

KENTUCKY INFRASTRUCTURE AUTHORITY
LOAN #A209-35

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #A209-35
 GRANT CO SANITARY SEWER DISTRICT
 SUBJECT TO CHANGE WITH ADDITIONAL DRAWS

Original Loan Amount \$ 433,178.00
 Principal Forgiven \$ (225,685.74)
 Amount to be Amortized \$ 207,492.26

3.00% Rate
 \$6,975.81 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$143,700.00		
06/01/12	\$2,647.97	\$2,154.01	3.0000%	\$4,801.98	\$143.70	\$0.00	\$4,945.68	\$204,841.88	\$0.00	\$0.00
12/01/12	\$3,903.18	\$2,823.59	3.0000%	\$6,726.77	\$204.84	\$0.00	\$6,931.61	\$200,938.70	\$750.00	\$750.00
06/01/13	\$3,961.72	\$3,014.09	3.0000%	\$6,975.81	\$200.93	\$0.00	\$7,176.74	\$196,976.98	\$0.00	\$750.00
12/01/13	\$4,021.15	\$2,954.66	3.0000%	\$6,975.81	\$196.98	\$0.00	\$7,172.79	\$192,955.83	\$750.00	\$1,500.00
06/01/14	\$4,081.47	\$2,894.34	3.0000%	\$6,975.81	\$192.96	\$0.00	\$7,168.77	\$188,874.36	\$0.00	\$1,500.00
12/01/14	\$4,142.70	\$2,833.11	3.0000%	\$6,975.81	\$188.88	\$0.00	\$7,164.69	\$184,731.66	\$750.00	\$2,250.00
06/01/15	\$4,204.83	\$2,770.98	3.0000%	\$6,975.81	\$184.73	\$0.00	\$7,160.54	\$180,526.83	\$0.00	\$2,250.00
12/01/15	\$4,267.91	\$2,707.90	3.0000%	\$6,975.81	\$180.53	\$0.00	\$7,156.34	\$176,258.92	\$750.00	\$3,000.00
06/01/16	\$4,331.93	\$2,643.88	3.0000%	\$6,975.81	\$176.26	\$0.00	\$7,152.07	\$171,926.99	\$0.00	\$3,000.00
12/01/16	\$4,396.90	\$2,578.91	3.0000%	\$6,975.81	\$171.93	\$0.00	\$7,147.74	\$167,530.09	\$750.00	\$3,750.00
06/01/17	\$4,462.86	\$2,512.95	3.0000%	\$6,975.81	\$167.53	\$0.00	\$7,143.34	\$163,067.23	\$0.00	\$3,750.00
12/01/17	\$4,529.80	\$2,446.01	3.0000%	\$6,975.81	\$163.07	\$0.00	\$7,138.88	\$158,537.43	\$750.00	\$4,500.00
06/01/18	\$4,597.75	\$2,378.06	3.0000%	\$6,975.81	\$158.54	\$0.00	\$7,134.35	\$153,939.68	\$0.00	\$4,500.00
12/01/18	\$4,666.71	\$2,309.10	3.0000%	\$6,975.81	\$153.94	\$0.00	\$7,129.75	\$149,272.97	\$750.00	\$5,250.00
06/01/19	\$4,736.71	\$2,239.10	3.0000%	\$6,975.81	\$149.28	\$0.00	\$7,125.09	\$144,536.26	\$0.00	\$5,250.00
12/01/19	\$4,807.77	\$2,168.04	3.0000%	\$6,975.81	\$144.54	\$0.00	\$7,120.35	\$139,728.49	\$750.00	\$6,000.00
06/01/20	\$4,879.89	\$2,095.92	3.0000%	\$6,975.81	\$139.73	\$0.00	\$7,115.54	\$134,848.60	\$0.00	\$6,000.00
12/01/20	\$4,953.08	\$2,022.73	3.0000%	\$6,975.81	\$134.85	\$0.00	\$7,110.66	\$129,895.52	\$750.00	\$6,750.00
06/01/21	\$5,027.38	\$1,948.43	3.0000%	\$6,975.81	\$129.89	\$0.00	\$7,105.70	\$124,868.14	\$0.00	\$6,750.00
12/01/21	\$5,102.79	\$1,873.02	3.0000%	\$6,975.81	\$124.87	\$0.00	\$7,100.68	\$119,765.35	\$750.00	\$7,500.00
06/01/22	\$5,179.33	\$1,796.48	3.0000%	\$6,975.81	\$119.77	\$0.00	\$7,095.58	\$114,586.02	\$0.00	\$7,500.00
12/01/22	\$5,257.02	\$1,718.79	3.0000%	\$6,975.81	\$114.58	\$0.00	\$7,090.39	\$109,329.00	\$0.00	\$7,500.00
06/01/23	\$5,335.88	\$1,639.93	3.0000%	\$6,975.81	\$109.33	\$0.00	\$7,085.14	\$103,993.12	\$0.00	\$7,500.00
12/01/23	\$5,415.91	\$1,559.90	3.0000%	\$6,975.81	\$103.99	\$0.00	\$7,079.80	\$98,577.21	\$0.00	\$7,500.00
06/01/24	\$5,497.15	\$1,478.66	3.0000%	\$6,975.81	\$98.58	\$0.00	\$7,074.39	\$93,080.06	\$0.00	\$7,500.00
12/01/24	\$5,579.61	\$1,396.20	3.0000%	\$6,975.81	\$93.08	\$0.00	\$7,068.89	\$87,500.45	\$0.00	\$7,500.00
06/01/25	\$5,663.30	\$1,312.51	3.0000%	\$6,975.81	\$87.50	\$0.00	\$7,063.31	\$81,837.15	\$0.00	\$7,500.00
12/01/25	\$5,748.26	\$1,227.55	3.0000%	\$6,975.81	\$81.83	\$0.00	\$7,057.64	\$76,088.89	\$0.00	\$7,500.00
06/01/26	\$5,834.48	\$1,141.33	3.0000%	\$6,975.81	\$76.08	\$0.00	\$7,051.89	\$70,254.41	\$0.00	\$7,500.00
12/01/26	\$5,921.99	\$1,053.82	3.0000%	\$6,975.81	\$70.26	\$0.00	\$7,046.07	\$64,332.42	\$0.00	\$7,500.00
06/01/27	\$6,010.82	\$964.99	3.0000%	\$6,975.81	\$64.33	\$0.00	\$7,040.14	\$58,321.60	\$0.00	\$7,500.00
12/01/27	\$6,100.98	\$874.83	3.0000%	\$6,975.81	\$58.32	\$0.00	\$7,034.13	\$52,220.62	\$0.00	\$7,500.00
06/01/28	\$6,192.50	\$783.31	3.0000%	\$6,975.81	\$52.22	\$0.00	\$7,028.03	\$46,028.12	\$0.00	\$7,500.00
12/01/28	\$6,285.39	\$690.42	3.0000%	\$6,975.81	\$46.02	\$0.00	\$7,021.83	\$39,742.73	\$0.00	\$7,500.00
06/01/29	\$6,379.67	\$596.14	3.0000%	\$6,975.81	\$39.75	\$0.00	\$7,015.56	\$33,363.06	\$0.00	\$7,500.00
12/01/29	\$6,475.37	\$500.44	3.0000%	\$6,975.81	\$33.36	\$0.00	\$7,009.17	\$26,887.69	\$0.00	\$7,500.00
06/01/30	\$6,572.49	\$403.32	3.0000%	\$6,975.81	\$26.88	\$0.00	\$7,002.69	\$20,315.20	\$0.00	\$7,500.00
12/01/30	\$6,671.09	\$304.72	3.0000%	\$6,975.81	\$20.32	\$0.00	\$6,996.13	\$13,644.11	\$0.00	\$7,500.00
06/01/31	\$6,771.15	\$204.66	3.0000%	\$6,975.81	\$13.65	\$0.00	\$6,989.46	\$6,872.96	\$0.00	\$7,500.00
12/01/31	\$6,872.96	\$102.85	3.0000%	\$6,975.81	\$6.87	\$0.00	\$6,982.68	\$0.00	\$0.00	\$7,500.00
Totals	\$207,489.85	\$69,119.68		\$276,609.53	\$4,624.70	\$0.00	\$281,234.23		\$7,500.00	

