

KENTUCKY INFRASTRUCTURE AUTHORITY  
LOAN #A12-01

GRANT COUNTY SANITARY SEWER DISTRICT  
 KENTUCKY INFRASTRUCTURE AUTHORITY                      Bullock Pen Lake Sewer Extension/Bingham  
 REPAYMENT SCHEDULE    Pump Station Relocation Loan

GRANT COUNTY SANITARY SEWER DISTRICT  
 AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 - FUND A LOAN  
 INTEREST RATE -    3.00%

P & I CALCULATION-                                      \$31,478.91 Semiannually                      \$62,957.82                      Annually

Payment Date	Principal Due	Interest Due	Principal & Interest	Servicing Fee	Total Payment	Principal Balance
12/1/2014						941,718.21
6/1/2015	17,353.14	13,841.83	31,194.97	941.72	32,136.69	924,365.07
12/1/2015	17,613.43	13,865.48	31,478.91	924.37	32,403.27	906,751.64
6/1/2016	17,877.64	13,601.27	31,478.91	906.75	32,385.67	888,874.00
12/1/2016	18,145.80	13,333.11	31,478.91	888.87	32,367.78	870,728.20
6/1/2017	18,417.99	13,060.92	31,478.91	870.73	32,349.64	852,310.21
12/1/2017	18,694.26	12,784.65	31,478.91	852.31	32,331.22	833,615.95
6/1/2018	18,974.67	12,504.24	31,478.91	833.62	32,312.53	814,641.28
12/1/2018	19,259.29	12,219.62	31,478.91	814.64	32,293.55	795,381.99
6/1/2019	19,548.18	11,930.73	31,478.91	795.38	32,274.29	775,833.81
12/1/2019	19,841.40	11,637.51	31,478.91	775.83	32,254.74	755,992.41
6/1/2020	20,139.02	11,339.89	31,478.91	755.99	32,234.90	735,853.39
12/1/2020	20,441.11	11,037.80	31,478.91	735.85	32,214.76	715,412.28
6/1/2021	20,747.73	10,731.18	31,478.91	715.41	32,194.33	694,664.55
12/1/2021	21,058.94	10,419.97	31,478.91	694.66	32,173.57	673,605.61
6/1/2022	21,374.83	10,104.08	31,478.91	673.61	32,152.52	652,230.78
12/1/2022	21,695.45	9,783.46	31,478.91	652.23	32,131.14	630,535.33
6/1/2023	22,020.88	9,458.03	31,478.91	630.54	32,109.45	608,514.45
12/1/2023	22,351.19	9,127.72	31,478.91	608.51	32,087.42	586,163.26
6/1/2024	22,686.46	8,792.45	31,478.91	586.16	32,065.07	563,476.80
12/1/2024	23,026.76	8,452.15	31,478.91	563.48	32,042.39	540,450.04
6/1/2025	23,372.16	8,106.75	31,478.91	540.45	32,019.36	517,077.88
12/1/2025	23,722.74	7,756.17	31,478.91	517.08	31,995.99	493,355.14
6/1/2026	24,078.58	7,400.33	31,478.91	493.36	31,972.26	469,276.56
12/1/2026	24,439.76	7,039.15	31,478.91	469.28	31,948.18	444,836.80
6/1/2027	24,806.36	6,672.55	31,478.91	444.84	31,923.75	420,030.44
12/1/2027	25,178.45	6,300.46	31,478.91	420.03	31,898.94	394,851.99
6/1/2028	25,556.13	5,922.78	31,478.91	394.85	31,873.76	369,295.86
12/1/2028	25,939.47	5,539.44	31,478.91	369.30	31,848.20	343,356.39
6/1/2029	26,328.56	5,150.35	31,478.91	343.36	31,822.26	317,027.83
12/1/2029	26,723.49	4,755.42	31,478.91	317.03	31,795.94	290,304.34
6/1/2030	27,124.35	4,354.57	31,478.92	290.30	31,769.22	263,179.99
12/1/2030	27,531.21	3,947.70	31,478.91	263.18	31,742.09	235,648.78
6/1/2031	27,944.18	3,534.73	31,478.91	235.65	31,714.56	207,704.60
12/1/2031	28,363.34	3,115.57	31,478.91	207.70	31,686.61	179,341.26
6/1/2032	28,788.79	2,690.12	31,478.91	179.34	31,658.25	150,552.47
12/1/2032	29,220.62	2,258.29	31,478.91	150.55	31,629.46	121,331.85
6/1/2033	29,658.93	1,819.98	31,478.91	121.33	31,600.24	91,672.92
12/1/2033	30,103.82	1,375.09	31,478.91	91.67	31,570.59	61,569.10
6/1/2034	30,555.37	923.54	31,478.91	61.57	31,540.48	31,013.73
12/1/2034	31,013.71	465.27	31,478.98	31.01	31,509.99	0.02
<b>Totals</b>	<b>941,718.19</b>	<b>317,154.32</b>	<b>1,258,872.51</b>	<b>21,162.55</b>	<b>1,280,035.06</b>	

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM  
FUND A

PROJECT NUMBER: A12-01  
BORROWER: Grant County Sanitary Sewer District  
BORROWER'S ADDRESS: PO Box 460  
Crittenden, Kentucky 41030  
DATE OF ASSISTANCE AGREEMENT: February 1, 2014  
CFDA NO.: 66.458

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KENTUCKY INFRASTRUCTURE  
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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 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, 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 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:

Jeff Abshire  
SECRETARY  
Title: \_\_\_\_\_

KENTUCKY INFRASTRUCTURE  
AUTHORITY

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

ATTEST:

[Signature]  
Title: Secretary

GOVERNMENTAL AGENCY:  
GRANT COUNTY SANITARY SEWER  
DISTRICT

By: [Signature]  
Title: Chairman

APPROVED:

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

EXAMINED:

Beck, Shaffer + Wilkins LLP  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

APPROVED AS TO FORM AND LEGALITY

[Signature]  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRANT COUNTY SANITARY	)	
SEWER DISTRICT FOR A CERTIFICATE OF	)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO	)	2013-00404
CONSTRUCT AND APPROVAL TO FINANCE A	)	
SANITARY SEWER EXTENSION PROJECT	)	

ORDER

Grant County Sanitary Sewer District ("Grant District") has applied for a Certificate of Public Convenience and Necessity ("Certificate") to construct a sanitary sewer improvement project and for authority to enter an assistance agreement with Kentucky Infrastructure Authority ("KIA") to finance the proposed construction.

Having reviewed the application and being otherwise sufficiently advised,<sup>1</sup> the Commission finds that:

1. Grant District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that provide sewage collection and treatment services to approximately 1,395 customers in Grant County, Kentucky.<sup>2</sup>
2. Grant District proposes to construct a sewer lift station and approximately 3.59 miles of forced sewer main and appurtenances.<sup>3</sup>

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<sup>1</sup> Grant District tendered its application on November 15, 2013. In its application, Grant District requested a deviation from 807 KAR 5:001, Section 12. On December 6, 2013, the Commission granted the deviation request and accepted the application for filing. No persons or entities have intervened in this matter. The Commission has received no requests for hearing and finds the record is complete.

<sup>2</sup> *Annual Report of Grant County Sanitary Sewer District to the Public Service Commission of Kentucky for the Year Ending December 31, 2012* at 1 and 8.

<sup>3</sup> The Water Resource Information System identifies this proposed construction as Project No. SX2108308. See <http://wris.ky.gov/portal/CwPrjData/SX21081308> (last visited Jan. 5, 2014).

3. The proposed sanitary sewer main extension will enable Grant District to extend sewer service to approximately 46 households that are located along Violet Road in Grant County and adjacent to Bullock Pen Lake and that are currently served by on-site sanitary septic systems.<sup>4</sup> Sixteen of these septic systems have been designated as "failing septic systems."<sup>5</sup>

4. Of the 3.59 miles of proposed sanitary sewer main extension, approximately 1.2 miles are pressurized sewer main with individual grinder pumps installed for each customer connection.<sup>6</sup>

5. The proposed sanitary sewer main extension is expected to reduce the risk of contamination of Bullock Pen Lake, which is Bullock Pen Water District's raw water source.<sup>7</sup>

6. The elevation of the top of the manholes for the proposed sanitary sewer line extension is lower than the designed sewer level for existing Bingham Lift Station.<sup>8</sup>

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<sup>4</sup> App. ¶ 8B.

<sup>5</sup> Project Profile No. SX2108308 at 6, *available at* <http://wris.ky.gov/portal/CwPrjData/SX2108308>.

<sup>6</sup> Kentucky Infrastructure Authority Board Meeting Booklet for October 3, 2013 ("KIA Board Booklet") at 23, *available at* [http://migration.kentucky.gov/NR/rdonlyres/D6A16764-8C68-40B0-BB5D-811EDE018313/0/kiaboard book100313.pdf](http://migration.kentucky.gov/NR/rdonlyres/D6A16764-8C68-40B0-BB5D-811EDE018313/0/kiaboard%20book100313.pdf) (last visited Jan. 5, 2014).

