

Case No. 2022-00349  
City of Harrodsburg Water Department  
Response to Commission Staff's First Request for Information

**Commission Staff 1-6:**

Refer to Harrodsburg's 2021 Audit, Loans Payable at pages 30-31. For each outstanding long-term loan issuance related to Harrodsburg's water operations, provide:

- a. The loan agreement, or resolution authorizing its issuance.
- b. An amortization schedule for each outstanding long-term loan.
- c. A detailed explanation of why each long-term loan issuance was incurred.
- d. A calculation of the annual debt service payment, including all required payments

to debt service reserve accounts or funds, for each of the next three years.

**Response:** See attached documents: DR 1-06(a) Assistance Agreements. The debt service payments are available on the attached Excel worksheet titled DR 1-06 & 07 Debt Schedule.

The required deposits to the debt service reserve accounts are on the attached Excel worksheets titled DR 1-06 & 07 Ws-ZZ-4 and DR 1-06 & 07 Debt Service Requirements

**Witness:** Shavonna Huffman, City Clerk

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A

PROJECT NUMBER: A11-21  
BORROWER: City of Harrodsburg, Kentucky  
BORROWER'S ADDRESS: 208 South Main Street  
Harrodsburg, Kentucky 40330  
DATE OF ASSISTANCE AGREEMENT: January 1, 2013  
CFDA NO.: 66.458

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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 March 1, 1990 (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 September 1, 1989 (the "Indenture") between the Authority and National City Bank (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

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

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

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

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

## ARTICLE I

### DEFINITIONS

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

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

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

"*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 Water Quality Act of 1987, 33 U.S.C. § 1251 et. seq.

"*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 March 1, 1989 between the Authority and the Trustee.

"*Interagency Agreement*" means the Interagency Agreement dated as of March 1, 1990 between the Authority and the Cabinet.

"*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.

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

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

"*Program*" shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater 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 Treatment Works project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

"*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 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 arises 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 Treatment Works 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.

"*Treatment Works*" shall mean Treatment works as defined in the Act.

## 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 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.

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

### ARTICLE III

#### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Treatment Works 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; 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 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, subject to compliance by the Governmental Agency with the covenants and conditions set forth in Exhibit G hereto, the source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6 (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 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 Cabinet.

(G) Duly authorized representatives of the Cabinet 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, 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 as of the submission of the initial Requisition for Funds.

(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.

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

(A) That the Project shall be completed no later than the date set forth in the Project Specifics.

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted Governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

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

(D) That all 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.

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

(F) 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.

(G) 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.

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

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

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

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

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

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

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

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

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

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

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

(P) That it shall enact a sewer use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

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 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 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 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, 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 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 provide for the operation of the System as required under this Assistance Agreement and to make

required deposits to the Maintenance and Replacement Reserve, 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; 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 for the services of the Project 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 as required under this Assistance Agreement 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 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 System not less than thirty (30) days prior to the sale of said obligations.

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

Section 5.8. Mandatory Sewer Connection. 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.



## 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. Audit Requirements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, 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 \$300,000 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 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. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, 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 6.12. 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 Sections 603 and 606 of 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:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real properties Acquisition Policies Act of 1970
- (b) 40 CFR, Part 35, 140(a)
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7, 8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) 40 CFR, Part 35, Subpart K
- (h) Executive Order 11246, as amended, 11625 and 12138
- (i) Title VI of the Civil Rights Act of 1964, as amended
- (j) Age Discrimination Act
- (k) Rehabilitation Act of 1973
- (l) Contract work Hours and Safety Standards Act

(2) State:

- (a) KRS 224
- (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

Section 6.13. 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 6.13 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. 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.

Section 7.11. 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 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 6.13 hereof shall be those remedies specifically set forth in Section 6.13 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:

Sandy Williams  
SECRETARY  
Title: \_\_\_\_\_

KENTUCKY INFRASTRUCTURE  
AUTHORITY

By: [Signature]  
EXECUTIVE DIRECTOR  
Title: \_\_\_\_\_

ATTEST:

Kim Stewart  
Title: City Clerk

GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG,  
KENTUCKY

By: Eddie Long  
Title: Mayor

APPROVED:

Lori H. Glaney  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:

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

ENERGY AND ENVIRONMENT  
CABINET

By: [Signature]  
Director  
Division of Water

APPROVED AS TO FORM AND LEGALITY

Melany W. Craft  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

**EXHIBIT A  
 CITY OF HARRODSBURG  
 PROJECT SPECIFICS  
 A11-21**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main Street  
 Harrodsburg, KY 40330

Contact  
 Person: Eddie Long  
 (859) 223-3999

**SYSTEM:** Wastewater

**PROJECT:**

This project includes heavy cleaning of the interceptor sewer, inspection of and replacement and repair of approximately 7100 LF of collector lines and manholes on Greenville and College Streets, Cherokee Heights and other areas. The City experiences overflows in the downtown system due to pipe size restrictions and wet weather flows. This rehab will eliminate the overflows, improve hydraulics and increase capacities.

**PROJECT BUDGET:**

	Total
Engineering Fees	61,000
Construction	325,000
Contingency	32,500
<b>Total</b>	<b>\$ 418,500</b>

**FUNDING SOURCES:**

	Amount	%
Fund A Loan	\$ 418,500	100%
<b>Total</b>	<b>\$ 418,500</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 418,500
Less: Principal Forgiveness (10%)	\$ 41,850
Amortized Loan Amount	\$ 376,650
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 20,825
Administrative Fee (0.20%)	\$ 753
<b>Total Estimated Annual Debt Service</b>	<b>\$ 21,579</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 6/1/2013).

Full principal and interest payments will commence within one year of initiation of operation (estimated 6/1/2014).

**REPLACEMENT RESERVE ACCOUNT:**                                 \$     1,000 ANNUAL AMOUNT  
    \$    10,000 TOTAL AMOUNT

The annual replacement cost is \$1,000. This amount should be added to the replacement account each December 1 until the balance reaches \$10,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:**   0.20%

**DEFAULT RATE:**   8.0%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
2008 Capital Lease	1,521,907	2023
KIA (A02-06)	2,149,972	2023
Note Payable	223,653	2016
2004 Bonds	1,464,000	2021
2006 Bonds	1,055,000	2044
2006 Bonds	2,358,000	2045
RD (i/a/o \$7.7M for WTP)	2,163,689	TBD
<b>Total</b>	<b>\$ 10,936,221</b>	

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	<u>4,000,000</u>
Death or Personal Injury (per occurrence)	<u>7,000,000</u>
Property Damage on System	<u>REPLACEMENT COST</u>

EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO  
ASSISTANCE AGREEMENT DATED JANUARY 1, 2013  
LOAN NO. A11-21

Request No. \_\_\_\_\_

Dated: \_\_\_\_\_

Original sent to: Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

Copy sent to: Mr. Joel Murphy  
Water Infrastructure Branch, SRF and SPAP Section  
Division of Water  
Energy and Environment Cabinet  
200 Fair Oaks, 4<sup>th</sup> Floor  
Frankfort, Kentucky 40601

FROM: City of Harrodsburg, Kentucky (the "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>Funding Source</u>	<u>Portion of Expenses this Request</u>	<u>Portion of Expenses Total to Date</u>
-----------------------	---	--

Totals

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,

CITY OF HARRODSBURG, KENTUCKY  
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

**ORDINANCE NUMBER 2012-09**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, SECTION 51, GENERAL WATER AND SEWER PROVISIONS, SECTION 51.03 B, WATER RATES**

WHEREAS, the Board of Commissioners of the City of Harrodsburg desires to amend the General Water and Sewer Provisions, Section 51.03, which were last comprehensively updated by Ordinance 2010-04 and;

WHEREAS, the City of Harrodsburg is expanding the Water Treatment Plant and has closed on a loan provided by Rural Development and additional revenues are needed in order to meet the minimum qualifications on the letter on conditions to pay the debt service on the loans;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(B) Specifically,

(1) Minimum water rate. The minimum water bill shall be ~~\$8.78~~ **\$9.87** per month, and each water customer shall be entitled to 250 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<del>\$8.78</del> minimum charge
Next 750	<del>\$3.33</del> per 100 cubic feet
Next 3,000	<del>\$2.90</del> per 100 cubic feet
Next 6,000	<del>\$2.46</del> per 100 cubic feet
Next 25,000	<del>\$2.10</del> per 100 cubic feet
Next 25,000	<del>\$1.75</del> per 100 cubic feet
Next 60,000	<del>\$1.40</del> per 100 cubic feet

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<b>\$9.87</b> minimum charge
Next 750	<b>\$3.75</b> per 100 cubic feet
Next 3,000	<b>\$3.26</b> per 100 cubic feet
Next 6,000	<b>\$2.77</b> per 100 cubic feet
Next 25,000	<b>\$2.36</b> per 100 cubic feet
Next 25,000	<b>\$1.97</b> per 100 cubic feet
All over 60,000	<b>\$1.58</b> per 100 cubic feet

(2) Meter rates for water usage in addition to minimum charge. Subject to the minimum monthly water rate specified above, the following metered charges shall be made for each 100 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$8.78 minimum charge
Next 750	\$3.33 per 100 cubic feet
Next 3,000	\$2.90 per 100 cubic feet
Next 6,000	\$2.46 per 100 cubic feet
Next 25,000	\$2.10 per 100 cubic feet
Next 25,000	\$1.75 per 100 cubic feet
Next 60,000	\$1.40 per 100 cubic feet


Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$9.87 minimum charge
Next 750	\$3.75 per 100 cubic feet
Next 3,000	\$3.26 per 100 cubic feet
Next 6,000	\$2.77 per 100 cubic feet
Next 25,000	\$2.36 per 100 cubic feet
Next 25,000	\$1.97 per 100 cubic feet
All over 60,000	\$1.58 per 100 cubic feet

This ordinance shall be effective on June 14, 2012 upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading May 29, 2012

Passed 2<sup>nd</sup> Reading June 11, 2012

Published

  
 \_\_\_\_\_  
 Eddie Long, Mayor  
 City of Harrodsburg

  
 \_\_\_\_\_  
 Kim Stinnett, City Clerk/Treasurer/Budget Director

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$418,500 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Council ("Governing Authority") of the City of Harrodsburg, Kentucky, ("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 Wastewater 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, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of January 1, 2013 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 the Mayor and City Clerk 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 \_\_\_\_\_.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Title: City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Council of said City at a meeting duly held on \_\_\_\_\_, 2013; 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 \_\_\_\_\_, 2013.

\_\_\_\_\_  
City Clerk

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and  
City of Harrodsburg, Kentucky, dated as of January 1, 2013

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 City of Harrodsburg, Kentucky (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 wastewater treatment works 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 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 municipal corporation and political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.
- 2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or

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

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

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

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

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

7) None of the proceedings or authority heretofore 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 acquisition and construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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 CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

CITY OF HARRODSBURG, KENTUCKY  
Governmental Agency

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Title: \_\_\_\_\_



EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

73909v1

**RESOLUTION**

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$418,500 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Council ("Governing Authority") of the City of Harrodsburg, Kentucky, ("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 Wastewater 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;

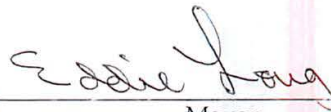
NOW, THEREFORE, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of July 1, 2013 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 the Mayor and City Clerk 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 1/29/13.

  
\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Council of said City at a meeting duly held on 1/28/13; 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 28 day of Jan,  
2013.

Kim Stinnett  
City Clerk

73911v1

**CITY OF HARRODSBURG  
BOARD OF COMMISSIONERS  
MINUTES FOR REGULAR MEETING**

**DATE: JANUARY 28, 2013**

**PLACE: City of Harrodsburg, Conference Room**

Mayor Eddie Long called the special called meeting to order. Members present, Mayor Eddie Long, Commissioners; Rose Bishop, Scott Moseley, Charlie Mattingly and Bubby Isham. Absent: None.

**APPROVE MINUTES FOR REGULAR MEETING HELD 1/14/13**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve the minutes for the regular scheduled meeting held on January 14, 2013. Motion carried unanimously.

**EMILY TOADVINE – HERITAGE HOSPICE**

Emily Toadvine appeared before the Commission to inform them of the mission and services provided by Heritage Hospice. They are care givers of cancer patients and adult failure to thrive patients. They offer meetings, grief support, health care, Chaplains, social workers to help with paper work and navigating through the bills during an illness. They see 90 patients each day in the four counties that they serve. They are funded by fundraisers, Medicare, and Medicaid. Ms. Toadvine stated that she just wanted to make the Commission aware of their services and if they knew of anyone who needed the services or who would like to volunteer to contact Heritage Hospice.

**MAYOR LONG AUTHORIZED TO SIGN RESOLUTION FOR KIA FUNDING FOR SEWER REHAB**

Motion by/seconded, Commissioners Charlie Mattingly/Rose Bishop to approve authorizing Mayor Long to sign a resolution between the City of Harrodsburg and KIA for funding for a Sewer Rehab project (A11-21) for \$418,500.00. The project will include heavy cleaning of the interceptor sewer, inspection of and replacement and repair to approximately 7100 LF of collector lines and manholes on Greenville and College Streets, Cherokee Heights and other areas. Motion carried unanimously.

**ADOPT POLICY AND PROCEDURES IN ACCORDANCE WITH KLC GUIDELINES FOR THE POLICE DEPARTMENT**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve adopting updated policy and procedures in accordance with KLC guidelines for the Police Department. After much discussion, the motion carried during a roll call vote with Mayor Eddie Long and Commissioners Scott Moseley, Bubby Isham, and Charlie Mattingly voting yes and Commissioner Rose Bishop abstaining.

**MAYOR LONG AUTHORIZED TO SIGN AGREEMENT FOR A SCHOOL RESOURCE OFFICER**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve authorizing Mayor Long to sign an agreement with Mercer County School District to hire a School Resource Officer. The School system will be putting \$17,012.00 of grant money toward the salary of the SRO's salary. This is to be considered a seasonal position in which the SRO will only be allowed to work for a nine month period during a fiscal year. The contract will be voted on a year by year basis. Motion carried unanimously.

#### **COMMUNICATIONS REPORT FOR 2012**

Ruth Ann Bryant appeared before the Commission to give a Communications report. She stated that Communication dispatched 20, 413 calls during the 2012. She also reported that the consoles were in and would be installed by the following week. Ms. Bryant reported that she intends to submit a grant to CMRS to enhance the communications center with such items as upgrading the KAD system or purchasing the one call system that could notify the citizens of a boil water advisory or weather related emergencies. She has tested six people for the dispatch vacancy and that four of the six candidates passed the test. Finally, she reported that one of her dispatchers will graduate from the academy in February.

#### **CHIEF WHITENACK GIVES DEMOGRAPHIC REPORT FOR 2012**

Chief Whitenack appeared before the Commission to give a demographic report for 2012. His report contained the following information:

The Department consists of 17 sworn personnel  
3 civilian personnel (not including communications)  
The Police Department worked 275 non injury accidents and 49 injury accidents  
Adult females 206 criminal offenses; juvenile females 12  
Adult males 503 criminal offenses; juvenile males 21  
Criminal arrests for males 524; Criminal arrests for females 208  
Traffic offenses for male drivers 1,238; Traffic offenses for female drivers 804  
Opened 667 cases; of those 206 cases were closed by arrest  
Call Responses 262  
Domestic violence: 53 physical abuses on adult, 2 physical abuse on child  
sexual abuse on a child  
Theft and burglary investigations shoplifting, burglary, and receiving stolen  
property 330  
Code enforcement has worked 50 cases for nuisances and debris

#### **LIEUTENANT CHAD POWELL DISCUSSES GRANT FROM MERCER EMERGENCY MANAGEMENT**

Lieutenant Chad Powell appeared before the Commission to inform them that the Communication Center had received a \$30,000.00 grant that Mercer Emergency Management Center had received in 2010. These funds will be used for monitors, new software, and web software for KAD services to be mobile.

#### **MAYOR LONG APPOINTS LIEUTENANT CHAD POWELL TO HOMELAND SECURITY**

Mayor Long announced that he and Judge Dedman have made a joint appointment to the 911 Homeland Security Committee. Lieutenant Chad Powell will be the representative for Harrodsburg/Mercer County through KY League of Cities.

#### **MAYOR LONG DISCUSSES EMAIL SENT BY COMMISSIONER ROSE BISHOP**

Mayor Long received an email from Commissioner Bishop. It was addressed to Commissioner Scott Moseley but sent to Rodney Harlow and Mayor Long. The Mayor said that the Commission had expressed disappointment that Commissioner Bishop would communicate and discuss city business with a former employee that had sued the City of Harrodsburg. Commissioner Bishop stated that she was confused about the policies and contacted Rodney Harlow for information purposes for herself. Commissioner Mattingly expressed that he did not believe that a Commissioner should be emailing a former employee, who was Police Chief, on information that was going on either out in public or in executive session; especially a former employee who sued the City of Harrodsburg. He stated that he didn't feel that it was ethical. After much heated discussion among the Commissioners and Chief Billy Whitenack, Commissioner Moseley asked that in the future if Commissioner Bishop needed clarification, she should ask him for help. Then the subject was dropped.

**SALT RIVER PARK**

Motion by/seconded, Commissioners Charlie Mattingly/Bubby Isham to approve erecting a gate at Salt River Park for safety purposes. Motion carried unanimously with a role call vote.

Motion by/seconded, Commissioners Charlie Mattingly/Bubby Isham to approve closing the gates for the winter months from December to March. Commissioner Scott Moseley made an amendment to the motion; calling for the park to be closed during in climate weather and flooding only. Motion carried unanimously.

**PARKING SPOTS ON GREENVILLE STREET TABLED**

Commissioner Mattingly tabled the discussion on parking spots on Greenville Street until he has the opportunity to look at the area.

**REQUEST TO DONATE SICK TIME DENIED**

Commission Bubby Isham and Mayor Long stated that a person who is leaving employment at Fire Department, Steve McCrystal had filled out paperwork to donate his remaining sick time to Derrick and Logan Steele. According to the personnel policy the request does not meet the qualifications to donate or receive sick time therefore the request is denied.

**MAYOR LONG REQUESTS EXECUTIVE SESSION**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve going into executive session for possible disciplinary action of an employee and property acquisition/property rights at approximately 7:55 p.m. Motion carried unanimously.

**RECONVENE**

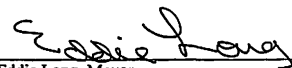
Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve coming out of executive session with no action taken at approximately 8:50 p.m. Motion carried unanimously.

**COLBY RELK EMERGENCY HIRE AT FIRE DEPARTMENT**

Motion by/seconded, Commissioners Bubby Isham/Charlie Mattingly to approve hiring Colby Relk as an emergency hire for the Harrodsburg Fire Department retro active to January 15<sup>th</sup>. Mr. Relk replaces Steve McCrystal. Motion carried unanimously.

**ADJOURN**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve adjourning the meeting at approximately 8:52 p.m. Motion carried unanimously.

  
\_\_\_\_\_  
Eddie Long, Mayor  
City of Harrodsburg

  
\_\_\_\_\_  
Kim Stinnett, City Clerk/Treasurer/Budget Director

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – December 8, 2011

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

**Meeting Date/Location: December 8, 2011 – 1:00 p.m.**  
**Kentucky Infrastructure Authority**  
**1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Mr. Tony Wilder, Commissioner, Department for Local Government  
Mr. Hank List, Energy and Environment Cabinet  
(permanent proxy for Secretary Leonard K. Peters, EEC)  
Mr. Jamie Link, Finance and Administration Cabinet  
(permanent proxy for Secretary Lori H. Flanery, FAC)  
Mr. Joe Kelly, Economic Development Cabinet  
(proxy for Secretary Larry Hayes, EDC)  
Mr. Jerry Wuetcher, Public Service Commission  
(permanent proxy for Executive Director Jeff Derouen, PSC)  
Mr. C. Ronald Lovan, representing the American Water Works Association  
Ms. Linda C. Bridwell, representing for-profit private water companies  
Mr. Thomas P. Calkins, representing the Kentucky Municipal Utilities Association  
Mr. Damon Talley, representing the Kentucky Rural Water Association  
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities  
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky  
Association of Counties

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Ms. Rachael Dever, Office of Financial Management  
Mr. Joe Britt, Wells Fargo  
Mr. Emmett Wood, Bowling Green Municipal Utilities  
Mr. Mike Gardner, Bowling Green Municipal Utilities  
Ms. Laura Gilkerson, GRW Engineers  
Mr. Clay Kelley, Strand and Associates  
Mr. Bill Osborne, Carrollton Utilities  
Ms. Chas Robbins, Carrollton Utilities  
Mr. Terry Roach, Carrollton Utilities  
Ms. Jennifer Miloszewski, Blue & Co., Inc.  
Mr. Allen Norvell, Blue & Co., Inc.

**PROCEEDINGS**

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

Mr. Rusty Anderson, KIA, made maps available for viewing via the Water Resource Information

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – December 8, 2011

System (WRIS) which showed an overview of the water and sewer projects that were to be considered at this board meeting.

I. **BUSINESS (Board Action Required)**

A. 1. **APPROVAL OF MINUTES**

For: KIA Regular Board Meeting of November 10, 2011

*Mr. Damon Talley moved to approve the minutes of the November 10, 2011 regular board meeting. Mr. Ron Lovan seconded, and the motion carried unanimously.*

B. **NEW PROJECTS/ACTION ITEMS**

1. **CONSIDERATION OF THE FISCAL YEAR END JUNE 30, 2011 KENTUCKY INFRASTRUTURE AUTHORITY AUDIT REPORT**

Mr. Allen Norvell, CPA, Director of Blue & Co., LLC., presented the Fiscal Year End June 30, 2011 KIA Audit Report to the Board. Mr. Norvell thanked KIA staff for being very helpful throughout the 2011 audit process. KIA received a clean unqualified opinion from the auditors and no significant deficiencies or weaknesses were found.

*Mr. Damon Talley moved to accept the KIA Audit Report. Mr. Hank List seconded, and the motion carried unanimously.*

2. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-21) IN THE AMOUNT OF \$418,500 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

**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 (F11-17) LOAN IN THE AMOUNT OF \$438,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented both projects to the Board.

The City of Harrodsburg requested a Fund A loan in the amount of \$418,500 for the sewer rehabilitation project. This project includes heavy cleaning of the interceptor sewer, inspection of and replacement and repair of approximately 7100 LF of collector lines and manholes on Greenville and College Streets, Cherokee Heights and other areas. The City experiences overflows in the downtown system due to pipe size restrictions and west weather flows. This rehab will eliminate the overflows, improve hydraulics and increase capacities. The board book on page 32 under "Section VIII. 2011 Capitalization Grant



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Equivalencies" will be corrected to read that the project did not qualify for Green Project Reserve (GPR) funding. The project did qualify for additional subsidization in the amount of \$41,850. The unforgiven balance of the loan is \$376,650 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$21,579. DOW and KIA staff recommended approval of the loan with the standard conditions.

The City of Harrodsburg requested a Fund F loan in the amount of \$438,000 for the Water Main Improvements project. This project involves the upgrade of approximately 6400 LF of replaced and rehabilitated lines and 911 LF of extension of water lines to provide adequate connection (looping) of the system, to improve service to customers, and to eliminate old deteriorating lines. Areas to be upgraded include, but are not limited to, Mooreland Avenue, Bellows Mill Road, and Cornishville Road. This will eliminate leaks, line breaks and improve pressure to customers. The project did not qualify for GPR funding. Ms. White did note that this project has the potential to contribute to the green reserve requirement and as the project goes through the loan process the amount will be determined. The project did qualify for additional subsidization in the amount of \$153,000. The unforgiven balance of the loan is \$284,700 to be repaid in 20 years with an interest rate of 1% and an estimated debt service payment of \$16,453. DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Laura Gilkerson noted the project profile and project map was amended for the Drinking Water project and will be submitted to the Clearinghouse with those amendments. The upgrade to Cornishville Road was completed; therefore, that work will not be apart of this project. Ms. White and Mr. Shafiq confirmed that the project would still qualify for the loan with the amendment.

***Mr. Hank List moved to approve the Fund A (A11-21) resolution with the standard conditions. Mayor David Cartmell seconded, and the motion carried unanimously.***

***Mr. Tom Calkins moved to approve the Fund F (F11-17) resolution with the standard conditions. Mr. Jamie Link seconded, and the motion carried unanimously.***

**3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND (B08-06) LOAN INCREASING THE AMOUNT TO \$900,000 TO THE CITY OF CARROLLTON, CARROLL COUNTY, KENTUCKY**

**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 (F11-15) LOAN IN THE AMOUNT OF \$1,850,270 TO THE CITY OF CARROLLTON, CARROLL COUNTY, KENTUCKY**

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Ms. Sandy Williams, KIA, presented the Fund B project to the Board. The City of Carrollton requested a \$150,000 increase to their Fund B loan for a revised amount of \$900,000. The loan was originally approved for \$750,000 for the Eagle Creek sewer expansion. During sanitary sewer construction a sewer main was installed through a road embankment that provides the only access for a majority of the homes in the community. The area in the vicinity of the sewer line is failing structurally and threatening the integrity of the sewer system and the roadway. Preliminary engineering analysis has indicated that the most cost effective solution to protecting the sewer system is removal of the fill material placed in the embankment during construction of the system, replacing a culvert, and recompacting the fill in the roadway in the vicinity of the sewer main. The loan is to be repaid in 20 years with an interest rate of 1.07% and an estimated annual debt service payment of \$51,906. KIA staff recommended approval of the loan with the standard conditions.

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the Fund F project to the Board. The City of Carrollton requested a Fund F loan in the amount of \$1,850,270 for completion of the unfunded portions of the Countywide Underserved Project. This regional solution to Carroll County's source water, water treatment, and distribution needs involves various construction components that will benefit Carrollton Utilities (CU), the Carroll County Water District #1 (CCWD) and the West Carroll Water District (WCWD) affecting over 5650 customers. The project phases constructed with KIA SRF funds include the following: CU will be replacing aging infrastructure at the water treatment plant as well as making source water and distribution improvements including a lime dewatering system, a new mixed media filtration unit, a SCADA system to control and monitor the system, and a finished water transmission supply line to General Butler State Park. WCWD will be installing 2 new booster pump stations and a parallel line to boost pressure to underserved customers and augment filling of the 100,000 gallon tank. Also included are several small extensions to serve all of the known unserved customers (18) in the district. The project will ensure a more reliable supply of drinking water for all three systems and will reduce hours of plant operation by 30%. Initially, the project was not analyzed for components that qualified for Green Project Reserve (GPR) funding. However, the utility will perform an analysis of the trucking cost savings, reduced hours of plant operation and the beneficial re-use of waste lime to determine if portions of the project could be green compliant. The project qualified for additional subsidization in the amount of \$647,595. The unforgiven balance of the loan is \$1,202,676 to be repaid in 30 years with an interest rate of 1% and an estimated annual debt service payment of \$49,509. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund B (B08-06) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously.***

***Mayor David Cartmell moved to approve the Fund F (F11-15) resolution with the standard conditions. Mr. Damon Talley seconded, and the motion carried unanimously.***

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**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-16) LOAN IN THE AMOUNT OF \$1,316,378 TO THE CITY OF BOWLING GREEN f/b/o BOWLING GREEN MUNICIPAL UTILITIES, WARREN COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of City of Bowling Green f/b/o Bowling Green Municipal Utilities requested a Fund F loan in the amount of \$1,316,378 for the Small Waterline Replacement project. This project involves replacement of approximately 10,344 linear feet of small diameter water lines that have greatly reduced inner diameters and are susceptible to breaks and water loss with eight inch PVC lines. This will reduce water loss and the chemicals and power cost that would have been required to treat the additional water. The project qualified for \$912,037 of Green Project Reserve (GPR) funding under the category of Water Efficiency. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$83,473. DOW and KIA staff recommended approval of the loan with the standard conditions.

*Mr. Tom Calkins moved to approve the Fund F (F11-16) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously.*

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

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

APPLICANT	FUND	AMOUNT
City of Harrodsburg	A	\$ 418,500
City of Carrollton	B	\$ 900,000
City of Harrodsburg	F	\$ 438,000
City of Carrollton	F	\$ 1,850,270
City of Bowling Green f/b/o Bowling Green Municipal Utilities	F	\$ 1,316,378
City of Hopkinsville f/b/o Hopkinsville Water Environment Authority (≤10% Increase)	F	\$ 8,800,000

*Ms. Linda Bridwell moved to approve the resolution. Mr. Damon Talley*

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*seconded, and the motion carried unanimously.*

#### **6. CONSIDERATION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY BUDGET REQUEST FOR FISCAL YEARS 2012-2013 AND 2013-2014**

Mr. John Covington, KIA, presented the Agency Budget Request Overview Report to the board. KIA is requesting \$65 million for 2012-2013 and \$88 million for 2013-2014. He summarized the operating budget and the capital budget that will be submitted to the Governor for fiscal years 2012-2013 and 2013-2014. Authorization is being requested to issue additional bonds and the continuation of the SRF program to issue state match bonds in the amount of \$6 million for Fund A and \$3 million for Fund F. Authorization is also being requested to issue leverage bonds in the amount of \$100 million for Fund A and \$25 million for Fund F. The biannual request is being made to recapitalize Fund B in the amount of \$100 million. A request is also being made for an increase of \$140,000 in general fund appropriation in each year to increase the contracts with the fifteen Area Development Districts.

*Mr. Tom Calkins moved to adopt the KIA Budget Request for Fiscal Years 2012-2013 and 2013-2014. Mr. Hank List seconded, and the motion carried unanimously.*

#### **II. EXECUTIVE DIRECTOR'S REPORT**

Mr. John Covington, KIA, reported on the following items to the Board:

- A. Mr. Covington informed the Board there were 34 loan applications remaining to be approved by the Board including for Funds B and C.
- B. The first and second round of invitations for the SRF programs have been sent out and completed. There are enough applications received to distribute all the money in Fund F. There is money still remaining in Fund A and staff will be sending out third round invitations that will have a deadline of January 31, 2012, for applications. Once third round invitations are sent, that will represent the entire priority list. After that, staff will look at additional projects that were not on the priority list that would be seeking funding and would qualify for the Fund A program.
- C. Prior to the 2009 American Recovery and Reinvestment Act, KIA was looking at purchasing a software database for the loan program. The software will not only help to track loan information, but will integrate with the databases for the grant information and will hopefully integrate and flow from the project profile. There has been discussion with a couple of vendors. KIA has submitted an EO1 to the Exceptions Committee and was approved in the amount of approximately \$300,000. A Request for Proposal will be released in the near future.

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

#### **IV. ANNOUNCEMENTS/NOTIFICATIONS**

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- Next scheduled KIA board meeting:  
Tentatively scheduled for  
Thursday, January 5, 2012  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Ms. Linda Bridwell moved to adjourn. Mr. Tom Calkins seconded and the motion carried unanimously. The December 8, 2011, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

*Sandy Williams*  
Sandy Williams, Secretary  
Kentucky Infrastructure Authority

12-20-11  
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

December 9, 2011

The Honorable Eddie Long, Mayor  
City of Harrodsburg  
208 South Main Street  
Harrodsburg, KY 40330

**KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (A11-21)**

Dear Mayor Long:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On December 8, 2011, the Authority approved your loan for the Harrodsburg Sewer Rehabilitation project subject to the conditions stated below. The total cost of the project shall not exceed \$418,500 of which the Authority loan shall provide \$418,500 of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the City of Harrodsburg upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (12/8/2012) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$418,500.
2. The loan shall contain principal forgiveness in the amount of 10%. Actual amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.

Mayor Eddie Long  
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3. The loan shall bear interest at the rate of 1% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.20% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be performed for the life of the loan.

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

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1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. 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.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted to and approved by DOW.
10. An environmental review shall be conducted by the Division of Water for all construction projects receiving CWSRF funds, within the term of this binding commitment and prior to project bid.



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11. Technical plans and specifications and a complete CWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the CWSRF loan project.

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

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

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

Sincerely,



Kasi L. White  
Financial Analyst

Attachments

cc: Laura Gilkerson, GRW Engineers, Inc.  
Bob Smallwood, GRW Engineers, Inc.

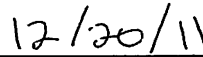
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Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State and Local Debt Office, DLG  
Borrower File - City of Harrodsburg - A11-21

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



Accepted



Date

**ATTACHMENT A**

**City of Harrodsburg  
A11-21**

<b>EXECUTIVE SUMMARY</b>		Reviewer:	Kasi White	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	December 8, 2011	
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number:	A11-21	
REVOLVING LOAN FUND		WRIS Number	SX21167017	
		HUC Code:	05140102010	
<b>BORROWER:</b>	CITY OF HARRODSBURG			
	MERCER COUNTY			
<b>BRIEF DESCRIPTION:</b>	<p>This project includes heavy cleaning of the interceptor sewer, inspection of and replacement and repair of approximately 7100 LF of collector lines and manholes on Greenville and College Streets, Cherokee Heights and other areas. The City experiences overflows in the downtown system due to pipe size restrictions and wet weather flows. This rehab will eliminate the overflows, improve hydraulics and increase capacities.</p>			
<b>PROJECT FINANCING:</b>		<b>PROJECT BUDGET</b>		
Fund A Loan	\$ 418,500	Engineering Fees	61,000	
		Construction	325,000	
		Contingency	32,500	
<b>TOTAL</b>	<b>\$ 418,500</b>	<b>TOTAL</b>	<b>\$ 418,500</b>	
<b>REPAYMENT</b>		Est. Annual		
	Rate	1.0%	Payment \$ 21,579	
	Term	20 years	1st Payment 6 Mo. after first draw	
<b>PROFESSIONAL SERVICES</b>	Engineer	GRW Engineers, Inc.		
	Bond Counsel	Peck, Shaffer, & Williams		
<b>PROJECT SCHEDULE</b>		Bid Opening:	March, 2012	
		Construction Start:	April, 2012	
		Construction Stop:	November, 2012	
<b>DEBT PER CUSTOMER</b>	Existing:	\$ 2,920	(based on total water customers which is greater	
	Proposed:	\$ 3,758	than the number of sewer customers)	
<b>OTHER DEBT</b>	See Attached			
<b>OTHER STATE-FUNDED PROJECTS LAST 5 YRS</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	2,790	\$22.86 (for 4,000 gallons)	
	Additional	0	\$22.86 (for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	<b>Cash Available for</b>	<b>Income after Debt</b>		
	<b>Debt Service</b>	<b>Debt Service</b>	<b>Service</b>	<b>Coverage Ratio</b>
Audited 2008	743,969	695,361	48,608	1.1
Audited 2009	469,037	769,821	(300,784)	0.6
Audited 2010	1,344,080	778,034	566,046	1.7
Prelim 2011	1,242,706	1,401,263	(158,557)	0.9
Projected 2012	1,432,820	817,858	614,962	1.8
Projected 2013	1,398,145	999,169	398,976	1.4
Projected 2014	1,317,453	1,081,301	236,152	1.2
Projected 2015	1,266,997	1,176,359	90,638	1.1

Reviewer: Kasi White  
 Date: December 8, 2011  
 Loan Number: A11-21

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 WASTEWATER REVOLVING LOAN FUND (FUND "A")  
 CITY OF HARRODSBURG, MERCER COUNTY  
 PROJECT REVIEW  
 SX21167017**

**I. PROJECT DESCRIPTION**

The City of Harrodsburg is requesting \$418,500 in Clean Water SRF funds for the sewer rehabilitation project. This project includes heavy cleaning of the interceptor sewer, inspection of and replacement and repair of approximately 7100 LF of collector lines and manholes on Greenville and College Streets, Cherokee Heights and other areas. The City experiences overflows in the downtown system due to pipe size restrictions and wet weather flows. This rehab will eliminate the overflows, improve hydraulics and increase capacities.

**II. PROJECT BUDGET**

	<u>Total</u>
Engineering Fees	61,000
Construction	325,000
Contingency	32,500
<b>Total</b>	<b>\$ 418,500</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 418,500	100%
<b>Total</b>	<b>\$ 418,500</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Construction Loan	\$ 418,500
Less: Principal Forgiveness (10%)	\$ 41,850
Amortized Loan Amount	\$ 376,650
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 20,825
Administrative Fee (0.20%)	\$ 753
<b>Total Estimated Annual Debt Service</b>	<b>\$ 21,579</b>

**V. PROJECT SCHEDULE**

Bid Opening	March, 2012
Construction Start	April, 2012
Construction Stop	November, 2012

**VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

**A) Customers**

<u>Customers</u>	<u>Current</u>
Residential	2,546
Commercial	222
Industrial	22
Total	2,790

**B) Rates**

The monthly charge for wastewater utility service based on the 20% increase placed into effective October 2011 is:

	<u>Current</u>
First 250 cubic feet (per 100 cf)	10.56
Next 750 cubic feet (per 100 cf)	4.32
Next 3,000 cubic feet (per 100 cf)	4.08
Next 6,000 cubic feet (per 100 cf)	4.08
Next 25,000 cubic feet (per 100 cf)	4.08
Next 25,000 cubic feet (per 100 cf)	3.84
All Over 60,000 cubic feet (per 100 cf)	3.60
Residential Bill for 4,000 gallons	\$22.86
Affordability Index	0.87%

**VII. DEMOGRAPHICS**

In 2010, the City had a population of 8,148 with a Median Household Income (MHI) of \$31,685. The median household income for the Commonwealth is \$41,197. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for a 1% interest rate.

**VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project does not contain any components that qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$41,850.

**IX. FINANCIAL ANALYSIS (See Exhibit 1)**

Financial information was obtained from City's audited financial statements for the years ended June 30, 2008 through 2010. Unaudited amounts for 2011 were provided by the City. The analysis includes combined results for the City's water and sewer operations.

**HISTORICAL**

Water revenues increased 26% from 2008 to 2011 from \$1.5 million to \$1.9 million. A 40% rate increase that was effective April 30, 2010 contributed substantially all of the increase during 2011. Sewer revenues declined 3% during the same time period from approximately \$1.25 million to \$1.21 million. Operating expenses have ranged from \$1.9 million to \$2.2 million with 2011 expenses being about 11% lower than 2008. The decreases are primarily due to reductions in contractual services and maintenance expenses.

The balance sheet reflected a debt to equity ratio of 0.6 for years 2008 through 2010 and 0.8 in 2011. Unrestricted operating cash equals approximately four months of operating expenses. The utility is in compliance with all debt covenants associated with the maintenance of restricted funds.

**PROJECTIONS**

Projections are based on the following assumptions:

- a) Water revenues will increase 7% in 2012 for the carryover effect of the prior rate increase and will be relatively flat for volume.
- b) Sewer revenues will increase 17% in 2012 and 3% in 2013 (rate increase) and will be relatively flat for volume.
- c) Operating expenses will increase by 5% per year.
- d) Repayment terms of the RD loan for the water treatment expansion will be 40 years with a 3.25% interest rate and a loan balance not to exceed \$7.7 million. The estimated annual debt service is \$345,360 and annual depreciation reserve funding of \$35,640 will be required for a period of ten years.
- e) Annual replacement reserves of \$1,000 and \$1,100 for loans A11-21 and F11-17 respectively will be required.
- f) Debt service of \$16,453 related to the anticipated KIA loan (F11-17) is included in the analysis bringing total annual debt service to just over \$1MM in 2014.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan. The debt coverage ratio will be approximately 1.2 in 2014 which is anticipated to be the first full year of P&I repayment on both proposed KIA loans.

**REPLACEMENT RESERVE**

The annual replacement cost is \$1,000. This amount should be added to the replacement account each December 1 until the balance reaches \$10,000 and maintained for the life of the loan.

**X. DEBT OBLIGATIONS**

	<b>Outstanding</b>	<b>Maturity</b>
2008 Capital Lease	1,521,907	2023
KIA (A02-06)	2,149,972	2023
Note Payable	223,653	2016
2004 Bonds	1,464,000	2021
2006 Bonds	1,055,000	2044
2006 Bonds	2,358,000	2045
RD (i/a/o \$7.7M for WTP)	<u>2,163,689</u>	TBD
<b>Total</b>	<b>10,936,221</b>	

**XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS**

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
WWTP Improvements	EPA STAG	1,300,000	Grant
WTP Upgrade	CDBG	1,000,000	Grant
WTP Upgrade	RD	3,300,000	Grant

**XII. CONTACTS**

**Applicant**

Name City of Harrodsburg  
 Address 208 South Main Street  
 Harrodsburg, KY 40330  
 County Mercer  
 Contact Eddie Long  
 Phone (859) 734-2383  
 Email 2longbranch@roadrunner.com

**Applicant Contact**

Name GRW Engineers, Inc.  
 Address 801 Corporate Drive  
 Lexington, KY 40503  
 Contact Laura Gilkerson  
 Phone (859) 223-3999  
 Email lgilkerson@grwinc.com



**Engineer**

Name Bob Smallwood  
Firm GRW Engineers, Inc.  
Address 801 Corporate Drive  
Lexington, KY 40503  
Phone (859) 223-3999  
Email bsmallwood@grwinc.com

**XIII. RECOMMENDATIONS**

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

**CITY OF HARRODSBURG  
 BALANCE SHEETS (JUNE YEAR END)**

ASSETS	Audited 2008	Audited 2009	Audited 2010	Preliminary 2011	Upon Completion 2013
<b>Current Assets</b>					
Cash	719,660	152,061	87,577	629,098	516,611
Certificates of Deposit	375,677	185,861	363,122	367,865	400,000
Accounts Receivable	357,709	299,522	323,698	340,743	377,500
Grants Receivable	224,424	74,354	77,993	0	0
Prepaid	156,063	160,519	180,745	138,603	145,000
Due from Other Funds	0	0	12,918	0	0
<b>Total Current Assets</b>	<b>1,833,533</b>	<b>872,317</b>	<b>1,046,053</b>	<b>1,476,309</b>	<b>1,439,111</b>
<b>Restricted Assets</b>					
Bond Sinking Fund	421,264	313,779	314,512	314,150	325,000
Depreciation Fund	45,856	67,132	89,169	110,045	150,000
Repairs and Maintenance Fund	321,346	396,158	479,971	586,864	722,684
<b>Total Restricted Assets</b>	<b>788,466</b>	<b>780,069</b>	<b>883,652</b>	<b>1,011,059</b>	<b>1,197,684</b>
<b>Utility Plant</b>					
Land, System, Building and Equipment	44,669,776	45,526,743	45,571,633	45,471,927	59,428,133
Construction in Progress	0	0	0	2,320,779	0
<b>Total</b>	<b>44,669,776</b>	<b>45,526,743</b>	<b>45,571,633</b>	<b>47,792,706</b>	<b>59,428,133</b>
<b>Less Accumulated Depreciation ( )</b>	<b>(19,208,964)</b>	<b>(20,574,240)</b>	<b>(21,780,879)</b>	<b>(22,694,629)</b>	<b>(26,127,797)</b>
<b>Net Fixed Assets</b>	<b>25,460,812</b>	<b>24,952,503</b>	<b>23,790,754</b>	<b>24,898,077</b>	<b>33,300,336</b>
<b>Other Assets</b>					
Bond Issue Costs	80,689	74,911	69,133	75,378	75,378
<b>Total Other Assets</b>	<b>80,689</b>	<b>74,911</b>	<b>69,133</b>	<b>75,378</b>	<b>75,378</b>
<b>Total Assets</b>	<b>28,163,500</b>	<b>26,679,800</b>	<b>25,789,592</b>	<b>27,460,823</b>	<b>36,012,689</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable and Accrued Liabilities	100,500	90,392	109,753	75,657	100,000
Accounts Payable - Construction	213,411	163,525	5,200	396,845	0
Payroll Liabilities	37,361	37,666	34,104	37,908	42,500
Due to Other Funds	10,663	187,712	0	19,138	0
Customer Deposits	223,301	231,128	242,541	245,948	250,000
Leases and Loans Payable	109,427	118,471	511,855	2,340,729	140,000
<b>Total Current Liabilities</b>	<b>694,663</b>	<b>808,892</b>	<b>903,453</b>	<b>3,116,225</b>	<b>532,500</b>
<b>Liabilities Payable - Restricted Assets</b>					
Accrued Interest Payable	47,259	45,004	42,945	58,160	50,000
Loan Payable	157,523	159,100	160,895	162,306	165,632
Bonds Payable	173,500	177,500	183,000	187,500	200,000
<b>Total Liabilities Payable - Restricted Assets</b>	<b>378,282</b>	<b>381,604</b>	<b>386,840</b>	<b>407,966</b>	<b>415,632</b>
<b>Long Term Liabilities</b>					
Bonds, Leases, and Loans Payable	9,695,495	9,240,439	8,769,047	8,425,688	5,208,295
Proposed KIA Loan A11-21	0	0	0	0	376,650
Proposed KIA Loan F11-17	0	0	0	0	284,700
RD Loan (WT Plant Upgrade)	0	0	0	0	7,700,000
<b>Total Long Term Liabilities</b>	<b>9,695,495</b>	<b>9,240,439</b>	<b>8,769,047</b>	<b>8,245,688</b>	<b>13,569,645</b>
<b>Total Liabilities</b>	<b>10,768,440</b>	<b>10,430,935</b>	<b>10,059,140</b>	<b>11,769,877</b>	<b>14,517,777</b>
<b>Retained Earnings:</b>					
Invested in Capital Assets Net of Related Debt	15,324,867	15,256,993	14,166,157	13,961,856	19,225,059
Restricted	788,466	780,069	883,652	1,011,059	1,197,684
Unrestricted	1,281,727	211,803	680,843	718,031	1,071,989
<b>Total Retained Earnings</b>	<b>17,395,060</b>	<b>16,248,865</b>	<b>15,730,452</b>	<b>15,690,946</b>	<b>21,494,912</b>
<b>Total Liabilities and Equities</b>	<b>28,163,500</b>	<b>26,679,800</b>	<b>25,789,592</b>	<b>27,460,823</b>	<b>36,012,689</b>
<b>Balance Sheet Analysis</b>					
Current Ratio	2.6	1.1	1.2	0.5	2.7
Debt to Equity	0.6	0.6	0.6	0.8	0.7
Working Capital	1,138,870	63,425	142,600	(1,639,916)	906,611
Percent of Total Assets in Working Capital	4.0%	0.2%	0.6%	-6.0%	2.5%
Days Sales in Accounts Receivable	46.0	41.1	41.4	39.2	39.2

<b>EXHIBIT 1</b>											
<b>CITY OF HARRODSBURG</b>											
<b>CASH FLOW ANALYSIS (JUNE YEAR END)</b>											
	<b>Audited</b>	<b>%</b>	<b>Audited</b>	<b>%</b>	<b>Audited</b>	<b>%</b>	<b>Prelim</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
	<b>2008</b>	<b>Change</b>	<b>2009</b>	<b>Change</b>	<b>2010</b>	<b>Change</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Operating Revenues</b>											
Water Revenues	1,482,849	-3%	1,434,448	3%	1,484,586	26%	1,863,865	1,957,058	1,966,843	1,976,677	1,986,560
Sewer Revenues	1,251,294	-9%	1,135,364	11%	1,263,346	-4%	1,212,516	1,414,602	1,461,755	1,469,064	1,476,409
Other	101,883	-9%	93,173	11%	103,792	-4%	99,130	90,000	90,000	90,000	90,000
<b>Total Revenues</b>	<b>2,836,026</b>	<b>-6%</b>	<b>2,662,985</b>	<b>7%</b>	<b>2,851,724</b>	<b>11%</b>	<b>3,175,511</b>	<b>3,461,660</b>	<b>3,518,598</b>	<b>3,535,741</b>	<b>3,552,969</b>
<b>Operating Expenses</b>											
Water Expenses	1,270,581	10%	1,391,892	-15%	1,177,955	8%	1,273,415	1,337,086	1,397,255	1,460,131	1,525,837
Sewer Expenses	902,829	-7%	841,600	-12%	736,528	-10%	665,480	698,754	730,198	763,057	797,395
Depreciation, Amort, Bad Debt	1,283,433	7%	1,371,348	0%	1,376,101	1%	1,384,842	1,454,084	1,779,084	1,800,497	1,836,507
Replacement Reserve	68,000		68,000		68,000		68,000	68,000	68,000	70,100	37,740
<b>Total Expenses</b>	<b>3,524,843</b>	<b>4%</b>	<b>3,672,840</b>	<b>-9%</b>	<b>3,358,584</b>	<b>1%</b>	<b>3,391,737</b>	<b>3,557,924</b>	<b>3,974,537</b>	<b>4,093,785</b>	<b>4,197,479</b>
<b>Net Operating Income</b>	<b>(688,817)</b>	<b>47%</b>	<b>(1,009,855)</b>	<b>-50%</b>	<b>(506,860)</b>	<b>-57%</b>	<b>(216,226)</b>	<b>(96,264)</b>	<b>(455,939)</b>	<b>(558,044)</b>	<b>(644,510)</b>
<b>Non-Operating Income and Expenses</b>											
Interest Income	66,074	-56%	28,844	-18%	23,656	-46%	12,876	15,000	15,000	15,000	15,000
Other	83,279		78,700		451,183		61,214	60,000	60,000	60,000	60,000
<b>Total Non-Operating Income &amp; Expenses</b>	<b>149,353</b>	<b>-28%</b>	<b>107,544</b>	<b>342%</b>	<b>474,839</b>	<b>-84%</b>	<b>74,090</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>
<b>Add Non-Cash Expenses</b>											
Depreciation, Amort, Bad Debt	1,283,433	7%	1,371,348	0%	1,376,101	1%	1,384,842	1,454,084	1,779,084	1,800,497	1,836,507
<b>Cash Available for Debt Service</b>	<b>743,969</b>	<b>-37%</b>	<b>469,037</b>	<b>187%</b>	<b>1,344,080</b>	<b>-8%</b>	<b>1,242,706</b>	<b>1,432,820</b>	<b>1,398,145</b>	<b>1,317,453</b>	<b>1,266,997</b>
<b>Debt Service (minor as positive #'s)</b>											
Existing Principal	366,967		440,435		455,071		1,136,897	526,856	516,281	528,820	544,642
Existing Interest	328,394		329,386		322,963		264,366	217,857	279,221	264,199	248,325
Proposed KIA Loan A11-21								2,825	14,556	21,579	21,579
Proposed KIA Loan F11-17									1,424	16,453	16,453
RD Loan (7.7MM)								70,320	187,688	250,250	345,360
<b>Total Debt Service</b>	<b>695,361</b>		<b>769,821</b>		<b>778,034</b>		<b>1,401,263</b>	<b>817,858</b>	<b>999,169</b>	<b>1,081,301</b>	<b>1,176,359</b>
<b>Income After Debt Service</b>	<b>48,608</b>		<b>(300,784)</b>		<b>566,046</b>		<b>(158,557)</b>	<b>614,962</b>	<b>398,976</b>	<b>236,152</b>	<b>90,638</b>
<b>Debt Coverage Ratio</b>	<b>1.1</b>		<b>0.6</b>		<b>1.7</b>		<b>0.9</b>	<b>1.8</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A

PROJECT NUMBER: A12-07  
BORROWER: City of Harrodsburg, Kentucky  
BORROWER'S ADDRESS: 208 South Main Street  
Harrodsburg, Kentucky 40330  
DATE OF ASSISTANCE AGREEMENT: April 1, 2012  
CFDA NO.: 66.458

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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 March 1, 1990 (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 September 1, 1989 (the "Indenture") between the Authority and National City Bank (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

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



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

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

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

## ARTICLE I

### DEFINITIONS

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

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

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

"*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 Water Quality Act of 1987, 33 U.S.C. § 1251 et. seq.