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM

FUND A

PROJECT NUMBER: A2 09-35
BORROWER: Grant County Sanitary Sewer District
BORROWER'S ADDRESS: PO Box 460
Crittenden, Kentucky 41030
DATE OF ASSISTANCE AGREEMENT: January 1, 2010
CFDA NO.: 66.458

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ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of February 1, 1990, as amended, supplemented or restated from time to time (the "Federal Agreement"), under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of September 1, 1989 (the "Indenture") between the Authority and U.S. Bank, National Association, as lawful successor in interest to 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.

"ARRA" shall mean the American Recovery and Reinvestment Act of 2009.

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

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

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

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

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

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

"Commonwealth" shall mean the Commonwealth of Kentucky.

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

"Debt Obligations" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance

Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

"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 February 1, 1989 between the Authority and the Trustee.

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

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

"Memorandum of Agreement" means the Memorandum of Agreement dated as of February 1, 1990, as amended, supplemented or restated from time to time, between the Authority and the Cabinet.

"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 Commencement Date" means the date construction of the Project commences, or the date contracts have been executed for construction of the Project.

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

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

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

"Schedule of Payments" means the 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 System 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, the Federal Act, ARRA and any regulations issued thereunder.

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

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

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

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

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to proceed with the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the Construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

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

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

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

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

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

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

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 or other Infrastructure Project permitted 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, including principal forgiveness, 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 such Requisition of Funds shall be accompanied by a Buy-American Certification in substantially the same form as Exhibit B-1 attached 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 any 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 the lump-sum (fixed price) method, and adequate legal methods of obtaining public, competitive bidding will be employed prior to the awarding of the construction contract for the Project in accordance with Kentucky law.

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

(G) Duly authorized representatives of the Cabinet and such other agencies of the Commonwealth and the United States Government as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and

the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

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

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

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

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

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

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

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

(O) 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 American Recovery and Reinvestment Act 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 Project Commencement Date shall be no later than February 16, 2010.

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

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

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

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

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

(E) That, 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; and

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

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

(G) 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.

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

(I) 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.

(J) 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.

(K) That no portion of the proceeds of the Loan shall be disbursed unless the Project Commencement Date is on or prior to February 16, 2010.

(L) That the Project is comprised of improvements constituting green infrastructure, water or energy efficiency improvements or other environmentally innovative activities.

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 Exhibit B-1 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.

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 \$500,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with OMB Circular A-133.

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

Section 6.10. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

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

Section 6.12. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

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

Sections 603 and 606 of the Federal Act can be maintained and (iii) the Authority can furnish the information required of its under the Federal Agreement.