<sup>7</sup> App. ¶ 8B.

<sup>8</sup> Project Profile No. SX2108307 at 1, *available at* <http://wris.ky.gov/portal/CwPrjData/SX2108307> (last visited Jan. 5, 2014). In Project Profile No. SX2108307, Grant District explains the need for relocating the Bingham Lift Station. The relocation of that lift station was eventually merged into Project No. SX2108308.

7. The existing Bingham Lift Station was constructed in 1988 and has in recent years "required an inordinate amount of repair."<sup>9</sup>

8. The proposed sewer lift station will be constructed approximately 2,500 feet downstream from Grant District's existing Bingham Lift Station and will replace that lift station.<sup>10</sup>

9. Construction of the proposed lift station will increase Grant District's storage capacity and enhance Grant District's ability to provide sewer service to additional customers, including those added as a result of the construction of the proposed sanitary sewer main extension.

10. CMW, Inc. of Lexington, Kentucky, prepared the plans and specifications for the proposed project.

11. The Kentucky Division of Water has approved the plans and specifications for the proposed project.<sup>11</sup>

12. The proposed project will not result in wasteful duplication of existing facilities.

13. The proposed project does not conflict with any existing certificates or the service of any other utility operating in the area.

14. The public convenience and necessity require the proposed project.

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<sup>9</sup> App. ¶ 8A.

<sup>10</sup> App. Ex. 3.

<sup>11</sup> Letter from Mark Rasche, Professional Engineer, Supervisor, Kentucky Division of Water, to William Catlett, General Manager, Grant County Sanitary Sewer District (Sept. 9, 2013).

15. Total cost of the proposed project, including administrative expenses, legal expenses, engineering cost, construction cost, and contingencies, is approximately \$1,276,449.<sup>12</sup>

16. Total construction cost of the proposed project is \$716,250.<sup>13</sup>

17. Grant District proposes to finance the proposed project with the proceeds of the proposed KIA loan and with local funds of \$65,000.<sup>14</sup>

18. Grant District proposes to execute an Assistance Agreement with KIA to borrow \$1,211,449 to be repaid over a period not to exceed 20 years at an interest rate of 3 percent per annum.<sup>15</sup>

19. Grant District will not be required to make principal and interest payments on the proposed Assistance until 2015.<sup>16</sup>

20. Present projections indicate that Grant District will be able to maintain a debt service coverage ratio of 1.1 after executing the Assistance at least through 2018 and is not projected to require any adjustment of sewer service rates to meet its loan requirements prior to then.<sup>17</sup>

21. The proposed loan with KIA is for lawful objects within Grant District's corporate purpose, is necessary, appropriate for, and consistent with the proper

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<sup>12</sup> App. Ex. 4.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> Letter from Tammy J. McCall, Financial Analyst, Kentucky Infrastructure Authority, to Bobby Burgess, Chairman, Grant County Sanitary Sewer District (Oct. 4, 2013) at 1 – 2.

<sup>16</sup> KIA Board Booklet at 26 -27.

<sup>17</sup> *Id.*

performance of Grant District's service to the public, will not impair Grant District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Grant District is granted a Certificate to proceed with the proposed project as set forth in its application.

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

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

4. Grant District shall file with the Commission documentation of the total cost of this project, including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.), within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

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

6. Grant District shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil, electrical, or mechanical engineering to ensure that the construction work is done in

accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Grant District is authorized to execute an Assistance Agreement with KIA to borrow an amount not to exceed \$1,211,449 to be repaid over a period not to exceed 20 years at an interest rate of 3 percent per annum.

8. Within 30 days of executing its proposed Assistance Agreement with KIA, Grant District shall advise the Commission, in writing, of execution of that agreement and of any terms in that loan agreement that differ from those described in Grant District's application.

9. Grant District shall use the proceeds from the proposed Assistance Agreement with KIA only for the lawful purposes set forth in its application.

10. Any documents filed in the future pursuant to ordering paragraphs 2, 4, 5, and 8 shall reference this case number and shall be retained in the utility's general correspondence file.

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

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission

ENTERED <sup>17</sup>  
JAN 06 2014  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

*David D. Guinn*  
Executive Director

Case No. 2013-00404

TRUIST FORMERLY BB&T  
FORMERLY BANK OF KENTUCKY  
LEASE #9580849625

GRANT COUNTY SANITARY SEWER DISTRICT  
BB&T LEASE

Date	Principal	Interest	Total Payment	Remaining Principal
2/8/2013				990,742.23
3/8/2013	7,335.24	2,157.62	9,492.86	983,406.99
4/8/2013	7,121.76	2,371.10	9,492.86	976,285.23
5/8/2013	7,214.86	2,278.00	9,492.86	969,070.37
6/8/2013	7,156.32	2,336.54	9,492.86	961,914.05
7/8/2013	7,248.39	2,244.47	9,492.86	954,665.66
8/8/2013	7,191.06	2,301.80	9,492.86	947,474.60
9/8/2013	7,208.39	2,284.47	9,492.86	940,266.21
10/8/2013	7,298.91	2,193.95	9,492.86	932,967.30
11/8/2013	7,243.37	2,249.49	9,492.86	925,723.93
12/8/2013	7,332.84	2,160.02	9,492.86	918,391.09
2013 Total	72,351.14	22,577.46	94,928.60	
1/8/2014	7,278.52	2,214.34	9,492.86	911,112.57
2/8/2014	7,296.07	2,196.79	9,492.86	903,816.50
3/8/2014	7,524.55	1,968.31	9,492.86	896,291.95
4/8/2014	7,331.80	2,161.06	9,492.86	888,960.15
5/8/2014	7,418.62	2,074.24	9,492.86	881,541.53
6/8/2014	7,367.37	2,125.49	9,492.86	874,174.16
7/8/2014	7,453.12	2,039.74	9,492.86	866,721.04
8/8/2014	7,403.10	2,089.76	9,492.86	859,317.94
9/8/2014	7,420.95	2,071.91	9,492.86	851,896.99
10/8/2014	7,505.10	1,987.76	9,492.86	844,391.89
11/8/2014	7,456.94	2,035.92	9,492.86	836,934.95
12/8/2014	7,540.01	1,952.85	9,492.86	829,394.94
2014 Totals	88,996.15	24,918.17	113,914.32	
1/8/2015	7,493.10	1,999.76	9,492.86	821,901.84
2/8/2015	7,511.16	1,981.70	9,492.86	814,390.68
3/8/2015	7,719.30	1,773.56	9,492.86	806,671.38
4/8/2015	7,547.89	1,944.97	9,492.86	799,123.49
5/8/2015	7,628.24	1,864.62	9,492.86	791,495.25
6/8/2015	7,584.48	1,908.38	9,492.86	783,910.77
7/8/2015	7,663.73	1,829.13	9,492.86	776,247.04
8/8/2015	7,621.24	1,871.62	9,492.86	768,625.80
9/8/2015	7,639.62	1,853.24	9,492.86	760,986.18
10/8/2015	7,717.23	1,775.63	9,492.86	753,268.95
11/8/2015	7,676.64	1,816.22	9,492.86	745,592.31
12/8/2015	7,753.14	1,739.72	9,492.86	737,839.17
2015 Totals	91,555.77	22,358.55	113,914.32	
1/8/2016	7,713.85	1,779.01	9,492.86	730,125.32
2/8/2016	7,732.45	1,760.41	9,492.86	722,392.87
3/8/2016	7,863.46	1,629.40	9,492.86	714,529.41
4/8/2016	7,770.05	1,722.81	9,492.86	706,759.36
5/8/2016	7,843.75	1,649.11	9,492.86	698,915.61
6/8/2016	7,807.70	1,685.16	9,492.86	691,107.91
7/8/2016	7,880.27	1,612.59	9,492.86	683,227.64
8/8/2016	7,845.52	1,647.34	9,492.86	675,382.12
9/8/2016	7,864.44	1,628.42	9,492.86	667,517.68
10/8/2016	7,935.32	1,557.54	9,492.86	659,582.36
11/8/2016	7,902.53	1,590.33	9,492.86	651,679.83

