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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)

East Casey County Water District

(Name of Utility)

690 S. Wallace Wilkinson Blvd

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

Liberty, Kentucky 42539

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

(606) 787-9961

(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:

Andy Greynolds

(Name)

690 Wallace Wilkinson Blvd

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

Liberty, Kentucky 42539

(Address - City, State, Zip)

(606) 787-9961

(Telephone Number)

agreynolds@windstream.net

(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. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 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. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. a. Applicant has filed an annual report with the Public Service Commission for the past year. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Applicant has filed an annual report with the Public Service Commission for the two previous years. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Applicant's records are kept separate from other commonly-owned enterprises. | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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, 2022.
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 \$ \$109,140 and total revenues from service rates of \$ \$2,215,552. 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 5186 customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

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

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

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

Signed *Andy Greynolds*
 Officer of the Company/Authorized Representative
 Title Manager
 Date 6/29/2023

COMMONWEALTH OF KENTUCKY

COUNTY OF Casey

Before me appeared *Andy Greynolds*, 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.



Megan R. Pittman
 Notary Public
 My commission expires: *August 2, 2025*

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

Attachment #1

LIST OF ATTACHMENTS
EAST CASEY COUNTY WATER DISTRICT

1. Customer Notice of Proposed Rates Adjustments.
2. Wholesale Customer Notice.
3. Reasons for Application (Attachment SR – Reasons for Application).
4. Current and Proposed Rates.
5. Statement of Adjusted Operations (Attachment SAO-W – Schedule of Adjusted Operations).
6. Revenue Requirements Calculation (Attachment RR-DC – Revenue Requirement Calculation Form – Debt Coverage).
7. Billing Analysis (Attachment BA_DB – Billing Analysis Form – Declining Block Rates).
8. Depreciation Schedule.
9. Outstanding Debt Instruments
10. Statement of Disclosure of Related Party Transactions (ARF FORM-3).
11. Board Resolution

CUSTOMER NOTICE

Notice is hereby given that the East Casey County Water District expects to file an application with the Kentucky Public Service Commission on or about June 30, 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.

MONTHLY WATER RATES

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. Incl'd. in Minimum</u>	<u>Minimum Bills</u>		<u>Dollar</u>	<u>Percent</u>
		<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
5/8 x 3/4 inch	2,000	\$ 22.75	\$ 23.93	\$ 1.18	5.18%

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per Gallon</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
First 2,000 Gallons	\$ 22.75	\$ 23.93	\$ 1.18	5.18%
Next 3,000	0.00979	0.01030	0.00051	5.18%
Next 5,000	0.00940	0.00989	0.00049	5.18%
Next 5,000	0.00900	0.00947	0.00047	5.18%
Next 5,000	0.00860	0.00905	0.00045	5.18%
Over 20,000	0.00781	0.00821	0.00040	5.18%

If the Public Service Commission approves the proposed water rates, then the monthly bill for a residential customer using an average of 3,000 gallons per month will increase from \$32.54 to \$34.23. This is an increase of \$1.69 or 5.18%.

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

East Casey 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 690 S. Wallace Wilkinson Blvd Liberty, Kentucky 42539. You may contact the office at 606-787-9961.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Ky, 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

WHOLESALE CUSTOMER NOTICE

Notice is hereby given that the East Casey County Water District expects to file an application with the Kentucky Public Service Commission on or about June 30, 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.

MONTHLY WATER RATES

Wholesale Rate for All Wholesale Customers

<u>Wholesale</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Russell Springs	\$ 0.00312 per gallon	\$ 0.00328 per gallon	\$0.00016	5.18%

If the Public Service Commission approves the proposed rates, then the monthly bill for Russel Springs will increase from \$0.00312 to \$0.00328 for each gallon purchased. This is an increase of \$0.00016 per gallon or 5.18%.

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

East Casey 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 Districts office located at 690 S. Wallace Wilkinson Blvd Liberty, Kentucky 42539. You may contact the office at 606-787-9961.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Ky, 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 #3

REASONS FOR APPLICATION

(In the space below list all reasons why the Applicant requires a rate adjustment. Describe any event or occurrence of significance that may affect the Applicant's present or future financial condition, including but not limited to excessive water line losses, regulatory changes, major repairs, planned construction, and increases in wholesale water costs.)

East Casey County Water District files this application to comply with the Kentucky Public Service Commission's Order of December 8, 2022 in Case No. 2022-00228, which directed it to file an application for rate adjustment by June 30, 2023.

Attachment #4

CURRENT AND PROPOSED RATES
East Casey County Water District

Current Monthly Rates

Proposed Monthly Rates

5/8" x 3/4" Meter

First	2,000	Gallons	\$ 22.75	Minimum Bill
Next	3,000	Gallons	0.00979	Per Gallon
Next	5,000	Gallons	0.00940	Per Gallon
Next	5,000	Gallons	0.00900	Per Gallon
Next	5,000	Gallons	0.00860	Per Gallon
Over	20,000	Gallons	0.00781	Per Gallon

Wholesale Water Rates

Russell Springs	0.00312	Per Gallon
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5/8" x 3/4" Meter

First	2,000	Gallons	\$ 23.93	Minimum Bill
Next	3,000	Gallons	\$ 0.01030	Per Gallon
Next	5,000	Gallons	\$ 0.00989	Per Gallon
Next	5,000	Gallons	\$ 0.00947	Per Gallon
Next	5,000	Gallons	\$ 0.00905	Per Gallon
Over	20,000	Gallons	\$ 0.00821	Per Gallon

Wholesale Water Rates

Russell Springs	\$ 0.00328	Per Gallon
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Attachment #5

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20 22

	Test Year	Adjustment	Ref.	Pro Forma
<u>Operating Revenues</u>				
Sales of Water				
Unmetered Water Sales				0.00
Metered Water Sales	2,106,412.00			2,106,412.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale				0.00
Total Sales of Water	2,106,412.00	0.00		2,106,412.00
Other Water Revenues				
Forfeited Discounts				0.00
Miscellaneous Service Revenues				0.00
Rents from Water Property	16,084.00			16,084.00
Other Water Revenues	48,691.00			48,691.00
Total Other Water Revenues	64,775.00	0.00		64,775.00
Total Operating Revenues	2,171,187.00	0.00		2,171,187.00
<u>Operating Expenses</u>				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	247,878.00			247,878.00
Salaries and Wages - Officers				0.00
Employee Pensions and Benefits	154,720.00	-18,538.00	A	136,182.00
Purchased Water	985,351.00	-186,050.00	B	799,301.00
Purchased Power	119,115.00	-22,491.00	B	96,624.00
Fuel for Power Production				0.00
Chemicals				0.00
Materials and Supplies	172,945.00			172,945.00
Contractual Services	109,222.00			109,222.00
Water Testing				0.00
Rents				0.00
Transportation Expenses	34,912.00			34,912.00
Insurance	31,144.00			31,144.00
Regulatory Commission Expenses	667.00			667.00
Bad Debt Expense				0.00

Miscellaneous Expenses	55,691.00			55,691.00
Total Operation and Maintenance Expenses	1,911,645.00	-227,079.00		1,684,566.00
Depreciation Expense	322,201.00			322,201.00
Amortization Expense				0.00
Taxes Other Than Income	22,839.00			22,839.00
Income Tax Expense				0.00
Total Operating Expenses	2,256,685.00	-227,079.00		2,029,606.00
Utility Operating Income	-85,498.00	227,079.00		141,581.00

References

(A) The District pays 100 percent of its employees health and dental insurance premiums. Applying the PSC's typical requirement that expenses with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics average for an employer's share of health and dental insurance premiums, results in a reduction in benefits of \$18,538.

(B) When a District's test year water loss is above 15%, the PSC requires an adjustment for expenses related to purchased water and power for pumping. The District's test year reported water loss was 33.88%, or, 18.88% above what is allowable. Accordingly, Purchased Water and Purchased Power were reduced by \$186,050 and \$22,491, respectively.

Attachment #6

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	\$2,029,607.00
Plus: Average Annual Debt Principal and Interest Payments*	263,174.00
Debt Coverage Requirement**	52,635.00
Total Revenue Requirement	2,345,416.00
Less: Other Operating Revenue	-64,775.00
Non-operating Revenue	-53,801.00
Interest Income	-11,288.00
Revenue Required from Rates	2,215,552.00
Less: Revenue from Sales at Present Rates	-2,106,412.00
Required Revenue Increase	\$109,140.00

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	5.18%
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* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

Attachment #7

**CURRENT BILLING ANALYSIS - 2022 USAGE AND EXISTING RATES
EAST CASEY COUNTY WATER DISTRICT**

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" x 3/4" Meters	60,974	267,267,000	\$ 2,278,302
Wholesale	12	1,094,600	\$ 1,696.63

Pro Forma Retail Sales Revenue \$ 2,279,999

5/8" X 3/4" METERS

	Usage	Bills	Gallons	First 2,000	Next 5,000	Next 5,000	Next 5,000	Next 5,000	Over 20,000	Total
First	2,000	28,124	22,270,500	22,270,500						22,270,500
Next	3,000	20,946	69,411,300	41,892,000	27,519,300					69,411,300
Next	5,000	8,525	58,358,700	17,050,000	42,625,000	(1,316,300)				58,358,700
Next	5,000	1,751	20,991,800	3,502,000	8,755,000	8,755,000	(20,200)			20,991,800
Next	5,000	623	10,714,400	1,246,000	3,115,000	3,115,000	3,115,000	123,400		10,714,400
Over	20,000	1,005	85,520,300	2,010,000	5,025,000	5,025,000	5,025,000	5,025,000.0	63,410,300	85,520,300
Totals		60,974	267,267,000	87,970,500	87,039,300	15,578,700	8,119,800	5,148,400	63,410,300	267,267,000

5/8" X 3/4" METERS REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rates	Revenue
First	2,000	60,974	87,970,500	\$ 17.28	\$ 1,053,631
Next	3,000		87,039,300	7.44	647,572
Next	5,000		15,578,700	7.14	111,232
Next	5,000		8,119,800	6.84	55,539
Next	5,000		5,148,400	6.54	33,671
Over	20,000		63,410,300	5.94	376,657
Totals		60,974	267,267,000		\$ 2,278,302

WHOLESALE

	Bills	Gallons
Per 1,000 Gallons	12	1,094,600

WHOLESALE REVENUE BY RATE INCREMENT

	Bills	Gallons	Rate	Revenue
Per 1,000 Gallons	12	1,094,600	\$ 1.55	\$ 1,696.63

**CURRENT BILLING ANALYSIS - 2022 USAGE AND PROPOSED RATES
EAST CASEY COUNTY WATER DISTRICT**

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" x 3/4" Meters	60,974	267,267,000	\$ 2,664,774
Wholesale	12	1,094,600	\$ 1,444.87

Pro Forma Retail Sales Revenue \$ 2,666,219

5/8" X 3/4" METERS

	Usage	Bills	Gallons	First	Next	Next	Next	Next	Over	Total
				2,000	5,000	5,000	5,000	5,000	20,000	
First	2,000	28,124	22,270,500	22,270,500						22,270,500
Next	3,000	20,946	69,411,300	41,892,000	27,519,300					69,411,300
Next	5,000	8,525	58,358,700	17,050,000	42,625,000	(1,316,300)				58,358,700
Next	5,000	1,751	20,991,800	3,502,000	8,755,000	8,755,000	(20,200)			20,991,800
Next	5,000	623	10,714,400	1,246,000	3,115,000	3,115,000	3,115,000	123,400		10,714,400
Over	20,000	1,005	85,520,300	2,010,000	5,025,000	5,025,000	5,025,000	5,025,000.0	63,410,300	85,520,300
Totals		60,974	267,267,000	87,970,500	87,039,300	15,578,700	8,119,800	5,148,400	63,410,300	267,267,000

5/8" X 3/4" METERS REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rates	Revenue
First	2,000	60,974	87,970,500	\$ 22.75	\$ 1,053,631
Next	3,000		87,039,300	9.79	852,115
Next	5,000		15,578,700	9.40	146,440
Next	5,000		8,119,800	9.00	73,078
Next	5,000		5,148,400	8.60	44,276
Over	20,000		63,410,300	7.81	495,234
Totals		60,974	267,267,000		\$ 2,664,774

WHOLESALE

	Bills	Gallons
Per 1,000 Gallons	12	1,094,600



WHOLESALE REVENUE BY RATE INCREMENT

	Bills	Gallons	Rate	Revenue
Per 1,000 Gallons	12	1,094,600	\$ 1.32	\$ 1,444.87

Attachment #8

12/31/99	Windsor Rocky Ford	30	1,246,880.00	62.5	54.5	16,014.97	556,710.95	16,014.97	572,725.92	16,014.97	588,740.89	658,139.11
12/31/02	Little South	30	1,438,625.19	62.5	57.5	20,015.65	519,990.03	20,015.65	540,005.69	20,015.65	560,021.34	878,603.85
			3,257,167.06			43,373.07	1,331,938.39	43,373.07	1,375,311.46	43,373.07	1,418,684.54	1,838,482.52
12/31/04	Water Line Extensions	40	177,428.00	62.5	59.5	2,683.78	48,196.47	2,683.78	50,880.26	2,683.78	53,564.04	123,863.96
BALANCES -YEAR END			19,145,568.29			311,351.22	7,329,605.31	316,264.72	7,645,870.03	322,201.47	7,928,085.50	11,499,698.26

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 2022 disposals
 2022 additions

Attachment #9

5/12/16

**KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #F11-11
 EAST CASEY COUNTY WATER DISTRICT
 FINAL**

Original Loan Amount \$ 1,545,000.00
 Principal Forgiven \$ (540,750.00)
 Amount to be Amortized \$ 1,004,250.00