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

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

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

(1) Federal:

- (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970
- (b) 40 CFR, Part 6, the National Environmental Policy Act
- (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans
- (d) 40 CFR, Part 7,8, and 12, Nondiscrimination and Equal Employment Opportunity Act
- (e) 40 CFR, Part 29, Intergovernmental Review
- (f) 40 CFR, Part 32, Debarment and Suspension
- (g) 40 CFR, Part 35, Subpart K.
- (h) Executive Order 11246, as amended, 11625 and 12138
- (i) Title VI of the Civil Rights Act of 1964, as amended
- (j) Age Discrimination Act
- (k) Rehabilitation Act of 1973
- (l) Contract Work Hours and Safety Standards Act
- (m) 40 CFR, Part 25, Public Participation Requirements

(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. Covenants Under ARRA. The Governmental Agency covenants and agrees that it shall comply with all further requirements or conditions which may arise from time to time in order to insure compliance with ARRA, including but not limited to the following:

- (A) 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.
- (B) No portion of the Loan shall be used by the Governmental Agency for the construction, alteration, maintenance or repair of a public building or public work unless all of the iron, steel and manufactured goods used in the Project is produced in the United States unless (i) a waiver is provided to the Governmental Agency by the United States Environmental Protection Agency or (ii) compliance would be inconsistent with the United States' obligations under international agreements.
- (C) Not later than the 10th calendar day after the end of each calendar quarter, the Governmental Agency shall submit reports to the Authority complying with the requirements of Section 1512(c) and Title VII of ARRA.
- (D) 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 ARRA.
- (E) If the Project, or any portion thereof, has been qualified as a green infrastructure water or energy efficiency project, the Governmental Agency shall notify the Authority in writing of any changes to the Project. No such changes shall be undertaken unless the Authority shall have provided the Governmental Agency with express written consent to such changes.

Section 6.14. 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 inquiry, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.8. 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 or Assistant Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date and Early Termination. 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. Notwithstanding the foregoing, in the event the Project Commencement Date shall not have occurred on or prior to February 16, 2010, this Assistance Agreement shall terminate on February 17, 2010.

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:

Gandy Williams
Title: SECRETARY

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: [Signature]
Title: EXECUTIVE DIRECTOR

ATTEST:

Billy F. Simpson
Title: Secretary

GOVERNMENTAL AGENCY:
GRANT COUNTY SANITARY SEWER
DISTRICT

By: [Signature]
Title: Chairman

APPROVED:

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

EXAMINED:

Deborah Shaffer Williams US
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

ENERGY AND ENVIRONMENT CABINET OF
THE COMMONWEALTH OF KENTUCKY

By: [Signature]
Director
Division of Water

APPROVED AS TO
FORM & LEGALITY

Patrick McDevitt
APPROVE
FINANCE & ADMINISTRATION CABINET

EXHIBIT A
 Grant County Sanitary Sewer District
 PROJECT SPECIFICS
 A2 09-35

GOVERNMENTAL AGENCY:

Name: Grant County Sanitary Sewer District
 P.O. Box 460
 Crittenden, KY 41030

Contact Person: Bobby Burgess
 (859) 254-6623

SYSTEM: Wastewater

PROJECT: The Grant County Sanitary Sewer District is requesting a Fund A loan in the amount of \$300,000 from the American Recovery and Reinvestment Act of 2009 for Phase I of a Sanitary Sewer Extension project. The project will serve the Sherman area and areas north of Sherman in Grant County and will include 8,935 feet of 8" gravity sewer, 20,452 feet of forcemain, 7,883 feet of small diameter forcemain, 43 manholes and six pump stations. The project will connect 84 customers, which will eliminate septic systems, in addition to connecting Grant County Mobile Home Park (43 users) and Cincinnati Campground, which will eliminate two package sewer plants. Sewer connection will also be available to Countryside Mobile Home Park. Debt service will be funded from existing revenues and the increased customer base.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 15,000
Legal Expenses	25,000
Land, Easements	75,000
Engineering Fees	267,007
Construction	1,372,018
Contingency	30,000
Other	140,975
Total	\$ 1,925,000

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 300,000	16%
Local Funds	30,000	2%
HB267	900,000	47%
HB608	650,000	34%
Grant Mobile Home Park	45,000	2%
Total	\$ 1,925,000	100%

KIA DEBT SERVICE:

Construction Loan	\$	300,000
Less: Principal Forgiveness (0%)	\$	156,300
Amortized Loan Amount	\$	143,700
Interest Rate		3.00%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	9,607
Administrative Fee (0.20%)	\$	287
Total Estimated Annual Debt Service	\$	9,894

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/10).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/01/11).

REPLACEMENT RESERVE ACCOUNT:	\$	750 ANNUAL AMOUNT
	\$	7,500 TOTAL AMOUNT

The annual replacement cost is \$750. This amount should be added to the replacement account each December 1 until the balance reaches \$7,500 and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.20%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	<u>Outstanding</u>	<u>Maturity</u>
Kentucky Rural Finance Corporation Bonds, Series 2001D	\$1,302,000	Jan-23
Total	\$1,302,000	

LIABILITY INSURANCE COVERAGE:

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

SEE ATTACHED



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/14/2009

PRODUCER (859)431-1235 FAX: (859)431-0437
Chas. H. Bill Insurance Agency, Inc.
112 Madison Avenue
Post Office Box 12666

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

Covington KY 41012-0666

INSURERS AFFORDING COVERAGE

NAIC #

INSURED
Grant County Sanitary Sewer District
P. O. Box 460

INSURER A: St. Paul Fire & Marine

24747

INSURER B:

INSURER C:

INSURER D:

INSURER E:

Crittenden KY 41030

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS
GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	09314558	5/14/2009	5/14/2010	EACH OCCURRENCE \$ 1,000,000 PREMISES \$ 100,000 MED EXP (Any one person) \$ 00 <input checked="" type="checkbox"/> ADV CLERY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP ACC \$ 2,000,000
GEN. AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROCL <input type="checkbox"/> LOC				
AUTOMOBILE LIABILITY: <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	09314558	5/14/2009	5/14/2010	COMBINED SINGLE LIMIT (Per accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY HARMY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				
EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	09314558	5/14/2009	5/14/2010	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000 \$ \$ WC ST. TU \$ EL EACH ACCIDENT \$ EL DISEASE - EA ACCIDENT \$ EL DISEASE - POLICY LIMIT \$
WORKERS COMPENSATION AND EMPLOYERS LIABILITY ANY PROPRIETOR PARTNER/EXECUTIVE OFFICER/OWNER EXCLUDED? (As defined in NIP) <input type="checkbox"/> If "yes" describe under SPECIAL PROVISIONS below				
OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS / AIDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