"*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 March 1, 1989 between the Authority and the Trustee.

"*Interagency Agreement*" means the Interagency Agreement dated as of March 1, 1990 between the Authority and the Cabinet.

"*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.

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

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

"*Program*" shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater 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 Treatment Works project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

"*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 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 arises 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 Treatment Works 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.

"*Treatment Works*" shall mean Treatment works as defined in the Act.

## 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 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.

(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.

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

(G) Duly authorized representatives of the Cabinet 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, 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 as of the submission of the initial Requisition for Funds.

(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.

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

(A) That the Project shall be completed no later than the date set forth in the Project Specifics.

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted Governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

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

(D) That all 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.

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

(F) 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.

(G) 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.

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

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

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

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

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

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

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

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

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

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

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

(P) That it shall enact a sewer use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

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 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 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 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, 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 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 provide for the operation of the System as required under this Assistance Agreement and to make



required deposits to the Maintenance and Replacement Reserve, 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; Inspection. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribe, charge and collect the Service Charges set forth in Exhibit C hereto for the services of the Project 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 as required under this Assistance Agreement 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 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 System not less than thirty (30) days prior to the sale of said obligations.

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

Section 5.8. Mandatory Sewer Connection. 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.

## 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. Audit Requirements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, 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 \$300,000 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 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. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, 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 6.12. 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 Sections 603 and 606 of 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:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real properties Acquisition Policies Act of 1970
- (b) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (c) 40 CFR, Part 7,8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (d) 40 CFR, Part 29, Intergovernmental Review
- (e) 40 CFR, Part 32, Debarment and Suspension
- (f) 40 CFR, Part 35, Subpart K
- (g) Executive Order 11246, as amended, 11625 and 12138
- (h) Title VI of the Civil Rights Act of 1964, as amended
- (i) Age Discrimination Act
- (j) Rehabilitation Act of 1973
- (k) Contract work Hours and Safety Standards Act

(2) State:

- (a) KRS 224
- (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

Section 6.13. 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 6.13 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. 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.

Section 7.11. 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 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 6.13 hereof shall be those remedies specifically set forth in Section 6.13 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:

Sandy Williams

Title: SECRETARY

KENTUCKY INFRASTRUCTURE  
AUTHORITY

By: [Signature]

Title: EXECUTIVE DIRECTOR

ATTEST:

Kim Skinnell

Title: City Clerk

GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG,  
KENTUCKY

By: Eddie Long

Title: Mayor

APPROVED:

[Signature]  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:

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

ENERGY AND ENVIRONMENT  
CABINET

By: [Signature]  
Director  
Division of Water

APPROVED AS TO FORM AND LEGALITY

[Signature]  
APPROVED

FINANCE AND ADMINISTRATION CABINET

**EXHIBIT A**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**A12-07**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main Street  
 Harrodsburg, KY 40330

Contact Person: Eddie Long  
 (859) 223-3999

**SYSTEM:** Wastewater

**PROJECT:**

This project involves upgrades to the Western Regional Pump Station including two new pumps, new valves and piping, new control panel and electrical components and the installation of site fencing. Additionally, approximately 1,600 LF of new 18" force main from the expanded Wausau Paper Company's process water station will be installed, replacement of pumps and upgrades to the City's sanitary pump station.

**PROJECT BUDGET:**

	<u>Total</u>
Legal Expenses	11,000
Land, Easements	25,000
Engineering Fees	202,000
Construction	836,000
Contingency	83,000
<b>Total</b>	<b>\$ 1,157,000</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 706,000	61%
Local Funds	451,000	39%
<b>Total</b>	<b>\$ 1,157,000</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 706,000
Less: Principal Forgiveness (10%)	\$ 70,600
Amortized Loan Amount	\$ 635,400
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 35,132
Administrative Fee (0.20%)	\$ 1,271
<b>Total Estimated Annual Debt Service</b>	<b>\$ 36,403</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/12).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/14).

**REPLACEMENT RESERVE ACCOUNT:**                     \$     1,800 ANNUAL AMOUNT  
   \$     18,000 TOTAL AMOUNT

The annual replacement cost is \$1,800. This amount should be added to the replacement account each December 1 until the balance reaches \$18,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:**                                     0.20%

**DEFAULT RATE:**   8.0%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
2008 Capital Lease	1,521,907	2023
KIA (A02-06)	2,149,972	2023
Note Payable	223,653	2016
2004 Bonds	1,464,000	2021
2006 Bonds	1,055,000	2044
2006 Bonds	2,358,000	2045
RD (i/a/o \$7.7M for WTP)	2,163,689	TBD
RD (i/a/o \$744M for WWTP)	0	TBD
<b>Total</b>	<u><b>\$ 10,936,221</b></u>	

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	<u>5,000,000</u>
Death or Personal Injury (per occurrence)	<u>5,000,000</u>
Property Damage on System	<u>SEE ATTACHED</u>

## LIABILITY ENDORSEMENT

**Endorsement Number:** 4

**Effective Date:** 02/16/2012

**Issued To:** City of Harrodsburg

**To be attached to and form a part of KLCIS**

**Policy Number:** L5224-011110

**Description:** Increase General Liability limits from \$2 million to \$5 million

**Total Premium Due:** \$3,140.00

**ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.**

**Kentucky League of Cities Insurance Services**

By: Gundag Shearer



City of Harrodsburg

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES  
 (KLCIS)  
 PROPERTY COVERAGE DECLARATIONS**

Name of Insured: City of Harrodsburg

Policy Number: P5224-011090

Mailing Address: PO Box 468, Harrodsburg, KY 40330

Agent of Record: Whitenack & Souder Ins., Inc.

Coverage Period: from 07/01/2011 at 12:01 a.m. Standard (or Daylight) time to 07/01/2012 at 12:01 a.m. Standard (or Daylight) time at the mailing address shown above.

In return for the payment of the contribution, and subject to all the terms of this certificate, KLCIS and the Trust agree with the above to provide the coverage as stated in the Declaration. Refer to the attached Property Coverage Document for details of coverage provided.

All Real & Personal Property per attached Statement of Values.

<u>TYPE OF COVERAGE</u>	<u>LIMIT OF COVERAGE</u>	
Building and Personal Property	\$26,076,147	Per Occurrence
Scheduled Equipment	\$962,501	Per Occurrence
Fine Arts	\$0	Per Occurrence
Valuable Papers	\$0	Per Occurrence
Flood (ZONES B,C, AND X ONLY)	\$5,000,000 \$50,000,000	Per Occurrence Annual Aggregate for All Participating Members
Earth Movement	\$50,000,000	Per Occurrence, subject to the Annual Aggregate
	\$50,000,000	Annual Aggregate for all participating members in the member's respective Earth Movement Zone (as defined in the Earth Movement endorsement KLCIS-EM'2011).
Rental Coverage	\$500,000	Per Occurrence
Terrorism Damage	\$27,038,648	Per Occurrence and Annual Aggregate, for All Participating Members

City of Harrodsburg

<u>TYPE OF COVERAGE</u>	<u>LIMIT OF COVERAGE</u>	
Extra Expense	\$2,000,000	Per Occurrence
Expediting Expense	\$500,000	Per Occurrence
Transportation	\$500,000	Per Conveyance/ Per Occurrence

**Equipment Breakdown Protection Coverage Limits**

Combined Property Damage, Business Income / Extra Expense	\$50,000,000	Per Breakdown
Utility Interruption Coverage applies only if the interruption of service lasts at least 24 consecutive hours, see deductible	\$2,000,000	Per Breakdown
Newly Acquired Locations Number of Days Coverage	\$1,000,000	Per Breakdown 30 days
Ordinance or Law	\$100,000	Per Breakdown
Expediting Expenses	\$2,500,000	Per Breakdown
Spoilage	\$25,000	Per Breakdown

**These following limits are part of, not in addition to the Property  
 Damage Limit Per Breakdown**

Water Damage	\$100,000	Per Breakdown
Hazardous Substances	\$100,000	Per Breakdown
Data and Media	\$25,000	Per Breakdown
Ammonia Contamination	\$25,000	Per Breakdown
Consequential Loss	\$25,000	Per Breakdown

**DEDUCTIBLES**

Per Occurrence on All Perils Other Than Flood, Earth Movement unless otherwise stated.	\$1,000
Per Occurrence for Earth Movement	\$25,000 or 2% of TIV's for each damaged location (whichever is greater)
Per Occurrence for Flood	\$25,000
Per Occurrence for Scheduled Equipment	\$500
Per Occurrence for Fine Arts	No Coverage
Per Occurrence for Valuable Papers	No Coverage

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City of Harrodsburg

**Equipment Breakdown Protection Deductibles**

Damage to Covered Property (excluding Electrical Transformers), Spillage, Ammonia, Contamination, Consequential Loss, Newly Acquired Premises	\$1,000 per Breakdown
Damage to Electrical Transformers	\$1.50 per KVA of all damaged transformers or \$1000, whichever is greater, per Breakdown
Business Income / Extra Expense	24 hours deductible

**BASIC COVERAGE FORMS**

KLCIS-BPP'2010, KLCIS-PCL'2010,  
KLCIS-PPC'2006, KLCIS-EXP'2004,  
KLCIS-RENT'2004, KLCIS-TRAN'2004,  
KLCIS-EM'2011, KLCIS-FL'2004,  
KLCIS-EB'2008, KLCIS-IF'2009

**ENDORSEMENTS**

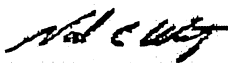
KLCIS BPP-EXCL '04, KLCIS-FRANIML'08,  
KLCIS-EQC'2010, KLCIS-IM'2011, KLCIS BPP-  
NEXCL10

**TOTAL PREMIUM (07/01/2011 - 07/01/2012 Installment) \$ 47,945**


This coverage has been placed with a self-insurance group, which has received a certificate of filing from the Commonwealth of Kentucky.

Claims against group members are not covered by the Kentucky Insurance Guarantee Association.

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES**

By:  June 9, 2011  
(Authorized Signature) (Date)

**KENTUCKY LEAGUE OF CITIES INSURANCE AGENCY, INC.**

By:  June 9, 2011  
(Date)

May 17 2012 11:52 AM

City of Harrodsburg

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES  
 (KLCIS)  
 LIABILITY COVERAGE DECLARATIONS**

Name of Insured: City of Harrodsburg

Policy Number: L5224-011110

Mailing Address: PO Box 468, Harrodsburg, KY 40330

Agent of Record: Whitenack & Souder Ins., Inc.

Coverage Period: from 07/01/2011 at 12:01a.m. Standard (or Daylight) time to 07/01/2012 at 12:01 a.m. Standard (or Daylight) time at the mailing address shown above. For purposes of the prior acts coverage endorsement, this policy shall be deemed renewed annually one year from the initial coverage date.

Subject to all terms of this policy, KLCIS agrees to provide you with coverages shown below for which a premium is shown and you pay to us.

COVERAGE	LIMIT Per occurrence	DEDUCTIBLE Per occurrence	PREMIUM 07/01/11-07/01/2012 Installment
General Liability	\$2,000,000	\$0	\$50,000
Public Officials Liability	\$2,000,000	\$10,000	\$31,348
Law Enforcement Liability	\$2,000,000	\$0	\$25,856
Automobile Liability	\$2,000,000	\$0	\$34,330
Automobile Physical Damage	Actual Cash Value	see vehicle schedule	\$2,029
<b>TOTAL PREMIUM</b>			<b>\$143,563</b>

**"In the event of an "Occurrence" or "Accident" which invokes more than one type of coverage under the same or different policies issued by KLCIS, then the liability of KLCIS shall not exceed the highest applicable limit under any one coverage.**

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City of Harrodsburg

Your policy may contain premium adjustments for the following:	
Accredited Law Enforcement Agency	0%
Alternative Dispute Resolution, Public Officials Only	0%
Loss Control Scorecard, GL, PO and Auto	-6%
Loss Control Scorecard, LE	0%
Certified Ready and Prepared Community, GL	0%

PRIOR ACTS COVERAGE	
If a date or dates appear below, you are being provided with coverage for accidents or occurrences or wrongful acts, which pre-date your current coverage period. Coverage provided by the Prior Acts endorsement may have been part of an earlier policy issued to you by KLCIS. If so, no dates will appear below and no additional Prior Acts coverage is afforded by this policy.	
General Liability	
Public Officials	
Employee Benefits Liability	
Law Enforcement Liability	

Basic Coverage Forms: KLCIS-GL'2007, KLCIS-PO'2007, KLCIS-LE'2007, KLCIS-BA'2006

Endorsements: KLCIS-ADDINS'11, KLCIS-DED08, KLCIS-JADDINS'11, KLCIS-SB'2004, KLCIS-MPAE'07

**COVERAGE SUBLIMITS**

For each of the coverages for which you paid a premium the following sublimits apply:

**GENERAL LIABILITY**

Fire Damage Limit	\$100,000	Per Fire
Medical Expense Limit	\$5,000	Per Person
Employee Benefits Liability	\$2,000,000	Per Occurrence
Hazardous Response Team	\$2,000,000	Per Occurrence

**AUTOMOBILE LIABILITY**

Personal Injury Protection	\$10,000	Per Person
Uninsured Motorists	\$100,000	Per Accident
Underinsured Motorists	\$100,000	Per Accident
"Comprehensive," Collision Damage	(see vehicle schedule)	

KLCIS-LD0707

City of Harrodsburg

2011-2012

**BUSINESS AUTOMOBILE POLICY DECLARATIONS**

**SCHEDULE OF COVERAGES AND COVERED AUTOMOBILES**

Each of the coverages will apply only to those AUTOMOBILES shown as covered AUTOMOBILES. AUTOMOBILES are shown as covered AUTOMOBILES for a particular coverage by the entry of one or more symbols as described in the coverage document.

COVERAGES	COVERED AUTOS	LIMIT (The most we will pay for any one accident or loss.)	
Liability Coverage	1,8,9	\$2,000,000	
Personal Injury Protection Per Person	5	\$10,000	
Uninsured Motorist/ Underinsured Motorist Coverage	2	\$100,000	
<b>PHYSICAL DAMAGE</b>			
		LIMIT	DEDUCTIBLE
Comprehensive Coverage	7,8	Actual Cash Value or Cost of Repair, whichever is less, minus deductible amount	See Vehicle Schedule
Collision	7,8		See Vehicle Schedule

ALLOCATION OF FUNDING FOR EXPENSES

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

Totals

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,

CITY OF HARRODSBURG, KENTUCKY  
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

**ORDINANCE NUMBER 2010-04**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, SECTION 51, GENERAL WATER AND SEWER PROVISIONS, SECTION 51.03 B, WATER RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the General Water and Sewer Provisions, Section 51.03, which were last comprehensively updated by Ordinance 2003-16 and;

**WHEREAS**, the City of Harrodsburg is expanding the Water Treatment Plant with a combination of grants and loans and additional revenues are needed to pay the debt service on the loans;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(B) Specifically,

(1) Minimum water rate. The minimum water bill shall be ~~\$6.27~~ **\$8.78** per month, and each water customer shall be entitled to 250 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<del>\$6.27</del> per 100 cubic feet
Next 750	<del>\$2.38</del> per 100 cubic feet
Next 3,000	<del>\$2.07</del> per 100 cubic feet
Next 6,000	<del>\$1.76</del> per 100 cubic feet
Next 25,000	<del>\$1.50</del> per 100 cubic feet
Next 25,000	<del>\$1.25</del> per 100 cubic feet
Next 60,000	<del>\$1.00</del> per 100 cubic feet

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<b>\$8.78 minimum charge</b>
Next 750	<b>\$3.33</b> per 100 cubic feet
Next 3,000	<b>\$2.90</b> per 100 cubic feet
Next 6,000	<b>\$2.46</b> per 100 cubic feet
Next 25,000	<b>\$2.10</b> per 100 cubic feet
Next 25,000	<b>\$1.75</b> per 100 cubic feet
All over 60,000	<b>\$1.40</b> per 100 cubic feet

(2) Meter rates for water usage in addition to minimum charge. Subject to the minimum monthly water rate specified above, the following metered charges shall be made for each 100 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$6.00 per 100 cubic feet
Next 750	\$2.28 per 100 cubic feet
Next 3,000	\$1.98 per 100 cubic feet
Next 6,000	\$1.68 per 100 cubic feet
Next 25,000	\$1.44 per 100 cubic feet
Next 25,000	\$1.20 per 100 cubic feet
Next 60,000	\$0.96 per 100 cubic feet

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$8.78 minimum charge
Next 750	\$3.33 per 100 cubic feet
Next 3,000	\$2.90 per 100 cubic feet
Next 6,000	\$2.46 per 100 cubic feet
Next 25,000	\$2.10 per 100 cubic feet
Next 25,000	\$1.75 per 100 cubic feet
All over 60,000	\$1.40 per 100 cubic feet

This ordinance shall be effective on April 30, 2010 upon its passage, approval, and publication as required by law.

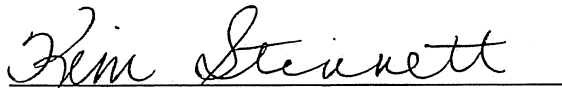
Passed 1<sup>st</sup> Reading April 12, 2010

Passed 2<sup>nd</sup> Reading April 26, 2010

Published 5/26/2010



Lonnie Campbell, Mayor  
City of Harrodsburg



Kim Stinnett, City Clerk/Treasurer

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$706,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky, ("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 Wastewater 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, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of April 1, 2012 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 the Mayor and City Clerk 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 \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Title: City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said City at a meeting duly held on \_\_\_\_\_, 2012; 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 \_\_\_\_\_, 2012.

---

City Clerk

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and  
City of Harrodsburg, Kentucky, dated as of April 1, 2012

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 City of Harrodsburg, Kentucky (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 wastewater treatment works 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 of the governing authority authorizing the execution and delivery of said Assistance Agreement and the plans, designs and specifications prepared by the Engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

7) None of the proceedings or authority heretofore 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 acquisition and construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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 CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

CITY OF HARRODSBURG, KENTUCKY  
Governmental Agency

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Title: \_\_\_\_\_



EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

64365v1

**RESOLUTION**

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$706,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky, ("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 Wastewater 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, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of April 1, 2012 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 the Mayor and City Clerk 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 4/9/12.

Eddie Long  
Mayor

Attest:

Kim Stennel H  
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said City at a meeting duly held on 4/9/12; 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 10<sup>th</sup> day of April,  
2012.

Kim Stennell  
City Clerk

CITY OF HARRODSBURG  
BOARD OF COMMISSIONERS  
REGULAR MEETING

2012 MAY 18 AM 10:41  
RECEIVED  
CITY OF HARRODSBURG

DATE: April 9, 2012  
PLACE: City of Harrodsburg, Conference Room

Mayor Eddie Long called the regular meeting to order. Members present, Mayor Eddie Long, Commissioners; Kerry Anness, Scott Moseley, Charlie Mattingly, and Bubby Isham. Absent: None

APPROVE THE MINUTES FOR REGUALR MEETING HELD ON April 29, 2012

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve the minutes for the regular meeting held on April 9, 2012. Motion carried.

RIANNA ROBINSON REQUESTS TURNING LANE ON 127

Rianna Robinson appeared before the Commission to address her concerns over the turning lanes from US 127 to Mooreland and US 137 to Lexington are dangerous and she feels lanes with turning arrows should be installed. The Mayor advised her that he would notify the District 7 State office of her request.

DANNY WOODS COMPLAINS ABOUT OVERGROWN YARDS

Danny Woods appeared before the Commission to request that they have someone look at the yards on Barr Street and New Grower's Warehouse. The Commission advised him that we had a new Ordinance Enforcement Officer that they would have address this issue.

HAROLD GRITTON REQUESTS TURNING LANE FROM US127 TO ELIZABETH COURT

Harold Gritton appeared before the Commission to request that the City consider putting a turning lane from US 127 to Elizabeth Court. The City advised that Elizabeth Court was a state road and was not under the City's jurisdiction.

ALLEN MCINTYRE

Allen McIntyre  
cleaning  
Com  
w

RECEIVED  
MAY 18 10 10 AM '12

DATE: April 9, 2012  
PLACE: City of Harrodsburg, Conference Room

Mayor Eddie Long called the regular meeting to order. Members present, Mayor Eddie Long, Commissioners; Kerry Anness, Scott Moseley, Charlie Mattingly, and Bubby Isham. Absent: None

APPROVE THE MINUTES FOR REGUALR MEETING HELD ON April 29, 2012

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve the minutes for the regular meeting held on April 9, 2012. Motion carried.

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Danny Woods appeared before the Commission to request that they have someone look at the yards on Barr Street and New Grower's Warehouse. The Commission advised him that we had a new Ordinance Enforcement Officer that they would have address this issue.

HAROLD GRITTON REQUESTS TURNING LANE FROM US127 TO ELIZABETH COURT

Harold Gritton appeared before the Commission to request that the City consider putting a turning lane from US 127 onto Elizabeth Court. The Commission told him that this was a state road and would turn the request over to District 7.

ALLEN MCINTOSH NOTIFIED COMMISSION OF BI-MONTHLY CLEAN UP

Allen McIntosh appeared before the Commission to notify them that CAP would be cleaning up in the downtown area on April 21<sup>st</sup>, from 9:00 a.m. – 12:00 p.m. Commissioner Isham had helped them in the past and he offered to loan them a truck, weed eater, and leaf blower.

LEMAYNE ELLIS AND JAY ANDERSON ADDRESS THE COMMISSION IN REGARDS TO A FENCE AROUND THE FAIRGROUNDS

LeMayne Ellis and Jay Anderson with the Mercer County Fair and Horse Show appeared before the Commission to ask that the Commission consider helping them find ideas to fund the fair getting a security fence between the fair and Fairview Court. Also, they thanked the Fire Department for their hard work during the recent fire at the firegrounds.

APPROVE AND PAY THE MARCH INVOICES

Motion by/seconded, Commissioners Bubby Isham/Scott Moseley to approve and pay the March invoices. Motion carried.

Motion by/seconded, Commissioners Bubby Isham/Scott Moseley to approve authorizing Mayor Long to sign the amended agreement with the Mercer Fiscal Court for the Building Inspector position, job duties, and expenses. Motion carried.

#### FIRST READING ON ORDINANCE 2012-06 ENACTING AND ADOPTING A SUPPLEMENT TO THE CODE OF ORDINANCES

First reading was given to Ordinance 2012-06 which enacts and adds all of the adopted Ordinances to the Code of Ordinance book since the previous revision in 2009. Motion carried.

#### FIRST READING ON ORDINANCE 2012-07 CELL PHONE POLICY

First reading was given to Ordinance 2012-07 which amends the personnel policy in regards to cell phone use. Cell phone use during working hours other than emergencies, during breaks or lunches and for city business matters shall be considered a common infraction for possible disciplinary and termination purposes.

#### MAYOR LONG AUTHORIZED TO SIGN KIA FUNDS PAPERWORK

Motion by/seconded, Commissioners Kerry Anness/Charlie Mattingly to approve authorizing Mayor Long to sign the agreement with KY Infrastructure Authority for \$706,000.00 for funding for the Wastewater Treatment Plant improvements. Motion carried.

#### INCONTROL TECHNICAL SOLUTIONS AWARDED BID FOR SCADA SYSTEM

Motion by/seconded, Commissioners Kerry Anness/Bubby Isham to approve awarding the bid for the SCADA Alarm System at the Wastewater Treatment Plant to David Stout with InControl Technical Solutions for \$69,512.00. Motion carried.

#### WALLY BOTTOMS THANKS PUBLIC FOR THEIR HELP DURING BOIL WATER ADVISORY

Wally Bottoms, Superintendent of the Water Treatment Plant, thanked the Commission, employees, and public for their patience during the recent boil water advisory. He explained that the boil water advisory was brought about by testing and attaching the clear well during the expansion/upgrade process. He also stated that the public could email him if they would like to be put on a notify list during such situations.

#### CHAD WORTHINGTON HIRED AS PUBLIC SERVICE WORKER II

Motion by/seconded, Commissioners Charlie Mattingly/Kerry Anness to approve hiring Chad Worthington as a Public Service Worker II at an hourly rate of \$9.50. Motion carried.

#### SCOTT GARRISON IS AWARDED BID FOR MOWING VACANT AND ABANDONED LOTS

Motion by/seconded, Commissioners Charlie Mattingly/Bubby Isham to approve awarding the bid for mowing vacant and abandoned lots to Scott Garrison at a rate of \$25.00 per hour with a 2 hour minimum. Motion carried.

#### COMMISSIONER ISHAM REQUESTS EXECUTIVE SESSION

Motion by/seconded, Commissioner Bubby Isham/Charlie Mattingly to approve going

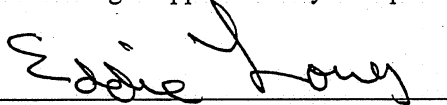
coming out of executive session at approximately 8:20 p.m. Motion carried.

#### JERRI CARTER SUSPENDED FOR FOUR WEEKS

Motion by/seconded, Commissioners Bubby Isham/Charlie Mattingly to approve suspending Jerri Carter, Cemetery Sexton, for four weeks without pay. Commissioner Isham will have the City Attorney notify her of the complaints against her within five working days. He also noted that she could use comp time if she chose to. Motion carried.

#### ADJOURN

Motion by/seconded, Commissioners Scott Moseley/Kerry Anness to approve adjourning the meeting at approximately 8:25 p.m. Motion carried.



Eddie Long, Mayor  
City of Harrodsburg

---

Kim Stinnett, City Clerk/Treasurer

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – February 2, 2012

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

**Meeting Date/Location: February 2, 2012 – 1:00 p.m.**  
**Kentucky Infrastructure Authority**  
**1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Ms. Stacia Peyton, Department for Local Government  
(Proxy for Commissioner Tony Wilder, DLG)  
Mr. Hank List, Energy and Environment Cabinet  
(permanent proxy for Secretary Leonard K. Peters, EEC)  
Mr. Jamie Link, Finance and Administration Cabinet  
(permanent proxy for Secretary Lori H. Flanery, FAC)  
Mr. Joe Kelly, Economic Development Cabinet  
(proxy for Secretary Larry Hayes, EDC)  
Mr. Jerry Wuetcher, Public Service Commission  
(permanent proxy for Executive Director Jeff Derouen, PSC)  
Mr. C. Ronald Lovan, representing the American Water Works Association  
Ms. Linda C. Bridwell, representing for-profit private water companies  
Mr. Thomas P. Calkins, representing the Kentucky Municipal Utilities Association  
Mr. Damon Talley, representing the Kentucky Rural Water Association  
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities  
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky  
Association of Counties

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Ms. Jennifer Kantner, Officer of Financial Management  
Ms. Ashley Adams, Sanitation District No. 1  
Mr. Michael Flynn, Winchester Municipal Utilities  
Mr. Ron Schmitt, Jr., Sanitation District No. 1  
Mr. John Hodges, Paducah McCracken Joint Sewer Agency  
Ms. Amy Niehoff, Paducah McCracken Joint Sewer Agency  
Mr. Terry Lawless, City of Jamestown  
Mr. Ottis Skaggs, City of Jamestown  
Ms. Laura Gilkerson, GRW Engineers, Inc.  
Mr. Phil Meador, Kenvirons, Inc.  
Mr. Brent Shelton, MuniNet Fiber Agency  
Ms. Annette Dupont-Ewing, Kentucky Municipal Utilities Association  
Mr. Chris Brewer, Barbourville Utility Commission  
Ms. Madison Weakley, Legislative Research Commission  
Mr. Greg Stacey, Sanitation District No. 1  
Mr. Dennis Golem, Wells Fargo



Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – February 2, 2012

## PROCEEDINGS

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

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

Mr. John Covington, KIA, introduced Adam Scott, a new employee with KIA. Mr. Scott will be working with the WRIS program and will act as liaison between KIA and the Area Development Districts and other state agencies that use WRIS. He will obtain input and information from users across the state and the area development districts to improve the WRIS portal and database. Mr. Scott has experience as a water planner from the Purchase Area Development District.

### I. BUSINESS (Board Action Required)

#### A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of January 5, 2012

*Mr. Joe Kelly moved to approve the minutes of the January 5, 2012 regular board meeting. Mr. Hank List 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 ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-02) IN THE AMOUNT OF \$851,857 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL AND KENTON COUNTIES, KENTUCKY

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-03) IN THE AMOUNT OF \$959,000 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL AND KENTON COUNTIES, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented both projects to the Board.

The Sanitation District No. 1 requested a Fund A Loan in the amount of \$851,857 for the Wolpert Pump Station Rehabilitation and Force Main project. This project is located in Cold Spring in Campbell County on the west side of Alexandria Pike (US 27) near the Springside neighborhood. The existing force main has experienced multiple failures due to cycle and fatigue resulting in sanitary sewer

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – February 2, 2012

overflows into adjacent streams. The project includes the construction of approximately 42,000 linear feet (LF) of eight-inch ductile iron force main to replace an existing six inch plastic line. It also includes the installation of 300 LF of eight inch PVC gravity sewer to realign the existing gravity sewer to follow the proposed force main alignment and allow for easier maintenance operations. Modifications will be completed at the existing Wolpert Pump Station to increase the impeller size, provide a connection for a future surge tank, and alleviate existing slope stability issues. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with a 2% interest rate and an estimated annual debt service payment of \$53,591. Both KIA and DOW staff recommended approval of the loan with the standard conditions. Mr. Hank List noted on page 26 of the board book that the MHI for the Commonwealth is stated as \$45,916. Ms. Williams confirmed that was an error and the MHI will be corrected to read \$41,197.

The Sanitation District No. 1 also requested a Fund A loan in the amount of \$959,000 for the Wilder Force Main Improvements project. This project involves the replacement of a portion of the Wilder Pump Station force main (12 inch ductile iron) and surge pressure improvements. The existing force main has experienced multiple failures due to the age and type of pipe (cement lined ductile iron) and cycle fatigue caused by surge pressures. The construction of this project will replace the most problematic section of the existing force main. This project did not qualify for Green Project Reserve funding and did not qualify for additional subsidization. The term of the loan is 20 years with a 2% interest rate and an estimated annual debt service payment of \$53,591. KIA and DOW staff recommended approval of the loan with the standard conditions.

***Mayor David Cartmell moved to approve both Fund A Loans, A12-02 and A12-03, with the standard conditions. Mr. Tom Calkins seconded, and the motion carried unanimously.***

**2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-04) IN THE AMOUNT OF \$2,500,000 TO THE CITY OF JAMESTOWN, RUSSELL COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Jamestown requested a Fund A Loan in the amount of \$2,500,000 for the Jamestown WWTP Improvements project. The project involves upgrades to the Jamestown WWTP. Phase I will rehabilitate headworks, aeration basins, disinfection systems, ras/was pumping system, yard plumbing and appurtenances, and sludge dewatering equipment and facilities to improve the performance of the plant. Phase II will upgrade and rehabilitate the final clarifiers, sludge thickening and holding basins, decolorization basins aeration and mixing system, electrical and power systems, and miscellaneous improvements to the laboratory and plant office. The proposed improvements will facilitate ongoing compliance with DOW permit requirements by improving the quality of the discharged effluent. The project did not qualify for Green Project Reserve funding. The project did qualify for \$750,000 in additional subsidization under the 2011 Capitalization Grant Equivalencies. The unforgiven

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balance of the loan is \$1,750,000 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$100,259. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Mr. Hank List moved to approve the Fund A (A12-04) resolution with the standard conditions. Ms. Linda Bridwell 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 A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-05) IN THE AMOUNT OF \$1,000,000 TO THE CITY OF WINCHESTER f/b/o WINCHESTER MUNICIPAL UTILITIES, CLARK COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Winchester f/b/o Winchester Municipal Utilities (WMU) requested a Fund A loan in the amount of \$1,000,000 for the Bel-Air Sanitary Sewer Improvements project. This project involves the construction of an interceptor to eliminate the Bel-Air and Westside pump stations and the overflows associated with each. The project is being initiated to address environmental concerns in the Strodes Creek Sewer Shed located in the northern portion of WMU's service area. It will also address one of the issues identified in the Consent Decree. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$62,911. Both DOW and KIA Staff recommended approval of the loan with the standard conditions.

***Mr. Tom Calkins moved to approve the Fund A (A12-05) resolution with the standard conditions. Mr. Hank List seconded, and the motion carried unanimously.***

**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-07) IN THE AMOUNT OF \$706,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Harrodsburg requested a Fund A loan in the amount of \$706,000 for the Western Regional Pump Station Upgrade and New Wausau Force Main and Pump Station Upgrade. The project involves upgrades to the Western Regional Pump Station including two new pumps, new valves and piping, new control panel and electrical components and the installation of site fencing. Additionally, approximately 1600 LF of new force main from the expanded Wausau Paper Company's process water station will be installed, replacement of pumps and upgrades to the City's sanitary pump station. Flows from the County Sanitation District have caused the Western Regional pump station to operate at capacity. Wet weather flows are greater than expected and

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an additional pump needs to be added to accommodate these flows to prevent possible overflows. The paper plant is also expanding and requires updated infrastructure to handle the increased sewage flows and the process waste water. The new force main will discharge process water directly to the wastewater treatment plant resulting in improved conditions and increased capacity in the collection system. The project did not qualify for Green Project Reserve funding, but the project did qualify for \$70,600 in additional subsidization. The unforgiven balance of the loan is \$635,400 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$36,403. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The City shall provide a copy of the commitment of \$451,000 in Private Industry Contributions toward the project prior disbursement of any construction funds. If this commitment is not made available, the city may provide a commitment of alternative funds in lieu of the Private Industry.

***Ms. Linda Bridwell moved to approve the Fund A (A12-07) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Ron Lovan 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 A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-08) IN THE AMOUNT OF \$8,000,000 TO THE PADUCAH MCCRACKEN JOINT SEWER AGENCY, MCCRACKEN COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The Paducah McCracken Joint Sewer Agency requested a Fund A loan in the amount of \$8,000,000 for the I/I, Management and Conveyance project. The project involves 1) I/I reductions, 2) replacement of pump stations, and 3) separation of combined sewers. The project will reduce I/I within the collection system, improve capacity and performance and reduce the amounts and frequencies of sanitary sewer overflows and combined sewer overflows. All of the project components are within the scope of either the Long Term Control Plan or Sanitary Sewer Overflow Plan submitted to the Kentucky Division of Water and will aid on compliance with a Consent Judgment that was entered into with the Kentucky Environmental and Public Protection Cabinet in 2007. The project did not qualify for Green Project Reserve Funding and it did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$503,290. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund A (A12-08) resolution with the standard conditions. Mr. Hank List seconded, and the motion carried unanimously.***

**6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED**

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**WASTEWATER REVOLVING FUND LOAN (A12-09) IN THE AMOUNT OF \$5,651,270 TO THE CITY OF BARBOURVILLE, KNOX COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Barbourville f/b/o Barbourville Utility Commission requested a Fund A loan in the amount of \$5,651,270 for the Wastewater Treatment Plant Upgrade – Phase I. The project involves the expansion of the wastewater treatment plant from 1.0 million gallon per day (MGD) capacity to 1.5 MGD. The upgrade will involve the addition of diffused aeration and baffles inside the existing lagoon system. In addition, the following will be added or replaced: (1) blower and diffused air control system, (2) tertiary nitrification basin with integrated fixed film media, (3) secondary clarifier and flow splitter box, (4) standby generator set, (5) sludge pump station, (6) plant drainage pump station, (7) internal recycle pumps, (8) UV disinfections system (in place of chlorine), (9) post aeration basin, (10) effluent flume and flow meter, (11) emergency effluent pumps, (12) lime silo and feed pumps, (13) chemical feed system (alum and nitrifying bacteria feed) and (14) miscellaneous other improvements to the existing infrastructure and support facilities. The plant is currently operating at 90% capacity during average flows. The project did not qualify for Green Project Reserve Funding. The project did qualify for additional subsidization in the amount of the lesser of (1) 30% or (2) \$1.2 million (maximum for any CWSRF project). The unforgiven balance of the loan is \$4,451,270 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$255,018. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The Commission shall pass the necessary resolution and/or ordinance no later than April 1, 2012, to increase rates to such levels to provide additional annual revenues per the following schedule: \$105,000 by Fiscal Year End 2012 (approximately 60% increase); \$470,000 by Fiscal Year End 2013 (approximately 15% increase – this includes carry over from 2012 increase); \$253,000 by Fiscal Year End 2014 (approximately 15% increase); and \$230,519 by Fiscal Year End 2015 (approximately 15% increase).

***Mr. Tom Calkins moved to approve the Fund A (A12-09) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Ms. Linda Bridwell seconded, and the motion carried unanimously.***

**7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING THE ISSUANCE OF A CONDITIONAL COMMITMENT FOR A GOVERNMENTAL AGENCIES PROGRAM LOAN (C11-02) OF \$3,173,049 TO THE MUNINET FIBER AGENCY, MCCracken COUNTY, KENTUCKY**

Ms. Kasi White, KIA, presented the project to the Board. The MuniNet Fiber Agency requested a Fund C loan in the amount of \$3,173,049 for the Fiber Optic Cable Build Project #2. The project is for the construction and acquisition of 144 count fiber that will extend from Paducah to the TVA Paradise Fossil Plant. It will also include the acquisition of Infeasible Rights to Use (IRUs) from member utilities which include Hopkinsville, Glasgow, Russellville and Princeton to connect and expand their networks. In exchange for the fiber to TVA plants, TVA

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will provide MuniNet fiber from the plant to Nashville, Tennessee and from Hopkinsville to Bowling Green. This will allow MuniNet to connect to Level 3 and get access to internet bandwidth at a much lower cost than they are currently paying (from \$35/megabyte to \$1.85/megabyte). This fiber will connect local hospitals, health care providers, emergency services, libraries, and local government agencies allowing them to perform functions not currently possible. In addition, this fiber will be open access and available to anyone. The term of the loan is 20 years with an interest rate of 3% and an estimated annual debt service payment of \$218,478. KIA staff recommended approval of the loan with the standard conditions and the following special conditions: 1) A copy of the Project Participation Agreement relating to the Fiber Build Project 2 will be submitted to KIA prior to final disbursement of funds reflecting each participating member and their contribution to the entity; 2) MuniNet will furnish a copy of any amendments or restatements to the Interlocal Agreement; and 3) Notice will be provided to KIA prior to the addition of any member to MuniNet with a copy of the initial contribution summary of the new member.

*Ms. Linda Bridwell moved to approve the Fund C (C11-02) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously.*

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

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

APPLICANT	FUND	AMOUNT
Sanitation District No. 1	A	\$ 851,857
Sanitation District No. 1	A	\$ 959,000
City of Jamestown	A	\$ 2,500,000
City of Winchester f/b/o Winchester Municipal Utilities	A	\$ 1,000,000
City of Harrodsburg	A	\$ 706,000
Paducah McCracken Joint Sewer Agency	A	\$ 8,000,000
City of Barbourville	A	\$ 5,651,270
MuniNet Fiber Agency	C	\$ 3,173,049

*Ms. Linda Bridwell moved to approve the resolution. Mr. Jamie Link seconded, and the motion carried unanimously.*

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8. **RESOLUTION (THE PRELIMINARY BOND RESOLUTION) OF THE BOARD OF THE KENTUCKY INFRASTRUCTURE AUTHORITY (AUTHORITY) AUTHORIZING THE EXECUTION OF A GENERAL TRUST INDENTURE DATED AS OF MARCH 2, 2012 BY AND BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION, LOUISVILLE, KENTUCKY; PROVIDING FOR THE ISSUANCE OF KENTUCKY INFRASTRUCTURE AUTHORITY WASTEWATER AND DRINKING WATER REVOLVING FUND PROGRAM REVENUE BONDS, SERIES 2012A IN A PRINCIPAL AMOUNT NOT TO EXCEED \$135,000,000 UNDER THE TERMS OF THE SERIES TRUST INDENTURE AND THE GENERAL TRUST INDENTURE DATED AS OF MARCH 2, 2010 BETWEEN THE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS, AUTHORIZING THE SALE OF SAID BONDS, AND REPEALING ALL RESOLUTIONS OR PARTS THEREOF IN CONFLICT WITH THE PROVISIONS HEREOF.**

Ms. Sandy Williams, KIA, presented the handout Preliminary Bond Resolution. The handout included the Resolution, Exhibit A – General Trust Indenture, Exhibit B – Series 2012A Trust Indenture, and Exhibit C – Continuing Disclosure Agreement. KIA staff met with the Financing Team about two weeks ago via conference call to start the process for the issuance of the leverage bonds. The Financing Team consists of the Office of Financial Management in the Finance Administration Cabinet, Peck Shaffer and Williams as Bond Counsel, First Southwest as Financial Advisor, Morgan Stanley as Senior Underwriter, and Bass Berry and Sims as Underwriter's Counsel. KIA staff anticipates pricing the bonds at the end of March with a mid-April bond closing. This Resolution allows the Board to authorize the Executive Committee to approve the execution, delivery and performance of the purchase contract for the bonds and authorizes the Officers of the Authority to execute and deliver that purchase agreement. Through this resolution the Board will direct KIA staff to prepare the preliminary official statement and will give the Executive Director approval authority of that preliminary statement and official statement for the sale of the bonds. Lastly, it will approve the execution of the Continuing Disclosure Statement. The amount of bonds to be sold is \$100,000,000 from the Clean Water Revolving Fund Program and \$25,000,000 from the Drinking Water Revolving Fund Program.

***Mr. Tom Calkins moved to approve the resolution. Mr. Hank List seconded, and the motion carried unanimously.***

## II. EXECUTIVE DIRECTOR'S REPORT

Mr. John Covington, KIA, reported on the following items to the Board:

- A. KIA staff has invited all projects that were on the 2012 priority list for the Clean Water SRF Program to apply for funding. The deadline for responses has passed and there is still approximately \$25 million available to fund. Applications for other projects that have a qualifying clean water project will be considered. There are still projects remaining on the 2012 priority list for the Drinking Water SRF Program.

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- B. Mr. Covington asked the Board to approve moving the April board meeting to the second Thursday of the month, April 12, 2012, because staff will be attending the CIFA Conference in Washington, D.C. during the first week of April. The Board agreed to tentatively move the April meeting to April 12, 2012.

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

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:  
Tentatively scheduled for  
Thursday, March 1, 2012  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

*There being no further business Mr. Jamie Link moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The February 2, 2012, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.*

Submitted by:

Sandy Williams  
Sandy Williams, Secretary  
Kentucky Infrastructure Authority

2-28-12  
Date





CL

**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

February 3, 2012

The Honorable Eddie Long, Mayor  
City of Harrodsburg  
208 South Main Street  
Harrodsburg, KY 40330

**KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (A12-07)**

Dear Mayor Long:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On February 2, 2012, the Authority approved your loan for the Western Regional Pump Station Upgrade and New Wausau Force Main and Pump Station Upgrade Project subject to the conditions stated below. The total cost of the project shall not exceed \$1,157,000 of which the Authority loan shall provide \$706,000 of the funding. 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 cost 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 City of Harrodsburg upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (2/2/2013) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$706,000.

Mayor Eddie Long  
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2. The loan shall contain principal forgiveness in the amount of 10%. Actual amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.
3. The loan shall bear interest at the rate of 1% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.20% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be preformed for the life of the loan.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. 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.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted to and approved by DOW.

Mayor Eddie Long  
February 3, 2012  
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10. An environmental review shall be conducted by the Division of Water for all construction projects receiving CWSRF funds, within the term of this binding commitment and prior to project bid.
11. Technical plans and specifications and a complete CWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the CWSRF loan project.

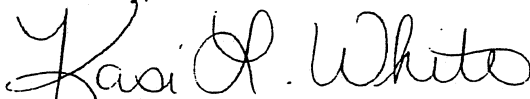
The following is a list of additional conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

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

Sincerely,



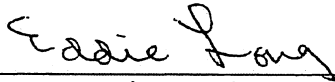
Kasi L. White  
Financial Analyst

Mayor Eddie Long  
February 3, 2012  
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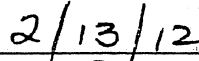
Attachments

cc: Laura Gilkerson, GRW Engineers, Inc.  
Ryan Carr, GRW Engineers, Inc.  
Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State and Local Debt Office, DLG  
Borrower File - City of Harrodsburg - A12-07

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



Accepted



Date

**ATTACHMENT A**

**City of Harrodsburg  
A12-07**

<b>EXECUTIVE SUMMARY</b>		Reviewer:	Kasi White
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date:	February 2, 2012
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number:	A12-07
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21167018
		HUC Code:	05140102010
<b>BORROWER:</b>	<b>CITY OF HARRODSBURG</b>		
	<b>MERCER COUNTY</b>		
<b>BRIEF DESCRIPTION:</b>	<p>This project involves upgrades to the Western Regional Pump Station including two new pumps, new valves and piping, new control panel and electrical components and the installation of site fencing. Additionally, approximately 1,600 LF of new 18" force main from the expanded Wausau Paper Company's process water station will be installed, replacement of pumps and upgrades to the City's sanitary pump station.</p>		
<b>PROJECT FINANCING:</b>		<b>PROJECT BUDGET</b>	
Local Funds	451,000	Legal Expenses	11,000
Fund A Loan	706,000	Land, Easements	25,000
		Engineering Fees	202,000
		Construction	836,000
		Contingency	83,000
<b>TOTAL</b>	<b>\$ 1,157,000</b>	<b>TOTAL</b>	<b>\$ 1,157,000</b>
<b>REPAYMENT</b>		Rate	1.0%
		Term	20 years
		Est. Annual Payment	\$ 36,403
		1st Payment	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	GRW Engineers, Inc.	
	Bond Counsel	Peck, Shaffer, & Williams	
<b>PROJECT SCHEDULE</b>		Bid Opening:	February, 2012
		Construction Start:	March, 2012
		Construction Stop:	November, 2013
<b>DEBT PER CUSTOMER</b>	Existing:	\$ 2,920	(based on total water customers which is greater than the number of sewer customers)
	Proposed:	\$ 4,007	
<b>OTHER DEBT</b>	See Attached		
<b>OTHER STATE-FUNDED PROJECTS LAST 5 YRS</b>	See Attached		
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>
	Current	2,790	\$22.86 (for 4,000 gallons)
	Additional	0	\$22.86 (for 4,000 gallons)
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.		
<b>CASHFLOW</b>	<b>Cash Available for</b>	<b>Income after Debt</b>	
	<b>Debt Service</b>	<b>Debt Service</b>	<b>Service Coverage Ratio</b>
Audited 2008	743,969	695,361	48,608 1.1
Audited 2009	469,037	769,821	(300,784) 0.6
Audited 2010	1,344,080	778,034	566,046 1.7
Prelim 2011	1,242,706	732,273	510,433 1.7
Projected 2012	1,432,820	823,264	609,556 1.7
Projected 2013	1,415,759	1,156,842	258,917 1.2
Projected 2014	1,364,371	1,212,747	151,624 1.1
Projected 2015	1,340,269	1,236,942	103,327 1.1
Projected 2016	1,285,331	1,206,420	78,911 1.1
Projected 2017	1,226,382	1,166,708	59,674 1.1

Reviewer: Kasi White  
 Date: February 2, 2012  
 Loan Number: A12-07

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 WASTEWATER REVOLVING LOAN FUND (FUND "A")  
 CITY OF HARRODSBURG, MERCER COUNTY  
 PROJECT REVIEW  
 SX21167018**

**I. PROJECT DESCRIPTION**

The City of Harrodsburg is requesting \$706,000 in Clean Water SRF funds for the Western Regional Pump Station Upgrade and New Wausau Force Main and Pump Station Upgrade. This project involves upgrades to the Western Regional Pump Station including two new pumps, new valves and piping, new control panel and electrical components and the installation of site fencing. Additionally, approximately 1,600 LF of new force main from the expanded Wausau Paper Company's process water station will be installed, replacement of pumps and upgrades to the City's sanitary pump station. Flows from the County Sanitation District have caused the Western Regional pump station to operate at capacity. Wet weather flows are greater than expected and an additional pump needs to be added to accommodate these flows to prevent possible overflows. The paper plant is also expanding and requires updated infrastructure to handle the increased sewage flows and the process waste water. The new force main will discharge process water directly to the wastewater treatment plant resulting in improved conditions and increased capacity in the collection system.

**II. PROJECT BUDGET**

	<u>Total</u>
Legal Expenses	11,000
Land, Easements	25,000
Engineering Fees	202,000
Construction	836,000
Contingency	83,000
<b>Total</b>	<b>\$ 1,157,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 706,000	61%
Local Funds	451,000	39%
<b>Total</b>	<b>\$ 1,157,000</b>	<b>100%</b>



**IV. KIA DEBT SERVICE**

Construction Loan	\$ 706,000
Less: Principal Forgiveness (10%)	\$ 70,600
Amortized Loan Amount	<u>\$ 635,400</u>
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 35,132
Administrative Fee (0.20%)	<u>\$ 1,271</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 36,403</b>

**V. PROJECT SCHEDULE**

Bid Opening	February, 2012
Construction Start	March, 2012
Construction Stop	November, 2013

**VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

**A) Customers**

Customers	<u>Current</u>
Residential	2,546
Commercial	222
Industrial	<u>22</u>
Total	2,790

**B) Rates**

The monthly charge for wastewater utility service based on the 20% increase placed into effect October 2011 is:

	<u>Current</u>
First 250 cubic feet (per 100 cf)	10.56
Next 750 cubic feet (per 100 cf)	4.32
Next 3,000 cubic feet (per 100 cf)	4.08
Next 6,000 cubic feet (per 100 cf)	4.08
Next 25,000 cubic feet (per 100 cf)	4.08
Next 25,000 cubic feet (per 100 cf)	3.84
All Over 60,000 cubic feet (per 100 cf)	<u>3.60</u>
Residential Bill for 4,000 gallons	\$22.86
Affordability Index	0.87%

**VII. DEMOGRAPHICS**

In 2010, the City had a population of 8,148 with a Median Household Income (MHI) of \$31,685. The median household income for the Commonwealth is \$41,197. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for a 1% interest rate.

**VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project does not contain any components that qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$70,600.

**IX. FINANCIAL ANALYSIS (See Exhibit 1)**

Financial information was obtained from City's audited financial statements for the years ended June 30, 2008 through 2010. Unaudited amounts for 2011 were provided by the City. The analysis includes combined results for the City's water and sewer operations.

**HISTORICAL**

Water revenues increased 26% from 2008 to 2011 from \$1.5 million to \$1.9 million. A 40% rate increase that was effective April 30, 2010 contributed substantially all of the increase during 2011. Sewer revenues declined 3% during the same time period from approximately \$1.25 million to \$1.21 million. Operating expenses have ranged from \$1.9 million to \$2.2 million with 2011 expenses being about 11% lower than 2008. The decreases are primarily due to reductions in contractual services and maintenance expenses. The debt coverage ratio ranged from a low of 0.6 in 2009 to a high of 1.7 for 2010 and 2011.

The balance sheet reflected a debt to equity ratio of 0.6 for years 2008 through 2010 and 0.8 in 2011. Unrestricted operating cash equals approximately four months of operating expenses. The utility is in compliance with all debt covenants associated with the maintenance of restricted funds.