1.00% Rate
 \$27,778.37 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$980,272.91		
06/01/16	\$22,198.79	\$4,901.36	1.00%	\$27,100.15	\$1,225.34	\$0.00	\$28,325.49	\$982,051.21	\$0.00	\$0.00
12/01/16	\$22,868.11	\$4,941.46	1.00%	\$27,809.57	\$1,227.56	\$0.00	\$29,037.13	\$959,183.10	\$3,863.00	\$3,863.00
06/01/17	\$22,982.46	\$4,795.91	1.00%	\$27,778.37	\$1,198.98	\$0.00	\$28,977.35	\$936,200.64	\$0.00	\$3,863.00
12/01/17	\$23,097.36	\$4,681.01	1.00%	\$27,778.37	\$1,170.25	\$0.00	\$28,948.62	\$913,103.28	\$3,863.00	\$7,726.00
06/01/18	\$23,212.85	\$4,565.52	1.00%	\$27,778.37	\$1,141.38	\$0.00	\$28,919.75	\$889,890.43	\$0.00	\$7,726.00
12/01/18	\$23,328.92	\$4,449.45	1.00%	\$27,778.37	\$1,112.36	\$0.00	\$28,890.73	\$866,561.51	\$3,863.00	\$11,589.00
06/01/19	\$23,445.56	\$4,332.81	1.00%	\$27,778.37	\$1,083.21	\$0.00	\$28,861.58	\$843,115.95	\$0.00	\$11,589.00
12/01/19	\$23,562.79	\$4,215.58	1.00%	\$27,778.37	\$1,053.89	\$0.00	\$28,832.26	\$819,553.16	\$3,863.00	\$15,452.00
06/01/20	\$23,680.60	\$4,097.77	1.00%	\$27,778.37	\$1,024.44	\$0.00	\$28,802.81	\$795,872.56	\$0.00	\$15,452.00
12/01/20	\$23,799.00	\$3,979.37	1.00%	\$27,778.37	\$994.84	\$0.00	\$28,773.21	\$772,073.56	\$3,863.00	\$19,315.00
06/01/21	\$23,918.00	\$3,860.37	1.00%	\$27,778.37	\$965.09	\$0.00	\$28,743.46	\$748,155.56	\$0.00	\$19,315.00
12/01/21	\$24,037.59	\$3,740.78	1.00%	\$27,778.37	\$935.19	\$0.00	\$28,713.56	\$724,117.97	\$3,863.00	\$23,178.00
06/01/22	\$24,157.78	\$3,620.59	1.00%	\$27,778.37	\$905.15	\$0.00	\$28,683.52	\$699,960.19	\$0.00	\$23,178.00
12/01/22	\$24,278.57	\$3,499.80	1.00%	\$27,778.37	\$874.95	\$0.00	\$28,653.32	\$675,681.62	\$3,863.00	\$27,041.00
06/01/23	\$24,399.97	\$3,378.40	1.00%	\$27,778.37	\$844.60	\$0.00	\$28,622.97	\$651,281.65	\$0.00	\$27,041.00
12/01/23	\$24,521.96	\$3,256.41	1.00%	\$27,778.37	\$814.11	\$0.00	\$28,592.48	\$626,759.69	\$3,863.00	\$30,904.00
06/01/24	\$24,644.57	\$3,133.80	1.00%	\$27,778.37	\$783.45	\$0.00	\$28,561.82	\$602,115.12	\$0.00	\$30,904.00
12/01/24	\$24,767.80	\$3,010.57	1.00%	\$27,778.37	\$752.65	\$0.00	\$28,531.02	\$577,347.32	\$3,863.00	\$34,767.00
06/01/25	\$24,891.63	\$2,886.74	1.00%	\$27,778.37	\$721.68	\$0.00	\$28,500.05	\$552,455.69	\$0.00	\$34,767.00
12/01/25	\$25,016.09	\$2,762.28	1.00%	\$27,778.37	\$690.57	\$0.00	\$28,468.94	\$527,439.60	\$3,863.00	\$38,630.00
06/01/26	\$25,141.17	\$2,637.20	1.00%	\$27,778.37	\$659.30	\$0.00	\$28,437.67	\$502,298.43	\$0.00	\$38,630.00
12/01/26	\$25,266.88	\$2,511.49	1.00%	\$27,778.37	\$627.87	\$0.00	\$28,406.24	\$477,031.55	\$0.00	\$38,630.00
06/01/27	\$25,393.22	\$2,385.15	1.00%	\$27,778.37	\$596.29	\$0.00	\$28,374.66	\$451,638.33	\$0.00	\$38,630.00
12/01/27	\$25,520.18	\$2,258.19	1.00%	\$27,778.37	\$564.54	\$0.00	\$28,342.91	\$426,118.15	\$0.00	\$38,630.00
06/01/28	\$25,647.78	\$2,130.59	1.00%	\$27,778.37	\$532.64	\$0.00	\$28,311.01	\$400,470.37	\$0.00	\$38,630.00
12/01/28	\$25,776.02	\$2,002.35	1.00%	\$27,778.37	\$500.59	\$0.00	\$28,278.96	\$374,694.35	\$0.00	\$38,630.00
06/01/29	\$25,904.90	\$1,873.47	1.00%	\$27,778.37	\$468.37	\$0.00	\$28,246.74	\$348,789.45	\$0.00	\$38,630.00
12/01/29	\$26,034.42	\$1,743.95	1.00%	\$27,778.37	\$435.98	\$0.00	\$28,214.35	\$322,755.03	\$0.00	\$38,630.00
06/01/30	\$26,164.60	\$1,613.77	1.00%	\$27,778.37	\$403.44	\$0.00	\$28,181.81	\$296,590.43	\$0.00	\$38,630.00
12/01/30	\$26,295.41	\$1,482.96	1.00%	\$27,778.37	\$370.74	\$0.00	\$28,149.11	\$270,295.02	\$0.00	\$38,630.00
06/01/31	\$26,426.89	\$1,351.48	1.00%	\$27,778.37	\$337.87	\$0.00	\$28,116.24	\$243,868.13	\$0.00	\$38,630.00
12/01/31	\$26,559.03	\$1,219.34	1.00%	\$27,778.37	\$304.83	\$0.00	\$28,083.20	\$217,309.10	\$0.00	\$38,630.00
06/01/32	\$26,691.82	\$1,086.55	1.00%	\$27,778.37	\$271.63	\$0.00	\$28,050.00	\$190,617.28	\$0.00	\$38,630.00
12/01/32	\$26,825.28	\$953.09	1.00%	\$27,778.37	\$238.27	\$0.00	\$28,016.64	\$163,792.00	\$0.00	\$38,630.00
06/01/33	\$26,959.41	\$818.96	1.00%	\$27,778.37	\$204.74	\$0.00	\$27,983.11	\$136,832.59	\$0.00	\$38,630.00
12/01/33	\$27,094.21	\$684.16	1.00%	\$27,778.37	\$171.04	\$0.00	\$27,949.41	\$109,738.38	\$0.00	\$38,630.00
06/01/34	\$27,229.67	\$548.70	1.00%	\$27,778.37	\$137.17	\$0.00	\$27,915.54	\$82,508.71	\$0.00	\$38,630.00
12/01/34	\$27,365.83	\$412.54	1.00%	\$27,778.37	\$103.14	\$0.00	\$27,881.51	\$55,142.88	\$0.00	\$38,630.00
06/01/35	\$27,502.66	\$275.71	1.00%	\$27,778.37	\$68.93	\$0.00	\$27,847.30	\$27,640.22	\$0.00	\$38,630.00
12/01/35	\$27,640.22	\$138.15	1.00%	\$27,778.37	\$34.55	\$0.00	\$27,812.92	\$0.00	\$0.00	\$38,630.00
Totals	\$1,004,250.00	\$106,237.78		\$1,110,487.78	\$26,551.62	\$0.00	\$1,137,039.40		\$38,630.00	

Created by KIA on 05/12/2016

The principal balance of the loan was increased by \$23,977.09 on 06/01/16 to include and additional draw

ASSISTANCE AGREEMENT
BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY
AND
EAST CASEY COUNTY WATER DISTRICT

TRANSCRIPT OF PROCEEDINGS

Peck, Shaffer & Williams LLP
Covington, Kentucky

INDEX TO TRANSCRIPT OF PROCEEDINGS

In re: Assistance Agreement between Kentucky Infrastructure Authority (the "Authority") and East Casey County Water District (the "Governmental Agency"), dated as of June 1, 2013

1. Opinion of Counsel to the Governmental Agency.
2. General Closing Certificate of the Governmental Agency.
3. Assistance Agreement.
4. Resolution of the Governmental Agency authorizing the Assistance Agreement.
5. Extract of Minutes of the Meeting of the Board of Commissioners adopting Resolution authorizing Assistance Agreement.
6. Extract of Minutes of the Authority authorizing the Assistance Agreement.
7. Commitment Letter, including Credit Analysis.

DISTRIBUTION LIST

Mr. Andy Greynolds, Chairman
East Casey County Water District
690 South Wallace Wilkinson Blvd.
PO Box 56
Liberty, Kentucky 42539

Ms. Tammy McCall
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Mr. Buddy Griffin
Water Infrastructure Branch
Energy and Environment Cabinet
200 Fair Oaks, 4th Floor
Frankfort, Kentucky 40601

Mr. Charles Lush, Jr.
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COMMONWEALTH OF KENTUCKY

THOMAS M. WEDDLE, JR.
CASEY COUNTY ATTORNEY
628 CAMPBELLSVILLE STREET
P.O. BOX 190
LIBERTY, KENTUCKY 42539-0190

TELEPHONE: 606-787-7100

FACSIMILE: 606-787-9713

June 24, 2013

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

Re: Assistance Agreement by and between
Kentucky Infrastructure Authority and East
Casey County Water District, dated as of
June 1, 2013.

Ladies & Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the East Casey County Water District, hereinafter referred to as the "Governmental Agency." I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

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

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

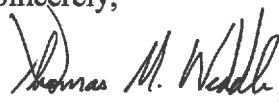
(8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.

June 24, 2013

Page 3

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

Sincerely,

Handwritten signature of Thomas M. Weddle, Jr.

Handwritten signature, possibly a stylized 'E' or similar mark.

Thomas M. Weddle, Jr.

TMW:bh

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and East Casey County Water District (the "Governmental Agency"), dated as of June 1, 2013

GENERAL CLOSING CERTIFICATE OF GOVERNMENTAL AGENCY

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

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

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

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

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

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

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

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

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

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

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


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

WITNESS our signatures, this 11th day of June, 2013.

**GOVERNMENTAL AGENCY:
EAST CASEY COUNTY WATER DISTRICT**

By: 
Name: ORIS S. CARMAN
Title: Chairman

Attest:

By: 
Name: Jacob Beecher
Title: Secretary

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F11-11
BORROWER: East Casey County Water District
BORROWER'S ADDRESS: 690 South Wallace Wilkinson Blvd.
PO Box 56
Liberty, Kentucky 42539
DATE OF ASSISTANCE AGREEMENT: June 1, 2013
CFDA NO.: 66.458

2013 JUL 23 AM 9 32
RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

2013 JUL 3 PM 10 03
RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

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

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

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

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

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

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

"*Cabinet*" means the Natural Resources and Environmental Protection Cabinet of the Commonwealth.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

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

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

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

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

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

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

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

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

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

ARTICLE IV

CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may

direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

ARTICLE V

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VI

OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

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

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

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

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

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

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

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

Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

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

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

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

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

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

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

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

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

(1) Federal Cross-Cutters

Environmental Authorities

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

Economic and Miscellaneous Authorities

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

Social Policy Authorities

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

(2) State:

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

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

ARTICLE VII

MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

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

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

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

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

ATTEST:

KENTUCKY INFRASTRUCTURE
AUTHORITY

Jeffrey A. Abshire
Title: Secretary

By: [Signature]
Title: EXECUTIVE DIRECTOR

ATTEST:

GOVERNMENTAL AGENCY:
EAST CASEY COUNTY WATER DISTRICT

[Signature]
Title: Secretary

By: [Signature]
Title: Chairman

APPROVED:

EXAMINED:

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

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

ENERGY AND ENVIRONMENT CABINET

By: [Signature]
Director
Division of Water

APPROVED AS TO FORM AND LEGALITY

[Signature]
APPROVED

FINANCE AND ADMINISTRATION CABINET

EXHIBIT A
EAST CASEY COUNTY WATER DISTRICT
PROJECT SPECIFICS
F11-11

GOVERNMENTAL AGENCY:

Name: East Casey County Water District
690 South Wallace Wilkinson Blvd, P.O. Box 56
Liberty, KY 42539

Contact

Person: Andy Greynolds
(270) 866-4200

SYSTEM: Water

PROJECT:

This project consists of the installation of approximately 48,500 linear feet of three inch waterline, a pump station upgrade, one pneumatic pump station and tank, one water storage tank and all necessary appurtenances. The project will serve approximately 2,500 customers located throughout the County. Thirty-five new customers will be added. The project will provide water service to sparsely populated areas that currently rely on wells, springs and cisterns. These supplies are not reliable or safe due to the mineral and fecal coliform levels.

PROJECT BUDGET:

	<u>Total</u>
Administrative Expenses	\$ 25,000
Legal Expenses	17,500
Land, Easements	10,000
Engineering Fees	199,600
Construction	1,169,300
Contingency	103,600
Other	20,000
Total	\$ 1,545,000

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 1,545,000	100%
Total	\$ 1,545,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 1,545,000
Less: Principal Forgiveness (35%)	\$ 540,750
Amortized Loan Amount	<u>\$ 1,004,250</u>
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 55,526
Administrative Fee (0.25%)	<u>\$ 2,511</u>
Total Estimated Annual Debt Service	\$ 58,037

EXHIBIT B

**REQUEST FOR PAYMENT WITH RESPECT TO
ASSISTANCE AGREEMENT DATED JUNE 1, 2013
LOAN NO. F11-11**

Request No. _____

Dated: _____

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

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

FROM: EAST CASEY COUNTY WATER DISTRICT (the "Governmental Agency")

Gentlemen:

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

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

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

ELIGIBLE PROJECT EXPENSES INCURRED

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

ALLOCATION OF FUNDING FOR EXPENSES

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

Totals

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

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

Respectfully submitted,

Governmental Agency

By: _____

Title _____

CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST

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

Engineer/Architect

Firm Name

EXHIBIT C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE

COMMISSION IN CASE NO. 2012-00236 DATED JUL 02 2012

The following rates and charges are prescribed for the customers in the area served by East Casey County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First 2,000 gallons	\$16.60 Minimum bill
Next 3,000 gallons	7.10 per 1,000 gallons
Next 5,000 gallons	6.80 per 1,000 gallons
Next 5,000 gallons	6.50 per 1,000 gallons
Next 5,000 gallons	6.20 per 1,000 gallons
All Over 20,000 gallons	5.60 per 1,000 gallons

Tap Fee	\$445.00
Deposit Fee	50.00
Turn On Fee	32.00
Reconnect Fee	32.00
Return Check Fee	22.00

EXHIBIT D

RESOLUTION

RESOLUTION OF THE EAST CASEY COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF JUNE 1, 2013 BETWEEN THE EAST CASEY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

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

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of June 1, 2013 (the "Assistance Agreement") with the Authority.

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

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

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

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

ADOPTED on June 11, 2013.


Chairman

Attest:


Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the East Casey County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on _____, 2013; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 11th day of June, 2013.


Secretary

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and East Casey County Water District, dated as of June 1, 2013

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the East Casey County Water District, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

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

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

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

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

Principal and Interest Payable
on Each June 1 and December 1

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

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

KENTUCKY INFRASTRUCTURE AUTHORITY

By: _____

Title: _____

**EAST CASEY COUNTY WATER DISTRICT,
Governmental Agency**

By: _____

Title: _____

ATTEST:

Title: _____

EXHIBIT G

ADDITIONAL COVENANTS AND AGREEMENTS

NONE

77312v1

RESOLUTION

RESOLUTION OF THE EAST CASEY COUNTY WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF JUNE 1, 2013 BETWEEN THE EAST CASEY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

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

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of June 1, 2013 (the "Assistance Agreement") with the Authority.

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

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

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

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

ADOPTED on June 11, 2013.



Chairman

Attest:


Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the East Casey County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a meeting duly held on _____, 2013; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 11th day of June, 2013.


Secretary

77316v1

June 11, 2013

EAST CASEY COUNTY WATER DISTRICT BOARD OF DIRECTORS

Members Present:

Ricky Carman, Chairman
Lily Sandusky
Jacob Beeler

Members Absent:

Phillip Owens
John McQueary

CALL TO ORDER

Chairman Carman called the meeting to order at 7:30pm.

Jacob Beeler made a motion to adopt a resolution approving and authorizing an assistance agreement dated as of June 1, 2013 between the East Casey County Water District and the Kentucky Infrastructure Authority. Lily Sandusky seconded the motion. All members voted in favor and the motion carried.

Lily Sandusky made a motion to amend the District's tariff to assess a penalty of \$1.00 to fire departments that fail to turn in their monthly usage reports. Jacob Beeler seconded the motion. All members voted in favor and the motion carried.

PROJECT UPDATE

Andy Greynolds stated that the project is underway and the contractors have two crews working. They started in the Windsor area and the Mt. Olive area. Everything is going well.

MINUTES

Andy Greynolds read the minutes of the May 14, 2013 meeting. Lily Sandusky made a motion to approve the minutes as read. Jacob Beeler seconded the motion. All members voted in favor and the motion carried.

ACCOUNTS PAYABLE

The Board discussed the accounts payable. After discussion, Jacob Beeler made a motion to approve the accounts payable for May 2013 as presented. Lily Sandusky seconded the motion. All members voted in favor and the motion carried.

June 11, 2013

ADJOURN

Jacob Beeler made a motion to adjourn. Lily Sandusky seconded the motion. All members voted in favor and the motion carried.



