon and, upon notice from such Indemnitee, will defend or pay the cost of defending such Indemnitee, in any such action or proceeding.

The indemnification arising under this Section will continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease for any reason.

Section 26. Events of Default Defined. The following will be "Events of Default" under this Lease and the term "Event of Default" or "Default" will mean, whenever it is used in this Lease, any one or more of the following events:

- (a) Failure by the Lessee to pay any Lease Rental Payments at the time specified herein;
- (b) Failure by the Lessee to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than referred to in subsection (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied will have been given to the Lessee by the Lessor unless the Lessor agrees in writing to an extension of such time prior to its expiration.

Section 27. Remedies on Default. Whenever any Event of Default has occurred and is continuing, the Lessor may, without any further demand or notice, take one or any combination of the following remedial steps:

- (a) Terminate the Lease Term and give notice to the Lessee to vacate or surrender the Project within 60 days from the date of such notice;
- (b) take legal title to, and sell or re-lease the Project or any portion thereof;
- (c) declare an amount equal to all Base Rentals and Additional Rentals under this Lease to be immediately due and payable, whereupon that amount shall become immediately due and payable; or
- (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Project under this Lease (including, without limitation, the right to possession of the Project and the right to sell or re-lease or otherwise dispose of the Project in accordance with applicable law and to appoint a receiver to operate the Project) and to recover damages for the breach thereof.

No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default

will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient. If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

The Lessee will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by the Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred.

Section 28. Notices. All notices, certificates, requests or other communications hereunder will be in writing and mailed (postage prepaid, and certified or registered with return receipt requested) or delivered (including delivery by courier service) as follows: if to the Lessor, Kentucky Association of Counties Finance Corporation, 400 Englewood Drive, Frankfort, Kentucky 40601, Attention: Administrator, if to Trustee, to U.S. Bank Corporate Trust Services, One Financial Square, Louisville, Kentucky 40202, Attention: Corporate Trust Services and if to the Lessee, to the address shown on the cover page hereof. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications will be sent hereunder. All notices, certificates, requests and other communications pursuant to this Lease will be effective when received (if given by mail) or when delivered (if given by delivery).

Section 29. Amendments, Changes and Modifications. Except as provided in Section 8 with respect to Exhibit B, this Lease may not be amended, changed, modified or altered, or any provision hereof waived, without the written consent of the Lessor and the Lessee.

Section 30. Third Party Beneficiary. No person other than a party hereto and the Trustee will have any right, remedy or claim under or by reason of this Lease or otherwise be a third party beneficiary of any rights, remedies, claims or agreements hereunder.

Section 31. Lessee Acknowledgment of the Bonds. The Lessee acknowledges (i) that this Lease and the financing by the Lessor of the Project is a part of the Program and (ii) that the Lease Rental Payments under this Lease, together with lease rental payments under all other leases entered into by Lessors under the Program, are and will be applied to (A) pay the principal and premium, if any, and interest on the Bonds and (B) pay all other costs and expenses of the Program. The Lessee acknowledges and consents to the assignment by the Lessor pursuant to the Indenture and Section 22 hereof, to the Trustee, for the equal and ratable benefit of the Owners of the Bonds, of all right, title and interest of the Issuer and the Lessor, respectively, in, to and under this Lease.


Section 32. Miscellaneous. This Lease will inure to the benefit of and will be binding upon the Lessor and the Lessee and their respective successors and assigns (including, without limitation, security assigns). This Lease may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument. This Lease will be governed by and construed in accordance with the laws of the State. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease. If any provision of this Lease, other than the requirement of the Lessee to pay Lease Rental Payments and the requirement of the Lessor to provide quiet enjoyment of the Project and to convey the Project to the Lessee under the conditions set forth herein, is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, the Lessor has executed this Lease in its name; and the Lessee has caused this Lease to be executed in its name and attested by duly authorized officers thereof. All of the above are effective as of the date first above written.

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By: _____
Secretary

WHITLEY COUNTY WATER DISTRICT

By: *Andy Medars* _____ 
Chairman

Attest:

By: *Bob Harman* _____ 
Secretary

EXHIBIT A

DESCRIPTION OF PROJECT

ESTIMATED COST OF THE PROJECT	\$2,645,000
ESTIMATED DATE OF COMPLETION OF THE PROJECT:	September 20, 2018

DESCRIPTION

To refinance the following obligations of the Lessee that originally financed improvements to the System, as defined in Exhibit G hereto, as follows:

- \$750,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, Series 1993
- \$600,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, Series 1998
- \$377,000 Assistance Agreement with the U.S. Department of Agriculture's Rural Development, Series 2000
- \$1,860,000 Whitley County Water District Revenue Bonds, Series 2002

EXHIBIT B
LEASE RENTAL PAYMENTS

[WILL BE PROVIDED]

ACKNOWLEDGED:

WHITLEY COUNTY WATER DISTRICT

By: _____
Chairman

EXHIBIT C

FORM OF RESOLUTION

RESOLUTION NO. _____

**A RESOLUTION APPROVING A LEASE FOR THE FINANCING OF A PROJECT AND
AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH
LEASE**

WHEREAS, the governing body of the Whitley County Water District (the "Lessee") has the power, pursuant to Section 65.940 et seq. of the Kentucky Revised Statutes to enter into lease agreements with or without the option to purchase in order to provide for the use of property for public purposes;

WHEREAS, the governing body of the Lessee (the "Governing Body") has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined in the Lease hereinafter described;

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Kentucky Association of Counties Finance Corporation (the "Lessor") enter into a Lease Agreement (the "Lease") for the leasing by the Lessee from the Lessor of the Project;

NOW THEREFORE, BE IT ORDERED AND RESOLVED BY THE WHITLEY COUNTY WATER DISTRICT, AS FOLLOWS:

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease") substantially the form presented to this Governing Body. It is hereby found and determined that the Project identified in the Lease is public property to be used for public purposes. It is further determined that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease and all representations, certifications and other matters contained in the Closing Memorandum with respect to the Lease, or as may be required by the Lessor prior to delivery of the Lease, are hereby approved, ratified and confirmed. The Chairman and Secretary of the Lessee are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transaction contemplated by the Lease.

Section 2. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 3. Open Meetings Law. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Governing Body, and that all deliberations of this Governing Body and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 4. Conflicts. All resolutions, ordinances, orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and the provisions of this Resolution shall prevail and be given effect.

Section 5. Effective Date. This Resolution shall take effect from and after its passage, as provided by law.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the Governing Body, held on _____, signed by the Chairman of the Lessee, attested by the Secretary, filed and indexed as provided by law.

By: _____
Chairman

Attest:

By: _____
Secretary

BUTCHER, BOWLING & DIXON

ATTORNEYS AT LAW

WWW.BUTCHERLAWKY.COM

JANE R. BUTCHER
RONALD L. BOWLING
ERIC M. DIXON

209 MAIN STREET
P.O. Box 704
WILLIAMSBURG, KENTUCKY, 40769

TELEPHONE: (606) 549-4955
FACSIMILE: (606) 549-9779
EMAIL: BUTCHERLAW@HOTMAIL.COM

September 13, 2018

US Bank National Association Trustee
Corporate Trust Services
One Financial Square
Louisville, Kentucky 40202

Kentucky Association of Counties Finance Corporation
400 Englewood Drive
Frankfort, Kentucky 40601

Re: **Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and Whitley County Water District, as lessee**

Ladies and Gentlemen:

I have acted as counsel to the lessee identified above (the "Lessee") in connection with the authorization execution, and delivery by the Lessee of the Lease Agreement identified above, (the "Lease"), between the Lessee and Kentucky Association of Counties Finance Corporation (the "Lessor"). I have reviewed (i) the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), (ii) certain proceedings taken by the Governing Body of the Lessee, (iii) an executed copy of the Lease, and (iv) such other information and documents as we have deemed necessary or appropriate in order to render this opinion.

Based on the foregoing, I am of the opinion that:

1. The Lessee is a body politic and corporate, validly organized and existing in good standing under the laws of the Commonwealth and has full power and authority to enter into and to perform its obligations under the Lease.
2. The Lease has been duly authorized, executed and delivered by the Lessee and (assuming the due authorization, execution, and delivery thereof by the other parties thereto) constitute legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the enforcement of creditor's rights generally and by general principles of equity.

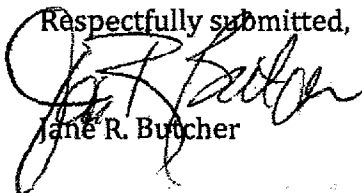
September 13, 2018
U.S. Bank National Association, Trustee
Kentucky Association of Counties Finance Corporation
Page 2 of 2

3. All consents, approvals, or authorizations of any governmental entity and all filings and notices required on the part of the Lessee in connection with the authorization, execution, and delivery of the Lease and the consummation of the transactions contemplated thereby have been obtained are in full force and effect.

4. Neither the execution and delivery of the Lease nor the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Lease conflict with or constitute a violation of any provisions of any law or regulation applicable to the Lessee or, to the best of my knowledge after reasonable investigation, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound.

5. To the best of my knowledge, after reasonable investigation, there is no action, suit, proceeding or governmental investigation at law or in equity before or by any court, public board or body, pending of which the Lessee has been served with a summons, summons and complaint or other notice of commencement, or threatened to execute and deliver the Lease or to consummate the transactions contemplated by the Lease.

Respectfully submitted,



Jane R. Butcher

JRB/hlc.

EXHIBIT E

CERTIFICATE OF OFFICIALS OF LESSEE

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and the Whitley County Water District, as lessee dated September 20, 2018

The undersigned officials of the lessee identified above (the "Lessee") under the Lease Agreement identified above (the "Lease") between the Lessee and the Kentucky Association of Counties Finance Corporation (the "Lessor"), DO HEREBY CERTIFY AS FOLLOWS:

- 1. That they are the duly elected or appointed, qualified and acting incumbents of their respective offices of the Lessee, as set forth after their signatures hereto, and as such are familiar with the books, records and affairs of the Lessee.
2. That the Lessee is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to lease property as lessee and to carry on its business as now being conducted.
3. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Governing Body of the Lessee on June 28, 2018 (the "Official Action"), authorizing the appropriate officials of the Lessee to execute the Lease. The "Official Action" was duly adopted in accordance with all applicable laws.
4. The representations and warranties of the Lessee made in the Lease are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Official Action has not been amended or supplemented and is in full force and effect; and the Lease has been entered into and is in full force and effect.
5. That the below-named persons were on the date or dates of the execution of the Lease and are on the date of this certificate the duly elected or appointed and qualified incumbents of the respective offices of the Lessee set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

Table with 3 columns: Name, Title, Signature. Row 1: Andrew Meadors, Chairman, [Signature]. Row 2: Bob Durham, Secretary, [Signature].

- 6. The Lease has been duly authorized, executed and delivered by the Lessee and constitutes legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms.
7. The Lessee is not in default under or in violation of (i) any provisions of applicable law, (ii) the Lease, or (iii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, order, judgment, decree or other instrument or restriction of any kind or character to which it is a party or by which it or its properties are or may be bound, or to which it or any of its assets is subject, which default would have a material adverse effect on the condition, financial or otherwise, of the Lessee or on the ability of the Lessee to perform its obligations under the Lease. Neither the execution and delivery of the Lease nor compliance by the Lessee with the terms, conditions and provisions of the Lease will conflict with or result in a breach of, or constitute a default under, any of the foregoing.
8. Since the date of the financial information provided to the Lessor, there have not been any material adverse changes in the business, properties, condition (financial or otherwise) or results of operations of the Lessee, whether or not arising from transactions in the ordinary course of business, and since such date, except in the ordinary course of business, the Lessee has not entered into any transaction or incurred any liability material to the financial position of the Lessee.

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

10. All authorizations, consents and approvals of, notices to, registrations or filings with, or other actions in respect of or by, any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the Lessee of the Lease has been duly obtained, given or taken (and copies thereof have been provided to the Lessor).

11. Any certificate signed by any official of the Lessee and delivered to the Lessor will be deemed to be a representation by the Lessee to the Lessor as to the statements made therein.

WITNESS our hands this September 20, 2018.

By:  Chairman 

Attest:
By:  Secretary 

EXHIBIT F

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Association of Counties Finance Corporation, as lessor, and Whitley County Water District, as lessee dated September 20, 2018.

Requisition Certificate No. _____

The Lessee hereby requests a disbursement from the Participant Disbursement Account in the amount of \$ _____ and hereby certifies, as follows (except that with respect to a disbursement to pay an interest component of Lease Rental Payments during construction of a Project, only the document described in (a) below will be required):

(a) Attached is a statement of the amount and nature of each item of the Costs of the Project to be paid and the name and address of the payee, with the payee's statement and, if reimbursement to the Lessee of amounts previously paid is requested, evidence of such payment;

(b) each item for which payment or reimbursement is requested is or was necessary in connection with the Costs of the Project and none of such items formed the basis for any previous payment from the Participant Disbursement Account;

(c) each contractor, subcontractor and materialman has filed with the Lessee receipts or waivers of liens for all amounts previously certified for payment, or any amount previously certified for reimbursement to the Lessee, or there is on file with the Lessee a cancelled check endorsed by the contractor, subcontractor or materialman evidencing such payment;

(d) all of the warranties and representations of the Lessee contained in the Lease are true and correct as of the date of such disbursement, as though such warranties and representations were made on such date, no Event of Default has occurred under the Lease, the right of the Lessee to control the acquisition, construction and installation of the Project has not otherwise been terminated pursuant to the Lease, and that amounts on deposit in the Participant Disbursement Account will be sufficient to complete the Project in accordance with the approved plans and specifications;

Executed this ____ day of _____, _____.

WHITLEY COUNTY WATER DISTRICT, Lessee

By: _____
Authorized Lessee Representative

EXHIBIT G

FURTHER REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE

Section 1. Definitions. Terms used in this Exhibit G shall have the meanings ascribed to them in Section 1 of this Lease. In addition:

“Bond Resolution” means the Resolution of the Lessee adopted November 23, 1998.

“Consulting Engineers” means an engineer or a firm of engineers, who, by virtue of experience, reputation and ability, bear a reputation in the field of water system engineering, as applicable, which is recognized and known, and upon whose professional judgment sophisticated investors rely in connection with securities which are issued for utility purposes.

“Debt Service Reserve” means the fund established in accordance with Section 4 of this Exhibit G.

“Depository Bank” or “Payee Bank” refers to the bank in which all of the funds established in accordance with Section 4 of this Exhibit G are deposited and maintained.

“Depreciation Fund” means the fund established in accordance with Section 4 of this Exhibit G (also identified as the “Depreciation Fund” in the Bond Resolution).

