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

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

(Name of Utility)

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

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

(Telephone Number)

BASIC INFORMATION

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

(Name)

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

(Address - City, State, Zip)

(Telephone Number)

(Email Address)

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

YES NO N/A

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

YES NO N/A

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

YES NO N/A

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

YES NO N/A

- 16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.
(Attach a copy of returns.)
- 17. Approximately \$0.00 **(Insert dollar amount or percentage of total utility plant)** of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

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

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

Signed Rachel Cartmill
 Officer of the Company/Authorized Representative
 Title Manager
 Date 4-26-23

COMMONWEALTH OF KENTUCKY

COUNTY OF Montgomery

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

David Ferguson
 Notary Public
 My commission expires: 7-16-25



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

Customer Notice of Proposed Rate Adjustment

“Reasons for Application” Attachment”

Current and Proposed Rates” Attachment

“Statement of Adjusted Operations” Attachment

“Revenue Requirements Calculation” Attachment

Attachment Billing Analysis” Attachment

Depreciation Schedules

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

State Tax Return

Federal Tax Return

Statement of Disclosure of Related Party Transactions - ARF Form 3

LIST OF ATTACHMENTS
REID VILLAGE WATER DISTRICT

1. Customer Notice of Proposed Rate Adjustments
2. Reasons for Application
3. Current and Proposed Rates
4. Statement of Adjusted Operations and Revenue Requirements with the following attachments:
 - i. References
 - ii. Table A - Depreciation Expense Adjustments
 - iii. Table B - Debt Service Schedule
5. Current Billing Analysis
6. Proposed Billing Analysis
7. Depreciation Schedule
8. Outstanding Debt Instruments
 - i. Loan 91-05
 - ii. Loan 91-06
 - iii. Loan B16-08
9. Amortization Schedules
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

Attachment #1

REID VILLAGE WATER DISTRICT CUSTOMER NOTICE

Notice is hereby given that Reid Village Water District expects to file an application with the Kentucky Public Service Commission on or about April 28th, 2023, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

<u>Monthly Water Rates:</u>		<u>Current</u>		<u>Proposed</u>		<u>Difference</u>	
First	2,000 Gallons	\$ 26.53	Minimum Bill	\$ 29.90	Minimum Bill	\$ 3.37	12.70%
Next	1,000 Gallons	\$ 0.00907	Per Gallon	\$ 0.01022	Per Gallon	\$ 0.00115	12.68%
Next	2,000 Gallons	\$ 0.00848	Per Gallon	\$ 0.00956	Per Gallon	\$ 0.00108	12.74%
Next	5,000 Gallons	\$ 0.00787	Per Gallon	\$ 0.00887	Per Gallon	\$ 0.00100	12.71%
All Over	10,000 Gallons	\$ 0.00725	Per Gallon	\$ 0.00817	Per Gallon	\$ 0.00092	12.69%

If the Public Service Commission approves the proposed water rates for, then the monthly water bill for a customer using an average of 4,000 gallons per month will increase from \$44.08 to \$49.68. This is an increase of \$5.60 or 12.70%.

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

Henderson County Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the District's office located at 950 Winchester Road, Mt. Sterling, KY 40353. You may contact the office at 859-498-0062.

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

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

Attachment #2

Reasons for Application

Reid Village Water District (“the District”) is requesting a 12.70 percent rate increase for all of its water customers. The rate increase will generate approximately \$77,069 in additional annual revenue.

The District needs the rate increase for the following reasons:

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

Attachment #3

CURRENT AND PROPOSED RATES

REID VILLAGE WATER DISTRICT

<u>Monthly Water Rates:</u>		<u>Current</u>		<u>Proposed</u>		<u>Difference</u>	
First	2,000 Gallons	\$ 26.53	Minimum Bill	\$ 29.90	Minimum Bill	\$ 3.37	12.70%
Next	1,000 Gallons	\$ 0.00907	Per Gallon	\$ 0.01022	Per Gallon	\$ 0.00115	12.68%
Next	2,000 Gallons	\$ 0.00848	Per Gallon	\$ 0.00956	Per Gallon	\$ 0.00108	12.74%
Next	5,000 Gallons	\$ 0.00787	Per Gallon	\$ 0.00887	Per Gallon	\$ 0.00100	12.71%
All Over	10,000 Gallons	\$ 0.00725	Per Gallon	\$ 0.00817	Per Gallon	\$ 0.00092	12.69%

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS
Reid Village Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	599,543	7,245	A	606,788
Other Water Revenues:				
Forfeited Discounts	-			-
Misc. Service Revenues	-			-
Other Water Revenues	10,229	-		10,229
Total Operating Revenues	609,772	7,245		617,017
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	158,125	23,028	B	
		(1,365)	E	179,788
Salaries and Wages - Officers	3,500			3,500
Employee Pensions and Benefits	56,185	46,229	C	
		(4,491)	D	97,923
Purchased Water	208,483			208,483
Purchased Power	18,707			18,707
Chemicals	-	3,974	F	3,974
Materials and Supplies	6,107	(3,185)	E	
		(3,293)	F	(371)
Contractual Services - Accounting	4,500			4,500
Contractual Services - Management	-			-
Contractual Services - Other	2,938			2,938
Rental of Building/Real Property	-			-
Transportation Expenses	5,187			5,187
Insurance - General Liability	-			-
Insurance - Other	14,217			14,217
Bad Debt	-			-
Miscellaneous Expenses	33,735	-		33,735
Total Operation and Maintenance Expenses	511,684	60,897		572,581
Depreciation Expense	46,069	(7,669)	G	38,400
Taxes Other Than Income	15,120	(58)	H	15,062
Total Operating Expenses	572,873	53,170		626,043
Total Utility Operating Income	36,899	(45,925)		(9,026)

REVENUE REQUIREMENTS

Pro Forma Operating Expenses				626,043
Plus: Average Annual Principal and Interest Payments			I	61,057
Additional Working Capital			J	12,211
Total Revenue Requirement				699,311
Less: Other Operating Revenue				10,229
Interest Income				5,225
Revenue Required From Sales of Water				683,857
Less: Revenue from Sales with Present Rates				606,788
Required Revenue Increase				77,069
Percent Increase				12.70%

REFERENCES TO SAO ADJUSTMENTS

- A. Water revenues have been increased by \$7,245 to the amounts produced by the Billing Analysis using current rates.
- B. Increases in wage rates result in annual labor expenses increasing by \$23,028.
- C. New participation in CERS requires contributions of \$46,229.
- D. The District pays 100 percent of its employees' health and dental insurance premiums. The PSC requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 78 percent for single coverage and 67 percent for families. Applying those percentages to premiums to be paid in the current year results in a deduction from benefits expense of \$4,491.
- E. Labor used on new service taps results in a decrease of \$1,365. Materials used on new service taps results in a decrease of \$3,185.
- F. Previous misclassification of chlorine requires a decrease in materials and supplies of \$3,293 and an increase in chemicals of \$3,293. A known and measurable change in chlorine results in an additional increase in chemicals of \$681.
- G. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". Therefore, an adjustment is included to bring asset lives to the midpoint of the recommended ranges resulting in a decrease in depreciation expense of \$7,669 for the water division as shown in Table A.
- H. Payroll taxes are decreasing by \$58.
- I. Average annual principal and interest payments over the next five years are \$61,057.
- J. Average annual debt service coverage over the next five years is \$12,211.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS

Reid Village Water District

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Life</u>	<u>Proforma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>General Plant</u>							
Structures & Improvements	Various	\$ 262,161	Varies	6,553	37.5	6,991	438
Communication & Computer Eqmt.					10.0	-	-
Office Furniture & Equipment					22.5	-	-
Power Operated Equipment					12.5	-	-
Tools, Shop, & Garage Equipment	Various	\$ 25,470	Varies	1,906	17.5	1,455	(451)
Tank Repairs & Painting					15.0	-	-
<u>Source of Supply Plant</u>							
Collecting & Impounding Reservoirs					62.5	-	-
Supply Mains					62.5	-	-
<u>Pumping Plant</u>							
Structures & Improvements	Various	\$ 4,815	Varies	96	37.5	128	32
Telemetry					10.0	-	-
Pumping Equipment					20.0	-	-
<u>Transmission & Distribution Plant</u>							
Hydrants					50.0	-	-
Transmission & Distribution Mains	Various	\$ 1,713,948	Varies	34,279	62.5	27,423	(6,856)
Meter Installations					45.0	-	-
Meter Change-outs					15.0	-	-
Pump Equipment					20.0	-	-
Tank Fence					37.5	-	-
Services					40.0	-	-
Reservoirs & Tanks					45.0	-	-
Tank Painting & Repairs					15.0	-	-
<u>Transportation Equipment</u>							
Entire Group	Various	\$ 14,575	Varies	2,915	7.0	2,082	(833)
<u>Water Treatment Plant</u>							
Structures and Improvements					62.5	-	-
Water Treatment Equipment					27.5	-	-
TOTALS		\$ 2,020,969		\$ 45,749		\$ 38,080	\$ (7,669)

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

Table B
DEBT SERVICE SCHEDULE
Reid Village Water District
CY 2023 - 2027

	<u>CY 2023</u>		<u>CY 2024</u>		<u>CY 2025</u>		<u>CY 2026</u>		<u>CY 2027</u>		<u>TOTALS</u>
	<u>Principal</u>	<u>Interest & Fees</u>	<u>Principal</u>	<u>Interest & Fees</u>	<u>Principal</u>	<u>Interest & Fees</u>	<u>Principal</u>	<u>Interest & Fees</u>	<u>Principal</u>	<u>Interest & Fees</u>	
Loan 91-05	12,000	12,114	12,000	11,529	13,000	10,920	13,500	10,274	14,500	9,592	119,429
Loan 91-06	8,100	13,521	8,400	13,160	8,800	12,784	9,200	12,390	9,600	11,979	107,933
Loan B16-08	10,034	5,584	10,211	5,388	10,390	5,188	10,573	4,984	10,791	4,777	77,920
											-
											-
											-
TOTALS	30,134	31,220	30,611	30,077	32,190	28,892	33,273	27,648	34,891	26,348	\$ 305,283
Average Annual Principal & Interest											\$ 61,057
Average Annual Coverage											\$ 12,211