**PROJECTIONS**

Projections are based on the following assumptions:

- a) Water revenues will increase 5% in 2012 for the carryover effect of the prior rate increase and will be relatively flat for volume.
- b) Sewer revenues will increase 17% in 2012 and 3% in 2013 (rate increase) and will be relatively flat for volume.
- c) Operating expenses will increase by 5% per year.
- d) Repayment terms of the RD loan for the waste water treatment plant will be 40 years with a 3.25% interest rate and a loan balance not to exceed \$744 thousand. The estimated annual debt service is \$33,370 and annual depreciation reserve funding of \$3,540 will be required for a period of ten years.
- e) An annual replacement reserve of \$1,800 will be required.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan. The debt coverage ratio will be approximately 1.1 in 2015 which is anticipated to be the first full year of P&I repayment.

**REPLACEMENT RESERVE**

The annual replacement cost is \$1,800. This amount should be added to the replacement account each December 1 until the balance reaches \$18,000 and maintained for the life of the loan.

**X. DEBT OBLIGATIONS**

	<b>Outstanding</b>	<b>Maturity</b>
2008 Capital Lease	1,521,907	2023
KIA (A02-06)	2,149,972	2023
Note Payable	223,653	2016
2004 Bonds	1,464,000	2021
2006 Bonds	1,055,000	2044
2006 Bonds	2,358,000	2045
RD (i/a/o \$7.7M for WTP)	2,163,689	TBD
RD (i/a/o \$0.7M for WWTP)	0	TBD
<b>Total</b>	<b>10,936,221</b>	

**XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS**

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
WWTP Improvements	EPA STAG	1,300,000	Grant
WTP Upgrade	CDBG	1,000,000	Grant
WTP Upgrade	RD	4,300,000	Grant
WWTP Improvements	RD	288,000	Grant

**XII. CONTACTS**

**Applicant**  
 Name City of Harrodsburg  
 Address 208 South Main Street  
 Harrodsburg, KY 40330  
 County Mercer  
 Contact Eddie Long  
 Phone (859) 734-2383  
 Email 2longbranch@roadrunner.com

**Applicant Contact**

Name GRW Engineers, Inc.  
Address 801 Corporate Drive  
Lexington, KY 40503  
Contact Laura Gilkerson  
Phone (859) 223-3999  
Email lgilkerson@grwinc.com

**Engineer**

Name Ryan Carr  
Firm GRW Engineers, Inc.  
Address 801 Corporate Drive  
Lexington, KY 40503  
Phone (859) 223-3999  
Email rcarr@grwinc.com

**XIII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions and the following special condition:

The city shall provide a copy of the commitment of \$451,000 in Private Industry Contributions towards the project prior disbursement of any construction funds. If this commitment is not made available, the city may provide a commitment of alternative funds in lieu of the Private Industry.

CITY OF HARRODSBURG  
BALANCE SHEETS (JUNE YEAR END)

	Audited 2008	Audited 2009	Audited 2010	Preliminary 2011	Upon Completion 2014
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	719,660	152,061	87,577	629,098	884,100
Certificates of Deposit	375,677	185,861	363,122	367,865	400,000
Accounts Receivable	357,709	299,522	323,698	340,743	384,600
Grants Receivable	224,424	74,354	77,993	0	0
Prepaid	156,063	160,519	180,745	138,803	145,000
Due from Other Funds	0	0	12,918	0	0
<b>Total Current Assets</b>	<b>1,833,533</b>	<b>872,317</b>	<b>1,046,053</b>	<b>1,476,309</b>	<b>1,813,700</b>
<b>Restricted Assets</b>					
Bond Sinking Fund	421,264	313,779	314,512	314,150	325,000
Depreciation Fund	45,856	67,132	89,169	110,045	150,000
Repairs and Maintenance Fund	321,346	399,158	479,971	586,864	794,764
<b>Total Restricted Assets</b>	<b>788,466</b>	<b>780,069</b>	<b>883,652</b>	<b>1,011,059</b>	<b>1,269,764</b>
<b>Utility Plant</b>					
Land, System, Building and Equipment	44,669,776	45,526,743	45,571,633	45,471,927	62,917,427
Construction in Progress	0	0	0	2,320,779	0
<b>Total</b>	<b>44,669,776</b>	<b>45,526,743</b>	<b>45,571,633</b>	<b>47,792,706</b>	<b>62,917,427</b>
<b>Less Accumulated Depreciation ( )</b>	<b>(19,208,964)</b>	<b>(20,574,240)</b>	<b>(21,780,879)</b>	<b>(22,894,629)</b>	<b>(28,033,169)</b>
<b>Net Fixed Assets</b>	<b>25,460,812</b>	<b>24,952,503</b>	<b>23,790,754</b>	<b>24,898,077</b>	<b>34,884,258</b>
<b>Other Assets</b>					
Bond Issue Costs	80,689	74,911	69,133	75,378	81,623
<b>Total Other Assets</b>	<b>80,689</b>	<b>74,911</b>	<b>69,133</b>	<b>75,378</b>	<b>81,623</b>
<b>Total Assets</b>	<b>28,163,500</b>	<b>26,679,800</b>	<b>25,789,592</b>	<b>27,460,823</b>	<b>38,049,345</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable and Accrued Liabilities	100,500	90,392	109,753	75,657	100,000
Accounts Payable - Construction	213,411	163,525	5,200	396,845	0
Payroll Liabilities	37,361	37,666	34,104	37,908	42,500
Due to Other Funds	10,663	167,712	0	19,138	0
Customer Deposits	223,301	231,126	242,541	245,948	250,000
Leases and Loans Payable	109,427	118,471	511,855	2,340,729	108,396
<b>Total Current Liabilities</b>	<b>694,663</b>	<b>808,892</b>	<b>903,453</b>	<b>3,116,225</b>	<b>500,896</b>
<b>Liabilities Payable - Restricted Assets</b>					
Accrued Interest Payable	47,259	45,004	42,945	58,160	50,000
Loan Payable	157,523	159,100	160,695	162,306	167,236
Bonds Payable	173,500	177,500	183,000	187,500	937,115
<b>Total Liabilities Payable - Restricted Assets</b>	<b>378,282</b>	<b>381,604</b>	<b>386,640</b>	<b>407,966</b>	<b>1,154,351</b>
<b>Long Term Liabilities</b>					
Bonds, Leases, and Loans Payable	9,695,495	9,240,439	8,769,047	8,425,686	4,051,453
Proposed KIA Loan A11-21	0	0	0	0	376,650
Proposed KIA Loan F11-17	0	0	0	0	284,700
Proposed KIA Loan A12-07	0	0	0	0	635,400
RD Loan (WT Plant Upgrade)	0	0	0	0	7,700,000
RD Loan (WWTP Plant Upgrade)	0	0	0	0	744,000
<b>Total Long Term Liabilities</b>	<b>9,695,495</b>	<b>9,240,439</b>	<b>8,769,047</b>	<b>8,425,686</b>	<b>13,792,203</b>
<b>Total Liabilities</b>	<b>10,768,440</b>	<b>10,430,935</b>	<b>10,059,140</b>	<b>11,769,877</b>	<b>15,447,450</b>
<b>Retained Earnings:</b>					
Invested in Capital Assets Net of Related Debt	15,324,867	15,256,593	14,166,157	13,961,856	19,879,308
Restricted	788,466	780,069	883,652	1,011,059	1,269,764
Unrestricted	1,281,727	211,803	680,643	718,031	1,452,823
<b>Total Retained Earnings</b>	<b>17,395,060</b>	<b>16,248,665</b>	<b>15,730,452</b>	<b>15,690,946</b>	<b>22,601,895</b>
<b>Total Liabilities and Equities</b>	<b>28,163,500</b>	<b>26,679,800</b>	<b>25,789,592</b>	<b>27,460,823</b>	<b>38,049,345</b>
<b>Balance Sheet Analysis</b>					
Current Ratio	2.6	1.1	1.2	0.5	1.9
Debt to Equity	0.6	0.6	0.6	0.8	0.7
Working Capital	1,138,870	63,425	142,600	(1,639,916)	1,312,804
Percent of Total Assets in Working Capital	4.0%	0.2%	0.6%	-6.0%	3.5%
Days Sales in Accounts Receivable	46.0	41.1	41.4	39.2	39.2

EXHIBIT 1													
CITY OF HARRODSBURG													
CASH FLOW ANALYSIS (JUNE YEAR END)													
	Audited	%	Audited	%	Audited	%	Prelim	Projected	Projected	Projected	Projected	Projected	Projected
	2008	Change	2009	Change	2010	Change	2011	2012	2013	2014	2015	2016	2017
<b>Operating Revenues</b>													
Water Revenues	1,482,849	-3%	1,434,448	3%	1,484,586	26%	1,863,865	1,957,058	1,984,457	2,012,239	2,040,410	2,068,976	2,097,942
Sewer Revenues	1,251,294	-9%	1,135,364	11%	1,263,346	-4%	1,212,516	1,414,602	1,461,755	1,482,220	1,502,971	1,524,013	1,545,349
Other	101,883	-9%	93,173	11%	103,792	-4%	99,130	90,000	90,000	90,000	90,000	90,000	90,000
<b>Total Revenues</b>	<b>2,836,026</b>	<b>-6%</b>	<b>2,662,985</b>	<b>7%</b>	<b>2,851,724</b>	<b>11%</b>	<b>3,175,511</b>	<b>3,461,660</b>	<b>3,536,212</b>	<b>3,584,459</b>	<b>3,633,381</b>	<b>3,682,989</b>	<b>3,733,291</b>
<b>Operating Expenses</b>													
Water Expenses	1,270,581	10%	1,391,892	-15%	1,177,955	8%	1,273,415	1,337,086	1,397,255	1,460,131	1,525,837	1,594,500	1,666,253
Sewer Expenses	902,829	-7%	841,600	-12%	736,528	-10%	665,480	698,754	730,198	763,057	797,395	833,278	870,776
Depreciation, Amort, Bad Debt	1,283,433	7%	1,371,348	0%	1,376,101	1%	1,384,842	1,454,084	1,779,084	1,905,372	1,943,479	1,982,349	2,021,996
Replacement Reserve	68,000		68,000		68,000		68,000	68,000	68,000	71,900	44,880	44,880	44,880
<b>Total Expenses</b>	<b>3,524,843</b>	<b>4%</b>	<b>3,672,840</b>	<b>-9%</b>	<b>3,358,584</b>	<b>1%</b>	<b>3,391,737</b>	<b>3,557,924</b>	<b>3,974,537</b>	<b>4,200,460</b>	<b>4,311,591</b>	<b>4,455,007</b>	<b>4,603,905</b>
<b>Net Operating Income</b>	<b>(688,817)</b>	<b>47%</b>	<b>(1,009,855)</b>	<b>-50%</b>	<b>(506,860)</b>	<b>-57%</b>	<b>(216,226)</b>	<b>(96,264)</b>	<b>(438,325)</b>	<b>(616,001)</b>	<b>(678,210)</b>	<b>(772,018)</b>	<b>(870,614)</b>
<b>Non-Operating Income and Expenses</b>													
Interest Income	66,074	-56%	28,844	-18%	23,656	-46%	12,876	15,000	15,000	15,000	15,000	15,000	15,000
Other	83,279		78,700		451,183		61,214	60,000	60,000	60,000	60,000	60,000	60,000
<b>Total Non-Operating Income &amp; Expenses</b>	<b>149,353</b>	<b>-28%</b>	<b>107,544</b>	<b>342%</b>	<b>474,839</b>	<b>-84%</b>	<b>74,090</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>
<b>Add Non-Cash Expenses</b>													
Depreciation, Amort, Bad Debt	1,283,433	7%	1,371,348	0%	1,376,101	1%	1,384,842	1,454,084	1,779,084	1,905,372	1,943,479	1,982,349	2,021,996
<b>Cash Available for Debt Service</b>	<b>743,969</b>	<b>-37%</b>	<b>469,037</b>	<b>187%</b>	<b>1,344,080</b>	<b>-8%</b>	<b>1,242,706</b>	<b>1,432,820</b>	<b>1,415,769</b>	<b>1,364,371</b>	<b>1,340,269</b>	<b>1,285,331</b>	<b>1,226,382</b>
<b>Debt Service (enter as positive #)</b>													
Existing Principal	366,967		440,435		455,071		467,907	526,856	612,164	627,845	646,911	626,850	605,789
Existing Interest	328,394		329,386		322,963		264,366	293,583	528,698	510,535	491,416	471,766	452,115
KIA Loan A11-21 (approved 12-08-11)								2,825	14,556	21,579	21,579	21,579	21,579
KIA Loan F11-17 (approved 12-08-11)									1,424	16,453	16,453	16,453	16,453
Proposed KIA Loan										18,201	36,403	36,403	36,403
RD Loan (\$744M)										18,135	24,180	33,370	33,370
<b>Total Debt Service</b>	<b>695,361</b>		<b>789,821</b>		<b>778,034</b>		<b>732,273</b>	<b>823,264</b>	<b>1,156,842</b>	<b>1,212,747</b>	<b>1,236,942</b>	<b>1,206,420</b>	<b>1,166,708</b>
<b>Income After Debt Service</b>	<b>48,608</b>		<b>(300,784)</b>		<b>566,046</b>		<b>510,433</b>	<b>609,556</b>	<b>258,917</b>	<b>151,624</b>	<b>103,327</b>	<b>78,911</b>	<b>59,674</b>
<b>Debt Coverage Ratio</b>	<b>1.1</b>		<b>0.6</b>		<b>1.7</b>		<b>1.7</b>	<b>1.7</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>

**KENTUCKY INFRASTRUCTURE AUTHORITY**

**ASSISTANCE AGREEMENT**

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A**

**PROJECT NUMBER:** A15-046

**BORROWER:** City of Harrodsburg, Kentucky

**BORROWER'S ADDRESS** 208 South Main Street  
Harrodsburg, Kentucky 40330

**DATE OF ASSISTANCE AGREEMENT:** October 1, 2015

**CFDA NO.:** 66.458

**ASSISTANCE AGREEMENT**

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## **ASSISTANCE AGREEMENT**

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

### **WITNESSETH**

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990 (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 September 1, 1989 (the "Indenture") between the Authority and National City Bank (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

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

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

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

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

## ARTICLE I

### DEFINITIONS

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

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

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

**"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 Water Quality Act of 1987, 33 U.S.C. § 1251 et. seq.

**"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 March 1, 1989 between the Authority and the Trustee.

**"Interagency Agreement"** means the Interagency Agreement dated as of March 1, 1990 between the Authority and the Cabinet.

**"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.

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

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

**"Program"** shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater 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 Treatment Works project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

**"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 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 arises 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 Treatment Works 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.

**"Treatment Works"** shall mean Treatment works as defined in the Act.

## 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 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.

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

## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

**Section 3.1. Determination of Eligibility.** Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Treatment Works 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; 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 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, subject to compliance by the Governmental Agency with the covenants and conditions set forth in Exhibit G hereto, the source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6 (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 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 Cabinet.

(G) Duly authorized representatives of the Cabinet 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, 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 as of the submission of the initial Requisition for Funds.

(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 City Clerk 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, 2015 (the "2015 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) That the Project shall be completed no later than the date set forth in the Project Specifics.

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted Governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

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



(D) That all 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.

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

(F) 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.

(G) 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.

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

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

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

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

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

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

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

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

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

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

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

(P) That it shall enact a sewer use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

**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 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 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 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, 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 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 provide for the operation of the System as required under this Assistance Agreement and to make

required deposits to the Maintenance and Replacement Reserve, 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; 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 for the services of the Project 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 as required under this Assistance Agreement 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 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 System not less than thirty (30) days prior to the sale of said obligations.

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

**Section 5.8. Mandatory Sewer Connection.** 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.

## 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. Audit Requirements.** Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, 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 \$300,000 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 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. System Not to Be Disposed Of.** The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

**Section 6.11. General.** The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, 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 6.12. 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 Sections 603 and 606 of 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:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real properties Acquisition Policies Act of 1970
- (b) 40 CFR 35.3140 (And Appendix A to Subpart K) – NEPA-Like State Environmental Review Process
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7, 8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) Executive Order 11246, as amended, 11625 and 12138
- (h) Title VI of the Civil Rights Act of 1964, as amended
- (i) Age Discrimination Act
- (j) Rehabilitation Act of 1973
- (k) Contract work Hours and Safety Standards Act

(2) State:

- (a) KRS 224
- (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

**Section 6.13. 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 6.13 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. 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.

Section 7.11. 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 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 6.13 hereof shall be those remedies specifically set forth in Section 6.13 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 City Clerk 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.

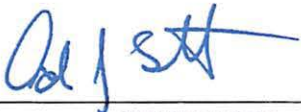
**Section 9.7. Execution in Counterparts.** This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.


**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:


  
\_\_\_\_\_  
SECRETARY  
Title: \_\_\_\_\_

**KENTUCKY INFRASTRUCTURE  
AUTHORITY**  
By:   
\_\_\_\_\_  
EXECUTIVE DIRECTOR  
Title: \_\_\_\_\_


ATTEST:

  
\_\_\_\_\_  
Title: City Clerk



**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG,  
KENTUCKY**

By:   
\_\_\_\_\_  
Title: Mayor

APPROVED:

  
\_\_\_\_\_  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:

  
  
\_\_\_\_\_  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

  
\_\_\_\_\_  
APPROVED  
FINANCE AND ADMINISTRATION CABINET



**EXHIBIT A**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**A15-046**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main Street  
 Harrodsburg, KY 40330

Contact  
 Person: Eddie Long  
 Mayor

**SYSTEM:** Wastewater

**PROJECT:**

This project will rehabilitate 2,170 linear feet of sewer lines within the Blue Ridge, Cardwell, Green Acres and Brentwood neighborhoods. Rehabilitation efforts include cleaning existing piping, video inspection, manhole and line repairs and pipe lining if necessary. The project will remove existing debris, points of inflow and infiltration, and improve the hydraulics of the system.

**PROJECT BUDGET:**

	<u>Total</u>
Engineering Fees - Design / Const	95,000
Engineering Fees - Inspection	62,000
Engineering Fees - Other	15,000
Construction	1,135,000
Contingency	113,000
<b>Total</b>	<b>\$ 1,420,000</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 1,420,000	100%
<b>Total</b>	<b>\$ 1,420,000</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 1,420,000
Less: Principal Forgiveness (0%)	0
Amortized Loan Amount	<u>\$ 1,420,000</u>
Interest Rate	0.75%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 76,591
Administrative Fee (0.20%)	2,840
<b>Total Estimated Annual Debt Service</b>	<b>\$ 79,431</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/15).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/01/16).

**REPLACEMENT RESERVE ACCOUNT:**                     \$        3,600 ANNUAL AMOUNT  
   \$       36,000 TOTAL AMOUNT

The annual replacement cost is \$3,600. This amount should be added to the replacement account each December 1 until the balance reaches \$36,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:**   0.20%

**DEFAULT RATE:**   8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
2008 Capital Lease	\$ 1,288,212	2023
KIA (A02-06)	1,823,734	2023
Note Payable	121,940	2016
2004 Bonds	0	2021
2006 Bonds	1,024,000	2044
2006 Bonds	2,291,500	2045
2012 Bonds	7,700,000	2051
2013 Bonds	1,165,000	2021
KIA (A12-07, i/a/o \$706,000)	315,000	2033
KIA (F11-17, i/a/o \$438,000)	284,700	2033
KIA (A11-21, i/a/o \$418,500)	294,604	2033
KIA (F13-002, i/a/o \$2,433,080)	0	2035
<b>Total</b>	<b>\$ 16,308,690</b>	

**LIABILITY INSURANCE COVERAGE:**

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

*See attached*  


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*See attached*  


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*See attached*

City Of Harrodsburg

KLCIS-LD0715

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES  
 (KLCIS)  
 LIABILITY COVERAGE DECLARATIONS**

Name of Insured: City Of Harrodsburg

Policy Number: L5224-2015-13324

Address: 208 South Main Street  
 Harrodsburg, Kentucky 40330

Agent of Record: Whitenack & Souder Ins., Inc.

Coverage Period: from 7/1/2015 at 12:01a.m. Standard (or Daylight) time to 7/1/2016 at 12:01 a.m.  
 Standard (or Daylight) time at the mailing address shown above. For purposes of the prior acts coverage endorsement, this policy shall be deemed renewed annually one year from the initial coverage date.

Subject to all terms of this policy, KLCIS agrees to provide you with coverages shown below for which a premium is shown and you pay to us.

COVERAGE	LIMIT Per Occurrence	DEDUCTIBLE Per Occurrence	PREMIUM 7/1/2015-7/1/2016 Installment
Commercial General Liability	\$5,000,000	\$0.00	\$84,192.67
Garage Keepers Liability	No Coverage	No Coverage	No Coverage
Public Officials Liability	\$5,000,000	\$10,000	\$61,755.41
Law Enforcement Liability	\$5,000,000	\$0	\$67,780.98
Sewer Backup Liability	\$100,000	\$2,500	\$10,192.48
Business Auto Liability	\$2,000,000	\$0	\$43,297.92
Auto Physical Damage	Actual Cash Value	See Vehicle Schedule	\$4,980.65
<b>TOTAL PREMIUM</b>			<b>\$272,200.11</b>

\*In the event of an "Occurrence" or "Accident" which invokes more than one type of coverage under the same or different policies issued by KLCIS, then the liability of KLCIS shall not exceed the highest applicable limit under any one coverage.

City Of Harrodsburg

KLC-LD0715

Your policy may contain premium adjustments for the following:	
Accredited Law Enforcement Agency	0%
Alternative Dispute Resolution, Public Officials Only	0%
Loss Control Scorecard, GL, PO and Auto	0%
Loss Control Scorecard, LE	0%

PRIOR ACTS COVERAGE	
If a date or dates appear below, you are being provided with coverage for accidents or occurrences or wrongful acts, which pre-date your current coverage period. Coverage provided by the Prior Acts endorsement may have been part of an earlier policy issued to you by KLCIS. If so, no dates will appear below and no additional Prior Acts coverage is afforded by this policy.	
General Liability	
Public Officials Liability	
Employee Benefits Liability	
Law Enforcement Liability	

Basic Coverage Forms: KLCIS-GL'2015, KLCIS-P0'2015, KLCIS-LE'2015, KLCIS-BA'2013

Endorsements: KLCIS-ADDINS'15, KLCIS-JADDINS'15, KLCIS-MPAE'15, KLCIS-DED'06, KLCIS-RADDINS'15, KLCIS-SB'2004, KLCIS-Cyber'2015

**COVERAGE SUBLIMITS**

For each of the coverages for which you paid a premium the following sublimits apply:

**GENERAL LIABILITY**

Fire Damage Limit	\$100,000	Per Fire
Medical Expense Limit	\$5,000	Per Person
Employee Benefits Liability	\$5,000,000	Per Occurrence
Hazardous Response Team	\$5,000,000	Per Occurrence

**AUTOMOBILE LIABILITY**

Personal Injury Protection	\$10,000	Per Person
Uninsured Motorists	\$100,000	Per Accident
Underinsured Motorists	\$100,000	Per Accident
"Comprehensive," Collision Damage	(see vehicle schedule)	

City Of Harrodsburg

KLC-LD0715  
 2015-2016

**BUSINESS AUTOMOBILE POLICY DECLARATIONS**

**SCHEDULE OF COVERAGES AND COVERED AUTOMOBILES**

Each of the coverages will apply only to those AUTOMOBILES shown as covered AUTOMOBILES. AUTOMOBILES are shown as covered AUTOMOBILES for a particular coverage by the entry of one or more symbols as described in the coverage document.

COVERAGES	COVERED AUTOS	LIMIT (The most we will pay for any one accident or loss.)	
Liability Coverage	1, 8, 9	\$2,000,000	
Personal Injury Protection	5	\$10,000	
Uninsured Motorist/ Underinsured Motorist Coverage	2	\$100,000	
<b>PHYSICAL DAMAGE</b>			
		LIMIT	DEDUCTIBLE
Comprehensive Coverage	7, 8	Actual Cash Value or Cost of Repair, whichever is less, minus deductible amount	See Vehicle Schedule
Collision	7, 8		See Vehicle Schedule

City Of Harrodsburg

KLC-LD0715  
2015-2016

**NOTE:** Wherever the word "policy" appears in the attached forms or endorsements, it will be construed to mean the same as "declarations"; wherever the word "company" appears, it will be construed to mean the same as "KLCIS" . Each of the coverages listed on page one of these declarations is separate and apply to these coverages only.

This coverage has been placed with a liability self-insurance group which is known as the Kentucky League of Cities Insurance Services ("KLCIS"). KLCIS has received a certificate of filing from the Commonwealth of Kentucky and has provided continuous coverage to its members since July 1, 1987.

Claims against group members are not covered by the Kentucky Insurance Guaranty Association.

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES**

by



5/13/2015

\_\_\_\_\_  
(Authorized Agent)

\_\_\_\_\_  
Date

**KENTUCKY LEAGUE OF CITIES INSURANCE AGENCY, INC.**

by



5/13/2015

\_\_\_\_\_  
(Authorized Agent)

\_\_\_\_\_  
Date

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

Borrower: \_\_\_\_\_

WX/SX Number: \_\_\_\_\_  
 Draw Number \_\_\_\_\_

KIA Loan # \_\_\_\_\_  
 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**

<b>Line Item</b>	<b>Cost</b>	<b>Expenses This Request</b>	<b>Expenses to Date</b>	<b>Project Budget</b>	<b>Balance</b>
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				
	<b>TOTAL</b>				

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**

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

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)

<b>Line Item</b>	<b>Draw #</b>	<b>Vender</b>	<b>Amount</b>
------------------	---------------	---------------	---------------



## **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**

**ORDINANCE NUMBER 2012-09**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, SECTION 51, GENERAL WATER AND SEWER PROVISIONS, SECTION 51.03 B, WATER RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the General Water and Sewer Provisions, Section 51.03, which were last comprehensively updated by Ordinance 2010-04 and;

**WHEREAS**, the City of Harrodsburg is expanding the Water Treatment Plant and has closed on a loan provided by Rural Development and additional revenues are needed in order to meet the minimum qualifications on the letter on conditions to pay the debt service on the loans;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(B) Specifically,

(1) Minimum water rate. The minimum water bill shall be ~~\$8.78~~ **\$9.87** per month, and each water customer shall be entitled to 250 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<del>\$8.78 minimum charge</del>
Next 750	<del>\$3.33 per 100 cubic feet</del>
Next 3,000	<del>\$2.90 per 100 cubic feet</del>
Next 6,000	<del>\$2.46 per 100 cubic feet</del>
Next 25,000	<del>\$2.10 per 100 cubic feet</del>
Next 25,000	<del>\$1.75 per 100 cubic feet</del>
Next 60,000	<del>\$1.40 per 100 cubic feet</del>

Number of Cubic Feet of water per month	Minimum Monthly Charge
<b>First 250</b>	<b>\$9.87 minimum charge</b>
<b>Next 750</b>	<b>\$3.75 per 100 cubic feet</b>
<b>Next 3,000</b>	<b>\$3.26 per 100 cubic feet</b>
<b>Next 6,000</b>	<b>\$2.77 per 100 cubic feet</b>
<b>Next 25,000</b>	<b>\$2.36 per 100 cubic feet</b>
<b>Next 25,000</b>	<b>\$1.97 per 100 cubic feet</b>
<b>All over 60,000</b>	<b>\$1.58 per 100 cubic feet</b>

(2) Meter rates for water usage in addition to minimum charge. Subject to the minimum monthly water rate specified above, the following metered charges shall be made for each 100 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<del>\$8.78 minimum charge</del>
Next 750	<del>\$3.33 per 100 cubic feet</del>
Next 3,000	<del>\$2.90 per 100 cubic feet</del>
Next 6,000	<del>\$2.46 per 100 cubic feet</del>
Next 25,000	<del>\$2.10 per 100 cubic feet</del>
Next 25,000	<del>\$1.75 per 100 cubic feet</del>
Next 60,000	<del>\$1.40 per 100 cubic feet</del>

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<b>\$9.87 minimum charge</b>
Next 750	<b>\$3.75 per 100 cubic feet</b>
Next 3,000	<b>\$3.26 per 100 cubic feet</b>
Next 6,000	<b>\$2.77 per 100 cubic feet</b>
Next 25,000	<b>\$2.36 per 100 cubic feet</b>
Next 25,000	<b>\$1.97 per 100 cubic feet</b>
All over 60,000	<b>\$1.58 per 100 cubic feet</b>

This ordinance shall be effective on June 14, 2012 upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading May 29, 2012

Passed 2<sup>nd</sup> Reading June 11, 2012

Published

---

Eddie Long, Mayor  
 City of Harrodsburg

---

Kim Stinnett, City Clerk/Treasurer/Budget Director

**EXHIBIT D**

**RESOLUTION**

**A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$1,420,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.**

**WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky, ("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 Wastewater 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, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:**

**SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of October 1, 2015 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 the Mayor and City Clerk 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 \_\_\_\_\_.**

\_\_\_\_\_  
Mayor

**Attest:**

\_\_\_\_\_  
Title: City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said Agency at a meeting duly held on \_\_\_\_\_, 2015; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; 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 \_\_\_\_\_, 2015.

\_\_\_\_\_  
City Clerk

**EXHIBIT E**

**OPINION OF COUNSEL**

**[Letterhead of Counsel to Governmental Agency]**

**[Date]**

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

**RE: Assistance Agreement by and between Kentucky Infrastructure Authority and  
City of Harrodsburg, Kentucky, dated as of October 1, 2015**

**Ladies and Gentlemen:**

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the City of Harrodsburg, Kentucky (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 wastewater treatment works 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 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 municipal corporation and political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

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

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

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

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

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

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

7) None of the proceedings or authority heretofore 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 acquisition and construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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 CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

**CITY OF HARRODSBURG, KENTUCKY  
Governmental Agency**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT G**

**ADDITIONAL COVENANTS AND AGREEMENTS**

**NONE**

9951824v1

**DOUGLAS L. GREENBURG, P.S.C.**  
**ATTORNEY AT LAW**

319 S. Main Street  
Harrodsburg, KY 40330

Phone (859) 733-7600  
October 26, 2015

Fax No. (859) 734-6321

e-mail : greenburg@roadrunner.com

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

**IN RE: Assistance Agreement by and between Kentucky Infrastructure Authority and  
City of Harrodsburg, Kentucky, dated October 1, 2015**

**Dear 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 City of Harrodsburg, Kentucky (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 wastewater treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority (the "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 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.

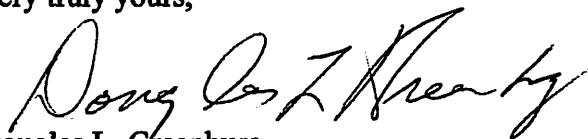
Based upon my review, I am of the opinion that:

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

Page 2

- 4) The Service Charges, as defined by 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 Services Charges.
- 6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or 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 acquisition and construction of the Project.
- 9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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,



Douglas L. Greenburg  
HARRODSBURG CITY ATTORNEY

**Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and City of Harrodsburg, Kentucky (the "Governmental Agency"), dated as of October 1, 2015**

**GENERAL CLOSING CERTIFICATE OF GOVERNMENTAL AGENCY**

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

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

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

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

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

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

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

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

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

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

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

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

WITNESS our signatures, this 26 day of October, 2015.

**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG, KENTUCKY**

By: Eddie Long  
Name: Eddie Long  
Title: Mayor

**ATTEST:**

By: Kim Stinnett  
Name: Kim Stinnett  
Title: City Clerk

## RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$1,420,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Commission (“Governing Authority”) of the City of Harrodsburg, Kentucky, (“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 Wastewater 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, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of June 1, 2015 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 the Mayor and City Clerk 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 10/26/15.

  
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said Agency at a meeting duly held on 10/26/15; 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 26 day of October,  
2015.

  
\_\_\_\_\_  
City Clerk



**KENTUCKY INFRASTRUCTURE AUTHORITY**

**ASSISTANCE AGREEMENT**

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A**

**PROJECT NUMBER:** A15-074

**BORROWER:** City of Harrodsburg, Kentucky

**BORROWER'S ADDRESS** 208 South Main Street  
Harrodsburg, Kentucky 40330

**DATE OF ASSISTANCE AGREEMENT:** November 1, 2015

**CFDA NO.:** 66.458

**ASSISTANCE AGREEMENT**

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## **ASSISTANCE AGREEMENT**

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

### **WITNESSETH**

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990 (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 September 1, 1989 (the "Indenture") between the Authority and National City Bank (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

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

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

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

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

## ARTICLE I

### DEFINITIONS

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

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

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

**"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 Water Quality Act of 1987, 33 U.S.C. § 1251 et. seq.

**"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 March 1, 1989 between the Authority and the Trustee.

**"Interagency Agreement"** means the Interagency Agreement dated as of March 1, 1990 between the Authority and the Cabinet.

**"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.

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

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

**"Program"** shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater 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 Treatment Works project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.



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

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

**"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 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 arises 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 Treatment Works 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.

**"Treatment Works"** shall mean Treatment works as defined in the Act.

## 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 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.

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

## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

**Section 3.1. Determination of Eligibility.** Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Treatment Works 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; 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 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, subject to compliance by the Governmental Agency with the covenants and conditions set forth in Exhibit G hereto, the source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6 (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 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 Cabinet.

(G) Duly authorized representatives of the Cabinet 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, 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 as of the submission of the initial Requisition for Funds.

(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 City Clerk 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, 2015 (the "2015 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) That the Project shall be completed no later than the date set forth in the Project Specifics.

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted Governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

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

(D) That all 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.

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

(F) 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.

(G) 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.

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

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

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

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

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

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

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

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

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

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

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

(P) That it shall enact a sewer use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

**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 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 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 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, 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 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 provide for the operation of the System as required under this Assistance Agreement and to make

required deposits to the Maintenance and Replacement Reserve, 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; Inspection. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribe, charge and collect the Service Charges set forth in Exhibit C hereto for the services of the Project 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 as required under this Assistance Agreement 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 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 System not less than thirty (30) days prior to the sale of said obligations.

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

Section 5.8. Mandatory Sewer Connection. 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.

## 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. Audit Requirements.** Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, 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 \$300,000 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 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. System Not to Be Disposed Of.** The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

**Section 6.11. General.** The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, 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 6.12. 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 Sections 603 and 606 of 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:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real properties Acquisition Policies Act of 1970
- (b) 40 CFR 35.3140 (And Appendix A to Subpart K) – NEPA-Like State Environmental Review Process
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7, 8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) Executive Order 11246, as amended, 11625 and 12138
- (h) Title VI of the Civil Rights Act of 1964, as amended
- (i) Age Discrimination Act
- (j) Rehabilitation Act of 1973
- (k) Contract work Hours and Safety Standards Act

(2) State:

- (a) KRS 224
- (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

**Section 6.13. 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 6.13 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. 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.

**Section 7.11. 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 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 6.13 hereof shall be those remedies specifically set forth in Section 6.13 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 City Clerk 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.

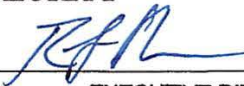
Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

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:

  
\_\_\_\_\_  
Title: SECRETARY

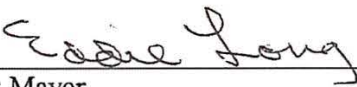
KENTUCKY INFRASTRUCTURE  
AUTHORITY

By:   
\_\_\_\_\_  
Title: EXECUTIVE DIRECTOR

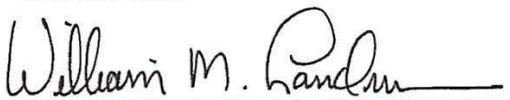
ATTEST:


  
\_\_\_\_\_  
Title: City Clerk

GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG,  
KENTUCKY

By:   
\_\_\_\_\_  
Title: Mayor

APPROVED:

  
\_\_\_\_\_  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:  
  
a division of Dunmore & Shobe  
\_\_\_\_\_  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

  
\_\_\_\_\_  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

**EXHIBIT A**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**A15-074**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main Street  
 Harrodsburg, KY 40330

Contact  
 Person: Eddie Long  
 Mayor

**SYSTEM:** Wastewater

**PROJECT:**

This project will upgrade and expand the existing Harrodsburg Wastewater Treatment plant. Treatment capacity will increase from 2.6 million gallons (MGD) per day to 3.5 MGD and will include oxidation ditch treatment services while replacing the current outdated treatment process. The project will allow extended services to future city and county residential and industrial customers.

**PROJECT BUDGET:**

	<u>Total</u>
Legal Expenses	50,000
Planning	75,000
Engineering Fees - Design / Const	1,216,000
Engineering Fees - Inspection	778,000
Engineering Fees - Other	230,000
Construction	17,070,000
Contingency	1,707,000
Other	274,000
<b>Total</b>	<b>\$ 21,400,000</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 10,000,000	47%
RD Loan / Grant	11,400,000	53%
<b>Total</b>	<b>\$ 21,400,000</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 10,000,000
Less: Principal Forgiveness (0%)	<u>0</u>
Amortized Loan Amount	\$ 10,000,000
Interest Rate	0.75%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 539,372
Administrative Fee (0.20%)	<u>20,000</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 559,372</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/16).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/01/18).

<b>REPLACEMENT RESERVE ACCOUNT:</b>	<b>\$ 25,000 ANNUAL AMOUNT</b>
	<b>\$ 250,000 TOTAL AMOUNT</b>

The annual replacement cost is \$25,000. This amount should be added to the replacement account each December 1 until the balance reaches \$250,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.20%

**DEFAULT RATE:** 8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
Sun Trust Lease (Water Meters)	\$ 1,176,656	2023
KIA (A02-06)	1,658,158	2023
KIA (A12-07)	315,000	2033
KIA (F11-17)	329,075	2033
KIA (A11-21)	368,121	2033
Whitaker Bank (Construction Loan)	1,420,254	2051
Whitaker Bank Refinance Loan	68,751	2016
2013 KY Rural Water Bonds	1,010,000	2021
2006 RD Bonds	1,008,000	2044
2006 RD Bonds	2,256,000	2045
2012 RD Bonds	7,700,000	2,051
KIA (F13-002, i/a/o \$2.7 M)	0	TBD
KIA (A15-046, i/a/o \$1.42 M)	0	TBD
KIA (A15-075, i/a/o \$810,000)	0	TBD
KIA (F15-031, i/a/o \$326,600)	<u>0</u>	<u>TBD</u>

**Total**

**\$ 17,310,015**

**LIABILITY INSURANCE COVERAGE:**

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

See attached  
See attached  
See attached

City Of Harrodsburg

KLCIS-LD0715

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES  
 (KLCIS)**

**LIABILITY COVERAGE DECLARATIONS**

Name of Insured: City Of Harrodsburg

Policy Number: L5224-2015-13324

Address: 208 South Main Street  
 Harrodsburg, Kentucky 40330

Agent of Record: Whitenack & Souder Ins., Inc.

Coverage Period: from 7/1/2015 at 12:01a.m. Standard (or Daylight) time to 7/1/2016 at 12:01 a.m. Standard (or Daylight) time at the mailing address shown above. For purposes of the prior acts coverage endorsement, this policy shall be deemed renewed annually one year from the initial coverage date.

Subject to all terms of this policy, KLCIS agrees to provide you with coverages shown below for which a premium is shown and you pay to us.

COVERAGE	LIMIT Per Occurrence	DEDUCTIBLE Per Occurrence	PREMIUM 7/1/2015-7/1/2016 Installment
Commercial General Liability	\$5,000,000	\$0.00	\$84,192.67
Garage Keepers Liability	No Coverage	No Coverage	No Coverage
Public Officials Liability	\$5,000,000	\$10,000	\$61,755.41
Law Enforcement Liability	\$5,000,000	\$0	\$67,780.98
Sewer Backup Liability	\$100,000	\$2,500	\$10,192.48
Business Auto Liability	\$2,000,000	\$0	\$43,297.92
Auto Physical Damage	Actual Cash Value	See Vehicle Schedule	\$4,980.65
<b>TOTAL PREMIUM</b>			<b>\$272,200.11</b>

\*In the event of an "Occurrence" or "Accident" which invokes more than one type of coverage under the same or different policies issued by KLCIS, then the liability of KLCIS shall not exceed the highest applicable limit under any one coverage.

City Of Harrodsburg

KLC-LD0715

Your policy may contain premium adjustments for the following:	
Accredited Law Enforcement Agency	0%
Alternative Dispute Resolution, Public Officials Only	0%
Loss Control Scorecard, GL, PO and Auto	0%
Loss Control Scorecard, LE	0%

PRIOR ACTS COVERAGE	
<p>If a date or dates appear below, you are being provided with coverage for accidents or occurrences or wrongful acts, which pre-date your current coverage period. Coverage provided by the Prior Acts endorsement may have been part of an earlier policy issued to you by KLCIS. If so, no dates will appear below and no additional Prior Acts coverage is afforded by this policy.</p>	
General Liability	
Public Officials Liability	
Employee Benefits Liability	
Law Enforcement Liability	

Basic Coverage Forms: KLCIS-GL'2015, KLCIS-P0'2015, KLCIS-LE'2015, KLCIS-BA'2013

Endorsements: KLCIS-ADDINS'15, KLCIS-JADDINS'15, KLCIS-MPAE'15, KLCIS-DED'06, KLCIS-RADDINS'15, KLCIS-SB'2004, KLCIS-Cyber'2015

**COVERAGE SUBLIMITS**

For each of the coverages for which you paid a premium the following sublimits apply:

**GENERAL LIABILITY**

Fire Damage Limit	\$100,000	Per Fire
Medical Expense Limit	\$5,000	Per Person
Employee Benefits Liability	\$5,000,000	Per Occurrence
Hazardous Response Team	\$5,000,000	Per Occurrence

**AUTOMOBILE LIABILITY**

Personal Injury Protection	\$10,000	Per Person
Uninsured Motorists	\$100,000	Per Accident
Underinsured Motorists	\$100,000	Per Accident
"Comprehensive," Collision Damage	(see vehicle schedule)	

City Of Harrodsburg

KLC-LD0715  
 2015-2016

**BUSINESS AUTOMOBILE POLICY DECLARATIONS**

**SCHEDULE OF COVERAGES AND COVERED AUTOMOBILES**

Each of the coverages will apply only to those AUTOMOBILES shown as covered AUTOMOBILES. AUTOMOBILES are shown as covered AUTOMOBILES for a particular coverage by the entry of one or more symbols as described in the coverage document.

COVERAGES	COVERED AUTOS	LIMIT (The most we will pay for any one accident or loss.)	
Liability Coverage	1, 8, 9	\$2,000,000	
Personal Injury Protection	5	\$10,000	
Uninsured Motorist/ Underinsured Motorist Coverage	2	\$100,000	
<b>PHYSICAL DAMAGE</b>			
		LIMIT	DEDUCTIBLE
Comprehensive Coverage	7, 8	Actual Cash Value or Cost of Repair, whichever is less, minus deductible amount	See Vehicle Schedule
Collision	7, 8		See Vehicle Schedule



City Of Harrodsburg

KLC-LD0715  
2015-2016

**NOTE:** Wherever the word "policy" appears in the attached forms or endorsements, it will be construed to mean the same as "declarations"; wherever the word "company" appears, it will be construed to mean the same as "KLCIS". Each of the coverages listed on page one of these declarations is separate and apply to these coverages only.

**This coverage has been placed with a liability self-insurance group which is known as the Kentucky League of Cities Insurance Services ("KLCIS"). KLCIS has received a certificate of filing from the Commonwealth of Kentucky and has provided continuous coverage to its members since July 1, 1987.**

**Claims against group members are not covered by the Kentucky Insurance Guaranty Association.**

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES**

by



5/13/2015

\_\_\_\_\_  
(Authorized Agent)

\_\_\_\_\_  
Date

**KENTUCKY LEAGUE OF CITIES INSURANCE AGENCY, INC.**

by



5/13/2015

\_\_\_\_\_  
(Authorized Agent)

\_\_\_\_\_  
Date

City Of Harrodsburg

KLCIS-PD15

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES  
 (KLCIS)**

*PROPERTY COVERAGE DECLARATIONS*

Name of Insured: City Of Harrodsburg  
 Policy Number: P5224-2015-13436  
 Mailing Address: 208 South Main Street, Harrodsburg, Kentucky 40330  
 Agent of Record: Whitenack & Souder Ins., Inc.  
 Coverage Period: from 7/1/2015 at 12:01 a.m. Standard (or Daylight) time to 7/1/2016 at 12:01 a.m. Standard (or Daylight) time at the mailing address shown above.

In return for the payment of the contribution, and subject to all the terms of this certificate, KLCIS and the Trust agree with the above to provide the coverage as stated in the Declaration. Refer to the attached Property Coverage Document for details of coverage provided.

All Real & Personal Property per attached Statement of Values.

<u>TYPE OF COVERAGE</u>		<u>LIMIT OF COVERAGE</u>
Building and Personal Property	\$37,766,343	Per Occurrence
Scheduled Equipment	\$1,261,969	Per Occurrence
Fine Arts	No Coverage	Per Occurrence
Valuable Papers	No Coverage	Per Occurrence
Flood	\$5,000,000	Per Occurrence
<b>(ZONES B,C, AND X ONLY)</b>	<b>\$50,000,000</b>	<b>Annual Aggregate for All Participating Members</b>
Earthquake	\$50,000,000	Per Occurrence, subject to the Annual Aggregate
	\$50,000,000	Annual Aggregate for all participating members.
Rental Coverage	\$500,000	Per Occurrence
Terrorism Damage	\$5,000,000	Per Occurrence and Annual Aggregate, for All Participating Members
Extra Expense	\$2,000,000	Per Occurrence
Expediting Expense	\$500,000	Per Occurrence
Transportation	\$500,000	Per Conveyance / Per Occurrence

City Of Harrodsburg

KLCIS-PD15

**Equipment Breakdown Protection Coverage Limits**

Combined Property Damage, Business Income / Extra Expense	\$50,000,000	Per Breakdown
Utility Interruption	\$2,000,000	Per Breakdown
Coverage applies only if the interruption of service lasts at least 24 consecutive hours, see deductible		
Newly Acquired Locations Number of Days Coverage	\$1,000,000	Per Breakdown 30 days
Ordinance or Law	\$100,000	Per Breakdown
Expediting Expenses	\$2,500,000	Per Breakdown
Spoilage	\$25,000	Per Breakdown

**These following limits are part of, not in addition to, the Property Damage Limit Per Breakdown**

Water Damage	\$100,000	Per Breakdown
Hazardous Substances	\$100,000	Per Breakdown
Data and Media	\$25,000	Per Breakdown
Ammonia Contamination	\$25,000	Per Breakdown
Consequential Loss	\$25,000	Per Breakdown

**DEDUCTIBLES**

Per Occurrence on All Perils Other Than Flood, Earthquake unless otherwise stated.	\$1,000.00
Per Occurrence for Earthquake	\$25,000 or 2% of TIV's for each damaged location (whichever is greater)
Per Occurrence for Flood	\$25,000
Per Occurrence for Scheduled Equipment	\$500.00
Per Occurrence for Fine Arts	No Coverage
Per Occurrence for Valuable Papers	No Coverage

**Equipment Breakdown Protection Deductibles**

Damage to Covered Property (excluding electrical transformers), Spoilage, Ammonia, Contamination, Consequential Loss, Newly Acquired Premises	\$1,000 per breakdown
Damage to Electrical Transformers	\$1.50 per KVA of all damaged transformers, or \$1,000, whichever is greater, per breakdown
Business Income/ Extra Expense	24 hours deductible

City Of Harrodsburg

KLCIS-PD15

**BASIC COVERAGE FORMS**

KLCIS-BPP'2010, KLCIS-PCL'2010, KLCIS-PPC'2006,  
KLCIS-EXP'2013, KLCIS-RENT'2004, KLCIS-TRAN'2004,  
KLCIS-EQUAKE'2013, KLCIS-FL'2004, KLCIS-EB'2015,  
KLCIS-IF'2009

**ENDORSEMENTS**

KLCIS-PRANIML'13, KLCIS-EQC'2015, KLCIS-IM'2011,  
KLCIS-BPP-NEXCL'10, KLCIS-BPP-EXCL'04

**TOTAL PREMIUM (7/1/2015 - 7/1/2016 Installment) \$79,927.27**

This coverage has been placed with a liability self-insurance group which is known as the Kentucky League of Cities Insurance Services ("KLCIS"). KLCIS has received a certificate of filing from the Commonwealth of Kentucky.

Claims against group members are not covered by the Kentucky Insurance Guaranty Association.

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES**

by



5/13/2015

(Authorized Agent)

Date

**KENTUCKY LEAGUE OF CITIES INSURANCE AGENCY, INC.**

by



5/13/2015

(Authorized Agent)

Date

City Of Harrodsburg

WC0D0715

**KENTUCKY LEAGUE OF CITIES WORKERS' COMPENSATION TRUST**

100 East Vine Street, Suite 800, Lexington, KY 40507-3701

859-977-3700 or 800-876-4552

FEIN 61-1238903

**WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY  
INFORMATION PAGE  
CARRIER CODE 36676**

**Item 1:** City Of Harrodsburg  
208 South Main Street  
Harrodsburg, Kentucky 40330

**POLICY #** W5224-2015-12842

Federal ID#: 61-6001837

SIC Code: 91310404

Risk ID#:

Locations - All usual workplaces of the insured at or from which operations covered by this policy are conducted are located at the above address unless otherwise stated herein: See attached schedules for location(s).

**Item 2:** Policy Period: From 7/1/2015 to 7/1/2016 12:01 A.M. standard time at the Insured's mailing address.

**Item 3:**

A. Workers' Compensation Insurance: Part One of the policy applies to the Workers' Compensation Law of the states listed here: Kentucky

B. Employers' Liability Insurance: Part two of the policy applies to work in each state listed in Item 3.A. The limits of our liability under Part Two are:

Bodily Injury by Accident \$4,000,000 each employee

Bodily Injury by Disease \$4,000,000 each employee

Bodily Injury by Disease \$4,000,000 policy limit

C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here: All states not provided. Coverage provided pursuant to Kentucky Law.

D. This policy includes these forms, endorsements and schedules: KLCIS-WC-EL'2006, WC 00 03 11, WC 00 04 06

**Item 4:** The premium for this policy will be determined by our Manuals and Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit:

**\*\*See Attached Schedule for Classifications\*\***

**INSTALLMENT YEAR: 7/1/2015 - 7/1/2016**

Premium Subject to Tax	\$ 140,775.84
Plus Kentucky Premium Tax (6.17)%	\$ 8,685.87
Estimated Annual Total	\$ 149,461.71

Dated Issued: 5/13/2015

From: KLC Workers' Compensation Trust  
Lexington, KY 40507-3701

City Of Harrodsburg

WC0D0715

**NOTE:** Wherever the word "policy" appears in the attached forms or endorsements, it will be construed to mean the same as "declarations"; wherever the word "company" appears, it will be construed to mean the same as "KLCIS". Each of the coverages listed on page one of these declarations is separate and apply to these coverages only.