“Depreciation Reserve Requirement” means an amount as shall be determined by the Consulting Engineers and set forth in a certificate filed with the Lessee to be necessary as a reserve for major repairs or replacements of the System.

“Revenues” means the investment income, connection fees and all other items of income established as reasonably anticipated annual income of the System based upon a certification of Consulting Engineers and/or certified public accountants.

“Operation and Maintenance Fund” means the fund established in accordance with Section 4 of this Exhibit G (also identified as the “Operation and Maintenance Fund” in the Bond Resolution).

“Parity Obligations” means bonds or other obligations issued in the future, which bonds or other obligations issued in the future will, pursuant to the provisions of this Lease, rank on a basis of parity with this Lease, and shall not be deemed to include obligations ranking inferior in security to this Lease. Parity Obligations shall also include the obligations of the Lessee under this Lease.

“Required Reserve” means zero, provided that if the Lessee determines to establish a Debt Service Reserve in order to obtain a rating on any obligations payable from Revenues, or for any other purpose, Required Reserve shall mean the least of (a) the maximum annual principal and interest requirements scheduled to fall due on the Lease and any outstanding Parity Obligations, (b) an amount equal to 10% of the principal amount of the Lease and any Parity Obligations or (c) 125% of the average annual principal and interest requirements of the Lease and any Parity Obligations.

“Revenue Fund” means the fund established in accordance with Section 4 of this Exhibit G (also identified as the “Revenue Fund” in the Bond Resolution).

“Revenues” means the totality of all water charges of any and all types and varieties imposed, enforced and collected by the Lessee for any services rendered by the System, together with other income received by the Lessee, if any, from any agency of government, both federal and state, as representing income or operating subsidies, as distinguished from capital grants, to the extent not otherwise required to be treated and applied and specifically excluding therefrom any funds received which result from assessments or assessment charges.

“Sinking Fund” means the fund established in accordance with Section 4 of this Exhibit G for the payment of any Parity Obligations (also identified as the “Sinking Fund” in the Bond Resolution).

"System" means the water system of the Lessee and any additions thereto and extensions thereof, and shall include the Project being financed under this Lease.

"System Funds" means the Revenue Fund, the Sinking Fund, the Debt Service Reserve, the Depreciation Fund and the Operation and Maintenance Fund.

Section 2. Reaffirmation of Declaration that System is a Public Project. The previous action of the Lessee in declaring the System to constitute a revenue-producing public project, is hereby approved, ratified and confirmed; and so long as any Parity Obligations shall remain outstanding, the System shall be owned, controlled, operated and maintained on a combined and consolidated, revenue-producing basis, for the security and source of payment of any Parity Obligations, under the authority hereinbefore stated.

Section 3. Security, Funds and Revenues Pledged Parity Obligations. Any Parity Obligations that may be issued and outstanding from time to time under the conditions and restrictions hereinafter set forth shall be payable out of the Sinking Fund, and the holders of any Parity Obligations shall have a claim against such Fund and against a sufficient portion or amount of the Revenues of the System pledged to such Fund. The pledge of Revenues set forth in this Section 3 shall be equal to, and on parity with, the pledge of Revenues set forth in the Bond Resolution.

Section 4. Creation of Special Funds.

A. Revenue Fund. There is hereby established the Revenue Fund, which shall be maintained so long as any Parity Obligations remains outstanding. The Revenues of the System shall be set aside monthly into the Revenue Fund which shall constitute a separate and special fund hereby established, which fund shall be maintained as provided herein. The Revenues of the System so set aside into the Revenue Fund shall then be expended, used and apportioned as follows.

There shall be transferred on or before the last day of each month, from the Revenue Fund:

(1) To the Sinking Fund, so long as any Parity Obligations remains outstanding, an amount equal to one-twelfth (1/12) of the principal amount of all the Parity Obligations maturing on the next February 1.

(2) To the Sinking Fund, so long as any Parity Obligations remains outstanding, an amount equal to the sum of one-sixth of the interest requirements of any Parity Obligations coming due on the next succeeding February 1 or August 1.

(3) To the Debt Service Reserve, an amount equal to one-forty-eighth (1/48) of the maximum debt service requirements for any Parity Obligations, until such amount shall have been accumulated or restored, after which the monthly deposits may be discontinued, subject to resumption if, whenever, and so long as same shall be reduced, by such stipulated amount.

(4) To the Depreciation Fund, if, whenever, and so long as an amount equal to the Depreciation Reserve Requirement is not then being held in the Depreciation Fund, an amount, equal to one-thirty-sixth (1/36) of the Depreciation Reserve Requirement so that the balance in the Depreciation Fund will equal the Depreciation Reserve Requirement in the month that is thirty-six months from the month such deficiency first existed. Thereafter such monthly payments may cease for so long as the required balance in the Depreciation Fund is maintained and such monthly payments shall resume again if at any time said balance is less than the Depreciation Reserve Requirement and shall continue until said balance is established.

(5) To the Operation and Maintenance Fund, an amount which, together with any funds already on deposit therein, will be sufficient to pay, as they accrue, the proper and necessary costs of operating, maintaining and insuring the System, and to accumulate and maintain, in the Operation and Maintenance Fund, an amount sufficient to pay all costs of operating, maintaining and insuring the System for two (2) full months.

(6) On a periodic basis, but no less frequently than annually, the Revenues remaining in the Revenue Fund at the end of the month, or, in the case of annual transfers, the preceding calendar year, after making the payments required by (1) through (5) above, including any balances to be accrued and maintained, may be transferred to any fund or used for any purpose deemed appropriate by the Lessee

B. Sinking Fund. There is hereby established the Sinking Fund, which shall be maintained so long as any Parity Obligations remains outstanding, which shall be used for the purpose of accumulating the amounts necessary to pay the principal of and interest on the outstanding Parity Obligations. No further payments need be made into the Sinking Fund whenever and so long as such amount of the outstanding Parity Obligations shall have been retired so that the amounts then held in the Sinking Fund (and in the Debt Service Reserve) are equal to the entire amount of the interest and principal that will be payable to and at the time of the retirement or maturity of all Parity Obligations then remaining outstanding. All funds on deposit in the Sinking Fund shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

C. Debt Service Reserve. There is hereby established the Debt Service Reserve, which shall be maintained so long as any Parity Obligations remains outstanding and in which an amount equal to the Required Reserve shall be maintained. Amounts on deposit in the Debt Service Reserve may be withdrawn and used by the Lessee, when necessary, and shall be so withdrawn and used by if and to the extent necessary, to prevent a default in the payment of principal and interest on the outstanding Parity Obligations as and when due if the amount on deposit in the Sinking Fund is not sufficient to make such payments. In the event of any withdrawals from the Debt Service Reserve, or if and whenever the amount on deposit in the Debt Service Reserve is less than the Required Reserve, the Lessee shall remedy such deficiency through the deposit into the Debt Service Reserve in each month thereafter, at least equal amounts so that the Required Reserve shall have been accumulated or restored on the forty-eighth (48th) month after the initial deposit. All funds on deposit in the Debt Service Reserve shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

D. Depreciation Fund. There is hereby established the Depreciation Fund, which shall be maintained so long as any Parity Obligations remains outstanding and in which an amount equal to the Depreciation Reserve Requirement shall be maintained.

Amounts in the Depreciation Fund may be withdrawn and used upon appropriate certification by whatever official is duly authorized by the Governing Body to make such certification, for the purpose of paying the cost of making unusual or extraordinary maintenance, repairs, renewals or replacements to the System, which would be necessary to keep the System in good operating condition, or for the purpose of paying the cost of constructing extensions, additions and/or improvements to the System which will either enhance the revenue-producing capacity of the System or provide a higher degree of service; provided, however, that if the combined available balances in the Sinking Fund and the Debt Service Reserve on any January 20 or July 20 shall be insufficient to pay the next maturing installment of interest or principal of the outstanding Parity Obligations, the Lessee shall withdraw and transfer from the Depreciation Fund to the Sinking Fund whatever amount may be required to eliminate the deficiency in the Sinking Fund and to avoid a default. However, the Lessee hereby certifies and represents that it is not reasonably anticipated that any amounts in the Depreciation Fund will be used to pay debt service on any Parity Obligations.

Deficiencies in the Depreciation Fund shall be remedied through the monthly deposits required from the Revenue Fund above, until the total required amount has been accumulated or restored and is being maintained. There shall also be deposited in the Depreciation Fund the proceeds of any property damage insurance not immediately used to replace the damaged or destroyed property and the cash proceeds of any surplus, worn out or obsolete properties of the System.

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

All funds on deposit in the Depreciation Fund shall be kept separate and apart from all other funds the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

E. Operation and Maintenance Fund. There is hereby established the Operation and Maintenance Fund, which shall be maintained so long as any Parity Obligations remains outstanding. All costs of operating,

maintaining and insuring the System shall be paid from the Operation and Maintenance Fund. All funds in the Operation and Maintenance Fund shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in Subsection F below.

F. Investment of Funds. All moneys held in the System Funds shall be deposited in the Depository Bank. Such bank or banks shall invest such portion of the System Funds as is designated by the Governing Body in investment obligations ("Investment Obligations") which constitute lawful investments pursuant to Section 66.480 of the Kentucky Revised Statutes, as amended, subject, however, to the following limitations:

(1) Investment Obligations purchased as an investment of moneys in any System Fund held by the Lessee or the Depository Bank under the provisions of this Lease shall be deemed at all times to be a part of such System Fund and the income or interest earned, gains realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged thereto as the case may be, subject, in the case of the Debt Service Reserve, to the provisions of Section 4.C of this Exhibit G; provided that escrow agreements may provide otherwise.

(2) In computing the amount in all System Funds, including the accounts thereof, Investment Obligations purchased as an investment of moneys therein, shall be valued at the lesser of cost or fair market value. The value of investments in the Debt Service Reserve and the Depreciation Fund shall be determined as of the first day of each fiscal year. Valuation as of any date of computation shall include the amount of interest or gain realized to such date.

(3) The Lessee shall sell at the best price obtainable, or present for redemption or exchange, any Investment Obligations purchased by it pursuant to this Lease whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the System Fund for which such investment was made. The Depository Bank shall advise the Lessee in writing, at such times as may be requested by the Lessee, of the details of all Investments Obligations held for the credit of each System Fund in its custody under the provisions of this Lease. The Depository Bank shall review and advise the Lessee annually on the nature and value of investments in each fund or account. In the event that the value of investments in the Debt Service Reserve falls below the level required by this Lease, the Depository shall notify the Lessee and the Lessee shall cure such deficiency as provided in Section 4.C of this Exhibit G.

The Lessee represents and certifies that no investment shall be made of the proceeds of any Parity Obligations or the Revenues of the System which will cause any outstanding Parity Obligations to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

Section 5. Adoption of Budget of Current Expenses. The Lessee covenants and agrees that prior to the delivery of this Lease, the Governing Body will have adopted a budget of current expenses for the operation of the System for the remainder of the then current fiscal year ending June 30, and thereafter, on or before the first day of each fiscal year prior to the year of final maturity of any Parity Obligations, the Governing Body of the Lessee will adopt an annual budget of current expenses for the System (the "Annual Budget of Current Expenses") for the ensuing fiscal year, and will furnish a copy of such Annual Budget of Current Expenses or amendments thereto, upon request, to any holder of Parity Obligations. "Current Expenses" as used herein shall include all reasonable and necessary costs of operating, repairing, maintaining and insuring the System, but shall exclude any allowance for depreciation payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance, and payments into the Sinking Fund and the Debt Service Reserve. The Lessee further covenants that the Current Expenses incurred in any year shall not exceed the necessary and reasonable amounts required therefor, and that the Lessee will not expend any amount or incur any obligations for operation, maintenance and repair in excess of the amounts provided for Current Expenses in the current Annual Budget of Current Expenses, except on proper justification and resolution by the Governing Body of the Lessee, that such expenditures are necessary to operate and maintain the System. The Lessee further covenants that at the same time and in like manner, the Governing Body of the Lessee shall prepare an estimate of Revenues to be derived from the operation of the System for such fiscal year and that sufficient Revenues shall be provided, through the maintenance of proper rates and charges (and through the increase thereof if necessary) to satisfy the requirements of all of the provisions contained in this Lease, including the accumulation and maintenance of all required reserves specified herein.

Section 6. Rates and Charges for Services of the System. While any Parity Obligations remains outstanding and unpaid, the rates for all services and facilities rendered by the System to the Lessee and to its

citizens, corporations or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of the System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all outstanding Parity Obligations and the accruing interest on all such outstanding Parity Obligations, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Lease. Prior to the delivery of this Lease, a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Lease has been established and adopted and is now in full force and effect.

The Lessee covenants that it will not reduce the rates and charges for services rendered by the System without first filing with the Chairman a certification of the Consulting Engineers to the effect that the annual Net Revenues (defined below) of the then existing System for the fiscal year preceding the date on which such reduction is proposed, as such annual Net Revenues are adjusted, after taking into account the projected reduction in Revenues anticipated to result from such proposed rate decrease, are equal to not less than 120% of the maximum debt service requirements falling due in any fiscal year thereafter for the principal of and interest on all of the then outstanding Parity Obligations. For purposes of determining compliance with the coverage required by this Section and the tests contained in Section 7.B and C hereof relating to Parity Obligations, the interest rate borne by indebtedness bearing interest at a variable rate shall be assumed to be equal to the higher of (i) 5.00% or (ii) the highest variable rate borne over the preceding 24 months by outstanding variable rate debt (issued pursuant to the provisions hereof) or by variable rate debt for which the interest rate is computed by reference to an index comparable to that to be utilized for the debt then proposed to be issued.

The Lessee also covenants to cause a report to be filed with the Governing Body within six (6) months after the end of each fiscal year by certified public accountants or Consulting Engineers, setting forth what was the precise percentage ("coverage") of the maximum debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then outstanding Parity Obligations, produced or provided by the Net Revenues (defined below) in that fiscal year and the Lessee covenants that if and whenever such report so filed shall establish that such coverage of Net Revenues for such year was less than 120% of the maximum debt service requirements, the Lessee shall increase the rates by an amount sufficient, in the opinion of such engineers or accountants, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 7. Inferior Obligations: Parity Obligations: and Surplus Facilities.

A. Inferior Obligations. Except as provided below in this Section, the Lessee shall not, so long as any Parity Obligations are outstanding, enter into any additional financing leases, issue any bonds or incur any indebtedness payable from the Revenues or any part thereof unless the lien or pledge of the Revenues to secure such additional bonds or indebtedness is made inferior and subordinate in all respects to the security of the outstanding Parity Obligations.