Attachment #5

2021 CURRENT BILLING ANALYSIS

Reid Village Water District

Summary	# of Bills	Gallons Sold	Revenue	
Billing Analysis Revenue	13,394	53,797,160	\$ 452,314	Unusable Calculation
Less Adjustments			\$ -	
Net Revenue			\$ 606,788	From Billing Analysis Total
From PSC Annual Report			\$ 599,543	
Difference			\$ 7,245	Adjustment to SAO Billed Retail Revenues 1.2%

CONSUMPTION BY RATE INCREMENT

	Usage	Bills	Gallons	First 2,000	Next 1,000	Next 2,000	Next 5,000	Over 10,000	Total
First	2,000	3,824	23,558,519	23,558,519	-	-	-	-	23,558,519
Next	1,000	2,937	8,138,967	5,874,000	2,264,967	-	-	-	8,138,967
Next	2,000	3,950	8,710,398	7,900,000	3,950,000	(3,139,602)	-	-	8,710,398
Next	5,000	2,289	5,560,499	4,578,000	2,289,000	4,578,000	(5,884,501)	-	5,560,499
Over	10,000	394	7,828,776	788,000	394,000	788,000	1,970,000	3,888,776	7,828,776
		13,394	53,797,160	42,698,519	8,897,967	2,226,398	(3,914,501)	3,888,776	53,797,160

REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	2,000	13,394	42,698,519	\$ 26.53	\$ 355,343
Next	1,000		8,897,967	\$ 0.00907	\$ 80,705
Next	2,000		2,226,398	\$ 0.00848	\$ 18,880
Next	5,000		(3,914,501)	\$ 0.00787	\$ (30,807)
Over	10,000		3,888,776	\$ 0.00725	\$ 28,194
		13,394	53,797,160		\$ 452,314

Attachment #6

2021 PROJECTED BILLING ANALYSIS

Reid Village Water District

Summary	# of Bills	Gallons Sold	Revenue	
Billing Analysis Revenue	13,394	53,797,160	\$ 509,752	Unusable Calculation
Less Adjustments			\$ -	
Net Revenue			\$ 509,752	
Revenue Required from Sale of Water			\$ 683,857	
Difference			\$ (174,105)	
			-25.5%	

CONSUMPTION BY RATE INCREMENT

	Usage	Bills	Gallons	First 2,000	Next 1,000	Next 2,000	Next 5,000	Over 10,000	Total
First	2,000	3,824	23,558,519	23,558,519	-	-	-	-	23,558,519
Next	1,000	2,937	8,138,967	5,874,000	2,264,967	-	-	-	8,138,967
Next	2,000	3,950	8,710,398	7,900,000	3,950,000	(3,139,602)	-	-	8,710,398
Next	5,000	2,289	5,560,499	4,578,000	2,289,000	4,578,000	(5,884,501)	-	5,560,499
Over	10,000	394	7,828,776	788,000	394,000	788,000	1,970,000	3,888,776	7,828,776
		13,394	53,797,160	42,698,519	8,897,967	2,226,398	(3,914,501)	3,888,776	53,797,160

REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	2,000	13,394	42,698,519	\$ 29.90	\$ 400,481
Next	1,000		8,897,967	\$ 0.01022	\$ 90,937
Next	2,000		2,226,398	\$ 0.00956	\$ 21,284
Next	5,000		(3,914,501)	\$ 0.00887	\$ (34,722)
Over	10,000		3,888,776	\$ 0.00817	\$ 31,771
		13,394	53,797,160		\$ 509,752

Attachment #7

Future Depreciation Report FYE: 12/31/21

Land

<u>Asset</u>	<u>Description</u>	<u>Date In Service</u>	<u>Cost</u>	<u>Tax</u>	<u>AMT</u>
Other Depreciation:					
1	LAND	1/01/00	7,000	0	0
12	Land-Winchester Rd	5/20/16	100,000	0	0
Total Other Depreciation			<u>107,000</u>	<u>0</u>	<u>0</u>
Total ACRS and Other Depreciation			<u>107,000</u>	<u>0</u>	<u>0</u>
Grand Totals			<u>107,000</u>	<u>0</u>	<u>0</u>

Future Depreciation Report FYE: 12/31/21
Structures & Improvements

<u>Asset</u>	<u>Description</u>	<u>Date In Service</u>	<u>Cost</u>	<u>Tax</u>	<u>AMT</u>
<u>Other Depreciation:</u>					
13	Winchester Road Buildings	5/20/16	250,000	6,250	6,411
14	Building renovations	9/01/16	7,614	190	0
22	Garage room construction	3/07/17	4,547	113	0
	Total Other Depreciation		<u>262,161</u>	<u>6,553</u>	<u>6,411</u>
	Total ACRS and Other Depreciation		<u>262,161</u>	<u>6,553</u>	<u>6,411</u>
	Grand Totals		<u>262,161</u>	<u>6,553</u>	<u>6,411</u>

Future Depreciation Report FYE: 12/31/21
Water Treatment Equipment

<u>Asset</u>	<u>Description</u>	<u>Date In Service</u>	<u>Cost</u>	<u>Tax</u>	<u>AMT</u>
<u>Other Depreciation:</u>					
11	Hydrastop valve-Devonne Tower	9/02/15	<u>4,815</u>	<u>96</u>	<u>0</u>
	Total Other Depreciation		<u>4,815</u>	<u>96</u>	<u>0</u>
	Total ACRS and Other Depreciation		<u>4,815</u>	<u>96</u>	<u>0</u>
	Grand Totals		<u>4,815</u>	<u>96</u>	<u>0</u>

Future Depreciation Report FYE: 12/31/21

Transmission & Distribution Mains

<u>Asset</u>	<u>Description</u>	<u>Date In Service</u>	<u>Cost</u>	<u>Tax</u>	<u>AMT</u>
<u>Other Depreciation:</u>					
6	PLANT EQUIPMENT LINES	1/01/00	<u>1,713,948</u>	<u>34,279</u>	<u>0</u>
	Total Other Depreciation		<u>1,713,948</u>	<u>34,279</u>	<u>0</u>
	Total ACRS and Other Depreciation		<u>1,713,948</u>	<u>34,279</u>	<u>0</u>
	Grand Totals		<u>1,713,948</u>	<u>34,279</u>	<u>0</u>

Future Depreciation Report FYE: 12/31/21

Transportation Equipment

Asset	Description	Date In Service	Cost	Tax	AMT
Other Depreciation:					
3	2007 CHEVY	8/01/06	20,680	0	0
4	2000 CHEVY	10/01/10	7,500	0	0
5	2011 CHEVY COLORADO	5/23/11	12,940	0	0
7	TRAILER	5/13/13	3,450	0	0
8	KUBOTA EXCAVATOR	5/21/13	40,800	0	0
9	Enclosed trailer	5/01/09	2,000	0	0
20	2003 Chevy 3500	10/18/17	14,575	2,915	0
	Total Other Depreciation		<u>101,945</u>	<u>2,915</u>	<u>0</u>
	Total ACRS and Other Depreciation		<u>101,945</u>	<u>2,915</u>	<u>0</u>
	Grand Totals		<u>101,945</u>	<u>2,915</u>	<u>0</u>

Future Depreciation Report FYE: 12/31/21

Tools, Shop & Garage Equipment

Asset	Description	Date In Service	Cost	Tax	AMT
Other Depreciation:					
10	Air compressor with tarp	4/01/09	4,500	0	0
15	2 Air compressors	5/01/16	2,000	133	0
16	Trash pump	12/08/16	1,216	223	0
17	Butterfly valve	9/22/16	7,842	156	0
18	Impeller kit	7/06/16	5,939	118	0
19	HVAC Unit Garage	1/03/17	1,100	220	0
21	Auto Flushing Device	3/28/17	2,329	47	0
23	Lift in garage	6/12/19	5,044	1,009	0
Total Other Depreciation			<u>29,970</u>	<u>1,906</u>	<u>0</u>
Total ACRS and Other Depreciation			<u>29,970</u>	<u>1,906</u>	<u>0</u>
Grand Totals			<u>29,970</u>	<u>1,906</u>	<u>0</u>

Attachment #8

LOAN AGREEMENT

This Loan Agreement made and entered into as of the 27th day of February, 1997 (the "Loan Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation instrumentality of the various entities of the Commonwealth of Kentucky (the "Corporation") and Reid Village Water District (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Corporation has established its Public Projects Construction Financing Program (the "Program") designed to provide financing of construction to governmental entities under which the Corporation has determined to issue under its Public Projects Construction Notes, Series 1996, dated October 1, 1996 (the "Notes") pursuant to a Trust Indenture dated as of October 1, 1996 (the Indenture") between the Corporation and The Fifth Third Bank, trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making Loans, pursuant to Loan Agreements for Construction of their Projects, in order to provide a centralized source of interim construction financing and to reduce interest costs financing expenses of such governmental entities; and

WHEREAS, the Governmental Agency has obtained a commitment for Permanent Financing for its Project as hereinafter defined, from RD; and

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

WHEREAS RD has or will appropriate funds in amounts sufficient to enable it to honor said commitments for Permanent Financing of such Projects; and

WHEREAS, the Corporation has found and determined that the construction of the Project will be in furtherance of the purposes of the Corporation and the Governmental Agency under the Act; and

WHEREAS, pursuant to this Loan Agreement the Governmental Agency will proceed with the construction of the Project; and

WHEREAS, pursuant to this Loan Agreement the Governmental Agency will irrevocably assign to the Trustee, for the benefit of the Corporation, all right, title and interest in and to monies to be received pursuant to the Permanent Financing, which monies will be used by the Trustee to pay principal of and interest on the Notes; and

WHEREAS, the Corporation 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; and

WHEREAS, the Corporation and the Governmental Agency have determined to enter into this Loan 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 construction and financing of the Project subject to the repayment of the Loan and the interest thereon and subject to the terms of the commitment for Permanent Financing;

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

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. All of the terms utilized in this Loan 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 Loan 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 58 of the Kentucky Revised Statutes, as amended.

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

"*Authorized Officer*" shall mean the President, Vice-President, Treasurer or Secretary of the Corporation, and any other of its members, officers, agents, or employees duly authorized by resolution of the Corporation to perform the act or sign document in question.