**This coverage has been placed with a liability self-insurance group which is known as the Kentucky League of Cities Insurance Services ("KLCIS"). KLCIS has received a certificate of filing from the Commonwealth of Kentucky and has provided continuous coverage to its members since July 1, 1987.**

**Claims against group members are not covered by the Kentucky Insurance Guaranty Association.**

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES**

by



5/13/2015

(Authorized Agent)

Date

**KENTUCKY LEAGUE OF CITIES INSURANCE AGENCY, INC.**

by



5/13/2015

(Authorized Agent)

Date

**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**

<b>Line Item</b>	<b>Cost</b>	<b>Expenses This Request</b>	<b>Expenses to Date</b>	<b>Project Budget</b>	<b>Balance</b>
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				
	<b>TOTAL</b>				

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**

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

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)

<b>Line Item</b>	<b>Draw #</b>	<b>Vender</b>	<b>Amount</b>
------------------	---------------	---------------	---------------



**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**

**ORDINANCE NUMBER 2015-08**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, CHAPTER 52, SEWER USE, SECTION 52.145 ( C ) 3, SEWER SERVICE RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the sewer use, Section 52.145 (c) 3, which were last comprehensively updated by Ordinance 2011-20 and;

**WHEREAS**, the City of Harrodsburg is improving the Waste Water Treatment Plant, pump stations, and wastewater lines;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

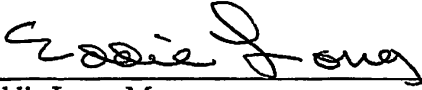
(3) Minimum sewer rate. The minimum sewer bill shall be ~~\$10.56~~ **\$12.99** per month, and each sewer customer shall be entitled to 250 cubic feet of sewer service consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

<u>In Gallons</u>	<u>In Cubic Feet</u>	<u>2013 Existing Rates</u>	<u>Proposed Rates</u>
<u>Min. Rate</u>	<u>Min. Rate First 250</u>	<u>\$10.56</u>	<u>\$12.99</u>
<u>Next 5,610</u>	<u>Next 750</u>	<u>\$4.32</u>	<u>\$5.31</u>
<u>Next 22,440</u>	<u>Next 3,000</u>	<u>\$4.08</u>	<u>\$5.02</u>
<u>Next 44,880</u>	<u>Next 6,000</u>	<u>\$4.08</u>	<u>\$5.02</u>
<u>Next 187,000</u>	<u>Next 25,000</u>	<u>\$4.08</u>	<u>\$5.02</u>
<u>Next 187,000</u>	<u>Next 25,000</u>	<u>\$3.84</u>	<u>\$4.72</u>
<u>Next 448,800</u>	<u>All &gt;60,000</u>	<u>\$3.60</u>	<u>\$4.43</u>

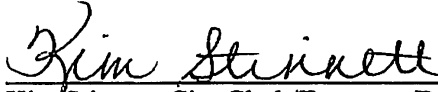
This ordinance shall be effective upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading August 24, 2015

Passed 2<sup>nd</sup> Reading September 14, 2015



Eddie Long, Mayor  
City of Harrodsburg



Kim Stinnett, City Clerk/Treasurer/Budget Director

**EXHIBIT D**

**RESOLUTION**

**A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$10,000,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.**

**WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky, ("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 Wastewater 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, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:**

**SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of November 1, 2015 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 the Mayor and City Clerk 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 \_\_\_\_\_.**

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Title: City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said Agency at a meeting duly held on \_\_\_\_\_, 2015; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; 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 \_\_\_\_\_, 2015.

\_\_\_\_\_  
City Clerk

**EXHIBIT E**

**OPINION OF COUNSEL**

**[Letterhead of Counsel to Governmental Agency]**

**[Date]**

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

**RE: Assistance Agreement by and between Kentucky Infrastructure Authority and  
City of Harrodsburg, Kentucky, dated as of November 1, 2015**

**Ladies and Gentlemen:**

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the City of Harrodsburg, Kentucky (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 wastewater treatment works 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 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 municipal corporation and political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

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

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

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

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

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

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

7) None of the proceedings or authority heretofore 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 acquisition and construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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 CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

CITY OF HARRODSBURG, KENTUCKY  
Governmental Agency

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT G**

**ADDITIONAL COVENANTS AND AGREEMENTS**

**NONE**

**10008639v1**

**G-1**

## RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$10,000,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Commission (“Governing Authority”) of the City of Harrodsburg, Kentucky, (“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 Wastewater 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;

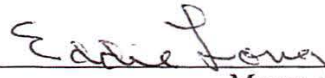
NOW, THEREFORE, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of June 1, 2015 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 the Mayor and City Clerk 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 Nov 23, 2015.

  
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said Agency at a meeting duly held on Nov 23; 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 23 day of November,  
2015.

  
\_\_\_\_\_  
City Clerk

10008653v1

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and City of Harrodsburg, Kentucky (the "Governmental Agency"), dated as of November 1, 2015

### **GENERAL CLOSING CERTIFICATE OF GOVERNMENTAL AGENCY**

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

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

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

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

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

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

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

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

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

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

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

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

WITNESS our signatures, this 23 day of Nov, 2015.

**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG, KENTUCKY**

By: Eddie Long  
Name: Eddie Long  
Title: Mayor

**ATTEST:**

By: Kim Stinnett  
Name: Kim Stinnett  
Title: City Clerk

10008664v1

**KENTUCKY INFRASTRUCTURE AUTHORITY**

**ASSISTANCE AGREEMENT**

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A**

**PROJECT NUMBER:** A15-075

**BORROWER:** City of Harrodsburg, Kentucky

**BORROWER'S ADDRESS** 208 South Main Street  
Harrodsburg, Kentucky 40330

**DATE OF ASSISTANCE AGREEMENT:** November 1, 2016

**CFDA NO.:** 66.458

ASSISTANCE AGREEMENT

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## ASSISTANCE AGREEMENT

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

### WITNESSETH

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990 (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 October 1, 1989 (the "Indenture") between the Authority and National City Bank (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

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

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

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

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

## ARTICLE I DEFINITIONS

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

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

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

"*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 Water Quality Act of 1987, 33 U.S.C. § 1251 et. seq.

"*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 March 1, 1989 between the Authority and the Trustee.

"*Interagency Agreement*" means the Interagency Agreement dated as of March 1, 1990 between the Authority and the Cabinet.

"*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.

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

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

"*Program*" shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater 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 Treatment Works project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

"*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 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 arises 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 Treatment Works 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.

"*Treatment Works*" shall mean Treatment works as defined in the Act.

## 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 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.

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

## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Treatment Works 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; 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 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, subject to compliance by the Governmental Agency with the covenants and conditions set forth in Exhibit G hereto, the source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6 (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 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 Cabinet.

(G) Duly authorized representatives of the Cabinet 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, 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 as of the submission of the initial Requisition for Funds.

(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 City Clerk 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, 2015 (the "2015 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) That the Project shall be completed no later than the date set forth in the Project Specifics.

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted Governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

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



(D) That all 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.

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

(F) 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.

(G) 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.

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

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

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

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

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

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

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

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

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

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

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

(P) That it shall enact a sewer use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

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 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 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 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, 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 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 provide for the operation of the System as required under this Assistance Agreement and to make

required deposits to the Maintenance and Replacement Reserve, 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; 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 for the services of the Project 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 as required under this Assistance Agreement 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 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 System not less than thirty (30) days prior to the sale of said obligations.

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

Section 5.8. Mandatory Sewer Connection. 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.

## 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. Audit Requirements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, 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 \$300,000 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 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. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, 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 6.12. 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 Sections 603 and 606 of 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:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real properties Acquisition Policies Act of 1970
- (b) 40 CFR 35.3140 (And Appendix A to Subpart K) – NEPA-Like State Environmental Review Process
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7, 8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) Executive Order 11246, as amended, 11625 and 12138
- (h) Title VI of the Civil Rights Act of 1964, as amended
- (i) Age Discrimination Act
- (j) Rehabilitation Act of 1973
- (k) Contract work Hours and Safety Standards Act

(2) State:

- (a) KRS 224
- (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

Section 6.13. 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 6.13 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. 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.

Section 7.11. 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 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 6.13 hereof shall be those remedies specifically set forth in Section 6.13 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 City Clerk 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**

Brend Noton

By: Sandra K. Dunakes

Title: SECRETARY

Title: BOARD CHAIR

ATTEST:

**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG,  
KENTUCKY**

Kim Stinnett

By: Eddie Long

Title: City Clerk

Title: Mayor

APPROVED:

EXAMINED:

William M. Pandura III

Paul Shaffer Williams  
a division of Dunmore & Shane

SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

Patrick Y. [Signature]

APPROVED

FINANCE AND ADMINISTRATION CABINET



**EXHIBIT A**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**A15-075**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main St  
 Harrodsburg, KY 40330

Contact  
 Person: Eddie Long  
 Mayor

**SYSTEM:** Wastewater

**PROJECT:**

This project will re-route existing wastewater flows that are currently being discharged into an aged downtown collection system that frequently experiences overflows due to pipe restrictions. The project will install a pump station and lines that will relieve the downtown system by improving the hydraulics and reducing overflows. The new pump will also provide additional capacity for adjacent areas of the system by discharging to the newer wastewater system.

**PROJECT BUDGET:**

	Total
Land, Easements	10,000
Planning	15,000
Engineering Fees - Design / Const	63,000
Engineering Fees - Inspection	45,000
Engineering Fees - Other	17,000
Construction	600,000
Contingency	60,000
<b>Total</b>	<b>\$ 810,000</b>

**FUNDING SOURCES:**

	Amount	%
Fund A Loan	\$ 810,000	100%
<b>Total</b>	<b>\$ 810,000</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$	810,000
Less: Principal Forgiveness (0%)		0
Amortized Loan Amount	\$	810,000
Interest Rate		0.75%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	43,689
Administrative Fee (0.20%)		1,620
<b>Total Estimated Annual Debt Service</b>	<b>\$</b>	<b>45,309</b>

**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 12/01/18).

<b>REPLACEMENT RESERVE ACCOUNT:</b>	\$	2,000	ANNUAL AMOUNT
	\$	20,000	TOTAL AMOUNT

The annual replacement cost is \$2,000. This amount should be added to the replacement account each December 1 until the balance reaches \$20,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.20%

**DEFAULT RATE:** 8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	Outstanding	Maturity
Sun Trust Lease (Water Meters)	\$ 1,176,656	2023
KIA (A02-06)	1,658,158	2023
KIA (A12-07)	315,000	2033
KIA (F11-17)	329,075	2033
KIA (A11-21)	368,121	2033
Whitaker Bank (Construction Loan)	1,420,254	2051
Whitaker Bank Refinance Loan	68,751	2016
2013 KY Rural Water Bonds	1,010,000	2021
2006 RD Bonds	1,008,000	2044
2006 RD Bonds	2,256,000	2045
2012 RD Bonds	7,700,000	2051
KIA (F13-002, i/a/o \$2.7 M)	0	TBD
KIA (A15-046, i/a/o \$1.42 M)	0	TBD
KIA (A15-074, i/a/o \$10 M)	0	TBD
KIA (F15-031, i/a/o \$326,600)	0	TBD
<b>Total</b>	<b>\$ 17,310,015</b>	

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	<u>10,000</u>
Death or Personal Injury (per occurrence)	<u>5,000,000</u>
Property Damage on System	<u>3,274,563</u>

**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**

<b>Line Item</b>	<b>Cost</b>	<b>Expenses This Request</b>	<b>Expenses to Date</b>	<b>Project Budget</b>	<b>Balance</b>
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				
	<b>TOTAL</b>				

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**

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

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)

<b>Line Item</b>	<b>Draw #</b>	<b>Vender</b>	<b>Amount</b>
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**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

**ORDINANCE NUMBER 2015-08**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, CHAPTER 52, SEWER USE, SECTION 52.145 ( C ) 3, SEWER SERVICE RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the sewer use, Section 52.145 (c) 3, which were last comprehensively updated by Ordinance 2011-20 and;

**WHEREAS**, the City of Harrodsburg is improving the Waste Water Treatment Plant, pump stations, and wastewater lines;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(3) Minimum sewer rate. The minimum sewer bill shall be ~~\$10.56~~ **\$12.99** per month, and each sewer customer shall be entitled to 250 cubic feet of sewer service consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

<u>In Gallons</u>	<u>In Cubic Feet</u>	<u>2013 Existing Rates</u>	<u>Proposed Rates</u>
<u>Min. Rate</u>	<u>Min. Rate First 250</u>	<u>\$10.56</u>	<u>\$12.99</u>
<u>Next 5,610</u>	<u>Next 750</u>	<u>\$4.32</u>	<u>\$5.31</u>
<u>Next 22,440</u>	<u>Next 3,000</u>	<u>\$4.08</u>	<u>\$5.02</u>
<u>Next 44,880</u>	<u>Next 6,000</u>	<u>\$4.08</u>	<u>\$5.02</u>
<u>Next 187,000</u>	<u>Next 25,000</u>	<u>\$4.08</u>	<u>\$5.02</u>
<u>Next 187,000</u>	<u>Next 25,000</u>	<u>\$3.84</u>	<u>\$4.72</u>
<u>Next 448,800</u>	<u>All &gt;60,000</u>	<u>\$3.60</u>	<u>\$4.43</u>

This ordinance shall be effective upon its passage, approval, and publication as required by law.



Passed 1<sup>st</sup> Reading August 24, 2015

Passed 2<sup>nd</sup> Reading September 14, 2015

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Eddie Long, Mayor  
City of Harrodsburg

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Kim Stinnett, City Clerk/Treasurer/Budget Director

**ORDINANCE NUMBER 2012-09**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, SECTION 51, GENERAL WATER AND SEWER PROVISIONS, SECTION 51.03 B, WATER RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the General Water and Sewer Provisions, Section 51.03, which were last comprehensively updated by Ordinance 2010-04 and;

**WHEREAS**, the City of Harrodsburg is expanding the Water Treatment Plant and has closed on a loan provided by Rural Development and additional revenues are needed in order to meet the minimum qualifications on the letter on conditions to pay the debt service on the loans;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(B) Specifically,

(1) Minimum water rate. The minimum water bill shall be ~~\$8.78~~ **\$9.87** per month, and each water customer shall be entitled to 250 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<del>\$8.78</del> minimum charge
Next 750	<del>\$3.33</del> per 100 cubic feet
Next 3,000	<del>\$2.90</del> per 100 cubic feet
Next 6,000	<del>\$2.46</del> per 100 cubic feet
Next 25,000	<del>\$2.10</del> per 100 cubic feet
Next 25,000	<del>\$1.75</del> per 100 cubic feet
Next 60,000	<del>\$1.40</del> per 100 cubic feet

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<b>\$9.87</b> minimum charge
Next 750	<b>\$3.75</b> per 100 cubic feet
Next 3,000	<b>\$3.26</b> per 100 cubic feet
Next 6,000	<b>\$2.77</b> per 100 cubic feet
Next 25,000	<b>\$2.36</b> per 100 cubic feet
Next 25,000	<b>\$1.97</b> per 100 cubic feet
All over 60,000	<b>\$1.58</b> per 100 cubic feet

(2) Meter rates for water usage in addition to minimum charge. Subject to the minimum monthly water rate specified above, the following metered charges shall be made for each 100 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$8.78 minimum charge
Next 750	\$3.33 per 100 cubic feet
Next 3,000	\$2.90 per 100 cubic feet
Next 6,000	\$2.46 per 100 cubic feet
Next 25,000	\$2.10 per 100 cubic feet
Next 25,000	\$1.75 per 100 cubic feet
Next 60,000	\$1.40 per 100 cubic feet

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$9.87 minimum charge
Next 750	\$3.75 per 100 cubic feet
Next 3,000	\$3.26 per 100 cubic feet
Next 6,000	\$2.77 per 100 cubic feet
Next 25,000	\$2.36 per 100 cubic feet
Next 25,000	\$1.97 per 100 cubic feet
All over 60,000	\$1.58 per 100 cubic feet

This ordinance shall be effective on June 14, 2012 upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading May 29, 2012

Passed 2<sup>nd</sup> Reading June 11, 2012

Published

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Eddie Long, Mayor  
 City of Harrodsburg

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Kim Stinnett, City Clerk/Treasurer/Budget Director

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$810,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky, ("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 Wastewater 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, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of November 1, 2016 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 the Mayor and City Clerk 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 \_\_\_\_\_.

\_\_\_\_\_

Mayor

Attest:

\_\_\_\_\_  
Title: City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said Agency at a meeting duly held on \_\_\_\_\_, 2016; 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 \_\_\_\_\_, 2016.

\_\_\_\_\_  
City Clerk

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Harrodsburg, Kentucky

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and  
City of Harrodsburg, Kentucky, dated as of November 1, 2016

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 City of Harrodsburg, Kentucky (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 wastewater treatment works 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 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 municipal corporation and political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

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

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

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

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

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

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

7) None of the proceedings or authority heretofore 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 acquisition and construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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 CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

CITY OF HARRODSBURG, KENTUCKY  
Governmental Agency

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Title: \_\_\_\_\_



EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

10806742v1



**RESOLUTION**

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$810,000 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Commission (“Governing Authority”) of the City of Harrodsburg, Kentucky, (“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 Wastewater 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;

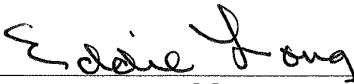
NOW, THEREFORE, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of August 1, 2016 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 the Mayor and City Clerk 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 11/28/16.

  
\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said Agency at a meeting duly held on 11/28/16 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 28 day of November,  
2016.

*Kim Stennett*  
City Clerk



**CITY OF HARRODSBURG  
BOARD OF COMMISSIONERS  
MINUTES FOR REGULAR MEETING**

**DATE: November 28, 2016**

**PLACE: City of Harrodsburg, Conference Room**

Mayor Eddie Long called the regular meeting to order. Members present, Mayor Eddie Long and Commissioners; Wendi Allen, Scott Moseley, Charlie Mattingly and Bubby Isham. Absent: None.

**APPROVE MINUTES FOR REGULAR CALLED MEETING HELD ON NOVEMBER 14, 2016**

Motion by/seconded, Commissioners Bubby Isham/Scott Moseley to approve the minutes for the regular called meeting held on November 14, 2016, as presented. Motion carried unanimously.

**WES CARTER-CAMPBELLSVILLE UNIVERSITY DONATION**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve honoring the donation to Campbellsville University of \$50,000.00 over a five year period. Motion carried with Commissioners Allen, Moseley, Mattingly, and Isham voting yes and Mayor Eddie Long abstaining.

**SECOND READING OF ORDINANCE 2016-20 EXEMPT/NON-EXEMPT STATUS**

Motion by/seconded, Mayor Eddie Long/Commissioner Scott Moseley to approve giving second reading to ordinance 2016-20 which determines the status of a job position depending on the individual's annual salary reaching the FLSA minimum salary threshold. Motion carried unanimously.

**AUTHORIZE PAYMENT TO THE GREATER MERCER COUNTY BOARD OF ETHICS**

Motion by/seconded, Mayor Eddie Long/Commissioner Bubby Isham to approve payment of \$2,050.00 for financial support to the Greater Mercer County Board of Ethics. Motion carried unanimously.

**LION'S PARK RENTAL AGREEMENT AMENDED**

Motion by/seconded, Commissioners Charlie Mattingly/Wendi Allen to approve amending the rental agreement for Lion's Park to make the renter responsible for securing all doors and windows before leaving the premises. Motion carried unanimously.

**YOUNG'S PARK RENTAL AGREEMENT AMENDED**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve amending the rental agreement for Young's Park to make the renter responsible for securing all doors and windows before leaving the premises. Motion carried unanimously.

**AUTHORIZE MAYOR LONG TO SIGN RESOLUTION FOR CORNING  
FORCE MAIN**

Motion by/seconded, Commissioners Wendi Allen/Bubby Isham to approve authorizing Mayor Eddie Long to sign the resolution approving and authorizing an assistance agreement between the City of Harrodsburg and KY Infrastructure Authority for \$810,000,00 for the Corning Force Main Project. Motion carried unanimously.

**NORFOLK SOUTHERN TO CLOSE STREETS IN DECEMBER**

Chief Ric Maxfield advised the Commission that Norfolk Southern would be shutting down College Street on December 6<sup>th</sup> and 7<sup>th</sup> and Lexington Street December 12<sup>th</sup> and 13<sup>th</sup> to do repair work to the train tracks.

**ADJOURN**

Motion by/seconded, Commissioners Bubby Isham/Charlie Mattingly to approve adjourning the meeting at approximately 7:27 p.m. Motion carried unanimously.

Eddie Long, Mayor  
City of Harrodsburg

Kim Stinnett, City Clerk





Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – April 2, 2015

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

**Meeting Date/Location:** April 2, 2015 – 1:00 p.m.  
Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340, Frankfort

**Members present:**

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

**Members absent:**

Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association  
of Counties  
Ms. Linda C. Bridwell, representing for-profit private water companies

**Guests:**

Ms. Anshu Singh, Division of Water  
Mr. Grondell Potter, Mountain Water District  
Mr. Jody Hunt, Summit Engineering  
Mr. Mitch Brunsma, Vaughn & Melton  
Mr. John Callihan, Barbourville Utility Commission  
Mr. Ralph Johnstone, Sanitation District #1  
Ms. Ashley Bode, Sanitation District #1  
Mr. William Ballard, East Clark County Water District  
Mr. Bryan Kirby, CEDA, Inc.  
Mr. Bob Amato, City of Nicholasville  
Ms. Laura Gilkerson, GRW Engineers, Inc.  
Mr. John Brady, Office of Financial Management  
Mr. Andy Meadors, Whitley County Water District  
Mr. Tim Schwendeman, Cumberland Valley Area Development District  
Mr. Ken Taylor, Kenvirons, Inc.

Kentucky Infrastructure Authority  
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## PROCEEDINGS

Chair Tony Wilder called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Mr. Wilder asked board members and guests to introduce themselves. Board Member David Cartmell was introduced as Mayor of Maysville, one of the 18 Most Charming Small Towns in America according to Country Living magazine. Chair Wilder confirmed that a quorum was present and that the press had been notified regarding the meeting.

New Kentucky Infrastructure Authority staff member Meg Link was introduced to the board.

### I. BUSINESS (Board Action Required)

#### A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of February 5, 2015

*Mr. Damon Talley moved to approve the minutes of the February 5, 2015, regular board meeting. Ms. Lona Brewer seconded, and the motion carried unanimously.*

#### B. NEW PROJECTS/ACTION ITEMS

Chair Wilder advised that the board would consider in sequence two projects, both to the City of Barbourville, listed in the agenda as Action Item 1, Fund A Loan A15-006 and Action Item 9, Fund B Loan B15-005.

#### 1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A15-006) IN THE AMOUNT OF \$1,856,109 TO THE CITY OF BARBOURVILLE F/B/O BARBOURVILLE UTILITY COMMISSION, KNOX COUNTY, KENTUCKY

Ms. Anshu Singh, DOW, and Ms. Jami Johnson, KIA, presented the Fund A loan A15-006 project to the Board. The City of Barbourville f/b/o Barbourville Utility Commission requested a \$1,856,109 Fund "A" loan for the Barbourville Sewer Rehab project. The project will TV inspect, smoke test and rehabilitate approximately 63,000 linear feet of gravity sewer collection lines using slip lining, trenchless pipe bursting, and point repairs to correct the inflow and infiltration entering the system.

*Mr. Marty Ivy moved to approve Fund A Loan A15-006 in the amount of \$1,856,109 to the City of Barbourville f/b/o of Barbourville Utility Commission with the standard conditions. Mr. Damon Talley seconded, and the motion was unanimously approved.*

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**2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B15-005) OF \$130,000 TO THE CITY OF BARBOURVILLE F/B/O BARBOURVILLE UTILITY COMMISSION, KNOX COUNTY, KENTUCKY**

Ms. Debbie Landrum, KIA, presented the project to the Board. The City of Barbourville f/b/o Barbourville Utility Commission requested a \$130,000 Fund B loan for the Barbourville Levee Certification project. The City operates a levee to protect against flooding from the Cumberland River. The system includes 3.79 miles of levee, four storm water pump stations, and seven closure structures. The City has entered into an agreement with FEMA to prepare a 44CFR54.10 certification of the levee system. The certification must be completed every ten years. If this certification is not completed, FEMA's recourse is to publish flood insurance rate maps of the city as though no levee were present. This would be a significant burden to both residents and commercial establishments in the current zone of protection.

*Mr. Damon Talley moved to approve the Fund B loan B15-005 in the amount of \$130,000 to the City of Barbourville f/b/o Barbourville Utility Commission with the standard conditions Mr. Sam Ruth seconded, and the motion was unanimously approved.*

The board then considered in sequence three projects to the City of Harrodsburg, listed in the agenda as Action Item 2, Fund A Loan A15-074, Action Item 3, Fund A Loan A15-075, and Action Item 11, Fund F Loan F15-031.

**3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-074) IN THE AMOUNT OF \$10,000,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Brandi Armstrong-Norton, KIA, presented the Fund A loan A15-074 project to the Board. The City of Harrodsburg requested a \$10,000,000 Fund A loan for the Wastewater Treatment Plant Expansion project. The project will upgrade and expand the existing plant that has capacity to operate at 2.6 MGD. The current system is aged and showing signs of distress within the sludge press. After expansion, the plant will have a 3.5 MGD capacity that will include oxidation ditch treatment services to replace the current outdated treatment process. The project will allow future services to city and county residential and industrial customers.

**4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-075) IN THE AMOUNT OF \$810,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

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Ms. Anshu Singh, DOW, and Ms. Brandi Armstrong-Norton, KIA, presented the Fund A loan A15-075 project to the Board. The City of Harrodsburg requested a \$810,000 Fund A loan for the Harrodsburg Corning Pump Station and Force Main project. The project will re-route existing wastewater flows that are currently being discharged into an aged downtown collection system that frequently overflows due to pipe restrictions. The project will install a pump station and lines that will relieve the downtown system by improving the hydraulics and reducing the overflows. The new pump will also provide additional capacity for adjacent areas of the system by discharging flows to the newer wastewater system.

*Mr. Damon Talley moved to approve Fund A Loan A15-074 in the amount of \$10,000,000 to the City of Harrodsburg and Fund A loan A15-075 in the amount of \$810,000 to the City of Harrodsburg, both with the standard conditions. Mr. Sam Ruth seconded, and the motion was unanimously approved.*

5. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND F LOAN (F15-031) IN THE AMOUNT OF \$326,660 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Brandi Armstrong-Norton, KIA, presented the Fund F loan F15-031 project to the Board. The City of Harrodsburg requested a Fund F loan in the amount of \$326,660 for the College and Chestnut Street Water Lines project. The project will create additional loops within the City's water system by connecting an existing six inch water line to a twelve inch water main on the Harrodsburg Bypass. The loops will help water quality by allowing consistent water movement, which may result in lower disinfection by-products. This project will also replace corroded water lines in inaccessible areas between College and Chestnut Streets.

Mr. Damon Talley inquired about the status of the City's USDA Rural Development loan and was told that the application has been submitted and is under review.

*Mr. Damon Talley moved to approve the Fund F loan F15-031 in the amount of \$326,660 to the City of Harrodsburg with the standard conditions. Mr. Marty Ivy seconded, and the motion was unanimously approved.*

6. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-077) IN THE AMOUNT OF \$3,102,921 TO THE MOUNTAIN WATER DISTRICT, PIKE COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Jami Johnson, KIA, presented the Fund A loan A15-077 project to the Board. The Mountain Water District requested a Fund A loan in the amount of \$3,102,921 for the Douglas Wastewater Treatment Plant

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project. The project will construct a new wastewater treatment plant to replace its existing plant using membrane technology. The plant will increase capacity from 200,000 gallons per day (GPD) to 300,000 GPD and add headwork designed to expand capacity to 400,000 GPD. The plant is currently at maximum capacity, and the expansion will allow more customers to be added to the service. Another component to this project is rehabilitation to the lift stations to increase reliability of the sewer collection system. The District will install high efficiency pumps and motors in conjunction with advanced electrical controllers. Odor and corrosion control systems will be installed at the lift stations upstream of the new treatment plant that will assist in minimizing hydrogen sulfide issues to the more developed area.

Mr. Jeff Derouen indicated that he would be abstaining from a vote on this motion. Mr. Damon Talley asked about the membrane technology that will be used in the plant. Ms. Singh responded that DOW concluded that it is the best option for this particular situation. It is believed that more systems will be moving to the use of this technology. The board was advised that the District's rate increase application is scheduled for a Public Service Commission hearing. In response to Mr. Ron Lovan's inquiry, it was confirmed that the system is still being operated by a contract operator.

***Mr. Damon Talley moved to approve Fund A Loan A15-077 in the amount of \$3,102,921 to the Mountain Water District with the standard conditions. Mr. Sam Ruth seconded, and the motion was approved with Mr. Jeff Derouen abstaining.***

7. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-090) IN THE AMOUNT OF \$340,980 TO THE CITY OF NICHOLASVILLE, JESSAMINE COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Jami Johnson, KIA, presented the project to the Board. The City of Nicholasville requested a Fund A loan in the amount of \$340,980 for the Orchard Parallel Sanitary Sewer Project. This project will replace and upsize 2,445 linear feet (LF) of an existing gravity sewer to provide sufficient capacity to convey wastewater flows downstream of and in the Orchard area of Nicholasville to improve the surface water quality. The project will also reduce the incidence and duration of wet weather overflows from seven existing manholes.

***Mr. Marty Ivy moved to approve the Fund A Loan A15-090 in the amount of \$340,980 to the City of Nicholasville with the standard conditions. Mr. Damon Talley seconded, and the motion was unanimously approved.***

The board then considered two projects to Sanitation District No. 1, serving Boone, Campbell, and Kenton counties, listed in the agenda as Action Item 6, Fund A Loan A15-102 and Action Item 7, Fund A Loan A15-103.

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8. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A15-102) IN THE AMOUNT OF \$3,000,000 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL, AND KENTON COUNTIES, KENTUCKY**

Ms. Anshu Singh, DOW, and Mr. Jeff Abshire, KIA, presented the project to the Board. Sanitation District No.1 requested a Fund A loan in the amount of \$3,000,000 for the Highland Pike Sewer Replacement project. The project will replace over 2,400 feet of existing ten inch gravity sewer using trenchless horizontal directional drilling. The existing sewer line was severely damaged by a large landslide in 2009. A temporary above ground bypass line was constructed to maintain sanitary service, and is anchored along the top of the slope by cloth straps, steel cable, and buried concrete anchors. The temporary bypass will inevitably fail in the near future, resulting in a sewage release and extensive costs related to clean up and bypass pumping unless a more permanent solution can be implemented. Mr. Jeff Derouen confirmed with Mr. Abshire that the District's current rates are deemed sufficient to cover the additional liability.

9. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A15-103) IN THE AMOUNT OF \$2,750,194 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL, AND KENTON COUNTIES, KENTUCKY**

Ms. Anshu Singh, DOW, and Mr. Jeff Abshire, KIA, presented the project to the Board. Sanitation District No.1 requested a Fund A loan in the amount of \$2,750,194 for the Patton and 8th Street Wet Well Rehabilitation project. These two combination flood pump stations and sanitary lift stations have experienced significant deterioration and are at risk of failure. A failure of the concrete trough in either of the two wet wells would result in a very large volume of sewage released to the Licking River. This project will rehabilitate the concrete and reinforcing steel and provide a hydrogen sulfide protective coating to extend the life of the existing structures. There will also be replacement of corroded metal work within the wet well areas.

*Mr. Ron Lovan moved to approve Fund A Loan A15-102 in the amount of \$3,000,000 to Sanitation District No. 1 and Fund A loan A15-103 in the amount of \$2,750,194 to Sanitation District No. 1, both with the standard conditions. Mr. David Cartmell seconded, and the motion was unanimously approved.*

10. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B12-09) INCREASING THE AMOUNT TO \$1,882,411 TO THE CITY OF SOUTH SHORE, GREENUP COUNTY, KENTUCKY**

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Ms. Brandi Armstrong-Norton, KIA, presented the project to the Board. The City of South Shore requested an increase of \$282,411 to a previously approved Fund "B" loan in the amount of \$1,600,000 for the South Shore Water Works (SSWW) purchase project. The original loan was for the purchase of SSWW from a private owner, which was completed on June 1, 2013. Water quality and reliability were concerns prior to the purchase, and the City was aware that a significant investment would be required in the aging treatment and distribution systems. The City identified the highest priority as being replacement of the 150,000 gallon clearwell, which has exceeded its useful life and has deteriorated significantly. The clearwell loses approximately 10,000 gallons of water per day due to its concrete block walls cracking and shifting. Additionally, the structure housing it has a deteriorated roof, and the structural beams have severe corrosion. A catastrophic failure of the clearwell or collapse of the housing structure would lead to major outages that would have a significant adverse effect on customers. The proposed project would replace the clearwell with a 100,000 gallon structure and eliminate the risk of a controllable structural failure.

Mr. Damon Talley asked about the status of the acquisition and consolidation of the privately owned South Shore Water Works with the City of South Shore, and Mr. Jeff Derouen asked if any required Public Service Commission rulings have been completed. City officials responded that the acquisition process was approved and the system consolidation completed about two years ago.

***Mr. Damon Talley moved to approve the increase of \$282,411 to Fund B loan B12-09 for a total amount of \$1,882,411 to the City of South Shore with the standard conditions. Ms. Lona Brewer seconded, and the motion was unanimously approved.***

**11. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F15-030) OF \$932,500 TO THE WHITLEY COUNTY WATER DISTRICT, WHITLEY COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Brandi Armstrong-Norton, KIA, presented the project to the Board. The Whitley County Water District requested a Fund F loan in the amount of \$932,500 for the Water System Improvement project. The project will replace 36,400 linear feet of deteriorated water lines across the Fairview, Savoy, Fabor, and Woodbine areas of Whitley County. Many of the lines are undersized and have frequent leaks. The District will also replace 700 conventional meters with radio read meters. The project will reduce purchased water costs, maintenance expense, and transportation costs.

Mr. Jeff Derouen indicated that he would be abstaining from a vote on this motion.

***Mr. Damon Talley moved to approve the increase to Fund F loan F15-030 in the amount of \$932,500 to the Whitley County Water District with the standard conditions. Mr. Sam Ruth seconded, and the motion was approved with Mr. Jeff Derouen abstaining.***

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

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

APPLICANT	FUND	AMOUNT
City of Barbourville	A15-006	\$ 1,856,109
City of Harrodsburg	A15-074	\$10,000,000
City of Harrodsburg	A15-075	\$ 810,000
Mountain Water District	A15-077	\$ 3,102,921
City of Nicholasville	A15-090	\$ 340,980
Sanitation District No. 1 of Northern Kentucky	A15-102	\$ 3,000,000
Sanitation District No. 1 of Northern Kentucky	A15-103	\$ 2,750,194
City of South Shore (increase)	B12-09	\$ 1,882,411
City of Barbourville	B15-005	\$ 130,000
Whitley County Water District	F15-030	\$ 932,500
City of Harrodsburg	F15-031	\$ 326,660

*Mr. David Cartmell moved to approve the resolution. Mr. Ron Lovan seconded, and the motion carried unanimously.*

**II. EXECUTIVE DIRECTOR'S REPORT**

Kentucky Infrastructure Authority Executive Director John Covington reported that HB 276, which amended KRS 224A.111 to provide for a 30 year payback for wastewater loans using federal funds, was passed by the legislature and signed into law by the governor. It will go into effect on July 15, 2015. Mr. Covington told the board that after consulting with legal staff, it has been determined that such loans can be approved before that date, but that loan agreements cannot be executed until after that date. Federal law allows such loans to be made for a term of 30 years or the useful life of the project. He stressed that the Authority will continue to look at applications in the same way as always, taking into account the useful life of the project.

Mr. Covington also asked board members to take under consideration the possibility of granting 30-year loan terms for wastewater projects in hardship situations, as is currently done for drinking water projects. The board will need to address the question of to whom 30-year loans will be offered, possibly limiting them to circumstances such as hardship conditions in the community or a significant impact on rates, or if the extended term should be made available for anyone. Mr. Jeff Derouen asked if this decision will be establishing board policy. Mr. Covington explained that the board is limited in what it can establish, as the Authority's regulations determine how this process can be implemented. The board would actually be establishing guidelines based on the regulations, rather than policy. Mr.



Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – April 2, 2015

Jeff Abshire told the board that the Fund A regulation allows the Authority to proceed as allowed by federal law.

Mr. Covington told the board that the issuing of bonds given preliminary approval at last month's meeting is moving forward. The necessary state approvals have been given for bond issues, and market conditions are still favorable. The anticipated total bond issue size is \$85 million, \$75 million for Funds A and F and \$10 million for Fund C. The potential Fund A and Fund F savings of approximately 4.5 percent will benefit the programs by increasing the capacity to leverage bonds in the future and make loans. The estimated savings for Fund C will be about 6.9 percent, with bonds issued for an estimated \$5 million in new money. This will benefit the program by the addition of capital to make Fund C loans and to take advantage of low interest rates that will help to sustain the program.

Mr. Covington brought a potential change in the Clean Water SRF program to the board's attention. A couple of years ago a situation with Big Valley Sanitation District in Bullitt County came before the board. The owner died and there was no one to take it over. The Bullitt County Sanitation District had no funds to operate it. In that case, the board made an exception to guidelines, granting a loan with 95 percent principal forgiveness in order to get the situation moving forward, and it was successful. It has come to the Authority's attention that there are other similar situations in the Commonwealth that need to be addressed. In the SRF program there is an amount that is to be used for principal forgiveness, based on the amount of capitalization grant received. What is being proposed is a set aside of approximately \$500,000 of the principal forgiveness amount to use for such situations. Division of Water will establish guidelines on the types of situations eligible, and the Authority would offer 90-95 percent principal forgiveness. There would only be a small loan repayment. Mr. Covington reported that Division of Water staff is very supportive of this plan, and will help to develop a meaningful way to determine how to identify which projects would be eligible. This principal forgiveness would only be available in dire or emergency situations in which the funds would make a big impact and encourage consolidation and achieve some of the goals the Authority and Division of Water want to achieve. These loans could only be made to publicly owned utilities, and would be to provide the necessary initial funding.

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

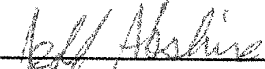
### **IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Tentatively set for Thursday, May 7, 2015  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

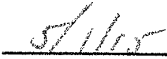
*There being no further business Mr. David Cartmell moved to adjourn. Mr. Sam Ruth seconded and the motion carried unanimously. The April 2, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.*

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – April 2, 2015

Submitted by:

  
\_\_\_\_\_

Jeffrey A. Abshire, Secretary  
Kentucky Infrastructure Authority

  
\_\_\_\_\_

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

April 2, 2015

The Honorable Eddie Long, Mayor  
City of Harrodsburg  
208 South Main St.  
Harrodsburg, KY 40330

KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (A15-075)

Dear Mayor Long:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On April 2, 2015, the Authority approved your loan for the Harrodsburg Corning Pump Station and Force Main Project, subject to the conditions stated below. The total cost of the project shall not exceed \$810,000 of which the Authority is the sole source of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the City of Harrodsburg upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by April 2, 2016 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$810,000.
2. This loan does not qualify for principal forgiveness.
3. The loan shall bear interest at the rate of 0.75 percent per annum commencing with the first draw of funds.

Mayor Long  
April 2, 2015  
Page 2

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 the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements changed for calendar or fiscal years beginning after December 26, 2014. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.
11. The Authority requires that an annual financial audit be provided for the life of the loan.

Mayor Long  
April 2, 2015  
Page 3

12. 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 must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment A must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.
7. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving CWSRF funds.

Mayor Long  
April 2, 2015  
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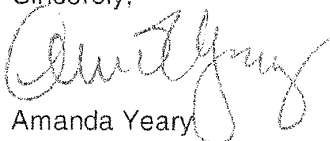
9. Technical plans and specifications and a complete CWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the CWSRF loan project.
12. 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.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.
17. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Mayor Long  
April 2, 2015  
Page 5

Any special conditions listed stated in Attachment A must be resolved.

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

Sincerely,



Amanda Yeary  
Kentucky Infrastructure Authority

Attachments

cc: Laura Gilkerson, GRW Engineers  
Ryan Carr, GRW Engineers  
Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State and Local Debt Office, DLG  
Borrower File - City of Harrodsburg - A15-075

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



Accepted

4/7/15

Date



**KENTUCKY INFRASTRUCTURE AUTHORITY**

**ASSISTANCE AGREEMENT**

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A**

**PROJECT NUMBER:** A16-033

**BORROWER:** City of Harrodsburg, Kentucky

**BORROWER'S ADDRESS** 208 South Main Street  
Harrodsburg, Kentucky 40330

**DATE OF ASSISTANCE AGREEMENT:** April 1, 2017

**CFDA NO.:** 66.458

ASSISTANCE AGREEMENT

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## ASSISTANCE AGREEMENT

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

### WITNESSETH

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990 (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 September 1, 1989 (the "Indenture") between the Authority and National City Bank (F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

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

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

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

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

## ARTICLE I

### DEFINITIONS

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

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

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

"*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 Water Quality Act of 1987, 33 U.S.C. § 1251 et. seq.

"*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 March 1, 1989 between the Authority and the Trustee.

"*Interagency Agreement*" means the Interagency Agreement dated as of March 1, 1990 between the Authority and the Cabinet.

"*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.

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

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

"*Program*" shall mean the program authorized by KRS 224A.111 and the Indenture as the "federally assisted wastewater 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 Treatment Works project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.



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

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

"*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 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 arises 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 Treatment Works 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.

"*Treatment Works*" shall mean Treatment works as defined in the Act.

## 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 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.

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

## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Treatment Works 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; 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 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, subject to compliance by the Governmental Agency with the covenants and conditions set forth in Exhibit G hereto, the source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics and all such Debt Obligations that may hereafter be issued on a parity with the Debt Obligations identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.6 (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 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 Cabinet.

(G) Duly authorized representatives of the Cabinet 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, 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 as of the submission of the initial Requisition for Funds.

(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 City Clerk 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, 2015 (the "2015 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) That the Project shall be completed no later than the date set forth in the Project Specifics.

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted Governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

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

(D) That all 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.

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

(F) 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.

(G) 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.

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

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

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

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

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

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

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

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

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

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

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

(P) That it shall enact a sewer use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

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 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 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 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, 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 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 provide for the operation of the System as required under this Assistance Agreement and to make

required deposits to the Maintenance and Replacement Reserve, 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; 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 for the services of the Project 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 as required under this Assistance Agreement 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 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 System not less than thirty (30) days prior to the sale of said obligations.

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

Section 5.8. Mandatory Sewer Connection. 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.

## 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. Audit Requirements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, 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 \$300,000 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 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. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, 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 6.12. 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 Sections 603 and 606 of 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:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real properties Acquisition Policies Act of 1970
- (b) 40 CFR 35.3140 (And Appendix A to Subpart K) – NEPA-Like State Environmental Review Process
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7, 8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) Executive Order 11246, as amended, 11625 and 12138
- (h) Title VI of the Civil Rights Act of 1964, as amended
- (i) Age Discrimination Act
- (j) Rehabilitation Act of 1973
- (k) Contract work Hours and Safety Standards Act

(2) State:

- (a) KRS 224
- (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund
- (c) KRS Chapter 337, Labor Laws
- (d) 401 KAR Chapter 5

Section 6.13. 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 6.13 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. 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.

Section 7.11. 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 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 6.13 hereof shall be those remedies specifically set forth in Section 6.13 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 City Clerk 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.

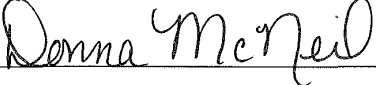
Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

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:

  
Title: SECRETARY

**KENTUCKY INFRASTRUCTURE  
AUTHORITY**

By:   
Title: EXECUTIVE DIRECTOR

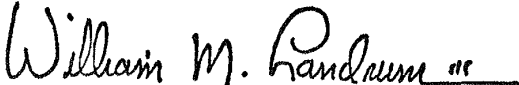
ATTEST:

  
Title: City Clerk

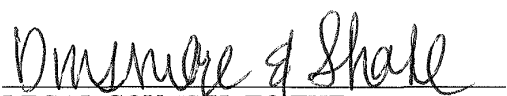
**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG,  
KENTUCKY**

By:   
Title: Mayor

APPROVED:

  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:

  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

**EXHIBIT A**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**A16-033**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main Street  
 Harrodsburg, KY 40330

Contact  
 Person: Eddie Long  
 Mayor

**SYSTEM:** Wastewater

**PROJECT:**

This project was originally two projects that have been combined into one loan. The first portion of the project will include cleaning, and video inspection of approximately 21,500 linear feet (LF) of the sanitary sewer collector lines, rehabilitation of 12,500 LF of sewer line as well as repair of 30 manholes. The second portion will include replacing and relocating 831 LF of 8 inch PVC pipe.

**PROJECT BUDGET:**

	Total
Engineering Fees - Design / Const	112,000
Engineering Fees - Inspection	71,000
Engineering Fees - Other	79,000
Construction	1,189,000
Contingency	118,300
<b>Total</b>	<b>\$ 1,569,300</b>

**FUNDING SOURCES:**

	Amount	%
Fund A Loan	\$ 1,566,370	100%
Local Funds	2,930	0%
<b>Total</b>	<b>\$ 1,569,300</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 1,566,370
Less: Principal Forgiveness (21.8%)	342,850
Amortized Loan Amount	\$ 1,223,520
Interest Rate	0.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 65,993
Administrative Fee (0.20%)	2,447
<b>Total Estimated Annual Debt Service</b>	<b>\$ 68,440</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/17).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/01/18).

**REPLACEMENT RESERVE ACCOUNT:** \$ 3,900 ANNUAL AMOUNT  
\$ 39,000 TOTAL AMOUNT

The annual replacement cost is \$3,900. This amount should be added to the replacement account each December 1 until the balance reaches \$39,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.20%

**DEFAULT RATE:** 8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
Sun Trust Lease (Water Meters)	\$ 1,176,656	2023
KIA (A02-06)	\$ 1,658,158	2023
KIA (A12-07)	\$ 315,000	2033
KIA (F11-17)	\$ 329,075	2033
KIA (A11-21)	\$ 368,121	2033
Whitaker Bank (Construction Loan)	\$ 1,420,254	2051
Whitaker Bank Refinance Loan	\$ 68,751	2016
2013 KY Rural Water Bonds	\$ 1,010,000	2021
2006 RD Bonds	\$ 1,008,000	2045
2012 RD Bonds	\$ 2,256,000	2051
KIA (F13-002, i/a/o \$2.7 M)	\$ 7,700,000	TBD
KIA (A15-046, i/a/o \$1.42 M)	\$ -	TBD
KIA (A15-074, i/a/o \$10 M)	\$ -	TBD
KIA (A15-075, i/a/o \$810,000)	\$ -	TBD
KIA (F15-031, i/a/o \$326,600)	\$ -	TBD
<b>Total</b>	<b>\$ 17,310,015</b>	

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	<u>4,000,000</u>
Death or Personal Injury (per occurrence)	<u>4,000,000</u>
Property Damage on System	<u>50,000.00</u>

**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**

<b>Line Item</b>	<b>Cost</b>	<b>Expenses This Request</b>	<b>Expenses to Date</b>	<b>Project Budget</b>	<b>Balance</b>
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				
	<b>TOTAL</b>				

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**

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

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)

<b>Line Item</b>	<b>Draw #</b>	<b>Vender</b>	<b>Amount</b>
------------------	---------------	---------------	---------------

**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



**ORDINANCE NUMBER 2015-08**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, CHAPTER 52, SEWER USE, SECTION 52.145 ( C ) 3, SEWER SERVICE RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the sewer use, Section 52.145 (c) 3, which were last comprehensively updated by Ordinance 2011-20 and;

**WHEREAS**, the City of Harrodsburg is improving the Waste Water Treatment Plant, pump stations, and wastewater lines;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(3) Minimum sewer rate. The minimum sewer bill shall be ~~\$10.56~~ **\$12.99** per month, and each sewer customer shall be entitled to 250 cubic feet of sewer service consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

<u>In Gallons</u>	<u>In Cubic Feet</u>	<u>2013 Existing Rates</u>	<u>Proposed Rates</u>
<u>Min. Rate</u>	<u>Min. Rate First 250</u>	<u>\$10.56</u>	<b><u>\$12.99</u></b>
<u>Next 5,610</u>	<u>Next 750</u>	<u>\$4.32</u>	<b><u>\$5.31</u></b>
<u>Next 22,440</u>	<u>Next 3,000</u>	<u>\$4.08</u>	<b><u>\$5.02</u></b>
<u>Next 44,880</u>	<u>Next 6,000</u>	<u>\$4.08</u>	<b><u>\$5.02</u></b>
<u>Next 187,000</u>	<u>Next 25,000</u>	<u>\$4.08</u>	<b><u>\$5.02</u></b>
<u>Next 187,000</u>	<u>Next 25,000</u>	<u>\$3.84</u>	<b><u>\$4.72</u></b>
<u>Next 448,800</u>	<u>All &gt;60,000</u>	<u>\$3.60</u>	<b><u>\$4.43</u></b>

This ordinance shall be effective upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading August 24, 2015

Passed 2<sup>nd</sup> Reading September 14, 2015

---

Eddie Long, Mayor  
City of Harrodsburg

---

Kim Stinnett, City Clerk/Treasurer/Budget Director

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$1,566,370 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky, ("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 Wastewater 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, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of April 1, 2017 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 the Mayor and City Clerk 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 \_\_\_\_\_.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Title: City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said Agency 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 61.825; 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 \_\_\_\_\_, 2017.

\_\_\_\_\_  
City Clerk

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Harrodsburg, Kentucky

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and  
City of Harrodsburg, Kentucky, dated as of April 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 City of Harrodsburg, Kentucky (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 wastewater treatment works 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 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 municipal corporation and political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

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

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

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

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

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

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

7) None of the proceedings or authority heretofore 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 acquisition and construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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 CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

CITY OF HARRODSBURG, KENTUCKY  
Governmental Agency

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Title: \_\_\_\_\_

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

11216066v1





**RESOLUTION**

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$1,566,370 OF LOAN FUNDS FOR WASTEWATER SYSTEM IMPROVEMENTS.

WHEREAS, the City Commission (“Governing Authority”) of the City of Harrodsburg, Kentucky, (“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 Wastewater 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;

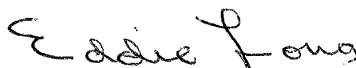
NOW, THEREFORE, IT IS RESOLVED by the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of April 1, 2017 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 the Mayor and City Clerk 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 27, 2017



\_\_\_\_\_  
Mayor

Attest:



\_\_\_\_\_  
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said City at a meeting duly held on 3/27/17; 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 18 day of April,  
2017.

Kim Stennett  
City Clerk

11216155v1



**CITY OF HARRODSBURG  
BOARD OF COMMISSIONERS  
MINUTES FOR REGULAR MEETING**

**DATE: March 27, 2017**

**PLACE: City of Harrodsburg, Conference Room**

Mayor Eddie Long called the regular meeting to order. Members present, Mayor Eddie Long and Commissioners; Scott Moseley, Charlie Mattingly and Bubby Isham. Absent: Commissioner Jack Coleman.

**APPROVE MINUTES FOR REGULAR CALLED MEETING HELD ON MARCH 13, 2017**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve the minutes for the regular called meeting held on March 13, 2017, as presented. Motion carried unanimously.