Ricky Carman, Chairman

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: **November 10, 2011 – 1:00 p.m.**
 Kentucky Infrastructure Authority
 1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Ms. Stacia Peyton, Department for Local Government
(proxy for Commissioner Tony Wilder, DLG)
Mr. Hank List, Energy and Environment Cabinet
(permanent proxy for Secretary Leonard K. Peters, EEC)
Mr. Jerry Wuetcher, Public Service Commission
(permanent proxy for Executive Director Jeff Derouen, PSC)
Mr. C. Ronald Lovan, representing the American Water Works Association
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Thomas P. Calkins, representing the Kentucky Municipal Utilities Association
Mr. Damon Talley, representing the Kentucky Rural Water Association
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky
Association of Counties

Members absent:

Mr. Jamie Link, Finance and Administration Cabinet
(permanent proxy for Secretary Lori H. Flanery, FAC)
Secretary Larry Hayes, Economic Development Cabinet
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities

Guests:

Mr. Ashley Willoughby, Lincoln Trail Area Development District
Mr. Bob Smallwood, GRW Engineers
Ms. Laura Gilkerson, GRW Engineers
Mr. David Duttlinger, Bluegrass Area Development District
Ms. MaDonna Hornback, City of Hodgenville
Mayor Terry L. Cruse, City of Hodgenville
Mr. John Horne, Horne Engineering
Mr. Nick Strong, Jessamine South Elkhorn Water District
Judge John Wilson, Garrard County Fiscal Court
Mr. Roger Recktenwald, Kentucky Association of Counties
Mr. Chris Keil, Strand and Associates
Mr. Chris Jones, Kenvirons
Mr. Joe Burns, Kentucky Rural Water Association
Ms. Jennifer Kantner, Officer of Financial Management
Mr. Shafiq Amawi, Division of Water
Mr. Mike Young, Qk4

PROCEEDINGS

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

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

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of October 6, 2011

Mr. Tom Calkins moved to approve the minutes of the October 6, 2011 regular board meeting. Mr. Ron Lovan seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A 2020 WATER SERVICE ACCOUNT GRANT IN THE AMOUNT OF \$52,500 TO THE GARRARD COUNTY FISCAL COURT, GARRARD COUNTY, KENTUCKY

Ms. Debby Milton, KIA, presented the project to the Board. The Garrard County Fiscal Court requested a \$52,500 grant from the 2020 Water Service Account Fund Program for a water cost of service study project. As an act of cooperation, this study is mutually supported by the City of Danville and the City of Lancaster. Water plant improvements are needed in the City of Lancaster for compliance with the 2014 disinfection byproduct rule, for capacity needs, and to eliminate an unpermitted discharge from the existing plant. Lancaster has received a \$1.23 million grant from the Economic Development Authority (EDA) which they intend to use on a new water plant if the build local option is the most cost effective. The study will determine if Lancaster can afford to build an estimated \$12 million water plant. This project meets the criteria for the 2020 Water Service Account criteria in regard to (a) regionalization, merger or consolidation of water systems in eliminating structural and administrative duplication, and (b) the project has been reviewed and approved by the Area Water Management Council. KIA staff recommended approval of this grant with the standard grant assistance agreement conditions.

Mr. Jerry Wuetcher asked that the wording in the resolution be changed from “an independent water cost of service study” to “an independent feasibility study”, to more accurately describe what the applicant wants.

Mr. Tom Calkins moved to approve the amended resolution with the standard conditions. Mr. Hank List seconded, and the motion carried unanimously.

2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-18) IN THE AMOUNT OF \$1,000,000 TO THE CITY OF BURKESVILLE, CUMBERLAND COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Burkesville requested a Fund A loan in the amount of \$1,000,000 for the Sanitary Sewer System Overflow Remediation project. This project involves the design and construction of structures and improvements to the wastewater collection systems to contain and transport wet weather overflows in the City's sanitary sewer system. Improvements will include upgrading and expanding improvements to the City's main pumping station, construction of wet weather storage (equalization) and pumping at locations of the City's existing overflow location and construction of wastewater collection system rehabilitation improvements. The City currently experiences chronic overflow episodes from the sanitary sewer system during periods of wet weather. This project will contain or capture the wet-weather induced flows and transfer them to the treatment facility, thereby improving the environment and the health and welfare of the citizens. The project qualified for \$300,000 in Green Project Reserve (GPR) funding under the category of Green Infrastructure. The project also qualified for additional subsidization in the amount of \$300,000. The unforgiven balance of the loan is \$700,000 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$40,104. DOW and KIA staff recommended approval of the loan with the standard conditions.

Mr. Jerry Wuetcher made a correction to the language in the resolution that addressed the replacement reserve account that is required for the loan. The resolution read that annual reserves of \$2,500 were to be set aside in a borrower held replacement reserve account. He suggested that language be added to specify the amount to be set aside would continue for 10 years (for a total amount of \$25,000) and then maintained for the life of the loan.

Ms. Linda Bridwell moved to approve the amended resolution with the standard conditions. The Resolution will be amended to state that \$2,500 from annual revenues must be set aside in a borrower held replacement reserve each December 1 until the balance reaches 25,000 and maintained for the life of the loan. Mr. Hank List seconded, and the motion carried unanimously.

3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-19) IN THE AMOUNT OF \$2,195,635 TO THE CITY OF BLOOMFIELD, NELSON COUNTY, KENTUCKY

Vice Chair Talley called the Board's attention to the Revised Credit Analysis for the City of Bloomfield that was added as a handout to the board packet.

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Bloomfield requested a Fund A loan in the amount of \$2,195,635 for the construction of the Bloomfield Wastewater Conveyance project. The project involves the construction of two pump stations, two odor control systems, approximately ten miles of twelve inch sewer force main, and a sampling/metering station. This will permit the City to convey its wastewater to the City of Bardstown for treatment. Due to its age and technology, Bloomfield's existing treatment plant is inadequate to provide ongoing longer term treatment. The plant will be decommissioned and converted to one of two pumping stations and an equalization facility. The first pump station will be constructed at the existing WWTP and the second one will be constructed outside the city near the intersection of Highways 62 and 55. The project was developed as part of an approved Regional Wastewater Facilities Plan that was approved by the Division of Water in August 2010. It will also provide the opportunity for the unincorporated communities of Chaplin and Fairfield to be connected to sanitary sewer. These currently unserved communities have failing on-site systems that are a detriment to local water quality and public health. The project did not qualify for Green Project Reserve (GPR) funding. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$138,130.

Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special conditions: (1) The City shall implement a sewer rate increase (or series of rate increases) to begin by January 1, 2012 and be completed by July 1, 2013. The following is an acceptable schedule, but the City may devise an alternate schedule that will produce a similar result: 100% increase by January 1, 2012; 63% increase by July 1, 2012; and a 50% increase by July 1, 2013. (2) The sewer rate increase (or series of rate increases) shall generate an increase in sewer revenue of at least \$240,000 annually by June 30, 2014. (3) The City shall provide to KIA an update to the Bardstown treatment cost estimates (based on Bardstown's 2011 audited financial statements) by no later than March 31, 2012. (4) The City shall provide to KIA an updated sewer rate analysis by no later than March 31, 2012.

Ms. Linda Bridwell moved to approve the amended resolution with the standard conditions and the special conditions indicated in the staff recommendations. The Resolution will be amended to state that \$5,500 from annual revenues must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$55,000 and maintained for the life of the loan. Mr. Hank List seconded, and the motion carried unanimously.

- 4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-17) IN THE AMOUNT OF \$1,635,000 TO THE CITY OF HODGENVILLE, LARUE COUNTY, KENTUCKY**

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-13) LOAN IN THE AMOUNT OF \$774,183 TO THE CITY OF HODGENVILLE, LARUE COUNTY, KENTUCKY

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

The City of Hodgenville requested a Fund A loan in the amount of \$1,635,000 for the Sewer Improvements Project. The project involves the repair and replacement of failing sewer lines within the City. Scattered sites will be addressed with a primary area of concentration along Greensburg Street and through the center of town where storm water collects and causes flooding and infiltration and inflow. The project will replace approximately 6,000 linear feet of sanitary sewer and provide adequate riparian buffering and detention along stream banks and overflow areas. The project qualified for \$200,000 of Green Project Reserve (GPR) funding under the category of Green Infrastructure. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$102,860.

The City of Hodgenville requested a Fund F loan in the amount of \$774,183 for the High School Tank Rehabilitation Project. The project involves the rehabilitation of an existing 300,000 gallon water tower (High School tank) to conform to current requirements. The tank will be temporarily taken out of service for cleaning, rust removal, repainting (interior and exterior) and interior lining. An existing tank will also be removed from service. The project will also include the upgrade of several mains (Fairview Court and Drive, Livingood Lane, Lincoln Drive, Eagle Lane, Landmark Drive and Greensburg Street). A new booster pump will be installed in the northern tank and new valves for flow control will be installed. These actions will improve water quality and flow throughout these rapidly deteriorating areas. The project qualified for \$311,500 of GPR under the category of Water Efficiency. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$49,092.

DOW and KIA staff recommended approval of both the Fund A and Fund F loans with the standard conditions and the following special condition: the City will pass an ordinance to implement a rate increase to water and sewer rates no later than March 2012 according to the following schedule or an alternate schedule approved by the Executive Director of KIA: a 6% increase, effective July 1, 2012; a 6% increase, effective July 1, 2013; a 3% increase, effective July 1, 2014; and a 3% increase, effective July 1, 2015.

Ms. Linda Bridwell moved to approve the amended Fund A resolution with the standard conditions and the special conditions indicated in the staff recommendations. The Resolution will be amended to state that \$4,000 from annual revenues must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$40,000 and maintained

for the life of the loan. Mr. Ron Lovan seconded, and the motion carried unanimously.

Ms. Linda Bridwell moved to approve the amended Fund F resolution with the standard conditions and the special conditions indicated in the staff recommendations. The Resolution will be amended to state that \$2,000 from annual revenues must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$20,000 and maintained for the life of the loan. Mr. Tom Calkins seconded, and the motion carried unanimously.

Vice Chair Damon Talley noted for the record that he is not the City Attorney and has no financial involvement with the City of Hodgenville, he lives outside the city limits and did not consider there was any conflict of interest regarding this project.

5. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-11) LOAN IN THE AMOUNT OF \$1,545,000 TO THE EAST CASEY COUNTY WATER DISTRICT, CASEY COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The East Casey County Water District requested a Fund F loan in the amount of \$1,545,000 for the Waterline Extensions project. The project consists of the installation of approximately 48,500 linear feet of three inch waterline, a pump station upgrade, one pneumatic pump station and tank, one water storage tank and all necessary appurtenances. The project will serve approximately 2,500 customers located throughout the County. Thirty-five new customers will be added. The project will provide water service to sparsely populated areas that currently rely on wells, springs and cisterns. These supplies are not reliable or safe due to the mineral and fecal coli form levels. The project did not qualify for Green Project Reserve (GPR) funding. The project did qualify for additional subsidization in the amount of \$540,750 (35% of the assistance amount). The unforgiven balance of the loan is \$1,004,250 for a term of 20 years with an interest rate of 1% and an estimated annual debt service payment of \$58,037. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the amended resolution with the standard conditions. The Resolution will be amended to state that \$3,863 from annual revenues must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$38,630 and maintained for the life of the loan. Mr. Hank List seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining. Mr. Wuetcher abstained due to the fact that this project will likely come before the Public Service Commission for approval.

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

A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-12) LOAN IN THE AMOUNT OF \$3,025,300 TO THE JESSAMINE SOUTH-ELKHORN WATER DISTRICT, JESSAMINE COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The Jessamine South-Elkhorn Water District requested a Fund F loan in the amount of \$3,025,300 for the Northwest Main Replacement & Hydraulics and the Dixon Town Replacement. This project involves the replacement and upsizing of approximately 74,000 l.f. in areas that were originally constructed in 1972 and are currently experiencing numerous line breaks and water outages. Some of the existing stub mains will be extended to create appropriate looping configurations, thus increasing flow, residual peak flow pressure and water quality. Original meter services will be replaced with new service employing integral back flow preventers. Additionally, this project will replace, upgrade and provide fire protection through approximately 7,000 l.f. to the residents in the small community of Dixon Town in northwestern Jessamine County. Frequent breaks and undersized lines have plagued this area for years. The project qualified for \$3,025,300 of Green Project Reserve (GPR) funding under the category of Water Efficiency. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 3% and an estimated annual debt service payment of \$209,817. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Mr. Tom Calkins moved to approve the amended resolution with the standard conditions. The Resolution will be amended to state that \$7,600 from annual revenues must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$76,000 and maintained for the life of the loan. Mr. Hank List seconded, and the motion carried unanimously, with Ms. Linda Bridwell and Mr. Jerry Wuetcher and abstaining. Ms. Linda Bridwell abstained because Kentucky American Water Company is a wholesale provider for the District. Mr. Wuetcher abstained due to the fact that this project will likely come before the Public Service Commission for approval.

7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-14) LOAN IN THE AMOUNT OF \$4,000,000 TO THE CITY OF NICHOLASVILLE, JESSAMINE COUNTY, KENTUCKY

Mr. Tom Calkins, Director of Public Utilities/Chief Financial Officer for the City of Nicholasville, recused himself at this time and noted for the record that he would not be participating in the discussion or voting on this action before the Board.

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Nicholasville requested a Fund F loan in the amount of \$4,000,000 for the Water System Improvements project. The project involves the installation of approximately 18,350 l.f. of ten inch ductile iron pipe (DIP) and

13,350 of eight inch DIP along with a 200,000 gallon elevated storage tank and booster pump station. These items are necessary to improve the City's existing distribution system in Eastern Jessamine and Fayette Counties. Rapid growth over the last several years has rendered certain portions of the system incapable of providing the demanded flows during maximum day conditions. The project will improve the static head and quantity of flow for approximately 1,100 existing customers in the service area and provide for future capacity requirements. Approximately 19,800 l.f. of DIP transmission main from the WTP to the City's distribution system will also be constructed. This will permit the City to increase pumping capacity from 7 million gallons per day (gpd) to 15 million gpd. The project is part of a 1990 master plan of improvements for the transmission / distribution system. The project did not qualify for Green Project Reserve (GPR) funding. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$253,645. Both DOW and KIA Staff recommended approval of the loan with the standard conditions.

Vice Chair Talley noted that the Resolution in the Board Book on the bottom of page 108 would be corrected to read "24" Transmission Project" instead of "20" Backbone project".

Mr. Ron Lovan moved to approve the amended resolution with the standard conditions. The Resolution will be amended to state that \$10,000 from annual revenues must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$100,000 and maintained for the life of the loan. Judge Jody Jenkins seconded, and the motion carried unanimously, with Mr. Tom Calkins having recused himself and Ms. Linda Bridwell abstaining. Ms. Bridwell abstained because Kentucky American Water Company is a wholesale provider for the City.

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

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

APPLICANT	FUND	AMOUNT
City of Bloomfield	A	\$ 2,195,635
City of Burkesville	A	\$ 1,000,000
City of Hodgenville	A	\$ 1,635,000
City of Hodgenville	F	\$ 774,183
East Casey County Water District	F	\$ 1,545,000
Jessamine South-Elkhorn Water District	F	\$ 3,025,300

City of Nicholasville	F	\$ 4,000,000
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Ms. Linda Bridwell moved to approve the resolution. Mr. Tom Calkins seconded, and the motion carried unanimously.

II. EXECUTIVE DIRECTOR'S REPORT

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

- A. Mr. Covington informed the Board about the ARRA project site visits from the EPA contractor, Tetra Tech. Sandy Williams and Kasi White also attended the site visits. Ms. Williams reported to the Board the reason for the site visits were to review the project documentation related to the stimulus funded loans. Compliance with Davis Bacon and Buy American requirements were reviewed and the project description that was initially submitted was then compared to the actual construction of the project. Fifteen projects were chosen from the 62 projects funded. The only issues that came from the on site visits were the following: the timing of the labor interviews related to the Davis Bacon requirements; and the Buy American documentation, specifically, with North American Pipe Company. The letters from North American Pipe Company stated that all pipe provided was made in America. EPA wanted the documentation to tie the specific batch number to the project, list the project name, and list the specific city and state where the pipe was made. The contractors recommended that the borrowers obtain the more detailed letters from their suppliers and put into their files. The information found from these on-site visits were to be used by EPA to help our borrowers make sure their records were in compliance on the chance that their files might be audited by another government agency.
- B. Mr. Covington presented a 2011 Innovation Award received by KIA from the National Association of Development Organizations for the Kentucky Water Resource Information System.
- C. Mr. Covington presented an Exemplary System Award received by KIA from the Kentucky Association of Mapping Professionals for the Kentucky Water Resource Information System "for Outstanding GIS or Mapping Program in the State of Kentucky".
- D. KIA Staff is preparing the budget submittal to the legislature.
- E. The next scheduled meeting is on the second Thursday of the month, December 8, 2011, as opposed to the first Thursday. In January, the meetings will revert back to the normal schedule, the first Thursday of each month.

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

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Tentatively scheduled for
Thursday, December 8, 2011
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business Ms. Linda Bridwell moved to adjourn. Mr. Hank List seconded and the motion carried unanimously. The November 10, 2011, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Sandy Williams
Sandy Williams, Secretary
Kentucky Infrastructure Authority

12-2-11
Date



KENTUCKY INFRASTRUCTURE AUTHORITY

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

Steven L. Beshear
Governor

John E. Covington III
Executive Director

November 14, 2011

Mr. Andy Greynolds, Manager
East Casey County Water District
690 South Wallace Wilkinson Blvd, P.O. Box 56
Liberty, KY 42539

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F11-11)**

11-14-11 3:48 PM

Dear Mr. Greynolds:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On November 10, 2011, the Authority approved your loan for the Various Waterline Extensions Project subject to the conditions stated below. The total cost of the project shall not exceed \$1,545,000 of which the Authority loan shall provide \$1,545,000 of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the East Casey County Water District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (11/14/2012) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$1,545,000.