The Lessee expressly reserves the right at any time or times to issue its bonds or other obligations payable from the Revenues of the System and not ranking on a basis of equality and parity with the outstanding Parity Obligations, without any proof of previous earnings or Net Revenues, but only if such bonds or other obligations are issued to provide for extensions, additions, improvements or other benefits to the System, and provided such inferior bonds or obligations whenever issued or incurred may only be issued or incurred with express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the outstanding Parity Obligations; provided, however, that nothing in this Section is intended to restrict, or shall be construed as a restriction upon, the ordinary refunding of the outstanding Parity Obligations, if such refunding does not operate to increase, in any year until the final maturity of the refunding obligations, the aggregate of the principal and interest requirements of the Parity Obligations to remain outstanding and the Parity Obligations proposed to be refunded.

B. Parity Obligations to Finance Future Extensions, Additions or Improvements: Conditions or Showings Required. The Lessee further reserves the right to add new water and/or related auxiliary facilities, and/or to finance future extensions, additions or improvements to the System, by the issuance of one or more additional series of obligations to be secured by a lien on the basis of parity with the lien securing Parity Obligations, and ratably payable from the Revenues of the System, provided that:

(1) The facility or facilities to be constructed from the proceeds of the additional obligations issued for that purpose is or are made a part of the System and its or their Revenues are pledged as additional security for the additional obligations and the outstanding Parity Obligations.

(2) The Lessee is in compliance with all covenants and undertakings in connection with all of its bonds or other obligations then outstanding and payable from the Revenues of the System or any part thereof; and

(3) There shall have been procured and filed with the Chairman a statement by a certified public accountant, reciting the opinion based upon necessary investigation that the Net Revenues of the System for twelve (12) consecutive months out of the preceding eighteen (18) months (with adjustments as hereinafter provided) were equal to at least 1.25 times the maximum annual debt service that will become due in any fiscal year thereafter for both principal and interest on Parity Obligations, including the obligations then proposed to be issued. (The calculation of maximum net debt service requirements of or principal of and interest on the outstanding Parity Obligations, including the additional obligations to be issued shall, regardless of whether such obligations are to be serial or term obligations, be determined on the basis of the principal of, and interest on, such obligations being payable in approximately equal annual installments.)

"Net Revenues" as herein used are defined as Revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, materials and supplies, pumping costs, insurance, and all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowance for depreciation.

Such "Net Revenues" may be adjusted for the purpose of the foregoing computations to reflect (i) any revisions in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity obligations, and also to reflect (ii) any increase in such Net Revenues projected by reason of the Revenues anticipated to be derived from the extensions, additions or improvements to the System being financed (in whole or in part) by such additional Parity Obligations; provided such latter adjustment shall be made only if contracts for the immediate acquisition or construction of such extensions, additions or improvements have been or will have been entered into (secured by a 100% performance bond) prior to the issuance of such additional Parity Obligations. All of such adjustments shall be based upon the written certification of the Consulting Engineers.

(4) The interest payment dates for all such additional Parity Obligations shall be semiannually on August 1 and February 1 of each year, and the principal maturities thereof shall be on February 1 of the year in which any such principal is scheduled to become due.

C. Parity Obligations to Refund or Refinance Outstanding Obligations. In addition to obligations satisfying the requirements of Section 6.C above issued to refund outstanding Parity Obligations, the Lessee further reserves the right to issue one or more additional series of obligations to be secured by a parity lien on and ratably payable from the Revenues of the System, for the purpose of refunding or refinancing the outstanding Parity Obligations, or any portion thereof, provided that prior to the issuance of such additional Parity Obligations for that purpose, there shall have been procured and filed with the Chairman a statement by a certified public accountant, reciting the opinion based upon necessary investigation that:

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

(2) in the alternative, that the debt service requirements for the outstanding Parity Obligations and the proposed Parity Obligations, in any year of maturities thereof after the retirement, defeasance or redemption of the outstanding Parity Obligations scheduled to be refunded through the issuance of such proposed Parity Obligations, shall not exceed the scheduled net annual debt service requirements applicable to the Parity Obligations then outstanding for any corresponding year prior to the issuance of such proposed Parity Obligations and the retirement, defeasance or redemption of any Parity Obligations to be refunded.

The additional Parity Obligations, the issuance of which is restricted and conditioned by this Section, shall be understood to mean obligations payable from the income and Revenues of the System on a parity with the outstanding Parity Obligations, including this Lease, and shall not be deemed to include nor to prohibit the issuance

of any other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the Sinking Fund for the outstanding Parity Obligations and such additional Parity Obligations.

The interest payment dates for all such additional Parity Obligations shall be semiannually on August 1 and February 1 of each year, and the principal maturities thereof shall be on February 1 of the year in which any such principal is scheduled to become due.

D. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities; Conditions. The Lessee covenants and agrees that so long as any Parity Obligations is outstanding, the Lessee will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided for above, it will not create or permit to be created any charge or lien on the Revenues thereof ranking equal or prior to the charge or lien of the outstanding Parity Obligations. Notwithstanding the foregoing, the Lessee may at any time permanently abandon the use of, or sell at the fair market value, any part of the facilities of the System, provided that:

(1) It is in compliance with all covenants and undertakings in connection with all of the Parity Obligations then outstanding and payable from the Revenues of the System, and the Debt Service Reserve for such outstanding Parity Obligations is being maintained at the stipulated level; and

(2) It will in the event of any such sale, apply the proceeds to either (i) redemption of outstanding Parity Obligations in accordance with the provisions governing redemption of the outstanding Parity Obligations in advance of maturity, or purchase of outstanding Parity Obligations in the open market at not exceeding the next applicable redemption price, or (ii) replacement of the facility so disposed of by another facility, the Revenues of which shall be incorporated into the System as hereinbefore provided; and

(3) It certifies, in good faith, prior to any abandonment of use, that the facility or facilities to be abandoned is or are no longer economically feasible of producing substantial Net Revenues; and

(4) It certifies, in good faith, that the estimated Net Revenues of the remaining facilities of the System for the then next succeeding fiscal year, plus the estimated Net Revenues of the facility or facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of additional Parity Obligations; and

(5) Such sale or disposition will not have the effect of causing any Parity Obligations to become arbitrage bonds.

Section 8. All Parity Obligations Equal. The outstanding Parity Obligations authorized and permitted to be issued hereunder, including the Lease, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and Revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the outstanding Parity Obligations authorized or permitted to be issued, regardless of the fact that they may be actually issued and delivered at different times, subject to the provisions of the previous Section.

Section 9. Insurance.

A. Fire and Extended Coverage. If and to the extent that the System includes structures above ground level, the Lessee shall, upon receipt of the proceeds of the sale of the Lease, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System.

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

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

B. Liability Insurance on Facilities. The Lessee shall, if such insurance is not already in force, procure and maintain, so long as any Parity Obligations are outstanding, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$300,000 per person and \$500,000 per accident, to protect the Lessee from claims for bodily injury or death; and not less than \$100,000 from claims for damage to property of others which may arise from the Lessee's operations of the System and any other facilities constituting a portion of the System.

C. Vehicle Liability Insurance. If and to the extent that the Lessee owns or operates vehicles in the operation of the System, the Lessee shall, if such insurance is not already in force, procure and maintain, so long as any Parity Obligations are outstanding, vehicular public liability insurance in amounts that are commercially reasonable for operators of utility systems that are similar to the System, to protect the Lessee from claims for bodily injury or death and damage to property of others which may arise from the operation of such vehicles by the Lessee.

Section 10. Records, Audits and Reports: Engineering Inspection. Insofar as consistent with the laws of Kentucky, the Lessee agrees that so long as any of the Parity Obligations remains outstanding, it will keep proper books of records and account showing complete and correct entry of all transactions relating to the System in accordance with generally accepted accounting principles (for facilities of like type and size), in which complete and correct entries shall be made of all pertinent transactions. All such records and books of account shall at all times during normal business hours be subject to inspection by the owners of 10% or more of the principal amount of the Parity Obligations then outstanding, or by their duly authorized representatives.

The Lessee further covenants that as soon as may be feasible after the close of each fiscal year, and in any event not later than one hundred twenty (120) days thereafter, the Lessee will cause an audit of the financial affairs of the System to be completed by independent state-licensed accountants, covering the operation of the System for the preceding fiscal year.

A copy of said audit report shall be kept on file in the office of the Chairman, where it will be subject to inspection at any reasonable time by or on behalf of any owner of outstanding Parity Obligations. A condensation of the important facts shown by such report will be mailed to any such owner upon request.

The Lessee further covenants and agrees to retain an Consulting Engineers or to inspect the System and its operation at least once in each period of three (3) years and to file with the Chairman a written report of the findings and recommendations as a result of such inspection.

Section 11. General Covenants. The Lessee covenants, so long as any Parity Obligations remains outstanding, as follows:

A. It will at all times own and operate the System as a public project on a revenue producing basis, and will permit no services to be rendered free of charge or without full compensation.

B. It will at all times maintain the System in good condition through application of Revenues accumulated and set aside for operation and maintenance as herein provided, and will make renewals and replacements as the same may be required, through application of Revenues accumulated and set aside into the Depreciation Fund.

C. To the extent permitted by law, it will not permit any competing water system, public or private, to sell or provide water services to customers within the service area of the Lessee.

D. It will perform all duties with reference to the System required by the Statutes and Constitution of Kentucky and will not sell, lease, mortgage or in any manner dispose of the System, or any part thereof except as authorized herein.

E. It will provide that, to the greatest extent permitted by law, utility service will be discontinued to any premises where there is a failure to pay any part of the aggregate charges billed, including such penalties and fees for disconnection or reconnection as may be prescribed from time to time.

Section 12. Events of Default; Remedies. The following items shall constitute an "event of default" on the part of the Lessee:

A. The failure to pay the principal of any Parity Obligations when due and payable, either at maturity or by proceedings for redemption.

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

C. The default by the Lessee in the due or punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Lease, including this Exhibit.

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

E. The entering of an order or decree with the consent or acquiescence of the Lessee appointing a receiver of all or any part of the System or any Revenues thereof; or if such order or decree having been entered without the acquiescence or consent of the Lessee, its failure in not having the order vacated, discharged or stayed on appeal within sixty (60) days after entry.

F. The failure of the Lessee to fulfill any of its other obligations pursuant to this Lease, including this Exhibit G.

The Lessor may, either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance by the Lessee and its officers and agents of all duties imposed or required by law or by this Lease including this Exhibit G in connection with the operation of the System, including the making and collection of sufficient rates, the segregation of the Revenues of the System and the application thereof in accordance with the provisions of this Lease, including this Exhibit G.

Upon the occurrence of an "event of default" as defined above, then upon the filing of suit by the Lessor or any holder of any Parity Obligations, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Lessee, with power to charge and collect rates and charges for the services and facilities provided by the System sufficient to provide for the payment of any outstanding Parity Obligations and other obligations of the System, and the interest thereon, together with the expenses of operation and maintenance, and to apply the income and Revenues in accordance with the provisions of this Lease, including this Exhibit G, and of the applicable statutes of Kentucky, and to take such other legal action as may be appropriate for the protection of the Lessor or any such other holder.

The Lessee hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the Lessee's obligations, all contracts and other rights of the Lessee pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. In the event of default, the Lessor or the holder of any Parity Obligations may require the Governing Body of the Lessee by an action in mandamus to raise the rates a reasonable amount.

Section 13. Covenant to Require Use of System. The Lessee agrees that during the time any of the outstanding Parity Obligations are outstanding, it will take all such steps as may be necessary to cause the owners of all properties abutting upon any water lines of the Lessee to connect thereto and to keep connected thereto all water pipes on such properties. The foregoing covenant shall be in favor of and enforceable by the Lessor and holders of the outstanding Parity Obligations in accordance with the provisions herein contained. If the Lessee fails to take such steps, it may be required to do so by the Lessor or such other holders.

Section 14. Security. The Lease Rental Payments will constitute legal, valid and binding special and limited obligations of the Lessee, secured by a pledge of the Revenues of the System, and are payable out of the Sinking Fund created hereby. The Lessor and owners of the Parity Obligations shall have a first lien claim against the Sinking Fund and against the necessary designated portion or amount of the Revenues of the System. This Lease will rank on a parity as to security and source of payment with any other Parity Obligations. As security and source of payment of the Base Rentals payable under the Lease, the Lessee hereby pledges, assigns and grants to the Lessor a lien and security interest in the following for so long as the Lease shall remain in effect:

- (1) all Revenues of the System;

(2) all net proceeds of insurance and condemnation, in each case after payment from time to time of costs of operating, maintaining, repairing and replacing the System:

(3) all of the Lessee's right, title and interest in and to all leases and subleases of the System or any assignment thereof; and

(4) all proceeds of the foregoing.

Except as may be otherwise expressly provided in this Lease or any amendment or supplement permitted hereunder, this pledge, assignment and grant of a lien and security interest shall be valid and binding from and after the date hereof, and all of the foregoing shall immediately be subject thereto without any physical delivery thereof or further act. The lien and security interest shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Lessee, irrespective of whether such parties have notice thereof, to the extent permitted by law; on a parity, however, with the lien and security interest granted as security for all Parity Obligations. The Lessee agrees to hold all of the foregoing collateral as agent for the Lessor and owners of any Parity Obligations, and to execute such additional documents, including financing statements, affidavits, notices and similar instruments, as may be required to perfect and maintain the security interest granted herein to the extent a security interest may be perfected and maintained in the collateral herein described.

Section 15. Obligations of Lessee Unconditional. The obligations of the Lessee to make the Lease Rental Payments due shall be absolute and unconditional, and shall not be subject to any diminution by right of set-off, counterclaim, recoupment or otherwise. During the term of this Lease, the Lessee shall not suspend or discontinue any Lease Rental Payments due hereunder.

Section 16. Compliance with Prior Bond Resolution. In addition to the representations, warranties and covenants of Lessee set forth in Sections 1-15 of this Exhibit G, the Lessee covenants that it will comply with all the requirements of the Bond Resolution so long as any bonds or parity obligations are outstanding within the meaning of the Bond Resolution. Compliance by the Lessee with Article IV of the Bond Resolution relating to application of Revenues and maintenance of funds and accounts shall constitute compliance with the requirements set forth in this Exhibit G regarding funds and accounts; provided that, so long as the Bond Resolution is in force, deposits to the Sinking Fund shall be made in accordance with Section 4 of this Exhibit G in the same order of priority as deposits to the "Sinking Fund" under the Bond Resolution. To the extent there is any conflict between the terms of the Lease and the Bond Resolution, the terms of the Bond Resolution shall prevail so long as any bonds or parity obligations are outstanding thereunder.