GRANT COUNTY SANITARY SEWER DISTRICT  
BB&T LEASE

Date	Principal	Interest	Total Payment	Remaining Principal
12/8/2016	7,972.27	1,520.59	9,492.86	643,707.56
2016 Totals	94,131.61	19,782.71	113,914.32	
1/8/2017	7,940.81	1,552.05	9,492.86	635,766.75
2/8/2017	7,959.96	1,532.90	9,492.86	627,806.79
3/8/2017	8,125.64	1,367.22	9,492.86	619,681.15
4/8/2017	7,998.74	1,494.12	9,492.86	611,682.41
5/8/2017	8,065.60	1,427.26	9,492.86	603,616.81
6/8/2017	8,037.47	1,455.39	9,492.86	595,579.34
7/8/2017	8,103.17	1,389.69	9,492.86	587,476.17
8/8/2017	8,076.39	1,416.47	9,492.86	579,399.78
9/8/2017	8,095.86	1,397.00	9,492.86	571,303.92
10/8/2017	8,159.82	1,333.04	9,492.86	563,144.10
11/8/2017	8,135.06	1,357.80	9,492.86	555,009.04
12/8/2017	8,197.84	1,295.02	9,492.86	546,811.20
2017 Totals	96,896.36	17,017.96	113,914.32	
1/8/2018	8,174.44	1,318.42	9,492.86	538,636.76
2/8/2018	8,194.15	1,298.71	9,492.86	530,442.61
3/8/2018	8,337.67	1,155.19	9,492.86	522,104.94
4/8/2018	8,234.01	1,258.85	9,492.86	513,870.93
5/8/2018	8,293.83	1,199.03	9,492.86	505,577.10
6/8/2018	8,273.86	1,219.00	9,492.86	497,303.24
7/8/2018	8,332.49	1,160.37	9,492.86	488,970.75
8/8/2018	8,313.90	1,178.96	9,492.86	480,656.85
9/8/2018	8,333.94	1,158.92	9,492.86	472,322.91
10/8/2018	8,390.77	1,102.09	9,492.86	463,932.14
11/8/2018	8,374.27	1,118.59	9,492.86	455,557.87
12/8/2018	8,429.89	1,062.97	9,492.86	447,127.98
2018 Totals	99,683.22	14,231.10	113,914.32	
1/8/2019	8,414.78	1,078.08	9,492.86	438,713.20
2/8/2019	8,435.07	1,057.79	9,492.86	430,278.13
3/8/2019	8,555.81	937.05	9,492.86	421,722.32
4/8/2019	8,476.04	1,016.82	9,492.86	413,246.28
5/8/2019	8,528.62	964.24	9,492.86	404,717.66
6/8/2019	8,517.04	975.82	9,492.86	396,200.62
7/8/2019	8,568.39	924.47	9,492.86	387,632.23
8/8/2019	8,558.24	934.62	9,492.86	379,073.99
9/8/2019	8,578.87	913.99	9,492.86	370,495.12
10/8/2019	8,628.37	864.49	9,492.86	361,866.75
11/8/2019	8,620.36	872.50	9,492.86	353,246.39
12/8/2019	8,668.62	824.24	9,492.86	344,577.77
2019 Totals	102,550.21	11,364.11	113,914.32	
1/8/2020	8,662.04	830.82	9,492.86	335,915.73
2/8/2020	8,682.93	809.93	9,492.86	327,232.80
3/8/2020	8,754.77	738.09	9,492.86	318,478.03
4/8/2020	8,724.97	767.89	9,492.86	309,753.06
5/8/2020	8,770.10	722.76	9,492.86	300,982.96
6/8/2020	8,767.16	725.70	9,492.86	292,215.80
7/8/2020	8,811.02	681.84	9,492.86	283,404.78

GRANT COUNTY SANITARY SEWER DISTRICT  
BB&T LEASE

Date	Principal	Interest	Total Payment	Remaining Principal
8/8/2020	8,809.54	683.32	9,492.86	274,595.24
9/8/2020	8,830.78	662.08	9,492.86	265,764.46
10/8/2020	8,872.74	620.12	9,492.86	256,891.72
11/8/2020	8,873.47	619.39	9,492.86	248,018.25
12/8/2020	8,914.15	578.71	9,492.86	239,104.10
2020 Totals	105,473.67	8,440.65	113,914.32	
1/8/2021	8,916.35	576.51	9,492.86	230,187.75
2/8/2021	8,937.85	555.01	9,492.86	221,249.90
3/8/2021	9,011.03	481.83	9,492.86	212,238.87
4/8/2021	8,981.13	511.73	9,492.86	203,257.74
5/8/2021	9,018.59	474.27	9,492.86	194,239.15
6/8/2021	9,024.53	468.33	9,492.86	185,214.62
7/8/2021	9,060.69	432.17	9,492.86	176,153.93
8/8/2021	9,068.13	424.73	9,492.86	167,085.80
9/8/2021	9,090.00	402.86	9,492.86	157,995.80
10/8/2021	9,124.20	368.66	9,492.86	148,871.60
11/8/2021	9,133.91	358.95	9,492.86	139,737.69
12/8/2021	9,166.81	326.05	9,492.86	130,570.88
2021 Totals	108,533.22	5,381.10	113,914.32	
1/8/2022	9,178.04	314.82	9,492.86	121,392.84
2/8/2022	9,200.17	292.69	9,492.86	112,192.67
3/8/2022	9,248.53	244.33	9,492.86	102,944.14
4/8/2022	9,244.65	248.21	9,492.86	93,699.49
5/8/2022	9,274.23	218.63	9,492.86	84,425.26
6/8/2022	9,289.30	203.56	9,492.86	75,135.96
7/8/2022	9,317.54	175.32	9,492.86	65,818.42
8/8/2022	9,334.16	158.70	9,492.86	56,484.26
9/8/2022	9,356.67	136.19	9,492.86	47,127.59
10/8/2022	9,382.90	109.96	9,492.86	37,744.69
11/8/2022	9,401.85	91.01	9,492.86	28,342.84
12/8/2022	9,426.73	66.13	9,492.86	18,916.11
2022 Totals	111,654.77	2,259.55	113,914.32	
1/8/2022	9,447.25	45.61	9,492.86	9,468.86
2/8/2022	9,468.86	22.83	9,491.69	0.00
2023 Totals	18,916.11	68.44	18,984.55	
Grand Total	990,742.23	148,399.80	1,139,142.03	

LEASE FINANCE AGREEMENT

By and Between

THE BANK OF KENTUCKY, INC.

and

GRANT COUNTY SANITARY SEWER DISTRICT

Dated as of February 8, 2013

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(The Table of Contents is not part of the Lease Agreement,  
but for convenience of reference only)

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## LEASE FINANCE AGREEMENT

This Lease Finance Agreement ("Lease"), made and entered into as of this 8th day of February, 2013, by and between THE BANK OF KENTUCKY, INC., a Kentucky banking corporation organized and existing under the laws of the Commonwealth of Kentucky ("Lessor"), and the GRANT COUNTY SANITARY SEWER DISTRICT, a sanitary sewer district and political subdivision of the Commonwealth of Kentucky, organized and existing under and by virtue of the laws of the Commonwealth of Kentucky (the "Lessee").

### WITNESSETH:

WHEREAS, the purpose of this Lease is to provide refinancing of a certain Assistance Agreement dated as of September 25, 2002 between the Kentucky Municipal Finance Corporation and the City of Crittenden, Kentucky (the "City"), as assumed by the Lessee (the "Prior Obligations"), issued to finance renovations to a sewage treatment plant now comprising part of the Lessee's sanitary sewer system (the "System") of the Lessee, all of which is located within the boundaries of the Lessee and is more specifically identified in Exhibit A hereto (the "Leased Facilities"); and

WHEREAS, in conjunction with the refinancing of the Prior Obligations, the Lessor wishes to lease to the Lessee, and the Lessee wishes to lease from Lessor, such Leased Facilities, subject to the terms and conditions set forth in this Lease; and

WHEREAS, the Lessee has heretofore obtained the approval of the Public Service Commission of the Commonwealth of Kentucky (the "PSC") for the refinancing of the Leased Facilities; and

WHEREAS, pursuant to the resolution adopted by the Lessee on October 18, 2012, (the "Resolution"), Lessor and Lessee intend that the Lessee may issue obligations ranking on a parity with this Lease subject to, and in accordance with, the provisions of this Lease;

NOW THEREFORE, in consideration of the rent to be paid hereunder and the covenants and agreements contained herein, it is agreed by and between the parties as follows:

SECTION 1. Certain Defined Terms and References. (a) In addition to the terms defined elsewhere in this Lease, the following terms have the meanings given below unless the context clearly requires otherwise:

"Additional Rent" means the payments required to be made pursuant to Section 7 in addition to the Base Rent.

"Authorized Officer," when used:

- (i) With respect to Lessee, means the Board of Commissioners of the Lessee or any officer of Lessee who is designated in writing by the Lessee as an Authorized Officer for the purposes of this Lease.

(ii) With respect to Lessor, means any officer of Lessor who is designated in writing by the Lessor's Board of Directors as an Authorized Officer for purposes of this Lease.

"Board of Commissioners" means the Board of Commissioners of the Lessee.

"Closing Date" means the date on which the Lease is executed and delivered by the Lessor and the Lessee.

"Cost of Issuance Fund" means the Cost of Issuance Fund established pursuant to Section 4 of this Lease.

"Event of Default" means any Event of Default described in Section 21.

"Final Maturity Date" means February 8, 2023.

"Independent Counsel" means any attorney or attorneys duly admitted to practice law before the highest court of any state and not an officer or full time employee of Lessor or Lessee and who is not reasonably objected to by the Purchaser.

"Lease" means this Lease Finance Agreement, as the same may be amended or supplemented from time to time.

"Lease Payment Account" means the Lease Payment Account to receive Lease Payments.

"Lease Payment Date" means March 8, 2013, and the eighth day of each month thereafter, through and including February 8, 2023.

"Lease Payments" means the sum of the Base Rent and Additional Rent due at or during a stated time.