Proof of Coverage

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
Thomas O. Youtsey

EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED JANUARY 1, 2010
LOAN NO. A2 09-35

Request No. _____ Dated _____

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

Copy sent to: SRF and SPAP Section Manager
Division of Water
Energy and Environment Cabinet
200 Fair Oaks, 4th Floor
Frankfort, Kentucky 40601

FROM: Grant County Sanitary Sewer District (the "Governmental Agency")

Gentlemen:

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

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

Pursuant to the Assistance Agreement, we hereby certify that the Project Commencement Date was _____.

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

ELIGIBLE PROJECT EXPENSES INCURRED

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

Total

ALLOCATION OF FUNDING FOR EXPENSES

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

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

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

Respectfully submitted,

_____ Governmental Agency

By: _____

Title _____

CERTIFICATE OF CONSULTING ENGINEERS AS TO PAYMENT REQUEST

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

Engineer/Consultant

Firm Name

EXHIBIT B-1

BUY-AMERICAN CERTIFICATION ACCOMPANYING PAY REQUESTS

BUY AMERICAN AFFIRMATION

Section 1605 of the American Recovery and Reinvestment Act (ARRA) states that:

"None of the funds appropriated or otherwise made available by this Act may be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States."

To meet this requirement, the undersigned hereby certifies that all of the material, equipment and accessories which are to be represented by expenditures of this pay request and any other expenditures of the Project to be partially or fully funded by monies from the American Recovery and Reinvestment Act, has been manufactured from domestic construction material as defined by 40 CFR 35.936-13(D).

If any expenditures reflected in this Pay Request or expenditures made from other funding sources during the period covered by this Pay Request are not in compliance with Section 1605, documentation is attached hereto reflecting the waiver obtained or applicable hereto that allows the incorporation of a non-American component(s).

Name of Governmental Agency

Name of Contractor

Signature of Authorized Official

Signature of Authorized Official

Title

Title

Date

Date

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

See Attached

FOR Grant County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

Original SHEET NO. _____

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

_____ SHEET NO. _____

Grant County Sanitary Sewer District
(Name of Utility)

Monthly Sewer Rates

5/8" x 3/4" Meter

First 2,000 Gallons	\$21.06	Minimum Bill
Next 3,000 Gallons	8.25	per 1,000 Gallons
Next 5,000 Gallons	6.76	per 1,000 Gallons
Over 10,000 Gallons	5.31	per 1,000 Gallons

1" Meter

First 5,000 Gallons	\$45.81	Minimum Bill
Next 5,000 Gallons	6.76	per 1,000 Gallons
Over 10,000 Gallons	5.31	per 1,000 Gallons

1 1/2" Meter

First 10,000 Gallons	\$79.61	Minimum Bill
Over 10,000 Gallons	5.31	per 1,000 Gallons

2" Meter

First 20,000 Gallons	\$132.71	Minimum Bill
Over 20,000 Gallons	5.31	per 1,000 Gallons

DATE OF ISSUE July 30, 2009
Month / Date / Year

DATE EFFECTIVE September 1, 2009
Month / Date / Year

ISSUED BY *Bobby [Signature]*
(Signature of [Title])

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
9/1/2009
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By *[Signature]*
Executive Director

FOR Grant County, Kentucky
Community, Town or City

P.S.C. KY. NO. 2

Original SHEET NO. 2

CANCELLING P.S.C. KY. NO. 1

SHEET NO.

Grant County Sanitary Sewer District
(Name of Utility)

Residential Initial Tap in Fee Rates

\$1,000.00

Commercial Initial Tap in Fee Rates

Actual Cost Basis

DATE OF ISSUE July 30, 2009
Month/Day/Year

DATE EFFECTIVE September 1, 2009
Month/Date/Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE [Signature]

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
8/1/2009
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By [Signature]
Executive Director

FOR Grant County, Kentucky
Community, Town or City

P.S.C. KY. NO. 2

Original SHEET NO. 11

CANCELLING P.S.C. KY. NO. 1

SHEET NO.

Grant County Sanitary Sewer District
(Name of Utility)

V. CHARGES FOR NON-RECURRING SERVICES

1. A charge of \$35.00 shall be made for all service connections made during regular working hours except there shall be no connection charge made for service on the original installation of facilities. If service is reconnected other than during regular working hours, the charge shall be \$95.00.
2. A charge of \$35.00 shall be made for a trip to collect a delinquent account or terminate service. When a customer's service has been discontinued for non-payment of bills and the delinquent customer has paid his or her outstanding bill for service and requested reconnection, the District shall assess a service connection charge in addition to a delinquent service charge to re-establish sewer service.
3. A charge of \$35.00 shall be made for service investigation during regular working hours if interruption of service or service problem is associated with the customer's own plumbing facility and beyond the District's delivery point and is not caused by a failure of District facilities. The charge for investigation after working hours will be \$75.00 per trip. Any maintenance and repair of facilities beyond District's delivery point is the responsibility of the customer.
4. When an investigation of facilities on customer's premises reveals an unauthorized use of a sewer system, an investigation fee of \$75.00 shall be charged. The actual cost of repairing damage and correcting the improper service connection, if any, shall be charged and the customer's bill shall be paid for the amount of service rendered.
5. When a check is accepted for payment of a bill and the check is not honored by the financial institution, a return check charge of \$35.00 shall be charged.
6. A charge of \$50.00 shall be made to inspect a customer's service line from the point of use by the customer to the District's point of acceptance of waste. The service line inspection charge may be waived if confirmation is received from the Kentucky State Plumbing Inspector that a State Plumbing Permit has been obtained and the State Plumbing Inspector will inspect the service line.