EXHIBIT H

TAX CERTIFICATE

**CERTIFICATE UNDER SECTIONS 103(b)(2) AND 148
OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED**

PARTICIPANT: Whitley County Water District

FINANCING AGREEMENT AMOUNT: \$2,645,000

The Participant hereby certifies with respect to a Financing Agreement (the "Financing Agreement") with the Kentucky Association of Counties Finance Corporation (the "Corporation"), funded with a portion of the proceeds of the Bonds, as defined in the Financing Agreement, issued by the Corporation on behalf of the Participant, which is entered into for the purpose of redeeming certain outstanding obligations (the "Prior Obligations"), which financed certain improvements (the "Project") and made as of the date hereof (the "Closing Date"), which is the date of delivery of, and payment for, the Bonds and the Financing Agreement, that the following facts, estimates and circumstances regarding the amount and use of all of the Proceeds, as defined in Treas. Reg. § 1.148-1(b), issued under the Internal Revenue Code of 1986, as amended (the "Code"), of the Financing Agreement are, as of the Closing Date and according to the Participant's best knowledge, information and belief, reasonably expected to exist or to occur (with capitalized terms not defined herein having the meanings given them in the Financing Agreement or the Tax Compliance Agreement attached hereto):

A. Proceeds. The Proceeds of the Financing Agreement consist, and will consist, of the Sale Proceeds, Replacement Proceeds and Investment Proceeds, each as defined in Treas. Reg. § 1.148-1(b), issued under the Code.

B. Purpose of Issue. The Proceeds of the Financing Agreement, together with certain other funds, will be used to fund a portion of a Reasonably Required Reserve or Replacement Fund (the "Reserve Fund") and to redeem the Prior Obligations, each of which constitutes a valid governmental purpose (the "Governmental Purpose").

The total amount of Proceeds received by the Participant will not exceed the amount necessary to finance the Governmental Purpose. The Financing Agreement is being entered into at this time because the Prior Obligation has become due and payable.

C. Yield on the Financing Agreement. (1) The price at which a substantial amount of the Bonds related to the Financing Agreement were sold is set forth in the Certificate of Financial Advisor attached hereto.

(2) The Yield on the Financing Agreement, as defined in Treas. Reg. § 1.148-4, issued under the Code, is variable and will be determined under Treas. Reg. § 1.148-4(c).

(3) The Yield on the Financing Agreement is equal to the Yield on the portion of the Bonds the proceeds of which financed the Financing Agreement; therefore, the Yield on the Financing Agreement does not exceed the Yield on the portion of the Bonds the proceeds of which financed the Financing Agreement.

D. Application of Proceeds. All of the Sale Proceeds will be used to fund a portion of the Reserve Fund and to redeem the Prior Obligation and to pay issuance expenses. No amount received as Proceeds of the Financing Agreement will be used in the manner not set forth in this section.

E. Expenditure of Proceeds for the Project. The Prior Obligation will be redeemed within 90 days of the date hereof.

F. Investment of Proceeds. (1) The Participant has agreed in the Tax Compliance Agreement that it will not invest any of the Proceeds of the Financing Agreement without the express consent of the Corporation, and any such investments will be done so that such investment will not cause interest on either the Financing Agreement or the Bonds to be includable in the holder's gross income for purposes of federal income taxation or the debt to be treated as "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder.

(2) Not more than fifty percent (50%) of the Proceeds of the Financing Agreement will be invested in investments that both do not carry out the Governmental Purpose of the Financing Agreement and have a substantially guaranteed yield for at least four (4) years.

(3) No account or fund has been or will be established to pay principal of, premium, if any, or interest on the Financing Agreement. Other than the Reserve Fund, as described in Subsection (4) below, there are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the Financing Agreement, and there are no moneys, sources of funds, securities or obligations with respect to which the Issuer has given or will give any reasonable assurance to any holder of the Financing Agreement that such funds will be available to pay principal of, premium, if any, or interest on the Financing Agreement.

(4) The amounts on deposit in Reserve Fund, which secures the combination of the Financing Agreement and all other financing agreements entered into pursuant to the Program (the "Program Financing Agreements"), on an aggregate basis, should not exceed the least of (i) 10% of the stated principal amount of the Program Financing Agreements, if original issue discount does not exceed 2% times the stated redemption price of the Bonds, or the Issue Price of the Program Financing Agreements, if original issue discount does exceed 2% times the stated redemption price of the Program Financing Agreements, (ii) the maximum annual Debt Service of the Program Financing Agreements, or (iii) 125% of average annual Debt Service of the Program Financing Agreements, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits will not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), issued under the Code, appropriate Yield Reduction Payments will be timely made. For purposes of calculating any Rebate Payments and Yield Reduction Payments due in Connection with the Bonds, the amount of the Reserve Fund allocable to the Financing Agreement will be determined in accordance with Treas. Reg. § 1.148-6.

(5) Any unexpended portion of the Proceeds of the Financing Agreement, including any amounts in the Reserve Fund or any additional Reasonably Required Reserve or Replacement Fund, will be invested as provided in the Trust Indenture for the Bonds and other than any funds described herein invested during an Applicable Temporary Period permitted under Treas. Regs. §§ 1.148-1 through -11, issued under the Code, if any, or any amounts in any Reasonably Required Reserve or Replacement Fund, as described in Treas. Reg. § 1.148-2(f), no Proceeds of the Financing Agreement, or any moneys that may become Replacement Proceeds, as defined in Treas. Reg. § 1.148-1(c), of the Financing Agreement, in excess of the lesser of (i) five percent (5%) of such Proceeds or (ii) \$100,000, will be invested in "higher yielding investments," as defined in the Code and the Treasury Regulations thereunder.

G. General. (1) Neither the Project, nor any part thereof, will be sold or otherwise disposed of by the Participant prior to the final principal maturity date of the Financing Agreement.

(2) The Participant will allocate Proceeds of the Financing Agreement to reimburse itself only for capital expenditures paid not earlier than sixty (60) days prior to the Closing Date or not earlier than sixty (60) days prior to the date it adopted an official expression of intent to reimburse (the "Official Expression of Intent"), within the meaning of Treas. Reg. § 1.150-2, issued under the Code, if earlier, or as otherwise permitted pursuant to Treas. Reg. § 1.150-2.

(3) There are no amounts, other than the Gross Proceeds of the Financing Agreement that are available for the Governmental Purpose. Other than the Reserve Fund, here are no sinking funds or pledged funds and the term of the Financing Agreement is not longer than reasonably necessary for the Governmental Purpose.

(4) Any Rebate Payments and any Yield Reduction Payments, owed pursuant to Section 148(f) of the Code, will be remitted to the United States Treasury as directed by the Corporation, pursuant to the Tax Compliance Agreement entered into with respect to the Bonds.

(5) The Participant has not employed in connection with the Financing Agreement a transaction or series of transactions that attempts to circumvent the provisions of Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder, enabling the Participant to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and/or increasing the burden on the market for tax-exempt obligations through actions such as issuing more obligations, issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary for the Governmental Purpose.

(6) The Issuer has never been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that the Participant's certification with respect to its obligations may not be relied upon and no notice to that effect has been published in the Internal Revenue Bulletin.

(7) With respect to the Financing Agreement, the first, and each subsequent, "Bond Year", as defined in Treas. Reg. §1.148-1(b) shall end on February 1, commencing with the first February 1, subsequent to the Closing Date.

(8) Certain of the facts, estimates and circumstances contained herein are based upon representations made by the Financial Advisor in the attached certificate, or in other letters and reports that accompany the sundry closing documents related to the sale and delivery of the Financing Agreement and the Bonds. The Participant is not aware of any facts, estimates or circumstances that would cause it to question the accuracy of such representations. To the best of the knowledge, information and belief of the undersigned, who is authorized by the Participant to sign this certificate on behalf of the Participant, the above expectations of the Participant as stated herein are reasonable and there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

CHECK IF APPLICABLE

(9) During this calendar year, the Participant, which has general taxing powers, has not issued and does not expect to issue tax-exempt bonds, including any tax-exempt bonds issued by any subordinate entities, but excluding "private activity bonds," as defined in the Section 141 of the Code, and any refunding bonds, as defined in Section 148(f)(4)(D)(iii) of the Code, exceeding \$5,000,000 in aggregate face amount.

(10) Participant does not reasonably anticipate that the total principal amount of "tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the Participant or any subordinate entity of the Participant will issue during the calendar year in which the Financing Agreement is executed and delivered will exceed \$10,000,000; and, therefore, the Participant hereby designates the Financing Agreement as a "qualified tax-exempt obligation".

*Check
where
or*

This certificate is being executed and delivered pursuant to Treas. Regs. §§ 1.148-1 through -11 issued under the Code, of which the undersigned, with the advice of counsel, is generally familiar. On the basis of the foregoing, it is not expected that the proceeds of the Financing Agreement will be used in a manner that would cause the Financing Agreement or the Bonds to be "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code or the Treasury Regulations thereunder.

WHITLEY COUNTY WATER DISTRICT

By:

Andy Meador
Chairman



Dated: September 20, 2018

CERTIFICATE OF FINANCIAL ADVISOR

The undersigned hereby certifies on behalf Compass Municipal Advisors, LLC (the "Financial Advisor") that (1) the Bonds were sold by competitive sale on September 6, 2018 (the "Sale Date") under a written and binding agreement, dated the Sale Date, the terms of which have not been materially altered since the Sale Date; (2) the purchase prices for the Bonds are set forth in Exhibit A hereto, which purchase prices were not less than the fair market value of each maturity of the Bonds as of the Sale Date; (3) it is of the opinion that the amount deposited in the Reserve Fund is reasonable and necessary because no reserve fund or a reserve fund in a lesser amount would adversely affect the interest rates at which the Bonds could be sold; and (4) this certificate may be relied upon by the Participant in executing the foregoing certificate and by Dinsmore & Shohl LLP in rendering any opinion with respect to the Bonds or the Financing Agreement.

COMPASS MUNICIPAL ADVISORS, LLC

By: _____

Title: _____

Dated: September 20, 2018

**Attachment to No-Arbitrage Certificate
TAX COMPLIANCE AGREEMENT**

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

PARTICIPANT: Whitley County Water District

DATE OF AGREEMENT: September 20, 2018

FINANCING AGREEMENT AMOUNT: \$2,645,000

This Tax Compliance Agreement relates to a Financing Agreement between the Participant and the Kentucky Association of Counties Finance Corporation dated the date of this Tax Compliance Agreement.

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the "Tax Compliance Agreement") is made and entered into as of the date shown on the cover page hereto between the KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION (the "Corporation") and the Participant shown on the cover page hereto (the "Participant"):

WITNESSETH:

WHEREAS, the Participant has agreed, in a financing agreement (the "Financing Agreement") dated the date hereof (with capitalized terms not defined herein having the meanings given them in the Financing Agreement) to borrow the Financing Agreement Amount shown on the cover page hereto pursuant to a Program administered by the Corporation and funded with the portion of the proceeds of Bonds issued by the Corporation on behalf of the Participant to fund a Reasonably Required Reserve or Replacement Fund and to redeem certain obligations of the Lessee (the "Prior Obligations") the proceeds of which were used to finance the project identified in the Financing Agreement (the "Project"); and

WHEREAS, it is necessary for the parties hereto to enter into this Tax Compliance Agreement to ensure that interest paid on the Bonds and on the Financing Agreement shall all be and shall all remain excludible from gross income for Federal income purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and is not and will not become a specific item of tax preference under Section 57(a)(5)(C) of the Code for the federal alternative minimum tax and to comply with the requirements of the No-Arbitrage Certificate (as hereinafter defined).

NOW, THEREFORE, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. In addition to words and terms defined elsewhere in this Tax Compliance Agreement, the Code and Regulations, the No-Arbitrage Certificate, the Indenture and the Financing Agreement, the following capitalized words and terms used in this Tax Compliance Agreement shall have the following meanings, unless some other meaning is plainly intended:

"AMT Bond" means a Qualified Private Activity Bond, other than a Qualified 501(c)(3) Bond, the interest on which is a specific item of tax preference under Section 57(a)(5) of the Code, subject to the federal alternative minimum tax under Section 55 of the Code.

"Arbitrage Bond" means any obligation of a Governmental Entity that is treated as an arbitrage bond under Sections 103(b)(2) and 148 of the Code.

"Applicable Temporary Period" means the temporary investment period available for each particular category of Gross Proceeds of Governmental Obligations, as provided in Treas. Reg. § 1.148-2(e), issued under the Code, during which time the Gross Proceeds may be invested at a Materially Higher Yield. The Applicable Temporary Period for amounts in a Capital Acquisition Fund ends three years, after the Closing Date of Governmental Obligations, the Applicable Temporary Period for amounts deposited into a Bona Fide Debt Service Fund ends thirteen months after the date of deposit into the fund, the Applicable Temporary Period for Investment Proceeds of Governmental Obligations ends one year after the date of receipt or deemed receipt of the monies, the Applicable Temporary Period for Replacement Proceeds of Governmental Obligations ends thirty days after the date the amounts become Replacement Proceeds and the Applicable Temporary Period for Disposition Proceeds of Governmental Obligations will be determined under Treas. Reg. § 1.141-12(a), issued under the Code.

"Bona Fide Debt Service Fund" means a fund that is used primarily to achieve a proper matching of revenues with Debt Service of Governmental Obligations within each Bond Year and is depleted at least once each Bond Year, except for the Permitted Carryover.

“Bond Counsel” means a nationally recognized bond counsel experienced in municipal finance, particularly in the issuance of bonds the interest on which is excluded from gross income pursuant to the Code.

“Bond Year” means the period commencing on the Closing Date of Governmental Obligations and ending on a date no later than one year after the Closing Date and then each one-year period commencing the day after such date and each anniversary of such date thereafter.

“Capital Acquisition Fund” means a fund that is to be used to finance the acquisition or construction of assets that qualify as Capital Expenditures.

“Capital Expenditure” means any expense that is properly depreciable or amortizable or is otherwise treated as a capital expenditure under the Code, and for the purposes of determining eligible Reimbursement Allocations, Costs of Issuance.

“Closing Date” means the date of this Tax Compliance Agreement.

“Cost of Issuance” means any expenditure incurred in connection with the issuance of the Financing Agreement or the Participant’s share of such expenditures relating to the Bonds, including such costs as underwriters’ spread, rating agency fees, appraisal costs, attorneys’ and accounts’ fees and printing costs, but excluding Qualified Guarantee Fees or expenditures incurred in connection with the acquisition of the Project.

“Debt Service” means any principal and interest payments on obligations.

“Disposition Proceeds” means the amounts, including property, received from the sale, exchange or other disposition of the Project.

“Disproportionate Private Use” means the excess of Related Private Use over the Related Governmental Use.

“Federally-Guaranteed” means having the payment of either the principal of or interest on any portion of the Financing Agreement or any loan made with the Proceeds of any portion of the Financing Agreement guaranteed, in whole or in part, directly or indirectly, by the United States, or acquiring any Investment Property that is, directly or indirectly federally-insured, except as otherwise permitted by Section 149(b) of the Code.