2. The loan shall contain principal forgiveness in the amount of 35%. Actual amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.
3. The loan shall bear interest at the rate of 1% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be preformed for the life of the loan.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted to and approved by DOW.

Mr. Andy Greynolds
November 14, 2011
Page 4

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

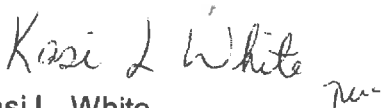
The following is a list of additional conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

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

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

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

Sincerely,



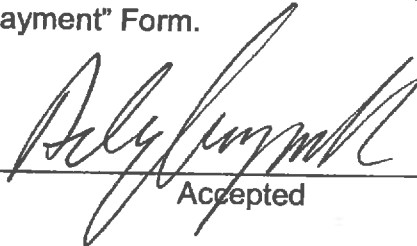
Kasi L. White
Financial Analyst

Mr. Andy Greynolds
November 14, 2011
Page 5

Attachments

cc: Jim Brown, Lake Cumberland Area Development District
Eddie Brown, P.E., Kenvirons, Inc.
Division of Water
Dirk Bedarff, Peck, Shaffer & Williams LLP
State Local Debt Office, DLG
Borrower File - East Casey County Water District - F11-11

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



Accepted

12/15/11

Date

ATTACHMENT A

**East Casey County Water District
F11-11**

EXECUTIVE SUMMARY
KENTUCKY INFRASTRUCTURE AUTHORITY
FUND F, FEDERALLY ASSISTED DRINKING WATER
REVOLVING LOAN FUND

Reviewer: Kasi White
 Date: November 10, 2011
 KIA Loan Number: F11-11
 WRIS Number: WX21045012

BORROWER: EAST CASEY COUNTY WATER DISTRICT
 CASEY COUNTY

BRIEF DESCRIPTION:

This project consists of the installation of approximately 48,500 linear feet of three inch waterline, a pump station upgrade, one pneumatic pump station and tank, one water storage tank and all necessary appurtenances. The project will serve approximately 2,500 customers located throughout the County. Thirty-five new customers will be added. The project will provide water service to sparsely populated areas that currently rely on wells, springs and cisterns. These supplies are not reliable or safe due to the mineral and fecal coliform levels.

PROJECT FINANCING:

Fund F Loan	\$ 1,545,000
TOTAL	\$ 1,545,000

PROJECT BUDGET

Administrative Expenses	\$ 25,000
Legal Expenses	17,500
Land, Easements	10,000
Engineering Fees	199,600
Construction	1,189,300
Contingency	103,600
Other	20,000
TOTAL	\$ 1,545,000

REPAYMENT

Rate	1.0%	Est. Annual Payment	\$ 58,037
Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES

Engineer	Kenvirons, Inc.
Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE

Bid Opening:	February 7, 2012
Construction Start:	April 9, 2012
Construction Stop:	October 9, 2012

DEBT PER CUSTOMER

Existing:	\$ 730
Proposed:	\$ 1,063

OTHER DEBT

See Attached

OTHER STATE-FUNDED PROJECTS LAST 5 YRS

See Attached

RESIDENTIAL RATES

	Users		Avg. Bill
Current	4,353	\$	30.16 (for 4,000 gallons)
Additional	35	\$	30.16 (for 4,000 gallons)

REGIONAL COORDINATION

This project is consistent with regional planning recommendations.

CASHFLOW

	Cash Available for		Income after Debt	
	Debt Service	Debt Service	Service	Coverage Ratio
Audited 2007	417,113	154,813	262,300	2.7
Audited 2008	501,710	127,390	374,320	3.9
Audited 2009	452,339	237,819	214,520	1.9
Audited 2010	32,306	207,214	(174,908)	0.2
Projected 2011	711,276	208,550	502,726	3.4
Projected 2012	365,932	207,702	158,230	1.8
Projected 2013	341,668	287,774	73,894	1.3
Projected 2014	314,996	266,102	48,894	1.2
Projected 2015	287,000	265,836	21,164	1.1

Reviewer: Kasi White
Date: November 10, 2011
Loan Number: F11-11

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
EAST CASEY COUNTY WATER DISTRICT, CASEY COUNTY
PROJECT REVIEW
WX21045012**

I. PROJECT DESCRIPTION

The East Casey County Water District is requesting \$1,545,000 in DWSRF funds for the Waterline Extensions project. This project consists of the installation of approximately 48,500 linear feet of three inch waterline, a pump station upgrade, one pneumatic pump station and tank, one water storage tank and all necessary appurtenances. The project will serve approximately 2,500 customers located throughout the County. Thirty-five new customers will be added. The project will provide water service to sparsely populated areas that currently rely on wells, springs and cisterns. These supplies are not reliable or safe due to the mineral and fecal coli form levels.

The District purchases water from the Cities of Liberty, Russell Springs and Eubank, from the Columbia / Adair Utilities District and from the Campbellsville Water and Sewer system. The District is regulated by the Kentucky Public Service Commission.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 25,000
Legal Expenses	17,500
Land, Easements	10,000
Engineering Fees	199,600
Construction	1,169,300
Contingency	103,600
Other	20,000
Total	\$ 1,545,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 1,545,000	100%
Total	\$ 1,545,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 1,545,000
Less: Principal Forgiveness (35%)	\$ 540,750
Amortized Loan Amount	\$ 1,004,250
Interest Rate	1.0%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 55,526
Administrative Fee (0.25%)	\$ 2,511
Total Estimated Annual Debt Service	\$ 58,037

V. PROJECT SCHEDULE

Bid Opening: February 7, 2012
Construction Start: April 9, 2012
Construction Stop: October 9, 2012

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Current	Proposed	Total
Residential	4,284	35	4,319
Commercial	69	0	69
Industrial	0	0	0
Total	4,353	35	4,388

B) Rates

The monthly charge for water utility service is:

Date of Last Rate Increase	Current
	9/21/2007
Minimum (first 2,000 gallons)	\$16.28
Next 3,000 Gallons	6.94
Next 5,000 Gallons	6.64
Next 5,000 Gallons	6.34
Next 5,000 Gallons	6.04
Over 20,000 Gallons	5.44
Cost for 4,000 gallons	\$30.16
Affordability Index (Rate/MHI)	1.4%

VII. DEMOGRAPHICS

In 2011, the County's population was 16,306 with a Median Household Income (MHI) of \$26,079. The median household income for the Commonwealth is \$41,197. The loan qualifies for a 1% interest rate because is below 80% of the State MHI.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$540,750 (35% of the assistance amount).

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 31, 2008 through 2010. Amounts for the current year are estimated.

HISTORICAL

Revenues have increased about 2% due to customer additions. Customer growth has averaged about 2% per year since 2006, however average water consumption has declined by about 5%. Purchased water costs and operating expenses have increased 5% and 9%, respectively. During 2010 the District incurred expenses of approximately \$320,000 related to a severe flood in May. Reimbursement of \$321,165 was recorded however none was received during fiscal 2010. The receipt of these funds is included in the 2011 cash flow projection.

PROJECTIONS

Projections are based on the following assumptions:

1. Revenues will increase by 1% per year for customer growth (inclusive of the customers that will be added by this proposed project).
2. Purchased water expenses will increase by 2% per year while other operating expenses will increase by 4% per year.
3. There will be no materially adverse impact on the financial statements from what has previously been recorded in relation to the May 2010 flood.

The new debt service is estimated at \$58,037 annually and will increase overall annual debt service to \$266,102 in 2014. Debt service coverage is 1.2 in 2014, which is the first full year of principal and interest payments.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is \$3,863. This amount should be added to the replacement account each December 1 until the balance reaches \$38,630 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 1987 Bonds	\$ 201,000	2025
Series 1990 Bonds	368,000	2028
Series 1993 Bonds	319,000	2031
Series 1997 Bonds	450,000	2035
Series 2000 Bonds	536,500	2038
Series 2004 Bonds	383,000	2042
Series 2007 Bonds	979,000	2045
Total	\$ 3,236,500	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
Waterline Extensions	RD	410,000	Grant
Waterline Extensions	CDBG	581,000	Grant
Waterline Extensions	HB269	750,000	Grant

XII. CONTACTS

Applicant	
Name	East Casey County Water District
Address	690 South Wallace Wilkinson Blvd, P.O. Box 56 Liberty, KY 42539
County	Casey
Contact	Andy Greynolds
Phone	(606) 787-9961
Email	agreynolds@windstream.net

Applicant Contact

Name Lake Cumberland Area Development District
Address 2384 Lakeway Drive, P.O. Box 1570
Russell Springs, KY 42642
Contact Jim Brown
Phone (270) 866-4200
Email jim@lcadd.org

Engineer

Name Eddie Brown, P.E.
Firm Kenvirons, Inc.
Address 452 Versailles Road
Frankfort, KY 40601
Phone (502) 695-4357
Email ebrown@kenvirons.com

XIII. RECOMMENDATIONS

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

**EAST CASEY COUNTY WATER DISTRICT
BALANCE SHEETS (DECEMBER YEAR END)**

ASSETS	Audited 2008	Audited 2009	Audited 2010	Projected 2011	Upon Completion 2012
Current Assets					
Cash and Investments	1,406,898	1,479,111	1,320,540	1,798,266	1,931,496
Accounts Receivable	136,756	129,367	137,413	140,200	141,800
Grant Receivable	114,968	280,195	451,555	0	0
Accrued Interest Receivable	5,807	4,823	3,480	2,500	2,500
Total Current Assets	1,664,427	1,893,496	1,912,988	1,940,966	2,075,596
Restricted Assets					
Investments	457,446	452,404	513,262	538,262	563,262
Total Restricted Assets	457,446	452,404	513,262	538,262	563,262
Utility Plant					
Land, System, Building and Equipment	15,514,459	15,546,834	15,703,114	17,199,039	18,744,039
Construction in Progress	0	293,070	1,044,370	0	0
Total	15,514,459	15,839,904	16,747,484	17,199,039	18,744,039
Less Accumulated Depreciation ()	(3,881,214)	(4,131,423)	(4,394,243)	(4,669,243)	(4,944,243)
Net Fixed Assets	11,633,245	11,708,481	12,353,241	12,529,796	13,799,796
Total Assets	13,755,118	14,054,381	14,779,491	15,009,024	16,438,654
LIABILITIES					
Current Liabilities					
Accounts Payable	208,643	85,847	265,345	100,000	100,000
Taxes	4,570	3,656	4,330	4,500	4,750
Construction Payable	114,965	293,070	85,831	75,000	75,000
Customer Deposits	28,950	24,851	26,121	27,500	27,500
Accrued Interest	98,887	96,851	94,908	93,100	92,500
Deferred Revenue	0	0	0	0	0
C.P. Long Term Debt	85,991	58,000	61,500	63,500	68,500
Total Current Liabilities	542,006	562,275	537,835	363,600	368,250
Long Term Liabilities					
Bonds Payable	3,294,500	3,236,500	3,175,000	3,113,500	3,050,000
Proposed KIA Loan	0	0	0	0	1,545,000
Total Long Term Liabilities	3,294,500	3,236,500	3,175,000	3,113,500	4,595,000
Total Liabilities	3,836,506	3,798,775	3,712,835	3,477,100	4,963,250
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	8,252,754	8,413,981	9,116,741	9,352,796	9,136,296
Restricted	457,446	452,404	513,262	538,262	563,262
Unrestricted	1,208,412	1,389,221	1,436,653	1,640,866	1,775,846
Total Retained Earnings	9,918,612	10,255,606	11,066,656	11,531,924	11,475,404
Total Liabilities and Equities	13,755,118	14,054,381	14,779,491	15,009,024	16,438,654
Balance Sheet Analysis					
Current Ratio	3.1	3.4	3.6	5.3	5.6
Debt to Equity	0.4	0.4	0.3	0.3	0.4
Working Capital	1,122,421	1,331,221	1,375,153	1,577,366	1,707,346
Percent of Total Assets in Working Capital	8.2%	9.5%	9.3%	10.5%	10.4%
Days Sales in Accounts Receivable	30.7	29.9	30.9	30.9	30.9

EXHIBIT 1
EAST CASEY COUNTY WATER DISTRICT
CASH FLOW ANALYSIS (DECEMBER YEAR END)

	Audited 2008	% Change	Audited 2009	% Change	Audited 2010	% Change	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
Operating Revenues													
Water Revenues	1,539,693	-2%	1,502,865	3%	1,545,829	2%	1,576,748	1,582,513	1,608,438	1,624,522	1,640,767	1,657,175	1,673,747
Late Charges	44,040	2%	45,052	2%	46,003	2%	46,923	47,392	47,866	48,345	48,828	49,316	49,809
Other	41,201	-27%	30,071	6%	31,816	2%	32,452	32,777	33,105	33,436	33,770	34,108	34,449
Total Revenues	1,624,934	-3%	1,577,988	3%	1,623,648	2%	1,656,121	1,672,682	1,689,409	1,706,303	1,723,365	1,756,804	1,824,508
Operating Expenses													
Water Purchases	576,904	-2%	565,877	7%	605,678	0%	605,000	617,100	629,442	642,031	654,872	667,969	681,328
Operating Expenses	655,341	-1%	649,442	62%	1,048,987	-32%	716,010	744,650	774,436	805,413	837,630	871,135	905,980
Depreciation	211,182	25%	263,493	0%	262,820	5%	275,000	275,000	315,000	315,000	315,000	315,000	315,000
Replacement Reserve													
Total Expenses	1,443,427	2%	1,478,812	30%	1,917,495	-17%	1,596,010	1,636,750	1,722,741	1,766,307	1,811,365	1,857,967	1,906,171
Net Operating Income	181,507	-45%	99,176	-396%	(293,847)	-120%	60,111	35,932	(33,332)	(60,004)	(88,000)	(101,163)	(81,663)
Non-Operating Income and Expenses													
Interest Income	48,853		32,293		24,102		15,000	15,000	20,000	20,000	20,000	20,000	20,000
FEMA Reimbursement	0		0		0		321,165	0	0	0	0	0	0
Other	60,168		57,377		39,231		40,000	40,000	40,000	40,000	40,000	40,000	40,000
Total Non-Operating Income & Expenses	109,021	-18%	89,670	-29%	63,333	494%	376,165	55,000	60,000	60,000	60,000	60,000	60,000
Add Non-Cash Expenses													
Depreciation	211,182	25%	263,493	0%	262,820	5%	275,000	275,000	315,000	315,000	315,000	315,000	315,000
Cash Available for Debt Service	501,710	-10%	452,339	-83%	32,306	2102%	711,276	365,932	341,668	314,996	287,000	273,837	293,337
Debt Service (enter as positive #s)													
Existing Principal	45,000		85,991		58,000		61,500	63,500	68,500	70,000	73,000	84,200	106,800
Existing Interest	82,390		151,828		149,214		147,050	144,202	141,237	138,065	134,799	131,800	128,500
Proposed KIA Loan													
Total Debt Service	127,390		237,819		207,214		208,550	207,702	267,774	266,102	265,836	273,837	293,337
Income After Debt Service	374,320		214,520		(174,908)		502,726	158,230	73,894	48,894	21,164	0	0
Debt Coverage Ratio	3.9		1.9		0.2	3.4	1.8	1.3	1.2	1.1	1.1	1.0	1.0