**GARY MOORE – RENEW PERMISSION FOR MEMORIAL AT SPRINGHILL CEMETERY**

Motion by/seconded, Commissioners Bubby Isham/Charlie Mattingly to approve Gary Moore holding a memorial for the Confederate soldiers for the next two years. The Memorial will be held on June 3<sup>rd</sup> at 6:00 p.m. Motion carried.

**LARRY PAYNE – TEAM CONSTRUCTION – WATER LEAK**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve the sewer charges be adjusted off of the bill for Chris O'Bryan 429 Cane Run Street due to a leak caused by work done by Team Construction. This adjustment will not be counted as the adjustment for the property owners. Motion carried unanimously.

**SAM CARR AND JILL CUTLER**

Sam Carr with the Jazz Festival and Jill Cutler with the Mercer Chamber, appeared before the Commission to thank them for their support in past years and to ask for their support in the upcoming year.

**ERNIE KELTY – MERCER COUNTY SHERIFF'S OFFICE**

Ernie Kelty with the Mercer County Sheriff's Office appeared before the Commissioner to discuss semi-trucks coming thru school traffic on Moberly Road. Commissioner Isham said that he would talk to the Trucking Companies about the situation and Attorney Doug Greenburg could draw up an order siting "no thru trucks" at the next Commission Meeting.

### **SID DUNN – BROADWAY DAYS FESTIVAL**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve blocking off Broadway from U.S. 127 to Forsyth Street on May 19<sup>th</sup> and 20<sup>th</sup> for the purposes of holding a festival. (Broadway Days) Motion carried.

### **BRETT CHAMBERLAIN – MERCER COUNTY JAILER**

Brett Chamberlain, the Mercer County Jailer, approached the Commission to see if the Commission would be interested in using county inmates on a work release program. The Mayor informed him that it was something that the Commission would be interested in but that they would have to find out more about the program and how the City would reimburse the County for the wages that they earned along with several other questions.

### **EXECUTIVE SESSION**

Motion by/seconded, Commissioners Bubby Isham/Charlie Mattingly to approve going in to executive session under the provisions of KRS 61.810 for the purposes of hiring, at approximately 7:35 p.m. Motion carried unanimously.

### **POLICE DEPARTMENT TO PAY MILEAGE FOR USE OF CRUISERS OUTSIDE MERCER COUNTY**

Motion by/seconded, Mayor Eddie Long/Commissioner Bubby Isham to approve charging the Police Officers for use of City vehicles outside Mercer County beginning April 1<sup>st</sup> for mileage. Police Officers two counties away will be grandfathered in in keeping their cars but will be charged mileage. Motion carried with Commissioner Scott Moseley voting no.

### **RECONVENE**

Motion by/seconded, Commissioners Bubby Isham/Scott Moseley to approve coming out of executive session at approximately 8:25 p.m. Motion carried unanimously.

### **CLEAN UP WEEK**

Clean up week is set for April 24<sup>th</sup> – 28<sup>th</sup>. All items are to be set out on the normal garbage night.

### **JEFF REARDON RESIGN**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve accepting the resignation of Jeff Reardon effective March 24, 2017. Motion carried unanimously.

### **JEFF REARDON REQUESTS EXTENTION ON RENTAL AGREEMENT**

Motion by/seconded, Commissioner Charlie Mattingly/Mayor Eddie Long to approve extending the rental agreement with Jeff Reardon for a sixty day (May 24<sup>th</sup>) period after his resignation. Motion carried with Commissioner Scott Moseley voting no.

**MAYOR LONG AUTHORIZED TO SIGN ORDER FOR NO PARKING AND HANDICAPPED PARKING ON LEXINGTON STREET**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve no parking in space number "1" and a handicapped parking space in space number "2" on the south side of Lexington Street across from the public library. Motion carried unanimously.

**AUSTIN VAUGHN'S CLASSIFICATION CHANGED TO PSW 1**

Motion by/seconded, Commissioners Bubby Isham/Mayor Eddie Long to approve changing Austin Vaughn's classification to a Public Service Worker I. Once his probation is over he can be moved to a public service worker II. Motion carried unanimously.

**SEWER TAP WAIVED ON NEW RESIDENTIAL DEVELOPMENT**

Discussed if a residential developer puts water and sewer lines and streets in there will be no fee to tap the main line in to the City's line. A subdivision developer does not have to pay for the 6" water tap if the City's lines are there without having to be extended. If the line has to be extended additional fees and tap will be charge. This is only for the main supply line for the subdivision.

**CITY WEB PAGE**

Motion by/seconded, Mayor Eddie Long/Commissioner Scott Moseley to authorize Commissioner Coleman to use up to \$3,500.00 to rebuild the City's website. Motion carried unanimously.

**MAYOR LONG AUTHORIZED TO SIGN RESOLUTION 2017-03-27-01**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve authorization for Mayor Long to sign resolution 2017-03-27-01 awarding the bid to Bobby Luttrell & Sons, LLC in the amount of \$839,367.00 for the Sanitary Sewer Rehabilitation 2016 project A16-033 and to sign all documents associated with the project. Motion carried unanimously.

**MAYOR LONG AUTHORIZED TO SIGN RESOLUTION 2017-03-27-02**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve authorization for Mayor Long to sign resolution 2017-03-27-02 awarding the bid to United Pipeline, Inc. in the

amount of \$1,478,585.00 for the Water System Improvements 2016 project F16-049 and to sign all documents associated with the project. Motion carried unanimously.

**SECOND READING ORDINANCE 2017-05 ONE WAY STREET**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve making Office Street, from U.S. 127 to Chiles Street, one way. Motion carried unanimously.

**BUDGET AMENDMENT**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve amending the budget of the police department for \$12,866 in technical supplies and other grant revenue. Motion carried unanimously.

**AMEND THE WRECKER SERVICE AGREEMENT**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve amending the wrecker service agreement to read that the company must have a physical business address in Mercer County and vehicles towed must be stored at that address. Motion carried unanimously.

**ADJOURN**

Motion by/seconded, Mayor Eddie Long/Commissioner Scott Moseley to approve adjourning the meeting at approximately 9:00 p.m. Motion carried unanimously.





Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – December 3, 2015

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

**Meeting Date/Location: December 3, 2015 – 1:00 p.m.  
Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Mr. Tony Wilder, Commissioner, Department for Local Government  
Ms. Sandy Williams, Finance and Administration Cabinet  
(Proxy for Secretary Lori H. Flanery, FAC)  
Ms. Lona Brewer, Energy and Environment Cabinet  
(Proxy for Secretary Leonard K. Peters, EEC)  
Mr. Jerry Martin, Economic Development Cabinet  
(Proxy for Secretary Larry Hayes, EDC)  
Mr. Jeff DeRouen, Executive Director, Public Service Commission  
Mr. C. Ronald Lovan, representing the American Water Works Association  
Ms. Linda C. Bridwell, representing for-profit private water companies  
Mr. Paul Lashbrooke, representing the Kentucky Rural Water Association

**Members absent:**

Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities  
Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association of Counties  
Mr. Martin T. Ivy, representing the Kentucky Municipal Utilities Association

**Guests:**

Mr. Jory Becker, Division of Water  
Ms. Bethany Couch, Office of Financial Management  
Ms. Denise Pitts, Office of Financial Management  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Ms. Holly McGrath-Rosas, Morehead Utilities Plant Board  
Mr. Rick Wolf, Morehead Utilities Plant Board  
Mr. Joshua Farrow, Gateway Area Development District  
Ms. Tammy Cooper, Gateway Area Development District  
Mr. Billy Winkleman, Morehead Utilities Plant Board  
Mr. Alan Robinson, Eclipse Engineers  
Mr. Kevin Howard, Summit Engineering  
Mr. Laura Gilkerson, GRW, Inc.  
Mr. Gary Larimore, Kentucky Rural Water Association

Kentucky Infrastructure Authority  
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## **PROCEEDINGS**

**Chairman Tony Wilder called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Commissioner Wilder confirmed that a quorum was present and that the press had been notified regarding the meeting. The Commissioner asked board members and guests to introduce themselves.**

### **I. BUSINESS (Board Action Required)**

#### **APPROVAL OF MINUTES**

**For: KIA Regular Board Meeting of November 5, 2015**

***Mr. Jeff DeRouen moved to approve the Minutes of the November 5, 2015, regular board meeting. Ms. Linda Bridwell seconded, and the motion carried unanimously.***

### **B. NEW PROJECTS/ACTION ITEMS**

#### **1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A16-033) IN THE AMOUNT OF \$1,566,370 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the City of Harrodsburg's request for Fund "A" loan in the amount of \$1,566,370 for the Sewer Rehabilitation 2015 project. This project was originally two projects that have been combined into one loan. The first portion of the project will include cleaning, and video inspection of approximately 21,500 linear feet (LF) of the sanitary sewer collector lines, rehabilitation of 12,500 LF of sewer line as well as repair of 30 manholes. The second portion of the project will include replacing and relocating approximately 831 LF of 8 inch PVC pipe.

This project will achieve energy efficiency by reducing electricity costs through the decline of wastewater pumped to the equalization basins. This process will reduce pumping times and aeration.

The City's wastewater system has approximately 2,800 customers and also treats wastewater for the Mercer County Sanitation District.

***Ms. Linda Bridwell made the motion to amend the Fund A loan (A16-033) in the amount of \$1,566,370 to the City of Harrodsburg with the***

Kentucky Infrastructure Authority  
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***standard conditions. Ms. Lona Brewer seconded and the motion was unanimously approved.***

**2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A16-064) IN THE AMOUNT OF \$1,300,000 TO THE CITY OF MOREHEAD FOR THE BENEFIT OF THE MOREHEAD UTILITY PLANT BOARD, ROWAN COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Debbie Landrum, KIA, discussed the City of Morehead for the benefit of the Morehead Utility Plant Board's request for a Fund "A" loan in the amount of \$1,300,000 for the Sunnybrook Development Sewer Line Extension project. The project will provide new sanitary sewer services to 100 unserved households. The project will install nearly 12,000 linear feet (LF) of 8 inch PVC lines, construct a lift station and install 45 manholes.

The added infrastructure to the Sunnybrook Development on state road US-60 will allow the implementation of 100 future jobs within the City.

The Morehead Utility Plant Board serves portions of Rowan, Bath and Fleming Counties and has approximately 6,259 sewer customers.

***Ms. Linda Bridwell made the motion to approve the Fund A loan (A16-064) in the amount of \$1,300,000 to the City of Morehead for the benefit of the Morehead Utility Plant Board with the standard conditions. Mr. Ron Lovan seconded and the motion was unanimously approved.***

**3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A16-065) IN THE AMOUNT OF \$1,800,000 TO THE CITY OF MOREHEAD FOR THE BENEFIT OF THE MOREHEAD UTILITY PLANT BOARD, ROWAN COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Debbie Landrum, KIA, discussed the City of Morehead for the Benefit of the Morehead Utility Plant Board's request for Fund "A" loan in the amount of 1,800,000 for the KY-801 and KY-158 Sewer Extension project. The project will provide sanitary sewer service to 55 unserved households in the KY-801 and KY-158 area within the City of Sharkey. The project will install nearly 6,100 linear feet (LF) of 8 inch gravity

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PVC lines and 6,500 LF of 3 inch force main PVC lines. An additional 24,000 LF of 1.5 to 3 inch PVC force main lines will be installed off KY-158 as well as installation of 33 grinder pumps and 38 manholes.

The Morehead Utility Plant Board serves portions of Rowan, Bath and Fleming Counties and has approximately 6,259 sewer customers.

***Mr. Linda Bridwell made the motion to approve the Fund A loan (A16-065) in the amount of \$1,800,000 with the standard conditions. Mr. Ron Lovan seconded and the motion was unanimously approved.***

**4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A16-011) IN THE AMOUNT OF \$235,000 TO THE SOUTHERN WATER & SEWER DISTRICT, FLOYD COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Sarah Aitken, KIA, discussed the Southern Water and Sewer District's request for a Fund "A" loan in the amount of \$235,000 for the Harold Sewer- Phase III project. The project includes expansion of the recently constructed wastewater treatment and collection system in the Betsy Layne area of southern Floyd County. Extension of pressure sewer service to additional areas that include Store Hollow, Lower Hollow and Velocity Bottom of Betsy Layne will provide new service and add flow to the current wastewater system. The project consists of a combination of 1.25, 2, 3 and 10 inch sewer pipe, encasements where required, gate valves and grinder pump stations for customers. In addition, a lift station and associated equipment are included in the project.

The District supplies sewer services to a population of 372 within Floyd County.

***Mr. Jeff DeRouen recused himself from voting. Mr. Paul Lashbrooke made the motion to approve the Fund F loan (A16-011) in the amount of \$235,000 to the Southern Water & Sewer District with the standard conditions. Mr. Ron Lovan seconded and the motion unanimously carried.***

**5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT OF THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F15-002) INCREASING THE AMOUNT TO \$15,564,332 TO THE MONROE COUNTY WATER DISTRICT, MONROE COUNTY, KENTUCKY**

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Mr. Jory Becker, DOW and Ms. Brandi Norton, KIA discussed the Monroe County Water District's ("District") request for an increase of \$3,550,694 to a previously approved \$12,013,638 Fund "F" loan for the Regional Water Treatment Plant and System Improvements Project. The project was presented in July 2015 and was competitively bid in three contracts. The lowest bid exceeded the engineer's estimate by \$3,865,694.

The project will construct a new raw water intake on the Cumberland River, a 600,000 gallon water storage tank, one pump station, transmission lines and a two million gallon per day water treatment plant. Plans and specifications for the water treatment plant are substantially complete and were grant funded as a component of other water system improvements projects. The final plant design will permit a one million gallon per day expansion if demand increases. The District has secured a water withdrawal permit through the Division of Water (DOW) and the Army Corps of Engineers. The project ranked second out of sixty-seven projects by the DOW for the 2015 funding cycle and has consistently ranked high in previous funding cycles.

The District purchases about 275 million gallons of water per year from the City of Tompkinsville ("the "City") to support 3,400 customers and is subject to Public Service Commission jurisdiction. The City sources water from Mill Creek Lake and has frequently been unable to provide required water demand during peak or drought periods. Additionally, the City has been subject to periodic Notices of Violation (NOV) from the Division of Water. Upgrades to the City's water treatment plant would not remedy the ongoing supply constraint. The District has made numerous attempts over several years to partner with the City on a regional solution to jointly address these issues but has been unsuccessful.

The District also serves residents of the City of Gamaliel and provides an emergency connection to the Fountain Run Water District #1.

***Mr. Jeff DeRouen recused himself from voting. Ms. Linda Bridwell made the motion to approve the increase to Fund F loan (F15-002) in the amount of \$15,564,332 to the Monroe County District with the standard conditions. Ms. Lona Brewer seconded and the motion unanimously carried.***

- 6. A RESOLUTION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES**

Kentucky Infrastructure Authority  
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**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:**

<b>APPLICANT</b>	<b>FUND</b>	<b>AMOUNT</b>
<b>Southern Water &amp; Sewer District</b>	<b>A16-011</b>	<b>\$ 235,000</b>
<b>City of Harrodsburg</b>	<b>A16-033</b>	<b>\$ 1,566,370</b>
<b>City of Morehead</b>	<b>A16-064</b>	<b>\$ 1,300,000</b>
<b>City of Morehead</b>	<b>A16-065</b>	<b>\$ 1,800,000</b>
<b>Monroe County Water District (Increase)</b>	<b>F16-002</b>	<b>\$ 15,564,332</b>

***Ms. Linda Bridwell moved to approve the resolution. Mr. Ron Lovan seconded and the motion carried unanimously.***

**II. EXECUTIVE DIRECTOR’S REPORT**

Kentucky Infrastructure Authority Secretary Adam Scott addressed the group. He has met with Governor Bevin’s Transition Team to discuss KIA and the role it plays. He noted that KIA staff does not consist of any non-merit positions.

The regularly scheduled KIA monthly meeting will not be held in January. If necessary, there could be a specially called meeting. The next monthly meeting will be held on Thursday, February 4, 2016.

He noted that this would be Commissioner Wilder’s final KIA meeting, a Resolution was read and a framed copy was presented.

***Ms. Linda Bridwell made the motion to approve the resolution and Jeff DeRouen seconded, the motion unanimously carried.***

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

**ANNOUNCEMENTS/NOTIFICATIONS**

**Next scheduled KIA board meeting:**

Tentatively set for Thursday, February 4, 2016  
 1024 Capital Center Drive, Suite 340  
 Frankfort, Kentucky

***There being no further business Commissioner Wilder moved to adjourn. Mr. Jeff DeRouen made the motion to adjourn the December KIA Board meeting. Ms. Lona Brewer seconded and the motion carried unanimously.***

Kentucky Infrastructure Authority  
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***The December 3, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

**Submitted by:**



\_\_\_\_\_  
**Adam J. Scott, Secretary  
Kentucky Infrastructure Authority**

\_\_\_\_\_  
**1/19/2016**

**Date**







## KENTUCKY INFRASTRUCTURE AUTHORITY

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

Steven L. Beshear  
Governor

December 7, 2015

The Honorable Eddie Long, Mayor  
City of Harrodsburg  
208 South Main Street  
Harrodsburg, KY 40330

### KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (A16-033)

Dear Mayor Long:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On December 3, 2015, the Authority approved your loan for the Sewer Rehabilitation 2015 Project, subject to the conditions stated below. The total cost of the project shall not exceed \$1,569,300 of which the Authority loan shall provide \$1,566,370 of the funding. 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 cost 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 City of Harrodsburg upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by December 7, 2016 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$1,566,370.
2. The loan shall contain principal forgiveness in the amount of \$342,850. Amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.

Mayor Long  
December 7, 2015  
Page 2

3. The loan shall bear interest at the rate of 0.75 percent per annum commencing with the first draw of funds.
4. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements changed for calendar or fiscal years beginning after December 26, 2014. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.

Mayor Long  
December 7, 2015  
Page 3

11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment A must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.
7. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.

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8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving CWSRF funds.
9. Technical plans and specifications and a complete CWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the CWSRF loan project.
12. 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.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.
17. Based on the final "as-bid" project budget, the Borrower must provide

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December 7, 2015  
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satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.

- 18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions listed stated in Attachment A must be resolved.

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

Sincerely,



Amanda Yeary  
Kentucky Infrastructure Authority

2015 DEC 22 PM 9 46  
LEONARD  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

Attachments

- cc: Laura Gilkerson, GRW Engineers, Inc.  
Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State and Local Debt Office, DLG  
Borrower File - City of Harrodsburg - A16-033

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

  
Accepted

12/15/15  
Date

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F11-17  
BORROWER: City of Harrodsburg, Kentucky  
BORROWER'S ADDRESS: 208 South Main Street  
Harrodsburg, Kentucky 40330  
DATE OF ASSISTANCE AGREEMENT: January 1, 2013  
CFDA NO.: 66.458

ASSISTANCE AGREEMENT

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## ASSISTANCE AGREEMENT

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

### WITNESSETH

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

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

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

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

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

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

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

herein contained to repay the Loan and the interest thereon from the sources herein provided, all as hereinafter more specifically provided; and

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

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

## ARTICLE I

### DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

"*Debt Obligations*" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance

Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

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

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

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

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

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

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

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

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

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

"*Program*" shall mean the program authorized by KRS 224A.1115 and the Indenture as the "federally assisted drinking water revolving fund" for financing Projects through Loans by

the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

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

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

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

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

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

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

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

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

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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



## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

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

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

## ARTICLE IV

### CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(V) The Governmental Agency shall require all laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than prevailing

on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of Chapter 31 of title 40, United States Code.

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) Coastal Zone Management Act, Pub. L. 93-583, as amended
- (d) Endangered Species Act, Pub. L. 93-205, as amended
- (e) Environmental Justice, Executive Order 12898
- (f) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (g) Protection of Wetlands, Executive Order 11990
- (h) Farmland Protection Policy Act, Pub. L. 97-98
- (i) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (j) National Historic Preservation Act of 1966, PL 89-665, as amended
- (k) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (l) 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**

Sandy Williams  
Title: SECRETARY

By: [Signature]  
Title: EXECUTIVE DIRECTOR

ATTEST:

**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG, KENTUCKY**

[Signature]  
Title: Clerk

By: [Signature]  
Title: Mayor

APPROVED:

EXAMINED:

[Signature]  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

[Signature]  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

ENERGY AND ENVIRONMENT CABINET

By: [Signature]  
Director  
Division of Water

APPROVED AS TO FORM AND LEGALITY

[Signature]  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

**EXHIBIT A**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**F11-17**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main Street  
 Harrodsburg, KY 40330

Contact  
 Person: Eddie Long  
 (859) 223-3999

**SYSTEM:** Water

**PROJECT:**

This project involves the upgrade of approximately 6,400 LF and 911 LF in extensions of water lines to provide adequate connection (looping) of the system, to improve service to customers, and to eliminate old deteriorating lines. Areas to be upgraded include, but are not limited to, Mooreland Avenue, Bellows Mill Road, and Cornishville Road. This will eliminate leaks, line breaks and improve pressure to customers.

**PROJECT BUDGET:**

	Total
Engineering Fees	70,000
Construction	335,000
Contingency	33,000
<b>Total</b>	<b>\$ 438,000</b>

**FUNDING SOURCES:**

	Amount	%
Fund F Loan	\$ 438,000	100%
<b>Total</b>	<b>\$ 438,000</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 438,000
Less: Principal Forgiveness (35%)	\$ 153,300
Amortized Loan Amount	\$ 284,700
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 15,741
Administrative Fee (0.25%)	\$ 712
<b>Total Estimated Annual Debt Service</b>	<b>\$ 16,453</b>



**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 6/1/13).

Full principal and interest payments will commence within one year of initiation of operation (estimated 6/1/14).

**REPLACEMENT RESERVE ACCOUNT:**

	\$	1,100	ANNUAL AMOUNT
	\$	11,000	TOTAL AMOUNT

The annual replacement cost is \$1,100. This amount should be added to the replacement account each December 1 until the balance reaches \$11,000 and maintained for the life of the loan.

<b>ADMINISTRATIVE FEE:</b>	0.25%
<b>DEFAULT RATE:</b>	8.0%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
2008 Capital Lease	\$ 1,521,907	2023
KIA (A02-06)	2,149,972	2023
Note Payable	223,653	2016
2004 Bonds	1,464,000	2021
2006 Bonds	1,055,000	2044
2006 Bonds	2,358,000	2045
RD (i/a/o \$7.7M for WTP)	2,163,689	TBD
	<hr/>	
	<b>\$ 10,936,221</b>	

**LIABILITY INSURANCE COVERAGE:**

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

4,000,000  
4,000,000  
 100% of replacement costs

**EXHIBIT B**

**REQUEST FOR PAYMENT WITH RESPECT TO  
ASSISTANCE AGREEMENT DATED JANUARY 1, 2013  
LOAN NO. F11-17**

Request No. \_\_\_\_\_

Dated: \_\_\_\_\_

Original sent to: Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

Copy sent to: Branch Manager  
Water Infrastructure Branch  
Division of Water  
Energy and Environment Cabinet  
200 Fair Oaks, 4<sup>th</sup> Floor  
Frankfort, Kentucky 40601

FROM: CITY OF HARRODSBURG, KENTUCKY (the "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 drinking water supply 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>Funding Source</u>	<u>Portion of Expenses this Request</u>	<u>Portion of Expenses Total to Date</u>
-----------------------	---	--

Totals

The Governmental Agency certifies it has also paid Project expenses for planning and design 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/Architect

\_\_\_\_\_  
Firm Name

**EXHIBIT C**

**SCHEDULE OF SERVICE CHARGES**

See Attached

**ORDINANCE NUMBER 2012-09**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, SECTION 51, GENERAL WATER AND SEWER PROVISIONS, SECTION 51.03 B, WATER RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the General Water and Sewer Provisions, Section 51.03, which were last comprehensively updated by Ordinance 2010-04 and;

**WHEREAS**, the City of Harrodsburg is expanding the Water Treatment Plant and has closed on a loan provided by Rural Development and additional revenues are needed in order to meet the minimum qualifications on the letter on conditions to pay the debt service on the loans;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(B) Specifically,

(1) Minimum water rate. The minimum water bill shall be ~~\$8.78~~ **\$9.87** per month, and each water customer shall be entitled to 250 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<del>\$8.78 minimum charge</del>
Next 750	<del>\$3.33 per 100 cubic feet</del>
Next 3,000	<del>\$2.90 per 100 cubic feet</del>
Next 6,000	<del>\$2.46 per 100 cubic feet</del>
Next 25,000	<del>\$2.10 per 100 cubic feet</del>
Next 25,000	<del>\$1.75 per 100 cubic feet</del>
Next 60,000	<del>\$1.40 per 100 cubic feet</del>

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<b>\$9.87 minimum charge</b>
Next 750	<b>\$3.75 per 100 cubic feet</b>
Next 3,000	<b>\$3.26 per 100 cubic feet</b>
Next 6,000	<b>\$2.77 per 100 cubic feet</b>
Next 25,000	<b>\$2.36 per 100 cubic feet</b>
Next 25,000	<b>\$1.97 per 100 cubic feet</b>
All over 60,000	<b>\$1.58 per 100 cubic feet</b>

(2) Meter rates for water usage in addition to minimum charge. Subject to the minimum monthly water rate specified above, the following metered charges shall be made for each 100 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$8.78 minimum charge
Next 750	\$3.33 per 100 cubic feet
Next 3,000	\$2.90 per 100 cubic feet
Next 6,000	\$2.46 per 100 cubic feet
Next 25,000	\$2.10 per 100 cubic feet
Next 25,000	\$1.75 per 100 cubic feet
Next 60,000	\$1.40 per 100 cubic feet

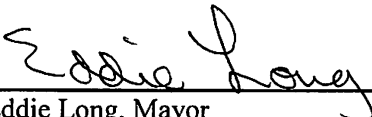
Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$9.87 minimum charge
Next 750	\$3.75 per 100 cubic feet
Next 3,000	\$3.26 per 100 cubic feet
Next 6,000	\$2.77 per 100 cubic feet
Next 25,000	\$2.36 per 100 cubic feet
Next 25,000	\$1.97 per 100 cubic feet
All over 60,000	\$1.58 per 100 cubic feet

This ordinance shall be effective on June 14, 2012 upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading May 29, 2012

Passed 2<sup>nd</sup> Reading June 11, 2012

Published

  
\_\_\_\_\_  
Eddie Long, Mayor  
City of Harrodsburg

  
\_\_\_\_\_  
Kim Stinnett, City Clerk/Treasurer/Budget Director

**ORDINANCE NUMBER 2011-20**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY  
 AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, CHAPTER  
 52, SEWER USE, SECTION 52.145 ( C ) 3, SEWER SERVICE RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the sewer use, Section 52.145 (c) 3, which were last comprehensively updated by Ordinance 2001-10 and;

**WHEREAS**, the City of Harrodsburg is improving the Waste Water Treatment Plant, pump stations, and wastewater lines;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(3) Minimum sewer rate. The minimum sewer bill shall be ~~\$8.80~~ **\$10.56** per month, and each sewer customer shall be entitled to 250 cubic feet of sewer service consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of sewer per month	Minimum Monthly Charge
First 250	<del>\$8.80 per 100 cubic feet</del>
Next 750	<del>\$3.63 per 100 cubic feet</del>
Next 3,000	<del>\$3.40 per 100 cubic feet</del>
Next 6,000	<del>\$3.40 per 100 cubic feet</del>
Next 25,000	<del>\$3.40 per 100 cubic feet</del>
Next 25,000	<del>\$3.20 per 100 cubic feet</del>
All over 60,000	<del>\$3.00 per 100 cubic feet</del>

Number of Cubic Feet of sewer per month	Minimum Monthly Charge
First 250	<b>\$10.56 minimum charge</b>
Next 750	<b>\$4.32 per 100 cubic feet</b>
Next 3,000	<b>\$4.08 per 100 cubic feet</b>
Next 6,000	<b>\$4.08 per 100 cubic feet</b>
Next 25,000	<b>\$4.08 per 100 cubic feet</b>
Next 25,000	<b>\$3.84 per 100 cubic feet</b>
All over 60,000	<b>\$3.60 per 100 cubic feet</b>

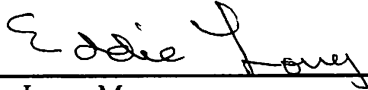


This ordinance shall be effective upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading

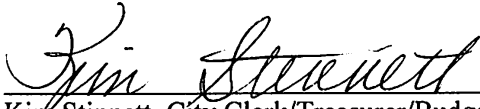
Passed 2<sup>nd</sup> Reading

Published



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Eddie Long, Mayor  
City of Harrodsburg



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Kim Stinnett, City Clerk/Treasurer/Budget Director

**EXHIBIT D**

**RESOLUTION**

RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF JANUARY 1, 2013 BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the City Council ("Governing Authority") of the City of Harrodsburg, Kentucky ("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 January 1, 2013 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Harrodsburg, Kentucky, 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 Mayor and Clerk 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 \_\_\_\_\_, 2013.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Title: Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Council of said City at a meeting duly held on \_\_\_\_\_, 2013; 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 \_\_\_\_\_, 2013.

---

Clerk

**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  
City of Harrodsburg, Kentucky, dated as of January 1, 2013

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 City of Harrodsburg, Kentucky, 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  
CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

**CITY OF HARRODSBURG, KENTUCKY,  
Governmental Agency**

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT G

### ADDITIONAL COVENANTS AND AGREEMENTS

1. The Authority to Award (bid) package for the Clearwell contract must be submitted to the Division of Water (DOW) for approval within 14 days of bid opening for each contract. DOW must perform the DBE reviews and approve executed contract documents.
2. No construction funds, other than those for Contract 1 with Caldwell Tanks, for the project will be reimbursed to the Governmental Agency until the Authority receives from DOW a certification letter that states that the project has been bid and meets all SRF requirements.
3. Project construction costs will be reimbursed monthly to the Governmental Agency upon presentation to the Authority and DOW of invoices and supporting documentation showing costs incurred.

73611v1

**RESOLUTION**

RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF JANUARY 1, 2013 BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the City Council ("Governing Authority") of the City of Harrodsburg, Kentucky ("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 January 1, 2013 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Harrodsburg, Kentucky, 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 Mayor and Clerk 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 Jan 14, 2013.

  
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
Clerk



CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Council of said City at a meeting duly held on 1/14, 2013; 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 14 day of Jan, 2013.

Kim Steinett  
Clerk

73615v1

**CITY OF HARRODSBURG  
BOARD OF COMMISSIONERS  
MINUTES FOR REGULAR MEETING**

**DATE: JANUARY 14, 2013**

**PLACE: City of Harrodsburg, Conference Room**

Mayor Eddie Long called the special called meeting to order. Members present, Mayor Eddie Long, Commissioners; Rose Bishop, Scott Moseley, Charlie Mattingly and Bubby Isham.  
Absent: None.

**APPROVE MINUTES FOR REGULAR MEETING HELD 12/10/12**

Motion by/seconded, Commissioners Charlie Mattingly/Bubby Isham to approve the minutes for the regular scheduled meeting held on December 10, 2012. Motion carried unanimously.

**APPROVE MINUTES FOR THE SPECIAL CALLED MEETING HELD 1/3/13**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve the minutes for the special called meeting held on January 3, 2013. Motion carried unanimously.

**JULIE WAGNER – HARRODSBURG FIRST – REQUESTS ANNUAL LETTER OF COMMITMENT**

Motion by/seconded, Commissioners Rose Bishop/Scott Moseley to approve authorizing Mayor Eddie Long to sign the annual letter of commitment between the City of Harrodsburg and Harrodsburg First. Motion carried unanimously.

**DAVID HANEY – M & M SANITATION – ADDRESSES GARBAGE PROBLEMS**

David Haney, at the request of Commissioner Charlie Mattingly, appeared before the Commission to address M & M Sanitation not picking up the garbage on the south end of town during the Christmas holidays. Garbage was not picked up on Friday and Saturday they had a truck to break down. Mr. Haney also reported that 188 customers were not picked up until Monday morning. They park their trucks in Stanford at the land fill, which received more snow and ice than Mercer County did and there is a steep incline. Also, they only have the ability to dump at the land fill until noon on Saturday.

**APPROVE AND PAY THE DECEMBER INVOICES**

Motion by/seconded, Mayor Eddie Long/Commissioner Scott Moseley to approve and pay the December invoices. Motion carried unanimously.

**SECOND READING ON ORDINANCE 2013-01 ORGANIZATION OF DEPARTMENTS**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve giving second reading to Ordinance 2013-01 which sets the organization of departments as follows:

Eddie Long, Mayor – General Government and Utility Billing Finance  
Scott Moseley- Police and Telecommunications Department  
Charlie Mattingly- Public Works (Street & Parks Departments)  
Marvin “Bubby” Isham- Fire and Cemetery Departments  
Rose Bishop- Water and Sewer Departments

Motion carried unanimously.

**SECOND READING ON ORDINANCE 2013-02 MAYOR PRO TEM**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve giving second reading to Ordinance 2013-02 which designates Commissioner Rose Bishop as Mayor Pro Tem. Motion carried unanimously.

**MAYOR LONG AUTHORIZED TO SIGN RESOLUTION FOR PROJECT F11-17 WATER MAIN IMPROVEMENTS**

Motion by/seconded, Commissioners Rose Bishop/Charlie Mattingly to approve authorizing Mayor Long to sign the resolution and funding paperwork for Kentucky Infrastructure Authority for project F11-17 for water main improvements to Mooreland Avenue and Magnolia Street. Motion carried unanimously.

**COMMISSIONER SCOTT MOSELEY REQUESTS EXECUTIVE SESSION**

Motion by/seconded, Commissioners Scott Moseley/Rose Bishop to approve going into executive session to discuss possible disciplinary action against an employee, negotiation of a contract on land, and property acquisition, at approximately 7:20 p.m. Motion carried unanimously.

**RECONVENE**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve coming out of executive session at approximately 7:56 p.m. with no action taken. Motion carried unanimously.

**ADOPT POLICY AND PROCEDURES FOR POLICE DEPARTMENT**

The issue was tabled until the Commission could review the drafts of the policies that the Police Department had put together with the help of KY League of Cities and City Attorney Doug Greenburg.

**MERCER COUNTY FAIR REQUESTS THE USE OF LIONS PARK COMMUNITY CENTER**

Motion by/seconded, Commissioner Charlie Mattingly/Rose Bishop to approve letting the Mercer County Fair use Lion's Park Community Center on July 27, 2013 at no cost to hold the Baby Show. Motion carried unanimously.

**AUSTIN JACKSON –CONDITIONAL INCREASE IN SALARY**

Motion by/seconded, Commissioners Bubby Isham/Charlie Mattingly to approve the following salary increases: Austin Jackson- conditional increase to \$8.67, Eric Bottoms conditional increase to \$8.67 Derrick Steele-conditional increase to \$8.78 hourly, Josh Bradley-conditional increase to \$8.89 hourly to realign salaries effective 7/1/13 These increases are performance based, attendance, and attitude at the discretion of the Fire Chief. Motion carried unanimously.

**DESIGNATE THREE CATEGORIES IN PART-TIME FIRE FIGHTER PAY**

Motion by/seconded, Commissioners Bubby Isham/Scott Moseley to approve designating part-time pay for Fire Fighters to 3 categories - less than 150 hour certification \$7.25, 150 hour certification \$7.75, 400 hour certification \$8.25 per hour. Motion carried unanimously.

**JOSHUA STRINGFELLOW HIRED AS PART-TIME FIREFIGHTER**

Motion by/seconded, Commissioners Bubby Isham/Scott Moseley to approve hiring Joshua Stringfellow as a part-time Firefighter at an hourly rate of \$7.25. Motion carried unanimously.

**BRANDON NOEL HIRED AS PART-TIME FIREFIGHTER**

Motion by/seconded, Commissioners Bubby Isham/Scott Moseley to approve hiring Brandon Noel as a part-time Firefighter at an hourly rate of \$7.25. Motion carried unanimously.

**FOSTER ELLIOTT HIRED AS PART-TIME FIREFIGHTER**

Motion by/seconded, Commissioners Bubby Isham/Charlie Mattingly to approve hiring Foster Elliott as a part-time firefighter at an hourly rate of \$7.25. Motion carried unanimously.

**ACTIVITY REPORT FOR FIRE DEPARTMENT FOR 2012**

Chief Chris Dean appeared before the Commission to give an activity report for the Harrodsburg Fire Department for 2012. Their 921 responses consisted of the following:

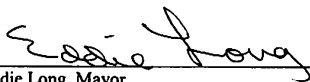
44 Fires  
255 Rescue runs  
30 Hazardous material runs  
592 Public Service runs

**MAYOR LONG AUTHORIZED TO SIGN RESOLUTION FOR CHECK SIGNING**

Motion by/seconded, Commissioners Bubby Isham/Scott Moseley to approve authorizing Mayor Long to sign a resolution which authorizing two of the following people to sign checks: Mayor Eddie Long, Commissioner Rose Bishop and Kim Stinnett. Motion carried unanimously.

**ADJOURN**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve adjourning the meeting at approximately 8:36 p.m. Motion carried unanimously.

  
\_\_\_\_\_  
Eddie Long, Mayor  
City of Harrodsburg

  
\_\_\_\_\_  
Kim Stinnett, City Clerk/Treasurer

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – December 8, 2011

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

**Meeting Date/Location: December 8, 2011 – 1:00 p.m.  
Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Mr. Tony Wilder, Commissioner, Department for Local Government  
Mr. Hank List, Energy and Environment Cabinet  
(permanent proxy for Secretary Leonard K. Peters, EEC)  
Mr. Jamie Link, Finance and Administration Cabinet  
(permanent proxy for Secretary Lori H. Flanery, FAC)  
Mr. Joe Kelly, Economic Development Cabinet  
(proxy for Secretary Larry Hayes, EDC)  
Mr. Jerry Wuetcher, Public Service Commission  
(permanent proxy for Executive Director Jeff Derouen, PSC)  
Mr. C. Ronald Lovan, representing the American Water Works Association  
Ms. Linda C. Bridwell, representing for-profit private water companies  
Mr. Thomas P. Calkins, representing the Kentucky Municipal Utilities Association  
Mr. Damon Talley, representing the Kentucky Rural Water Association  
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities  
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky  
Association of Counties

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Ms. Rachael Dever, Office of Financial Management  
Mr. Joe Britt, Wells Fargo  
Mr. Emmett Wood, Bowling Green Municipal Utilities  
Mr. Mike Gardner, Bowling Green Municipal Utilities  
Ms. Laura Gilkerson, GRW Engineers  
Mr. Clay Kelley, Strand and Associates  
Mr. Bill Osborne, Carrollton Utilities  
Ms. Chas Robbins, Carrollton Utilities  
Mr. Terry Roach, Carrollton Utilities  
Ms. Jennifer Miloszewski, Blue & Co., Inc.  
Mr. Allen Norvell, Blue & Co., Inc.

**PROCEEDINGS**

**Chair Tony Wilder called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Chair Wilder asked board members and guests to introduce themselves. He noted that a quorum was present and that the press had been notified regarding the meeting.**

Mr. Rusty Anderson, KIA, made maps available for viewing via the Water Resource Information

Kentucky Infrastructure Authority  
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System (WRIS) which showed an overview of the water and sewer projects that were to be considered at this board meeting.

I. **BUSINESS (Board Action Required)**

A. 1. **APPROVAL OF MINUTES**

For: KIA Regular Board Meeting of November 10, 2011

*Mr. Damon Talley moved to approve the minutes of the November 10, 2011 regular board meeting. Mr. Ron Lovan seconded, and the motion carried unanimously.*

B. **NEW PROJECTS/ACTION ITEMS**

1. **CONSIDERATION OF THE FISCAL YEAR END JUNE 30, 2011 KENTUCKY INFRASTRUCTURE AUTHORITY AUDIT REPORT**

Mr. Allen Norvell, CPA, Director of Blue & Co., LLC., presented the Fiscal Year End June 30, 2011 KIA Audit Report to the Board. Mr. Norvell thanked KIA staff for being very helpful throughout the 2011 audit process. KIA received a clean unqualified opinion from the auditors and no significant deficiencies or weaknesses were found.

*Mr. Damon Talley moved to accept the KIA Audit Report. Mr. Hank List seconded, and the motion carried unanimously.*

2. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-21) IN THE AMOUNT OF \$418,500 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

**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 (F11-17) LOAN IN THE AMOUNT OF \$438,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented both projects to the Board.

The City of Harrodsburg requested a Fund A loan in the amount of \$418,500 for the sewer rehabilitation project. This project includes heavy cleaning of the interceptor sewer, inspection of and replacement and repair of approximately 7100 LF of collector lines and manholes on Greenville and College Streets, Cherokee Heights and other areas. The City experiences overflows in the downtown system due to pipe size restrictions and west weather flows. This rehab will eliminate the overflows, improve hydraulics and increase capacities. The board book on page 32 under "Section VIII. 2011 Capitalization Grant

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Equivalencies" will be corrected to read that the project did not qualify for Green Project Reserve (GPR) funding. The project did qualify for additional subsidization in the amount of \$41,850. The unforgiven balance of the loan is \$376,650 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$21,579. DOW and KIA staff recommended approval of the loan with the standard conditions.

The City of Harrodsburg requested a Fund F loan in the amount of \$438,000 for the Water Main Improvements project. This project involves the upgrade of approximately 6400 LF of replaced and rehabilitated lines and 911 LF of extension of water lines to provide adequate connection (looping) of the system, to improve service to customers, and to eliminate old deteriorating lines. Areas to be upgraded include, but are not limited to, Mooreland Avenue, Bellows Mill Road, and Cornishville Road. This will eliminate leaks, line breaks and improve pressure to customers. The project did not qualify for GPR funding. Ms. White did note that this project has the potential to contribute to the green reserve requirement and as the project goes through the loan process the amount will be determined. The project did qualify for additional subsidization in the amount of \$153,000. The unforgiven balance of the loan is \$284,700 to be repaid in 20 years with an interest rate of 1% and an estimated debt service payment of \$16,453. DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Laura Gilkerson noted the project profile and project map was amended for the Drinking Water project and will be submitted to the Clearinghouse with those amendments. The upgrade to Cornishville Road was completed; therefore, that work will not be apart of this project. Ms. White and Mr. Shafiq confirmed that the project would still qualify for the loan with the amendment.

***Mr. Hank List moved to approve the Fund A (A11-21) resolution with the standard conditions. Mayor David Cartmell seconded, and the motion carried unanimously.***

***Mr. Tom Calkins moved to approve the Fund F (F11-17) resolution with the standard conditions. Mr. Jamie Link seconded, and the motion carried unanimously.***

**3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND (B08-06) LOAN INCREASING THE AMOUNT TO \$900,000 TO THE CITY OF CARROLLTON, CARROLL COUNTY, KENTUCKY**

**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 (F11-15) LOAN IN THE AMOUNT OF \$1,850,270 TO THE CITY OF CARROLLTON, CARROLL COUNTY, KENTUCKY**

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Ms. Sandy Williams, KIA, presented the Fund B project to the Board. The City of Carrollton requested a \$150,000 increase to their Fund B loan for a revised amount of \$900,000. The loan was originally approved for \$750,000 for the Eagle Creek sewer expansion. During sanitary sewer construction a sewer main was installed through a road embankment that provides the only access for a majority of the homes in the community. The area in the vicinity of the sewer line is failing structurally and threatening the integrity of the sewer system and the roadway. Preliminary engineering analysis has indicated that the most cost effective solution to protecting the sewer system is removal of the fill material placed in the embankment during construction of the system, replacing a culvert, and recompacting the fill in the roadway in the vicinity of the sewer main. The loan is to be repaid in 20 years with an interest rate of 1.07% and an estimated annual debt service payment of \$51,906. KIA staff recommended approval of the loan with the standard conditions.

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the Fund F project to the Board. The City of Carrollton requested a Fund F loan in the amount of \$1,850,270 for completion of the unfunded portions of the Countywide Underserved Project. This regional solution to Carroll County's source water, water treatment, and distribution needs involves various construction components that will benefit Carrollton Utilities (CU), the Carroll County Water District #1 (CCWD) and the West Carroll Water District (WCWD) affecting over 5650 customers. The project phases constructed with KIA SRF funds include the following: CU will be replacing aging infrastructure at the water treatment plant as well as making source water and distribution improvements including a lime dewatering system, a new mixed media filtration unit, a SCADA system to control and monitor the system, and a finished water transmission supply line to General Butler State Park. WCWD will be installing 2 new booster pump stations and a parallel line to boost pressure to underserved customers and augment filling of the 100,000 gallon tank. Also included are several small extensions to serve all of the known unserved customers (18) in the district. The project will ensure a more reliable supply of drinking water for all three systems and will reduce hours of plant operation by 30%. Initially, the project was not analyzed for components that qualified for Green Project Reserve (GPR) funding. However, the utility will perform an analysis of the trucking cost savings, reduced hours of plant operation and the beneficial re-use of waste lime to determine if portions of the project could be green compliant. The project qualified for additional subsidization in the amount of \$647,595. The unforgiven balance of the loan is \$1,202,676 to be repaid in 30 years with an interest rate of 1% and an estimated annual debt service payment of \$49,509. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund B (B08-06) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously.***

***Mayor David Cartmell moved to approve the Fund F (F11-15) resolution with the standard conditions. Mr. Damon Talley seconded, and the motion carried unanimously.***



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**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-16) LOAN IN THE AMOUNT OF \$1,316,378 TO THE CITY OF BOWLING GREEN f/b/o BOWLING GREEN MUNICIPAL UTILITIES, WARREN COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of City of Bowling Green f/b/o Bowling Green Municipal Utilities requested a Fund F loan in the amount of \$1,316,378 for the Small Waterline Replacement project. This project involves replacement of approximately 10,344 linear feet of small diameter water lines that have greatly reduced inner diameters and are susceptible to breaks and water loss with eight inch PVC lines. This will reduce water loss and the chemicals and power cost that would have been required to treat the additional water. The project qualified for \$912,037 of Green Project Reserve (GPR) funding under the category of Water Efficiency. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$83,473. DOW and KIA staff recommended approval of the loan with the standard conditions.

*Mr. Tom Calkins moved to approve the Fund F (F11-16) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously.*

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

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

APPLICANT	FUND	AMOUNT
City of Harrodsburg	A	\$ 418,500
City of Carrollton	B	\$ 900,000
City of Harrodsburg	F	\$ 438,000
City of Carrollton	F	\$ 1,850,270
City of Bowling Green f/b/o Bowling Green Municipal Utilities	F	\$ 1,316,378
City of Hopkinsville f/b/o Hopkinsville Water Environment Authority (≤10% Increase)	F	\$ 8,800,000

*Ms. Linda Bridwell moved to approve the resolution. Mr. Damon Talley*

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*seconded, and the motion carried unanimously.*

**6. CONSIDERATION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY  
BUDGET REQUEST FOR FISCAL YEARS 2012-2013 AND 2013-2014**

Mr. John Covington, KIA, presented the Agency Budget Request Overview Report to the board. KIA is requesting \$65 million for 2012-2013 and \$88 million for 2013-2014. He summarized the operating budget and the capital budget that will be submitted to the Governor for fiscal years 2012-2013 and 2013-2014. Authorization is being requested to issue additional bonds and the continuation of the SRF program to issue state match bonds in the amount of \$6 million for Fund A and \$3 million for Fund F. Authorization is also being requested to issue leverage bonds in the amount of \$100 million for Fund A and \$25 million for Fund F. The biannual request is being made to recapitalize Fund B in the amount of \$100 million. A request is also being made for an increase of \$140,000 in general fund appropriation in each year to increase the contracts with the fifteen Area Development Districts.

*Mr. Tom Calkins moved to adopt the KIA Budget Request for Fiscal Years 2012-2013 and 2013-2014. Mr. Hank List seconded, and the motion carried unanimously.*

**II. EXECUTIVE DIRECTOR'S REPORT**

Mr. John Covington, KIA, reported on the following items to the Board:

- A. Mr. Covington informed the Board there were 34 loan applications remaining to be approved by the Board including for Funds B and C.
- B. The first and second round of invitations for the SRF programs have been sent out and completed. There are enough applications received to distribute all the money in Fund F. There is money still remaining in Fund A and staff will be sending out third round invitations that will have a deadline of January 31, 2012, for applications. Once third round invitations are sent, that will represent the entire priority list. After that, staff will look at additional projects that were not on the priority list that would be seeking funding and would qualify for the Fund A program.
- C. Prior to the 2009 American Recovery and Reinvestment Act, KIA was looking at purchasing a software database for the loan program. The software will not only help to track loan information, but will integrate with the databases for the grant information and will hopefully integrate and flow from the project profile. There has been discussion with a couple of vendors. KIA has submitted an EO1 to the Exceptions Committee and was approved in the amount of approximately \$300,000. A Request for Proposal will be released in the near future.

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

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

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- Next scheduled KIA board meeting:  
Tentatively scheduled for  
Thursday, January 5, 2012  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Ms. Linda Bridwell moved to adjourn. Mr. Tom Calkins seconded and the motion carried unanimously. The December 8, 2011, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

*Sandy Williams*  
Sandy Williams, Secretary  
Kentucky Infrastructure Authority

12-20-11  
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

December 9, 2011

The Honorable Eddie Long, Mayor  
City of Harrodsburg  
208 South Main Street  
Harrodsburg, KY 40330

**KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (F11-17)**

Dear Mayor Long:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On December 8, 2011, the Authority approved your loan for the Water Main Improvements project subject to the conditions stated below. The total cost of the project shall not exceed \$438,000 of which the Authority loan shall provide \$438,000 of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the City of Harrodsburg upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (12/8/2012) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$438,000.

Mayor Eddie Long  
December 9, 2011  
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2. The loan shall contain principal forgiveness in the amount of 35%. Actual amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.
3. The loan shall bear interest at the rate of 1% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be performed for the life of the loan.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. 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.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted to and approved by DOW.

Mayor Eddie Long  
December 9, 2011  
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10. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.
11. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.