“Governmental Entity” means any State and any political subdivision and agency of any State.

“Governmental Facility” means any property owned by one or more Governmental Entities financed or refinanced with Governmental Bonds, if no more than 10% of the property is used by Private Users.

“Governmental Issuer” means the Governmental Entity that is the debtor on or issuer of a Governmental Obligation.

“Governmental Obligation” means any debt obligation of a Governmental Entity.

“Gross Proceeds” means Sale Proceeds, Investment Proceeds, Transferred Proceeds and Replacement Proceeds, determined pursuant to Treas. Regs. §§ 1.148-1(b) and -1(c), all until spent.

“Investment Proceeds” means any amounts actually or constructively earned or received from investing the Proceeds in Investment Property.

“Investment Property” means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (not including any Tax-Exempt Bond other than an AMT Bond), annuity contract or other investment-type property and any Residential Rental Property.

“Materially Higher Yield” means any Yield that is greater than the Yield permitted to be earned under Section 148 of the Code and Treas. Regs. §§ 1.148-1 through -11, issued under the Code.

“Minor Portion” means an amount of the Proceeds of Governmental Obligations, other than Proceeds invested in a Reasonably Required Reserve or Replacement Fund or Proceeds invested during an Applicable Temporary Period, not in excess of the lesser of (i) 5% of the Proceeds of the Financing Agreement, or (ii) \$100,000.

“No-Arbitrage Certificate” means the “Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as Amended,” for the Bonds and the Financing Agreement given by the Participant, including certifications given with respect thereto by the Financial Advisor.

“Non-Governmental Entity” means any person or entity, other than a Governmental Entity.

“Nonpurpose Investment” means any Investment Property other than a Purpose Investment.

“Pledged Fund” means any amount pledged, directly or indirectly, to pay principal of or interest on the Financing Agreement and which provides reasonable assurance of such amounts being paid even if the Participant experiences financial difficulties, including amounts subject to a negative pledge.

“Private Activity Bond” means any Governmental Obligation if (i) there is more than 10% Private Use of the Proceeds of the obligations and more than 10% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly, by any Private User; (ii) more than the lesser of 5% of the Proceeds of the obligations or \$5,000,000 is used to make Private Loans; (iii) there is more than 5% in the aggregate of Unrelated Private Use and Disproportionate Private Use and more than 5% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly with respect to or from property financed with the Proceeds of the obligations that is used in an Unrelated Private Use or Disproportionate Private Use; all as described in Section 141 of the Code.

“Private Loan” means any loan, directly or indirectly, of any of the Proceeds of an obligation of a Governmental Entity to any Non-Governmental Entity.

“Private Use” means the use of any Proceeds of the Financing Agreement or any facilities financed with such Proceeds by Private Users.

“Private User” means any Non-Governmental Entity, other than a natural person not engaged in a trade or business.

“Purpose Investment” means Investment Property purchased with Gross Proceeds of the Governmental Obligations to carry out the governmental purpose for which the obligations were issued, as provided in Treas. Reg. §1.148-1(b), issued under the Code.

“Qualified 501(c)(3) Bond” means any Qualified Private Activity Bond that satisfies the requirements of Section 145 of the Code.

“Qualified Private Activity Bond” means any Private Activity Bond that satisfies the requirements of Section 141(e) of the Code.

“Reasonably Required Reserve or Replacement Fund” means any fund that is pledged as security for or is available for payment of any Debt Service of any Governmental Obligation and is reasonably required by a lender, a State or other governmental or regulatory authority having jurisdiction over the Governmental Issuer, a national bond rating agency, or an underwriter or financial advisor and that satisfies the limitations of Treas. Reg. §1.148-2(f), issued under the Code.

“Rebate Amount” means the amount determined by the Corporation pursuant to the No-Arbitrage Certificate.

“Rebate Payment” means any payment of the Rebate Amount made to the United States Treasury.

“Redemption Date” means the date on which the last of the principal of and interest on the Financing Agreement has been paid, whether upon maturity, redemption or acceleration thereof.

“Reimbursement Allocation” means a written allocation of the Proceeds of the Financing Agreement intended to reimburse the Participant for Capital Expenditures for the Project that were paid prior to the Closing Date, provided that any such allocation is made no later than eighteen (18) months after the later of the date the Capital Expenditure was paid or the date the Project was placed in service, but in no event later than three (3) years after the payment date. Any written allocation made within thirty (30) days after the Closing Date shall be treated as if made on the Closing Date.

“Reimbursement Resolution” means a declaration of intent, under Treas. Reg. § 1.150-2, by the Participant to finance, by issuing debt, Capital Expenditures. For this purpose, the issuance of debt to finance specific facilities shall constitute a Reimbursement Resolution, the date of adoption of which shall be no later than the Closing Date of such debt.

“Related Private Use” means any Private Use that is not Unrelated Private Use.

“Replacement Proceeds” means amounts replaced by Proceeds of the Financing Agreement, including any sinking fund, Pledged Fund, restricted gifts (not including qualified endowment funds, pursuant to Treas. Reg. § 1.148-6(d)(3)(iii)(C)) or reserve or replacement fund, or other funds that would be available, directly or indirectly, to pay debt service on any of the Financing Agreement, within the meaning of Treas. Reg. § 1.148-1(c).

“Research Agreement” means an agreement between the Participant and a Private User under which the Participant or the Private User uses any portion of the Project to carry on research.

“Residential Rental Property” means any residential rental property for family units not located in the jurisdiction of the Governmental Issuer or not acquired to implement a court ordered or approved housing desegregation plan.

“Sale Proceeds” means the Financing Agreement Amount shown on the cover page hereto.

“Service Contract” means a contract between the Participant and a Service Provider under which the Service Provider provides services involving any portion or function of a Governmental Facility financed with Governmental Bonds.

“Service Provider” means any Private User that provides management or other services.

“State” means any state and possession of the United States and the District of Columbia.

“Tax-Exempt Bond” means (i) any Governmental Obligation the interest on which is excludible from gross income for federal income tax purposes, under Sections 103 and 150(a)(6) of the Code, (ii) any Pre-TRA Bond, (iii) certain tax-exempt mutual funds, as provided in Treas. Reg. § 1.150-1(b), issued under the Code, and (iv) any Demand Deposit SLGS.

“Transferred Proceeds” means transferred proceeds as defined in Treas. Reg. § 1.148-9.

“Treasury Regulation” and “Treas. Reg.” means any Regulation, Proposed Regulation or Temporary Regulation, as may be applicable, issued by the United States Treasury Department pursuant to the Code or the 1954 Code, as appropriate.

“Unrelated Private Use” means any Private Use that is not related to the Use by a Governmental Entity of Governmental Facilities.

“Yield” means, pursuant to Treas. Regs. §§ 1.148-4 and -5, that discount rate which, when computing the present value of all payments of principal and interest to be paid on an obligation, produces an amount equal to, in the case of the Financing Agreement, the Issue Price and in the case of any Investment Property, the fair market value, as provided in Treas. Reg. § 1.148-5(d).

“Yield Reduction Amount” means the amount determined by the Corporation pursuant to the Tax Regulatory Agreement.

“Yield Reduction Payment” means any payment of the Yield Reduction Amount made to the United States Treasury.

SECTION 1.02. Interpretative Rules. For all purposes of this Tax Compliance Agreement, except as otherwise expressly provided or unless the context otherwise requires (a) “Tax Compliance Agreement” means this instrument, as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof; (b) all references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed; (c) the words “herein,” “hereof,” “hereunder” and “herewith” and other words of similar import refer to this Tax Compliance Agreement as a whole and not to any particular Article, Section or other subdivision; (d) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular; (e) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (f) the terms defined elsewhere in this Tax Compliance Agreement shall have the meanings therein prescribed for them; (g) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders; (h) the headings used in this Tax Compliance Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

ARTICLE II

COVENANTS AND REPRESENTATIONS OF CORPORATION AND THE PARTICIPANT ACKNOWLEDGEMENTS BY, DIRECTIONS TO AND FROM CORPORATION AND THE PARTICIPANT

SECTION 2.01. Authority and Organization. (a) The Participant represents for the benefit of the Corporation that it is a political subdivision of the Commonwealth of Kentucky with the power, among others, to enter into the Financing Agreement in furtherance of its corporate purposes, including financing the cost of the Project; and

(b) The Corporation represents for the benefit of the Participant that (i) the Corporation is nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Kentucky; and (ii) the Corporation has full power and authority granted to it by the Commonwealth of Kentucky to establish a program to enter into fixed rate financing agreements with cities, political subdivisions and public agencies of the Commonwealth of Kentucky.

SECTION 2.02. Use of Proceeds. The Participant represents that:

(a) No Private Use of Proceeds. No more than 10% of the Use of either the Proceeds of the Financing Agreement or the Project may be Private Use if more than 10% of the principal of or interest on the Financing Agreement is secured or to be paid, either directly or indirectly, by any Private User, no more than 5% of the Use of either the Proceeds of the Obligations or the Project may be for an Unrelated Private Use or Disproportionate Private Use and no more than the lesser of 5% of the Proceeds of the Financing Agreement or \$5,000,000 may be used to make Private Loans.

(b) Expectations. The Lessee expects to redeem the Prior Obligation no later than 90 days after the Closing Date.

(c) Use of the Project. The Participant will own or lease and operate the Project during the entire term of the Financing Agreement and will not change the use or ownership of any part of a Project during the entire term of the Financing Agreement without consultation of Bond Counsel and the prior written consent of the Corporation.

(d) Reimbursement Allocations. The Participant will not make any Reimbursement Allocation with the Proceeds of the Financing Agreement for Capital Expenditures that were paid prior to sixty (60) days before the date on which the Participant adopted a Reimbursement Resolution authorizing the issuance of debt to finance the Project, except that expenditures for Costs of Issuance paid before the date of the Financing Agreement, certain preliminary Capital Expenditures not in excess of twenty percent (20%) of the Financing Agreement Amount, and an amount of Capital Expenditures not in excess of the lesser of five percent (5%) of the Financing Agreement or \$100,000 may receive a Reimbursement Allocation even if the expenditure was

paid more than sixty (60) days prior to the date of adoption of the Reimbursement Resolution described herein and even if the allocation would not otherwise qualify as a Reimbursement Allocation.

(e) Investment Limitations. (i) The Participant will restrict the investment of the Proceeds of the Financing Agreement and take such other actions as may be necessary so that the Financing Agreement will not constitute Arbitrage Bonds. Except for an amount equal to the Minor Portion and amounts in Reasonably Required Reserve or Replacement Funds, neither the Gross Proceeds of the Financing Agreement nor any Disposition Proceeds of the Financing Agreement may be invested at a Materially Higher Yield after the expiration of any Applicable Temporary Periods, unless any permitted Yield Reduction Payments are made.

(ii) The Participant should invest the Proceeds of the Financing Agreement separately from its other investments.

(iii) No more than 50% of the Sale Proceeds of the Financing Agreement may be invested in Nonpurpose Investments with a substantially guaranteed Yield for four or more years.

(iv) Either no amount on deposit in all Reasonably Required Reserve or Replacement Funds for the combination of the Financing Agreement and all other financing agreements entered into pursuant to the Program (the "Program Financing Agreements") on an aggregate basis, should exceed the least of (i) 10% of the stated principal amount of the Program Financing Agreements, if original issue discount does not exceed 2% times the stated redemption price of the Obligations, or the Issue Price of the Program Financing Agreements, if original issue discount does exceed 2% times the stated redemption price of the Program Financing Agreements, (ii) the maximum annual Debt Service of the Program Financing Agreements, or (iii) 125% of average annual Debt Service of the Program Financing Agreements, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits may not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), issued under the Code, appropriate Yield Reduction Payments should be timely made.

(v) If at any time, either the Participant determines or is informed that the Yield on the investment of moneys held by itself or any other person must be restricted or limited in order to prevent the Bonds from becoming Arbitrage Bonds, the Participant shall and shall so instruct any holder of the Sale Proceeds or Investment Proceeds of the Financing Agreement to take such action or actions as may be necessary to restrict or limit the yield on such investments as set forth in, and in accordance with, such instruction.

(f) Federal Guarantees. The Gross Proceeds will not be invested in any Investment Property that is Federally-Guaranteed.

SECTION 2.03. Service Contracts. The Participant represents that it will not enter into any Service Contracts or management contracts with respect to the Project without the prior written consent of Bond Counsel and the Corporation.

SECTION 2.04. Research Agreements. The Participant represents that it will not enter into any Research Agreements with respect to the Project without the prior written consent of the Corporation.

SECTION 2.05. Changes in Use or User of Project. The Participant represents that (a) no part of the Project will be sold, otherwise disposed of or leased without the prior written consent of the Corporation; (b) it will not permit any use of its Project by any person or entity other than itself without the prior written consent of the Corporation; (c) any portion of a Project consisting of personal property may be sold in the ordinary course of an established governmental program if (i) the weighted average maturity of the portion of the Financing Agreement financing the personal property was not greater than one hundred twenty percent (120%) of the reasonably expected actual use of such personal property by the Participant, (ii) the Participant expected at the date of the Financing Agreement that the fair market value of the personal property at the time of disposition would not be greater than twenty-five percent (25%) of its cost and (iii), at the time of disposition, the personal property is no longer suitable for the governmental purpose for which it was acquired.

SECTION 2.06. Investments. The Participant will invest the Gross Proceeds of the Financing Agreement and any Disposition Proceeds of the Financing Agreement only under the Investment Agreement unless otherwise authorized in writing by the Corporation.

SECTION 2.07. Records. The Participant represents that proper records and accounts, containing complete and correct entries of all transactions relating to the Financing Agreement, the use of the Gross Proceeds of the Financing Agreement and the expenditures made in connection with the acquisition of the Project, will be maintained. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.08. Payment of Arbitrage Compliance Amounts. The Participant represents that all actions necessary to comply with the Yield limitations applicable to investments of the Sale Proceeds and Investment Proceeds of the Financing Agreement and the Rebate requirements contained in Section 148(f) of the Code and the Treasury Regulations thereunder will be taken. Immediately upon the request of the Corporation, the Participant will assemble copies of records concerning investments of Gross Proceeds of the Financing Agreement, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement. In particular, the Participant will provide the Corporation with information that will enable the Corporation to determine if any Rebate Amount is payable. The Participant will pay any Rebate Payment and any Yield Reduction Payment owed with respect to the Gross Proceeds of the Financing Agreement, as determined by the Corporation. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.09. Information Reporting Requirements. The Participant represents that it will timely execute and file any information reports required under Section 149(e) of the Code (Form 8038-G) or as required by the Corporation.