Kentucky Bond Corporation

Financing Program Revenue Bonds, First Series 2014 E

FINAL Sold to Hilliard Lyons on 12.03.14 Dated & Delivery 12.17.14

East Casey Water Portion

*Leanne Davis
787-2069*

Monthly Sinking Fund Schedule

Part 1 of 9

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
01/01/2015	8,076.93	8,175.00	673.42	16,925.35
02/01/2015	8,076.93	8,175.00	673.42	16,925.35
03/01/2015	8,076.93	8,175.00	673.42	16,925.35
04/01/2015	8,076.93	8,175.00	673.42	16,925.35
05/01/2015	8,076.92	8,175.00	673.42	16,925.34
06/01/2015	8,076.92	8,175.00	673.42	16,925.34
07/01/2015	8,076.92	8,175.00	673.42	16,925.34
08/01/2015	8,076.92	7,664.07	673.42	16,414.41
09/01/2015	8,076.92	7,664.07	673.41	16,414.40
10/01/2015	8,076.92	7,664.06	673.42	16,414.40
11/01/2015	8,076.92	7,664.06	673.42	16,414.40
12/01/2015	8,076.92	7,664.06	673.42	16,414.40
01/01/2016	8,076.92	7,664.06	673.42	16,414.40
02/01/2016	9,166.67	7,489.07	632.29	17,288.03
03/01/2016	9,166.67	7,489.07	632.29	17,288.03
04/01/2016	9,166.67	7,489.06	632.29	17,288.02
05/01/2016	9,166.67	7,489.06	632.29	17,288.02
06/01/2016	9,166.67	7,489.06	632.29	17,288.02
07/01/2016	9,166.67	7,489.06	632.29	17,288.02
08/01/2016	9,166.67	7,489.06	632.29	17,288.02
09/01/2016	9,166.67	7,489.06	632.29	17,288.02
10/01/2016	9,166.66	7,489.07	632.29	17,288.02
11/01/2016	9,166.66	7,489.07	632.29	17,288.02
12/01/2016	9,166.66	7,489.06	632.30	17,288.02
01/01/2017	9,166.66	7,489.06	632.30	17,288.02
02/01/2017	9,583.34	7,305.73	609.37	17,498.44
03/01/2017	9,583.34	7,305.73	609.37	17,498.44
04/01/2017	9,583.34	7,305.73	609.37	17,498.44
05/01/2017	9,583.34	7,305.73	609.37	17,498.44
06/01/2017	9,583.33	7,305.73	609.38	17,498.44
07/01/2017	9,583.33	7,305.73	609.38	17,498.44
08/01/2017	9,583.33	7,305.73	609.38	17,498.44
09/01/2017	9,583.33	7,305.73	609.38	17,498.44
10/01/2017	9,583.33	7,305.73	609.38	17,498.44

Kentucky Bond Corporation

Financing Program Revenue Bonds, First Series 2014 E

FINAL Sold to Hilliard Lyons on 12.03.14 Dated & Delivery 12.17.14

East Casey Water Portion

Monthly Sinking Fund Schedule

Part 2 of 9

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
11/01/2017	9,583.33	7,305.73	609.38	17,498.44
12/01/2017	9,583.33	7,305.73	609.37	17,498.43
01/01/2018	9,583.33	7,305.73	609.37	17,498.43
02/01/2018	9,583.34	7,114.06	585.42	17,282.82
03/01/2018	9,583.34	7,114.06	585.42	17,282.82
04/01/2018	9,583.34	7,114.06	585.42	17,282.82
05/01/2018	9,583.34	7,114.06	585.42	17,282.82
06/01/2018	9,583.33	7,114.07	585.41	17,282.81
07/01/2018	9,583.33	7,114.07	585.41	17,282.81
08/01/2018	9,583.33	7,114.07	585.41	17,282.81
09/01/2018	9,583.33	7,114.07	585.41	17,282.81
10/01/2018	9,583.33	7,114.06	585.42	17,282.81
11/01/2018	9,583.33	7,114.06	585.42	17,282.81
12/01/2018	9,583.33	7,114.06	585.42	17,282.81
01/01/2019	9,583.33	7,114.06	585.42	17,282.81
02/01/2019	9,583.34	6,922.40	561.46	17,067.20
03/01/2019	9,583.34	6,922.40	561.46	17,067.20
04/01/2019	9,583.34	6,922.39	561.46	17,067.19
05/01/2019	9,583.34	6,922.39	561.46	17,067.19
06/01/2019	9,583.33	6,922.40	561.46	17,067.19
07/01/2019	9,583.33	6,922.40	561.46	17,067.19
08/01/2019	9,583.33	6,922.40	561.46	17,067.19
09/01/2019	9,583.33	6,922.40	561.46	17,067.19
10/01/2019	9,583.33	6,922.40	561.45	17,067.18
11/01/2019	9,583.33	6,922.40	561.45	17,067.18
12/01/2019	9,583.33	6,922.39	561.46	17,067.18
01/01/2020	9,583.33	6,922.39	561.46	17,067.18
02/01/2020	10,416.67	6,634.90	537.50	17,589.07
03/01/2020	10,416.67	6,634.90	537.50	17,589.07
04/01/2020	10,416.67	6,634.90	537.50	17,589.07
05/01/2020	10,416.67	6,634.90	537.50	17,589.07
06/01/2020	10,416.67	6,634.89	537.50	17,589.06
07/01/2020	10,416.67	6,634.89	537.50	17,589.06
08/01/2020	10,416.67	6,634.89	537.50	17,589.06

Kentucky Bond Corporation

Financing Program Revenue Bonds, First Series 2014 E

FINAL Sold to Hilliard Lyons on 12.03.14 Dated & Delivery 12.17.14

East Casey Water Portion

Monthly Sinking Fund Schedule

Part 3 of 9

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
09/01/2020	10,416.67	6,634.89	537.50	17,589.06
10/01/2020	10,416.66	6,634.90	537.50	17,589.06
11/01/2020	10,416.66	6,634.90	537.50	17,589.06
12/01/2020	10,416.66	6,634.90	537.50	17,589.06
01/01/2021	10,416.66	6,634.90	537.50	17,589.06
02/01/2021	10,416.67	6,322.40	511.46	17,250.53
03/01/2021	10,416.67	6,322.40	511.46	17,250.53
04/01/2021	10,416.67	6,322.40	511.45	17,250.52
05/01/2021	10,416.67	6,322.40	511.45	17,250.52
06/01/2021	10,416.67	6,322.39	511.46	17,250.52
07/01/2021	10,416.67	6,322.39	511.46	17,250.52
08/01/2021	10,416.67	6,322.39	511.46	17,250.52
09/01/2021	10,416.67	6,322.39	511.46	17,250.52
10/01/2021	10,416.66	6,322.40	511.46	17,250.52
11/01/2021	10,416.66	6,322.40	511.46	17,250.52
12/01/2021	10,416.66	6,322.40	511.46	17,250.52
01/01/2022	10,416.66	6,322.40	511.46	17,250.52
02/01/2022	10,833.34	6,009.90	485.42	17,328.66
03/01/2022	10,833.34	6,009.90	485.42	17,328.66
04/01/2022	10,833.34	6,009.89	485.42	17,328.65
05/01/2022	10,833.34	6,009.89	485.42	17,328.65
06/01/2022	10,833.33	6,009.90	485.42	17,328.65
07/01/2022	10,833.33	6,009.90	485.42	17,328.65
08/01/2022	10,833.33	6,009.90	485.41	17,328.64
09/01/2022	10,833.33	6,009.90	485.41	17,328.64
10/01/2022	10,833.33	6,009.90	485.41	17,328.64
11/01/2022	10,833.33	6,009.90	485.41	17,328.64
12/01/2022	10,833.33	6,009.89	485.42	17,328.64
01/01/2023	10,833.33	6,009.89	485.42	17,328.64
02/01/2023	11,250.00	5,684.90	458.33	17,393.23
03/01/2023	11,250.00	5,684.90	458.33	17,393.23
04/01/2023	11,250.00	5,684.90	458.33	17,393.23
05/01/2023	11,250.00	5,684.90	458.33	17,393.23
06/01/2023	11,250.00	5,684.89	458.34	17,393.23

Kentucky Bond Corporation

Financing Program Revenue Bonds, First Series 2014 E

FINAL Sold to Hilliard Lyons on 12.03.14 Dated & Delivery 12.17.14

East Casey Water Portion

Monthly Sinking Fund Schedule

Part 4 of 9

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
07/01/2023	11,250.00	5,684.89	458.34	17,393.23
08/01/2023	11,250.00	5,684.90	458.33	17,393.23
09/01/2023	11,250.00	5,684.90	458.33	17,393.23
10/01/2023	11,250.00	5,684.90	458.33	17,393.23
11/01/2023	11,250.00	5,684.90	458.33	17,393.23
12/01/2023	11,250.00	5,684.89	458.34	17,393.23
01/01/2024	11,250.00	5,684.89	458.34	17,393.23
02/01/2024	11,250.00	5,347.40	430.21	17,027.61
03/01/2024	11,250.00	5,347.40	430.21	17,027.61
04/01/2024	11,250.00	5,347.40	430.21	17,027.61
05/01/2024	11,250.00	5,347.40	430.21	17,027.61
06/01/2024	11,250.00	5,347.39	430.21	17,027.60
07/01/2024	11,250.00	5,347.39	430.21	17,027.60
08/01/2024	11,250.00	5,347.40	430.21	17,027.61
09/01/2024	11,250.00	5,347.40	430.21	17,027.61
10/01/2024	11,250.00	5,347.40	430.20	17,027.60
11/01/2024	11,250.00	5,347.40	430.20	17,027.60
12/01/2024	11,250.00	5,347.39	430.21	17,027.60
01/01/2025	11,250.00	5,347.39	430.21	17,027.60
02/01/2025	11,666.67	5,009.90	402.08	17,078.65
03/01/2025	11,666.67	5,009.90	402.08	17,078.65
04/01/2025	11,666.67	5,009.90	402.08	17,078.65
05/01/2025	11,666.67	5,009.90	402.08	17,078.65
06/01/2025	11,666.67	5,009.89	402.09	17,078.65
07/01/2025	11,666.67	5,009.89	402.09	17,078.65
08/01/2025	11,666.67	5,009.89	402.09	17,078.65
09/01/2025	11,666.67	5,009.89	402.09	17,078.65
10/01/2025	11,666.66	5,009.90	402.08	17,078.64
11/01/2025	11,666.66	5,009.90	402.08	17,078.64
12/01/2025	11,666.66	5,009.90	402.08	17,078.64
01/01/2026	11,666.66	5,009.90	402.08	17,078.64
02/01/2026	12,083.34	4,659.90	372.92	17,116.16
03/01/2026	12,083.34	4,659.90	372.92	17,116.16
04/01/2026	12,083.34	4,659.89	372.92	17,116.15

Kentucky Bond Corporation

Financing Program Revenue Bonds, First Series 2014 E

FINAL Sold to Hilliard Lyons on 12.03.14 Dated & Delivery 12.17.14

East Casey Water Portion

Monthly Sinking Fund Schedule

Part 5 of 9

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
05/01/2026	12,083.34	4,659.89	372.92	17,116.15
06/01/2026	12,083.33	4,659.90	372.92	17,116.15
07/01/2026	12,083.33	4,659.90	372.92	17,116.15
08/01/2026	12,083.33	4,659.90	372.91	17,116.14
09/01/2026	12,083.33	4,659.90	372.91	17,116.14
10/01/2026	12,083.33	4,659.90	372.91	17,116.14
11/01/2026	12,083.33	4,659.90	372.91	17,116.14
12/01/2026	12,083.33	4,659.89	372.92	17,116.14
01/01/2027	12,083.33	4,659.89	372.92	17,116.14
02/01/2027	11,250.00	4,282.30	342.70	15,875.00
03/01/2027	11,250.00	4,282.29	342.71	15,875.00
04/01/2027	11,250.00	4,282.29	342.71	15,875.00
05/01/2027	11,250.00	4,282.29	342.71	15,875.00
06/01/2027	11,250.00	4,282.29	342.71	15,875.00
07/01/2027	11,250.00	4,282.29	342.71	15,875.00
08/01/2027	11,250.00	4,282.30	342.70	15,875.00
09/01/2027	11,250.00	4,282.29	342.71	15,875.00
10/01/2027	11,250.00	4,282.29	342.71	15,875.00
11/01/2027	11,250.00	4,282.29	342.71	15,875.00
12/01/2027	11,250.00	4,282.29	342.71	15,875.00
01/01/2028	11,250.00	4,282.29	342.71	15,875.00
02/01/2028	11,666.67	3,916.67	314.58	15,897.92
03/01/2028	11,666.67	3,916.67	314.58	15,897.92
04/01/2028	11,666.67	3,916.67	314.58	15,897.92
05/01/2028	11,666.67	3,916.67	314.58	15,897.92
06/01/2028	11,666.67	3,916.66	314.59	15,897.92
07/01/2028	11,666.67	3,916.66	314.59	15,897.92
08/01/2028	11,666.67	3,916.66	314.59	15,897.92
09/01/2028	11,666.67	3,916.66	314.59	15,897.92
10/01/2028	11,666.66	3,916.67	314.58	15,897.91
11/01/2028	11,666.66	3,916.67	314.58	15,897.91
12/01/2028	11,666.66	3,916.67	314.58	15,897.91
01/01/2029	11,666.66	3,916.67	314.58	15,897.91
02/01/2029	11,666.67	3,537.50	285.42	15,489.59

Kentucky Bond Corporation

Financing Program Revenue Bonds, First Series 2014 E

FINAL Sold to Hilliard Lyons on 12.03.14 Dated & Delivery 12.17.14

East Casey Water Portion

Monthly Sinking Fund Schedule

Part 6 of 9

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
03/01/2029	11,666.67	3,537.50	285.42	15,489.59
04/01/2029	11,666.67	3,537.50	285.42	15,489.59
05/01/2029	11,666.67	3,537.50	285.42	15,489.59
06/01/2029	11,666.67	3,537.50	285.41	15,489.58
07/01/2029	11,666.67	3,537.50	285.41	15,489.58
08/01/2029	11,666.67	3,537.50	285.41	15,489.58
09/01/2029	11,666.67	3,537.50	285.41	15,489.58
10/01/2029	11,666.66	3,537.50	285.42	15,489.58
11/01/2029	11,666.66	3,537.50	285.42	15,489.58
12/01/2029	11,666.66	3,537.50	285.42	15,489.58
01/01/2030	11,666.66	3,537.50	285.42	15,489.58
02/01/2030	10,000.00	3,143.75	256.25	13,400.00
03/01/2030	10,000.00	3,143.75	256.25	13,400.00
04/01/2030	10,000.00	3,143.75	256.25	13,400.00
05/01/2030	10,000.00	3,143.75	256.25	13,400.00
06/01/2030	10,000.00	3,143.75	256.25	13,400.00
07/01/2030	10,000.00	3,143.75	256.25	13,400.00
08/01/2030	10,000.00	3,143.75	256.25	13,400.00
09/01/2030	10,000.00	3,143.75	256.25	13,400.00
10/01/2030	10,000.00	3,143.75	256.25	13,400.00
11/01/2030	10,000.00	3,143.75	256.25	13,400.00
12/01/2030	10,000.00	3,143.75	256.25	13,400.00
01/01/2031	10,000.00	3,143.75	256.25	13,400.00
02/01/2031	10,416.67	2,806.25	231.25	13,454.17
03/01/2031	10,416.67	2,806.25	231.25	13,454.17
04/01/2031	10,416.67	2,806.25	231.25	13,454.17
05/01/2031	10,416.67	2,806.25	231.25	13,454.17
06/01/2031	10,416.67	2,806.25	231.25	13,454.17
07/01/2031	10,416.67	2,806.25	231.25	13,454.17
08/01/2031	10,416.67	2,806.25	231.25	13,454.17
09/01/2031	10,416.67	2,806.25	231.25	13,454.17
10/01/2031	10,416.66	2,806.25	231.25	13,454.16
11/01/2031	10,416.66	2,806.25	231.25	13,454.16
12/01/2031	10,416.66	2,806.25	231.25	13,454.16