DATE OF ISSUE July 30, 2009
Month / Date / Year

DATE EFFECTIVE September 1, 2009
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE [Signature]

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
9/1/2009
PURSUANT TO 807 KAR 5:011
SECTION 9 (1)

By [Signature]
Executive Director

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN GRANT COUNTY SANITARY SEWER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE LOAN FUNDS IN AN AMOUNT NOT TO EXCEED \$300,000 FOR WASTEWATER SYSTEM IMPROVEMENTS.

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

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

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

NOW, THEREFORE, IT IS RESOLVED by the Board of Directors of Grant County Sanitary Sewer District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of January 1, 2010 substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing, including any supplements or replacements to give effect to a final loan amount not exceeding \$497,409.

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

ADOPTED on _____, 2010.

Chairman

Attest:

Secretary

CERTIFICATE

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

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

Secretary

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and
Grant County Sanitary Sewer District, dated as of January 1, 2010

Ladies and Gentlemen:

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

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

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

TO ASSISTANCE AGREEMENT BETWEEN
GRANT COUNTY SANITARY SEWER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

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

Principal and Interest Payable
on Each _____ and _____

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

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

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: _____

Title: _____

GRANT COUNTY SANITARY SEWER
DISTRICT, Governmental Agency

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

1. Any required approvals by the Kentucky Public Service Commission shall be obtained.
2. Division of Water ("DOW") must perform the DBE reviews and approve executed contract documents.
3. No construction funds for the Project will be reimbursed to the Governmental Agency until the Authority receives from DOW a certification letter that states that all contracts have been bid and meet all State Revolving Fund requirements.
4. Project construction costs will be reimbursed monthly to the Governmental Agency upon presentation to the Authority and DOW of invoices and supporting documentation showing costs incurred.

EXHIBIT H

BUSINESS CASE REQUIREMENTS FOR GREEN PROJECT RESERVE

NOT APPLICABLE

46630.1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE GRANT COUNTY)	
SANITARY SEWER DISTRICT FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND)	
NECESSITY TO CONSTRUCT PROPOSED)	CASE NO.
SANITARY SEWER LINE IMPROVEMENTS AND)	2009-00488
APPROVAL OF THE PROPOSED PLAN TO)	
FINANCE THE IMPROVEMENTS)	

O R D E R

Grant County Sanitary Sewer District ("GCSSD") has applied for a Certificate of Public Convenience and Necessity for a Phase I wastewater improvements project at an approximate total project cost of \$1,925,000 and for authority to execute a 20-year loan agreement with the Kentucky Infrastructure Authority ("KIA") in the principal amount of \$300,000. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. GCSSD proposes to construct approximately 8,935 feet of 8-inch gravity sanitary sewer lines; 20,450 feet of sanitary sewer force mains; 7,751 feet of small diameter force mains; 6 lift stations; and 22 individual grinder pump stations.
2. The proposed Phase I project will provide wastewater service to areas that GCSSD does not currently serve, including approximately 84 residential customers, two churches, five businesses, a mobile home park, and a campground. This project is also designed to accommodate three additional mobile home parks located south of the proposed project.

3. The estimated total cost of the proposed project, including construction cost, contingencies, and engineering and inspection fees, is \$1,925,000.

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

5. The Division of Water of the Kentucky Energy and Environment Cabinet has approved the plans and specifications for the proposed project.

6. The proposed project will not compete or conflict with the facilities of other jurisdictional utilities operating in the same area.

7. The proposed project will not result in the wasteful duplication of utility facilities.

8. Public convenience and necessity require the proposed project.

9. The proposed project will be funded from the proceeds of a KIA grant in the amount of \$1,550,000; a \$45,000 contribution from Grant Mobile Home Park; an American Recovery and Reinvestment Act Federally-Assisted Wastewater Revolving Loan Fund of \$300,000 to be administered by KIA; and a \$30,000 contribution from GCSSD.

10. The proposed KIA loan will have a 20-year term at an interest rate of 3 percent per annum with a 52.1-percent principal forgiveness, for a loan reduction of \$156,300.

11. GCSSD's proposed loan agreement with KIA is for lawful objects within its corporate purpose, is necessary, appropriate for, and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. GCSSD is granted a Certificate of Public Convenience and Necessity to proceed with the proposed Phase I wastewater extension project as set forth in the plans and specifications of record herein.
2. GCSSD is authorized to borrow an amount not to exceed \$300,000 from KIA maturing over a 20-year period with an interest rate of 3 percent per annum.¹
3. The proceeds from the KIA loan shall be used only for the lawful purposes specified in GCSSD's application.
4. When the principal forgiveness of 52.1 percent, or \$156,300, is granted, GCSSD shall debit the appropriate Long Term-Dept Account for the amount of the forgiveness and shall make a corresponding credit entry to Account 271 – Contributions in Aid of Construction.
5. GCSSD shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

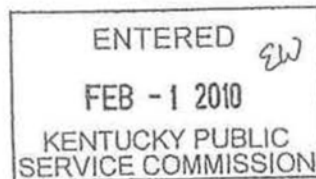
¹ Grant County Sanitary Sewer District states that it was organized under the provisions of KRS Chapters 67 and 74. See Application at paragraph 3. The Grant County Fiscal Court Ordinance that established GCSSD provides that GCSSD was created "pursuant to KRS 67.715(2), 67.083(3)(r), and the applicable provisions of KRS Chapter 74." Commission records do not indicate that any individual applied to the Commission, pursuant to KRS 74.012, for authority to petition the Grant County Judge/Executive for establishment of GCSSD. Thus, the legitimacy of the creation of the GCSSD presumes the independent authority under KRS Chapter 67 of a county judge/executive to create a Chapter 74 district. As the Commission's jurisdiction does not extend to the enforcement of the provisions of KRS Chapters 67 or 74 (see Case No. 2007-00220, *Carroll County Water District No. 1 v. Gallatin County Water District* (Ky. PSC Sept. 15, 2007) at 17), we do not have the authority to determine whether GCSSD was properly created under Kentucky law. However, those entities that are providing public funds to GCSSD may wish to consider the issue.