"*Business Day*" shall mean any day other than a Saturday, Sunday or other legal holiday on which the main corporate trust office of the Trustee is closed.

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

"*Commitment Letter*" means the RD Commitment Letter evidencing the approval by RD of Permanent Financing for the Project.

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

"*Corporation*" shall mean the Kentucky Rural Water Finance Corporation, a non-profit corporation and an instrumentality of the Governmental Agency and other governmental entities.

"*Costs*" or "*Project Costs*" shall mean the costs of the Project as approved by RD including interest during the construction of the Project.

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

"*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 Loan Agreement shall mean the Governmental Agency identified in the Application.

"*Governmental Agency's Account*" shall mean the separate accounts within the Program Fund under the Indenture, established for each particular Project.

"*Indenture*" shall mean the Trust Indenture dated as of October 1, 1996, between the Corporation and the Trustee, outstanding to which the Notes have been issued and are secured.

"*Investment Earnings*" shall mean interest earned on amounts on deposit in the Governmental Agency's Account established for the Governmental Agency.

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

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

"*Loan Note*" shall mean the Note of the Governmental Agency to the Corporation dated as of the date hereof assigned to the Trustee representing the loan obligations of the Governmental Agency set forth in this Loan Agreement.

"*Loan Payment Date*" shall mean the Business Day agreed to by the Trustee which day shall be no more than three (3) Business Days after receipt by the Governmental Agency of the proceeds of the Permanent Financing.

"*Loan Payments*" shall mean all payments to the Corporation by the Governmental Agency under this Loan Agreement.

"*Maturity Date*" shall mean the Maturity Date for the Loan.

"*Note*" or *Notes*" shall mean any of the Corporation's \$35,000,000 Public Projects Construction Notes, Series 1996, dated October 1, 1996.

"*Permanent Financing*" shall mean bonds issued by the Governmental Agency and delivered to RD as purchaser.

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

"*Program*" shall mean the Public Projects Construction Financing Program of the Corporation as distinguished from any other programs of the Corporation.

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

"*RD*" means the Rural Development of the United States Department of Agriculture or its successors or assigns.

"*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 Corporation as construction of the Project progresses.

"*System*" shall mean the utility system owned and operated by the Governmental Agency of which the Project shall become a part.

"*Trustee*" shall mean The Fifth Third Bank, Cincinnati Ohio, and its successor or successors, and any other corporation acting at any time as Trustee under the Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

(A) The Corporation is a non-profit corporation and an instrumentality of the Governmental Agency and other governmental entities, has all necessary power and Corporation to enter into, and perform its obligations under, this Loan Agreement, and has duly authorized the execution and delivery of this Loan 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 Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Corporation, there is no litigation or proceeding pending or threatened against the Corporation or any other person affecting the right of the Corporation to execute or deliver this Loan Agreement or to comply with its obligations under this Loan Agreement. Neither the execution and delivery of this Loan Agreement by the Corporation, nor compliance by the Corporation with its obligations under this Loan 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 Loan Agreement and all actions of the Corporation with respect thereto, are in compliance with the Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Corporation 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 Loan Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this Loan 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 Loan Agreement and the Loan Note has been duly executed and delivered by the Governmental Agency and are valid and binding obligations of the Governmental Agency enforceable in accordance with their 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.

(D) There is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the Corporation of the Governmental Agency or its governing body to make payments under this Loan Agreement or to construct the Project, or to challenge in any manner the Corporation 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 Loan Agreement or the construction of the Project, or in any way contesting or affecting the validity of this Loan Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Loan 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 Loan Agreement.

(E) The authorization and delivery of this Loan 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 Loan 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 Loan Agreement, the Loan Note 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, and to enter into this Loan 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 Corporation to perform the acts and things as provided for in this Loan 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.

Section 2.3. Representations and Warranties of the Governmental Agency Concerning the Commitment Letter. The Governmental Agency additionally represents and warrants that the Governmental Agency has (i) received all approvals of RD required in connection with the Construction of the Project, (ii) received a commitment for Permanent Financing of its Project with presently obligated funds on or before the Maturity Date and (iii) if the Permanent Financing is to be provided by RD, sold its obligations representing the Permanent Financing to RD, as evidenced by an opinion of bond counsel.

Section 2.4. Representations Concerning the Permanent Financing. The Governmental Agency acknowledges and agrees that the Corporation has relied upon the establishment of the Permanent Financing by the Governmental Agency and RD, and that the Corporation and its officers, agents and employees have made an independent investigation thereof or otherwise attempted to verify the circumstances regarding the Permanent Financing. The Governmental Agency further represents to the Corporation that such Permanent Financing has been established by the Governmental Agency and RD with all due regard for the character and nature of the Project, including the potential impact of foreseeable occurrences that reasonably might be expected to delay the scheduled completion of the Project.

Section 2.5. Representations, Warranties and Covenants Concerning RD. If the Permanent Financing is to be provided by RD, the Governmental Agency further represents, warrants and covenants, as follows:

(A) The Governmental Agency is not in breach of or in default under any of the provisions of the loan documents or any instruments, proceedings or other documentation authorizing the issuance of or securing the payment of the Permanent Financing.

(B) The execution and delivery of the RD loan documents and the compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the Governmental Agency a breach of or default under any contract, agreement, instrument, indenture or proceedings or any law, regulation, court order or consent decree to which the Governmental Agency is now subject.

(C) The RD loan documents have been duly authorized, executed and delivered by the Governmental Agency and are valid and binding obligations of the Governmental Agency.

(D) The Permanent Financing has been duly authorized and sold to RD pursuant to law and shall constitute a valid and binding obligation of the Governmental Agency upon delivery to RD and the payment therefor in accordance with the terms of sale.

(E) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to be pending or threatened against the Governmental

Agency in any way contesting or affecting any Corporation for the issuance of or the validity of the Permanent Financing or the RD loan documents or in any way adversely affecting the transactions contemplated thereby.

(F) The Governmental Agency will comply in all respects with the terms and provisions of the RD loan documents.

(G) The Governmental Agency will promptly remit, in accordance with the provisions of the RD loan documents, each disbursement from its Governmental Agency's Account to the person or persons to whom payment is then due and owing.

(H) The Governmental Agency will not unilaterally terminate, or enter into any agreement to terminate, any of the RD loan documents and will give to the Corporation and the Trustee prompt written notice, appropriately documented, of any amendment to or modification of any of the RD loan documents.

ARTICLE III

CORPORATION'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Corporation has determined that the Governmental Agency's Project is a project under the Act and the Governmental Agency is entitled to financial assistance from the Corporation 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 \$411,000 (the "Loan Amount"). Principal shall be paid in full on or before February 15, 1998 (the "Maturity Date"). The Loan shall bear interest at a per annum rate equal to five and 60/100 percent (5.60%), payable on the Loan Payment Date. The Loan shall be evidenced by the execution by the Governmental Agency of the Loan Note and delivery and assignment thereof to the Trustee.

The proceeds of the Loan shall be deposited in a Governmental Agency's Account established for the Governmental Agency. The Corporation shall disburse amounts from such Governmental Agency's Account 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.

Payment of principal of the Loan shall be made at the principal corporate trust office of the Trustee on the Loan Payment Date, which date shall not be after the Maturity Date. In addition to the payment of principal of and interest on the Loan, the Governmental Agency shall pay to the Corporation all of the expenses and fees, including any share of investment earnings required to be rebated to the United States of America pursuant to the Code, arising from the making of the Loan by the Corporation to the Governmental Agency. The Governmental Agency shall receive a credit against its payment of principal hereunder in an amount equal to (i) amounts remaining in its Governmental Agency's Account on the date the Loan is paid in full and (ii) Investment Earnings.

Section 3.3. Rebate to Governmental Agency. Within ninety (90) days following the payment in full of the Notes of the Corporation issued under the Indenture, the Corporation shall rebate or cause to be rebated to the Governmental Agency a portion of the monies remaining in the accounts held by the Trustee under the Indenture after repayment of or provision for repayment of all necessary fees, costs and expenses of the Trustee and the Administrative Costs of the Program (the "Rebate Amount"), on the following basis:

- (A) All interest paid on the Loans provided that if the remaining Rebate Amount is not sufficient to rebate all interest paid on all Loans, the rebate will be equal to the remaining Rebate Amount multiplied by a ratio whose numerator is the Governmental Agency's Loan amount and whose denominator is the total Loan amounts on all Governmental Agency's Accounts.

Section 3.4. Covenant Regarding Permanent Financing. The Governmental Agency does hereby separately covenant that if for any reason RD fails to provide the Permanent Financing by accepting delivery thereof on or before the Maturity Date, the Governmental Agency shall continue to pay interest on the Loan at the rate set forth in Section 3.2 from amounts in its Governmental Agency's Account or its own funds, as determined by the Corporation, and if RD has not purchased the Permanent Financing by February 15, 1998 retire the Loan on such date. Such retirement shall be effected from the proceeds of other temporary or Permanent Financing or other borrowing of whatever nature or from any other legally available funds of the Governmental Agency.

The Governmental Agency will give to the Corporation and the Trustee prompt written notice, appropriately documented, of any modification, suspension, termination, annulment or other change in status of the RD commitment for Permanent Financing. In such event the Corporation shall provide express written instructions to the Trustee specifically detailing to the Trustee the manner in which the duties of the Trustee under the Indenture will change as a result of such modification, suspension, annulment or other change.

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 Loan 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 Corporation, if requested, appropriate documentation, satisfactory to the Corporation, in its sole discretion, indicating the following:

(A) That the Corporation and any appropriate regulatory agency of the Commonwealth as may be designated by the Corporation, 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 Corporation (as described in the Application) the Corporation 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 Corporation 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 its Engineers.

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

(F) Unless construction of the Project has already been initiated as of the date of this Loan 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 Corporation.

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

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

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Loan 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) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(K) 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.

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

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

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

(O) 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 Corporation, acting by and through its duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and

records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Corporation such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state grants.

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

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

(R) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Corporation. 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 Corporation, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

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

Section 4.2. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Trustee a Requisition for Funds during the first five days of each month (or such other designated period as is acceptable to the Trustee), in substantially the same form as that attached to this Loan Agreement as Exhibit B and made a part hereof.