Kentucky Bond Corporation

Financing Program Revenue Bonds, First Series 2014 E

FINAL Sold to Hilliard Lyons on 12.03.14 Dated & Delivery 12.17.14

East Casey Water Portion

Monthly Sinking Fund Schedule

Part 7 of 9

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
01/01/2032	10,416.66	2,806.25	231.25	13,454.16
02/01/2032	10,833.34	2,441.67	205.21	13,480.22
03/01/2032	10,833.34	2,441.67	205.21	13,480.22
04/01/2032	10,833.34	2,441.66	205.21	13,480.21
05/01/2032	10,833.34	2,441.66	205.21	13,480.21
06/01/2032	10,833.33	2,441.67	205.21	13,480.21
07/01/2032	10,833.33	2,441.67	205.21	13,480.21
08/01/2032	10,833.33	2,441.67	205.21	13,480.21
09/01/2032	10,833.33	2,441.67	205.21	13,480.21
10/01/2032	10,833.33	2,441.67	205.20	13,480.20
11/01/2032	10,833.33	2,441.67	205.20	13,480.20
12/01/2032	10,833.33	2,441.66	205.21	13,480.20
01/01/2033	10,833.33	2,441.66	205.21	13,480.20
02/01/2033	9,166.67	2,062.50	178.13	11,407.30
03/01/2033	9,166.67	2,062.50	178.13	11,407.30
04/01/2033	9,166.67	2,062.50	178.12	11,407.29
05/01/2033	9,166.67	2,062.50	178.12	11,407.29
06/01/2033	9,166.67	2,062.50	178.12	11,407.29
07/01/2033	9,166.67	2,062.50	178.12	11,407.29
08/01/2033	9,166.67	2,062.50	178.12	11,407.29
09/01/2033	9,166.67	2,062.50	178.12	11,407.29
10/01/2033	9,166.66	2,062.50	178.13	11,407.29
11/01/2033	9,166.66	2,062.50	178.13	11,407.29
12/01/2033	9,166.66	2,062.50	178.13	11,407.29
01/01/2034	9,166.66	2,062.50	178.13	11,407.29
02/01/2034	9,583.34	1,741.67	155.21	11,480.22
03/01/2034	9,583.34	1,741.67	155.21	11,480.22
04/01/2034	9,583.34	1,741.66	155.21	11,480.21
05/01/2034	9,583.34	1,741.66	155.21	11,480.21
06/01/2034	9,583.33	1,741.67	155.21	11,480.21
07/01/2034	9,583.33	1,741.67	155.21	11,480.21
08/01/2034	9,583.33	1,741.67	155.21	11,480.21
09/01/2034	9,583.33	1,741.67	155.21	11,480.21
10/01/2034	9,583.33	1,741.67	155.20	11,480.20

Kentucky Bond Corporation

Financing Program Revenue Bonds, First Series 2014 E

FINAL Sold to Hilliard Lyons on 12.03.14 Dated & Delivery 12.17.14

East Casey Water Portion

Monthly Sinking Fund Schedule

Part 8 of 9

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
11/01/2034	9,583.33	1,741.67	155.20	11,480.20
12/01/2034	9,583.33	1,741.66	155.21	11,480.20
01/01/2035	9,583.33	1,741.66	155.21	11,480.20
02/01/2035	10,000.00	1,406.25	131.25	11,537.50
03/01/2035	10,000.00	1,406.25	131.25	11,537.50
04/01/2035	10,000.00	1,406.25	131.25	11,537.50
05/01/2035	10,000.00	1,406.25	131.25	11,537.50
06/01/2035	10,000.00	1,406.25	131.25	11,537.50
07/01/2035	10,000.00	1,406.25	131.25	11,537.50
08/01/2035	10,000.00	1,406.25	131.25	11,537.50
09/01/2035	10,000.00	1,406.25	131.25	11,537.50
10/01/2035	10,000.00	1,406.25	131.25	11,537.50
11/01/2035	10,000.00	1,406.25	131.25	11,537.50
12/01/2035	10,000.00	1,406.25	131.25	11,537.50
01/01/2036	10,000.00	1,406.25	131.25	11,537.50
02/01/2036	10,416.67	1,031.25	106.25	11,554.17
03/01/2036	10,416.67	1,031.25	106.25	11,554.17
04/01/2036	10,416.67	1,031.25	106.25	11,554.17
05/01/2036	10,416.67	1,031.25	106.25	11,554.17
06/01/2036	10,416.67	1,031.25	106.25	11,554.17
07/01/2036	10,416.67	1,031.25	106.25	11,554.17
08/01/2036	10,416.67	1,031.25	106.25	11,554.17
09/01/2036	10,416.67	1,031.25	106.25	11,554.17
10/01/2036	10,416.66	1,031.25	106.25	11,554.16
11/01/2036	10,416.66	1,031.25	106.25	11,554.16
12/01/2036	10,416.66	1,031.25	106.25	11,554.16
01/01/2037	10,416.66	1,031.25	106.25	11,554.16
02/01/2037	8,333.34	640.63	80.21	9,054.18
03/01/2037	8,333.34	640.62	80.21	9,054.17
04/01/2037	8,333.34	640.62	80.21	9,054.17
05/01/2037	8,333.34	640.62	80.21	9,054.17
06/01/2037	8,333.33	640.63	80.21	9,054.17
07/01/2037	8,333.33	640.63	80.21	9,054.17
08/01/2037	8,333.33	640.63	80.21	9,054.17

Kentucky Bond Corporation

Financing Program Revenue Bonds, First Series 2014 E

FINAL Sold to Hilliard Lyons on 12.03.14 Dated & Delivery 12.17.14

East Casey Water Portion

Monthly Sinking Fund Schedule

Part 9 of 9

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
09/01/2037	8,333.33	640.63	80.20	9,054.16
10/01/2037	8,333.33	640.63	80.20	9,054.16
11/01/2037	8,333.33	640.62	80.21	9,054.16
12/01/2037	8,333.33	640.62	80.21	9,054.16
01/01/2038	8,333.33	640.62	80.21	9,054.16
02/01/2038	8,750.00	328.13	59.37	9,137.50
03/01/2038	8,750.00	328.13	59.37	9,137.50
04/01/2038	8,750.00	328.13	59.37	9,137.50
05/01/2038	8,750.00	328.12	59.38	9,137.50
06/01/2038	8,750.00	328.12	59.38	9,137.50
07/01/2038	8,750.00	328.12	59.38	9,137.50
08/01/2038	8,750.00	328.13	59.37	9,137.50
09/01/2038	8,750.00	328.13	59.37	9,137.50
10/01/2038	8,750.00	328.13	59.37	9,137.50
11/01/2038	8,750.00	328.12	59.38	9,137.50
12/01/2038	8,750.00	328.12	59.38	9,137.50
01/01/2039	8,750.00	328.12	59.38	9,137.50
Total	\$2,960,000.00	\$1,253,278.24	\$103,941.95	\$4,317,220.19

REVENUE LEASE

LEASE AGREEMENT

KENTUCKY BOND CORPORATION

LESSEE: East Casey County Water District
LESSEE'S ADDRESS: 690 S Wallace Wilkinson Boulevard
Liberty, Kentucky 42539
DATE OF LEASE: December 17, 2014
TERMINATION DATE: February 1, 2039

This Lease Agreement constitutes a Security Agreement and all right, title and interest of the Lessor herein has been assigned to The Bank of New York Mellon Trust Company, N.A., as trustee under a Trust Indenture dated as of July 1, 2010 between it and the Lessor.

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This Table of Contents is not a part of the Lease Agreement and is for convenience only. The captions herein are of no legal effect and do not vary the meaning or legal effect of any part of the Lease Agreement.

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LEASE AGREEMENT

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

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

"Bonds" mean the Bonds issued by the Kentucky Bond Corporation to fund this Lease.

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

"Costs" means, with respect to the Project, all or any part of the cost of construction, installation and acquisition of all land, buildings, structures, machinery and equipment; finance charges; extensions, enlargements, additions, replacements, renovations and improvements; engineering, financial and legal services; plans, specifications, studies, surveys, estimates of cost of revenue, administrative expenses, expenses necessary or incidental to determining the feasibility or practicability of constructing a Project; and such other expenses as the Lessor determines may be necessary or incidental to the construction, installation and acquisition of the Project, the financing of such

construction, installation and acquisition, interest during construction, installation or acquisition and the placing of the Project in service.

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

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

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

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

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

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

"Lessee" means the Lessee identified on the cover page hereto.

"Lessor" means Kentucky Bond Corporation, acting as lessor under this Lease, or any successor thereto acting as lessor under this Lease.

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

"Participant Disbursement Account" means the account by that name established for the Lessee by the Trustee under the Indenture.

"Program Administrator" means the Lessor or such other entity or unincorporated association as may be appointed in accordance with the Indenture to administer the Program and perform the duties and obligations of Program Administrator under the Indenture.

"Project" means property, the Costs of which are financed or refinanced, or the Costs of which are reimbursed hereunder, as more particularly described in Exhibit A hereto.

"Proportionate Share" means, as of a date of calculation, a fraction, the numerator of which is the unpaid principal components of Base Rentals hereunder, and the denominator of which is the sum of the unpaid principal components under all Financing Agreements related to the same Series of Bonds.

"State" means the Commonwealth of Kentucky.

"Trustee" means The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee under the Indenture, and any successor trustee at the time serving as such under the Indenture.

Section 2. Representations, Covenants and Warranties of the Lessee. The Lessee represents, covenants and warrants, in addition to any additional representations, covenants and warranties as may be set forth in Exhibit G, that (a) it is a body politic and corporate of the State; (b) it has full power and authority to enter into and to perform its obligations under, this Lease and all related documents; (c) it has duly authorized this Lease and all related documents; (d) this Lease and all related documents are valid, legal and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms; (e) the execution and delivery of this Lease and all related documents does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessee is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessee; (f) there is no action, suit, proceeding or investigation before or by any court or public body wherein an unfavorable decision would materially and adversely affect the transactions contemplated by this Lease; (g) it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income for federal income tax purposes of the designated interest component of Lease Rental Payments; (h) the Project furthers the Lessee's governmental purposes, serves a public purpose and is in the best interests of the Lessee and at the time of execution and delivery of the Lease, the Lessee intends to annually appropriate the Lease Rental Payments due hereunder; and (i) during the Lease Term, the Project will at all times be used only for the purpose of performing one or more lawful governmental functions of the Lessee.

The Lessee acknowledges that it has requested that the Lessor act on its behalf to issue the Bonds and that this Lease is being funded with the proceeds of bonds which may require the Lessee to comply with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"). The Lessee covenants and agrees that it will not take or omit to take any actions that conflict with the requirements of the Code that are applicable to the Bonds.

Section 3. Representations, Covenants and Warranties of Lessor. The Lessor represents, covenants and warrants that (a) it is a nonprofit corporation duly created and validly existing under the laws of the State, has all necessary power and authority to perform its obligations under, this Lease, and has duly authorized the execution and delivery of this Lease; (b) the execution and delivery of this Lease does not conflict with or result in a breach of the terms of any agreement or instrument by which the Lessor is bound, or conflicts with or results in a violation of any provision of law or regulation applicable to the Lessor; (c) there is no litigation or proceeding pending or threatened against the Lessor or any other person affecting the right of the Lessor to execute or deliver this Lease or to comply with its obligations under this Lease.

Section 4. Demising Clause; Title; Security Interest. The Lessor leases the Project to the Lessee, and the Lessee leases the Project from the Lessor, in accordance with the provisions of this Lease, to have and to hold for the Lease Term. The Lessee will take possession of the Project upon delivery thereof.

Legal title to the Project and all fixtures, appurtenances and other permanent accessories thereto and all interests therein will be held by the Lessee, subject to Lessor's rights under this Lease. Lessor and Lessee agree that this Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Project and the Lease.

In order to secure all of its obligations hereunder, the Lessee hereby (i) grants to the Lessor a first and prior security interest in any and all right, title and interest of the Lessee in the portions of the Project that constitute personal property and in all additions, attachments, accessions, and substitutions thereto, and on any proceeds therefrom, (ii) agrees that this Lease may be filed as a financing statement evidencing such security interest, and (iii) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence such security interest.

The Lessor's interest shall terminate upon (a) the Lessee's exercise of the purchase option granted in Section 24 hereof, or (b) the complete payment and performance by the Lessee of all of its obligations hereunder; provided, however, that title shall immediately and without any action by the Lessee vest in the Lessor and the Lessee shall immediately surrender possession of the Project to the Lessor upon (i) any termination of this Lease without the Lessee exercising its option to purchase pursuant to this Lease or (ii) the occurrence of an Event of Default. In any of such cases, the Lessee agrees to execute such instruments and do such things as the Lessor reasonably requests and as may be required by law in order to effectuate transfer of any and all of the Lessee's right, title and interest in the Project, as

is, to the Lessor. It is hereby acknowledged by the Lessor and the Lessee that the Lessee intends to purchase the Project on the terms set forth in this Lease.

Section 5. Duration of Lease Term. The Lease Term will commence and terminate on the dates shown on the cover page hereof unless earlier terminated as provided in Section 6. No provision of this Lease will be construed as creating a general obligation or other indebtedness of the Lessee within the meaning of any constitutional or statutory debt limitation.

Section 6. Termination of Lease Term. The Lease Term will terminate upon the earliest of (a) the termination of Lessor's interest in the Project pursuant to Section 24; or (b) an Event of Default and termination of this Lease as provided in Section 27.

Termination of the Lease Term will terminate the Lessee's rights to use, possess or occupy the Project (unless a conveyance of the Project to the Lessee has occurred).

Section 7. Enjoyment. The Lessor hereby covenants that the Lessee will during the Lease Term peaceably and quietly have and hold and enjoy the Project without suit, trouble or hindrance from the Lessor, except as expressly required or permitted by this Lease. The Lessor will, at the request of the Lessee and at the cost of the Lessee, join and cooperate fully in any legal action regarding the Project and the Lessee may, at its own expense, join in any legal action affecting the Project.

Section 8. Lease Rental Payments. The Lessee shall pay Base Rentals in the amounts and at the times set forth in Exhibit B, as said Exhibit B is in effect on the first day of each fiscal year during the Lease Term.

The Lessee will pay Additional Rentals within fifteen (15) days after a written request therefor is mailed to the Lessee by or on behalf of the Lessor.

Any Lease Rental Payment that is not paid within 10 days of the date due shall bear interest thereon at the Late Payment Rate. Amounts due pursuant to this paragraph will be deemed to be Additional Rentals due and payable when incurred and without further written demand therefor.

The Lessee agrees and acknowledges that (a) the Trustee is authorized under the Indenture to draw amounts from the Debt Service Reserve Fund if the Lessee fails to make any part of a Lease Rental Payment when due and (b) Exhibit B will be deemed automatically amended if the Trustee draws on such account to cure deficiencies in the payment of Lease Rental Payments, to increase the principal component of Lease Rental Payments due on the next applicable payment dates (which monthly payment dates may be established if there are less than 48 remaining payment dates) so that the amount such draw has caused the amount remaining on deposit in the Debt Service Reserve Fund to be less than the Debt Service Reserve Requirement (as determined in accordance with the Indenture) is repaid no later than 48 months from the date of such draw and to increase the interest component of Lease Rental Payments due on such dates on the unpaid amount so drawn at the rate per annum equal to the Late Payment Rate. Promptly following any such automatic amendment, the Lessor will mail to the Lessee a revised Exhibit B (identified by date or other means), by first class mail, postage prepaid; provided that any failure to mail such revised Exhibit B will not affect the obligation of the Lessee to make the revised Lease Rental Payments. Amounts drawn from the Debt Service Reserve Fund and applied to payment of all or any portion of Lease Rental Payments will satisfy such Lease Rental Payment to the extent so applied.

Each Lease Rental Payment will be applied first to the Base Rentals then due and payable, then as Additional Rentals then due and payable.

This Lease will be deemed and construed to be a "net lease," and the Lessee will pay absolutely net during the Lease Term, the Lease Rental Payments and all other payments required hereunder, free of any deductions, and without abatement, deduction or set-off (other than credits against Lease Rental Payments expressly provided for in this Lease).

Section 9. Manner of Payment. Unless Lessee has submitted a properly executed ACH service agreement acceptable to the Trustee or has otherwise provided for the electronic transfer of payments, all Lease Rental Payments will be paid by check made payable and delivered to the Trustee. The obligation of the Lessee to pay the Lease Rental Payments and to perform and observe the covenants and conditions contained herein during the Lease Term will be absolute and unconditional except as otherwise expressly provided in this Lease, and payment of the

Lease Rental Payments may not be abated through accident or unforeseen circumstances or payment of this Lease from the Debt Service Reserve Fund or damage to, destruction of, or failure to complete, the Project. Lessee will not assert any right of set-off or counterclaim against its obligation to make such payments required hereunder. No action or inaction on the part of the Lessor (or any of its assigns) will affect the Lessee's obligation to pay all Lease Rental Payment during the Lease Term.

Section 10. Expression of Lessee's Need for the Project; Determination as to Useful Life. The Lessee hereby declares its current need for the Project and further determines and declares its expectations that the Project will (so long as it is subject to the terms hereof) adequately serve the needs for which it is being acquired throughout the Lease Term. The Lessee hereby determines and declares that, to the best of its knowledge, the period during which the Lessee has an option to purchase the Project (i.e. the maximum term of this Lease) does not exceed the useful life of the Project.