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

7. Any documents filed in the future pursuant to ordering paragraph 5 herein shall reference this case number and shall be retained in the utility's general correspondence file.

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

By the Commission



ATTEST:


Executive Director

Case No. 2009-00488

KENTUCKY INFRASTRUCTURE AUTHORITY

FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

FUND A

PROJECT NUMBER: A2 09-35
BORROWER: Grant County Sanitary Sewer District
BORROWER'S ADDRESS: PO Box 460
Crittenden, Kentucky 41030
DATE OF ASSISTANCE AGREEMENT: January 1, 2010
DATE OF FIRST SUPPLEMENTAL
ASSISTANCE AGREEMENT: April 1, 2012

APR 29 1
4:54/3:00 PM 2012

FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

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

WITNESSETH:

WHEREAS, the Authority and the Governmental Agency have heretofore entered into an Assistance Agreement dated as of the date set forth on the cover page hereof (the "Assistance Agreement") for the purpose of providing financial assistance to the Governmental Agency in connection with the acquisition and construction of the Project, as defined in the Assistance Agreement; and

WHEREAS, the Authority and the Governmental Agency desire to amend certain provisions of the Assistance Agreement to provide additional funds to complete the Project;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN AND IN THE ASSISTANCE AGREEMENT, AND OTHER GOOD AND VALUABLE CONSIDERATION, THE PARTIES HERETO COVENANT, AGREE AND BIND THEMSELVES AS FOLLOWS:

ARTICLE I

RELATION TO ASSISTANCE AGREEMENT

Section 1.1. This First Supplemental Agreement is supplemental to the Assistance Agreement and shall be read and construed with the Assistance Agreement as though it were part of the same instrument. The provisions of the Assistance Agreement are hereby ratified and affirmed except as amended hereby. All capitalized terms used herein shall have the same meanings as provided in the Assistance Agreement, as amended by this First Supplemental Agreement.

ARTICLE II

AMENDMENT TO ASSISTANCE AGREEMENT

Section 2.1. Exhibit A attached to the Assistance Agreement is hereby amended by replacing said Exhibit A in its entirety with the Exhibit A attached hereto.

ARTICLE III

EFFECT OF FIRST SUPPLEMENTAL AGREEMENT

Section 3.1. From and after the time of taking effect of this First Supplemental Agreement, the Assistance Agreement shall be, and be deemed to be, modified and amended in accordance herewith, and the respective rights, duties and obligations under the Assistance Agreement of the Authority and the Governmental Agency thereunder shall be determined, exercised and enforced thereunder subject in all respects to the provisions of this First Supplemental Agreement, and all provisions hereof shall be deemed to be part of the terms and conditions of the Assistance Agreement for any and all purposes.

ARTICLE IV

EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

Section 4.1. *Time of taking effect.* This First Supplemental Agreement shall be effective as of the day and year written on the cover page hereof.

Section 4.2. *Invalidity of any provision.* In case any one or more of the provisions contained herein shall be adjudicated by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby.

Section 4.3. *Execution in counterparts.* This First Supplemental Agreement may be simultaneously executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Agreement to be executed by their respective duly authorized officers as of the day and year stated on the cover page hereof.

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: [Signature]
Title: EXECUTIVE DIRECTOR

Attest: Sandy Williams
Title SECRETARY

GOVERNMENTAL AGENCY:

GRANT COUNTY SANITARY SEWER
DISTRICT

By: [Signature]
Chairman

Attest:
By: [Signature]
Title Secretary

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

EXAMINED:
[Signature]
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY

ENERGY AND ENVIRONMENT CABINET
By: [Signature]
Director, Division of Water

APPROVED AS TO FORM AND LEGALITY
[Signature]
APPROVED
FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
 Grant County Sanitary Sewer District
 PROJECT SPECIFICS
 A2 09-35 (Increase)

GOVERNMENTAL AGENCY:

Name: Grant County Sanitary Sewer District
 P.O. Box 460
 Crittenden, KY 41030

Contact
 Person: Bobby Burgess
 (859) 254-6623

SYSTEM: Wastewater

PROJECT:

The Grant County Sanitary Sewer District is requesting an increase of \$133,178 in a Fund A loan that was previously approved for \$300,000 from the American Recovery and Reinvestment Act of 2009 for Phase I of a Sanitary Sewer Extension project. The increase is needed to fund unanticipated budget overages. The project will serve the Sherman area and areas north of Sherman in Grant County and will include 8,935 feet of 8" gravity sewer, 20,452 feet of forcemain, 7,883 feet of small diameter forcemain, 43 manholes and six pump stations. The project will connect 84 customers, which will eliminate septic systems, in addition to connecting Grant County Mobile Home Park (43 users) and Cincinnati Campground, which will eliminate two package sewer plants. Sewer connection will also be available to Countryside Mobile Home Park. Debt service will be funded from existing revenues and the increased customer base.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 28,621
Legal Expenses	64,875
Land, Easements	142,035
Engineering Fees	264,289
Construction	1,532,459
Other	82,434
Total	\$ 2,114,713

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 433,178	20%
Local Funds	71,000	3%
HB267	900,000	43%
HB608	650,000	31%
Grant Mobile Home Park	60,535	3%
Total	\$ 2,114,713	100%

KIA DEBT SERVICE:

Construction Loan	\$	433,178
Less: Principal Forgiveness (52.1%)	\$	225,686
Amortized Loan Amount	\$	207,492
Interest Rate		3.00%
Loan Term (Years)		20
Estimated Annual Debt Service	\$	13,872
Administrative Fee (0.20%)	\$	415
Total Estimated Annual Debt Service	\$	14,287

AMORTIZATION COMMENCEMENT DATE: June 1 and December 1

Interest payments commenced 12/1/10.