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

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

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

Sincerely,



Kasi L. White  
Financial Analyst

Mayor Eddie Long  
December 9, 2011  
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Attachments

cc: Laura Gilkerson, GRW Engineers, Inc.  
Ryan Carr, GRW Engineers, Inc.  
Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State Local Debt Office, DLG  
Borrower File - City of Harrodsburg - F11-17

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

Eddie Long                      12/20/11  
Accepted                              Date



**ATTACHMENT A**

**City of Harrodsburg  
F11-17**

<b>EXECUTIVE SUMMARY</b>		Reviewer:	Kasi White	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date:	December 8, 2011	
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number:	F11-17	
REVOLVING LOAN FUND		WRIS Number	WX21167013	
<b>BORROWER:</b>	CITY OF HARRODSBURG			
	MERCER COUNTY			
<b>BRIEF DESCRIPTION:</b>	<p>This project involves the upgrade of approximately 6,400 LF and 911 LF in extensions of water lines to provide adequate connection (looping) of the system, to improve service to customers, and to eliminate old deteriorating lines. Areas to be upgraded include, but are not limited to, Mooreland Avenue, Bellows Mill Road, and Cornishville Road. This will eliminate leaks, line breaks and improve pressure to customers.</p>			
<b>PROJECT FINANCING:</b>		<b>PROJECT BUDGET</b>		
Fund F Loan	\$ 438,000	Engineering Fees	70,000	
		Construction	335,000	
		Contingency	33,000	
<b>TOTAL</b>	<b>\$ 438,000</b>	<b>TOTAL</b>	<b>\$ 438,000</b>	
<b>REPAYMENT</b>			Est. Annual	
	Rate	1.0%	Payment	\$ 16,453
	Term	20 years	1st Payment	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	GRW Engineers, Inc.		
	Bond Counsel	Peck, Shaffer, & Williams		
<b>PROJECT SCHEDULE</b>				
	Bid Opening:	June, 2012		
	Construction Start:	July, 2012		
	Construction Stop:	April, 2013		
<b>DEBT PER CUSTOMER</b>	Existing:	\$ 2,920		
	Proposed:	\$ 3,758		
<b>OTHER DEBT</b>	See Attached			
<b>OTHER STATE-FUNDED PROJECTS LAST 5 YRS</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	3,745	\$ 18.26	(for 4,000 gallons)
	Additional	0	\$ 18.26	(for 4,000 gallons)
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	<b>Cash Available for</b>	<b>Income after Debt</b>		
	<b>Debt Service</b>	<b>Debt Service</b>	<b>Service</b>	<b>Coverage Ratio</b>
Audited 2008	743,969	695,361	48,608	1.1
Audited 2009	469,037	769,821	(300,784)	0.6
Audited 2010	1,344,080	778,034	566,046	1.7
Prelim 2011	1,242,706	1,401,263	(158,557)	0.9
Projected 2012	1,432,820	817,858	614,962	1.8
Projected 2013	1,398,145	999,169	398,976	1.4
Projected 2014	1,317,453	1,081,301	236,152	1.2
Projected 2015	1,266,997	1,176,359	90,638	1.1

Reviewer: Kasi White  
 Date: December 8, 2011  
 Loan Number: F11-17

**KENTUCKY INFRASTRUCTURE AUTHORITY  
 DRINKING WATER STATE REVOLVING FUND (FUND "F")  
 CITY OF HARRODSBURG, MERCER COUNTY  
 PROJECT REVIEW  
 WX21167013**

**I. PROJECT DESCRIPTION**

The City of Harrodsburg is requesting a Fund F loan in the amounts of \$438,000 for the Water Main Improvements project. This project involves the upgrade of approximately 6,400 LF of replaced and rehabilitated lines and 911 LF of extension of water lines to provide adequate connection (looping) of the system, to improve service to customers, and to eliminate old deteriorating lines. Areas to be upgraded include, but are not limited to, Mooreland Avenue, Bellows Mill Road, and Cornishville Road. This will eliminate leaks, line breaks and improve pressure to customers.

The City supplies water to the North Mercer Water District and the Lake Village Water District, which are both regulated by the PSC. They also sell water to the City of Burgin.

**II. PROJECT BUDGET**

	<u>Total</u>
Engineering Fees	70,000
Construction	335,000
Contingency	33,000
<b>Total</b>	<b>\$ 438,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 438,000	100%
<b>Total</b>	<b>\$ 438,000</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Construction Loan	\$ 438,000
Less: Principal Forgiveness (35%)	\$ 153,300
Amortized Loan Amount	\$ 284,700
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 15,741
Administrative Fee (0.25%)	\$ 712
<b>Total Estimated Annual Debt Service</b>	<b>\$ 16,453</b>

**V. PROJECT SCHEDULE**

Bid Opening	June, 2012
Construction Start	July, 2012
Construction Stop	April, 2013

**VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

**A) Customers**

<u>Customers</u>	<u>Current</u>
Residential	3,453
Commercial	278
Industrial	14
Total	<u>3,745</u>

**B) Rates**

Since a 40% increase effective in April 2010, the monthly charge for water utility service is:

	<u>Current</u>
First 250 cubic feet (per 100 cf)	8.78
Next 750 cubic feet (per 100 cf)	3.33
Next 3,000 cubic feet (per 100 cf)	2.90
Next 6,000 cubic feet (per 100 cf)	2.46
Next 25,000 cubic feet (per 100 cf)	2.10
Next 25,000 cubic feet (per 100 cf)	1.75
Next 50,000 cubic feet (per 100 cf)	<u>1.40</u>
Residential Bill for 4,000 gallons	\$18.26
Affordability Index	0.69%

**VII. DEMOGRAPHICS**

In 2010, the City had a population of 8,148 with a Median Household Income (MHI) of \$31,685. The median household income for the Commonwealth is \$41,197. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for a 1% interest rate.

**VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$153,300.

## **IX. FINANCIAL ANALYSIS (See Exhibit 1)**

Financial information was obtained from City's audited financial statements for the years ended June 30, 2008 through 2010. Unaudited amounts for 2011 were provided by the City. The analysis includes combined results for the City's water and sewer operations.

### **HISTORICAL**

Water revenues increased 26% from 2008 to 2011 from \$1.5 million to \$1.9 million. A 40% rate increase that was effective April 30, 2010 contributed substantially all of the increase during 2011. Sewer revenues declined 3% during the same time period from approximately \$1.25 million to \$1.21 million. Operating expenses have ranged from \$1.9 million to \$2.2 million with 2011 expenses being about 11% lower than 2008. The decreases are primarily due to reductions in contractual services and maintenance expenses.

The balance sheet reflected a debt to equity ratio of 0.6 for years 2008 through 2010 and 0.8 in 2011. Unrestricted operating cash equals approximately four months of operating expenses. The utility is in compliance with all debt covenants associated with the maintenance of restricted funds.

### **PROJECTIONS**

Projections are based on the following assumptions:

- a) Water revenues will increase 7% in 2012 for the carryover effect of the prior rate increase and will be relatively flat for volume.
- b) Sewer revenues will increase 17% in 2012 and 3% in 2013 (rate increase) and will be relatively flat for volume.
- c) Operating expenses will increase by 5% per year.
- d) Repayment terms of the RD loan for the water treatment expansion will be 40 years with a 3.25% interest rate and a loan balance not to exceed \$7.7 million. The estimated annual debt service is \$345,360 and annual depreciation reserve funding of \$35,640 will be required for a period of ten years.
- e) Annual replacement reserves of \$1,000 and \$1,100 for loans A11-21 and F11-17 respectively will be required.
- f) Debt service of \$21,579 related to the anticipated KIA loan (A11-21) is included in the analysis bringing total annual debt service to just over \$1MM in 2014.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan. The debt coverage ratio will be approximately 1.2 in 2014 which is anticipated to be the first full year of P&I repayment on both proposed KIA loans.

### **REPLACEMENT RESERVE**

The annual replacement cost is \$1,100. This amount should be added to the replacement account each December 1 until the balance reaches \$11,000 and maintained for the life of the loan.

**X. DEBT OBLIGATIONS**

	<b>Outstanding</b>	<b>Maturity</b>
2008 Capital Lease	\$ 1,521,907	2023
KIA (A02-06)	2,149,972	2023
Note Payable	223,653	2016
2004 Bonds	1,464,000	2021
2006 Bonds	1,055,000	2044
2006 Bonds	2,358,000	2045
RD (i/a/o \$7.7M for WTP)	<u>2,163,689</u>	TBD
<b>Total</b>	<b>\$ 10,936,221</b>	

**XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS**

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
WWTP Improvements	EPA STAG	1,300,000	Grant
WTP Upgrade	CDBG	1,000,000	Grant
WTP Upgrade	RD	3,300,000	Grant

**XII. CONTACTS**

**Applicant**

Name City of Harrodsburg  
 Address 208 South Main Street  
 Harrodsburg, KY 40330  
 County Mercer  
 Contact Eddie Long  
 Phone (859) 734-2383  
 Email 2longbranch@roadrunner.com

**Applicant Contact**

Name GRW Engineers, Inc.  
 Address 801 Corporate Drive  
 Lexington, KY 40503  
 Contact Laura Gilkerson  
 Phone (859) 223-3999  
 Email lgilkerson@grwinc.com

**Engineer**

Name Ryan Carr  
 Firm GRW Engineers, Inc.  
 Address 801 Corporate Drive  
 Lexington, KY 40503  
 Phone (859) 223-3999  
 Email rcarr@grwinc.com

**XIII. RECOMMENDATIONS**

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

**CITY OF HARRODSBURG  
 BALANCE SHEETS (JUNE YEAR END)**

ASSETS	Audited 2008	Audited 2009	Audited 2010	Preliminary 2011	Upon Completion 2013
<b>Current Assets</b>					
Cash	719,860	152,061	87,577	629,098	516,611
Certificates of Deposit	375,877	185,861	363,122	367,865	400,000
Accounts Receivable	357,709	299,522	323,698	340,743	377,500
Grants Receivable	224,424	74,354	77,993	0	0
Prepaid	156,063	160,519	180,745	138,603	145,000
Due from Other Funds	0	0	12,918	0	0
<b>Total Current Assets</b>	<b>1,833,533</b>	<b>872,317</b>	<b>1,046,053</b>	<b>1,476,309</b>	<b>1,439,111</b>
<b>Restricted Assets</b>					
Bond Sinking Fund	421,264	313,779	314,512	314,150	325,000
Depreciation Fund	45,856	67,132	89,169	110,045	150,000
Repairs and Maintenance Fund	321,346	399,158	479,971	586,864	722,864
<b>Total Restricted Assets</b>	<b>788,466</b>	<b>780,069</b>	<b>883,652</b>	<b>1,011,059</b>	<b>1,197,864</b>
<b>Utility Plant</b>					
Land, System, Building and Equipment	44,689,776	45,526,743	45,571,633	45,471,927	59,428,133
Construction in Progress	0	0	0	2,320,779	0
<b>Total</b>	<b>44,689,776</b>	<b>45,526,743</b>	<b>45,571,633</b>	<b>47,792,706</b>	<b>59,428,133</b>
<b>Less Accumulated Depreciation ( )</b>	<b>(19,208,964)</b>	<b>(20,574,240)</b>	<b>(21,780,879)</b>	<b>(22,894,829)</b>	<b>(26,127,797)</b>
<b>Net Fixed Assets</b>	<b>25,460,812</b>	<b>24,952,503</b>	<b>23,790,754</b>	<b>24,898,077</b>	<b>33,300,336</b>
<b>Other Assets</b>					
Bond Issue Costs	80,689	74,911	69,133	75,378	75,378
<b>Total Other Assets</b>	<b>80,689</b>	<b>74,911</b>	<b>69,133</b>	<b>75,378</b>	<b>75,378</b>
<b>Total Assets</b>	<b>28,163,500</b>	<b>26,679,800</b>	<b>25,789,592</b>	<b>27,460,823</b>	<b>36,012,689</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable and Accrued Liabilities	100,500	90,392	109,753	75,657	100,000
Accounts Payable - Construction	213,411	163,525	5,200	396,845	0
Payroll Liabilities	37,361	37,666	34,104	37,908	42,500
Due to Other Funds	10,863	167,712	0	19,138	0
Customer Deposits	223,301	231,126	242,541	245,948	250,000
Leases and Loans Payable	109,427	118,471	511,855	2,340,729	140,000
<b>Total Current Liabilities</b>	<b>694,663</b>	<b>808,892</b>	<b>903,453</b>	<b>3,116,225</b>	<b>532,500</b>
<b>Liabilities Payable - Restricted Assets</b>					
Accrued Interest Payable	47,259	45,004	42,945	58,160	50,000
Loan Payable	157,523	159,100	160,695	162,306	165,632
Bonds Payable	173,500	177,500	183,000	187,500	200,000
<b>Total Liabilities Payable - Restricted Assets</b>	<b>378,282</b>	<b>381,604</b>	<b>386,640</b>	<b>407,966</b>	<b>415,632</b>
<b>Long Term Liabilities</b>					
Bonds, Leases, and Loans Payable	9,695,495	9,240,439	8,789,047	8,425,686	5,208,295
Proposed KIA Loan A11-21	0	0	0	0	378,650
Proposed KIA Loan F11-17	0	0	0	0	284,700
RD Loan (WT Plant Upgrade)	0	0	0	0	7,700,000
<b>Total Long Term Liabilities</b>	<b>9,695,495</b>	<b>9,240,439</b>	<b>8,789,047</b>	<b>8,245,686</b>	<b>13,569,645</b>
<b>Total Liabilities</b>	<b>10,768,440</b>	<b>10,430,935</b>	<b>10,059,140</b>	<b>11,769,877</b>	<b>14,517,777</b>
<b>Retained Earnings:</b>					
Invested in Capital Assets Net of Related Debt	15,324,867	15,256,993	14,166,157	13,961,856	19,225,059
Restricted	788,466	780,069	883,652	1,011,059	1,197,864
Unrestricted	1,281,727	211,803	680,643	718,031	1,071,989
<b>Total Retained Earnings</b>	<b>17,395,060</b>	<b>16,248,865</b>	<b>15,730,452</b>	<b>15,690,946</b>	<b>21,494,912</b>
<b>Total Liabilities and Equities</b>	<b>28,163,500</b>	<b>26,679,800</b>	<b>25,789,592</b>	<b>27,460,823</b>	<b>36,012,689</b>
<b>Balance Sheet Analysis</b>					
Current Ratio	2.8	1.1	1.2	0.5	2.7
Debt to Equity	0.6	0.6	0.8	0.8	0.7
Working Capital	1,138,670	63,425	142,600	(1,639,916)	906,611
Percent of Total Assets in Working Capital	4.0%	0.2%	0.6%	-6.0%	2.5%
Days Sales in Accounts Receivable	46.0	41.1	41.4	39.2	39.2

<b>EXHIBIT 1</b>											
<b>CITY OF HARRODSBURG</b>											
<b>CASH FLOW ANALYSIS (JUNE YEAR END)</b>											
	<b>Audited 2008</b>	<b>% Change</b>	<b>Audited 2009</b>	<b>% Change</b>	<b>Audited 2010</b>	<b>% Change</b>	<b>Prelim 2011</b>	<b>Projected 2012</b>	<b>Projected 2013</b>	<b>Projected 2014</b>	<b>Projected 2015</b>
<b>Operating Revenues</b>											
Water Revenues	1,482,849	-3%	1,434,448	3%	1,484,586	26%	1,863,865	1,957,058	1,966,843	1,976,677	1,986,560
Sewer Revenues	1,251,294	-9%	1,135,364	11%	1,263,346	-4%	1,212,516	1,414,602	1,461,755	1,469,064	1,476,409
Other	101,883	-9%	93,173	11%	103,792	-4%	99,130	90,000	90,000	90,000	90,000
<b>Total Revenues</b>	<b>2,836,026</b>	<b>-6%</b>	<b>2,662,985</b>	<b>7%</b>	<b>2,851,724</b>	<b>11%</b>	<b>3,175,511</b>	<b>3,461,660</b>	<b>3,518,598</b>	<b>3,535,741</b>	<b>3,552,969</b>
<b>Operating Expenses</b>											
Water Expenses	1,270,581	10%	1,391,892	-15%	1,177,955	8%	1,273,415	1,337,086	1,397,255	1,460,131	1,525,837
Sewer Expenses	902,829	-7%	841,600	-12%	736,528	-10%	665,480	698,754	730,198	763,057	797,395
Depreciation, Amort, Bad Debt	1,283,433	7%	1,371,348	0%	1,376,101	1%	1,384,842	1,454,084	1,779,084	1,800,497	1,836,507
Replacement Reserve	68,000		68,000		68,000		68,000	68,000	68,000	70,100	37,740
<b>Total Expenses</b>	<b>3,524,843</b>	<b>4%</b>	<b>3,672,840</b>	<b>-9%</b>	<b>3,358,584</b>	<b>1%</b>	<b>3,391,737</b>	<b>3,557,924</b>	<b>3,974,537</b>	<b>4,093,785</b>	<b>4,197,479</b>
<b>Net Operating Income</b>	<b>(688,817)</b>	<b>47%</b>	<b>(1,009,855)</b>	<b>-50%</b>	<b>(506,860)</b>	<b>-57%</b>	<b>(216,226)</b>	<b>(96,264)</b>	<b>(455,939)</b>	<b>(558,044)</b>	<b>(644,510)</b>
<b>Non-Operating Income and Expenses</b>											
Interest Income	66,074	-56%	28,844	-18%	23,656	-46%	12,876	15,000	15,000	15,000	15,000
Other	83,279		78,700		451,183		61,214	60,000	60,000	60,000	60,000
<b>Total Non-Operating Income &amp; Expenses</b>	<b>149,353</b>	<b>-28%</b>	<b>107,544</b>	<b>342%</b>	<b>474,839</b>	<b>-84%</b>	<b>74,090</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>	<b>75,000</b>
<b>Add Non-Cash Expenses</b>											
Depreciation, Amort, Bad Debt	1,283,433	7%	1,371,348	0%	1,376,101	1%	1,384,842	1,454,084	1,779,084	1,800,497	1,836,507
<b>Cash Available for Debt Service</b>	<b>743,969</b>	<b>-37%</b>	<b>469,037</b>	<b>187%</b>	<b>1,344,080</b>	<b>-8%</b>	<b>1,242,706</b>	<b>1,432,820</b>	<b>1,398,145</b>	<b>1,317,453</b>	<b>1,266,997</b>
<b>Debt Service (enter as positive #s)</b>											
Existing Principal	366,967		440,435		455,071		1,136,897	526,856	516,281	528,820	544,642
Existing Interest	328,394		329,386		322,963		264,366	217,857	279,221	264,199	248,325
Proposed KIA Loan A11-21								2,825	14,556	21,579	21,579
Proposed KIA Loan F11-17									1,424	16,453	16,453
RD Loan (7.7MM)								70,320	187,688	250,250	345,360
<b>Total Debt Service</b>	<b>695,361</b>		<b>769,821</b>		<b>778,034</b>		<b>1,401,263</b>	<b>817,858</b>	<b>999,169</b>	<b>1,081,301</b>	<b>1,176,359</b>
<b>Income After Debt Service</b>	<b>48,608</b>		<b>(300,784)</b>		<b>566,046</b>		<b>(158,557)</b>	<b>614,962</b>	<b>398,976</b>	<b>236,152</b>	<b>90,638</b>
<b>Debt Coverage Ratio</b>	<b>1.1</b>		<b>0.6</b>		<b>1.7</b>		<b>0.9</b>	<b>1.8</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>



KENTUCKY INFRASTRUCTURE AUTHORITY

FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F11-17  
BORROWER: City of Harrodsburg, Kentucky  
BORROWER'S ADDRESS: 208 South Main Street  
Harrodsburg, Kentucky 40330  
DATE OF ASSISTANCE AGREEMENT: January 1, 2013  
DATE OF FIRST SUPPLEMENTAL  
ASSISTANCE AGREEMENT: April 1, 2012

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KENTUCKY INFRASTRUCTURE  
AUTHORITY

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AUTHORITY

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AUTHORITY

## FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

This First Supplemental Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "First Supplemental 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 First Supplemental Agreement (the "Governmental Agency"):

### WITNESSETH:

WHEREAS, the Authority and the Governmental Agency have heretofore entered into an Assistance Agreement dated as of the date set forth on the cover page hereof (the "Assistance Agreement") for the purpose of providing financial assistance to the Governmental Agency in connection with the acquisition and construction of the Project, as defined in the Assistance Agreement; and

WHEREAS, the Authority and the Governmental Agency desire to amend certain provisions of the Assistance Agreement to provide additional funds to complete the Project; and

WHEREAS, in connection with, and as a condition to, such additional funding, the Governmental hereby covenants that the additional components of the Project to be funded is comprised of improvements constituting green infrastructure, water or energy efficiency improvements or other environmentally innovative activities.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN AND IN THE ASSISTANCE AGREEMENT, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

### ARTICLE I

#### RELATION TO ASSISTANCE AGREEMENT

**Section 1.1.** This First Supplemental Agreement is supplemental to the Assistance Agreement and shall be read and construed with the Assistance Agreement as though it were part of the same instrument. The provisions of the Assistance Agreement are hereby ratified and affirmed except as amended hereby. All capitalized terms used herein shall have the same meanings as provided in the Assistance Agreement, as amended by this First Supplemental Agreement.

### ARTICLE II

#### AMENDMENTS TO ASSISTANCE AGREEMENT

**Section 2.1.** Exhibit A attached to the Assistance Agreement is hereby amended by supplementing said Exhibit A with the Exhibit A attached hereto.

**Section 2.2.** Exhibit G attached to the Assistance Agreement is hereby amended by replacing said Exhibit G in its entirety with the Exhibit G attached hereto.

**Section 2.3.** The Assistance Agreement is hereby amended by adding Exhibit H as set forth in Exhibit H attached hereto.

### **ARTICLE III**

#### **EFFECT OF FIRST SUPPLEMENTAL AGREEMENT**

**Section 3.1.** From and after the time of taking effect of this First Supplemental Agreement, the Assistance Agreement shall be, and be deemed to be, modified and amended in accordance herewith, and the respective rights, duties and obligations under the Assistance Agreement of the Authority and the Governmental Agency thereunder shall be determined, exercised and enforced thereunder subject in all respects to the provisions of this First Supplemental Agreement, and all provisions hereof shall be deemed to be part of the terms and conditions of the Assistance Agreement for any and all purposes.

### **ARTICLE IV**

#### **EFFECTIVE DATE; MISCELLANEOUS PROVISIONS**

**Section 4.1. *Time of taking effect.*** This First Supplemental Agreement shall be effective as of the day and year written on the cover page hereof.

**Section 4.2. *Invalidity of any provision.*** In case any one or more of the provisions contained herein shall be adjudicated by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby.

**Section 4.3. *Execution in counterparts.*** This First Supplemental Agreement may be simultaneously executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

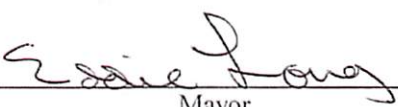
IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Agreement to be executed by their respective duly authorized officers as of the day and year stated on the cover page hereof.

**KENTUCKY INFRASTRUCTURE  
AUTHORITY**

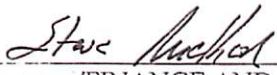
By:   
EXECUTIVE DIRECTOR  
Title: \_\_\_\_\_

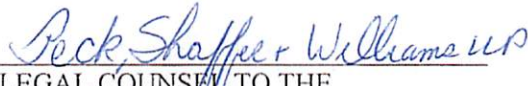
Attest:   
Title SECRETARY \_\_\_\_\_

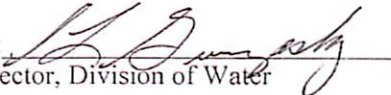
**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG, KENTUCKY**

By:   
Mayor

Attest: \_\_\_\_\_  
By:   
Title City Clerk

APPROVED:  
  
SECRETARY / FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:  
  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

ENERGY AND ENVIRONMENT CABINET  
By:   
Director, Division of Water

APPROVED AS TO FORM AND LEGALITY  
  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

**Exhibit A**  
**(See Attached)**

76078v1

**EXHIBIT A**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**F11-17 (Increase)**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main Street  
 Harrodsburg, KY 40330

Contact  
 Person: Eddie Long  
 Mayor

**SYSTEM:** Water

**PROJECT:**

The City of Harrodsburg is requesting an increase of \$80,000 in their Fund "F" loan that was previously approved on December 8, 2011. The increase is required to complete the Bellows Mill Road section of the project. When the entire project was originally bid, costs were higher due to two road bores and cost increases from the original estimate for some items. Because of this the City did not pursue the Bellows Mill component until they were certain that there would be no additional cost overages on the other original project components. The original project description is below:

This project involves the upgrade of approximately 6,400 LF and 911 LF in extensions of water lines to provide adequate connection (looping) of the system, to improve service to customers, and to eliminate old deteriorating lines. Areas to be upgraded include, but are not limited to, Mooreland Avenue, Bellows Mill Road, and Cornishville Road. This will eliminate leaks, line breaks and improve pressure to customers.

**PROJECT BUDGET:**

	<u>Total</u>
Engineering Fees - Design	35,000
Engineering Fees - Const / Inspection	31,000
Engineering Fees - Other	9,000
Construction	402,691
Contingency	<u>40,309</u>
<b>Total</b>	<b>\$ 518,000</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 518,000	100%
<b>Total</b>	<b>\$ 518,000</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$	518,000
Less: Principal Forgiveness (35%)		<u>181,300</u>
Amortized Loan Amount	\$	336,700
Interest Rate		1.00%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	18,616
Administrative Fee (0.25%)		<u>842</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$</b>	<b>19,458</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/13).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/14).

<b>REPLACEMENT RESERVE ACCOUNT:</b>	\$	1,300	ANNUAL AMOUNT
	\$	13,000	TOTAL AMOUNT

The annual replacement cost is \$1,300. This amount should be added to the replacement account each December 1 until the balance reaches \$13,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.25%

**DEFAULT RATE:** 8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
2008 Capital Lease	\$ 1,394,943	2023
KIA (A02-06)	1,987,665	2023
Note Payable	173,558	2016
2004 Bonds	1,324,000	2021
2006 Bonds	1,040,000	2044
2006 Bonds	2,325,500	2045
2012 Bonds	7,700,000	2051
KIA Loan (F11-17) (i/a/o \$336,700)	0	TBD
KIA Loan (A11-21) (i/a/o \$376,650)	0	TBD
KIA Loan (A12-07) (i/a/o \$635,400)	0	TBD
<b>Total</b>	<b>\$ 15,945,666</b>	

**LIABILITY INSURANCE COVERAGE:**

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

4,000,000  
4,000,000  
2,000,000

**RESOLUTION**

**RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING A FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.**

WHEREAS, the City Council ("governing authority") of the City of Harrodsburg, Kentucky ("Governmental Agency") has previously determined that it is in the public interest to finance improvements to the Governmental Agency's Water System (the "Project"); and

WHEREAS, the Governmental Agency made an 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 entered into an Assistance Agreement dated as of January 1, 2013 with the Authority; and

WHEREAS, since the date of the Assistance Agreement the scope of the Project has been expanded and the Authority has agreed to provide additional monies for the Project; and

WHEREAS, in order to receive such additional monies for the Project it is necessary for the Governmental Agency to enter into a First Supplemental Assistance Agreement with the Authority.

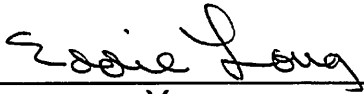
NOW, THEREFORE, BE IT RESOLVED by the governing authority of the City of Harrodsburg, Kentucky, as follows:


SECTION 1. That the governing authority hereby approves and authorizes the First Supplemental 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 the Mayor and City Clerk 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 3/25, 2013.

  
\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
City Clerk



CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Council of said City of Harrodsburg, Kentucky at a meeting duly held on 3/25, 2013; that said official action appears as a matter of public record in the official records or journal of the City of Harrodsburg, Kentucky; 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 25 day of March, 2013.

  
\_\_\_\_\_  
City Clerk

76114v1

**KENTUCKY INFRASTRUCTURE AUTHORITY**

**ASSISTANCE AGREEMENT**

FUND F

PROJECT NUMBER: F13-002  
BORROWER: City of Harrodsburg, Kentucky  
BORROWER'S ADDRESS: 208 South Main Street  
Harrodsburg, Kentucky 40330  
DATE OF ASSISTANCE AGREEMENT: May 1, 2014  
CFDA NO.: 66.458

2014 JUN 13 PM 10 13  
RECEIVED  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

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.

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 inquiry, 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**

*Jeff Albers*  
Title: SECRETARY

By: *[Signature]*  
Title: EXECUTIVE DIRECTOR

ATTEST:

**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG, KENTUCKY**

*Shawnna Huffman*  
Title: Clerk

By: *Eddie Long*  
Title: Mayor

APPROVED:

EXAMINED:

*Jeri H. Flanery*  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

*Beck Shaffer + Williams, a division of Dinsmore + Shutt*  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

*Patrick M. De*  
APPROVED  
FINANCE AND ADMINISTRATION CABINET



**EXHIBIT A**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**F13-002**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
208 South Main Street  
Harrodsburg, KY 40330

Contact  
Person: Eddie Long  
Mayor

**SYSTEM:** Water

**PROJECT:**

This project involves two components to improve the City's water system. First, approximately 24,000 linear feet of water lines in older sections of the system will be replaced with eight inch PVC. Valves and fire hydrants will also be replaced. Second, a storage tank will be refurbished by removing the existing lead based interior and exterior paint, repainting the tank, and proper disposal of the lead based residue.

**PROJECT BUDGET:**

	<u>Total</u>
Engineering Fees - Design	100,850
Engineering Fees - Const / Inspection	118,100
Engineering Fees - Other	22,000
Construction	1,324,000
Contingency	124,000
<b>Total</b>	<b>\$ 1,688,950</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 1,688,950	100%
<b>Total</b>	<b>\$ 1,688,950</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 1,688,950
Less: Principal Forgiveness (10%)	<u>168,895</u>
Amortized Loan Amount	\$ 1,520,055
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 90,406
Administrative Fee (0.25%)	<u>3,800</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 94,206</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/1/14).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/1/15).

<b>REPLACEMENT RESERVE ACCOUNT:</b>	\$ 4,200	ANNUAL AMOUNT
	\$ 42,000	TOTAL AMOUNT

The annual replacement cost is \$4,200. This amount should be added to the replacement account each December 1 until the balance reaches \$42,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.25%

**DEFAULT RATE:** 8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
2008 Capital Lease	\$ 1,394,943	2023
KIA (A02-06)	1,987,665	2023
Note Payable	173,558	2016
2004 Bonds	1,324,000	2021
2006 Bonds	1,040,000	2044
2006 Bonds	2,325,500	2045
2012 Bonds	7,700,000	2051
KIA Loan (F11-17) (i/a/o \$336,700)	0	TBD
KIA Loan (A11-21) (i/a/o \$376,650)	0	TBD
KIA Loan (A12-07) (i/a/o \$635,400)	0	TBD
<b>Total</b>	<b>\$ 15,945,666</b>	

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	<u>SEE ATTACHED</u>
Death or Personal Injury (per occurrence)	<u>SEE ATTACHED</u>
Property Damage on System	<u>SEE ATTACHED</u>

City Of Harrodsburg

KLCIS-LD0713

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES  
 (KLCIS)**

**LIABILITY COVERAGE DECLARATIONS**

Name of Insured: City Of Harrodsburg

Policy Number: L5224-011130

Address: 208 South Main Street, Harrodsburg, Kentucky 40330

Agent of Record: Whitenack & Souder Ins., Inc.

Coverage Period: from 7/1/2013 at 12:01a.m. Standard (or Daylight) time to 7/1/2014 at 12:01 a.m. Standard (or Daylight) time at the mailing address shown above. For purposes of the prior acts coverage endorsement, this policy shall be deemed renewed annually one year from the initial coverage date.

Subject to all terms of this policy, KLCIS agrees to provide you with coverages shown below for which a premium is shown and you pay to us.

COVERAGE	LIMIT Per Occurrence	DEDUCTIBLE Per Occurrence	PREMIUM 7/1/2013-7/1/2014 Installment
Commercial General Liability	\$5,000,000	\$0	\$72,642
Public Officials Liability	\$2,000,000	\$10,000	\$42,527
Law Enforcement Liability	\$2,000,000	\$0	\$31,988
Sewer Backup Liability	\$100,000	\$2,500	Included in GL
Business Auto Liability	\$2,000,000	\$0	\$41,730
Auto Physical Damage	Actual Cash Value	See Vehicle Schedule	\$4,066
<b>TOTAL PREMIUM</b>			<b>\$192,953</b>

**\*In the event of an "Occurrence" or "Accident" which invokes more than one type of coverage under the same or different policies issued by KLCIS, then the liability of KLCIS shall not exceed the highest applicable limit under any one coverage.**

**EXHIBIT B**

**REQUEST FOR PAYMENT WITH RESPECT TO  
ASSISTANCE AGREEMENT DATED MAY 1, 2014  
LOAN NO. F13-002**

Request No. \_\_\_\_\_

Dated: \_\_\_\_\_

Original sent to: Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

Copy sent to: Branch Manager  
Water Infrastructure Branch  
Division of Water  
Energy and Environment Cabinet  
200 Fair Oaks, 4<sup>th</sup> Floor  
Frankfort, Kentucky 40601

FROM: CITY OF HARRODSBURG, KENTUCKY (the "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 drinking water supply 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>Funding Source</u>	<u>Portion of Expenses this Request</u>	<u>Portion of Expenses Total to Date</u>
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Totals

The Governmental Agency certifies it has also paid Project expenses for planning and design 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/Architect

\_\_\_\_\_  
Firm Name

**EXHIBIT C**

**SCHEDULE OF SERVICE CHARGES**

See Attached

Utility Billing  
 Service Report

Exhibit C



Kentucky's First Settlement - 1774

User: akays  
 Printed: 05/28/2014 - 3:30 PM

Service Name	Rate Code	Rate Description	Rate Type	Minimum	Size	Tax Code(s)	G/L Accounts
WATER	WTR WA1	harrodsburg utility tax	Consumption Rate	9.87	1	SCHTAX	Rev: 05-000-4230 AR: 05-000-1208 Cash:05-000-1100
		Period 1		<u>Level</u>		<u>Rate</u>	
		1		251.00000		0.03750000	
		2		1,001.00000		0.03260000	
		3		4,001.00000		0.02770000	
		4		10,001.00000		0.02360000	
		5		35,001.00000		0.01970000	
		6		60,001.00000		0.01580000	
	WA2	hburg school & 6% tax	Consumption Rate	9.87	1	SCHTAX COMWTR	Rev: 05-000-4230 AR: 05-000-1208 Cash:05-000-1100
		Period 1		<u>Level</u>		<u>Rate</u>	
		1		251.00000		0.03750000	
		2		1,001.00000		0.03260000	
		3		4,001.00000		0.02770000	
		4		10,001.00000		0.02360000	
		5		35,001.00000		0.01970000	
		6		60,001.00000		0.01580000	
	WB1	farm meter with 3% tax	Consumption Rate	0.00	1	MSCHTX	Rev: 05-000-4230 AR: 05-000-1208 Cash:05-000-1100
		Period 1		<u>Level</u>		<u>Rate</u>	
		1		0.00000		0.00224400	



Service Name Rate Code Rate Description Rate Type Minimum Size Tax Code(s) G/L Accounts

WC1 mercer co. school dist. 3 Consumption Rate 9.87 1 MSCHTX Rev: 05-000-4230  
 AR: 05-000-1208  
 Cash:05-000-1100

Period 1	Level	Rate
1	251.00000	0.03750000
2	1,001.00000	0.03260000
3	4,001.00000	0.02770000
4	10,001.00000	0.02360000
5	35,001.00000	0.01970000
6	60,001.00000	0.01580000

WC2 mercer school dist 6% Consumption Rate 9.87 1 MCOMTA Rev: 05-000-4230  
 MSCHTX AR: 05-000-1208  
 Cash:05-000-1100

Period 1	Level	Rate
1	251.00000	0.03750000
2	1,001.00000	0.03260000
3	4,001.00000	0.02770000
4	10,001.00000	0.02360000
5	35,001.00000	0.01970000
6	60,001.00000	0.01580000

WD1 burgin school dist 3% tax Consumption Rate 9.87 1 BSCHTX Rev: 05-000-4230  
 AR: 05-000-1208  
 Cash:05-000-1100

Period 1	Level	Rate
1	251.00000	0.03750000
2	1,001.00000	0.03260000
3	4,001.00000	0.02770000
4	10,001.00000	0.02360000
5	35,001.00000	0.01970000
6	60,001.00000	0.01580000

WD2 burgin school dist 6% Consumption Rate 9.87 1 BCOMTX Rev: 05-000-4230  
 BSCHTX AR: 05-000-1208  
 Cash:05-000-1100

Period 1	Level	Rate
1	251.00000	0.03750000

**Service Name Rate CodeRate Description Rate Type Minimum Size Tax Code(s) G/L Accounts**

		2	1,001.00000	0.03260000		
		3	4,001.00000	0.02770000		
		4	10,001.00000	0.02360000		
		5	35,001.00000	0.01970000		
		6	60,001.00000	0.01580000		
WE	DO NOT USE		Consumption Rate	0.00	1	Rev: 05-000-4230 AR: 05-000-1208 Cash:05-000-1100
WE1	WATER SALES (DISTR)		Consumption Rate	9.87	1	Rev: 05-000-4230 AR: 05-000-1208 Cash:05-000-1100

Period 1	Level	Rate
1	251.00000	0.03750000
2	1,001.00000	0.03260000
3	4,001.00000	0.02770000
4	10,001.00000	0.02360000
5	35,001.00000	0.01970000
6	60,001.00000	0.01580000

WF	NO CHARGE WATER		Consumption Rate	0.00	1,000	Rev: - - AR: - - Cash:00-011-00
WF1	no charge water		Consumption Rate	0.00	1	Rev: - - AR: - - Cash:00-011-00

# Utility Billing Service Report

User: akays  
 Printed: 05/28/2014 - 3:30 PM



Kentucky's First Settlement - 1774

Service Name	Rate Code	Rate Description	Rate Type	Minimum	Size	Tax Code(s)	G/L Accounts
SEWER	SWR XA	residential sewer	Consumption Rate	10.56	1		Rev: 05-000-4232 AR: 05-000-1210 Cash:05-000-1100
		Period 1	<u>Level</u>	<u>Rate</u>			
		1	250.00000	0.04320000			
		2	1,000.00000	0.04080000			
		3	4,000.00000	0.04080000			
		4	10,000.00000	0.04080000			
		5	35,000.00000	0.03840000			
		6	60,000.00000	0.03600000			
	XA2	residential sewer with 6%	Consumption Rate	10.56	1	COMSWR	Rev: 05-000-4232 AR: 05-000-1210 Cash:05-000-1100
		Period 1	<u>Level</u>	<u>Rate</u>			
		1	250.00000	0.04320000			
		2	1,000.00000	0.04080000			
		3	4,000.00000	0.04080000			
		4	10,000.00000	0.04080000			
		5	35,000.00000	0.03840000			
		6	60,000.00000	0.03600000			
	XF	no charge sewer	Consumption Rate	0.00	0		Rev: - - AR: - - Cash:00-011-00
	YA	metered sewer	Consumption Rate	10.56	1		Rev: 05-000-4232 AR: 05-000-1210 Cash:05-000-1100
		Period 1	<u>Level</u>	<u>Rate</u>			
		1	250.00000	0.04320000			
		2	1,000.00000	0.04080000			

Service Name	Rate Code	Rate Description	Rate Type	Minimum	Size	Tax Code(s)	G/L Accounts
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3	4,000.00000	0.04080000
4	10,000.00000	0.04080000
5	35,000.00000	0.03840000
6	60,000.00000	0.03600000

YA2	metered sewer with 6% tax	Consumption Rate	10.56	1	COMSWR	Rev: 05-000-4232 AR: 05-000-1210 Cash:05-000-1100
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Period 1	Level	Rate
1	250.00000	0.04320000
2	1,000.00000	0.04080000
3	4,000.00000	0.04080000
4	10,000.00000	0.04080000
5	35,000.00000	0.03840000
6	60,000.00000	0.03600000

YE	METER SEWER SALES (	Consumption Rate	8.80	1		Rev: 05-000-4232 AR: 05-000-1210 Cash:05-000-1100
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Period 1	Level	Rate
1	250.00000	0.03600000
2	1,000.00000	0.03400000
3	4,000.00000	0.03400000
4	10,000.00000	0.03400000
5	35,000.00000	0.03200000
6	60,000.00000	0.03000000

YE1	MERCER SANITATION (	Consumption Rate	35.00	1		Rev: 05-000-4232 AR: 05-000-1210 Cash:05-000-1100
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Period 1	Level	Rate
1	267.00000	0.06500000

## **WATER & SEWER TAP FEES**

EFFECTIVE JULY 1, 2013 (1.7%)

### **WATER TAP FEES**

¾" TAP	981.72
1" TAP	1673.93
1 ½" TAP	1962.35
2" TAP	2885.31 *
6" TAP	3462.14 *
8" TAP	5192.67 *
10" TAP >	6463.90 *PLUS TIME AND MATERIALS AND TWENTY PERCENT

TAP FEES ARE APPLICABLE REGARDLESS OF WHETHER THE TAP IS MADE BY THE CITY OR BY THE DEVELOPER.

TAPS WILL BE MADE AND/OR METERS SET AT THE EDGE OF PUBLIC RIGHT AWAY OR UTILITY EASEMENT

### **SEWER TAP FEES**

4" TAP	981.72
6" TAP	1385.50
8" TAP	1730.53
>8" TAP	2299.75 PLUS TIME AND MATERIALS AND TWENTY PERCENT

TAP FEES WILL AUTOMATICALLY ADJUST ANNUALLY ON JULY 1<sup>ST</sup> TO REFLECT THE CHANGE IN CONSUMER PRICE INDEX AS CALCULATED BY THE REQUIREMENTS BY KRS 83A.075(1)

**EXHIBIT D**

**RESOLUTION**

RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF MAY 1, 2014 BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky ("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 May 1, 2014 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Harrodsburg, Kentucky, 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 Mayor and Clerk 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 \_\_\_\_\_, 2014.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Title: Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said City at a meeting duly held on \_\_\_\_\_, 2014; 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 \_\_\_\_\_, 2014.

\_\_\_\_\_  
Clerk

**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  
City of Harrodsburg, Kentucky, dated as of May 1, 2014

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 City of Harrodsburg, Kentucky, 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  
CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

**CITY OF HARRODSBURG, KENTUCKY,  
Governmental Agency**

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT G**

**ADDITIONAL COVENANTS AND AGREEMENTS**

NONE

85673v1

**RESOLUTION**

RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF MAY 1, 2014 BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky ("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 May 1, 2014 (the "Assistance Agreement") with the Authority.

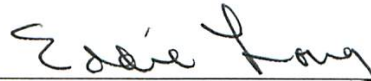
NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Harrodsburg, Kentucky, as follows:

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 Mayor and Clerk 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 May 27, 2014.



\_\_\_\_\_  
Mayor

Attest:



\_\_\_\_\_  
Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said City at a meeting duly held on May 27, 2014; 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 27 day of May, 2014.

Shawonna Huffman  
Clerk

85676v1

**CITY OF HARRODSBURG  
BOARD OF COMMISSIONERS  
MINUTES FOR REGULAR MEETING**

**DATE: May 27, 2014**

**PLACE: City of Harrodsburg, Conference Room**

Mayor Eddie Long called the regular meeting to order. Members present, Mayor Eddie Long, Commissioners; Rose Bishop, Scott Moseley, and Charlie Mattingly. Absent: Commissioner Bobby Isham.

**LARRY PAYNE - TEAM CONSTRUCTION - UPDATE ON NEW ATMOS GAS LINES**

Larry Payne from Team Construction approaches the Commission to give update on new Atmos gas lines.

**PHIL RICHARDS & TONI PRESTON - PRESENT FLAG TO THE CITY FOR BEING TREE CITY**

Phil Richards and Toni Preston approached the Commission to present the flag to the City for being Tree City 2013 USA.

**RUTH ANN BRYANT - REQUEST WAIVER ON LIONS PARK**

Motion by/seconded, Commissioner Charlie Mattingly/Scott Moseley to approve Ruth Ann Bryant's request for half price rental for Lions Park on November 15th, 2014 for the KY Conference Missionary Society. Motion carried unanimously.

**JOY MOSKO - ARTS COUNCIL OF MERCER COUNTY - REQUEST STREET CLOSURES IN OCTOBER**

Joy Mosko - Arts Council of Mercer County introduces new executive director Kerry Truett.

Motion by/seconded, Commissioner Scott Moseley/Charlie Mattingly to approve Joy Mosko's request for closing Chiles Street and Popular Street to West Office Street from 6:30 a.m.-7:00 p.m for the Fall Arts Festival on October 11th and 12th. Motion carried unanimously.

**MARK BRYANT - ANDERSON DEAN PARK - COMPLAINTS ON PARK**

Mark Bryant from Anderson Dean Park approaches the Commission to discuss many complaints on Anderson Dean Park such as, not having paper towel holders in the bathrooms. However, the health department said as long as there are hand dryers it is efficient. No seat covers for toilets per Tony White from health department said was not needed. No handrails for handicap accessible, Building Inspector said it was grandfathered in and did not have to have it when the building was built. Last complaint was concerning that the concrete floors were cracking and flaking off, as a resolution they are trying to get it to it's original concrete so it can be resealed.

**APPROVE MINUTES FOR REGULAR CALLED MEETING HELD ON MAY 12, 2014**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve the minutes for regular called meeting held on May 12, 2014. Motion carried unanimously.

**AUTHORIZE MAYOR LONG TO SIGN AGREEMENT WITH KENTUCKY  
INFRASTRUCTURE AUTHORITY FOR PROJECT F13-002 - WATER TOWER  
SYSTEM IMPROVEMENTS**

Motion by/seconded, Commissioners Scott Moseley/Rose Bishop to authorize Mayor Eddie Long to sign agreement with Kentucky Infrastructure Authority for Project F13-002 - Water Tower System Improvements. Motion carried unanimously.

**RE-APPOINT BOB LEWIS TO THE MERCER COUNTY JOINT PLANNING &  
ZONING COMMISSION**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to re-appoint Bob Lewis to the Mercer County Joint Planning & Zoning Commission. Motion tabled.

**ACCEPT THE FY13-14 AUDIT AGREEMENT FROM CRAIG BUTLER, CPA**

Motion by/seconded, Mayor Eddie Long/Commissioner Charlie Mattingly to accept the FY13-14 Audit Agreement from Craig Butler, CPA. Motion carried unanimously.

**AUTHORIZE MAYOR LONG, KIM STINNETT CITY CLERK/TREASURER  
AND/OR SHAVONNA HUFFMAN DEPUTY CITY CLERK/PAYROLL CLERK  
TO OPEN NEW ACCOUNT AT WHITAKER BANK AND TO BE ABLE TO  
SIGN CHECKS FOR WATER TOWER SYSTEM IMPROVEMENTS PROJECT  
F13-002**

Motion by/seconded, Mayor Eddie Long/Commissioner Rose Bishop to authorize Mayor Eddie Long, Kim Stinnett City Clerk/Treasurer and/or Shavonna Huffman Deputy City Clerk/Payroll Clerk to open a new account at Whitaker Bank and to sign checks for Water Tower System Improvements Project F13-002. Motion carried unanimously.

**CITIZEN ASKING FOR AUTHORIZATION FOR CITY TO PUT TWO NEW  
SIGNS ON HILDEEN**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to put two new "Slow Children at Play" signs on Hildeen. Motion carried unanimously.

**DECLARE A 1994 OLDMOBILE AS SURPLUS PROPERTY AND ADVERTISE  
FOR BIDS**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to declare a 1994 Oldsmobile as surplus property and advertise for bids. Motion carried unanimously.

**APPROVE NEW HIRE CHARITY JOHNSON FOR COMMUNICATIONS  
DEPARTMENT**

Motion by/seconded, Commissioner Scott Moseley/Mayor Eddie Long to approve hiring Charity Johnson for Communications department to start training immediately however, contingent on passing the final phase and required tests. Motion carried unanimously.

**APPROVE NEW HIRE CASSANDRA KENNY FOR COMMUNICATIONS  
DEPARTMENT**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve hiring Cassandra Kenny for Communications department to start training immediately however, contingent on passing the final phase and required tests. Motion carried unanimously.

**ANNOUNCE WILLIAM PHILLIPS II IS NOW A FULL-TIME FIREFIGHTER**

Assistant Fire Chief Ric Maxifeld announced William Phillips II is now a full-time firefighter at Grade 22 with an hourly rate of \$8.57 he successfully completed his CPAT and 400 hours of training.

**FIRST READING ON ORDINANCE 2014-07**

First Reading on Ordinance 2014-07 Amending the Job Classification for Water Treatment Facilities Superintendent.

**OPEN AND AWARD BIDS ON WATER SEWER MAINTENANCE SURPLUS  
2001 FORD F-350 PICK UP**

The following bids on surplus 2001 Ford F-350 Pick Up was accepted:

- |                    |             |
|--------------------|-------------|
| 1. Chris Cooper    | \$ 1,625.00 |
| 2. Allen Harlow    | \$ 1,750.00 |
| 3. Phillip Huffman | \$ 1,500.50 |
| 4. Eric Moore      | \$ 750.00   |

Motion by/seconded, Commissioner Rose Bishop/Scott Moseley to award bid on Surplus 2001 Ford F-350 Pick Up to Allen Harlow for \$1,750.00. Motion carried unanimously.

**AWARD BID TO FOUSER FOR WTP LAB AND ANALYTICAL BIDS**

Motion by/seconded, Commissioners Rose Bishop/Scott Moseley to award bid to Fouser for \$696.00 for the Water Treatment Plant Lab and Analytical bids. Motion carried unanimously.

**AWARD BID TO HALL ENVIRONMENTAL FOR WWTP LAB AND  
ANALYTICAL BIDS**

Motion by/seconded, Commissioners Rose Bishop/Charlie Mattingly to award big to Hall Environmental, LLC for \$376.00 for the Waste Water Treatment Plant Lab and Analytical bids. Motion carried unanimously.

**OPEN AND AWARD BIDS ON CEMETERY SURPLUS 6610 FORD TRACTOR**

The following bids on surplus 6610 Ford Tractor was accepted:

- |                  |             |
|------------------|-------------|
| 1. Randyn Orwig  | \$ 5,600.00 |
| 2. Todd Palmer   | \$ 4,800.00 |
| 3. Mike Camic    | \$ 4,026.00 |
| 4. Mike Humphrey | \$ 5,600.00 |
| 5. Todd Palmer   | \$ 6,005.00 |
| 6. Allen Harlow  | \$ 4,300.00 |
| 7. Zack Mink     | \$ 3,550.00 |

Motion by/seconded, Commissioner Scott Moseley/Rose Bishop to award bid on Surplus 6610 Ford Tractor to Todd Palmer for \$6,005.00 Motion carried unanimously.

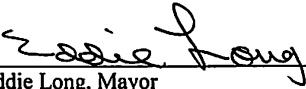
**ADOPT A RESOLUTION WITH KENTUCKY INFRASTRUCTURE  
AUTHORITY**

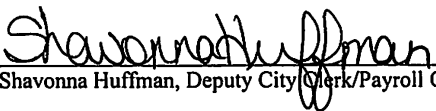
Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to adopt a resolution, approving and authorizing an assistance agreement dated as of May 14, 2014 between the City of Harrodsburg and the Kentucky Infrastructure Authority. Motion carried unanimously.



**ADJOURN**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve adjourning the meeting at approximately 7:55 p.m. Motion carried unanimously.