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

ARTICLE V

ASSIGNMENT AND GENERAL COVENANTS OF THE GOVERNMENTAL AGENCY

Section 5.1. Pledge and Assignment. The Governmental Agency does hereby irrevocably assign and pledge to the Corporation and its successors or assigns, for the benefit of the owners of all Notes issued under the Indenture, all right, title and interest of the Governmental Agency in and to the proceeds of the Permanent Financing and all monies to be received from RD, as applicable, pursuant to RD's expressed intention to provide Permanent Financing for the Project. The Governmental Agency acknowledges and agrees that the Corporation pursuant to the Indenture has assigned and pledged to the Trustee for the benefit and security of the owners of the Notes all of its rights under the provisions of this Loan Agreement and the Loan Note. Accordingly, this Loan Agreement shall not be terminated, modified or changed by the Corporation or the Governmental Agency except with the consent of the Trustee in the manner and subject to the conditions permitted by the terms and provisions of the Indenture.

Section 5.2. Further Assurance. At any time and all times the Governmental Agency shall, so far as it maybe 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 5.3. 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 so that the Permanent Financing can be delivered on or prior to the Maturity Date.

Section 5.4. Tax Covenant. 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 Corporation 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 Corporation. 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 5.5 Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries

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

Section 5.6. 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 any agreements regarding the Permanent Financing and under any provisions of the Act and this Loan Agreement in accordance with the terms of such provisions.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default Defined. The following will be "Events of Default" under this Loan Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any Loan payments at the times specified herein including the principal and interest due on the Loan Note.

(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 Corporation unless the Corporation 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 Corporation 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.

Section 6.2. Remedies on Default. Whenever any Event of Default referred to in Section 6.1 has occurred and is continuing, the Corporation 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 Corporation set forth in the Act.

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

Section 6.3. 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 Corporation under this Loan Agreement, the Corporation 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 Corporation 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 6.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation 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 6.5. Consent to Powers of Corporation Under Act and this Loan Agreement. The Governmental Agency hereby acknowledges to the Corporation its understanding of the provisions of the Act and this Loan Agreement, vesting in the Corporation 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 Corporation 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 Corporation in the due and prompt implementation of this Loan Agreement.

Section 6.6. 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 6.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto is in default under any of the provisions hereof and the nondefaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1. Approval not to be Unreasonably Withheld. Any approval of the Corporation required by this Loan 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 Corporation, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Loan Agreement requiring the approval of the Corporation or the satisfaction or the evidence of satisfaction of the Corporation shall be interpreted as requiring action by an authorized officer of the Corporation granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 7.2. Effective Date. This Loan Agreement shall become effective as of the date first set forth hereinabove and shall continue to full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Loan Agreement have been fully satisfied.

Section 7.3. Binding Effect. This Loan 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 Loan Agreement shall not be revocable by either of the parties, nor assignable by either parties without the written consent of the other party.

Section 7.4. Severability. In the event that any provision of this Loan 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 7.5. Execution in Counterparts. This Loan 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 7.6. Applicable Law. This Loan Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 7.7. 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 Loan Agreement.

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

KENTUCKY RURAL WATER FINANCE
CORPORATION

By _____

Title _____

REID VILLAGE WATER DISTRICT

By Tom Hickey
Chairman

LOAN AGREEMENT

This Loan Agreement made and entered into as of the 26th day of October, 2005 (the "Loan Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of various entities of the Commonwealth of Kentucky (the "Corporation") and the Reid Village Water District (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Corporation has established its Public Projects Construction Financing Program (the "Program") designed to provide financing of construction to governmental entities under which the Corporation has determined to issue under its Public Projects Construction Notes, Series 2003, dated October 1, 2003 (the "Notes") pursuant to a Trust Indenture dated as of October 1, 2003 (the Indenture") between the Corporation and The Bank of New York Trust Company, N.A., trustee, as successor to Fifth Third Bank (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making Loans, pursuant to Loan Agreements for Construction of their Projects, in order to provide a centralized source of interim construction financing and to reduce interest costs financing expenses of such governmental entities; and

WHEREAS, the Governmental Agency has obtained a commitment for Permanent Financing for its Project as hereinafter defined, from RD; and

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

WHEREAS RD has or will appropriate funds in amounts sufficient to enable it to honor said commitments for Permanent Financing of such Projects; and

WHEREAS, the Corporation has found and determined that the construction of the Project will be in furtherance of the purposes of the Corporation and the Governmental Agency under the Act; and

WHEREAS, pursuant to this Loan Agreement the Governmental Agency will proceed with the construction of the Project; and

WHEREAS, pursuant to this Loan Agreement the Governmental Agency will irrevocably assign to the Trustee, for the benefit of the Corporation, all right, title and interest in and to monies to be received pursuant to the Permanent Financing, which monies will be used by the Trustee to pay principal of and interest on the Notes; and

WHEREAS, the Corporation 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; and

WHEREAS, the Corporation and the Governmental Agency have determined to enter into this Loan 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 construction and financing of the Project subject to the repayment of the Loan and the interest thereon and subject to the terms of the commitment for Permanent Financing;

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

Section 1.1. Definitions. All of the terms utilized in this Loan 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 Loan 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 58 of the Kentucky Revised Statutes, as amended.

"*Adjusted Interest Rate*" shall mean the interest rate per annum, adjusted from time to time on each Interest Rate Conversion Date, determined and calculated by the Remarketing Agent, that is necessary to cover the interest costs on the Notes and the administrative fees, expenses and costs of the Program, including but not limited to the costs incurred in issuing the Loan and the Notes issued to fund the Loan; provided however that the Adjusted Interest Rate shall not exceed 6.00% per annum.

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

"*Authorized Officer*" shall mean the President, Vice-President, Treasurer or Secretary of the Corporation, and any other of its members, officers, agents, or employees duly authorized by resolution of the Corporation to perform the act or sign the document in question.

"*Business Day*" means any day other than a Saturday, a Sunday, a day on which banking institutions in the State of Kentucky or the State of New York are required to be made or the principal corporate trust office of the Trustee is located are closed as authorized or obligated by law or administrative order or a day on which the New York Stock Exchange is closed.

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

"*Commitment Letter*" means the RD Commitment Letter evidencing the approval by RD of Permanent Financing for the Project.

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

"*Corporation*" shall mean the Kentucky Rural Water Finance Corporation, a non-profit corporation and an instrumentality of the Governmental Agency and other governmental entities.

"Costs" or "Project Costs" shall mean the costs of the Project as approved by RD including interest during the construction of the Project.

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

"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 Loan Agreement shall mean the Governmental Agency identified in the Application.

"Governmental Agency's Account" shall mean the separate accounts within the Program Fund under the Indenture, established for each particular Project.

"Immediate Notice" shall mean notice given by telephone, telecopy, telegraph or other electronic means, promptly confirming in writing in accordance with the requirements of the Indenture.

"Indenture" shall mean the Trust Indenture dated as of October 1, 2003, between the Corporation and the Trustee, outstanding to which the Notes have been issued and are secured.

"Interest Rate" shall mean 4.10% per annum accruing from the date of this Loan Agreement to the next succeeding Interest Rate Conversion Date and thereafter from the Interest Rate Conversion Date to the earlier of the next succeeding Interest Rate Conversion Date or the Maturity Date at the Adjusted Interest Rate.

"Interest Rate Conversion Date" shall mean the first Business Day of each April and October beginning on the first Interest Rate Conversion Date succeeding the date of this Loan Agreement.

"Investment Earnings" shall mean interest earned on amounts on deposit in the Governmental Agency's Account established for the Governmental Agency.

"Loan" shall mean the loan effected, pursuant to one or more draws, under this Loan Agreement from the Corporation to the Governmental Agency in the principal amount set forth in the Application, for the purpose of defraying the costs incidental to the Construction of the Project.

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

"*Loan Note*" shall mean the notes of the Governmental Agency to the Corporation dated as of their respective dates assigned to the Trustee representing the loan obligations of the Governmental Agency set forth in this Loan Agreement.

"*Loan Payment Date*" shall mean the Business Day agreed to by the Trustee which day shall be no more than three (3) Business Days after receipt by the Governmental Agency of the proceeds of the Permanent Financing.

"*Loan Payments*" shall mean all payments to the Corporation by the Governmental Agency under this Loan Agreement.

"*Maturity Date*" shall mean the Maturity Date for the Loan.

"*Note*" or "*Notes*" shall mean any of the Corporation's Public Projects Construction Notes, Series 2003, issued from time to time in one or more series.

"*Permanent Financing*" shall mean bonds issued by the Governmental Agency and delivered to RD as purchaser.

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

"*Program*" shall mean the Public Projects Construction Financing Program of the Corporation as distinguished from any other programs of the Corporation.

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

"*Remarketing Agent*" shall mean Morgan Keegan & Co., Inc., acting in its capacity as remarketing agent for the Notes, and its successors and assigns as remarketing agent for the Notes appointed under the Indenture.

"*RD*" means the Rural Development of the United States Department of Agriculture or its successors or assigns.

"*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 Corporation as construction of the Project progresses.

"*System*" shall mean the utility system owned and operated by the Governmental Agency of which the Project shall become a part.

"*Trustee*" shall mean The Bank of New York Trust Company, N.A., Cincinnati, Ohio, as successor to Fifth Third Bank, and its successor or successors, and any other corporation acting at any time as Trustee under the Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

(A) The Corporation is a non-profit corporation and an instrumentality of the Governmental Agency and other governmental entities, has all necessary power and authority to enter into, and perform its obligations under, this Loan Agreement, and has duly authorized the execution and delivery of this Loan 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 Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Corporation, there is no litigation or proceeding pending or threatened against the Corporation or any other person affecting the right of the Corporation to execute or deliver this Loan Agreement or to comply with its obligations under this Loan Agreement. Neither the execution and delivery of this Loan Agreement by the Corporation, nor compliance by the Corporation with its obligations under this Loan 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 Loan Agreement and all actions of the Corporation with respect thereto, are in compliance with the Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of Governmental Agency . The Governmental Agency hereby represents and warrants for the benefit of the Corporation 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 Loan Agreement and consummate the transactions contemplated hereby.

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

(C) This Loan Agreement and the Loan Note has been duly executed and delivered by the Governmental Agency and are valid and binding obligations of the Governmental Agency enforceable in accordance with their 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.