"Lease Term" means, the term of the Lease, commencing on the date of execution of the Lease through and including the earlier of the date the Lessee exercises its option to purchase or the end of the Final Maturity Date.

"Leased Facilities" means the facilities described in Exhibit A and any replacements or additions thereto permitted under the provisions of Section 13 hereof.

"Lessee" or "District" means the Grant County Sanitary Sewer District, a sanitary sewer district and political subdivision of the Commonwealth of Kentucky.

"Lessor" means The Bank of Kentucky, Inc., and any successor.

"Permitted Investments" means:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These

investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;

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

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

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

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

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

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

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

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

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

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

(j) Shares of mutual funds, each of which shall have the following characteristics;

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

"Prior Obligations" means the Assistance Agreement dated as of September 25, 2002 between the Kentucky Rural Water Finance Corporation and the City of Crittenden, Kentucky, as assumed by the District.

"Purchase Price" means, as of any Purchase Price Date, the amount set forth in Exhibit C, which Lessee may pay to Lessor to purchase the Leased Facilities.

"Purchase Price Date" means the applicable date referred to in Exhibit C on which Lessee may purchase the Leased Facilities by payment of the applicable Purchase Price to Lessor.

"Redemption Fund" means the Redemption Fund established pursuant to Section 4 of this Lease.

"Resolution" means the resolution of the Lessee adopted on October 18, 2012 authorizing the execution and delivery of the Lease.

"Special Counsel" means Peck, Shaffer & Williams, Covington, Kentucky.

"State" means the Commonwealth of Kentucky.

"System" means the Lessee's sanitary sewer system.

(b) References to sections or exhibits, unless otherwise indicated, are to sections of or exhibits to this Lease.

SECTION 2. Assignment of Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION AS TO THE TITLE, VALUE, DESIGN, CONDITION, FITNESS FOR PARTICULAR PURPOSE OR USE WITH RESPECT TO THE LEASED FACILITIES and the Lessor assigns to Lessee during the Lease Term, all warranties, including contractors' warranties, if any, express or implied with respect to the Leased Facilities. That assignment shall include an authorization to Lessee to obtain the customary services furnished in connection with those warranties, at Lessee's expense.

Unless and only to the extent otherwise expressly provided in this Lease, this Lease shall not modify, affect or supersede the respective liabilities, obligations, rights, duties and responsibilities of the Lessee under any contracts it may have with respect to the construction, reconstruction, or repair of the Leased Facilities.

SECTION 3. Lease of Leased Facilities. Lessee hereby demises, leases and lets to Lessor, and Lessor rents, leases and hires from Lessee, the Leased Facilities for the Lease Term. Lessor hereby demises, leases and lets back to Lessee, and Lessee rents, leases and hires back from

Lessor, the Leased Facilities in accordance with the provisions of this Lease, to have and to hold for the Lease Term. All leasehold rights granted to Lessee by Lessor under this Lease shall vest in Lessee, without any further action on the part of Lessor.

SECTION 4. Disbursements of Proceeds of Lease. There are hereby established two funds to be held by the Lessor and designated "Grant County Sanitary Sewer District - Redemption Fund" (the "Redemption Fund") and "Grant County Sanitary Sewer District - Cost of Issuance Fund" (the "Cost of Issuance Fund"). Upon execution and delivery of this Lease, there shall be deposited to the Redemption Fund from the proceeds of this Lease, an amount equal to \$980,742.23, which amount shall immediately be transferred to the Kentucky Rural Water Finance Corporation and applied to the retirement in full of the Prior Obligations on February 9, 2013. The Lessor is hereby authorized and directed to disburse the moneys in the Redemption Fund for payment of the Prior Obligations:

The remaining Lease proceeds shall be deposited to the Cost of Issuance Fund hereby created and shall be disbursed to pay fees and expenses incurred in connection with the execution, delivery and issuance of the Lease, including, without limitation, the fees and expenses of the Lessor, the Paying Agent, the Lessee, Lessee's counsel and Special Counsel, all administrative accounting, legal charges and expenses, and all recording, filing, title examination or insurance, surety bond and other fees. The Lessor is hereby authorized and directed to disburse such sums to Peck, Shaffer & Williams LLP and Berger, Cox & Nienaber upon receipt of statements from such firms addressed to the Lessee requesting payment for services rendered in connection with the Lease.

SECTION 5. Acceptance of Leased Facilities. The Lessee acknowledges its acceptance of the Leased Facilities in good condition.

SECTION 6. Term. The term of this Lease shall commence on the date of execution of this Lease and will terminate on February 8, 2023, unless sooner terminated in accordance with the provisions hereof.

SECTION 7. Rent and Security. (a) Lessee agrees to pay to Lessor during the Lease Term the Lease Payments, including the interest components thereof, equal to the amounts provided below in this Section. The Lease Payments during the Lease Term will be absolute and unconditional in all events and will not be subject to any set-off, defense, counterclaim or recoupment for any reason whatsoever, including destruction of the Leased Facilities.

(b) Lessee agrees to pay as Base Rent directly to the Lessor the following amounts:

(i) Lessee agrees to pay the Base Rent specified in Exhibit B. Each payment shall be applied first to payment of the interest component of the respective Base Rent; provided, however, Lessee may make advance payments of principal components of Base Rent, provided that the Lessee is not in arrears with respect to any payment due hereunder.

(c) Lessee agrees to pay to the Lessor the following amounts as Additional Rent:

(i) Lessee represents that no charges or taxes (local, State or federal) are currently imposed on the ownership, leasing, rental, sale, purchase, possession or use of the Leased Facilities, exclusive of taxes on or measured by Lessor's income, and acknowledges that no provision has been made for the inclusion of any such charges or taxes in the Base Rent. If during the Lease Term, the ownership, leasing, rental, sale, purchase, possession or use of the Leased Facilities shall result in the imposition on Lessor of any charges or taxes (local, State or federal), exclusive of taxes on or measured by Lessor's income, Lessee shall promptly pay to Lessor, upon receipt from Lessor of a statement therefor, as Additional Rent an amount equal to those charges and taxes imposed on Lessor.

(ii) Lessee will pay to Lessor as Additional Rent all reasonable costs and expenses incurred or to be paid by the Lessor under the Lease, including the Lessor's reasonable fees and expenses, the Lessor's out-of-pocket expenses, and the Lessor's attorney fees incurred during the term of the Lease which were not part of the original cost of the Lease.

(d) If Lessee shall not make payment of all or any part of that Additional Rent, the Lessor shall have the right, but shall not be obligated, to pay or advance the amount of such Additional Rent. If the Lessor pays any portion of such Additional Rent, Lessee shall pay Lessor no later than the next Lease Payment Date an amount equal to the sum of such Additional Rent and the costs incurred by Lessor in making such payment or advance, including the amount Lessor would have earned from investment of the amount paid or advanced before repayment thereof as determined by the Prime Rate, as announced in The Wall Street Journal, plus 1%. Lessor shall notify Lessee in writing of the costs incurred in any case of its paying or advancing such Additional Rent.

(e) Lease Payments shall be payable from the revenues of the System and there are hereby pledged to the payment of Lease Payments in accordance with the Resolution the revenues of the System. The Lessee covenants to apply the revenues of the System in accordance with the provisions of the Resolution.

(f) Lessee hereby grants Lessor a statutory mortgage lien on the Leased Facilities in accordance with Section 14 of the Resolution.

(g) Lease Payments shall be payable at the principal office of the Lessor or at such other place as may be designated in writing by the Lessor.

SECTION 8. Actions Relating to Tax Exemption of Interest Components. (a) Lessor and Lessee each covenant that it will restrict the use of moneys realized under this Lease or otherwise in connection with the refinancing of the Leased Facilities in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of entering into this Lease, so that there will not exist at any time any obligation in connection with this Lease or the Leased Facilities that constitutes an obligation the interest on which is

includible in gross income for federal income tax purposes or an "arbitrage bond" under § 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed under that Section and any subsequent amendments or modifications thereto. Any officer of the Lessor or Lessee having responsibility with respect to the execution and delivery of this Lease shall, alone or in conjunction with any other officer, employee or agent of or consultant to the Lessor or Lessee, give an appropriate certificate of the Lessor or Lessee pursuant to §§ 103 and 148 of the Code and those regulations, setting forth the reasonable expectations of the Lessor or Lessee on the date of entering into this Lease regarding this Lease and the use of those moneys.

(b) Lessee represents and covenants that it will not use the Leased Facilities, or permit the Leased Facilities to be used, in such a manner as would result in the exclusion from gross income for federal income tax purposes of the component of the Base Rent designated as interest on Exhibit B afforded under § 103(a) of the Code.

(c) The Lessee will keep accurate accounts of the investment earnings on nonpurpose investments and will timely rebate to the United States (a) the excess of the aggregate amount earned on all nonpurpose investments over the amount which would have been earned if all nonpurpose investments were invested at a rate equal to the yield on the Certificates and (b) any income attributable to such excess.

(d) The Lessor and Lessee each covenant to take all action required to maintain exclusion from gross income for federal income tax purposes afforded under § 103(a) of the Code, of the Base Rent designated as the Interest Component on Exhibit B hereto.