SECTION 2.10. Compliance with Tax Compliance Agreement. (a) The Participant and the Corporation may, at any time, employ bond counsel, independent certified public accountants, or other qualified experts acceptable to the Corporation to perform any of the requirements imposed upon the Participant by this Tax Compliance Agreement.

(b) The Participant and the Corporation agree, to the extent reasonably possible, to comply with any amendments to the Code or any applicable Regulations, effective retroactively, and the Participant and the Corporation shall take all actions necessary to amend this Tax Compliance Agreement to comply therewith.

(c) Whenever any action or direction is required of the Participant hereunder, such action or direction may, or in the absence of any such action or direction may be made by the Corporation.

SECTION 2.11. Section 265 Designation. (a) The Corporation hereby designates the Financing Agreement as "qualified tax-exempt obligations" for purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the Participant certifies that the Financing Agreement will not be at any time "private activity bonds" (as defined in Section 141 of the Code) other than "qualified 501(c)(3) bonds" (as defined in Section 145 of the Code). The Corporation further certifies that, as of the date hereof in the current calendar year, (i) no tax-exempt obligations of any kind other than the Bonds have been issued for the benefit of the Participant, and (ii) not more than \$10,000,000 of obligations of any kind (including the Bonds) benefitting the Participant during the current calendar year will be designated for purposes of Section 265(b)(3) of the Code.

(b) The Participant is not subject to Control by any entity, and there are no entities subject to Control by the Participant.

(c) On the date hereof, the Participant does not reasonably anticipate that for the current calendar year any Section 265 Tax-Exempt Obligations (except for the Financing Agreement) will be issued for its benefit. "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludible from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds. The Corporation will not issue for the benefit of the Participant or any entity subject to control by the Participant (which may hereafter

come into existence) of Section 265 Tax-Exempt Obligations (including the Financing Agreement) that exceed the aggregate amount of \$10,000,000 during the current calendar year unless it first obtains an opinion of Bond Counsel to the effect that such issuance will not adversely affect the treatment of the Bonds as "qualified tax-exempt obligations" for the purpose and within the meaning of Section 265(b)(3) of the Code.

IN WITNESS WHEREOF, the Participant and the Corporation have each caused this Tax Compliance Agreement to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth on the cover page hereto.

KENTUCKY ASSOCIATION OF COUNTIES
FINANCE CORPORATION

By: _____
Secretary

WHITLEY COUNTY WATER DISTRICT

By: *Andy Meadors*
Chairman



EXHIBIT I

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of the date shown below between the Whitley County Water District (the "Participant") and Kentucky Association of Counties Finance Corporation, as disclosure agent (the "Disclosure Agent").

RECITALS

WHEREAS, the Participant has entered into a Lease (the "Lease") dated the date hereof with respect to which the Corporation issued its Bonds (the "Corporation Bonds") under the Indenture described in the Lease, and offered and sold the Corporation Bonds pursuant to an offering circular containing information regarding the Participant (the "Offering Document"); and

WHEREAS, the Disclosure Agent and the Participant, wish to provide for the disclosure of certain information concerning the Lease and the Corporation Bonds and other matters on an ongoing basis as set forth herein for the benefit of Holders of Corporation Bonds in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Lease, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section I. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Lease, as amended and supplemented from time to time. Any such successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared for the Participant which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles, provided, however, that the Participant may change the accounting principles used for preparation of such financial information so long as the Participant includes as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Corporation Bonds (including persons holding Corporation Bonds through nominees, depositories or other intermediaries).

"Holders of Bonds" shall mean any holder of the Corporation Bonds and any Beneficial Owner thereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall, to the extent the Participant obtains knowledge and determines that it would constitute material information for Holders of Bonds, (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the security; (vii) modifications to rights of security holders; (viii) certificate calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event; (ix) defeasances; (x) release, substitution or sale of property securing repayment of the securities; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event; (xiii) the consummation of a merger, consolidation, or acquisition or the sale of all or substantially all of the assets of the Participant, other than in the ordinary course of business, or entering into or terminating an agreement relating to any such actions; (xiv) appointment of a successor or additional trustee or the change of name

of a trustee, if material and (xv) failure (of which the Participant has knowledge) to provide the required Annual Financial Information on or before the date specified herein; provided, that the occurrence of an event described in clauses (i), (iii), (iv), (v), (viii), (ix) and (xi) shall always be deemed to be material. The SEC requires the listing of (i) through (xv) although some of such events may not be applicable to the Corporation Bonds.

“Operating Data” shall mean an update of the Operating Data contained in the Offering Document, if any.

“Participating Underwriter” shall mean any of the original underwriters of the Corporation Bonds required to comply with the Rule in connection with the offering of the Corporation Bonds.

“Release” shall mean Securities and Exchange Commission Release No. 34-34961.

“SEC” shall mean the Securities and Exchange Commission.

“SID” shall mean the state information depository (“SID”), as such term is used in the Release, if and when a SID is created for the State.

“State” shall mean the Commonwealth of Kentucky.

“Turn Around Period” shall mean (i) five (5) business days, with respect to Annual Financial Information and Operating Data delivered by the Participant to the Disclosure Agent; (ii) two (2) business days with respect to Material Event occurrences disclosed by the Participant to the Disclosure Agent; or (iii) two (2) business days with respect to the failure, on the part of the Participant, to deliver Annual Financial Information and Operating Data to the Disclosure Agent which period commences upon notification by the Participant of such failure, or upon the Disclosure Agent’s actual knowledge of such failure.

(B) This Agreement applies to the Corporation Bonds and the Lease.

(C) The Disclosure Agent shall have no obligation to make disclosure about the Corporation Bonds or the Lease except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Agent, as Program Administrator, under the Indenture. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Participant, apart from the relationship created hereby, shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except in its capacity as Program Administrator under the Indenture or except as may be provided by written notice from the Participant.

Section 2. Disclosure of Information.

(A) General Provisions. This Agreement governs the Participant’s direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting not as Program Administrator but as the Participant’s agent; provided that the Disclosure Agent shall be entitled to the same protection in so acting under this Agreement as it has in acting as Program Administrator under the Indenture.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Participant shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than 300 days after the end of Participant’s current fiscal year and continuing with each fiscal year thereafter, for which the information is provided, taking into account the Turn Around Period, and, in addition, all information with respect to the Corporation Bonds required to be disseminated by the Trustee pursuant to the Indenture.

(2) Material Events Notices. Notice of the occurrence of a Material Event.

(3) Failure to Provide Annual Financial Information. Notice of the failure of Participant to provide the Annual Financial Information and Operating Data by the date required herein.

(C) Information Provided by Disclosure Agent to Public.

(1) The Participant directs the Disclosure Agent on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Participant's agent in so making public, the following:

- (a) the Annual Financial Information and Operating Data;
- (b) Material Event occurrences;
- (c) the notices of failure to provide information which the Participant has agreed to make public pursuant to subsection (B)(3) of this Section 2;

(d) such other information as the Participant shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(2) of this Section 2. If the Participant chooses to include any information in any Annual Financial Information report or in any notice of occurrence of a Material Event, in addition to that which is specifically required by this Agreement, the Participant shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information report or notice of occurrence of a Material Event; and

(2) The information which the Participant has agreed to make public shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Agent as Program Administrator by the Participant, in the form required by the Lease or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information, the Operating Data, the Material Event occurrences and the failure to provide the Annual Financial Information and Operating Data within the applicable Turn Around Period. Notwithstanding the foregoing, Annual Financial Information, Operating Data and Material Events shall be made public on the same day as notice thereof is given to the Holders of Bonds of outstanding Corporation Bonds, if required in the Indenture, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Participant to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Participant or the Disclosure Agent under this Agreement if it is transmitted as provided in subsection (D)(2) of this Section 2 by the following means:

(a) to the Holders of Bonds of outstanding Corporation Bonds, by the method prescribed by the Indenture;

(b) to the MSRB, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Participant or the Disclosure Agent is authorized to transmit information to a MSRB by whatever means are mutually acceptable to the Disclosure Agent or the Participant, as applicable, and the MSRB; and/or

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Participant or the Disclosure Agent is authorized to transmit information to a SEC by whatever means are mutually acceptable to the Disclosure Agent or the Participant, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Annual Financial Information and Operating Data shall be made available to the MSRB;

(b) notice of all Material Event occurrences and all notices of the failure to provide Annual Financial Information or Operating Data within the time specified in Section 2(B)(1) hereof shall be made available to the MSRB; and

(c) all information described in clauses (a) and (b) shall be made available to any Holder of Bonds upon request, but need not be transmitted to the Holders of Bonds who do not so request.

(d) to the extent any Annual Financial Information or Operating Data is included in a document filed with the MSRB or the SEC, the Participant shall have been deemed to have provided that information if a statement specifically referencing the filed document is filed with the MSRB as part of the Participant's obligation to file Annual Financial Information and Operating Data pursuant to this Agreement. Additionally, if the referenced document is a final official statement (as that term is defined in Rule 15c2-12(f)(3)), it must be available from the MSRB.

With respect to requests for periodic or occurrence information from Holders of Bonds, the Disclosure Agent may require payment by requesting of holders a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Participant for response.

(E) Disclosure Agent Compensation. The Participant shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Agreement as provided in the Lease.

(F) Indemnification of Disclosure Agent. The Participant shall indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that the Participant shall not be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Participant under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Corporation Bonds.

Section 3. Amendment or Waiver. Notwithstanding any other provision of this Agreement, the Participant and the Disclosure Agent may amend this Agreement (and the Disclosure Agent shall agree to any reasonable amendment requested by the Participant) and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel or counsel expert in federal securities laws acceptable to both the Participant and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

Section 4. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound,

and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Corporation Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Corporation Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Participant, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Holders of Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

This Agreement shall terminate when all of the Corporation Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If an event of default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in Section 4(G), the non-defaulting party or any such beneficiary may (and, at the request of the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Corporation Bonds, the non-defaulting party shall), enforce the obligations of the defaulting party under this Agreement; provided, however, the sole remedy available in any proceeding to enforce this Agreement shall be an action in mandamus, for specific performance or similar remedy to compel performance.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Participant, the Trustee, the Disclosure Agent, the Participating Underwriter and Holders of Bonds, and shall create no rights in any other person or entity.

Section 5. Additional Disclosure Obligations. The Participant acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Participant, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Participant under such laws.

Section 6. Notices. Notices shall be provided in the manner set forth in the Lease.

IN WITNESS WHEREOF, the Disclosure Agent and the Participant have each caused their duly authorized officers to execute this Agreement, as of the date set forth below.

DATE OF AGREEMENT: September 20, 2018

KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

By: _____
Secretary

WHITLEY COUNTY WATER DISTRICT

By: Andy Meaders _____ 
Chairman

Attachment #9

Name	Whitley County Water District				LOAN NUMBER	91-13
Bond Series	Amount of Bond				Interest Rate	Semi Annual
2007	\$295,000.00				4.125%	4/24/2007
			JANUARY	JULY		
YEAR	PRINCIPAL	INTEREST	Principal/ Interest Payment Due	INTEREST Interest Payment Due	Yearly Total Paid	BALANCE \$295,000.00
2007			\$0.00	\$2,267.05	\$2,267.05	\$295,000.00
2008	\$3,200.00	\$6,084.38	\$9,284.38	\$6,018.38	\$15,302.75	\$291,800.00
2009	\$3,300.00	\$6,018.38	\$9,318.38	\$5,950.31	\$15,268.69	\$288,500.00
2010	\$3,400.00	\$5,950.31	\$9,350.31	\$5,880.19	\$15,230.50	\$285,100.00
2011	\$3,600.00	\$5,880.19	\$9,480.19	\$5,805.94	\$15,286.13	\$281,500.00
2012	\$3,700.00	\$5,805.94	\$9,505.94	\$5,729.63	\$15,235.56	\$277,800.00
2013	\$3,900.00	\$5,729.63	\$9,629.63	\$5,649.19	\$15,278.81	\$273,900.00
2014	\$4,100.00	\$5,649.19	\$9,749.19	\$5,564.63	\$15,313.81	\$269,800.00
2015	\$4,300.00	\$5,564.63	\$9,864.63	\$5,475.94	\$15,340.56	\$265,500.00
2016	\$4,400.00	\$5,475.94	\$9,875.94	\$5,385.19	\$15,261.13	\$261,100.00
2017	\$4,600.00	\$5,385.19	\$9,985.19	\$5,290.31	\$15,275.50	\$256,500.00
2018	\$4,800.00	\$5,290.31	\$10,090.31	\$5,191.31	\$15,281.63	\$251,700.00
2019	\$5,100.00	\$5,191.31	\$10,291.31	\$5,086.13	\$15,377.44	\$246,600.00
2020	\$5,300.00	\$5,086.13	\$10,386.13	\$4,976.81	\$15,362.94	\$241,300.00
2021	\$5,500.00	\$4,976.81	\$10,476.81	\$4,863.38	\$15,340.19	\$235,800.00
2022	\$5,700.00	\$4,863.38	\$10,563.38	\$4,745.81	\$15,309.19	\$230,100.00
2023	\$6,000.00	\$4,745.81	\$10,745.81	\$4,622.06	\$15,367.88	\$224,100.00
2024	\$6,300.00	\$4,622.06	\$10,922.06	\$4,492.13	\$15,414.19	\$217,800.00
2025	\$6,500.00	\$4,492.13	\$10,992.13	\$4,358.06	\$15,350.19	\$211,300.00
2026	\$6,800.00	\$4,358.06	\$11,158.06	\$4,217.81	\$15,375.88	\$204,500.00
2027	\$7,100.00	\$4,217.81	\$11,317.81	\$4,071.38	\$15,389.19	\$197,400.00
2028	\$7,400.00	\$4,071.38	\$11,471.38	\$3,918.75	\$15,390.13	\$190,000.00
2029	\$7,700.00	\$3,918.75	\$11,618.75	\$3,759.94	\$15,378.69	\$182,300.00
2030	\$8,100.00	\$3,759.94	\$11,859.94	\$3,592.88	\$15,452.81	\$174,200.00
2031	\$8,400.00	\$3,592.88	\$11,992.88	\$3,419.63	\$15,412.50	\$165,800.00
2032	\$8,800.00	\$3,419.63	\$12,219.63	\$3,238.13	\$15,457.75	\$157,000.00
2033	\$9,200.00	\$3,238.13	\$12,438.13	\$3,048.38	\$15,486.50	\$147,800.00
2034	\$9,600.00	\$3,048.38	\$12,648.38	\$2,850.38	\$15,498.75	\$138,200.00
2035	\$10,000.00	\$2,850.38	\$12,850.38	\$2,644.13	\$15,494.50	\$128,200.00
2036	\$10,500.00	\$2,644.13	\$13,144.13	\$2,427.56	\$15,571.69	\$117,700.00
2037	\$10,900.00	\$2,427.56	\$13,327.56	\$2,202.75	\$15,530.31	\$106,800.00
2038	\$11,400.00	\$2,202.75	\$13,602.75	\$1,967.63	\$15,570.38	\$95,400.00
2039	\$11,900.00	\$1,967.63	\$13,867.63	\$1,722.19	\$15,589.81	\$83,500.00
2040	\$12,400.00	\$1,722.19	\$14,122.19	\$1,466.44	\$15,588.63	\$71,100.00
2041	\$13,000.00	\$1,466.44	\$14,466.44	\$1,198.31	\$15,664.75	\$58,100.00
2042	\$13,500.00	\$1,198.31	\$14,698.31	\$919.88	\$15,618.19	\$44,600.00
2043	\$14,100.00	\$919.88	\$15,019.88	\$629.06	\$15,648.94	\$30,500.00
2044	\$14,700.00	\$629.06	\$15,329.06	\$325.88	\$15,654.94	\$15,800.00
2045	\$15,800.00	\$325.88	\$16,125.88	\$0.00	\$16,125.88	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$295,000.00	\$148,790.81		\$144,973.49	\$588,764.30	