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

(E) The authorization and delivery of this Loan 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 Loan 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 Loan Agreement, the Loan Note 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, and to enter into this Loan 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 Loan 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.

Section 2.3. Representations and Warranties of the Governmental Agency Concerning the Commitment Letter. The Governmental Agency additionally represents and warrants that the Governmental Agency has (i) received all approvals of RD required in connection with the Construction of the Project, (ii) received a commitment for Permanent Financing of its Project with presently obligated funds on or before the Maturity Date and (iii) if the Permanent Financing is to be provided by RD, sold its obligations representing the Permanent Financing to RD, as evidenced by an opinion of bond counsel.

Section 2.4. Representations Concerning the Permanent Financing . The Governmental Agency acknowledges and agrees that the Corporation has relied upon the establishment of the Permanent Financing by the Governmental Agency and RD, and that the Corporation and its officers, agents and employees have made an independent investigation thereof or otherwise attempted to verify the circumstances regarding the Permanent Financing. The Governmental Agency further represents to the Corporation that such Permanent Financing has been established by the Governmental Agency and RD with all due regard for the character and nature of the Project, including the potential impact of foreseeable occurrences that reasonably might be expected to delay the scheduled completion of the Project.

Section 2.5. Representations, Warranties and Covenants Concerning RD . If the Permanent Financing is to be provided by RD, the Governmental Agency further represents, warrants and covenants, as follows:

(A) The Governmental Agency is not in breach of or in default under any of the provisions of the loan documents or any instruments, proceedings or other documentation authorizing the issuance of or securing the payment of the Permanent Financing.

(B) The execution and delivery of the RD loan documents and the compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the Governmental Agency a breach of or default under any contract, agreement, instrument, indenture or proceedings or any law, regulation, court order or consent decree to which the Governmental Agency is now subject.

(C) The RD loan documents have been duly authorized, executed and delivered by the Governmental Agency and are valid and binding obligations of the Governmental Agency.

(D) The Permanent Financing has been duly authorized and sold to RD pursuant to law and shall constitute a valid and binding obligation of the Governmental Agency upon delivery to RD and the payment therefor in accordance with the terms of sale.

(E) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to be pending or threatened against the Governmental Agency in any way contesting or affecting any authority for the issuance of or the validity of the Permanent Financing or the RD loan documents or in any way adversely affecting the transactions contemplated thereby.

(F) The Governmental Agency will comply in all respects with the terms and provisions of the RD loan documents.

(G) The Governmental Agency will promptly remit, in accordance with the provisions of the RD loan documents, each disbursement from its Governmental Agency's Account to the person or persons to whom payment is then due and owing.

(H) The Governmental Agency will not unilaterally terminate, or enter into any agreement to terminate, any of the RD loan documents and will give to the Corporation and the Trustee prompt written notice, appropriately documented, of any amendment to or modification of any of the RD loan documents.

ARTICLE III

CORPORATION'S AGREEMENT TO MAKE LOAN; TERMS

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

Section 3.2. Principal Amount Of Loan Established; Prepayment Premium; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be \$400,000 (the "Loan Amount"). Principal shall be paid in full on or before September 1, 2006 (the "Maturity Date"). Principal of the Loan may be prepaid at any time prior to maturity, provided, however, that a prepayment premium not to exceed 0.175% of the original face amount of the Loan may be assessed by the Corporation if such Loan is prepaid prior to the next succeeding Interest Rate Conversion Date following the date of this Loan Agreement. The aforesaid prepayment premium is subject to change on any Interest Rate Conversion Date.

The Loan shall bear interest from the date of this Loan Agreement at the Interest Rate and shall accrue on the outstanding principal amount of the Loan. The principal of and interest on the Loan shall be payable on the Loan Payment Date. The Loan shall be evidenced by the execution by the Governmental Agency of the Loan Note and delivery and assignment thereof to the Trustee.

By no later than 4:00 p.m., New York, New York time on or before the 14th calendar next preceding an Interest Rate Conversion Date (or if such day is not a Business Day, on the immediately succeeding Business Day), the Remarketing Agent shall determine the Adjusted Interest Rate to be in effect to the next succeeding Interest Rate Conversion Date and shall give Immediate Notice to the Governmental Agency, the Trustee and the Issuer of the Adjusted Interest Rate.

The proceeds of the Loan shall be deposited in a Governmental Agency's Account established for the Governmental Agency. The Corporation shall disburse amounts from such Governmental Agency's Account 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.

Payment of principal of the Loan shall be made at the principal corporate trust office of the Trustee on the Loan Payment Date, which date shall not be after the Maturity Date. In addition to the payment of principal of and interest on the Loan, the Governmental Agency shall pay to the Corporation all of the expenses and fees, including any share of investment earnings required to be rebated to the United States of America pursuant to the Code, arising from the making of the Loan by the Corporation to the Governmental Agency. The Governmental Agency shall receive a credit against its payment of principal hereunder in an amount equal to (i) amounts remaining in its Governmental Agency's Account on the date the Loan is paid in full and (ii) Investment Earnings.

Section 3.3. Rebate to Governmental Agency. Within ninety (90) days following the payment in full of the Notes of the Corporation issued under the Indenture, the Corporation shall rebate or cause to be rebated to the Governmental Agency a portion of the monies remaining in the accounts held by the Trustee under the Indenture after repayment of or provision for repayment of all necessary fees, costs and expenses of the Trustee and the Administrative Costs of the Program (the "Rebate Amount"), on the following basis:

- (A) All interest paid on the Loans provided that if the remaining Rebate Amount is not sufficient to rebate all interest paid on all Loans, the rebate will be equal to the remaining Rebate Amount multiplied by a ratio whose numerator is the Governmental Agency's Loan amount and whose denominator is the total Loan amounts on all Governmental Agency's Accounts.

Section 3.4. Covenant Regarding Permanent Financing. The Governmental Agency does hereby separately covenant that if for any reason RD fails to provide the Permanent Financing by accepting delivery thereof on or before the Maturity Date, the Governmental Agency shall continue to pay interest on the Loan at the rate set forth in Section 3.2 from amounts in its Governmental Agency's Account or its own funds, as determined by the Corporation, and if RD has not purchased the Permanent Financing by September 1, 2006 retire the Loan on such date. Such retirement shall be effected from the proceeds of other temporary or Permanent Financing or other borrowing of whatever nature or from any other legally available funds of the Governmental Agency.

The Governmental Agency will give to the Corporation and the Trustee prompt written notice, appropriately documented, of any modification, suspension, termination, annulment or other change in status of the RD commitment for Permanent Financing. In such event the Corporation shall provide express written instructions to the Trustee specifically detailing to the Trustee the manner in which the duties of the Trustee under the Indenture will change as a result of such modification, suspension, annulment or other change.

Section 3.5. Conversion to an RD Multiple Advance Loan. If the Remarketing Agent, pursuant to the terms of the Indenture, has not remarketed the Notes by 3:00 p.m. on the 15th calendar day preceding any Interest Rate Conversion Date (or if such day is not a Business Day, on the next succeeding Business Day) then the Remarketing Agent shall give Immediate Notice to the Issuer, the Trustee and RD of the principal amount of Notes which the Remarketing Agent was unable to successfully remarket (the "Unremarketed Notes").

On the 14th calendar day preceding any Interest Rate Conversion Date (or if such day is not a Business Day, on the next succeeding Business Day) the Trustee, the Issuer and RD shall determine if the Governmental Agency's Loan shall be assigned to RD on the next succeeding Interest Rate Conversion Date and that if such Loan is to be assigned to RD, the interest rate on the Loan shall be converted to the applicable RD multiple advance rate (the "RD Rate"). The Trustee shall notify the Governmental Agency that (i) the Trustee shall assign the Loan to RD on the Interest Rate Conversion Date, (ii) the interest rate on the Loan shall thereafter be fixed at the RD Rate, (iii) the

amount to be advance by RD to purchase the Loan and (iv) from the date of assignment of the Loan to RD, the terms of the Loan shall be subject to the terms and conditions of the RD multiple advance program.

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 Loan 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 Corporation, if requested, appropriate documentation, satisfactory to the Corporation, in its sole discretion, indicating the following:

(A) That the Corporation and any appropriate regulatory agency of the Commonwealth as may be designated by the Corporation, 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 Corporation (as described in the Application) the Corporation 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 Corporation 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 its Engineers.

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

(F) Unless construction of the Project has already been initiated as of the date of this Loan 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 Corporation.

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

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

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Loan 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) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(K) 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.

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

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

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

(O) 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 Corporation, acting by and through its duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records

relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Corporation such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state grants.

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

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

(R) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Corporation. 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 Corporation, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

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

Section 4.2. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Trustee a Loan Note and a Requisition for Funds during the first five days of each month (or such other designated period as is acceptable to the Trustee). The Loan Note shall be in substantially the same form as that attached to this Loan Agreement as Exhibit C and made a part hereof and the Requisition of Funds shall be in substantially the same form as that attached to this Loan Agreement as Exhibit B and made a part hereof.

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

ARTICLE V

ASSIGNMENT AND GENERAL COVENANTS OF THE GOVERNMENTAL AGENCY

Section 5.1. Pledge and Assignment The Governmental Agency does hereby irrevocably assign and pledge to the Corporation and its successors or assigns, for the benefit of the owners of all Notes issued under the Indenture, all right, title and interest of the Governmental Agency in and to the proceeds of the Permanent Financing and all monies to be received from RD, as applicable, pursuant to RD's expressed intention to provide Permanent Financing for the Project. The Governmental Agency acknowledges and agrees that the Corporation pursuant to the Indenture has assigned and pledged to the Trustee for the benefit and security of the owners of the Notes all of its rights under the provisions of this Loan Agreement and the Loan Note. Accordingly, this Loan Agreement shall not be terminated, modified or changed by the Corporation or the Governmental Agency except with the consent of the Trustee in the manner and subject to the conditions permitted by the terms and provisions of the Indenture.

Section 5.2. 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 5.3. 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 so that the Permanent Financing can be delivered on or prior to the Maturity Date.

Section 5.4. Tax Covenant. 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 Corporation 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 Corporation. 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 5.5 Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Project, which shall at all reasonable times be subject to the inspection of the Corporation.