SECTION 9. Authority and Authorization. Lessee represents, covenants and warrants, and will deliver to Lessor an opinion of its counsel to the effect that: (i) the Lessee is a political subdivision of the State, duly organized and validly existing under and by virtue of the laws of the State; (ii) the execution, delivery and performance by the Lessee of this Lease have been duly authorized by all necessary action on the part of the Lessee, including the Board of Commissioners; and (iii) this Lease constitutes a legal, valid and binding obligation of the Lessee enforceable in accordance with its terms. Lessee agrees and warrants that: (i) it will do or cause to be done all things necessary to preserve and keep the Lease in full force and effect; (ii) it has complied with all requirements applicable to it, and has taken all steps for approval and adoption of this Lease as a valid obligation on its part; and (iii) it possesses all easements, rights-of-way and use agreements necessary for the use and operation of the Leased Facilities.

SECTION 10. Title. (a) Title to the Leased Facilities during the Lease Term shall remain in the Lessee subject to the security interest granted to the Lessor hereunder. Lessor and Lessee agree that this Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Leased Facilities and the Lease.

(b) The Leased Facilities shall become the property of Lessee and title thereto free and clear of the security interest herein granted shall vest in the Lessee without cost upon (i) Lessee's exercise of the purchase option granted in Section 18 hereof, (ii) defeasance of this Lease pursuant to Section 22 hereof or (iii) the complete payment and performance by Lessee of all of its obligations during the Lease Term. In any of such cases, Lessor agrees to execute such instruments and do such things as Lessee reasonably requests in order to effectuate transfer of any and all of Lessor's right, title and interest in the Leased Facilities and to release the security

interest granted to Lessor hereunder. It is hereby acknowledged by Lessor and Lessee that Lessee intends to purchase the Leased Facilities on the terms set forth in this Lease.

SECTION 11. Real Property. The Leased Facilities are and will remain real property and not personal property.

SECTION 12. Use; Maintenance and Repair; Indemnification. (a) Lessee will: (i) use the Leased Facilities in a careful manner for the use contemplated by this Lease and the Kentucky Revised Statutes with respect to facilities of this type; (ii) comply with all laws, insurance policies and regulations relating to the use, maintenance and operation of the Leased Facilities; and (iii) pay all costs, claims, damages, fees and charges arising out of its possession, use or maintenance of the Leased Facilities.

(b) Lessee, at its expense, will: (i) keep the Leased Facilities in good repair and furnish all parts, mechanisms and devices required therefor, and (ii) obtain and maintain any governmental licenses and permits required for ownership and operation of the Leased Facilities.

(c) Lessee will repair and maintain, or by contract provide for the proper repair and maintenance of, the Leased Facilities in accordance with this Section 12 during the Lease Term.

(d) Lessor agrees that during the Lease Term, unless there is an Event of Default, it will not impair the Lessee's abilities to operate or maintain the Leased Facilities in sound operating condition so that the Leased Facilities will be able to carry out its intended functions.

(e) Lessee releases Lessor from, agrees that it shall not be liable for and, solely to the extent permitted by law, indemnifies Lessor against causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses except as may be limited by law or judicial order or decision entered in any action brought to recover moneys under this Section) imposed upon, incurred by or asserted against Lessor on account of (a) ownership of any interest in the Leased Facilities or any part thereof, (b) any accident, injury or death to persons or damage to property occurring on or about the Leased Facilities or any part thereof or the adjoining sidewalks, curbs, streets or ways, (c) any use, disuse or condition of the Leased Facilities or any part thereof, or the adjoining sidewalks, curbs, streets or ways, (d) any failure on the part of Lessee to perform or comply with any of the terms hereof or (e) the performance of any labor or services or the furnishing of any materials or other property in respect of the Leased Facilities or any part thereof. In case any action, suit or proceeding is brought against Lessor for any such reason, Lessee, upon the request of Lessor, will at Lessee's expense, cause such action, suit or proceeding to be resisted and defended by Independent Counsel.

Lessor agrees to indemnify and save harmless Lessee against and from any and all cost, liability, expenses and claims arising from any breach or default on the part of Lessor in the performance of any covenant or agreement on the part of Lessor to be performed pursuant to the terms of this Lease, or arising from any act or negligence of or failure to act by Lessor, or any of its agents, contractors, servants, employees, or licensees, and from and against all cost, liability and expenses incurred in or in connection with any such claim or action or proceeding brought thereon; and in case any action or proceeding be brought against Lessee by reason of any such claim, Lessor upon notice from Lessee covenants to resist or defend such action (using counsel acceptable to Lessee) or proceedings at Lessor's expense.

SECTION 13. Alterations. Lessee will not make any alterations, additions, substitutions or replacements to the Leased Facilities which would have an adverse effect on either the nature of the Leased Facilities or the functionality or value of the Leased Facilities. Subject to the foregoing, the Lessee may make such alterations, additions, or improvements to the Leased Facilities which may be readily removed without damage to the Leased Facilities, and each other alteration, addition, improvement, substitution or replacement as the Lessee deems necessary, provided, however, that any alterations, additions or improvements to the Leased Facilities which may not be readily removed without damage to the Leased Facilities, and any substitutions or replacements, shall be and be considered to constitute a part of the Leased Facilities.

SECTION 14. Location: Inspection. Except for removal for repair or replacement, no part of the Leased Facilities will be removed. Lessor will be entitled to enter upon the sites of the Leased Facilities or elsewhere during reasonable business hours to inspect, or observe the use and operation of the Leased Facilities.

SECTION 15. Liens and Encumbrances. Lessee and Lessor shall keep the Leased Facilities free and clear of all liens and encumbrances except those created or permitted under this Lease and the Resolution.

SECTION 16. Risk of Loss; Damage; Destruction. Lessee assumes all risk of loss or damage to the Leased Facilities from any cause whatsoever. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Leased Facilities will relieve Lessee of the obligation under this Lease. Lessee will promptly repair or replace any portions of Leased Facilities lost, destroyed, damaged or appropriated necessary to maintain the Leased Facilities in sound operating condition so that at all times during the Lease Term the Leased Facilities will be able to carry out their intended functions. However, if the Leased Facilities shall be damaged or destroyed to such extent that they cannot be reasonably restored with available insurance proceeds within a period of six months to the condition thereof immediately preceding such damage or destruction, the Lessee shall provide for defeasance of the Lease by providing for the payment of Base Rent sufficient to result in the prepayment of this Lease in whole at a price equal to 100% of the outstanding principal balance, plus interest accrued through the date the Lease is prepaid.

SECTION 17. Insurance. (a) Lessee during the term of this Lease shall maintain, with any loss deductible commonly used by Lessee and prudent under the circumstances, casualty insurance covering all parts of the Leased Facilities which are essential to the overall operation of the Leased Facilities.

(b) Casualty insurance may be provided under blanket or similar coverage insuring other facilities of the Lessee. Such insurance may be a combination of self-insurance and an excess liability policy.

(c) The proceeds of any casualty insurance or appropriation awards, to the extent they are not promptly used or encumbered for the purposes stated in Section 16 hereof, shall be paid to the Lessor for deposit in the Lease Payment Account and name the Lessor as a loss payee.

(d) Except as otherwise provided in Section 16 hereof, in the event of total destruction of the Leased Facilities, the Lessee shall apply insurance proceeds, self-insurance and any other moneys available and appropriated for the purpose, to the acquisition and construction of replacement Leased Facilities.

Notwithstanding any provision of this Section 17 to the contrary, Lessee covenants that it shall at all times maintain insurance on the System in the manner and for the amounts set forth in the Resolution.

SECTION 18. Purchase Option. Lessee shall have the right to exercise its option to purchase the Leased Facilities upon payment of an amount equal to the Purchase Price as of such date as set forth on Exhibit C, and upon the giving of notice to the Lessor of such intention of Lessee at least sixty (60) days prior to the date upon which such right will be exercised. Upon exercise by Lessee of its option to purchase the Leased Facilities pursuant to this Lease, Lessor will deliver to Lessee all documents which are or may be necessary to vest all of Lessor's right, title and interest in and to the Leased Facilities in Lessee, and will release all liens and encumbrances created under this Lease with respect to the Leased Facilities.

SECTION 19. Assignments. The obligation of the Lessee under this Lease is in registered form pursuant to § 149 of the Code and this obligation and the rights to Lease Rental Payments hereunder may not be sold, assigned or transferred except as set forth below:

(a) Lessee may not, without the prior written consent of Lessor and an opinion of nationally recognized bond counsel to the effect that such assignment will not adversely affect the excludability from gross income for federal income tax purposes of the interest component of Base Rent: (i) assign, transfer, pledge, hypothecate or grant any security interest in or otherwise dispose of this Lease or the Leased Facilities (without replacement or substitution in accordance with this Lease) or any interest in this Lease or the Leased Facilities, or (ii) sublease the Leased Facilities or permit it to be operated by anyone other than Lessee, Lessee's employees or persons authorized by Lessee in connection with Lessee's operation and maintenance of the Leased Facilities.