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

USDA/RD

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 ✓ LOAN #B08-03
 WHITLEY COUNTY WATER DISTRICT
 FINAL

B08-03

*Auto Debit will begin
 Dec. 1, 2018*

0.60% Rate
 \$24,782.10 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
								\$932,800.00		
12/01/13	\$21,983.70	\$2,798.40	0.60%	\$24,782.10	\$932.80	\$0.00	\$25,714.90	\$910,816.30	\$2,350.00	\$2,350.00
06/01/14	\$22,049.65	\$2,732.45	0.60%	\$24,782.10	\$910.82	\$0.00	\$25,692.92	\$888,766.65	\$0.00	\$2,350.00
12/01/14	\$22,115.80	\$2,666.30	0.60%	\$24,782.10	\$888.77	\$0.00	\$25,670.87	\$866,650.85	\$2,350.00	\$4,700.00
06/01/15	\$22,182.15	\$2,599.95	0.60%	\$24,782.10	\$866.65	\$0.00	\$25,648.75	\$844,468.70	\$0.00	\$4,700.00
12/01/15	\$22,248.69	\$2,533.41	0.60%	\$24,782.10	\$844.47	\$0.00	\$25,626.57	\$822,220.01	\$2,350.00	\$7,050.00
06/01/16	\$22,315.44	\$2,466.66	0.60%	\$24,782.10	\$822.22	\$0.00	\$25,604.32	\$799,904.57	\$0.00	\$7,050.00
12/01/16	\$22,382.39	\$2,399.71	0.60%	\$24,782.10	\$799.90	\$0.00	\$25,582.00	\$777,522.18	\$2,350.00	\$9,400.00
06/01/17	\$22,449.53	\$2,332.57	0.60%	\$24,782.10	\$777.52	\$0.00	\$25,559.82	\$755,072.65	\$0.00	\$9,400.00
12/01/17	\$22,516.88	\$2,265.22	0.60%	\$24,782.10	\$755.07	\$0.00	\$25,537.17	\$732,555.77	\$2,350.00	\$11,750.00
06/01/18	\$22,584.43	\$2,197.67	0.60%	\$24,782.10	\$732.56	\$0.00	\$25,514.66	\$709,971.34	\$0.00	\$11,750.00
12/01/18	\$22,652.19	\$2,129.91	0.60%	\$24,782.10	\$709.97	\$0.00	\$25,492.07	\$687,319.15	\$2,350.00	\$14,100.00
06/01/19	\$22,720.14	\$2,061.96	0.60%	\$24,782.10	\$687.32	\$0.00	\$25,469.42	\$664,599.01	\$0.00	\$14,100.00
12/01/19	\$22,788.30	\$1,993.80	0.60%	\$24,782.10	\$664.60	\$0.00	\$25,446.70	\$641,810.71	\$2,350.00	\$16,450.00
06/01/20	\$22,856.67	\$1,925.43	0.60%	\$24,782.10	\$641.81	\$0.00	\$25,423.91	\$618,954.04	\$0.00	\$16,450.00
12/01/20	\$22,925.24	\$1,856.86	0.60%	\$24,782.10	\$618.95	\$0.00	\$25,401.05	\$596,028.80	\$2,350.00	\$18,800.00
06/01/21	\$22,994.01	\$1,788.09	0.60%	\$24,782.10	\$596.03	\$0.00	\$25,378.13	\$573,034.79	\$0.00	\$18,800.00
12/01/21	\$23,063.00	\$1,719.10	0.60%	\$24,782.10	\$573.03	\$0.00	\$25,355.13	\$549,971.79	\$2,350.00	\$21,150.00
06/01/22	\$23,132.18	\$1,649.92	0.60%	\$24,782.10	\$549.97	\$0.00	\$25,332.07	\$526,839.61	\$0.00	\$21,150.00
12/01/22	\$23,201.58	\$1,580.52	0.60%	\$24,782.10	\$526.84	\$0.00	\$25,308.94	\$503,638.03	\$2,350.00	\$23,500.00
06/01/23	\$23,271.19	\$1,510.91	0.60%	\$24,782.10	\$503.64	\$0.00	\$25,285.74	\$480,366.84	\$0.00	\$23,500.00
12/01/23	\$23,341.00	\$1,441.10	0.60%	\$24,782.10	\$480.37	\$0.00	\$25,262.47	\$457,025.84	\$0.00	\$23,500.00
06/01/24	\$23,411.02	\$1,371.08	0.60%	\$24,782.10	\$457.03	\$0.00	\$25,239.13	\$433,614.82	\$0.00	\$23,500.00
12/01/24	\$23,481.26	\$1,300.84	0.60%	\$24,782.10	\$433.61	\$0.00	\$25,215.71	\$410,133.56	\$0.00	\$23,500.00
06/01/25	\$23,551.70	\$1,230.40	0.60%	\$24,782.10	\$410.13	\$0.00	\$25,192.23	\$386,581.86	\$0.00	\$23,500.00
12/01/25	\$23,622.35	\$1,159.75	0.60%	\$24,782.10	\$386.58	\$0.00	\$25,168.68	\$362,959.51	\$0.00	\$23,500.00
06/01/26	\$23,693.22	\$1,088.88	0.60%	\$24,782.10	\$362.96	\$0.00	\$25,145.06	\$339,266.29	\$0.00	\$23,500.00
12/01/26	\$23,764.30	\$1,017.80	0.60%	\$24,782.10	\$339.27	\$0.00	\$25,121.37	\$315,501.99	\$0.00	\$23,500.00
06/01/27	\$23,835.59	\$946.51	0.60%	\$24,782.10	\$315.50	\$0.00	\$25,097.60	\$291,666.40	\$0.00	\$23,500.00
12/01/27	\$23,907.10	\$875.00	0.60%	\$24,782.10	\$291.67	\$0.00	\$25,073.77	\$267,759.30	\$0.00	\$23,500.00
06/01/28	\$23,978.82	\$803.28	0.60%	\$24,782.10	\$267.76	\$0.00	\$25,049.86	\$243,780.48	\$0.00	\$23,500.00
12/01/28	\$24,050.76	\$731.34	0.60%	\$24,782.10	\$243.78	\$0.00	\$25,025.88	\$219,729.72	\$0.00	\$23,500.00
06/01/29	\$24,122.91	\$659.19	0.60%	\$24,782.10	\$219.73	\$0.00	\$25,001.83	\$195,606.81	\$0.00	\$23,500.00
12/01/29	\$24,195.28	\$586.82	0.60%	\$24,782.10	\$195.61	\$0.00	\$24,977.71	\$171,411.53	\$0.00	\$23,500.00
06/01/30	\$24,267.87	\$514.23	0.60%	\$24,782.10	\$171.41	\$0.00	\$24,953.51	\$147,143.66	\$0.00	\$23,500.00
12/01/30	\$24,340.67	\$441.43	0.60%	\$24,782.10	\$147.14	\$0.00	\$24,929.24	\$122,802.99	\$0.00	\$23,500.00
06/01/31	\$24,413.69	\$368.41	0.60%	\$24,782.10	\$122.80	\$0.00	\$24,904.90	\$98,389.30	\$0.00	\$23,500.00
12/01/31	\$24,486.93	\$295.17	0.60%	\$24,782.10	\$98.39	\$0.00	\$24,880.49	\$73,902.37	\$0.00	\$23,500.00
06/01/32	\$24,560.39	\$221.71	0.60%	\$24,782.10	\$73.90	\$0.00	\$24,856.00	\$49,341.98	\$0.00	\$23,500.00
12/01/32	\$24,634.07	\$148.03	0.60%	\$24,782.10	\$49.34	\$0.00	\$24,831.44	\$24,707.91	\$0.00	\$23,500.00
06/01/33	\$24,707.91	\$74.19	0.60%	\$24,782.10	\$24.71	\$0.00	\$24,806.81	\$0.00	\$0.00	\$23,500.00
Totals	\$932,800.00	\$58,484.00		\$991,284.00	\$19,494.63	\$0.00	\$1,010,778.63		\$23,500.00	

Loan # F15-030

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #F15-030
 WHITLEY COUNTY WATER DISTRICT
 FINAL

0.75% Interest
 \$26,077.93 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
								\$966,973.33		
12/01/19	\$22,451.78	\$3,636.08	0.75%	\$26,087.86	\$1,208.72	\$0.00	\$27,296.58 ✓	\$944,521.55	\$2,400.00	\$2,400.00
06/01/20	\$22,535.97	\$3,541.96	0.75%	\$26,077.93	\$1,180.65	\$0.00	\$27,258.58 ✓	\$921,985.58	\$0.00	\$2,400.00
12/01/20	\$22,620.48	\$3,457.45	0.75%	\$26,077.93	\$1,152.48	\$0.00	\$27,230.41 ✓	\$899,365.10	\$2,400.00	\$4,800.00
06/01/21	\$22,705.31	\$3,372.62	0.75%	\$26,077.93	\$1,124.21	\$0.00	\$27,202.14 ✓	\$876,659.79	\$0.00	\$4,800.00
12/01/21	\$22,790.46	\$3,287.47	0.75%	\$26,077.93	\$1,095.82	\$0.00	\$27,173.75 ✓	\$853,869.33	\$2,400.00	\$7,200.00
06/01/22	\$22,875.92	\$3,202.01	0.75%	\$26,077.93	\$1,067.34	\$0.00	\$27,145.27	\$830,993.41	\$0.00	\$7,200.00
12/01/22	\$22,961.70	\$3,116.23	0.75%	\$26,077.93	\$1,038.74	\$0.00	\$27,116.67	\$808,031.71	\$2,400.00	\$9,600.00
06/01/23	\$23,047.81	\$3,030.12	0.75%	\$26,077.93	\$1,010.04	\$0.00	\$27,087.97	\$784,983.90	\$0.00	\$9,600.00
12/01/23	\$23,134.24	\$2,943.69	0.75%	\$26,077.93	\$981.23	\$0.00	\$27,059.16	\$761,849.66	\$2,400.00	\$12,000.00
06/01/24	\$23,220.99	\$2,856.94	0.75%	\$26,077.93	\$952.31	\$0.00	\$27,030.24	\$738,628.67	\$0.00	\$12,000.00
12/01/24	\$23,308.07	\$2,769.86	0.75%	\$26,077.93	\$923.29	\$0.00	\$27,001.22	\$715,320.60	\$2,400.00	\$14,400.00
06/01/25	\$23,395.48	\$2,682.45	0.75%	\$26,077.93	\$894.15	\$0.00	\$26,972.08	\$691,925.12	\$0.00	\$14,400.00
12/01/25	\$23,483.21	\$2,594.72	0.75%	\$26,077.93	\$864.91	\$0.00	\$26,942.84	\$668,441.91	\$2,400.00	\$16,800.00
06/01/26	\$23,571.27	\$2,506.66	0.75%	\$26,077.93	\$835.55	\$0.00	\$26,913.48	\$644,870.64	\$0.00	\$16,800.00
12/01/26	\$23,659.67	\$2,418.26	0.75%	\$26,077.93	\$806.09	\$0.00	\$26,884.02	\$621,210.97	\$2,400.00	\$19,200.00
06/01/27	\$23,748.39	\$2,329.54	0.75%	\$26,077.93	\$776.51	\$0.00	\$26,854.44	\$597,462.58	\$0.00	\$19,200.00
12/01/27	\$23,837.45	\$2,240.48	0.75%	\$26,077.93	\$746.83	\$0.00	\$26,824.76	\$573,625.13	\$2,400.00	\$21,600.00
06/01/28	\$23,926.84	\$2,151.09	0.75%	\$26,077.93	\$717.03	\$0.00	\$26,794.96	\$549,698.29	\$0.00	\$21,600.00
12/01/28	\$24,016.56	\$2,061.37	0.75%	\$26,077.93	\$687.12	\$0.00	\$26,765.05	\$525,681.73	\$2,400.00	\$24,000.00
06/01/29	\$24,106.62	\$1,971.31	0.75%	\$26,077.93	\$657.10	\$0.00	\$26,735.03	\$501,575.11	\$0.00	\$24,000.00
12/01/29	\$24,197.02	\$1,880.91	0.75%	\$26,077.93	\$626.97	\$0.00	\$26,704.90	\$477,378.09	\$0.00	\$24,000.00
06/01/30	\$24,287.76	\$1,790.17	0.75%	\$26,077.93	\$596.72	\$0.00	\$26,674.65	\$453,090.33	\$0.00	\$24,000.00
12/01/30	\$24,378.84	\$1,699.09	0.75%	\$26,077.93	\$566.36	\$0.00	\$26,644.29	\$428,711.49	\$0.00	\$24,000.00
06/01/31	\$24,470.26	\$1,607.67	0.75%	\$26,077.93	\$535.89	\$0.00	\$26,613.82	\$404,241.23	\$0.00	\$24,000.00
12/01/31	\$24,562.03	\$1,515.90	0.75%	\$26,077.93	\$505.30	\$0.00	\$26,583.23	\$379,679.20	\$0.00	\$24,000.00
06/01/32	\$24,654.13	\$1,423.80	0.75%	\$26,077.93	\$474.60	\$0.00	\$26,552.53	\$355,025.07	\$0.00	\$24,000.00
12/01/32	\$24,746.59	\$1,331.34	0.75%	\$26,077.93	\$443.78	\$0.00	\$26,521.71	\$330,278.48	\$0.00	\$24,000.00
06/01/33	\$24,839.39	\$1,238.54	0.75%	\$26,077.93	\$412.85	\$0.00	\$26,490.78	\$305,439.09	\$0.00	\$24,000.00
12/01/33	\$24,932.53	\$1,145.40	0.75%	\$26,077.93	\$381.80	\$0.00	\$26,459.73	\$280,506.56	\$0.00	\$24,000.00
06/01/34	\$25,026.03	\$1,051.90	0.75%	\$26,077.93	\$350.63	\$0.00	\$26,428.56	\$255,480.53	\$0.00	\$24,000.00
12/01/34	\$25,119.88	\$958.05	0.75%	\$26,077.93	\$319.35	\$0.00	\$26,397.28	\$230,360.65	\$0.00	\$24,000.00
06/01/35	\$25,214.08	\$863.85	0.75%	\$26,077.93	\$287.95	\$0.00	\$26,365.88	\$205,146.57	\$0.00	\$24,000.00
12/01/35	\$25,308.63	\$769.30	0.75%	\$26,077.93	\$256.43	\$0.00	\$26,334.36	\$179,837.94	\$0.00	\$24,000.00
06/01/36	\$25,403.54	\$674.39	0.75%	\$26,077.93	\$224.80	\$0.00	\$26,302.73	\$154,434.40	\$0.00	\$24,000.00
12/01/36	\$25,498.80	\$579.13	0.75%	\$26,077.93	\$193.04	\$0.00	\$26,270.97	\$128,935.60	\$0.00	\$24,000.00
06/01/37	\$25,594.42	\$483.51	0.75%	\$26,077.93	\$161.17	\$0.00	\$26,239.10	\$103,341.18	\$0.00	\$24,000.00
12/01/37	\$25,690.40	\$387.53	0.75%	\$26,077.93	\$129.18	\$0.00	\$26,207.11	\$77,650.78	\$0.00	\$24,000.00
06/01/38	\$25,786.74	\$291.19	0.75%	\$26,077.93	\$97.06	\$0.00	\$26,174.99	\$51,864.04	\$0.00	\$24,000.00
12/01/38	\$25,883.44	\$194.49	0.75%	\$26,077.93	\$64.83	\$0.00	\$26,142.76	\$25,980.60	\$0.00	\$24,000.00
06/01/39	\$25,980.60	\$97.33	0.75%	\$26,077.93	\$32.48	\$0.00	\$26,110.41	\$0.00	\$0.00	\$24,000.00
Totals	\$966,973.33	\$76,153.80		\$1,043,127.13	\$25,381.31	\$0.00	\$1,068,508.44		\$24,000.00	