Section 5.6. 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 any agreements regarding the Permanent Financing and under any provisions of the Act and this Loan Agreement in accordance with the terms of such provisions.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default Defined. The following will be "Events of Default" under this Loan Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any Loan payments at the times specified herein including the principal and interest due on the Loan Note.

(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 Corporation unless the Corporation 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 Corporation 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.

Section 6.2. Remedies on Default. Whenever any Event of Default referred to in Section 6.1 has occurred and is continuing, the Corporation 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 Corporation set forth in the Act.

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

Section 6.3. 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 Corporation under this Loan Agreement, the Corporation 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 Corporation 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 6.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation 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 6.5. Consent to Powers of Corporation Under Act and this Loan Agreement. The Governmental Agency hereby acknowledges to the Corporation its understanding of the provisions of the Act and this Loan Agreement, vesting in the Corporation 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 Corporation 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 Corporation in the due and prompt implementation of this Loan Agreement.

Section 6.6. 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 6.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto is in default under any of the provisions hereof and the nondefaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.1. Approval not to be Unreasonably Withheld. Any approval of the Corporation required by this Loan 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 Corporation, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Loan Agreement requiring the approval of the Corporation or the satisfaction or the evidence of satisfaction of the Corporation shall be interpreted as requiring action by an authorized officer of the Corporation granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 7.2. Effective Date. This Loan Agreement shall become effective as of the date first set forth herein above and shall continue to full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Loan Agreement have been fully satisfied.

Section 7.3. Binding Effect. This Loan 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 Loan Agreement shall not be revocable by either of the parties, nor assignable by either parties without the written consent of the other party.

Section 7.4. Severability. In the event that any provision of this Loan 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 7.5. Execution in Counterparts. This Loan 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 7.6. Applicable Law. This Loan Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 7.7. 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 Loan Agreement.

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

KENTUCKY RURAL WATER FINANCE
CORPORATION

By _____

Title _____

REID VILLAGE WATER DISTRICT
GOVERNMENTAL AGENCY

By  _____
Chairman

ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of September 1, 1989 (the "Indenture") between the Authority and U.S. Bank National Association (successor in interest to F/K/A First Kentucky Trust Company) (the "Trustee") in order to provide funding for its Program; and

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

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

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to levy, collect, and enforce and remit adequate Service Charges, as hereinafter defined, for the services provided by the Governmental Agency's System, as hereinafter defined, and to apply the necessary portion of said Service Charges to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

"Commonwealth" shall mean the Commonwealth of Kentucky.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article I]

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

(D) There is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the

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

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

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

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

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

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

[End of Article II]

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

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

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

[End of Article III]

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 4.2. Disbursements of Loan; Requisition for Funds. The Governmental Agency may submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) a Requisition for Funds during the first ten days of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance

Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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

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

[End of Article IV]

ARTICLE V

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

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose the Service Charges set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article V]

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

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

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

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

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

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

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

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

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

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

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

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

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

[End of Article VI]

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

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

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

Section 7.3. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.4. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.5. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

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

Section 7.7. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal 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.

[End of Article VII]

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

- (A) Failure by the Governmental Agency to pay any payments at the times specified herein.
- (B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.
- (C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.
- (D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

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

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

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

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

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

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

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

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

[End of Article VIII]

ARTICLE IX

MISCELLANEOUS PROVISIONS

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

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

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

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, nor assignable by either parties without the written consent of the other party.

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

Section 9.6. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.7. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

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

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

[End of Article IX]

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

ATTEST:

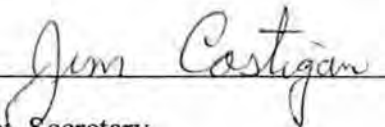
**KENTUCKY INFRASTRUCTURE
AUTHORITY**

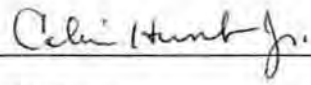

Title: **SECRETARY**

By: 
Title: **BOARD CHAIR**

ATTEST:

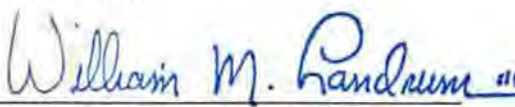
**GOVERNMENTAL AGENCY:
REID VILLAGE WATER DISTRICT**

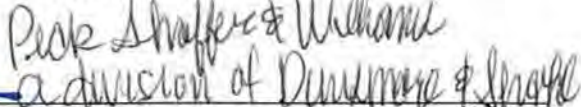
By: 
Title: **Secretary**

By: 
Title: **Chairman**

APPROVED:

EXAMINED:


**SECRETARY/FINANCE AND
ADMINISTRATION CABINET OF THE
COMMONWEALTH OF KENTUCKY**


**LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE
AUTHORITY**

APPROVED AS TO FORM AND LEGALITY


APPROVED
FINANCE AND ADMINISTRATION CABINET

Attachment #9

Name	Reid Village Water District				LOAN NUMBER	91-05
Bond Series		Amount of Bond			Interest Rate	Semi Annual
R-1		\$411,000.00			4.875%	10/9/1997
			January	July		
YEAR	PRINCIPAL	INTEREST	Principal/ Interest Payment Due	INTEREST Interest Payment Due	Yearly Total Paid	BALANCE
						\$411,000.00
2000	\$3,500.00	\$10,018.13	\$13,518.13	\$9,932.81	\$23,450.94	\$407,500.00
2001	\$4,000.00	\$9,932.81	\$13,932.81	\$9,835.31	\$23,768.13	\$403,500.00
2002	\$4,000.00	\$9,835.31	\$13,835.31	\$9,737.81	\$23,573.13	\$399,500.00
2003	\$4,500.00	\$9,737.81	\$14,237.81	\$9,628.13	\$23,865.94	\$395,000.00
2004	\$4,500.00	\$9,628.13	\$14,128.13	\$9,518.44	\$23,646.56	\$390,500.00
2005	\$5,000.00	\$9,518.44	\$14,518.44	\$9,396.56	\$23,915.00	\$385,500.00
2006	\$5,000.00	\$9,396.56	\$14,396.56	\$9,274.69	\$23,671.25	\$380,500.00
2007	\$5,500.00	\$9,274.69	\$14,774.69	\$9,140.63	\$23,915.31	\$375,000.00
2008	\$5,500.00	\$9,140.63	\$14,640.63	\$9,006.56	\$23,647.19	\$369,500.00
2009	\$6,000.00	\$9,006.56	\$15,006.56	\$8,860.31	\$23,866.88	\$363,500.00
2010	\$6,000.00	\$8,860.31	\$14,860.31	\$8,714.06	\$23,574.38	\$357,500.00
2011	\$6,500.00	\$8,714.06	\$15,214.06	\$8,555.63	\$23,769.69	\$351,000.00
2012	\$7,000.00	\$8,555.63	\$15,555.63	\$8,385.00	\$23,940.63	\$344,000.00
2013	\$7,000.00	\$8,385.00	\$15,385.00	\$8,214.38	\$23,599.38	\$337,000.00
2014	\$7,500.00	\$8,214.38	\$15,714.38	\$8,031.56	\$23,745.94	\$329,500.00
2015	\$8,000.00	\$8,031.56	\$16,031.56	\$7,836.56	\$23,868.13	\$321,500.00
2016	\$8,000.00	\$7,836.56	\$15,836.56	\$7,641.56	\$23,478.13	\$313,500.00
2017	\$9,000.00	\$7,641.56	\$16,641.56	\$7,422.19	\$24,063.75	\$304,500.00
2018	\$9,000.00	\$7,422.19	\$16,422.19	\$7,202.81	\$23,625.00	\$295,500.00
2019	\$9,500.00	\$7,202.81	\$16,702.81	\$6,971.25	\$23,674.06	\$286,000.00
2020	\$10,000.00	\$6,971.25	\$16,971.25	\$6,727.50	\$23,698.75	\$276,000.00
2021	\$10,500.00	\$6,727.50	\$17,227.50	\$6,471.56	\$23,699.06	\$265,500.00
2022	\$11,000.00	\$6,471.56	\$17,471.56	\$6,203.44	\$23,675.00	\$254,500.00
2023	\$12,000.00	\$6,203.44	\$18,203.44	\$5,910.94	\$24,114.38	\$242,500.00
2024	\$12,000.00	\$5,910.94	\$17,910.94	\$5,618.44	\$23,529.38	\$230,500.00
2025	\$13,000.00	\$5,618.44	\$18,618.44	\$5,301.56	\$23,920.00	\$217,500.00
2026	\$13,500.00	\$5,301.56	\$18,801.56	\$4,972.50	\$23,774.06	\$204,000.00
2027	\$14,500.00	\$4,972.50	\$19,472.50	\$4,619.06	\$24,091.56	\$189,500.00
2028	\$15,000.00	\$4,619.06	\$19,619.06	\$4,253.44	\$23,872.50	\$174,500.00
2029	\$16,000.00	\$4,253.44	\$20,253.44	\$3,863.44	\$24,116.88	\$158,500.00
2030	\$16,500.00	\$3,863.44	\$20,363.44	\$3,461.25	\$23,824.69	\$142,000.00
2031	\$17,500.00	\$3,461.25	\$20,961.25	\$3,034.69	\$23,995.94	\$124,500.00
2032	\$18,500.00	\$3,034.69	\$21,534.69	\$2,583.75	\$24,118.44	\$106,000.00
2033	\$19,500.00	\$2,583.75	\$22,083.75	\$2,108.44	\$24,192.19	\$86,500.00
2034	\$20,500.00	\$2,108.44	\$22,608.44	\$1,608.75	\$24,217.19	\$66,000.00
2035	\$21,500.00	\$1,608.75	\$23,108.75	\$1,084.69	\$24,193.44	\$44,500.00
2036	\$22,500.00	\$1,084.69	\$23,584.69	\$536.25	\$24,120.94	\$22,000.00
2037	\$22,000.00	\$536.25	\$22,536.25	\$0.00	\$22,536.25	\$0.00
2038	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2039	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2040	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$411,000.00	\$251,684.06		\$241,665.94	\$904,350.00	