(b) The Lessor represents, and Lessee acknowledges, that the Lessor may assign without recourse to a subsequent purchaser its rights and duties, in and to this Lease, the Leased Facilities and other documents executed with respect to this Lease.

(c) Subject to the preceding subsections, this Lease inures to the benefit of and is binding upon the successors or assigns of the parties to this Lease.

SECTION 20. Events of Default. The occurrence of any one or more of the following events constitutes an "Event of Default" under this Lease:

(a) Lessee's failure to make any payment of Base Rent as it becomes due in accordance with the terms of this Lease; or

(b) Lessee's failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under this Lease, and the failure is not cured or steps

satisfactory to Lessor or Purchaser taken to cure the failure, within 15 days after written notice to Lessee by Lessor or Purchaser.

SECTION 21. Remedies. Upon the occurrence of an Event of Default described in Section 20(a) above, and as long as the Event of Default is continuing, the Lessor, may, at its option, exercise any one or more of the following remedies as to the Leased Facilities:

(a) By written notice to Lessee, declare an amount equal to all amounts then due under this Lease to be immediately due and payable, whereupon that amount shall become immediately due and payable;

(b) Exercise any other right, remedy or privilege which may be available to it under the applicable laws of the State or any other applicable law or proceed by appropriate court action to enforce the terms of this Lease or to recover damages for the breach of this Lease or to rescind this Lease as to any or all of the Leased Facilities.

In addition to the foregoing, upon the occurrence of an Event of Default set forth in Section 20(a) above, the Lessor may exercise any remedy available at law or in equity to enforce the obligations of the Lessee hereunder including the right to petition a court of competent jurisdiction to appoint a receiver for the Leased Facilities, and to collect the revenues and other income therefrom.

Lessee will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by Lessor with respect to the enforcement of any of the remedies under this Lease.

SECTION 22. Defeasance. (a) All Lease Payments will be deemed to be paid when:

(i) Cash and/or Permitted Investments which mature as to principal and interest in such amounts and at such times as will insure the availability, without further investment or reinvestment, of sufficient money, for payment of (A) the Purchase Price on a designated Purchase Price Date or (B) all Base Rent through the final Lease Payment Date, are irrevocably deposited with or made available to the Lessor in trust and irrevocably set aside for such payment; and

(ii) All customary fees, compensation and reasonable expenses of the Lessor, and all Additional Rent, pertaining to the Lease, as they relate to the Leased Facilities, and its duties in connection therewith are paid or provided for to the satisfaction of the Lessor.

(b) When all Base Rent is deemed paid, as provided above, and the Lessor has received the unqualified written legal opinion of nationally recognized bond counsel to the effect that the deposit of cash and/or Defeasance Obligations in trust will not cause the Base Rent, thereafter payable from those sources, designated as interest component on Exhibit B to be included in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, the Lessor will be entitled to payment of Base Rent solely from that cash or the proceeds of those Defeasance Obligations and the right, title and interest of the Lessor and

Lessee under this Lease as to the Leased Facilities shall then cease, terminate and become void, except for Lessee's obligations to Lessor under Section 12(e) which shall survive the termination of this Lease.

Prior to any defeasance becoming effective under this Lease, (i) Lessor shall have received an opinion of Independent Counsel, satisfactory to Lessor, to the effect that (a) interest on the Lease being paid by such defeasance will not become subject to Federal income taxation by reason of such defeasance, and (b) the proceeds of any deposit to effectuate such defeasance shall not constitute a voidable preference in a case commenced under the Federal Bankruptcy Code by or against the Lessor, (ii) the amounts required to be deposited pursuant to this Section 22 and the escrow deposit agreement established to effectuate the defeasance shall be invested only in cash or Permitted Investments and (iii) certification from an independent public accounting firm that sufficient moneys have been deposited with the Lessor to make all required payments on the Lease, without further investment or reinvestment. (The opinion required by (i)(b) above may be waived in the discretion of Lessor at the time of such defeasance).

SECTION 23. Notices. All notices to be given under this Lease shall be made in writing and mailed by certified or registered mail, return receipt requested, to the party at its address stated below or at such other address as the party may provide in writing from time to time. All parties listed below shall be sent a copy of any notice sent to any party pursuant to this Lease.

If to Lessee: Grant County Sanitary Sewer District  
1 Farrell Drive  
Crittenden, Kentucky 41030  
Attention: Chairman

With a copy to the then Attorney for the Lessee

If to Lessor: The Bank of Kentucky, Inc.  
111 Lookout Farm Drive  
Crestview Hills, Kentucky 41017  
Attention: Rick Wood

SECTION 24. Headings. All section headings contained in this Lease are for convenience of reference only and are not intended to define or limit the scope of any provision of this Lease.

SECTION 25. Governing Law. This Lease shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky.

SECTION 26. Delivery of Related Documents. Lessee will execute or provide, as requested by Lessor, such other documents and information as are reasonably necessary with respect to the transactions contemplated by this Lease.

Lessor and Lessee agree that this Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Leased Facilities and this Lease.

SECTION 27. Special Representations and Covenants of Lessor. (a) Lessor represents that it is a national banking association duly organized and validly existing under the laws of the

United States of America, with full power and authority to finance and lease the Leased Facilities to the Lessee in accordance with the terms of this Lease.

(b) Neither the execution and delivery of the Lease, 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 or provisions of any restriction or any agreement or instrument to which Lessor is now a party or by which Lessor or its property is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of Lessor, or upon the Leased Facilities except encumbrances permitted by this Lease.

SECTION 28. Special Representations and Covenants of Lessee.

(a) The Lessee represents that it intends to the maximum extent possible to support and maintain the Leased Facilities including operation and maintenance, due to the essential function performed at said Leased Facilities.

(b) The Lessee hereby designates this Lease Agreement with Option to Purchase as a "qualified tax-exempt obligation" with respect to investments by certain financial institutions under § 265(b)(3) of the Internal Revenue Code of 1986, as amended, (the "Code"). Lessor agrees and covenants to keep a complete and accurate record of all assignments in form necessary to comply with the provisions of 149(a) of the Code, and any regulations proposed or existing, or from time to time promulgated thereunder. Lessor agrees to acknowledge in writing any assignments if so requested by the Lessee.

(c) Lessee will, upon request of Lessor, at Lessee's sole cost and expense do and perform any other act and will execute, acknowledge, deliver, file, record and deposit (and will re-file, re-register, re-record, and re-deposit whenever required) any and all further instruments required by law of Lessor including, without limitation, financing statements or other documents needed for the protection of Lessor's interest.

(d) Lessee will provide Purchaser with annual audited financial statements of the Lessee within 120 days of the end of each fiscal year of the Lessee.

SECTION 29. Entire Agreement: Amendment: Severability. (a) This Lease, together with attachments and exhibits, and other documents or instruments executed by Lessee and Lessor in connection with this Lease, constitute the entire agreement between the parties with respect to the lease of the Leased Facilities.

(b) This Lease may not be modified, amended, altered or changed except with the written consent of Lessee and the Lessor.

(c) If any provision of, or any covenant, obligation or agreement contained in this Lease is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained in this Lease. The invalidity or unenforceability shall not affect any valid or enforceable application thereof, and

each such provision, covenant, obligation or agreement shall be deemed to be effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

IN WITNESS WHEREOF, the parties have executed this Lease by their authorized officers as of February 8, 2013.

THE BANK OF KENTUCKY, INC.

By: *F. R. Ford*

Title: *N. President*

GRANT COUNTY SANITARY SEWER DISTRICT

By: *Boyd Burgess*

Title: *Chairman*

ATTEST: *Ray Northcutt*  
Secretary

EXHIBIT A  
LEASED FACILITIES

The Leased Facilities consist of renovations to the sewage treatment plant located in Crittenden, Kentucky.