  
\_\_\_\_\_  
Eddie Long, Mayor  
City of Harrodsburg

  
\_\_\_\_\_  
Shavonna Huffman, Deputy City Clerk/Payroll Clerk

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – March 7, 2013

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

**Meeting Date/Location:     March 7, 2013 – 1:00 p.m.**  
**Kentucky Infrastructure Authority**  
**1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Mr. Tony Wilder, Commissioner, Department for Local Government  
Mr. Sam Ruth, Finance and Administration Cabinet  
    (proxy for Secretary Lori H. Flanery, FAC)  
Mr. Robert Aldridge, Economic Development Cabinet  
    (proxy for Secretary Larry Hayes, EDC)  
Ms. Lona Brewer, Energy and Environment Cabinet  
    (permanent proxy for Secretary Leonard K. Peters, EEC)  
Mr. Jerry Wuetcher, Public Service Commission  
    (permanent proxy for Executive Director Jeff Derouen, PSC)  
Mr. C. Ronald Lovan, representing the American Water Works Association  
Mr. Damon Talley, representing the Kentucky Rural Water Association  
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky  
    Association of Counties  
Ms. Linda C. Bridwell, representing for-profit private water companies  
Mr. Marty T. Ivy, representing the Kentucky Municipal Utilities Association

**Members absent:**

Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Ms. Jennifer Kantner, Office of Financial Management  
Mr. Charlie Martin, LFUCG  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Mr. Jerry Kennedy, Bullitt County Sanitation District  
Mr. Herb LeMaster, Tetra Tech  
Mr. James Simpson, Henry County Water District  
Mr. Tom Green, Tetra Tech  
Mr. Terry Frogue, City of Elkton  
Mr. George Woolwine, HDR Engineering  
Mr. Laura Gilkerson, GRW Engineers  
Ms. Ruthie Ashbaugh, First District Magistrate, Bullitt County  
Ms. Lisa Craddock, Deputy Judge Executive, Bullitt County  
Mr. John Wood, Mayor, City of Barlow  
Mr. Dennis Golem, Wells Fargo

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – March 7, 2013

## **PROCEEDINGS**

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

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

### **I. BUSINESS (Board Action Required)**

#### **A. 1. APPROVAL OF MINUTES**

**For: KIA Regular Board Meeting of February 7, 2013**

*Mr. Damon Talley moved to approve the minutes of the February 7, 2013 regular board meeting. Mr. Sam Ruth seconded, and the motion carried unanimously.*

#### **B. NEW PROJECTS/ACTION ITEMS**

##### **1. KENTUCKY WATER MANAGEMENT PLAN**

Mr. John Covington, KIA, presented to the Board the Kentucky Water Management Plan for approval. The Plan was presented last month for review, a couple of refinements had been made, and a list of each area development district's utilities had been added. Mr. Covington asked for the Board's action to accept the area development districts' methodology for ranking their projects. The Plan is available on the KIA's website and copies will be sent to the appropriate parties and to the Governor's office.

*Mr. Damon Talley moved to accept the area development districts' methodology for ranking their projects. Mr. Marty Ivy seconded, and the motion carried unanimously.*

##### **2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A13-007) IN THE AMOUNT OF \$4,657,640 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, presented the project to the Board. The Lexington-Fayette Urban County Government requested a \$4,657,640 Fund A loan for the Anniston/Wickland Storm Water Improvements and Various Storm Water Management Projects Phase II. These projects have been grouped together as one loan for administrative purposes due to the close proximity of their estimated completion dates. Engineering costs were evaluated separately for each project.

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – March 7, 2013

The United States Environmental Protection Agency (EPA) and the Kentucky Environmental and Public Protection Cabinet (KYEPPC) filed suit in federal court against the Government in 2006 alleging various violations of the Clean Water Act. The Government completed negotiations with EPA and KYEPPC to resolve the alleged violations. The resulting Consent Decree agreement was entered in the United States District Court – Eastern District of Kentucky on January 3, 2011. The settlement agreement requires the Government to undertake extensive studies, sewer improvement projects, and management plans to correct the problems that were alleged. The settlement affords the Government up to 13 years to correct the problems. The Government has estimated that the cost of remedial measures would approach \$500 million over the life of the Consent Decree. The Government increased sanitary sewer rates to fund obligations under the Consent Decree and also adopted a storm water management fee. The Consent Decree requires completion of \$30 million in storm water flood abatement projects over the next ten years. The projects included in this request will reduce peak storm water flows by construction of a detention basin and conveyance system, new storm sewers, and increasing the capacity of existing storm sewers.

The Anniston/Wicklind Storm Water Improvement project proposes to construct new storm sewers and appurtenances between the Bryan Station High School/Wicklind Drive basin area and the Anniston Drive basin area. The new storm sewer will be constructed along Spring Station Drive to Bryan Station road. Various Storm Water Management Projects Phase II includes projects in five locations: 1) The Walhampton project, near the intersection of Nicholasville Road and Man O War Boulevard, will construct storm water detention basins and approximately 1,500 linear feet (LF) of thirty to fifty-four inch pipe with various inlet structures. The detention basins will be constructed on properties that the Government intends to purchase; 2) The Cardinal-Laramie project near Clays Mill Road and Lane Allen Road includes both the addition and replacement of storm sewers, replacement of a box culvert, and stream bank stabilization; 3) The Rogers Road project involves the installation of 900 LF of box culvert, 1,300 LF of thirty-six inch storm pipe and related conveyance infrastructure to mitigate chronic flooding at twelve residential structures near the intersection of Allen Drive and Rogers Road; 4) The Idle Hour project proposes realignment and upsizing of the existing storm sewer system with the installation of 2,200 LF of eighteen to forty-two inch piping; and 5) The Perimeter Park project involves construction of fifteen and eighteen inch storm sewers to connect an upstream detention basin discharge to downstream storm piping near the intersection of Alumni Drive and New Circle Road.

Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$50,000 under the category of Green Infrastructure. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 1.75% and a total estimated annual debt service payment of \$286,331. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund A (A13-007) resolution with the standard conditions. Mr. Damon Talley seconded, and the motion carried unanimously.***

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – March 7, 2013

**3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A13-002) IN THE AMOUNT OF \$13,674,302 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A13-003) IN THE AMOUNT OF \$10,194,421 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A13-015) IN THE AMOUNT OF \$21,641,030 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A13-018) IN THE AMOUNT OF \$6,000,000 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, presented four Lexington-Fayette Urban County Government loan requests to the Board. The four loan requests will be used to construct nine different projects totaling \$51,509,753.

The Lexington-Fayette Urban County Government requested a \$13,674,302 Fund A loan for the Bob-O-Link Trunk Sewer, Wolf Run Tank and Wolf Run Trunk Sewer Project. The Bob-O-Link Trunk Sewer project will replace approximately 7,600 linear feet (LF) of fifteen inch diameter sewer lines with fifteen to twenty-four inch lines. The Wolf Run Tank project will construct a 1.8 million gallon equalization facility in the vicinity of Kilrush Drive and New Circle Road to manage peak flow periods. The Wolf Run Trunk Sewer project will replace approximately 1,600 LF of thirty inch sewer lines with forty-two inch lines. Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$234,064, with a breakdown to the green categories as follows: \$172,996 - Green Infrastructure, and \$61,068 - Environmentally Innovative. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 1.75% and a total estimated annual debt service payment of \$840,636. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

The Lexington-Fayette Urban County Government requested a \$10,194,421 Fund A loan for the Eastlake Trunk Sewer Replacement, Century Hills Trunk

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – March 7, 2013

Sewer Replacement, West Hickman Trunk Sewer Replacement; and Woodhill Trunk Sewer Replacement Projects. The Eastlake Trunk Sewer Replacement project will replace approximately 1,800 linear feet (LF) of fifteen inch diameter sewer lines with eighteen to twenty-one inch lines. The Century Hills Trunk Sewer Replacement project will replace approximately 3,100 LF of twelve to fifteen inch diameter sewer lines with eighteen to twenty-one inch lines. The West Hickman Trunk Sewer Replacement project will replace approximately 800 LF of sewer lines with fifteen to eighteen inch lines. Additionally, a 3,900 LF parallel sanitary sewer with a forty-eight inch diameter will be constructed to eliminate upstream SSOs. The Woodhill Trunk Sewer Replacement project will replace approximately 3,700 linear feet of twelve to eighteen inch diameter sewer lines with fifteen to thirty inch lines. Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$209,042, with a breakdown to the green categories as follows: \$129,042 - Green Infrastructure, and \$80,000 - Environmentally Innovative. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 1.75% and a total estimated annual debt service payment of \$626,708. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

The Lexington-Fayette Urban County Government requested a \$21,641,030 Fund A loan for Phase I of the Town Branch Wastewater Treatment Plant Wet Weather Storage Tanks project. The existing sewer system lacks the capacity to meet LFUCG's EPA mandated Capacity Assurance Program. The project is a component of the Remedial Measures Plan that was submitted to the U.S. Environmental Protection Agency to comply with the Consent Decree. The project involves the design and construction of a multi-phase wet weather storage facility at the Town Branch Wastewater Treatment Plant on Lisle Industrial Avenue. The first phase includes the relocation of existing facilities, environmental assessments, soil remediation and the construction of a 22 million gallon wet weather storage tank. When all phases are complete, total storage volume will be approximately 44 million gallons with a projected cost to exceed \$111 million. Phase I includes some design costs for project components that must be compatible between all phases. Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$405,000, with a breakdown to the green categories as follows: \$50,000 - Green Infrastructure, \$5,000 - Water Efficiency, and \$350,000 - Energy Efficiency. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 1.75% and a total estimated annual debt service payment of \$1,330,395. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

The Lexington-Fayette Urban County Government requested a \$6,000,000 Fund A loan for the Expansion Area 2A Wastewater System project. The project is currently under construction and eligible costs will be reimbursed with SRF funds. The project was not specifically identified in the Consent Decree but was initiated by the Government prior to submission of the Remedial Measures Plan to address recurring SSO's. Expansion Area 2A is a planning region in Lexington which was brought into the Urban Service Area in 1996. The area is experiencing rapid development and sanitary sewer improvements are required to service the largely undeveloped area. The system of improvements were identified in the

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1999 201 Facilities Plan Update as being constructed in the upper portions of the North Elkhorn watershed. This project will design and build the 201 Plan facilities by providing sanitary sewer to the undeveloped area and reducing demands on the aging North Elkhorn force main. The project involves the construction of a 7,400 gallon per minute pump station, 5,000 linear feet of twenty-four inch force main, 5,500 linear feet of gravity sewers ranging in size from eight to forty-eight inches in diameter, and rehabilitation of an existing pump station. Four existing pump stations will be eliminated. Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$385,000, with a breakdown to the green categories as follows: \$10,000 - Green Infrastructure, and \$375,000 - Environmentally Innovative. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 1.75% and a total estimated annual debt service payment of \$368,854. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund A13-002 resolution, the Fund A13-003 resolution, the Fund A13-015 resolution and the Fund A13-018 resolution with the standard conditions. Ms. Lona Brewer seconded, and the motion carried unanimously.***

**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND (B13-001) LOAN IN THE AMOUNT OF \$320,000 TO THE CITY OF ELKTON, TODD COUNTY, KENTUCKY**

Mr. John LeFevre, KIA, presented the project to the Board. The City of Elkton requested a Fund B loan in the amount of \$320,000 for waterline improvements. The first improvement includes approximately 1,400 linear feet of older four inch cast iron line that will be replaced. A portion of the existing line has been taken out of service due to the inability to ensure safe drinking water due to rust deposits and corrosion. The second improvement includes the construction of approximately 2,800 linear feet of new eight inch PVC waterline. The line will provide water to a new development ready property, fix an inadequate water pressure problem in the area, and allow for the disconnection of shared lines between the City of Elkton and the Todd County Water District. The term of the loan is 20 years with a 1.75% interest rate and an estimated annual debt service payment of \$19,672. KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund B (B13-001) Resolution with the standard conditions. Mr. Ron Lovan 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 (B13-002) LOAN IN THE AMOUNT OF \$89,225 TO THE BULLITT COUNTY SANITATION DISTRICT, BULLITT COUNTY, KENTUCKY**

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Ms. Sandy Williams, KIA, presented the project to the Board. The Bullitt County Sanitation District requested a Fund B loan in the amount of \$89,225 with 95% principal forgiveness for the Big Valley MHP Lagoon Rehabilitation project. The proposed project will repair and up-grade the existing facilities at the Big Valley collection system and lagoon treatment facility. Action is required to eliminate an immediate jeopardy to human health and curtail documented environmental degradation. The rehabilitation activities are to be conducted by the District conditioned upon prior approval by the Bullitt County Fiscal Court and after the District is designated the receiver of the system based on action of the Kentucky Public Service Commission (PSC) and the Franklin Circuit Court. The PSC filing with the Court requests that the system be declared abandoned and that the District be named receiver. The wastewater system was abandoned due to the death of the former owner. The system is in total disrepair and untreated wastewater is discharging to the creek. Some homeowners may be without service. There also appears to be some broken sewer lines allowing raw sewage to discharge in dry creek beds. The project consists of the following: a) Pump Station rehabilitation, acquisition of two new pumps, rails and related equipment; b) Site preparation and installation of 700LF of chain link fencing; c) Rebuild two aerators and purchase of one existing unit to be held as standby; d) Jet-Vac 1000LF main sewer line; section to be cleaned extends from pump station to Big Valley Road due to improper or no maintenance, and debris entering from unplugged and abandoned laterals restricting flow; e) Purchase and installation of cable, equipment and controls for electrical system; f) Purchase and installation of new concrete lid for chlorine contact chamber; existing lid is badly deteriorated; g) Clean chlorine contact chamber that is half full of debris; h) Install new baffle-fencing in lagoon to replace existing fencing that has rotted; and i) Purchase and install effluent flow meter; a regulatory requirement.

The unforgiven balance of the loan is \$4,461 to be repaid in 5 years with an interest rate of 1.75% and an estimated annual debt service payment of \$945. KIA staff recommended approval of the loan with the standard conditions and the following special conditions: (1) Receipt of a legal opinion that the Bullitt County Sanitation District's expenditure of funds to rehabilitate and operate the Big Valley Sanitation facilities as a court-appointed receiver is for a public purpose and use and is consistent with KRS Chapter 220; and (2) Documentation that the Bullitt County Fiscal Court will provide \$12,000 to the Bullitt County Sanitation District each year for 2 years for the operation and maintenance costs of the Big Valley Sanitation facilities.

Mr. Jerry Wuetcher recommended adding a condition to the loan that the Franklin Circuit Court must issue an order appointing the Bullitt County Sanitation District as Receiver of the Big Valley Collection System. The order shall include that if the Receiver were to transfer the property to a non-governmental third party then the Receiver would be responsible for repaying the loan. The Board members, KIA staff and representatives from the Bullitt County Sanitation District and Bullitt County participated in a discussion on the project.

***Mr. Damon Talley moved to approve the Fund B (B13-002) loan to the Bullitt County Sanitation District (BCSD) in its capacity as Receiver of Big Valley Sanitation, Inc., with the standard conditions, and subject to the following special conditions: (1) No funds be distributed until BCSD provides proof***



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**that Franklin Circuit Court has appointed BCSD as receiver and has approved BCSD's entry into a loan agreement with KIA; (2) Should the court-appointed receiver of Big Valley Sanitation, Inc. seek to transfer the assets of Big Valley Sanitation, Inc. to a private, non-public entity, the court-appointed receiver must notify KIA and obtain its approval before making such transfer and, upon such notice and at KIA's option, the loan will become immediately due and payable; and (3) the additional special conditions set forth in the staff recommendations. Ms. Linda Bridwell seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining due to the involvement the PSC has with the project.**

**6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-09) INCREASING THE LOAN AMOUNT TO \$430,000 TO THE CITY OF BARLOW, BALLARD COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, presented the project to the Board. The City of Barlow requested an increase of \$200,000 to their existing \$230,000 Fund F Loan that was previously approved on May 5, 2011, for the New Clearwell Construction & Water Tank Refurbishment project. The new loan amount is \$430,000 and the new total project cost is \$520,000 with \$90,000 to be provided by local funds. The increase stems primarily from a discrepancy between the estimated cost per cubic yard of concrete (\$600 per cu. yd.) and the actual bid price of the concrete (\$1,000 per cu. yd.) to be used in the construction of the clearwell. The original scope of the project remains unchanged. The city will proceed with the construction of a new clearwell and repair and refurbishment of a 100,000 gallon water storage tank. Under the 2010 Capitalization Grant Equivalencies the project did not qualify for Green Project Reserve funding. The project qualified for additional subsidization in the amount of \$172,000. The revised unforgiven balance of the loan is \$258,000 to be repaid in 20 years with an interest rate of 1% and a revised estimated annual debt service payment of \$14,910. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

**Ms. Linda Bridwell moved to approve the Fund F (F11-09) Resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously.**

**7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-17) INCREASING THE LOAN AMOUNT TO \$518,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, presented the project to the Board. The City of Harrodsburg requested an increase of \$80,000 to their existing \$438,000 Fund F Loan that was previously approved on December 8, 2011, for the Water Main Improvements project. The new revised loan amount is

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\$518,000. The increase is required to complete the Bellows Mill Road Section of the project. When the entire project was originally bid, costs were higher due to two road bores and cost increases from the original estimate for some items. Because of this, the City did not pursue the Bellows Mill component until they were certain that there would be no additional cost overages on the other original project components. Under the 2011 Capitalization Grant Equivalencies the project did not qualify for Green Project Reserve funding. The project qualified for additional subsidization in the amount of \$181,300. The revised unforgiven balance of the loan is \$336,700 to be repaid in 20 years with an interest rate of 1% and a revised estimated annual debt service payment of \$19,458. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Mr. Damon Talley moved to approve the Fund F (F11-17) Resolution with the standard conditions. Ms. Lona Brewer seconded, and the motion carried unanimously.***

**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 (F13-002) LOAN IN THE AMOUNT OF \$1,688,950 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Harrodsburg requested a \$1,688,950 Fund F loan for the Water Distribution Improvements and North Main Water Storage Tank projects. The first project involves replacement of approximately 24,000 linear feet of water lines in older sections of the system with eight inch PVC. Valves and fire hydrants will also be replaced. The water supply is affected when lines break and the risk of public health danger exists. The second project will refurbish a storage tank by removing the existing lead based interior and exterior paint, repainting the tank, and proper disposal of the lead based residue. The 2012 Drinking Water Capitalization Grant did not contain a "green" requirement. The project qualified for additional subsidization in the amount of \$168,895. The unforgiven balance of the loan is \$1,520,055 to be repaid in 20 years with an interest rate of 1.75% and an estimated annual debt service payment of \$94,206. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund F (F13-002) resolution with the standard conditions. Mr. Robert Aldridge seconded, and the motion carried unanimously.***

**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 (F13-021) LOAN IN THE AMOUNT OF \$4,000,000 TO THE FRANKFORT ELECTRIC AND WATER PLANT BOARD, FRANKLIN COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Frankfort Electric and Water Plant Board requested a \$4,000,000

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Fund F loan for the Alternate Power Generation project. The project involves the design and construction of a 2,800 KW diesel power generation facility for the water treatment plant which currently has no back-up power source. The proposed facility will permit the plant to run at full capacity during a major outage. It will provide power to a distribution pump station that serves east Frankfort and will be capable of supplying power to maintain water service to downtown Frankfort in the event of a city wide outage. The proposed facility will also provide emergency power to the security system at the water treatment plant, which will maintain the existing video surveillance system, alarms, automated gate locks, and radio intercom system. The Water Utility directly serves customers both within and outside the Frankfort City limits and in part of northern Woodford County that was previously serviced by the North Woodford Water District which was acquired by the Plant Board in 1989. Wholesale service is provided to the Elkhorn, Farmdale, Northeast Woodford County, Peaks Mill, US 60 and South Anderson Water Districts, which are PSC regulated. Additionally, service is provided to the North Shelby Water Company and the City of Georgetown. Wholesale sales represent about 23% total sales. The Water Utility will undergo a cost of service study later this year and anticipates raising rates every two years in conjunction with future cost of service studies. The 2012 Drinking Water Capitalization Grant did not contain a "green" requirement. The project qualified for additional subsidization in the amount of \$400,000. The unforgiven balance of the loan is \$3,600,000 to be repaid in 20 years with an interest rate of 1.75% and an estimated annual debt service payment of \$223,112. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

*Mr. Marty Ivy moved to approve the Fund F (F13-021) resolution with the standard conditions. Mr. Sam Ruth seconded, and the motion carried unanimously.*

**10. 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 (F13-039) LOAN IN THE AMOUNT OF \$2,855,000 TO THE HENRY COUNTY WATER DISTRICT #2, HENRY COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Mr. John LeFevre, KIA, presented the project to the Board. The Henry County Water District #2 requested a \$2,855,000 Fund F loan for the Morton Ridge Main Upgrade project. The project involves the installation of approximately 24,000 linear feet of twenty inch ductile iron water main from the treatment plant to the District's first storage tank. It will replace twelve inch line that is a source of continuous breaks and leaks. The project will also provide the capacity to supply water to a neighboring district. The District is in the process of installing new variable frequency drives (VFD's) on the three pumps that send water from the treatment plant into the distribution system. Completion of the two projects will reduce pump run times and thus energy usage. The District is a rural water company serving approximately 6,300 customers in Henry, Trimble, Carroll, Oldham and Shelby counties and is regulated by the Public Service Commission. Wholesale service is provided to the West Carroll Water District and both Eminence and New Castle Water Works. Approximately 20% of water sold is to wholesale customers. The 2012 Drinking Water Capitalization Grant did

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not contain a “green” requirement. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 1.75% and an estimated annual debt service payment of \$176,940. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

**Mr. Damon Talley moved to approve the Fund F (F13-039) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining. Mr. Wuetcher abstained due to the fact the loan and the construction project will have to be approved by the PSC.**

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

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

APPLICANT	FUND	AMOUNT
Lexington-Fayette Urban Co Govt	A13-002	\$ 13,674,302
Lexington-Fayette Urban Co Govt	A13-003	\$ 10,194,421
Lexington-Fayette Urban Co Govt	A13-007	\$ 4,657,640
Lexington-Fayette Urban Co Govt	A13-015	\$ 21,641,030
Lexington-Fayette Urban Co Govt	A13-018	\$ 6,000,000
City of Elkton	B13-001	\$ 320,000
Bullitt County Sanitation District	B13-002	\$ 89,225
City of Barlow (Increase)	F11-09	\$ 430,000
City of Harrodsburg (Increase)	F11-17	\$ 518,000
City of Harrodsburg	F13-002	\$ 1,688,950
Frankfort Electric & Water Plant Bd	F13-021	\$ 4,000,000
Henry County Water District #2	F13-039	\$ 2,855,000

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

**II. EXECUTIVE DIRECTOR’S REPORT**

Mr. John Covington, KIA, reported on the following items to the Board:

- A. The resolutions for the filing of the 2013 Capitalization Grants were approved last month and KIA is in the process of completing the filing. The process was started earlier than in previous years due to the fiscal situation and uncertainty in Washington, D.C., and before the Continuing Resolution expired to ensure funding. Funding under the Continuing Resolution is for only half of the year and the numbers in the Intended Use Plan (IUP) reflect that. Funding for the second half of the year is still uncertain.

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The IUP will be posted on the websites by the end of this week or next. The narrative part of the IUP is close to completion; however the priority list provided by the Division of Water will not be complete. EPA needs to see that there is sufficient demand for the funding so the list will be of projects that have requested SRF funding. The project list will be alphabetized but will not be ranked. The ranking of the projects will be updated and posted in the IUP at a later date.

- B. The April meeting was discussed and the Board determined that the next monthly meeting will be held at the regular scheduled time. Ms. Linda Bridwell noted that she will not be able to attend.

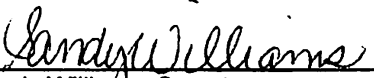
**III. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2**

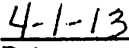
**IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Tentatively scheduled for  
Thursday, April 4, 2013  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Mr. Sam Ruth moved to adjourn. Ms. Linda Bridwell seconded and the motion carried unanimously. The March 7, 2013, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

  
\_\_\_\_\_  
Sandy Williams, Secretary  
Kentucky Infrastructure Authority

  
\_\_\_\_\_  
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

March 13, 2013

The Honorable Eddie Long, Mayor  
City of Harrodsburg  
208 South Main Street  
Harrodsburg, KY 40330

**KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (F13-002)**

Dear Mayor Long:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On March 7, 2013, the Authority approved your loan for the Water Distribution Improvements and North Main Water Storage Tank Improvements Project subject to the conditions stated below. The total cost of the project shall not exceed \$1,688,950 of which the Authority loan shall provide \$1,688,950 of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the City of Harrodsburg upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (3/13/2014) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$1,688,950.

Mayor Eddie Long  
March 13, 2013  
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2. The loan shall contain principal forgiveness in the amount of 10%. Actual amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.
3. The loan shall bear interest at the rate of 1.75% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be performed for the life of the loan.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. 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.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.



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9. The Authority to Award Package documentation shall be submitted to and approved by DOW.
10. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.
11. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.

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

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

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

Mayor Eddie Long  
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Sincerely,

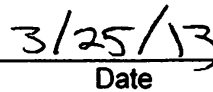


Sandy Williams  
Financial Analyst

**Attachments**

cc: Laura Gilkerson, GRW Engineers, Inc.  
Troy Gowins, City of Harrodsburg  
Ryan Carr, GRW Engineers, Inc.  
Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State Local Debt Office, DLG  
Borrower File - City of Harrodsburg - F13-002

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

  
Accepted  
Date

**ATTACHMENT A**

**City of Harrodsburg  
F13-002**

<b>EXECUTIVE SUMMARY</b> KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER		Reviewer Date KIA Loan Number	Sandy Williams March 7, 2013 F13-002	
REVOLVING LOAN FUND		WRIS Number	WX21167022, WX21167026	
BORROWER		CITY OF HARRODSBURG MERCER COUNTY		
<b>BRIEF DESCRIPTION</b> This project involves two components to improve the City's water system. First, approximately 24,000 linear feet of water lines in older sections of the system will be replaced with eight inch PVC. Valves and fire hydrants will also be replaced. Second, a storage tank will be refurbished by removing the existing lead based interior and exterior paint, repainting the tank, and proper disposal of the lead based residue.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund F Loan	\$1,688,950	Eng - Design	RD Fee % 9.6%	Actual % 7.6%
		Eng - Constr / Insp	6.5%	8.9%
		Eng - Other		100,850
		Construction		118,100
		Contingency		22,000
<b>TOTAL</b>	<b>\$1,688,950</b>	<b>TOTAL</b>		<b>\$1,688,950</b>
<b>REPAYMENT</b>	Rate	1.75%	Est. Annual Payment	\$94,206
	Term	20 Years	1st Payment	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	GRW Engineers, Inc.		
	Bond Counsel	Peck, Shaffer, & Williams		
<b>PROJECT SCHEDULE</b>	Bid Opening	May-13		
	Construction Start	Jul-13		
	Construction Stop	Jan-14		
<b>DEBT PER CUSTOMER</b>	Existing	\$4,023		
	Proposed	\$4,678		
<b>OTHER DEBT</b>	See Attached			
<b>OTHER STATE-FUNDED PROJECTS LAST 5 YRS</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	3,964	\$20.55 (for 4,000 gallons)	
	Additional	0	\$20.55 (for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2010	1,344,080	778,034	566,046	1.7
Audited 2011	1,222,706	732,273	490,433	1.7
Audited 2012	1,060,373	845,286	215,087	1.3
Projected 2013	1,457,018	1,021,809	435,209	1.4
Projected 2014	1,479,825	1,199,542	280,283	1.2
Projected 2015	1,477,280	1,318,015	159,265	1.1
Projected 2016	1,451,145	1,287,473	163,672	1.1
Projected 2017	1,424,222	1,270,826	153,396	1.1

Reviewer: Sandy Williams  
Date: March 7, 2013  
Loan Number: F13-002

**KENTUCKY INFRASTRUCTURE AUTHORITY  
DRINKING WATER STATE REVOLVING FUND (FUND "F")  
CITY OF HARRODSBURG, MERCER COUNTY  
PROJECT REVIEW  
WX21167022, WX21167026**

**I. PROJECT DESCRIPTION**

The City of Harrodsburg is requesting a Fund F loan in the amount of \$1,688,950 for the Water Distribution Improvements and North Main Water Storage Tank projects. The first project involves replacement of approximately 24,000 linear feet of water lines in older sections of the system with eight inch PVC. Valves and fire hydrants will also be replaced. The water supply is affected when lines break and the risk of public health danger exists. The second project will refurbish a storage tank by removing the existing lead based interior and exterior paint, repainting the tank, and proper disposal of the lead based residue.

The City supplies water to the North Mercer and Lake Village Water Districts, both of which are regulated by the PSC. They also sell water to the City of Burgin.

**II. PROJECT BUDGET**

	<u>Total</u>
Engineering Fees - Design	100,850
Engineering Fees - Const / Inspection	118,100
Engineering Fees - Other	22,000
Construction	1,324,000
Contingency	<u>124,000</u>
<b>Total</b>	<b>\$ 1,688,950</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 1,688,950	100%
<b>Total</b>	<b>\$ 1,688,950</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Construction Loan	\$ 1,688,950
Less: Principal Forgiveness (10%)	168,895
Amortized Loan Amount	<u>\$ 1,520,055</u>
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 90,406
Administrative Fee (0.25%)	<u>3,800</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 94,206</b>

**V. PROJECT SCHEDULE**

Bid Opening	May 2013
Construction Start	July 2013
Construction Stop	January 2014

**VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

**A) Customers**

<u>Customers</u>	<u>Current</u>
Residential	3,577
Commercial	364
Industrial	<u>23</u>
Total	3,964

**B) Rates**

<u>Retail Water</u>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	06/14/2012	04/30/2010
First 250 cubic feet (per 100 cf)	9.87	8.78
Next 750 cubic feet	3.75	3.33
Next 3,000 cubic feet	3.26	2.90
Next 6,000 cubic feet	2.77	2.46
Next 25,000 cubic feet	2.36	2.10
Next 25,000 cubic feet	1.97	1.75
All over 60,000 cubic feet	1.58	1.40
Cost for 4,000 gallons	\$20.55	\$18.26
Increase %	12.5%	40.0%
Affordability Index (Rate/MHI)	0.7%	

Wholesale water rates increased 40% in August 2010 to an average of \$1.87 per thousand gallons (rates are tiered based on volume) then increased 12.8% in

September 2012 to an average of \$2.11 per thousand. Sewer rates increased 19.5% in October 2011 from \$19.14 to \$22.86 for 4,000 gallons.

## **VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2006-2010, the City's population was 8,320 with a Median Household Income (MHI) of \$34,000. The median household income for the Commonwealth is \$41,576. The project will qualify for a 1.75% interest rate.

## **VIII. 2012 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - The 2012 Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project qualifies for additional subsidization (in the amount of \$168,895).

## **IX. FINANCIAL ANALYSIS (See Exhibit 1)**

Financial information was obtained from City's audited financial statements for the years ended June 30, 2010 through 2012. The analysis includes combined results for the City's water and sewer operations.

### **HISTORY**

Water revenues increased 27% from 2010 to 2012 from \$1.5 million to \$1.9 million. A 40% rate increase that was effective April 30, 2010 was partially offset by a 6% volume decline during fiscal 2011. Sewer revenues increased 4.5% from 2011 to 2012 from approximately \$1.26 million to \$1.32 million. Operating expenses increased 18% from \$1.9 million to \$2.3 million. However, 2012 included a nonrecurring cost of \$200,000 for the clean out of an existing lagoon and the anaerobic digesters at the wastewater treatment plant. Excluding this item, operating expenses would have increased 7.6% from 2010 to 2012. The debt coverage ratio decreased from 1.7 in 2010 and 2011 to 1.3 in 2012. The impact on the 2012 debt coverage ratio of the nonrecurring item noted above was to reduce it by 0.2 points.

The balance sheet reflects a current ratio of 1.0 and a debt to equity ratio of 1.0. Unrestricted operating cash and certificates of deposit equals 3.3 months of operating expenses.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Water and sewer revenues reflect existing rate increases plus 0.5% for volume.
- 2) Operating expenses will increase by 2% per year.

- 3) Debt service includes previously approved KIA loans for projects in process. It also includes an increase request for F11-17 that is being submitted on March 7, 2013.
- 4) Debt service coverage is 1.1 in 2015 when principal and interest repayments begin.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

**REPLACEMENT RESERVE**

The annual replacement cost is \$4,200. This amount should be added to the replacement account each December 1 until the balance reaches \$42,000 and maintained for the life of the loan.

**X. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
2008 Capital Lease	\$ 1,394,943	2023
KIA (A02-06)	1,987,665	2023
Note Payable	173,558	2016
2004 Bonds	1,324,000	2021
2006 Bonds	1,040,000	2044
2006 Bonds	2,325,500	2045
2012 Bonds	7,700,000	2051
KIA Loan (F11-17) (i/a/o \$284,700)	0	TBD
KIA Loan (A11-21) (i/a/o \$376,650)	0	TBD
KIA Loan (A12-07) (i/a/o \$635,400)	0	TBD
<b>Total</b>	<b>\$ 15,945,666</b>	

**XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS**

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
WWTP Improvements	EPA STAG	1,300,000	Grant
WTP Upgrade	CDBG	1,000,000	Grant
WTP Upgrade	Rural Development	4,300,000	Grant
WWTP Improvements	Rural Development	288,000	Grant



**XII. CONTACTS**

<b>Legal Applicant</b>	
Name	City of Harrodsburg
Address	208 South Main Street Harrodsburg, KY 40330
County	Mercer
Authorized Official	Eddie Long (Mayor)
Phone	(859) 734-2383
Email	2longbranch@roadrunner.com

<b>Project Contact - Applicant</b>	
Name	Troy Gowins
Representing	City of Harrodsburg
Address	208 South Main Street Harrodsburg, KY 40330
Phone	(859) 734-3042
Email	tgowins@att.net

<b>Project Administrator</b>	
Name	GRW Engineers, Inc.
Address	801 Corporate Drive Lexington, KY 40503
Contact	Laura Gilkerson
Phone	(859) 223-3999
Email	lgilkerson@grwinc.com

<b>Consulting Engineer</b>	
Name	Ryan Carr
Firm	GRW Engineers, Inc.
Address	801 Corporate Drive Lexington, KY 40503
Phone	(859) 223-3999
Email	rcarr@grwinc.com

**XIII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions (and the following special conditions).

**CITY OF HARRODSBURG  
 BALANCE SHEETS (JUNE YEAR END)**

ASSETS	Audited 2010	Audited 2011	Audited 2012	2013	Upon Completion 2014
<b>Current Assets</b>					
Cash	87,577	829,098	242,012	459,812	599,712
Certificates of Deposit	363,122	367,865	371,788	400,000	400,000
Accounts Receivable	323,898	340,743	396,059	391,200	398,800
Grants Receivable	77,993	0	655,573	0	0
Prepaid	180,745	138,603	155,019	145,000	145,000
Due from Other Funds	12,918	0	0	0	0
<b>Total Current Assets</b>	<b>1,048,053</b>	<b>1,476,309</b>	<b>1,820,451</b>	<b>1,395,812</b>	<b>1,543,512</b>
<b>Restricted Assets</b>					
Bond Sinking Fund	314,512	314,150	314,089	325,000	325,000
Depreciation Fund	89,169	110,045	130,730	150,000	150,000
Repairs and Maintenance Fund	479,971	586,864	1,008,706	1,000,000	1,000,000
<b>Total Restricted Assets</b>	<b>883,652</b>	<b>1,011,059</b>	<b>1,463,625</b>	<b>1,475,000</b>	<b>1,475,000</b>
<b>Utility Plant</b>					
Land, System, Building and Equipment	45,571,633	47,792,706	55,706,517	57,382,090	59,362,090
Construction in Progress				0	1,888,950
<b>Total</b>	<b>45,571,633</b>	<b>47,792,706</b>	<b>55,706,517</b>	<b>57,382,090</b>	<b>61,051,040</b>
Less Accumulated Depreciation ( )	(21,760,879)	(22,894,629)	(24,257,022)	(25,807,022)	(27,407,022)
<b>Net Fixed Assets</b>	<b>23,790,754</b>	<b>24,898,077</b>	<b>31,449,495</b>	<b>31,555,068</b>	<b>33,644,018</b>
<b>Other Assets</b>					
Bond Issue Costs	69,133	75,378	88,143	80,143	74,143
<b>Total Other Assets</b>	<b>69,133</b>	<b>75,378</b>	<b>88,143</b>	<b>80,143</b>	<b>74,143</b>
<b>Total Assets</b>	<b>25,789,592</b>	<b>27,460,823</b>	<b>34,809,614</b>	<b>34,506,023</b>	<b>36,736,673</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable and Accrued Liabilities	109,753	75,657	96,925	100,000	100,000
Accounts Payable - Construction	5,200	396,845	1,272,858	100,000	100,000
Payroll Liabilities	34,104	37,908	40,081	42,500	42,500
Due to Other Funds	0	19,138	35,000	35,000	35,000
Customer Deposits	242,541	245,948	253,000	255,000	255,000
Leases and Loans Payable	511,855	2,340,729	158,349	128,220	75,342
<b>Total Current Liabilities</b>	<b>903,453</b>	<b>3,116,225</b>	<b>1,856,213</b>	<b>658,720</b>	<b>607,842</b>
<b>Liabilities Payable - Restricted Assets</b>					
Accrued Interest Payable	42,945	58,160	56,048	50,000	50,000
Loan Payable	160,695	162,306	163,933	200,000	210,000
Bonds Payable	183,000	187,500	194,000	320,000	380,000
<b>Total Liabilities Payable - Restricted Assets</b>	<b>386,640</b>	<b>407,966</b>	<b>413,979</b>	<b>570,000</b>	<b>640,000</b>
<b>Long Term Liabilities</b>					
<b>Total Long Term Liabilities</b>	<b>8,769,047</b>	<b>8,245,666</b>	<b>15,429,384</b>	<b>15,570,734</b>	<b>17,880,189</b>
<b>Total Liabilities</b>	<b>10,059,140</b>	<b>11,769,877</b>	<b>17,699,576</b>	<b>16,799,454</b>	<b>19,128,031</b>
<b>Retained Earnings:</b>					
Invested in Capital Assets Net of Related Debt	14,166,157	13,961,856	15,503,829	15,338,114	15,088,487
Restricted	883,652	1,011,059	1,453,525	1,475,000	1,475,000
Unrestricted	680,643	718,031	152,684	893,455	1,035,155
<b>Total Retained Earnings</b>	<b>15,730,452</b>	<b>15,690,946</b>	<b>17,110,038</b>	<b>17,706,569</b>	<b>17,608,642</b>
<b>Total Liabilities and Equities</b>	<b>25,789,592</b>	<b>27,460,823</b>	<b>34,809,614</b>	<b>34,506,023</b>	<b>36,736,673</b>
<b>Balance Sheet Analysis</b>					
Current Ratio	1.2	0.5	1.0	2.1	2.5
Debt to Equity	0.6	0.8	1.0	0.9	1.1
Days Sales in Accounts Receivable	41.4	39.2	43.4	40.0	40.0
Months Operating Expenses in Unrestricted Cash	2.8	6.1	3.3	4.9	5.8

**EXHIBIT 1  
 CITY OF HARRODSBURG  
 CASH FLOW ANALYSIS (JUNE YEAR END)**

	Audited 2010	% Change	Audited 2011	% Change	Audited 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
<b>Operating Revenues</b>										
Water Revenues	1,484,586	26%	1,863,865	1%	1,882,725	2,070,998	2,133,128	2,143,794	2,154,513	2,165,286
Sewer Revenues	1,263,346	-6%	1,183,417	12%	1,320,149	1,372,955	1,379,820	1,386,719	1,393,653	1,400,621
Other	103,792	24%	128,229	-2%	125,849	125,849	125,849	125,849	125,849	125,849
<b>Total Revenues</b>	<b>2,851,724</b>	<b>11%</b>	<b>3,175,511</b>	<b>5%</b>	<b>3,328,723</b>	<b>3,569,802</b>	<b>3,638,797</b>	<b>3,656,362</b>	<b>3,674,015</b>	<b>3,691,756</b>
<b>Operating Expenses</b>										
Water Expenses	1,177,955	10%	1,293,415	1%	1,312,509	1,338,759	1,365,534	1,392,845	1,420,702	1,449,116
Sewer Expenses	736,528	-10%	665,480	42%	946,691	765,625	780,938	796,557	812,488	828,738
Depreciation	1,376,101	-1%	1,364,842	0%	1,368,172	1,550,000	1,600,000	1,650,000	1,700,000	1,700,000
Replacement Reserve	68,000		68,000		68,000	68,000	72,100	49,280	49,280	49,280
<b>Total Expenses</b>	<b>3,358,584</b>	<b>1%</b>	<b>3,391,737</b>	<b>9%</b>	<b>3,695,372</b>	<b>3,722,384</b>	<b>3,818,572</b>	<b>3,888,682</b>	<b>3,982,470</b>	<b>4,027,134</b>
<b>Net Operating Income</b>	<b>(506,860)</b>	<b>-57%</b>	<b>(216,226)</b>	<b>70%</b>	<b>(366,649)</b>	<b>(152,582)</b>	<b>(179,775)</b>	<b>(232,320)</b>	<b>(308,455)</b>	<b>(335,378)</b>
<b>Non-Operating Income and Expenses</b>										
Interest Income	23,656	-46%	12,876	-25%	9,646	9,600	9,600	9,600	9,600	9,600
Other	451,183		61,214		49,204	50,000	50,000	50,000	50,000	50,000
<b>Total Non-Operating Income &amp; Expenses</b>	<b>474,839</b>	<b>-84%</b>	<b>74,090</b>	<b>-21%</b>	<b>58,850</b>	<b>59,600</b>	<b>59,600</b>	<b>59,600</b>	<b>59,600</b>	<b>59,600</b>
<b>Add Non-Cash Expenses</b>										
Depreciation	1,376,101	-1%	1,364,842	0%	1,368,172	1,550,000	1,600,000	1,650,000	1,700,000	1,700,000
<b>Cash Available for Debt Service</b>	<b>1,344,080</b>	<b>-9%</b>	<b>1,222,706</b>	<b>-13%</b>	<b>1,060,373</b>	<b>1,467,018</b>	<b>1,479,825</b>	<b>1,477,280</b>	<b>1,451,145</b>	<b>1,424,222</b>
<b>Debt Service</b> (enter as positive #'s)										
<b>Total Debt Service</b>	<b>778,034</b>		<b>732,273</b>		<b>845,286</b>	<b>1,021,809</b>	<b>1,199,542</b>	<b>1,318,015</b>	<b>1,287,473</b>	<b>1,270,826</b>
<b>Income After Debt Service</b>	<b>566,046</b>		<b>490,433</b>		<b>215,087</b>	<b>435,209</b>	<b>280,283</b>	<b>159,265</b>	<b>163,672</b>	<b>153,396</b>
<b>Debt Coverage Ratio</b>	<b>1.7</b>		<b>1.7</b>		<b>1.3</b>	<b>1.4</b>	<b>1.2</b>	<b>1.1</b>	<b>1.1</b>	<b>1.1</b>

8114

**KENTUCKY INFRASTRUCTURE AUTHORITY**

**FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT**

**FUND F**

**PROJECT NUMBER:** F13-002  
**BORROWER:** City of Harrodsburg, Kentucky  
**BORROWER'S ADDRESS:** 208 South Main Street  
Harrodsburg, Kentucky 40330  
**DATE OF ASSISTANCE AGREEMENT:** May 1, 2014  
**DATE OF FIRST SUPPLEMENTAL  
ASSISTANCE AGREEMENT:** March 1, 2015

2015 MAY 6 PM 2 49  
RECEIVED  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

## FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

This First Supplemental Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "First Supplemental 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 First Supplemental Agreement (the "Governmental Agency"):

### WITNESSETH:

WHEREAS, the Authority and the Governmental Agency have heretofore entered into an Assistance Agreement dated as of the date set forth on the cover page hereof (the "Assistance Agreement") for the purpose of providing financial assistance to the Governmental Agency in connection with the acquisition and construction of the Project, as defined in the Assistance Agreement; and

WHEREAS, the Authority and the Governmental Agency desire to amend certain provisions of the Assistance Agreement to provide additional funds to complete the Project; and

WHEREAS, in connection with, and as a condition to, such additional funding, the Governmental hereby covenants that the additional components of the Project to be funded is comprised of improvements constituting green infrastructure, water or energy efficiency improvements or other environmentally innovative activities.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN AND IN THE ASSISTANCE AGREEMENT, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

### ARTICLE I

#### RELATION TO ASSISTANCE AGREEMENT

**Section 1.1.** This First Supplemental Agreement is supplemental to the Assistance Agreement and shall be read and construed with the Assistance Agreement as though it were part of the same instrument. The provisions of the Assistance Agreement are hereby ratified and affirmed except as amended hereby. All capitalized terms used herein shall have the same meanings as provided in the Assistance Agreement, as amended by this First Supplemental Agreement.

### ARTICLE II

#### AMENDMENTS TO ASSISTANCE AGREEMENT

**Section 2.1.** Exhibit A attached to the Assistance Agreement is hereby amended by supplementing said Exhibit A with the Exhibit A attached hereto.

**Section 2.2.** Exhibit G attached to the Assistance Agreement is hereby amended by replacing said Exhibit G in its entirety with the Exhibit G attached hereto.

**Section 2.3.** The Assistance Agreement is hereby amended by adding Exhibit H as set forth in Exhibit H attached hereto.

### **ARTICLE III**

#### **EFFECT OF FIRST SUPPLEMENTAL AGREEMENT**

**Section 3.1.** From and after the time of taking effect of this First Supplemental Agreement, the Assistance Agreement shall be, and be deemed to be, modified and amended in accordance herewith, and the respective rights, duties and obligations under the Assistance Agreement of the Authority and the Governmental Agency thereunder shall be determined, exercised and enforced thereunder subject in all respects to the provisions of this First Supplemental Agreement, and all provisions hereof shall be deemed to be part of the terms and conditions of the Assistance Agreement for any and all purposes.

### **ARTICLE IV**

#### **EFFECTIVE DATE; MISCELLANEOUS PROVISIONS**

**Section 4.1. *Time of taking effect.*** This First Supplemental Agreement shall be effective as of the day and year written on the cover page hereof.


**Section 4.2. *Invalidity of any provision.*** In case any one or more of the provisions contained herein shall be adjudicated by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby.

**Section 4.3. *Execution in counterparts.*** This First Supplemental Agreement may be simultaneously executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.


IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Agreement to be executed by their respective duly authorized officers as of the day and year stated on the cover page hereof.

**KENTUCKY INFRASTRUCTURE  
AUTHORITY**

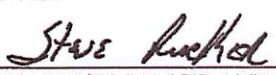
By:   
Title: EXECUTIVE DIRECTOR

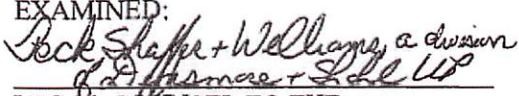
Attest:   
Title: SECRETARY

**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG, KENTUCKY**

By:   
Mayor

Attest:  
By:   
Title: City Clerk

APPROVED:  
  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:  
  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY  
  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

**Exhibit A**  
**(See Attached)**

7495608v1



**EXHIBIT A  
 CITY OF HARRODSBURG  
 PROJECT SPECIFICS  
 F13-002 (Increase)**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main Street  
 Harrodsburg, KY 40330

Contact Person: Eddie Long  
 Mayor

**SYSTEM:** Water

**PROJECT:**

The City of Harrodsburg is requesting an increase of \$1,014,472 to an existing \$1,688,950 Fund "F" loan. An additional 15,000 linear feet of waterlines were identified as needing replacement the preliminary design stage of the project. The six inch lines will be replaced with eight inch PVC lines. The current lines were installed in the 1940's and have deteriorated causing breaks and water leaks. The original project summary is below:

This project involves two components to improve the City's water system. First, approximately 24,000 linear feet of water lines in older sections of the system will be replaced with eight inch PVC. Valves and fire hydrants will also be replaced. Second, a storage tank will be refurbished by removing the existing lead based interior and exterior paint, repainting the tank, and proper disposal of the lead based residue.

**PROJECT BUDGET:**

	<u>Total</u>
Engineering Fees - Design / Const	185,405
Engineering Fees - Inspection	118,883
Engineering Fees - Other	32,000
Construction	2,196,545
Contingency	170,589
<b>Total</b>	<b>\$ 2,703,422</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 2,703,422	100%
<b>Total</b>	<b>\$ 2,703,422</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 2,703,422
Less: Principal Forgiveness (10%)	<u>270,342</u>
Amortized Loan Amount	\$ 2,433,080
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 144,709
Administrative Fee (0.25%)	<u>6,083</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 160,792</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/14).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/01/15).

<b>REPLACEMENT RESERVE ACCOUNT:</b>	\$ 6,800 ANNUAL AMOUNT
	\$ 68,000 TOTAL AMOUNT

The annual replacement cost is \$6,800. This amount should be added to the replacement account each December 1 until the balance reaches \$68,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.25%

**DEFAULT RATE:** 8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
2008 Capital Lease	\$ 1,288,212	2023
KIA (A02-06)	\$ 1,823,734	2023
Note Payable	\$ 121,940	2016
2004 Bonds	\$ -	2021
2006 Bonds	\$ 1,024,000	2044
2006 Bonds	\$ 2,291,500	2045
2012 Bonds	\$ 7,700,000	2051
2013 Bonds	\$ 1,165,000	2021
KIA Loan (A12-07) (i/a/o \$706,000)	\$ 315,000	2032
KIA Loan (F11-17) (i/a/o \$438,000)	\$ 284,700	2031
KIA Loan (A11-21) (i/a/o \$418,500)	\$ 294,604	2031
KIA (F13-002, i/a/o \$1,520,055)	\$ -	TBD
<b>Total</b>	<b>\$ 16,308,690</b>	

**LIABILITY INSURANCE COVERAGE:**

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

SEE ATTACHED  
SEE ATTACHED  
SEE ATTACHED

City Of Harrodsburg

KLCIS-LD0713

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES  
 (KLCIS)  
 LIABILITY COVERAGE DECLARATIONS**

**Name of Insured:** City Of Harrodsburg

**Policy Number:** L5224-011130

**Address:** 208 South Main Street, Harrodsburg, Kentucky 40330

**Agent of Record:** Whitenack & Souder Ins., Inc.

**Coverage Period:** from 7/1/2013 at 12:01a.m. Standard (or Daylight) time to 7/1/2014 at 12:01 a.m. Standard (or Daylight) time at the mailing address shown above. For purposes of the prior acts coverage endorsement, this policy shall be deemed renewed annually one year from the initial coverage date.

Subject to all terms of this policy, KLCIS agrees to provide you with coverages shown below for which a premium is shown and you pay to us.

<b>COVERAGE</b>	<b>LIMIT Per Occurrence</b>	<b>DEDUCTIBLE Per Occurrence</b>	<b>PREMIUM 7/1/2013-7/1/2014 Installment</b>
Commercial General Liability	\$5,000,000	\$0	\$72,842
Public Officials Liability	\$2,000,000	\$10,000	\$42,627
Law Enforcement Liability	\$2,000,000	\$0	\$31,988
Sewer Backup Liability	\$100,000	\$2,500	Included in GL
Business Auto Liability	\$2,000,000	\$0	\$41,730
Auto Physical Damage	Actual Cash Value	See Vehicle Schedule	\$4,066
<b>TOTAL PREMIUM</b>			<b>\$182,853</b>

\*In the event of an "Occurrence" or "Accident" which invokes more than one type of coverage under the same or different policies issued by KLCIS, then the liability of KLCIS shall not exceed the highest applicable limit under any one coverage.

**RESOLUTION**

RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING A FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the City Commission ("governing authority") of the City of Harrodsburg, Kentucky ("Governmental Agency") has previously determined that it is in the public interest to finance improvements to the Governmental Agency's Water System (the "Project"); and

WHEREAS, the Governmental Agency made an 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 entered into an Assistance Agreement dated as of May 1, 2014 with the Authority; and

WHEREAS, since the date of the Assistance Agreement the scope of the Project has been expanded and the Authority has agreed to provide additional monies for the Project; and

WHEREAS, in order to receive such additional monies for the Project it is necessary for the Governmental Agency to enter into a First Supplemental Assistance Agreement with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the governing authority of the City of Harrodsburg, Kentucky, as follows:

SECTION 1. That the governing authority hereby approves and authorizes the First Supplemental 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 the Mayor and City Clerk 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 March 23, 2015.