Name	Reid Village Water District				LOAN NUMBER	91-06
Bond Series		Amount of Bond			Interest Rate	Semi Annual
R-1		\$400,000.00			4.375%	5/2/2006
			January	July		
YEAR	PRINCIPAL	INTEREST	Principal/ Interest Payment Due	INTEREST Interest Payment Due	Yearly Total Paid	BALANCE
						\$400,000.00
2008	\$4,200.00	\$8,750.00	\$12,950.00	\$8,658.13	\$21,608.13	\$395,800.00
2009	\$4,400.00	\$8,658.13	\$13,058.13	\$8,561.88	\$21,620.00	\$391,400.00
2010	\$4,600.00	\$8,561.88	\$13,161.88	\$8,461.25	\$21,623.13	\$386,800.00
2011	\$4,800.00	\$8,461.25	\$13,261.25	\$8,356.25	\$21,617.50	\$382,000.00
2012	\$5,000.00	\$8,356.25	\$13,356.25	\$8,246.88	\$21,603.13	\$377,000.00
2013	\$5,200.00	\$8,246.88	\$13,446.88	\$8,133.13	\$21,580.00	\$371,800.00
2014	\$5,400.00	\$8,133.13	\$13,533.13	\$8,015.00	\$21,548.13	\$366,400.00
2015	\$5,700.00	\$8,015.00	\$13,715.00	\$7,890.31	\$21,605.31	\$360,700.00
2016	\$5,900.00	\$7,890.31	\$13,790.31	\$7,761.25	\$21,551.56	\$354,800.00
2017	\$6,200.00	\$7,761.25	\$13,961.25	\$7,625.63	\$21,586.88	\$348,600.00
2018	\$6,500.00	\$7,625.63	\$14,125.63	\$7,483.44	\$21,609.06	\$342,100.00
2019	\$6,800.00	\$7,483.44	\$14,283.44	\$7,334.69	\$21,618.13	\$335,300.00
2020	\$7,100.00	\$7,334.69	\$14,434.69	\$7,179.38	\$21,614.06	\$328,200.00
2021	\$7,400.00	\$7,179.38	\$14,579.38	\$7,017.50	\$21,596.88	\$320,800.00
2022	\$7,700.00	\$7,017.50	\$14,717.50	\$6,849.06	\$21,566.56	\$313,100.00
2023	\$8,100.00	\$6,849.06	\$14,949.06	\$6,671.88	\$21,620.94	\$305,000.00
2024	\$8,400.00	\$6,671.88	\$15,071.88	\$6,488.13	\$21,560.00	\$296,600.00
2025	\$8,800.00	\$6,488.13	\$15,288.13	\$6,295.63	\$21,583.75	\$287,800.00
2026	\$9,200.00	\$6,295.63	\$15,495.63	\$6,094.38	\$21,590.00	\$278,600.00
2027	\$9,600.00	\$6,094.38	\$15,694.38	\$5,884.38	\$21,578.75	\$269,000.00
2028	\$10,100.00	\$5,884.38	\$15,984.38	\$5,663.44	\$21,647.81	\$258,900.00
2029	\$10,500.00	\$5,663.44	\$16,163.44	\$5,433.75	\$21,597.19	\$248,400.00
2030	\$11,000.00	\$5,433.75	\$16,433.75	\$5,193.13	\$21,626.88	\$237,400.00
2031	\$11,500.00	\$5,193.13	\$16,693.13	\$4,941.56	\$21,634.69	\$225,900.00
2032	\$12,000.00	\$4,941.56	\$16,941.56	\$4,679.06	\$21,620.63	\$213,900.00
2033	\$12,500.00	\$4,679.06	\$17,179.06	\$4,405.63	\$21,584.69	\$201,400.00
2034	\$13,100.00	\$4,405.63	\$17,505.63	\$4,119.06	\$21,624.69	\$188,300.00
2035	\$13,700.00	\$4,119.06	\$17,819.06	\$3,819.38	\$21,638.44	\$174,600.00
2036	\$14,300.00	\$3,819.38	\$18,119.38	\$3,506.56	\$21,625.94	\$160,300.00
2037	\$14,900.00	\$3,506.56	\$18,406.56	\$3,180.63	\$21,587.19	\$145,400.00
2038	\$15,600.00	\$3,180.63	\$18,780.63	\$2,839.38	\$21,620.00	\$129,800.00
2039	\$16,300.00	\$2,839.38	\$19,139.38	\$2,482.81	\$21,622.19	\$113,500.00
2040	\$17,100.00	\$2,482.81	\$19,582.81	\$2,108.75	\$21,691.56	\$96,400.00
2041	\$17,800.00	\$2,108.75	\$19,908.75	\$1,719.38	\$21,628.13	\$78,600.00
2042	\$18,600.00	\$1,719.38	\$20,319.38	\$1,312.50	\$21,631.88	\$60,000.00
2043	\$19,500.00	\$1,312.50	\$20,812.50	\$885.94	\$21,698.44	\$40,500.00
2044	\$20,300.00	\$885.94	\$21,185.94	\$441.88	\$21,627.81	\$20,200.00
2045	\$20,200.00	\$441.88	\$20,641.88	\$0.00	\$20,641.88	\$0.00
2046	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2047	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
2048	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$400,000.00	\$214,490.94		\$205,740.94	\$820,231.88	

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #B16-008
 REID VILLAGE WATER DISTRICT
 FINAL

1.75% Rate
 \$7,522.87 P & I Calculation

KIA - Reserve
Repair + Maintenance
Fund
KIA -

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
12/01/16	\$4,460.37	\$3,339.38	1.75%	\$7,799.75	\$350.00	\$0.00	\$8,149.75 ✓	\$350,000.00		
06/01/17	\$4,499.40	\$3,023.47	1.75%	\$7,522.87	\$345.54	\$0.00	\$7,868.41	\$345,539.63	\$900.00	\$900.00
12/01/17	\$4,538.77	\$2,984.10	1.75%	\$7,522.87	\$341.04	\$0.00	\$7,863.91	\$341,040.23	\$0.00	\$900.00
06/01/18	\$4,578.48	\$2,944.39	1.75%	\$7,522.87	\$336.50	\$0.00	\$7,859.37	\$336,501.46	\$900.00	\$1,800.00
12/01/18	\$4,618.54	\$2,904.33	1.75%	\$7,522.87	\$331.92	\$0.00	\$7,854.79	\$331,922.98	\$0.00	\$1,800.00
06/01/19	\$4,658.96	\$2,863.91	1.75%	\$7,522.87	\$327.30	\$0.00	\$7,850.17	\$327,304.44	\$900.00	\$2,700.00
12/01/19	\$4,699.72	\$2,823.15	1.75%	\$7,522.87	\$322.65	\$0.00	\$7,845.52	\$322,645.48	\$0.00	\$2,700.00
06/01/20	\$4,740.84	\$2,782.03	1.75%	\$7,522.87	\$317.95	\$0.00	\$7,840.82	\$317,945.76	\$900.00	\$3,600.00
12/01/20	\$4,782.33	\$2,740.54	1.75%	\$7,522.87	\$313.20	\$0.00	\$7,836.07	\$313,204.92	\$0.00	\$3,600.00
06/01/21	\$4,824.17	\$2,698.70	1.75%	\$7,522.87	\$308.42	\$0.00	\$7,831.29	\$308,422.59	\$900.00	\$4,500.00
12/01/21	\$4,866.38	\$2,656.49	1.75%	\$7,522.87	\$303.60	\$0.00	\$7,826.47	\$303,598.42	\$0.00	\$4,500.00
06/01/22	\$4,908.96	\$2,613.91	1.75%	\$7,522.87	\$298.73	\$0.00	\$7,821.60	\$298,732.04	\$900.00	\$5,400.00
12/01/22	\$4,951.92	\$2,570.95	1.75%	\$7,522.87	\$293.82	\$0.00	\$7,816.69	\$293,823.08	\$0.00	\$5,400.00
06/01/23	\$4,995.25	\$2,527.62	1.75%	\$7,522.87	\$288.87	\$0.00	\$7,811.74	\$288,871.16	\$900.00	\$6,300.00
12/01/23	\$5,038.96	\$2,483.91	1.75%	\$7,522.87	\$283.88	\$0.00	\$7,806.75	\$283,875.91	\$0.00	\$6,300.00
06/01/24	\$5,083.05	\$2,439.82	1.75%	\$7,522.87	\$278.84	\$0.00	\$7,801.71	\$278,836.95	\$900.00	\$7,200.00
12/01/24	\$5,127.52	\$2,395.35	1.75%	\$7,522.87	\$273.75	\$0.00	\$7,796.62	\$273,753.90	\$0.00	\$7,200.00
06/01/25	\$5,172.39	\$2,350.48	1.75%	\$7,522.87	\$268.63	\$0.00	\$7,791.50	\$268,626.38	\$900.00	\$8,100.00
12/01/25	\$5,217.65	\$2,305.22	1.75%	\$7,522.87	\$263.45	\$0.00	\$7,786.32	\$263,453.99	\$0.00	\$8,100.00
06/01/26	\$5,263.30	\$2,259.57	1.75%	\$7,522.87	\$258.24	\$0.00	\$7,781.11	\$258,236.34	\$900.00	\$9,000.00
12/01/26	\$5,309.36	\$2,213.51	1.75%	\$7,522.87	\$252.97	\$0.00	\$7,775.84	\$252,973.04	\$0.00	\$9,000.00
06/01/27	\$5,355.81	\$2,167.06	1.75%	\$7,522.87	\$247.66	\$0.00	\$7,770.53	\$247,663.68	\$0.00	\$9,000.00
12/01/27	\$5,402.68	\$2,120.19	1.75%	\$7,522.87	\$242.31	\$0.00	\$7,765.18	\$242,307.87	\$0.00	\$9,000.00
06/01/28	\$5,449.95	\$2,072.92	1.75%	\$7,522.87	\$236.91	\$0.00	\$7,759.78	\$236,905.19	\$0.00	\$9,000.00
12/01/28	\$5,497.64	\$2,025.23	1.75%	\$7,522.87	\$231.46	\$0.00	\$7,754.33	\$231,455.24	\$0.00	\$9,000.00
06/01/29	\$5,545.74	\$1,977.13	1.75%	\$7,522.87	\$225.96	\$0.00	\$7,748.83	\$225,957.60	\$0.00	\$9,000.00
12/01/29	\$5,594.27	\$1,928.60	1.75%	\$7,522.87	\$220.41	\$0.00	\$7,743.28	\$220,411.86	\$0.00	\$9,000.00
06/01/30	\$5,643.22	\$1,879.65	1.75%	\$7,522.87	\$214.82	\$0.00	\$7,737.69	\$214,817.59	\$0.00	\$9,000.00
12/01/30	\$5,692.59	\$1,830.28	1.75%	\$7,522.87	\$209.17	\$0.00	\$7,732.04	\$209,174.37	\$0.00	\$9,000.00
06/01/31	\$5,742.40	\$1,780.47	1.75%	\$7,522.87	\$203.48	\$0.00	\$7,726.35	\$203,481.78	\$0.00	\$9,000.00
12/01/31	\$5,792.65	\$1,730.22	1.75%	\$7,522.87	\$197.74	\$0.00	\$7,720.61	\$197,739.38	\$0.00	\$9,000.00
06/01/32	\$5,843.34	\$1,679.53	1.75%	\$7,522.87	\$191.95	\$0.00	\$7,714.82	\$191,946.73	\$0.00	\$9,000.00
12/01/32	\$5,894.47	\$1,628.40	1.75%	\$7,522.87	\$186.10	\$0.00	\$7,708.97	\$186,103.39	\$0.00	\$9,000.00
06/01/33	\$5,946.04	\$1,576.83	1.75%	\$7,522.87	\$180.21	\$0.00	\$7,703.08	\$180,208.92	\$0.00	\$9,000.00
12/01/33	\$5,998.07	\$1,524.80	1.75%	\$7,522.87	\$174.26	\$0.00	\$7,697.13	\$174,262.88	\$0.00	\$9,000.00
06/01/34	\$6,050.55	\$1,472.32	1.75%	\$7,522.87	\$168.26	\$0.00	\$7,691.13	\$168,264.81	\$0.00	\$9,000.00
12/01/34	\$6,103.50	\$1,419.37	1.75%	\$7,522.87	\$162.21	\$0.00	\$7,685.08	\$162,214.26	\$0.00	\$9,000.00
06/01/35	\$6,156.90	\$1,365.97	1.75%	\$7,522.87	\$156.11	\$0.00	\$7,678.98	\$156,110.76	\$0.00	\$9,000.00
12/01/35	\$6,210.77	\$1,312.10	1.75%	\$7,522.87	\$149.95	\$0.00	\$7,672.82	\$149,953.86	\$0.00	\$9,000.00
06/01/36	\$6,265.12	\$1,257.75	1.75%	\$7,522.87	\$143.74	\$0.00	\$7,666.61	\$143,743.09	\$0.00	\$9,000.00
12/01/36	\$6,319.94	\$1,202.93	1.75%	\$7,522.87	\$137.48	\$0.00	\$7,660.35	\$137,477.97	\$0.00	\$9,000.00
06/01/37	\$6,375.24	\$1,147.63	1.75%	\$7,522.87	\$131.16	\$0.00	\$7,654.03	\$131,158.03	\$0.00	\$9,000.00
12/01/37	\$6,431.02	\$1,091.85	1.75%	\$7,522.87	\$124.78	\$0.00	\$7,647.65	\$124,782.79	\$0.00	\$9,000.00
06/01/38	\$6,487.29	\$1,035.58	1.75%	\$7,522.87	\$118.35	\$0.00	\$7,641.22	\$118,351.77	\$0.00	\$9,000.00