EXHIBIT B

LEASE PAYMENTS

Date	Principal	Interest Rate	Interest	Total Base Rent
03/08/13	7,335.24	2.8000%	\$2,157.62	\$9,492.86
04/08/13	7,121.76	2.8000%	2,371.10	9,492.86
05/08/13	7,214.86	2.8000%	2,278.00	9,492.86
06/08/13	7,156.32	2.8000%	2,336.54	9,492.86
07/08/13	7,248.39	2.8000%	2,244.47	9,492.86
08/08/13	7,191.06	2.8000%	2,301.80	9,492.86
09/08/13	7,208.39	2.8000%	2,284.47	9,492.86
10/08/13	7,298.91	2.8000%	2,193.95	9,492.86
11/08/13	7,243.37	2.8000%	2,249.49	9,492.86
12/08/13	7,332.84	2.8000%	2,160.02	9,492.86
01/08/14	7,278.52	2.8000%	2,214.34	9,492.86
02/08/14	7,296.07	2.8000%	2,196.79	9,492.86
03/08/14	7,524.55	2.8000%	1,968.31	9,492.86
04/08/14	7,331.80	2.8000%	2,161.06	9,492.86
05/08/14	7,418.62	2.8000%	2,074.24	9,492.86
06/08/14	7,367.37	2.8000%	2,125.49	9,492.86
07/08/14	7,453.12	2.8000%	2,039.74	9,492.86
08/08/14	7,403.10	2.8000%	2,089.76	9,492.86
09/08/14	7,420.95	2.8000%	2,071.91	9,492.86
10/08/14	7,505.10	2.8000%	1,987.76	9,492.86
11/08/14	7,456.94	2.8000%	2,035.92	9,492.86
12/08/14	7,540.01	2.8000%	1,952.85	9,492.86
01/08/15	7,493.10	2.8000%	1,999.76	9,492.86
02/08/15	7,511.16	2.8000%	1,981.70	9,492.86
03/08/15	7,719.30	2.8000%	1,773.56	9,492.86
04/08/15	7,547.89	2.8000%	1,944.97	9,492.86
05/08/15	7,628.24	2.8000%	1,864.62	9,492.86
06/08/15	7,584.48	2.8000%	1,908.38	9,492.86
07/08/15	7,663.73	2.8000%	1,829.13	9,492.86
08/08/15	7,621.24	2.8000%	1,871.62	9,492.86
09/08/15	7,639.62	2.8000%	1,853.24	9,492.86
10/08/15	7,717.23	2.8000%	1,775.63	9,492.86
11/08/15	7,676.64	2.8000%	1,816.22	9,492.86
12/08/15	7,753.14	2.8000%	1,739.72	9,492.86
01/08/16	7,713.85	2.8000%	1,779.01	9,492.86

02/08/16	7,732.45	2.8000%	1,760.41	9,492.86
03/08/16	7,863.46	2.8000%	1,629.40	9,492.86
04/08/16	7,770.05	2.8000%	1,722.81	9,492.86
05/08/16	7,843.75	2.8000%	1,649.11	9,492.86
06/08/16	7,807.70	2.8000%	1,685.16	9,492.86
07/08/16	7,880.27	2.8000%	1,612.59	9,492.86
08/08/16	7,845.52	2.8000%	1,647.34	9,492.86
09/08/16	7,864.44	2.8000%	1,628.42	9,492.86
10/08/16	7,935.32	2.8000%	1,557.54	9,492.86
11/08/16	7,902.53	2.8000%	1,590.33	9,492.86
12/08/16	7,972.27	2.8000%	1,520.59	9,492.86
01/08/17	7,940.81	2.8000%	1,552.05	9,492.86
02/08/17	7,959.96	2.8000%	1,532.90	9,492.86
03/08/17	8,125.64	2.8000%	1,367.22	9,492.86
04/08/17	7,998.74	2.8000%	1,494.12	9,492.86
05/08/17	8,065.60	2.8000%	1,427.26	9,492.86
06/08/17	8,037.47	2.8000%	1,455.39	9,492.86
07/08/17	8,103.17	2.8000%	1,389.69	9,492.86
08/08/17	8,076.39	2.8000%	1,416.47	9,492.86
09/08/17	8,095.86	2.8000%	1,397.00	9,492.86
10/08/17	8,159.82	2.8000%	1,333.04	9,492.86
11/08/17	8,135.06	2.8000%	1,357.80	9,492.86
12/08/17	8,197.84	2.8000%	1,295.02	9,492.86
01/08/18	8,174.44	2.8000%	1,318.42	9,492.86
02/08/18	8,194.15	2.8000%	1,298.71	9,492.86
03/08/18	8,337.67	2.8000%	1,155.19	9,492.86
04/08/18	8,234.01	2.8000%	1,258.85	9,492.86
05/08/18	8,293.83	2.8000%	1,199.03	9,492.86
06/08/18	8,273.86	2.8000%	1,219.00	9,492.86
07/08/18	8,332.49	2.8000%	1,160.37	9,492.86
08/08/18	8,313.90	2.8000%	1,178.96	9,492.86
09/08/18	8,333.94	2.8000%	1,158.92	9,492.86
10/08/18	8,390.77	2.8000%	1,102.09	9,492.86
11/08/18	8,374.27	2.8000%	1,118.59	9,492.86
12/08/18	8,429.89	2.8000%	1,062.97	9,492.86
01/08/19	8,414.78	2.8000%	1,078.08	9,492.86
02/08/19	8,435.07	2.8000%	1,057.79	9,492.86
03/08/19	8,555.81	2.8000%	937.05	9,492.86
04/08/19	8,476.04	2.8000%	1,016.82	9,492.86
05/08/19	8,528.62	2.8000%	964.24	9,492.86
06/08/19	8,517.04	2.8000%	975.82	9,492.86

07/08/19	8,568.39	2.8000%	924.47	9,492.86
08/08/19	8,558.24	2.8000%	934.62	9,492.86
09/08/19	8,578.87	2.8000%	913.99	9,492.86
10/08/19	8,628.37	2.8000%	864.49	9,492.86
11/08/19	8,620.36	2.8000%	872.50	9,492.86
12/08/19	8,668.62	2.8000%	824.24	9,492.86
01/08/20	8,662.04	2.8000%	830.82	9,492.86
02/08/20	8,682.93	2.8000%	809.93	9,492.86
03/08/20	8,754.77	2.8000%	738.09	9,492.86
04/08/20	8,724.97	2.8000%	767.89	9,492.86
05/08/20	8,770.10	2.8000%	722.76	9,492.86
06/08/20	8,767.16	2.8000%	725.70	9,492.86
07/08/20	8,811.02	2.8000%	681.84	9,492.86
08/08/20	8,809.54	2.8000%	683.32	9,492.86
09/08/20	8,830.78	2.8000%	662.08	9,492.86
10/08/20	8,872.74	2.8000%	620.12	9,492.86
11/08/20	8,873.47	2.8000%	619.39	9,492.86
12/08/20	8,914.15	2.8000%	578.71	9,492.86
01/08/21	8,916.35	2.8000%	576.51	9,492.86
02/08/21	8,937.85	2.8000%	555.01	9,492.86
03/08/21	9,011.03	2.8000%	481.83	9,492.86
04/08/21	8,981.13	2.8000%	511.73	9,492.86
05/08/21	9,018.59	2.8000%	474.27	9,492.86
06/08/21	9,024.53	2.8000%	468.33	9,492.86
07/08/21	9,060.69	2.8000%	432.17	9,492.86
08/08/21	9,068.13	2.8000%	424.73	9,492.86
09/08/21	9,090.00	2.8000%	402.86	9,492.86
10/08/21	9,124.20	2.8000%	368.66	9,492.86
11/08/21	9,133.91	2.8000%	358.95	9,492.86
12/08/21	9,166.81	2.8000%	326.05	9,492.86
01/08/22	9,178.04	2.8000%	314.82	9,492.86
02/08/22	9,200.17	2.8000%	292.69	9,492.86
03/08/22	9,248.53	2.8000%	244.33	9,492.86
04/08/22	9,244.65	2.8000%	248.21	9,492.86
05/08/22	9,274.23	2.8000%	218.63	9,492.86
06/08/22	9,289.30	2.8000%	203.56	9,492.86
07/08/22	9,317.54	2.8000%	175.32	9,492.86
08/08/22	9,334.16	2.8000%	158.70	9,492.86
09/08/22	9,356.67	2.8000%	136.19	9,492.86
10/08/22	9,382.90	2.8000%	109.96	9,492.86
11/08/22	9,401.85	2.8000%	91.01	9,492.86

12/08/22	9,426.73	2.8000%	66.13	9,492.86
01/08/23	9,447.25	2.8000%	45.61	9,492.86
02/08/23	9,468.86	2.8000%	22.83	9,491.69
Totals	<u>\$990,742.23</u>		<u>\$148,399.80</u>	<u>\$1,139,142.03</u>

## EXHIBIT C

### PURCHASE PRICE SCHEDULE

(i) On any Lease Payment Date during the Lease Term an amount necessary to defease all payments of Base Rent through the final Lease Payment Date, (ii) on any date upon the events set forth in Section 16 of this Lease, an amount equal to 100% of the remaining principal portion of the Lease outstanding, plus accrued interest on such principal amount through the date of exercise of such option, or (iii) on any date the remaining principal portion of the Lease, plus accrued interest through the date of exercise of such option:

70169v2

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF GRANT COUNTY SANITARY )  
SEWER DISTRICT FOR APPROVAL TO ENTER )  
INTO A LEASE AGREEMENT WITH THE BANK OF )  
KENTUCKY, INC. IN A PRINCIPAL AMOUNT NOT )  
TO EXCEED \$1,100,000.00 FOR THE PURPOSE ) CASE NO. 2012-00471  
OF REFINANCING CERTAIN OUTSTANDING )  
DEBT OBLIGATIONS BETWEEN THE KENTUCKY )  
RURAL WATER FINANCE CORPORATION AND )  
THE CITY OF CRITTENDEN, KENTUCKY )

ORDER

Grant County Sanitary Sewer District ("Grant District") has applied to the Commission for authorization to enter into a lease finance agreement with The Bank of Kentucky, Inc. ("Bank").<sup>1</sup>

Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Grant District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that provide sewage collection and treatment services to approximately 1,416 customers in Grant County, Kentucky.<sup>2</sup>

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<sup>1</sup> Grant District tendered its application on October 22, 2012. It supplemented this application on November 2, 2012. In its Application, Grant District sought a deviation "necessary to accommodate any situation where inflexible compliance with a regulation would be impractical or which would hinder the District's daily operation." Its references to the period covered by its financial audit report reflected a recognition that a deviation from 807 KAR 5:001, Section 11(2)(a), was necessary. Considering Grant District's request as a motion to deviate from 807 KAR 5:001, Section 11(2)(a), the Commission authorized Grant District to deviate from 807 KAR 5:001, Section 11(2)(a), and accepted Grant District's application for filing on November 19, 2012. No person or entity has sought intervention in this proceeding.