  
\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
City Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting City Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said City of Harrodsburg, Kentucky at a meeting duly held on Mar 23, 2015; that said official action appears as a matter of public record in the official records or journal of the City of Harrodsburg, Kentucky; 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 23 day of March, 2015.

  
\_\_\_\_\_  
City Clerk

7495624v1

**KENTUCKY INFRASTRUCTURE AUTHORITY**

**ASSISTANCE AGREEMENT**

**FUND F**

**PROJECT NUMBER:** F15-031  
**BORROWER:** City of Harrodsburg, Kentucky  
**BORROWER'S ADDRESS:** 208 South Main Street  
Harrodsburg, Kentucky 40330  
**DATE OF ASSISTANCE AGREEMENT:** December 1, 2015  
**CFDA NO.:**

**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.

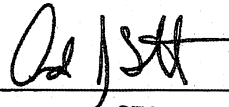
**Section 9.8. Applicable Law.** This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

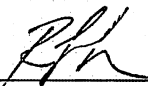
**Section 9.9. Captions.** The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

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

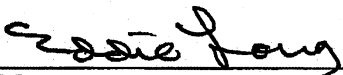
  
\_\_\_\_\_  
Title: SECRETARY

By:   
\_\_\_\_\_  
Title: EXECUTIVE DIRECTOR

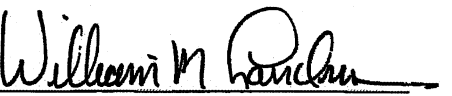
ATTEST:

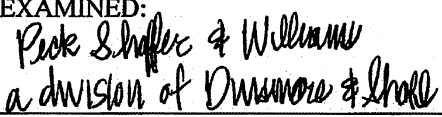
GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG, KENTUCKY

  
\_\_\_\_\_  
Title: Clerk

By:   
\_\_\_\_\_  
Title: Mayor

APPROVED:

  
\_\_\_\_\_  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

EXAMINED:  
  
\_\_\_\_\_  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

  
\_\_\_\_\_  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

**EXHIBIT A**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**F15-031**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main St  
 Harrodsburg, KY 40330

Contact  
 Person: Eddie Long  
 Mayor

**SYSTEM:** Water

**PROJECT:**

This project will create additional loops within the City's water system by connecting an existing six inch water line to a twelve inch water main on the Harrodsburg Bypass. The loops will help water quality and remove disinfection by-products. This project will also replace corroded water lines in inaccessible areas between College and Chestnut Street.

**PROJECT BUDGET:**

	<u>Total</u>
Engineering Fees - Design / Const	29,900
Engineering Fees - Inspection	24,350
Engineering Fees - Other	16,050
Construction	225,550
Contingency	30,810
<b>Total</b>	<b>\$ 326,660</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 326,660	100%
<b>Total</b>	<b>\$ 326,660</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 326,660
Less: Principal Forgiveness (0%)	<u>0</u>
Amortized Loan Amount	\$ 326,660
Interest Rate	0.75%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 17,619
Administrative Fee (0.25%)	<u>817</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 18,436</b>



City Of Harrodsburg

KLCIS-LD0715

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES  
 (KLCIS)  
 LIABILITY COVERAGE DECLARATIONS**

Name of Insured: City Of Harrodsburg

Policy Number: L5224-2015-13324

Address: 208 South Main Street  
 Harrodsburg, Kentucky 40330

Agent of Record: Whitenack & Souder Ins., Inc.

Coverage Period: from 7/1/2015 at 12:01 a.m. Standard (or Daylight) time to 7/1/2016 at 12:01 a.m. Standard (or Daylight) time at the mailing address shown above. For purposes of the prior acts coverage endorsement, this policy shall be deemed renewed annually one year from the initial coverage date.

Subject to all terms of this policy, KLCIS agrees to provide you with coverages shown below for which a premium is shown and you pay to us.

COVERAGE	LIMIT Per Occurrence	DEDUCTIBLE Per Occurrence	PREMIUM 7/1/2015-7/1/2016 Installment
Commercial General Liability	\$5,000,000	\$0.00	\$84,192.67
Garage Keepers Liability	No Coverage	No Coverage	No Coverage
Public Officials Liability	\$5,000,000	\$10,000	\$61,755.41
Law Enforcement Liability	\$5,000,000	\$0	\$67,780.98
Sewer Backup Liability	\$100,000	\$2,500	\$10,192.48
Business Auto Liability	\$2,000,000	\$0	\$43,297.92
Auto Physical Damage	Actual Cash Value	See Vehicle Schedule	\$4,980.65
<b>TOTAL PREMIUM</b>			<b>\$272,200.11</b>

\*In the event of an "Occurrence" or "Accident" which invokes more than one type of coverage under the same or different policies issued by KLCIS, then the liability of KLCIS shall not exceed the highest applicable limit under any one coverage.



City Of Harrodsburg

KLC-LD0715

Your policy may contain premium adjustments for the following:	
Accredited Law Enforcement Agency	0%
Alternative Dispute Resolution, Public Officials Only	0%
Loss Control Scorecard, GL, PO and Auto	0%
Loss Control Scorecard, LE	0%

PRIOR ACTS COVERAGE	
If a date or dates appear below, you are being provided with coverage for accidents or occurrences or wrongful acts, which pre-date your current coverage period. Coverage provided by the Prior Acts endorsement may have been part of an earlier policy issued to you by KLCIS. If so, no dates will appear below and no additional Prior Acts coverage is afforded by this policy.	
General Liability	
Public Officials Liability	
Employee Benefits Liability	
Law Enforcement Liability	

Basic Coverage Forms: KLCIS-GL'2015, KLCIS-P0'2015, KLCIS-LE'2015, KLCIS-BA'2013

Endorsements: KLCIS-ADDINS'15, KLCIS-JADDINS'15, KLCIS-MPAE'15, KLCIS-DED'06, KLCIS-RADDINS'15, KLCIS-SB'2004, KLCIS-Cyber'2015

### COVERAGE SUBLIMITS

For each of the coverages for which you paid a premium the following sublimits apply:

#### **GENERAL LIABILITY**

Fire Damage Limit	\$100,000	Per Fire
Medical Expense Limit	\$5,000	Per Person
Employee Benefits Liability	\$5,000,000	Per Occurrence
Hazardous Response Team	\$5,000,000	Per Occurrence

#### **AUTOMOBILE LIABILITY**

Personal Injury Protection	\$10,000	Per Person
Uninsured Motorists	\$100,000	Per Accident
Underinsured Motorists	\$100,000	Per Accident
"Comprehensive," Collision Damage	(see vehicle schedule)	

City Of Harrodsburg

KLC-LD0715  
 2015-2016

**BUSINESS AUTOMOBILE POLICY DECLARATIONS**

**SCHEDULE OF COVERAGES AND COVERED AUTOMOBILES**

Each of the coverages will apply only to those AUTOMOBILES shown as covered AUTOMOBILES. AUTOMOBILES are shown as covered AUTOMOBILES for a particular coverage by the entry of one or more symbols as described in the coverage document.

COVERAGES	COVERED AUTOS	LIMIT (The most we will pay for any one accident or loss.)	
Liability Coverage	1, 8, 9	\$2,000,000	
Personal Injury Protection	5	\$10,000	
Uninsured Motorist/ Underinsured Motorist Coverage	2	\$100,000	
<b>PHYSICAL DAMAGE</b>			
		LIMIT	DEDUCTIBLE
Comprehensive Coverage	7, 8	Actual Cash Value or Cost of Repair, whichever is less, minus deductible amount	See Vehicle Schedule
Collision	7, 8		See Vehicle Schedule

City Of Harrodsburg

KLC-LD0715  
2015-2016


**NOTE:** Wherever the word "policy" appears in the attached forms or endorsements, it will be construed to mean the same as "declarations"; wherever the word "company" appears, it will be construed to mean the same as "KLCIS". Each of the coverages listed on page one of these declarations is separate and apply to these coverages only.

**This coverage has been placed with a liability self-insurance group which is known as the Kentucky League of Cities Insurance Services ("KLCIS"). KLCIS has received a certificate of filing from the Commonwealth of Kentucky and has provided continuous coverage to its members since July 1, 1987.**

**Claims against group members are not covered by the Kentucky Insurance Guaranty Association.**

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES**

by



5/13/2015

(Authorized Agent)

Date

**KENTUCKY LEAGUE OF CITIES INSURANCE AGENCY, INC.**

by



5/13/2015

(Authorized Agent)

Date

City Of Harrodsburg

WC0D0715

**KENTUCKY LEAGUE OF CITIES WORKERS' COMPENSATION TRUST**  
100 East Vine Street, Suite 800, Lexington, KY 40507-3701  
859-977-3700 or 800-876-4552  
FEIN 61-1238903

**WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY**  
**INFORMATION PAGE**  
**CARRIER CODE 36676**

**Item 1:** City Of Harrodsburg  
208 South Main Street  
Harrodsburg, Kentucky 40330

**POLICY #** W5224-2015-12842

Federal ID#: 61-6001837

SIC Code: 91310404

Risk ID#:

Locations - All usual workplaces of the insured at or from which operations covered by this policy are conducted are located at the above address unless otherwise stated herein: See attached schedules for location(s).

**Item 2:** Policy Period: From 7/1/2015 to 7/1/2016 12:01 A.M. standard time at the Insured's mailing address.

**Item 3:**

A. Workers' Compensation Insurance: Part One of the policy applies to the Workers' Compensation Law of the states listed here: Kentucky

B. Employers' Liability Insurance: Part two of the policy applies to work in each state listed in Item 3.A. The limits of our liability under Part Two are:

Bodily Injury by Accident \$4,000,000 each employee

Bodily Injury by Disease \$4,000,000 each employee

Bodily Injury by Disease \$4,000,000 policy limit

C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here: All states not provided. Coverage provided pursuant to Kentucky Law.

D. This policy includes these forms, endorsements and schedules: KLCIS-WC-EL'2006, WC 00 03 11, WC 00 04 06

**Item 4:** The premium for this policy will be determined by our Manuals and Rules, Classifications, Rates and Rating Plans. All information required below is subject to verification and change by audit:

**\*\*See Attached Schedule for Classifications\*\***

**INSTALLMENT YEAR: 7/1/2015 - 7/1/2016**

Premium Subject to Tax	\$ 140,775.84
Plus Kentucky Premium Tax (6.17)%	\$ 8,685.87
Estimated Annual Total	\$ 149,461.71

Dated Issued: 5/13/2015

From: KLC Workers' Compensation Trust  
Lexington, KY 40507-3701

City Of Harrodsburg

WC0D0715

**NOTE:** Wherever the word "**policy**" appears in the attached forms or endorsements, it will be construed to mean the same as "**declarations**"; wherever the word "**company**" appears, it will be construed to mean the same as "**KLCIS**". Each of the coverages listed on page one of these declarations is separate and apply to these coverages only.

**This coverage has been placed with a liability self-insurance group which is known as the Kentucky League of Cities Insurance Services ("KLCIS"). KLCIS has received a certificate of filing from the Commonwealth of Kentucky and has provided continuous coverage to its members since July 1, 1987.**

**Claims against group members are not covered by the Kentucky Insurance Guaranty Association.**

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES**

by



5/13/2015

\_\_\_\_\_  
(Authorized Agent)

\_\_\_\_\_  
Date

**KENTUCKY LEAGUE OF CITIES INSURANCE AGENCY, INC.**

by



5/13/2015

\_\_\_\_\_  
(Authorized Agent)

\_\_\_\_\_  
Date

**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				
	<b>TOTAL</b>				

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				
	<b>TOTAL</b>			

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)

<b>Line Item</b>	<b>Draw #</b>	<b>Vender</b>	<b>Amount</b>
------------------	---------------	---------------	---------------

**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

**ORDINANCE NUMBER 2012-09**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, SECTION 51, GENERAL WATER AND SEWER PROVISIONS, SECTION 51.03 B, WATER RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the General Water and Sewer Provisions, Section 51.03, which were last comprehensively updated by Ordinance 2010-04 and;

**WHEREAS**, the City of Harrodsburg is expanding the Water Treatment Plant and has closed on a loan provided by Rural Development and additional revenues are needed in order to meet the minimum qualifications on the letter on conditions to pay the debt service on the loans;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(B) Specifically,

(1) Minimum water rate. The minimum water bill shall be ~~\$8.78~~ **\$9.87** per month, and each water customer shall be entitled to 250 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<del>\$8.78</del> minimum charge
Next 750	<del>\$3.33</del> per 100 cubic feet
Next 3,000	<del>\$2.90</del> per 100 cubic feet
Next 6,000	<del>\$2.46</del> per 100 cubic feet
Next 25,000	<del>\$2.10</del> per 100 cubic feet
Next 25,000	<del>\$1.75</del> per 100 cubic feet
Next 60,000	<del>\$1.40</del> per 100 cubic feet

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<b>\$9.87</b> minimum charge
Next 750	<b>\$3.75</b> per 100 cubic feet
Next 3,000	<b>\$3.26</b> per 100 cubic feet
Next 6,000	<b>\$2.77</b> per 100 cubic feet
Next 25,000	<b>\$2.36</b> per 100 cubic feet
Next 25,000	<b>\$1.97</b> per 100 cubic feet
All over 60,000	<b>\$1.58</b> per 100 cubic feet

(2) Meter rates for water usage in addition to minimum charge. Subject to the minimum monthly water rate specified above, the following metered charges shall be made for each 100 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$8.78 minimum charge
Next 750	\$3.33 per 100 cubic feet
Next 3,000	\$2.90 per 100 cubic feet
Next 6,000	\$2.46 per 100 cubic feet
Next 25,000	\$2.10 per 100 cubic feet
Next 25,000	\$1.75 per 100 cubic feet
Next 60,000	\$1.40 per 100 cubic feet

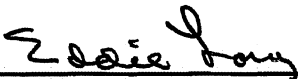
Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$9.87 minimum charge
Next 750	\$3.75 per 100 cubic feet
Next 3,000	\$3.26 per 100 cubic feet
Next 6,000	\$2.77 per 100 cubic feet
Next 25,000	\$2.36 per 100 cubic feet
Next 25,000	\$1.97 per 100 cubic feet
All over 60,000	\$1.58 per 100 cubic feet

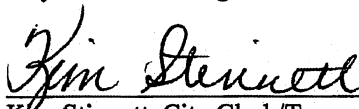
This ordinance shall be effective on June 14, 2012 upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading May 29, 2012

Passed 2<sup>nd</sup> Reading June 11, 2012

Published

  
\_\_\_\_\_  
Eddie Long, Mayor  
City of Harrodsburg

  
\_\_\_\_\_  
Kim Stinnett, City Clerk/Treasurer/Budget Director

**ORDINANCE NUMBER 2015-08**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, CHAPTER 52, SEWER USE, SECTION 52.145 ( C ) 3, SEWER SERVICE RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the sewer use, Section 52.145 (c) 3, which were last comprehensively updated by Ordinance 2011-20 and;

**WHEREAS**, the City of Harrodsburg is improving the Waste Water Treatment Plant, pump stations, and wastewater lines;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

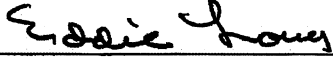
(3) Minimum sewer rate. The minimum sewer bill shall be ~~\$10.56~~ **\$12.99** per month, and each sewer customer shall be entitled to 250 cubic feet of sewer service consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

<u>In Gallons</u>	<u>In Cubic Feet</u>	<u>2013 Existing Rates</u>	<u>Proposed Rates</u>
<u>Min. Rate</u>	<u>Min. Rate First 250</u>	<u>\$10.56</u>	<b><u>\$12.99</u></b>
<u>Next 5,610</u>	<u>Next 750</u>	<u>\$4.32</u>	<b><u>\$5.31</u></b>
<u>Next 22,440</u>	<u>Next 3,000</u>	<u>\$4.08</u>	<b><u>\$5.02</u></b>
<u>Next 44,880</u>	<u>Next 6,000</u>	<u>\$4.08</u>	<b><u>\$5.02</u></b>
<u>Next 187,000</u>	<u>Next 25,000</u>	<u>\$4.08</u>	<b><u>\$5.02</u></b>
<u>Next 187,000</u>	<u>Next 25,000</u>	<u>\$3.84</u>	<b><u>\$4.72</u></b>
<u>Next 448,800</u>	<u>All &gt;60,000</u>	<u>\$3.60</u>	<b><u>\$4.43</u></b>

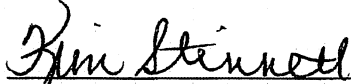
This ordinance shall be effective upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading August 24, 2015

Passed 2<sup>nd</sup> Reading September 14, 2015



\_\_\_\_\_  
Eddie Long, Mayor  
City of Harrodsburg



\_\_\_\_\_  
Kim Stinnett, City Clerk/Treasurer/Budget Director

**EXHIBIT D**

**RESOLUTION**

**RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF DECEMBER 1, 2015 BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.**

WHEREAS, the City Council ("Governing Authority") of the City of Harrodsburg, Kentucky ("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 December 1, 2015 (the "Assistance Agreement") with the Authority.


NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Harrodsburg, Kentucky, 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 Mayor and Clerk 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 Dec 14, 2015.

  
\_\_\_\_\_  
Mayor

Attest -  
  
\_\_\_\_\_  
Title: Clerk

CERTIFICATE

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

IN TESTIMONY WHEREOF, witness my signature this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Clerk

**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 City of Harrodsburg, Kentucky, dated as of December 1, 2015

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the City of Harrodsburg, Kentucky, 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  
CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

**CITY OF HARRODSBURG, KENTUCKY,  
Governmental Agency**

By: Eddie Long  
Title: Mayor

ATTEST:  
Kim Stennell  
Title: Clerk

**EXHIBIT G**

**ADDITIONAL COVENANTS AND AGREEMENTS**

**NONE**

10033501v1

**G-1**

**RESOLUTION**

**RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF DECEMBER 1, 2015 BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.**

WHEREAS, the City Council ("Governing Authority") of the City of Harrodsburg, Kentucky ("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 December 1, 2015 (the "Assistance Agreement") with the Authority.

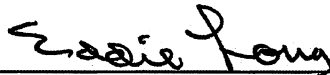
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Harrodsburg, Kentucky, as follows:

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 Mayor and Clerk 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 Dec. 14, 2015.

  
\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
Clerk

2016 JAN 4 PM 11 42  
RECEIVED  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Council of said City at a meeting duly held on Dec 14, 2015; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 14 day of Dec, 2015.

  
Clerk

10033530v1

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and City of Harrodsburg, Kentucky (the "Governmental Agency"), dated as of December 1, 2015

#### **GENERAL CLOSING CERTIFICATE OF GOVERNMENTAL AGENCY**

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

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

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

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

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

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

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

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

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

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

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

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

WITNESS our signatures, this 14 day of December 2015.

**GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG, KENTUCKY**

By: Eddie Long  
Name: Eddie Long  
Title: Mayor

Attest:  
By: Kim Stinnett  
Name: Kim Stinnett  
Title: Clerk

10033538v1

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F16-049  
BORROWER: City of Harrodsburg, Kentucky  
BORROWER'S ADDRESS: 208 South Main Street  
Harrodsburg, Kentucky 40330  
DATE OF ASSISTANCE AGREEMENT: April 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.

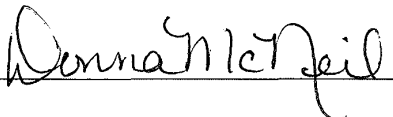
Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

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



By: 

Title: SECRETARY

Title: EXECUTIVE DIRECTOR

ATTEST:

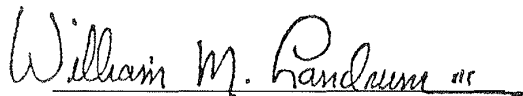
GOVERNMENTAL AGENCY:  
CITY OF HARRODSBURG, KENTUCKY


\_\_\_\_\_  
Title: Clerk

By:   
Title: Mayor


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**  
**CITY OF HARRODSBURG**  
**PROJECT SPECIFICS**  
**F16-049**

**GOVERNMENTAL AGENCY:**

Name: City of Harrodsburg  
 208 South Main Street  
 Harrodsburg, KY 40330

Contact  
 Person: Eddie Long  
 Mayor

**SYSTEM:** Water

**PROJECT:**

This project will replace and install approximately 26,000 linear feet of aged water lines with 6 inch PVC pipe. The existing cast iron lines were installed in the 1940's and have corroded causing line breaks and leaks.

**PROJECT BUDGET:**

	<u>Total</u>
Engineering Fees - Design / Const	176,400
Engineering Fees - Inspection	103,300
Engineering Fees - Other	21,000
Construction	2,351,300
Contingency	235,200
<b>Total</b>	<b>\$ 2,887,200</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 2,887,200	100%
<b>Total</b>	<b>\$ 2,887,200</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 2,887,200
Less: Principal Forgiveness (0%)	0
Amortized Loan Amount	<u>\$ 2,887,200</u>
Interest Rate	0.75%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 155,728
Administrative Fee (0.25%)	7,218
<b>Total Estimated Annual Debt Service</b>	<b>\$ 162,946</b>



**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/17).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/01/18).

<b>REPLACEMENT RESERVE ACCOUNT:</b>	\$	7,200	ANNUAL AMOUNT
	\$	72,000	TOTAL AMOUNT

The annual replacement cost is \$7,200. This amount should be added to the replacement account each December 1 until the balance reaches \$72,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.25%

**DEFAULT RATE:** 8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
Sun Trust Lease (Water Meters)	\$ 1,060,056	2023
KIA (A02-06)	\$ 1,490,922	2023
KIA (A12-07)	\$ 635,400	2033
KIA (F11-17)	\$ 313,711	2033
KIA (A11-21)	\$ 350,934	2033
Whitaker Bank (Construction Loan)	\$ 338,970	2051
Whitaker Bank Refinance Loan	\$ 13,960	2016
2013 KY Rural Water Bonds	\$ 855,000	2021
2006 RD Bonds	\$ 990,000	2044
2006 RD Bonds	\$ 2,219,000	2045
2012 RD Bonds	\$ 7,594,500	2051
2014 RD Bonds	\$ 1,744,000	2053
KIA (F13-002)	\$ 2,206,022	2036
KIA (A15-046, i/a/o \$1.42 M)	\$ -	TBD
KIA (A15-074, i/a/o \$10 M)	\$ -	TBD
KIA (A15-075, i/a/o \$810,000)	\$ -	TBD
KIA (F15-031, i/a/o \$326,600)	\$ -	TBD
KIA (A16-033, i/a/o \$1.2 M)	\$ -	TBD
<b>Total</b>	<b>\$ 19,812,475</b>	

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	<u>4,000,000.</u>
Death or Personal Injury (per occurrence)	<u>4,000,000</u>
Property Damage on System	<u>50,000,000</u>

**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**

<b>Line Item</b>	<b>Cost</b>	<b>Expenses This Request</b>	<b>Expenses to Date</b>	<b>Project Budget</b>	<b>Balance</b>
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				
	<b>TOTAL</b>				

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**

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

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)

<b>Line Item</b>	<b>Draw #</b>	<b>Vender</b>	<b>Amount</b>
------------------	---------------	---------------	---------------

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

**ORDINANCE NUMBER 2012-09**

**AN ORDINANCE OF THE CITY OF HARRODSBURG, KENTUCKY AMENDING CODE OF ORDINANCES TITLE V: PUBLIC WORKS, SECTION 51, GENERAL WATER AND SEWER PROVISIONS, SECTION 51.03 B, WATER RATES**

**WHEREAS**, the Board of Commissioners of the City of Harrodsburg desires to amend the General Water and Sewer Provisions, Section 51.03, which were last comprehensively updated by Ordinance 2010-04 and;

**WHEREAS**, the City of Harrodsburg is expanding the Water Treatment Plant and has closed on a loan provided by Rural Development and additional revenues are needed in order to meet the minimum qualifications on the letter on conditions to pay the debt service on the loans;

**NOW THEREFORE BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY OF HARRODSBURG THAT THE FOLLOWING RATES BE ADOPTED;**

(B) Specifically,

(1) Minimum water rate. The minimum water bill shall be ~~\$8.78~~ **\$9.87** per month, and each water customer shall be entitled to 250 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	<del>\$8.78</del> minimum charge
Next 750	<del>\$3.33</del> per 100 cubic feet
Next 3,000	<del>\$2.90</del> per 100 cubic feet
Next 6,000	<del>\$2.46</del> per 100 cubic feet
Next 25,000	<del>\$2.10</del> per 100 cubic feet
Next 25,000	<del>\$1.75</del> per 100 cubic feet
Next 60,000	<del>\$1.40</del> per 100 cubic feet

Number of Cubic Feet of water per month	Minimum Monthly Charge
<b>First 250</b>	<b>\$9.87</b> minimum charge
<b>Next 750</b>	<b>\$3.75</b> per 100 cubic feet
<b>Next 3,000</b>	<b>\$3.26</b> per 100 cubic feet
<b>Next 6,000</b>	<b>\$2.77</b> per 100 cubic feet
<b>Next 25,000</b>	<b>\$2.36</b> per 100 cubic feet
<b>Next 25,000</b>	<b>\$1.97</b> per 100 cubic feet
<b>All over 60,000</b>	<b>\$1.58</b> per 100 cubic feet

(2) Meter rates for water usage in addition to minimum charge. Subject to the minimum monthly water rate specified above, the following metered charges shall be made for each 100 cubic feet of water consumption per month to customers of all size connections, except for any contractual arrangements with specific customers for additional surcharges.

Number of Cubic Feet of water per month	Minimum Monthly Charge
First 250	\$8.78 minimum charge
Next 750	\$3.33 per 100 cubic feet
Next 3,000	\$2.90 per 100 cubic feet
Next 6,000	\$2.46 per 100 cubic feet
Next 25,000	\$2.10 per 100 cubic feet
Next 25,000	\$1.75 per 100 cubic feet
Next 60,000	\$1.40 per 100 cubic feet

Number of Cubic Feet of water per month	Minimum Monthly Charge
<b>First 250</b>	<b>\$9.87 minimum charge</b>
<b>Next 750</b>	<b>\$3.75 per 100 cubic feet</b>
<b>Next 3,000</b>	<b>\$3.26 per 100 cubic feet</b>
<b>Next 6,000</b>	<b>\$2.77 per 100 cubic feet</b>
<b>Next 25,000</b>	<b>\$2.36 per 100 cubic feet</b>
<b>Next 25,000</b>	<b>\$1.97 per 100 cubic feet</b>
<b>All over 60,000</b>	<b>\$1.58 per 100 cubic feet</b>

This ordinance shall be effective on June 14, 2012 upon its passage, approval, and publication as required by law.

Passed 1<sup>st</sup> Reading May 29, 2012

Passed 2<sup>nd</sup> Reading June 11, 2012

Published

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Eddie Long, Mayor  
 City of Harrodsburg

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Kim Stinnett, City Clerk/Treasurer/Budget Director

**EXHIBIT D**

**RESOLUTION**

**RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF APRIL 1, 2017 BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.**

WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky ("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 April 1, 2017 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Harrodsburg, Kentucky, 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 Mayor and Clerk 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.

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
Title: Clerk



CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said City 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.

\_\_\_\_\_  
Clerk

**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  
City of Harrodsburg, Kentucky, dated as of April 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 City of Harrodsburg, Kentucky, 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  
CITY OF HARRODSBURG, KENTUCKY  
("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: \_\_\_\_\_

**CITY OF HARRODSBURG, KENTUCKY,  
Governmental Agency**

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT G

### ADDITIONAL COVENANTS AND AGREEMENTS

- 1) The entire project must undergo a complete environmental review resulting in a Categorical Exclusion Determination (CED), a State Planning and Environmental Assessment Report (SPEAR), or an Environmental Impact Statement (EIS) with a Record of Decision issued by the Department for Environmental Protection prior to advertising for bids.
- 2) The borrower must receive DOW approval of the Plans and Specifications with regard to SRF funding for each identified contract prior to advertising for bidding.
- 3) The Authority to Award (bid) package, including the Disadvantaged Business Enterprise (DBE) reviews, must be approved by DOW prior to the contract being awarded. DOW must conduct a preconstruction and project management conference.
- 4) Planning and design costs for Projects will be reimbursed monthly to the Governmental Agency upon presentation to the Authority and DOW of invoices and supporting documentation showing costs incurred. No more than 50% of the loan funds designated for each individual Project's planning and design may be requested by the Governmental Agency prior to presentation of the plans and specifications to DOW.
- 5) The remaining 50% of the loan funds designated for planning and design for each Project may be requested upon approval of the plans and specifications by DOW.
- 6) No funds for any Project will be reimbursed to the Governmental Agency until such time as a copy of the eClearinghouse review letter and comments are received on an identified Project by the Authority and DOW.
- 7) No construction funds for projects will be reimbursed to the Governmental Agency until KIA receives from DOW a certification letter that states that a Project has been bid and meets all SRF requirements.
- 8) All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
- 9) Construction costs will be reimbursed monthly to the Governmental Agency upon presentation to KIA and DOW of invoices and supporting documentation showing costs incurred.



## RESOLUTION

RESOLUTION OF THE CITY OF HARRODSBURG, KENTUCKY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF APRIL 1, 2017 BETWEEN THE CITY OF HARRODSBURG, KENTUCKY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the City Commission ("Governing Authority") of the City of Harrodsburg, Kentucky ("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 April 1, 2017 (the "Assistance Agreement") with the Authority.

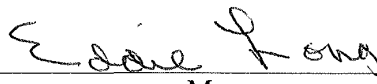
NOW, THEREFORE, BE IT RESOLVED by the City Commission of the City of Harrodsburg, Kentucky, as follows:

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 Mayor and Clerk 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 27, 2017.

  
\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
Clerk

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Clerk of the City of Harrodsburg, Kentucky; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said City at a meeting duly held on 3/27, 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 18 day of April, 2017.

  
Clerk

11211679v1





**CITY OF HARRODSBURG  
BOARD OF COMMISSIONERS  
MINUTES FOR REGULAR MEETING**

**DATE: March 27, 2017**

**PLACE: City of Harrodsburg, Conference Room**

Mayor Eddie Long called the regular meeting to order. Members present, Mayor Eddie Long and Commissioners; Scott Moseley, Charlie Mattingly and Bubby Isham. Absent: Commissioner Jack Coleman.

**APPROVE MINUTES FOR REGULAR CALLED MEETING HELD ON MARCH 13, 2017**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve the minutes for the regular called meeting held on March 13, 2017, as presented. Motion carried unanimously.

**GARY MOORE – RENEW PERMISSION FOR MEMORIAL AT SPRINGHILL CEMETERY**

Motion by/seconded, Commissioners Bubby Isham/Charlie Mattingly to approve Gary Moore holding a memorial for the Confederate soldiers for the next two years. The Memorial will be held on June 3<sup>rd</sup> at 6:00 p.m. Motion carried.

**LARRY PAYNE – TEAM CONSTRUCTION – WATER LEAK**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve the sewer charges be adjusted off of the bill for Chris O'Bryan 429 Cane Run Street due to a leak caused by work done by Team Construction. This adjustment will not be counted as the adjustment for the property owners. Motion carried unanimously.

**SAM CARR AND JILL CUTLER**

Sam Carr with the Jazz Festival and Jill Cutler with the Mercer Chamber, appeared before the Commission to thank them for their support in past years and to ask for their support in the upcoming year.

**ERNIE KELTY – MERCER COUNTY SHERIFF'S OFFICE**

Ernie Kelty with the Mercer County Sheriff's Office appeared before the Commissioner to discuss semi-trucks coming thru school traffic on Moberly Road. Commissioner Isham said that he would talk to the Trucking Companies about the situation and Attorney Doug Greenburg could draw up an order siting "no thru trucks" at the next Commission Meeting.

### **SID DUNN – BROADWAY DAYS FESTIVAL**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve blocking off Broadway from U.S. 127 to Forsyth Street on May 19<sup>th</sup> and 20<sup>th</sup> for the purposes of holding a festival. (Broadway Days) Motion carried.

### **BRETT CHAMBERLAIN – MERCER COUNTY JAILER**

Brett Chamberlain, the Mercer County Jailer, approached the Commission to see if the Commission would be interested in using county inmates on a work release program. The Mayor informed him that it was something that the Commission would be interested in but that they would have to find out more about the program and how the City would reimburse the County for the wages that they earned along with several other questions.

### **EXECUTIVE SESSION**

Motion by/seconded, Commissioners Bubby Isham/Charlie Mattingly to approve going in to executive session under the provisions of KRS 61.810 for the purposes of hiring, at approximately 7:35 p.m. Motion carried unanimously.

### **POLICE DEPARTMENT TO PAY MILEAGE FOR USE OF CRUISERS OUTSIDE MERCER COUNTY**

Motion by/seconded, Mayor Eddie Long/Commissioner Bubby Isham to approve charging the Police Officers for use of City vehicles outside Mercer County beginning April 1<sup>st</sup> for mileage. Police Officers two counties away will be grandfathered in in keeping their cars but will be charged mileage. Motion carried with Commissioner Scott Moseley voting no.

### **RECONVENE**

Motion by/seconded, Commissioners Bubby Isham/Scott Moseley to approve coming out of executive session at approximately 8:25 p.m. Motion carried unanimously.

### **CLEAN UP WEEK**

Clean up week is set for April 24<sup>th</sup> – 28<sup>th</sup>. All items are to be set out on the normal garbage night.

### **JEFF REARDON RESIGN**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve accepting the resignation of Jeff Reardon effective March 24, 2017. Motion carried unanimously.

### **JEFF REARDON REQUESTS EXTENTION ON RENTAL AGREEMENT**

Motion by/seconded, Commissioner Charlie Mattingly/Mayor Eddie Long to approve extending the rental agreement with Jeff Reardon for a sixty day (May 24<sup>th</sup>) period after his resignation. Motion carried with Commissioner Scott Moseley voting no.

**MAYOR LONG AUTHORIZED TO SIGN ORDER FOR NO PARKING AND HANDICAPPED PARKING ON LEXINGTON STREET**

Motion by/seconded, Commissioners Charlie Mattingly/Scott Moseley to approve no parking in space number "1" and a handicapped parking space in space number "2" on the south side of Lexington Street across from the public library. Motion carried unanimously.

**AUSTIN VAUGHN'S CLASSIFICATION CHANGED TO PSW 1**

Motion by/seconded, Commissioners Bubby Isham/Mayor Eddie Long to approve changing Austin Vaughn's classification to a Public Service Worker I. Once his probation is over he can be moved to a public service worker II. Motion carried unanimously.

**SEWER TAP WAIVED ON NEW RESIDENTIAL DEVELOPMENT**

Discussed if a residential developer puts water and sewer lines and streets in there will be no fee to tap the main line in to the City's line. A subdivision developer does not have to pay for the 6" water tap if the City's lines are there without having to be extended. If the line has to be extended additional fees and tap will be charge. This is only for the main supply line for the subdivision.

**CITY WEB PAGE**

Motion by/seconded, Mayor Eddie Long/Commissioner Scott Moseley to authorize Commissioner Coleman to use up to \$3,500.00 to rebuild the City's website. Motion carried unanimously.

**MAYOR LONG AUTHORIZED TO SIGN RESOLUTION 2017-03-27-01**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve authorization for Mayor Long to sign resolution 2017-03-27-01 awarding the bid to Bobby Luttrell & Sons, LLC in the amount of \$839,367.00 for the Sanitary Sewer Rehabilitation 2016 project A16-033 and to sign all documents associated with the project. Motion carried unanimously.

**MAYOR LONG AUTHORIZED TO SIGN RESOLUTION 2017-03-27-02**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve authorization for Mayor Long to sign resolution 2017-03-27-02 awarding the bid to United Pipeline, Inc. in the

amount of \$1,478,585.00 for the Water System Improvements 2016 project F16-049 and to sign all documents associated with the project. Motion carried unanimously.

**SECOND READING ORDINANCE 2017-05 ONE WAY STREET**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve making Office Street, from U.S. 127 to Chiles Street, one way. Motion carried unanimously.

**BUDGET AMENDMENT**

Motion by/seconded, Commissioners Scott Moseley/Charlie Mattingly to approve amending the budget of the police department for \$12,866 in technical supplies and other grant revenue. Motion carried unanimously.

**AMEND THE WRECKER SERVICE AGREEMENT**

Motion by/seconded, Commissioners Scott Moseley/Bubby Isham to approve amending the wrecker service agreement to read that the company must have a physical business address in Mercer County and vehicles towed must be stored at that address. Motion carried unanimously.

**ADJOURN**

Motion by/seconded, Mayor Eddie Long/Commissioner Scott Moseley to approve adjourning the meeting at approximately 9:00 p.m. Motion carried unanimously.



Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – April 7, 2016

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

**Meeting Date/Location: April 7, 2016 – 1:00 p.m.**  
**Kentucky Infrastructure Authority**  
**1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Ms. Sandra Dunahoo, Commissioner, Department for Local Government  
Mr. Mark Bunning, Finance and Administration Cabinet  
(proxy for Secretary William Landrum, FAC)  
Mr. Bruce Scott, Energy and Environment Cabinet  
(proxy for Secretary Charles Snavelly, EEC)  
Mr. John Fischer, Economic Development Cabinet  
(proxy for Acting Secretary Erik Dunnigan, EDC)  
Mr. Aaron Greenwell, Public Service Commission  
(proxy for Acting Executive Director James Gardner, PSC)  
Mr. Marty T. Ivy, representing the Kentucky Municipal Utilities Association  
Mr. C. Ronald Lovan, representing the American Water Works Association  
Mr. Paul Lashbrooke, representing the Kentucky Rural Water Association  
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities  
Ms. Linda C. Bridwell, representing for-profit private water companies

**Members absent:**

Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association  
of Counties, (KACO)

**Guests:**

Mr. Jim Askins, Department for Local Government  
Mr. Thomas Clark, Office of State Budget Director  
Ms. Bethany Couch, Office of Financial Management  
Ms. Annette Dupont-Ewing, Kentucky Municipal Utilities Association  
Mr. Woodrow E. Fields, City of Evarts  
Mr. David Gardner, Salyersville Water Works  
Mr. Kevin Leonard, Mayfield Electric and Water  
Ms. Cindy McDonald, Division of Water  
Ms. Denise Pitts, Office of Financial Management  
Mr. Shawn Roe, City of Salyersville  
Mr. James Shepherd, City of Salyersville  
Mr. James Smith, City of Cynthiana  
Mr. Bob Sturdivant, HDR Engineering, Inc.  
Mr. Ken Taylor, Kenvirons, City of Evarts

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – April 7, 2016

## **PROCEEDINGS**

Chairwoman Sandra Dunahoo called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Ms. Dunahoo asked board members and guests to introduce themselves. Chairwoman Dunahoo confirmed that a quorum was present and that the press had been notified regarding the meeting.

### **I. BUSINESS (Board Action Required)**

#### **A. 1. APPROVAL OF MINUTES**

For: KIA Regular Board Meeting of March 3, 2016

*Mayor David Cartmell moved to approve the minutes of the March 3, 2016, regular board meeting. Mr. Mark Bunning seconded, and the motion carried unanimously.*

#### **2. APPROVAL OF MINUTES**

For: KIA Executive Committee Meeting on March 30, 2016

*Mr. Ron Lovan moved to approve the minutes of the March 30, 2016 executive committee meeting. Ms. Linda Bridwell seconded, and the motion carried unanimously.*

### **B. NEW PROJECTS/ACTION ITEMS**

#### **1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING THE CHAIR TO EXECUTE AGREEMENTS OF BEHALF OF THE AUTHORITY**

**Section 1:** That the Chair is hereby authorized to execute agreements on behalf of the Authority.

**Section 2:** That any prior Resolutions by the Board of Directors granting Signatory Authority to any person other than the Chair or the Executive Director are hereby revoked.

**Section 3:** This resolution shall take effect immediately upon its approval and passage.

*Ms. Linda Bridwell moved to approve the resolution. Mr. Mark Bunning seconded, and the motion carried unanimously.*

#### **2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A16-026) IN THE AMOUNT OF \$415,000**



Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – April 7, 2016

**TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY,  
KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Brandi Norton, KIA, discussed the Regional Water Resource Agency's (RWRA) request for a Fund "A" planning and design loan in the amount of \$415,000 for the Ravine Sewer Upgrade project. The project will design the future reconstruction and upgrade of the Ravine Interceptor Sewer that conveys combined sewage to the north portion of the Owensboro sewer system. The condition of the current line is unstable and has various structural issues due to improper pipe sizing during installation. The existing line crosses several City blocks that do not have dedicated easements, which is problematic during repair efforts. The project will ultimately separate storm water and waste water into separate pipes conveying the storm water out of the combined sewer system. The construction portion of the project will be approximately \$3 million dollars.

RWRA was created by the enactment of identical ordinances by the City of Owensboro and Daviess County Fiscal Court on October 18, 1994 and October 5, 1994, respectively, for the purpose of managing, controlling and operating 1 regional comprehensive wastewater facilities within Daviess County. RWRA is considered a related organization of the City of Owensboro and Daviess County. All operations of the RWRA are managed by its own professional staff and governed by a board of directors, which consists of four city board appointments and three county board appointments. RWRA revenue is derived 100% from its ratepayers who reside in areas of Daviess County inside and outside of the city limits.

RWRA is a regionalization model for other counties in Kentucky and nationally. The Wastewater Treatment Plant was highlighted in EPA's 2004 Annual Report on the Clean Water State Revolving Fund Programs.

***Mr. Mark Bunning moved to approve the Fund "A" Loan, (A16-026) in the amount of \$415,000 to the Regional Water Resource Agency with the standard conditions. Ms. Linda Bridwell seconded, and the motion was unanimously approved.***

**3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A16-077) IN THE AMOUNT OF \$615,230 TO THE CITY OF SALYERSVILLE, MAGOFFIN COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Debbie Landrum, KIA, discussed the City of Salyersville's request for a fund "A" loan in the amount of \$615,230 for the Grinder Pump Replacement and Line Extension project. This project will replace approximately 527 grinder pumps. The existing pumps were installed between 2005 and 2008 and are experiencing excessive failures leaving the utility responsible for an exorbitant repair expense. The project will also purchase approximately 5,000 linear feet of sewer pipe for an extension on KY Route 30,

Kentucky Infrastructure Authority  
Minutes of the Full Board – Regular Meeting – April 7, 2016

adding 13 households and replace the discharge piping in the Dixie Pump Station as well as two submersible pumps at Royalton and Allen Drive Station.

The City supplies water to 4,750 households within Magoffin, Floyd, Johnson, and Morgan counties. Sewer services are supplied to 1,340 customers within Magoffin County.

***Mr. Paul Lashbrooke moved to approve the Fund "A" Loan, (A16-077) in the amount of \$615,230 to the City of Salyersville with the standard conditions and the following special condition: The City of Salyersville implements a CPI clause in which both water and sewer rates are increased a minimum of 3% annually. Ms. Linda Bridwell seconded, and the motion was unanimously approved.***

**4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A GOVERNMENTAL AGENCIES PROGRAM FUND C LOAN (C16-001) IN THE AMOUNT OF \$1,410,530 TO THE CITY OF MAYFIELD F/B/O MAYFIELD ELECTRIC & WATER SYSTEMS, GRAVES COUNTY, KENTUCKY**

Mr. Marty Ivy, excused himself from the room and recused himself from voting.

Ms. Sarah Aitken, KIA, discussed Mayfield Electric & Water Systems' request for a Fund "C" loan in the amount of \$1,410,530 for the Pinelake, 12th Street and Fuller Tank Rehab project. The project will include cleaning, repairing and coating the water tank's interior and exterior. This project is necessary to maintain the quality of service and to keep the tanks in the best operating conditions.

The Utility supplies water to 5,015 households within the corporate city limits and 2,133 households within the Graves County Water District.

***Mr. Ron Lovan moved to approve the Fund "C" Loan, (C16-001) in the amount of \$1,410,530 to the City of Mayfield F/B/O Mayfield Electric & Water Systems with the standard conditions. Ms. Linda Bridwell seconded, and the motion was unanimously approved.***

**5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F16-036) OF \$275,000 TO THE CITY OF EVARTS, HARLAN COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Sarah Aitken, KIA, discussed the City of Evarts' request for a fund "F" loan in the amount of \$275,000 for the Water Supply Well and Treatment Plant Refurbishing project. The project will include development of a new well and/or modification on existing well to assure raw water supply availability and improvements to the WTP (water treatment plant). The WTP

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improvements include refurbishing the flocculators, valves, pumps and basins. The current plant is 20 plus years old and is in need of refurbishing.

The City supplies water to 1,403 households within Harlan County and 1,154 households within the Black Mountain Utility District.

***Mr. Mark Bunning moved to approve the Fund "F" Loan, (F16-0036) in the amount of \$275,000 to the City of Evarts with the standard conditions and the following special condition: The City of Evarts will generate \$11,000 or 2% of additional revenue effective July 1, 2019 and July 1, 2020. Ms. Linda Bridwell seconded, and the motion was unanimously approved.***

**6. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F16-038) IN THE AMOUNT OF \$50,000 TO THE CITY OF SALYERSVILLE, MAGOFFIN COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Debbie Landrum, KIA, discussed the City of Salyersville's request for a fund "F" planning and design loan in the amount of \$50,000, for a future water storage tank replacement project.

After the design phase, the construction project will replace an aging 200,000 gallon water storage tank with a 500,000 gallon tank. A hydrology model study will be conducted to determine the most favorable location of the new tank.

The City supplies water to 4,750 households within Magoffin, Floyd, Johnson, and Morgan counties. Sewer services are supplied to 1,340 customers within Magoffin County.

***Ms. Linda Bridwell moved to approve the Fund "F" Loan, (F16-0038) in the amount of \$50,000 to the City of Salyersville with the standard conditions and the following special condition: The City of Salyersville implements a CPI clause in which both water and sewer rates are increased a minimum of 3% annually. Mr. Marty Ivy seconded, and the motion was unanimously approved.***

**7. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F16-041) OF \$1,056,658 TO THE CITY OF CYNTHIANA, HARRISON COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Sarah Aitken, KIA, discussed, the City of Cynthiana's request for a fund "F" loan in the amount of \$1,056,658 for the West By-Pass Water Main project. The project will install approximately 13,000 linear feet of 12-inch PVC water main that will parallel the new by-pass on the west side of the City. The interconnections will improve pressures and flows to the west side of the City and to the Harrison County Water Association.

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The water utility produces approximately 537 million gallons of water per year, of which 370 million gallons are sold to the Harrison County Water Association.

***Ms. Linda Bridwell moved to approve the Fund “F” Loan, (F16-0041) in the amount of \$1,056,658 to the City of Cynthiana with the standard conditions Mr. Mark Bunning seconded, and the motion was unanimously approved.***

**8. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F16-049) IN THE AMOUNT OF \$2,887,200 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Brandi Norton, KIA, discussed the City of Harrodsburg’s request for a Fund “F” loan in the amount of \$2,887,200 for the Water Distribution Main 2015 project. The project will replace and install approximately 26,000 linear feet of aged water lines with 6 inch PVC pipe. The existing cast iron lines were installed in the 1940’s and has corroded causing line breaks and leaks.

The City’s water system has about 3,745 customers and also provides service for the Burgin Water Department, which has 467 customers, the Lake Village Water Association, which has 2,095 customers and the North Mercer Water District, which has 4,023 customers.

***Mr. Ron Lovan moved to approve the Fund “F” Loan, (F16-0049) in the amount of \$2,887,200 to the City of Harrodsburg with the standard conditions Ms. Linda Bridwell seconded, and the motion was unanimously approved.***

**9. A RESOLUTION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES**

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

<b>APPLICANT</b>	<b>FUND</b>	<b>AMOUNT</b>
Regional Water Resource Agency	A16-026	\$ 415,000
City of Salyersville	A16-077	\$ 614,230
City of Mayfield	C16-001	\$ 1,410,530
City of Evarts	F16-036	\$ 275,000
City of Salyersville	F16-038	\$ 50,000
City of Cynthiana	F16-041	\$ 1,056,658
City of Harrodsburg	F16-049	\$ 2,887,200

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***Ms. Linda Bridwell moved to approve the resolution. Mayor David Cartmell seconded, and the motion carried unanimously.***

**Board Discussion:**

Ms. Linda Bridwell expressed her appreciation to KIA staff for providing a monitor to display project details to the Board. She asked if it would be possible to obtain an additional monitor so that members of the audience would be able to view as well. Commissioner Dunahoo said that has been a recent discussion among staff and that pricing can be pursued at the Board's recommendation.

Ms. Bridwell also asked about the possibility of moving to electronic board books. Mr. Mark Bunning mentioned he has met with the Commonwealth Office of Technology (COT) about the possibility of electronic board books for all boards of directors. Mr. Ron Lovan said his board has been using digital board books for some time and Mr. Marty Ivy stated his board has been using electronic board books for 3 years. Mr. Bunning noted that the Return on Investment of moving to digital versus paper copies is with the period of a year.

**II. EXECUTIVE DIRECTOR'S REPORT**

Adam Scott, KIA Secretary was unable to attend. Updates on the funds were available in the back of the Board book.

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

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Tentatively set for Thursday, May 5, 2016  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Mr. Linda Bridwell moved to adjourn. Mr. Mark Bunning seconded and the motion carried unanimously. The April 7, 2016, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:



Adam J. Scott, Secretary  
Kentucky Infrastructure Authority

05/02/2016

Date





## 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

April 15, 2016

The Honorable Eddie Long, Mayor  
City of Harrodsburg  
208 South Main Street  
Harrodsburg, KY 40330

### KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F16-049)

Dear Mayor Long:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On April 7, 2016, the Authority approved your loan for the Water Distribution Main Replacement 2015 project, subject to the conditions stated below. The total cost of the project shall not exceed \$2,887,200 of which the Authority loan is the sole source of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the City of Harrodsburg upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by April 15, 2017 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$2,887,200.

Mayor Long  
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2. This loan project does not qualify for principal forgiveness.
3. The loan shall bear interest at the rate of 0.75 percent per annum commencing with the first draw of funds.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.25% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$750,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements has changed for fiscal or calendar year 2016 audits. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.
11. The Authority requires an annual financial audit be provided for the life of the loan.



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12. 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 must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment A must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.
7. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
8. Prior to project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds.
9. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.

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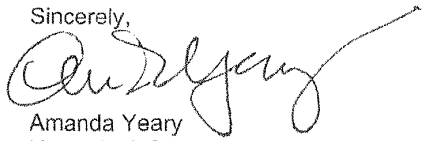
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the DWSRF loan project.
12. Applicant must provide certification from their legal counsel 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.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.
17. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.
18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions stated in Attachment A must be resolved.

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

Sincerely,



Amanda Yeary  
Kentucky Infrastructure Authority

Attachments

- cc: Laura Gilkerson, GRW Engineers, Inc.
- Kim Stinnett, City Clerk
- Dirk Bedarff, Peck, Shaffer & Williams LLP
- State Local Debt Office, DLG

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

   
\_\_\_\_\_  
Accepted Date