Section 11. (Reserved)

Section 12. Agreement to Acquire, Construct and Install the Project and Lease to the Lessee. The Lessee will provide for completion of the acquisition, construction, installation and equipping of the Project by the Lessee as the agent of the Lessor. The Lessee agrees that it will do all things which may be necessary or proper for the construction, acquisition, installation and equipping of the Project, on behalf of the Lessor. So long as this Lease is in full force and effect and no Event of Default has occurred, the Lessee will have full power to carry out the acts and agreements provided in this Section, and such power is granted and conferred under this Lease to the Lessee, and is accepted by the Lessee, and will not be terminated or restricted by act of the Lessor or the Trustee, except as provided in this Section. All contracts relating to the Project are hereby assigned to the Lessor.

Section 13. Disbursements from the Participant Disbursement Account. As long as no Event of Default has occurred, and the Lessee's right to control acquisition, construction, installation and equipping of the Project has not otherwise been terminated, disbursements from the Participant Disbursement Account may be made to pay or reimburse the Lessee for Costs of the Project. The Lessee must provide to the Lessor for approval, and thereafter to the Trustee, a request for disbursement substantially in the form set forth in Exhibit F hereto.

If an Event of Default occurs prior to the completion of the Project or if the right of the Lessee to control the acquisition, construction, installation and equipping of the Project has been otherwise terminated, amounts on deposit in the Participant Disbursement Account may be utilized by the Lessor to complete the Project.

Section 14. Risk of Loss; Damage; Destruction. Lessee assumes all risk of loss or damage to the Project from any cause whatsoever. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Project will relieve Lessee of the obligation under this Lease. Lessee will promptly repair or replace any portions of Project lost, destroyed, damaged or appropriated which are necessary to maintain the Project in sound operating condition so that at all times during the Lease Term the Project will be able to carry out its intended functions.

The net proceeds of any insurance policies, performance bonds, condemnation awards or net proceeds received as a consequence of default or breach of warranty under a construction contract or other contract relating to the Project will be deposited in the Participant Disbursement Account, if received before the completion of the Project, or, if received thereafter, to be deposited in a separate trust fund held by the Trustee and will be applied in the same manner described in Section 13. The balance remaining after repair, restoration, modification, improvement or replacement of the Project has been completed will be applied to satisfy payment of Lease Rental Payments.

Section 15. Disclaimer of Warranties. THE LESSOR, THE TRUSTEE AND THE OWNERS OF THE BONDS MAKE NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROJECT OR ANY PORTION THEREOF OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROJECT OR ANY PORTION THEREOF.

Section 16. Financial Reports; Notice. The Lessee will provide the Lessor with a copy of the Lessee's annual audited financial report within thirty (30) days of its receipt by the Lessee. The Lessee will immediately notify the Lessor and the Trustee of any Event of Default hereunder. If an audited financial report is not available to

be submitted by the Lessee within 180 days of the end of Lessee's fiscal year, Lessee shall provide an unaudited financial report in form and substance satisfactory to Lessor.

Section 17. Inspection and Lessee Reports. The Lessor, the Trustee and their respective authorized representatives shall at any time during normal business hours have the right to enter the premises where the Project may be located for the purpose of inspecting and examining the Project and its condition, use, and operation and the books and records of the Lessee relating thereto.

Section 18. Maintenance of the Project by the Lessee. The Lessee agrees that, at all times during the Lease Term, the Lessee will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, ordinary wear and tear excepted, and that the Lessee will from time to time promptly make or cause to be made all necessary and proper repairs, except as otherwise provided in Section 14. The Lessor, the Trustee and the owners of the Bonds will not have any responsibility in any of these matters or for the making of any additions, modifications, improvements or replacements to the Project.

Section 19. Modification of the Project; Installation of Equipment and Machinery of the Lessee. Following acquisition of the Project, Lessee will not make any alterations, additions, substitutions or replacements to the Project which would have an adverse effect on either the nature of the Project or the functionality or value of the Project, unless such alterations, additions, substitutions, replacements or improvements may be readily removed without damage to the Project. Any alterations, additions or improvements to the Project which may not be readily removed without damage to the Project, and any substitutions or replacements, shall be and be considered to constitute a part of the Project.

The Lessee may also install machinery, equipment and other tangible property in or on the Project; provided that such machinery, equipment and other tangible property which becomes permanently affixed to the Project will be subject to this Lease if the Lessor reasonably determines that the Project would be damaged or impaired by the removal of such machinery, equipment or other tangible property.

Section 20. Provisions Regarding Casualty, Public Liability and Property Damage Insurance. The Lessee, at its expense, will cause casualty and property damage insurance with a company or self-insurance fund acceptable to the Lessor to be carried and maintained with respect to the Project in an amount equal to the aggregate principal components of Lease Rental Payments payable during the maximum term of this Lease or the replacement cost (excluding foundations) of the Project, if less than such principal components. Any casualty and property damage insurance policy required by this Section will name the Lessor and the Trustee as additional named insureds and will be so written or endorsed as to make losses, if any, payable to the Trustee (for application as provided in Section 14).

The Lessee will cause public liability insurance to be carried and maintained with a company or self-insurance fund acceptable to the Lessor with respect to the Project in such amount as is approved by the Lessor. Any public liability insurance policy required by this Section will name the Lessor and the Trustee as additional named insureds.

Section 21. No Encumbrance, Mortgage or Pledge of Project. The Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Project, unless specifically consented to in writing by the Lessor.

Section 22. Assignment by Lessor. As security for the payment and performance by the Lessor of all of its obligations under the Indenture, including particularly the payment of the principal of, premium, if any, and interest on the Bonds, the Lessor has assigned to the Trustee, under and pursuant to the Indenture, all of the Lessor's right, title and interest in, to and under this Lease, including but not limited to the right to receive the Lease Rental Payments and other amounts due hereunder. The Lessee acknowledges and agrees that this assignment will entitle the Trustee to enforce any obligation of the Lessee hereunder and to exercise any remedy or right of the Lessor hereunder. The Lessee further acknowledges and agrees that, as provided in the Indenture, the function of the "Lessor" under this Lease may be performed by the Program Administrator (which may be a person or entity other than the Lessor) and its agents and representatives.

Section 23. Assignment and Subleasing by the Lessee. This Lease may not be assigned by the Lessee for any reason. The Project may be subleased by the Lessee, as a whole or in part, but only with the prior written consent of the Lessor.

Section 24. Purchase Option. The Lessee may, in its discretion, prepay in full its Lease Rental Payments under the Lease by paying to the Lessor the Optional Prepayment Price with respect to the Lease. The Optional Prepayment Price shall be used as provided in the Indenture. Upon payment of the Optional Prepayment Price, the Lessor will transfer and convey the Project to the Lessee pursuant to Section 4 hereof.

Section 25. Release and Indemnification Covenants. To the extent permitted by law, the Lessee will and hereby agrees to indemnify and save the Lessor and the Trustee (each, an "Indemnitee") harmless against and from any or all claims, by or on behalf of any person, firm, corporation or other legal entity, and all liabilities, obligations, losses and damages whatsoever, regardless of the cause thereof and the expenses, penalties and fees in connection therewith (including counsel fees and expenses), arising from or as a result of the operation, ordering, ownership, acquisition, construction, use, condition, delivery, rejection, storage, return or management of the Project during the Lease Term, or the entering into of the Lease or any other document or instrument relating thereto (collectively, "Indemnified Claims"), including, but not limited to: (i) any condition of the Project; (ii) any act of negligence of the Lessee or of any of the agents, contractors or employees or any violation of law by the Lessee or breach of any covenant or warranty by the Lessee hereunder; (iii) any accident in connection therewith resulting in damage to property or injury or death to any person; and (iv) the incurring of any cost or expense in connection with the acquisition of the Project in excess of the moneys available therefor in the Participant Disbursement Account. To the extent permitted by law, the Lessee will indemnify and save each Indemnitee harmless from any such Indemnified Claim, or in connection with any action or proceeding brought thereon and, upon notice from such Indemnitee, will defend or pay the cost of defending such Indemnitee, in any such action or proceeding.

The indemnification arising under this Section will continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the termination of this Lease for any reason.

Section 26. Events of Default Defined. The following will be "Events of Default" under this Lease and the term "Event of Default" or "Default" will mean, whenever it is used in this Lease, any one or more of the following events:

- (a) Failure by the Lessee to pay any Lease Rental Payments at the time specified herein;
- (b) failure by the Lessee to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than referred to in subsection (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied will have been given to the Lessee by the Lessor unless the Lessor agrees in writing to an extension of such time prior to its expiration.

Section 27. Remedies on Default. Whenever any Event of Default has occurred and is continuing, the Lessor may, without any further demand or notice, take one or any combination of the following remedial steps:

- (a) Terminate the Lease Term and give notice to the Lessee to vacate or surrender the Project within 60 days from the date of such notice;
- (b) take legal title to, and sell or re-lease the Project or any portion thereof;
- (c) declare an amount equal to all Base Rentals and Additional Rentals under this Lease to be immediately due and payable, whereupon that amount shall become immediately due and payable; or
- (d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Project under this Lease (including, without limitation, the right to possession of the Project and the right to sell or re-lease or otherwise dispose of the Project in accordance with applicable law and to appoint a receiver to operate the Project) and to recover damages for the breach thereof.

No remedy herein conferred upon or reserved to the Lessor is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default

will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient. If any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

The Lessee will remain liable for all covenants and obligations under this Lease, and for all legal fees and other costs and expenses, including court costs awarded by a court of competent jurisdiction, incurred by the Lessor with respect to the enforcement of any of the remedies under this Lease, when a court of competent jurisdiction has finally adjudicated that an Event of Default has occurred.

Section 28. Notices. All notices, certificates, requests or other communications hereunder will be in writing and mailed (postage prepaid, and certified or registered with return receipt requested) or delivered (including delivery by courier service) as follows: if to the Lessor, Kentucky Bond Corporation, 100 East Vine Street, Suite 800, Lexington, Kentucky 40507, Attention: Administrator, if to Trustee, to The Bank of New York Mellon Trust Company, N.A., 614 West Main Street, Suite 2600, Louisville, Kentucky 40202, Attention: Corporate Trust Services and if to the Lessee, to the address shown on the cover page hereof. Any of the foregoing may, by notice given hereunder to each of the others, designate any further or different addresses to which subsequent notices, certificates, requests or other communications will be sent hereunder. All notices, certificates, requests and other communications pursuant to this Lease will be effective when received (if given by mail) or when delivered (if given by delivery).

Section 29. Amendments, Changes and Modifications. Except as provided in Section 8 with respect to Exhibit B, this Lease may not be amended, changed, modified or altered, or any provision hereof waived, without the written consent of the Lessor and the Lessee.

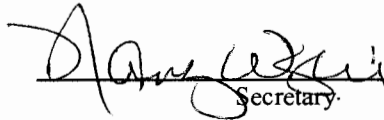
Section 30. Third Party Beneficiary. No person other than a party hereto and the Trustee will have any right, remedy or claim under or by reason of this Lease or otherwise be a third party beneficiary of any rights, remedies, claims or agreements hereunder.

Section 31. Lessee Acknowledgment of the Bonds. The Lessee acknowledges (i) that this Lease and the financing by the Lessor of the Project is a part of the Program and (ii) that the Lease Rental Payments under this Lease, together with lease rental payments under all other leases entered into by Lessors under the Program, are and will be applied to (A) pay the principal and premium, if any, and interest on the Bonds and (B) pay all other costs and expenses of the Program. The Lessee acknowledges and consents to the assignment by the Lessor pursuant to the Indenture and Section 22 hereof, to the Trustee, for the equal and ratable benefit of the Owners of the Bonds, of all right, title and interest of the Issuer and the Lessor, respectively, in, to and under this Lease.

Section 32. Miscellaneous. This Lease will inure to the benefit of and will be binding upon the Lessor and the Lessee and their respective successors and assigns (including, without limitation, security assigns). This Lease may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument. This Lease will be governed by and construed in accordance with the laws of the State. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Lease. If any provision of this Lease, other than the requirement of the Lessee to pay Lease Rental Payments and the requirement of the Lessor to provide quiet enjoyment of the Project and to convey the Project to the Lessee under the conditions set forth herein, is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

IN WITNESS WHEREOF, the Lessor has executed this Lease in its name; and the Lessee has caused this Lease to be executed in its name and attested by duly authorized officers thereof. All of the above are effective as of the date first above written.

KENTUCKY BOND CORPORATION

By: 
Secretary

EAST CASEY COUNTY WATER DISTRICT

By: 
Chairman

Attest:

By: 
Secretary-Treasurer

EXHIBIT A

DESCRIPTION OF PROJECT

ESTIMATED COST OF THE PROJECT \$2,960,000

ESTIMATED DATE OF COMPLETION OF
THE PROJECT: December 17, 2014

DESCRIPTION

To refund the Lessee's outstanding Water and Sewer Revenue Bonds, the proceeds of which were used to provide funds for the construction of improvements to the System (as defined in Exhibit G hereto), identified as "Loans" held by the United States Department of Agriculture, as follows:

<u>DATE</u>	<u>LOAN NO.</u>	<u>ORIGINAL PAR</u>
1990	04	\$500,000
1993	07	400,000
1997	09	525,000
2000	11	594,000
2004	14	406,000
2007	18	1,001,000

EXHIBIT B**LEASE RENTAL PAYMENTS**

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
01/01/2015	8,076.93	8,175.00	673.42	16,925.35
02/01/2015	8,076.93	8,175.00	673.42	16,925.35
03/01/2015	8,076.93	8,175.00	673.42	16,925.35
04/01/2015	8,076.93	8,175.00	673.42	16,925.35
05/01/2015	8,076.92	8,175.00	673.42	16,925.34
06/01/2015	8,076.92	8,175.00	673.42	16,925.34
07/01/2015	8,076.92	8,175.00	673.42	16,925.34
08/01/2015	8,076.92	7,664.07	673.42	16,414.41
09/01/2015	8,076.92	7,664.07	673.41	16,414.40
10/01/2015	8,076.92	7,664.06	673.42	16,414.40
11/01/2015	8,076.92	7,664.06	673.42	16,414.40
12/01/2015	8,076.92	7,664.06	673.42	16,414.40
01/01/2016	8,076.92	7,664.06	673.42	16,414.40
02/01/2016	9,166.67	7,489.07	632.29	17,288.03
03/01/2016	9,166.67	7,489.07	632.29	17,288.03
04/01/2016	9,166.67	7,489.06	632.29	17,288.02
05/01/2016	9,166.67	7,489.06	632.29	17,288.02
06/01/2016	9,166.67	7,489.06	632.29	17,288.02
07/01/2016	9,166.67	7,489.06	632.29	17,288.02
08/01/2016	9,166.67	7,489.06	632.29	17,288.02
09/01/2016	9,166.67	7,489.06	632.29	17,288.02
10/01/2016	9,166.66	7,489.07	632.29	17,288.02
11/01/2016	9,166.66	7,489.07	632.29	17,288.02
12/01/2016	9,166.66	7,489.06	632.30	17,288.02
01/01/2017	9,166.66	7,489.06	632.30	17,288.02
02/01/2017	9,583.34	7,305.73	609.37	17,498.44
03/01/2017	9,583.34	7,305.73	609.37	17,498.44
04/01/2017	9,583.34	7,305.73	609.37	17,498.44
05/01/2017	9,583.34	7,305.73	609.37	17,498.44
06/01/2017	9,583.33	7,305.73	609.38	17,498.44
07/01/2017	9,583.33	7,305.73	609.38	17,498.44
08/01/2017	9,583.33	7,305.73	609.38	17,498.44
09/01/2017	9,583.33	7,305.73	609.38	17,498.44
10/01/2017	9,583.33	7,305.73	609.38	17,498.44