<sup>2</sup> *Annual Report of Grant County Sanitary Sewer District to the Public Service Commission for the Calendar Year Ended December 31, 2011* at 1 and 12.

2. Grant District proposes to execute a Lease Finance Agreement with the Bank under which Grant District will lease to the Bank certain of its sewage treatment and collection facilities and the Bank will sublease those facilities to Grant District. The lease and sublease are for a 10-year period.

3. Upon execution of the Lease Finance Agreement, the Bank will pay to Grant District an amount not to exceed \$1,100,000 to lease Grant District's facilities.

4. Under the terms of the Lease Finance Agreement, Grant District shall transfer this amount to Kentucky Rural Water Finance Corporation ("KRWFC") to retire the debt obligation created by an Assistance Agreement between the City of Crittenden ("Crittenden") and KRWFC to finance Crittenden's construction of a sewage treatment plant and two pump stations ("Assistance Agreement").<sup>3</sup> Grant District assumed Crittenden's obligations under the Assistance Agreement when it acquired Crittenden's sewage treatment and collection facilities.<sup>4</sup>

5. Grant District will make monthly rental payments to the Bank consisting of a principal component and an interest component. The principal component reflects the repayment of the Bank's original payment. The interest component reflects interest payments on the outstanding principal at an interest rate of 2.8 percent per annum.<sup>5</sup>

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<sup>3</sup> App. Ex. 3, § 4. See also *Grant County Sanitary Sewer District Financial Statements for the Years Ended December 31, 2011 and 2010* (filed July 31, 2012) at 5.

<sup>4</sup> Agreement between the City of Crittenden and Grant County Sanitary Sewer District, § VI (filed in Case No. 2005-00314, *Application of the Grant County Sanitary Sewer District for Authority to Adjust Rates* (Ky. PSC filed July 26, 2005)).

<sup>5</sup> App. Ex. 3, § 7.

6. As of December 1, 2012, approximately \$1,043,000 of principal sum borrowed through the Assistance Agreement remained outstanding. The interest rate on the outstanding principal varies from 4.9 percent to 5.15 percent per annum.<sup>6</sup>

7. Grant District estimates that execution of the Lease Finance Agreement will result in total gross savings and net present value savings of \$132,110 and \$93,705, respectively.<sup>7</sup>

8. Grant District will expend \$1,098,608 to retire its outstanding obligations under the Assistance Agreement and to execute the Leasing Finance Agreement.<sup>8</sup>

9. The proposed Lease Finance Agreement is an evidence of indebtedness that Grant District may not issue without prior Commission authorization.

10. Grant District's execution of the proposed Lease Finance Agreement is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair Grant District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

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<sup>6</sup> App. Ex. 6, "Debt Service to Maturity and to Call."

<sup>7</sup> *Id.*, "Debt Service Comparison." The debt service payment under the Assistance Agreement for the year 2013 is shown in this exhibit as \$127,580.33. Exhibit A of the Assistance Agreement shows this payment as \$123,237.25 (\$73,000 + \$26,058.5 + \$24,178.75). See App. Ex. 2. This discrepancy overstates Grant District's calculated gross savings by \$4,343.08. Grant District also omitted an annual trustee fee of \$350 to be paid in addition to the principal and interest payments under the Assistance Agreement. This omission understates the gross savings by \$3,500 (\$350 annual payments x 10 years). These two discrepancies result in a net overstatement to gross savings of \$843.08, or .64 percent. This amount is not material to the calculations.

<sup>8</sup> App. Ex. 6, "Debt Service Comparison." \$9,500 (Cost of Issuance) + \$1,085,575 (Deposit to Current Refunding Fund) + \$3,533 (Rounding) = \$1,098,608. The sources of the funds are the principal amount of the Bank's lease payment (\$1,003,000) and transfers from the Assistance Agreement's Debt Service Funds (\$95,608).

IT IS THEREFORE ORDERED that:

1. Grant District is authorized to enter into the proposed Lease Finance Agreement with the Bank to receive a lease payment of no more than \$1,100,000 for the purpose of retiring its debt obligations under the Assistance Agreement, but only under such terms and conditions that will produce both positive gross savings and net present value savings.

2. If the actual terms and conditions of the Lease Finance Agreement with the Bank differ from those set forth in Grant District's application, Grant District shall, within 30 days of executing the Lease Finance Agreement, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that will result from the transaction.

3. Within 30 days of executing the proposed Lease Finance Agreement, Grant District shall file a copy of the executed Lease Finance Agreement, any documents referenced in the executed Lease Finance Agreement that Grant District has not previously filed with the Commission, and evidence that the state local debt officer has approved the Lease Finance Agreement as KRS 65.944 requires.

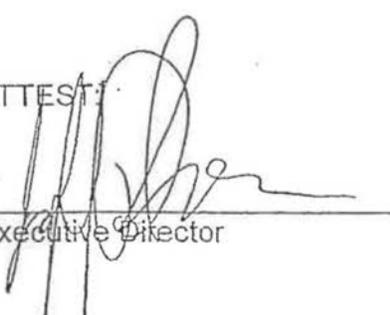
4. The proceeds from the Lease Finance Agreement shall be used only for the lawful purposes specified in Grant District's application.

5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission  
ENTERED  
JAN 04 2013  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
Executive Director

Case No. 2012-00471

STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between GRANT COUNTY SANITARY SEWER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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

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

CHARLES GIVIN  
\_\_\_\_\_  
(Print Name)

*Chris Givins*  
\_\_\_\_\_  
(Signed)

CHAIRMAN  
\_\_\_\_\_  
(Position/Office)

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

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

Subscribed and sworn to before me by CHARLES GIVIN, CHAIRMAN  
(Name)

this 25 day of AUGUST, 2022.

Amy G. Ruark  
NOTARY PUBLIC  
State-at-Large # KYNPA116



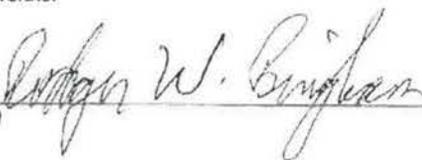
**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between GRANT COUNTY SANITARY SEWER DISTRICT ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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

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

RODGER BINGHAM  
(Print Name)

  
(Signed)

COMMISSIONER  
(Position/Office)

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

COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

Subscribed and sworn to before me by RODGER BINGHAM, COMMISSIONER  
(Name)

this 25 day of AUGUST, 2022.

Amy G Ruark  
NOTARY PUBLIC  
State-at-Large # KYNP2116



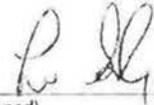
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LEO SAYLOR  
\_\_\_\_\_  
(Print Name)

  
\_\_\_\_\_  
(Signed)

COMMISSIONER  
\_\_\_\_\_  
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

Subscribed and sworn to before me by LEO SAYLOR, COMMISSIONER  
(Name)

this \_\_\_\_\_ day of AUGUST, 2022.

Dianne K Cook  
NOTARY PUBLIC  
State-at-Large



**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

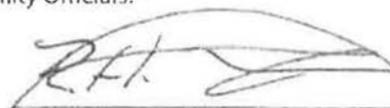
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ROBERT WORTHINGTON

(Print Name)



(Signed)

COMMISSIONER

(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

Subscribed and sworn to before me by ROBERT WORTHINGTON, COMMISSIONER  
(Name)

this 25 day of AUGUST, 2022

Dianne K Cook  
NOTARY PUBLIC  
State-at-Large



**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

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GREG POWELL  
\_\_\_\_\_  
(Print Name)

  
\_\_\_\_\_  
(Signed)

COMMISSIONER  
\_\_\_\_\_  
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

Subscribed and sworn to before me by GREG POWELL, COMMISSIONER  
(Name)

this 22 day of September, 2022.

Dionne Cook  
NOTARY PUBLIC  
State-at-Large

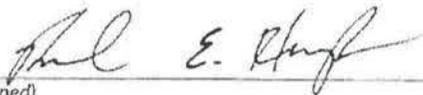
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PAUL HARP  
\_\_\_\_\_  
(Print Name)

  
\_\_\_\_\_  
(Signed)

SUPERINTENDENT  
\_\_\_\_\_  
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF GRANT

Subscribed and sworn to before me by PAUL HARP, SUPERINTENDENT  
(Name)

this 25 day of AUGUST, 2022

Amy G. Ruark  
NOTARY PUBLIC #KYNP2116  
State-at-Large