Full principal and interest payments will commence 6/1/12.

REPLACEMENT RESERVE ACCOUNT:	\$	750	ANNUAL AMOUNT
	\$	7,500	TOTAL AMOUNT

The annual replacement cost is \$750. This amount should be added to the replacement account each December 1 until the balance reaches \$7,500 and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.20%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	<u>Outstanding</u>	<u>Maturity</u>
Kentucky Rural Finance Corporation Bonds, Series 2001D	\$1,176,000	Jan-23
KIA A2 09-35	138,700	Dec-31
KIA (A12-01 i/a/o \$822,100)	0	TBD
Total	\$1,314,700	

LIABILITY INSURANCE COVERAGE:

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

SF = TRAGIE



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/14/2009

PRODUCER (859) 431-1235 FAX: (859) 431-0437

Chas. H. Hilz Insurance Agency, Inc.

12 Madison Avenue

Post Office Box 12666

Covington

KY 41012-0666

INSURED

Grant County Sanitary Sewer District

P. O. Box 460

Crittenden

KY 41030

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

NAIC #

INSURER A: St. Paul Fire & Marine

24767

INSURER B:

INSURER C:

INSURER D:

INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSURANCE	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS
A	GENERAL LIABILITY	P09314558	5/14/2009	5/14/2010	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				DAMAGE TO RENTED PREMISES (EA OCCUR) \$ 100,000
	CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				MED EXP (Any one person) \$ 5,000
	GEN'L AGGREGATE LIMIT APPLIES PER:				PERSONAL & ADV INJURY \$ 1,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				GENERAL AGGREGATE \$ 2,000,000
A	AUTOMOBILE LIABILITY	P09314558	5/14/2009	5/14/2010	COMBINED SINGLE LIMIT (EA accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	SCHEDULED AUTOS				PROPERTY DAMAGE (Per accident) \$
	HIREN AUTOS				AUTO ONLY - EA ACCIDENT \$
	NON-OWNED AUTOS				OTHER THAN EA ACC \$
					AUTO ONLY \$
	GARAGE LIABILITY				EACH OCCURRENCE \$ 1,000,000
	ANY AUTO				AGGREGATE \$ 1,000,000
	EXCESS/UMBRELLA LIABILITY				\$
	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE				\$
	<input type="checkbox"/> DEDUCTIBLE	P09314558	5/14/2009	5/14/2010	\$
	<input checked="" type="checkbox"/> RETENTION \$ 10,000				\$
	WORKERS COMPENSATION AND EMPLOYERS LIABILITY				WC STATU- OTH-
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)				E.L. EACH ACCIDENT \$
	If you describe under SPECIAL PROVISIONS below				E.L. DISEASE - EA EMPLOYE \$
	OTHER				E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

CERTIFICATE HOLDER

Proof of Coverage

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Thomas O. Youtsey

ACORD 25 (2009/01)
NS025 (2009/01)

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AMENDED APPLICATION OF GRANT COUNTY)
SANITARY SEWER DISTRICT FOR APPROVAL) CASE NO. 2012-00109
OF PROPOSED PLAN TO FINANCE)
IMPROVEMENTS)

ORDER

Grant Sanitary Sewer District ("Grant District") has applied for authority to enter into a loan agreement with the Kentucky Infrastructure Authority ("KIA") to borrow an amount greater than the Commission authorized in Case No. 2009-00488.¹ It seeks authorization from the Commission to borrow approximately \$133,178 more than originally authorized.

Having considered the evidence of record and being otherwise sufficiently advised,² the Commission finds that:

1. Grant District is a water district organized pursuant to KRS Chapter 74 and is subject to the Commission's jurisdiction.³

¹ Case No. 2009-00488, *Application of the Grant County Sanitary Sewer District for a Certificate of Public Convenience and Necessity to Construct Proposed Sanitary Sewer Line Improvements and Approval of the Proposed Plan to Finance the Improvements* (Ky. PSC Feb. 1, 2010).

² On March 21, 2012, Grant District tendered its Application to the Commission. On April 6, 2012, Grant District supplemented its Application with additional documents. On April 12, 2012, the Commission permitted Grant District to deviate from the requirements of 807 KAR 5:001, Section 6, and ordered that Application as supplemented be considered filed as of that date. In response to a request from Commission Staff, Grant District provided additional information on May 11, 2012, regarding the circumstances that require an amendment of the original authorization to borrow funds. No person has sought intervention in this proceeding. The Commission has not received any objections or protest to the requested relief.

³ KRS 278.015.

2. Grant District owns and operates facilities that provide sewage collection and treatment services to approximately 1,416 customers in Grant County, Kentucky.⁴

3. On February 1, 2010, the Commission granted Grant District a Certificate of Public Convenience and Necessity to construct approximately 8,935 feet of 8-inch gravity sanitary sewer lines; 20,450 feet of sanitary sewer force mains; 7,751 feet of small diameter force mains; 6 lift stations; and 22 individual grinder pump stations.⁵ Grant District refers to this project as the "Phase I Waste Water Extension Project."