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
12/01/38	\$6,544.06	\$978.81	1.75%	\$7,522.87	\$111.86	\$0.00	\$7,634.73	\$105,320.42	\$0.00	\$9,000.00
06/01/39	\$6,601.32	\$921.55	1.75%	\$7,522.87	\$105.32	\$0.00	\$7,628.19	\$98,719.10	\$0.00	\$9,000.00
12/01/39	\$6,659.08	\$863.79	1.75%	\$7,522.87	\$98.72	\$0.00	\$7,621.59	\$92,060.02	\$0.00	\$9,000.00
06/01/40	\$6,717.34	\$805.53	1.75%	\$7,522.87	\$92.06	\$0.00	\$7,614.93	\$85,342.68	\$0.00	\$9,000.00
12/01/40	\$6,776.12	\$746.75	1.75%	\$7,522.87	\$85.34	\$0.00	\$7,608.21	\$78,566.56	\$0.00	\$9,000.00
06/01/41	\$6,835.41	\$687.46	1.75%	\$7,522.87	\$78.57	\$0.00	\$7,601.44	\$71,731.15	\$0.00	\$9,000.00
12/01/41	\$6,895.22	\$627.65	1.75%	\$7,522.87	\$71.73	\$0.00	\$7,594.60	\$64,835.93	\$0.00	\$9,000.00
06/01/42	\$6,955.56	\$567.31	1.75%	\$7,522.87	\$64.84	\$0.00	\$7,587.71	\$57,880.37	\$0.00	\$9,000.00
12/01/42	\$7,016.42	\$506.45	1.75%	\$7,522.87	\$57.88	\$0.00	\$7,580.75	\$50,863.95	\$0.00	\$9,000.00
06/01/43	\$7,077.81	\$445.06	1.75%	\$7,522.87	\$50.86	\$0.00	\$7,573.73	\$43,786.14	\$0.00	\$9,000.00
12/01/43	\$7,139.74	\$383.13	1.75%	\$7,522.87	\$43.79	\$0.00	\$7,566.66	\$36,646.40	\$0.00	\$9,000.00
06/01/44	\$7,202.21	\$320.66	1.75%	\$7,522.87	\$36.65	\$0.00	\$7,559.52	\$29,444.19	\$0.00	\$9,000.00
12/01/44	\$7,265.23	\$257.64	1.75%	\$7,522.87	\$29.44	\$0.00	\$7,552.31	\$22,178.96	\$0.00	\$9,000.00
06/01/45	\$7,328.80	\$194.07	1.75%	\$7,522.87	\$22.18	\$0.00	\$7,545.05	\$14,850.16	\$0.00	\$9,000.00
12/01/45	\$7,392.93	\$129.94	1.75%	\$7,522.87	\$14.85	\$0.00	\$7,537.72	\$7,457.23	\$0.00	\$9,000.00
06/01/46	\$7,457.23	\$65.64	1.75%	\$7,522.87	\$7.46	\$0.00	\$7,530.33	\$0.00	\$0.00	\$9,000.00
Totals	\$350,000.00	\$101,649.08		\$451,649.08	\$11,585.33	\$0.00	\$463,234.41		\$9,000.00	

Created by KIA on 08/22/2016

Attachment #10

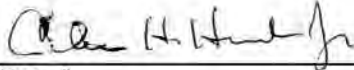
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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

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

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

Calvin H. Hunt, Jr.
(Print Name)


(Signed)

Chairman
(Position/Office)

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

COMMONWEALTH OF KENTUCKY

COUNTY OF Montgomery

Subscribed and sworn to before me by Calvin H. Hunt, Jr.
(Name)

this 13 day of April, 2023.

Elizabeth M Stephens
NOTARY PUBLIC
State-at-Large

ELIZABETH M. STEPHENS
NOTARY PUBLIC
COMMONWEALTH OF KENTUCKY
COMM. # KYNP63745
MY COMMISSION EXPIRES DECEMBER 27, 2026

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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

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

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

Jim Costigan
(Print Name)

Jim Costigan
(Signed)

Board Member
(Position/Office)

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

COMMONWEALTH OF KENTUCKY

COUNTY OF Montgomery

Subscribed and sworn to before me by Jim Costigan

this 13 day of April, 2023.



NOTARY PUBLIC
State-at-Large

David Fer

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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

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Shannon White
(Print Name)


(Signed)

Board Member
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Montgomery

Subscribed and sworn to before me by Shannon White
(Name)

this 13 day of April, 2023.



NOTARY PUBLIC
State-at-Large

David Ferguson

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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

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Rachel Cartmill
(Print Name)

Rachel Cartmill
(Signed)

Office Manager
(Position/Office)

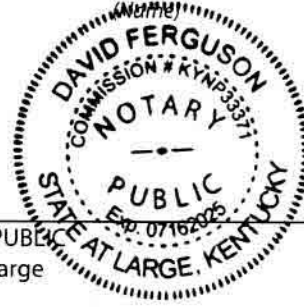
* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a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

COMMONWEALTH OF KENTUCKY

COUNTY OF Montgomery

Subscribed and sworn to before me by Rachel Cartmill

this 14 day of April, 20 23.



NOTARY PUBLIC
State-at-Large

David Ferguson

Attachment #11

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE REID VILLAGE WATER DISTRICT PROPOSING ADJUSTMENTS TO ITS WATER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENT

WHEREAS, Reid Village Water District (“District”) is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission (“PSC”);

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges; and

WHEREAS, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the District to propose adjustments to its water rates and charges;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF REID VILLAGE WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

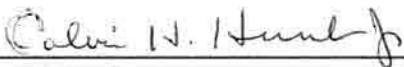
Section 2. The District proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

Section 3. The Chairman and Manager are hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Manager, and all others to whom the Chairman may delegate certain responsibilities are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.


Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF REID VILLAGE WATER DISTRICT at a meeting held on April 11, 2023, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:




SECRETARY

CERTIFICATION

I, Secretary of Reid Village Water District (the “District”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District at a meeting properly held on April 11, 2023, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 11th day of April 2023.



SECRETARY

APPENDIX A

CURRENT AND PROPOSED RATES							
REID VILLAGE WATER DISTRICT							
<u>Monthly Water Rates:</u>		<u>Current</u>		<u>Proposed</u>		<u>Difference</u>	
First	2,000 Gallons	\$ 26.53	Minimum Bill	\$ 29.90	Minimum Bill	\$ 3.37	12.70%
Next	1,000 Gallons	\$ 0.00907	Per Gallon	\$ 0.01022	Per Gallon	\$ 0.00115	12.68%
Next	2,000 Gallons	\$ 0.00848	Per Gallon	\$ 0.00956	Per Gallon	\$ 0.00108	12.74%
Next	5,000 Gallons	\$ 0.00787	Per Gallon	\$ 0.00887	Per Gallon	\$ 0.00100	12.71%
All Over	10,000 Gallons	\$ 0.00725	Per Gallon	\$ 0.00817	Per Gallon	\$ 0.00092	12.69%