Whitley County Water District #1BP2018D

Kentucky Council of Area Development Districts

Refinance of Series 1994, 1998, 2000 and 2003 USDA

Exhibit B - Lease Rental Payments

Part 1 of 2

Date	Principal	Interest	Total P+I	Expenses	Net New D/S	Lease Balance	Fiscal Total
09/20/2018	-	-	-	-	-	2,645,000.00	-
09/24/2018	-	-	-	-	-	2,645,000.00	-
12/31/2018	-	-	-	-	-	2,645,000.00	-
01/01/2019	95,000.00	41,466.50	136,466.50	3,019.94	139,486.44	2,550,000.00	-
07/01/2019	-	54,603.13	54,603.13	-	54,603.13	2,550,000.00	-
12/31/2019	-	-	-	-	-	2,550,000.00	194,089.57
01/01/2020	80,000.00	54,603.13	134,603.13	7,187.50	141,790.63	2,470,000.00	-
07/01/2020	-	52,603.13	52,603.13	-	52,603.13	2,470,000.00	-
12/31/2020	-	-	-	-	-	2,470,000.00	194,393.76
01/01/2021	85,000.00	52,603.13	137,603.13	6,987.50	144,590.63	2,385,000.00	-
07/01/2021	-	50,478.13	50,478.13	-	50,478.13	2,385,000.00	-
12/31/2021	-	-	-	-	-	2,385,000.00	195,068.76
01/01/2022	90,000.00	50,478.13	140,478.13	6,775.00	147,253.13	2,295,000.00	-
07/01/2022	-	48,228.13	48,228.13	-	48,228.13	2,295,000.00	-
12/31/2022	-	-	-	-	-	2,295,000.00	195,481.26
01/01/2023	95,000.00	48,228.13	143,228.13	6,550.00	149,778.13	2,200,000.00	-
07/01/2023	-	45,853.13	45,853.13	-	45,853.13	2,200,000.00	-
12/31/2023	-	-	-	-	-	2,200,000.00	195,631.26
01/01/2024	100,000.00	45,853.13	145,853.13	6,312.50	152,165.63	2,100,000.00	-
07/01/2024	-	43,353.13	43,353.13	-	43,353.13	2,100,000.00	-
12/31/2024	-	-	-	-	-	2,100,000.00	195,518.76
01/01/2025	105,000.00	43,353.13	148,353.13	6,062.50	154,415.63	1,995,000.00	-
07/01/2025	-	40,728.13	40,728.13	-	40,728.13	1,995,000.00	-
12/31/2025	-	-	-	-	-	1,995,000.00	195,143.76
01/01/2026	110,000.00	40,728.13	150,728.13	5,800.00	156,528.13	1,885,000.00	-
07/01/2026	-	37,978.13	37,978.13	-	37,978.13	1,885,000.00	-
12/31/2026	-	-	-	-	-	1,885,000.00	194,506.26
01/01/2027	115,000.00	37,978.13	152,978.13	5,525.00	158,503.13	1,770,000.00	-
07/01/2027	-	35,103.13	35,103.13	-	35,103.13	1,770,000.00	-
12/31/2027	-	-	-	-	-	1,770,000.00	193,606.26
01/01/2028	120,000.00	35,103.13	155,103.13	5,237.50	160,340.63	1,650,000.00	-
07/01/2028	-	32,103.13	32,103.13	-	32,103.13	1,650,000.00	-
12/31/2028	-	-	-	-	-	1,650,000.00	192,443.76
01/01/2029	130,000.00	32,103.13	162,103.13	4,937.50	167,040.63	1,520,000.00	-
07/01/2029	-	28,853.13	28,853.13	-	28,853.13	1,520,000.00	-
12/31/2029	-	-	-	-	-	1,520,000.00	195,893.76
01/01/2030	135,000.00	28,853.13	163,853.13	4,612.50	168,465.63	1,385,000.00	-
07/01/2030	-	26,659.38	26,659.38	-	26,659.38	1,385,000.00	-
12/31/2030	-	-	-	-	-	1,385,000.00	195,125.01
01/01/2031	135,000.00	26,659.38	161,659.38	4,275.00	165,934.38	1,250,000.00	-
07/01/2031	-	24,381.25	24,381.25	-	24,381.25	1,250,000.00	-
12/31/2031	-	-	-	-	-	1,250,000.00	190,315.63
01/01/2032	145,000.00	24,381.25	169,381.25	3,937.50	173,318.75	1,105,000.00	-

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Compass Municipal Advisors, LLC
Public Finance - KBrock

Whitley County Water District #1BP2018D
 Kentucky Council of Area Development Districts
 Refinance of Series 1994, 1998, 2000 and 2003 USDA

Exhibit B - Lease Rental Payments

Part 2 of 2

Date	Principal	Interest	Total P+I	Expenses	Net New D/S	Lease Balance	Fiscal Total
07/01/2032	-	21,843.75	21,843.75	-	21,843.75	1,105,000.00	-
12/31/2032	-	-	-	-	-	1,105,000.00	195,162.50
01/01/2033	145,000.00	21,843.75	166,843.75	3,575.00	170,418.75	960,000.00	-
07/01/2033	-	19,306.25	19,306.25	-	19,306.25	960,000.00	-
12/31/2033	-	-	-	-	-	960,000.00	189,725.00
01/01/2034	110,000.00	19,306.25	129,306.25	3,212.50	132,518.75	850,000.00	-
07/01/2034	-	17,106.25	17,106.25	-	17,106.25	850,000.00	-
12/31/2034	-	-	-	-	-	850,000.00	149,625.00
01/01/2035	110,000.00	17,106.25	127,106.25	2,937.50	130,043.75	740,000.00	-
07/01/2035	-	14,906.25	14,906.25	-	14,906.25	740,000.00	-
12/31/2035	-	-	-	-	-	740,000.00	144,950.00
01/01/2036	115,000.00	14,906.25	129,906.25	2,662.50	132,568.75	625,000.00	-
07/01/2036	-	12,606.25	12,606.25	-	12,606.25	625,000.00	-
12/31/2036	-	-	-	-	-	625,000.00	145,175.00
01/01/2037	120,000.00	12,606.25	132,606.25	2,375.00	134,981.25	505,000.00	-
07/01/2037	-	10,206.25	10,206.25	-	10,206.25	505,000.00	-
12/31/2037	-	-	-	-	-	505,000.00	145,187.50
01/01/2038	130,000.00	10,206.25	140,206.25	2,075.00	142,281.25	375,000.00	-
07/01/2038	-	7,606.25	7,606.25	-	7,606.25	375,000.00	-
12/31/2038	-	-	-	-	-	375,000.00	149,887.50
01/01/2039	100,000.00	7,606.25	107,606.25	1,750.00	109,356.25	275,000.00	-
07/01/2039	-	5,606.25	5,606.25	-	5,606.25	275,000.00	-
12/31/2039	-	-	-	-	-	275,000.00	114,962.50
01/01/2040	100,000.00	5,606.25	105,606.25	1,500.00	107,106.25	175,000.00	-
07/01/2040	-	3,731.25	3,731.25	-	3,731.25	175,000.00	-
12/31/2040	-	-	-	-	-	175,000.00	110,837.50
01/01/2041	85,000.00	3,731.25	88,731.25	1,250.00	89,981.25	90,000.00	-
07/01/2041	-	2,137.50	2,137.50	-	2,137.50	90,000.00	-
12/31/2041	-	-	-	-	-	90,000.00	92,118.75
01/01/2042	90,000.00	2,137.50	92,137.50	1,037.50	93,175.00	-	-
12/31/2042	-	-	-	-	-	-	93,175.00
Total	\$2,645,000.00	\$1,313,429.12	\$3,958,429.12	\$99,594.94	\$4,058,024.06	-	-

Summary

Closing Date	9/20/2018
True Interest Cost (TIC)	3.6266610%
Average Maturity	12.649 Years
Deposit to the Participant Disbursement Account	2,700,081.46

ACKNOWLEDGED:

Whitley County Water District

By: _____
 Chairman

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Compass Municipal Advisors, LLC
 Public Finance - KBrock

Attachment #10

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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

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

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

Sandra Smith
(Print Name)

Sandra Smith
(Signed)

General Manager
(Position/Office)

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

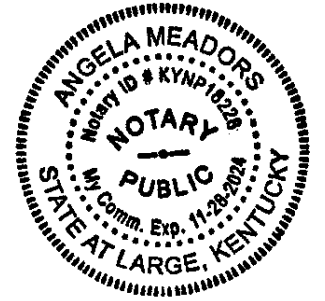
COMMONWEALTH OF KENTUCKY

COUNTY OF Whitley

Subscribed and sworn to before me by Sandra Smith
(Name)

this 3 day of October, 20 22.

Angela Meadows
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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

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

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

Bob DUKHANI
(Print Name)

Bob Dukhani
(Signed)

Bob Dukhani - Secretary
(Position/Office)

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

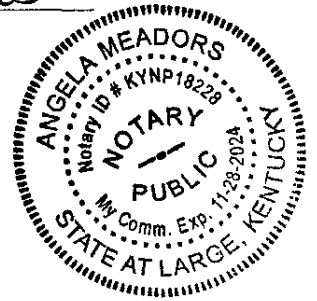
COMMONWEALTH OF KENTUCKY

COUNTY OF Whitley

Subscribed and sworn to before me by Bob Durham
(Name)

this 29 day of September, 2022.

Angela Meadow
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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

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

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

Andy Meadors
(Print Name)

Andy Meadors
(Signed)

Chairman
(Position/Office)

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

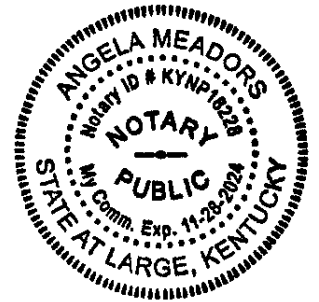
COMMONWEALTH OF KENTUCKY

COUNTY OF Whitley

Subscribed and sworn to before me by Andy Meadors
(Name)

this 29 day of September, 20 22.

Angela Meador
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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

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

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Billy Ralph Stanley Billy R. Stanley
 (Print Name) (Signed)

Treasurer
 (Position/Office)

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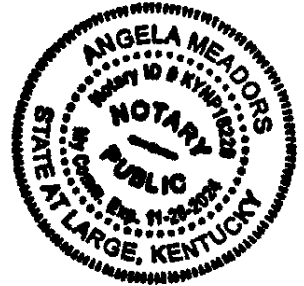
COMMONWEALTH OF KENTUCKY

COUNTY OF Whitley

Subscribed and sworn to before me by Billy Ralph Stanley
(Name)

this 29 day of September, 20 21.

Angela Meadors
NOTARY PUBLIC
State-at-Large



Attachment #11

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE WHITLEY COUNTY WATER DISTRICT #1 PROPOSING ADJUSTMENTS TO ITS WATER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENT

WHEREAS, Whitley County Water District #1 ("District") is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission ("PSC");

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges; and

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

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF WHITLEY COUNTY WATER DISTRICT #1 AS FOLLOWS:

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

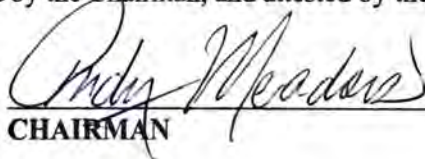
Section 2. The District proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

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

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

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

ADOPTED BY THE COMMISSION OF WHITLEY COUNTY WATER DISTRICT #1 at a meeting held on September 29, 2022, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:



SECRETARY

CERTIFICATION

I, Secretary of Whitley County Water District #1 (the “District”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District at a meeting properly held on September 29, 2022, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 29nd day of September 2022.



SECRETARY

APPENDIX A

CURRENT AND PROPOSED RATES with WATER LOSS REDUCTION SURCHARGE

WHITLEY COUNTY WATER DISTRICT #1

		<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First	1,000 gallons	\$19.72 per month	\$20.81 per month	\$1.09	5.53%
Next	4,000 gallons	\$0.00718 per gallon	\$0.00758 per gallon	\$0.00040	5.57%
Next	95,000 gallons	\$0.00676 per gallon	\$0.00714 per gallon	\$0.00038	5.62%
Over	100,000 gallons	\$0.00621 per gallon	\$0.00655 per gallon	\$0.00034	5.48%
Water Loss Reduction Surcharge		\$0.00 per month	\$3.95 per month	\$3.95	100.00%