4. Grant District originally estimated that total cost of the proposed project, including construction cost, contingencies, and engineering and inspection fees, as \$1,925,000.⁶

5. Grant District proposed to fund the proposed project from the proceeds of a KIA grant in the amount of \$1,550,000; a \$45,000 contribution from Grant Mobile Home Park; an American Recovery and Reinvestment Act Federally Assisted Wastewater Revolving Loan Fund of \$300,000 to be administered by KIA; and a \$30,000 contribution from Grant District. The proposed KIA loan was to have a 20-year term at an interest rate of three percent per annum with a 52.1-percent principal forgiveness, for a loan reduction of \$156,300.⁷

⁴ *Annual Report of Grant County Sanitary Sewer District to the Public Service Commission for the Calendar Year Ending December 31, 2011* at 12.

⁵ Case No. 2009-00488, Order of Feb. 2, 2010 at 1.

⁶ *Id.* at 2.

⁷ *Id.*

6. In its Order of February 1, 2010, the Commission authorized Grant District to enter a loan agreement with KIA to borrow \$300,000.⁸

7. During the design phase of the proposed project, officials of the local electric utility advised Grant District that three-phase electric service was reasonably available to the main pumping station to be constructed near the Cincinnati South Campground on U.S. Highway 25 near Dry Ridge, Kentucky. Upon commencement of construction, Grant District learned that such service was not available and was required to bore under Interstate Highway 75 to bring such service to the main pumping station. The total cost of bringing electric power service to this main pumping station was \$120,000 greater than originally estimated.⁹

8. KIA has tentatively agreed to increase its loan to Grant District from \$300,000 to \$433,178 to cover the additional costs associated with the construction.

9. The revised KIA loan will have a 20-year term at an interest rate of three percent per annum with a 52.1-percent principal forgiveness, for a loan reduction of \$225,686 and an unforgiven principal balance of 207,492.¹⁰

10. Grant District's proposed loan agreement with KIA is for lawful objects within its corporate purpose, is necessary, appropriate for, and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

⁸ *Id.* at 3.

⁹ Letter from Thomas R. Nienabor, Counsel for Grant County Sanitary Sewer District, to Gerald Wuetcher, Commission Counsel (May 9, 2012).

¹⁰ Application, Ex. 13.

IT IS THEREFORE ORDERED that:

1. The record of Case No. 2009-00488 is incorporated by reference into the record of this proceeding.

2. The Commission's Order of February 1, 2010 is amended to authorize Grant District to borrow an aggregate amount not exceeding \$433,178 from KIA maturing over a 20-year period with an interest rate of three percent per annum for the purpose of funding the "Phase I Waste Water Extension Project."

3. The proceeds from the KIA loan shall be used only for the lawful purposes specified in Grant District's application.

4. Within 30 days of executing the proposed loan agreement with KIA, Grant District shall file with the Commission a copy of that agreement.

5. When the principal forgiveness of 52.1 percent, or \$225,686, is granted, Grant District shall debit the appropriate Long Term-Debt Account for the amount of the forgiveness and shall make a corresponding credit entry to Account 271—Contributions in Aid of Construction.

6. Any documents filed in the future pursuant to ordering paragraph 4 of this Order shall reference this case number and shall be retained in the utility's general correspondence file.

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

By the Commission

ENTERED 
JUN 12 2012
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2012-000109



KENTUCKY INFRASTRUCTURE AUTHORITY

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

Steven L. Beshear
Governor

John E. Covington III
Executive Director

January 28, 2013

Chairman Bobby Burgess
Grant County Sanitary Sewer District
PO Box 406
Crittenden, Kentucky 41030

RE: Kentucky Infrastructure Authority ("KIA")
KIA Clean Water State Revolving Fund
American Recovery and Reinvestment Loan A2 09-35

Dear Chairman Burgess:

Attached for your review and signature is the Exhibit F to the Assistance Agreement for the above mentioned project. All eligible funds have been drawn and the total KIA loan is \$433,175.59. Principal forgiveness of \$225,684.48 has been applied leaving an amortized loan balance of \$207,491.11. The attached exhibit shows acknowledgement of the loan repayment schedule from which the city is retiring its debt.

Please sign all four copies, including the attest portion, and return three to the Authority as soon as possible. A copy should be retained for your records. Please call (502) 573-0260 with any questions.

Sincerely,

A handwritten signature in cursive script that reads "James Nelson".

James Nelson
Graduate Accountant II

Attachments

FUND A2
EXHIBIT F
A2 09-35
TO ASSISTANCE AGREEMENT BETWEEN
GRANT COUNTY SANITARY SEWER DISTRICT
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

TOTAL LOAN TO BE REPAYED BY
GRANT COUNTY SANITARY SEWER DISTRICT (A2 09-35)
KENTUCKY INFRASTRUCTURE AUTHORITY \$ 433,175.59
PRINCIPAL AND INTEREST PAYABLE
ON EACH JUNE AND DECEMBER

IT IS UNDERSTOOD AND AGREED BY THE PARTIES TO THIS ASSISTANCE AGREEMENT THAT THIS EXHIBIT F IS AN INTEGRAL PART OF THE ASSISTANCE AGREEMENT BETWEEN THE GOVERNMENTAL AGENCY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THIS EXHIBIT F TO ASSISTANCE AGREEMENT TO BE EXECUTED BY THEIR RESPECTIVE DULY AUTHORIZED OFFICERS AS OF THE DATE OF SAID ASSISTANCE AGREEMENT.

KENTUCKY INFRASTRUCTURE AUTHORITY

BY *Gandy Williams*

TITLE Secretary

GRANT COUNTY SANITARY SEWER DISTRICT

BY *Bobby Burgess*

TITLE *Chairman*

ATTEST:

TITLE _____

DATE _____