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
11/01/2017	9,583.33	7,305.73	609.38	17,498.44
12/01/2017	9,583.33	7,305.73	609.37	17,498.43
01/01/2018	9,583.33	7,305.73	609.37	17,498.43
02/01/2018	9,583.34	7,114.06	585.42	17,282.82
03/01/2018	9,583.34	7,114.06	585.42	17,282.82
04/01/2018	9,583.34	7,114.06	585.42	17,282.82
05/01/2018	9,583.34	7,114.06	585.42	17,282.82
06/01/2018	9,583.33	7,114.07	585.41	17,282.81
07/01/2018	9,583.33	7,114.07	585.41	17,282.81
08/01/2018	9,583.33	7,114.07	585.41	17,282.81
09/01/2018	9,583.33	7,114.07	585.41	17,282.81
10/01/2018	9,583.33	7,114.06	585.42	17,282.81
11/01/2018	9,583.33	7,114.06	585.42	17,282.81
12/01/2018	9,583.33	7,114.06	585.42	17,282.81
01/01/2019	9,583.33	7,114.06	585.42	17,282.81
02/01/2019	9,583.34	6,922.40	561.46	17,067.20
03/01/2019	9,583.34	6,922.40	561.46	17,067.20
04/01/2019	9,583.34	6,922.39	561.46	17,067.19
05/01/2019	9,583.34	6,922.39	561.46	17,067.19
06/01/2019	9,583.33	6,922.40	561.46	17,067.19
07/01/2019	9,583.33	6,922.40	561.46	17,067.19
08/01/2019	9,583.33	6,922.40	561.46	17,067.19
09/01/2019	9,583.33	6,922.40	561.46	17,067.19
10/01/2019	9,583.33	6,922.40	561.45	17,067.18
11/01/2019	9,583.33	6,922.40	561.45	17,067.18
12/01/2019	9,583.33	6,922.39	561.46	17,067.18
01/01/2020	9,583.33	6,922.39	561.46	17,067.18
02/01/2020	10,416.67	6,634.90	537.50	17,589.07
03/01/2020	10,416.67	6,634.90	537.50	17,589.07
04/01/2020	10,416.67	6,634.90	537.50	17,589.07
05/01/2020	10,416.67	6,634.90	537.50	17,589.07
06/01/2020	10,416.67	6,634.89	537.50	17,589.06
07/01/2020	10,416.67	6,634.89	537.50	17,589.06
08/01/2020	10,416.67	6,634.89	537.50	17,589.06

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
09/01/2020	10,416.67	6,634.89	537.50	17,589.06
10/01/2020	10,416.66	6,634.90	537.50	17,589.06
11/01/2020	10,416.66	6,634.90	537.50	17,589.06
12/01/2020	10,416.66	6,634.90	537.50	17,589.06
01/01/2021	10,416.66	6,634.90	537.50	17,589.06
02/01/2021	10,416.67	6,322.40	511.46	17,250.53
03/01/2021	10,416.67	6,322.40	511.46	17,250.53
04/01/2021	10,416.67	6,322.40	511.45	17,250.52
05/01/2021	10,416.67	6,322.40	511.45	17,250.52
06/01/2021	10,416.67	6,322.39	511.46	17,250.52
07/01/2021	10,416.67	6,322.39	511.46	17,250.52
08/01/2021	10,416.67	6,322.39	511.46	17,250.52
09/01/2021	10,416.67	6,322.39	511.46	17,250.52
10/01/2021	10,416.66	6,322.40	511.46	17,250.52
11/01/2021	10,416.66	6,322.40	511.46	17,250.52
12/01/2021	10,416.66	6,322.40	511.46	17,250.52
01/01/2022	10,416.66	6,322.40	511.46	17,250.52
02/01/2022	10,833.34	6,009.90	485.42	17,328.66
03/01/2022	10,833.34	6,009.90	485.42	17,328.66
04/01/2022	10,833.34	6,009.89	485.42	17,328.65
05/01/2022	10,833.34	6,009.89	485.42	17,328.65
06/01/2022	10,833.33	6,009.90	485.42	17,328.65
07/01/2022	10,833.33	6,009.90	485.42	17,328.65
08/01/2022	10,833.33	6,009.90	485.41	17,328.64
09/01/2022	10,833.33	6,009.90	485.41	17,328.64
10/01/2022	10,833.33	6,009.90	485.41	17,328.64
11/01/2022	10,833.33	6,009.90	485.41	17,328.64
12/01/2022	10,833.33	6,009.89	485.42	17,328.64
01/01/2023	10,833.33	6,009.89	485.42	17,328.64
02/01/2023	11,250.00	5,684.90	458.33	17,393.23
03/01/2023	11,250.00	5,684.90	458.33	17,393.23
04/01/2023	11,250.00	5,684.90	458.33	17,393.23
05/01/2023	11,250.00	5,684.90	458.33	17,393.23
06/01/2023	11,250.00	5,684.89	458.34	17,393.23

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
07/01/2023	11,250.00	5,684.89	458.34	17,393.23
08/01/2023	11,250.00	5,684.90	458.33	17,393.23
09/01/2023	11,250.00	5,684.90	458.33	17,393.23
10/01/2023	11,250.00	5,684.90	458.33	17,393.23
11/01/2023	11,250.00	5,684.90	458.33	17,393.23
12/01/2023	11,250.00	5,684.89	458.34	17,393.23
01/01/2024	11,250.00	5,684.89	458.34	17,393.23
02/01/2024	11,250.00	5,347.40	430.21	17,027.61
03/01/2024	11,250.00	5,347.40	430.21	17,027.61
04/01/2024	11,250.00	5,347.40	430.21	17,027.61
05/01/2024	11,250.00	5,347.40	430.21	17,027.61
06/01/2024	11,250.00	5,347.39	430.21	17,027.60
07/01/2024	11,250.00	5,347.39	430.21	17,027.60
08/01/2024	11,250.00	5,347.40	430.21	17,027.61
09/01/2024	11,250.00	5,347.40	430.21	17,027.61
10/01/2024	11,250.00	5,347.40	430.20	17,027.60
11/01/2024	11,250.00	5,347.40	430.20	17,027.60
12/01/2024	11,250.00	5,347.39	430.21	17,027.60
01/01/2025	11,250.00	5,347.39	430.21	17,027.60
02/01/2025	11,666.67	5,009.90	402.08	17,078.65
03/01/2025	11,666.67	5,009.90	402.08	17,078.65
04/01/2025	11,666.67	5,009.90	402.08	17,078.65
05/01/2025	11,666.67	5,009.90	402.08	17,078.65
06/01/2025	11,666.67	5,009.89	402.09	17,078.65
07/01/2025	11,666.67	5,009.89	402.09	17,078.65
08/01/2025	11,666.67	5,009.89	402.09	17,078.65
09/01/2025	11,666.67	5,009.89	402.09	17,078.65
10/01/2025	11,666.66	5,009.90	402.08	17,078.64
11/01/2025	11,666.66	5,009.90	402.08	17,078.64
12/01/2025	11,666.66	5,009.90	402.08	17,078.64
01/01/2026	11,666.66	5,009.90	402.08	17,078.64
02/01/2026	12,083.34	4,659.90	372.92	17,116.16
03/01/2026	12,083.34	4,659.90	372.92	17,116.16
04/01/2026	12,083.34	4,659.89	372.92	17,116.15

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
05/01/2026	12,083.34	4,659.89	372.92	17,116.15
06/01/2026	12,083.33	4,659.90	372.92	17,116.15
07/01/2026	12,083.33	4,659.90	372.92	17,116.15
08/01/2026	12,083.33	4,659.90	372.91	17,116.14
09/01/2026	12,083.33	4,659.90	372.91	17,116.14
10/01/2026	12,083.33	4,659.90	372.91	17,116.14
11/01/2026	12,083.33	4,659.90	372.91	17,116.14
12/01/2026	12,083.33	4,659.89	372.92	17,116.14
01/01/2027	12,083.33	4,659.89	372.92	17,116.14
02/01/2027	11,250.00	4,282.30	342.70	15,875.00
03/01/2027	11,250.00	4,282.29	342.71	15,875.00
04/01/2027	11,250.00	4,282.29	342.71	15,875.00
05/01/2027	11,250.00	4,282.29	342.71	15,875.00
06/01/2027	11,250.00	4,282.29	342.71	15,875.00
07/01/2027	11,250.00	4,282.29	342.71	15,875.00
08/01/2027	11,250.00	4,282.30	342.70	15,875.00
09/01/2027	11,250.00	4,282.29	342.71	15,875.00
10/01/2027	11,250.00	4,282.29	342.71	15,875.00
11/01/2027	11,250.00	4,282.29	342.71	15,875.00
12/01/2027	11,250.00	4,282.29	342.71	15,875.00
01/01/2028	11,250.00	4,282.29	342.71	15,875.00
02/01/2028	11,666.67	3,916.67	314.58	15,897.92
03/01/2028	11,666.67	3,916.67	314.58	15,897.92
04/01/2028	11,666.67	3,916.67	314.58	15,897.92
05/01/2028	11,666.67	3,916.67	314.58	15,897.92
06/01/2028	11,666.67	3,916.66	314.59	15,897.92
07/01/2028	11,666.67	3,916.66	314.59	15,897.92
08/01/2028	11,666.67	3,916.66	314.59	15,897.92
09/01/2028	11,666.67	3,916.66	314.59	15,897.92
10/01/2028	11,666.66	3,916.67	314.58	15,897.91
11/01/2028	11,666.66	3,916.67	314.58	15,897.91
12/01/2028	11,666.66	3,916.67	314.58	15,897.91
01/01/2029	11,666.66	3,916.67	314.58	15,897.91
02/01/2029	11,666.67	3,537.50	285.42	15,489.59

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
03/01/2029	11,666.67	3,537.50	285.42	15,489.59
04/01/2029	11,666.67	3,537.50	285.42	15,489.59
05/01/2029	11,666.67	3,537.50	285.42	15,489.59
06/01/2029	11,666.67	3,537.50	285.41	15,489.58
07/01/2029	11,666.67	3,537.50	285.41	15,489.58
08/01/2029	11,666.67	3,537.50	285.41	15,489.58
09/01/2029	11,666.67	3,537.50	285.41	15,489.58
10/01/2029	11,666.66	3,537.50	285.42	15,489.58
11/01/2029	11,666.66	3,537.50	285.42	15,489.58
12/01/2029	11,666.66	3,537.50	285.42	15,489.58
01/01/2030	11,666.66	3,537.50	285.42	15,489.58
02/01/2030	10,000.00	3,143.75	256.25	13,400.00
03/01/2030	10,000.00	3,143.75	256.25	13,400.00
04/01/2030	10,000.00	3,143.75	256.25	13,400.00
05/01/2030	10,000.00	3,143.75	256.25	13,400.00
06/01/2030	10,000.00	3,143.75	256.25	13,400.00
07/01/2030	10,000.00	3,143.75	256.25	13,400.00
08/01/2030	10,000.00	3,143.75	256.25	13,400.00
09/01/2030	10,000.00	3,143.75	256.25	13,400.00
10/01/2030	10,000.00	3,143.75	256.25	13,400.00
11/01/2030	10,000.00	3,143.75	256.25	13,400.00
12/01/2030	10,000.00	3,143.75	256.25	13,400.00
01/01/2031	10,000.00	3,143.75	256.25	13,400.00
02/01/2031	10,416.67	2,806.25	231.25	13,454.17
03/01/2031	10,416.67	2,806.25	231.25	13,454.17
04/01/2031	10,416.67	2,806.25	231.25	13,454.17
05/01/2031	10,416.67	2,806.25	231.25	13,454.17
06/01/2031	10,416.67	2,806.25	231.25	13,454.17
07/01/2031	10,416.67	2,806.25	231.25	13,454.17
08/01/2031	10,416.67	2,806.25	231.25	13,454.17
09/01/2031	10,416.67	2,806.25	231.25	13,454.17
10/01/2031	10,416.66	2,806.25	231.25	13,454.16
11/01/2031	10,416.66	2,806.25	231.25	13,454.16
12/01/2031	10,416.66	2,806.25	231.25	13,454.16

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
01/01/2032	10,416.66	2,806.25	231.25	13,454.16
02/01/2032	10,833.34	2,441.67	205.21	13,480.22
03/01/2032	10,833.34	2,441.67	205.21	13,480.22
04/01/2032	10,833.34	2,441.66	205.21	13,480.21
05/01/2032	10,833.34	2,441.66	205.21	13,480.21
06/01/2032	10,833.33	2,441.67	205.21	13,480.21
07/01/2032	10,833.33	2,441.67	205.21	13,480.21
08/01/2032	10,833.33	2,441.67	205.21	13,480.21
09/01/2032	10,833.33	2,441.67	205.21	13,480.21
10/01/2032	10,833.33	2,441.67	205.20	13,480.20
11/01/2032	10,833.33	2,441.67	205.20	13,480.20
12/01/2032	10,833.33	2,441.66	205.21	13,480.20
01/01/2033	10,833.33	2,441.66	205.21	13,480.20
02/01/2033	9,166.67	2,062.50	178.13	11,407.30
03/01/2033	9,166.67	2,062.50	178.13	11,407.30
04/01/2033	9,166.67	2,062.50	178.12	11,407.29
05/01/2033	9,166.67	2,062.50	178.12	11,407.29
06/01/2033	9,166.67	2,062.50	178.12	11,407.29
07/01/2033	9,166.67	2,062.50	178.12	11,407.29
08/01/2033	9,166.67	2,062.50	178.12	11,407.29
09/01/2033	9,166.67	2,062.50	178.12	11,407.29
10/01/2033	9,166.66	2,062.50	178.13	11,407.29
11/01/2033	9,166.66	2,062.50	178.13	11,407.29
12/01/2033	9,166.66	2,062.50	178.13	11,407.29
01/01/2034	9,166.66	2,062.50	178.13	11,407.29
02/01/2034	9,583.34	1,741.67	155.21	11,480.22
03/01/2034	9,583.34	1,741.67	155.21	11,480.22
04/01/2034	9,583.34	1,741.66	155.21	11,480.21
05/01/2034	9,583.34	1,741.66	155.21	11,480.21
06/01/2034	9,583.33	1,741.67	155.21	11,480.21
07/01/2034	9,583.33	1,741.67	155.21	11,480.21
08/01/2034	9,583.33	1,741.67	155.21	11,480.21
09/01/2034	9,583.33	1,741.67	155.21	11,480.21
10/01/2034	9,583.33	1,741.67	155.20	11,480.20

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
11/01/2034	9,583.33	1,741.67	155.20	11,480.20
12/01/2034	9,583.33	1,741.66	155.21	11,480.20
01/01/2035	9,583.33	1,741.66	155.21	11,480.20
02/01/2035	10,000.00	1,406.25	131.25	11,537.50
03/01/2035	10,000.00	1,406.25	131.25	11,537.50
04/01/2035	10,000.00	1,406.25	131.25	11,537.50
05/01/2035	10,000.00	1,406.25	131.25	11,537.50
06/01/2035	10,000.00	1,406.25	131.25	11,537.50
07/01/2035	10,000.00	1,406.25	131.25	11,537.50
08/01/2035	10,000.00	1,406.25	131.25	11,537.50
09/01/2035	10,000.00	1,406.25	131.25	11,537.50
10/01/2035	10,000.00	1,406.25	131.25	11,537.50
11/01/2035	10,000.00	1,406.25	131.25	11,537.50
12/01/2035	10,000.00	1,406.25	131.25	11,537.50
01/01/2036	10,000.00	1,406.25	131.25	11,537.50
02/01/2036	10,416.67	1,031.25	106.25	11,554.17
03/01/2036	10,416.67	1,031.25	106.25	11,554.17
04/01/2036	10,416.67	1,031.25	106.25	11,554.17
05/01/2036	10,416.67	1,031.25	106.25	11,554.17
06/01/2036	10,416.67	1,031.25	106.25	11,554.17
07/01/2036	10,416.67	1,031.25	106.25	11,554.17
08/01/2036	10,416.67	1,031.25	106.25	11,554.17
09/01/2036	10,416.67	1,031.25	106.25	11,554.17
10/01/2036	10,416.66	1,031.25	106.25	11,554.16
11/01/2036	10,416.66	1,031.25	106.25	11,554.16
12/01/2036	10,416.66	1,031.25	106.25	11,554.16
01/01/2037	10,416.66	1,031.25	106.25	11,554.16
02/01/2037	8,333.34	640.63	80.21	9,054.18
03/01/2037	8,333.34	640.62	80.21	9,054.17
04/01/2037	8,333.34	640.62	80.21	9,054.17
05/01/2037	8,333.34	640.62	80.21	9,054.17
06/01/2037	8,333.33	640.63	80.21	9,054.17
07/01/2037	8,333.33	640.63	80.21	9,054.17
08/01/2037	8,333.33	640.63	80.21	9,054.17

Date	Principal Requirement	Interest Requirement	Expenses Requirement	Total Deposit
09/01/2037	8,333.33	640.63	80.20	9,054.16
10/01/2037	8,333.33	640.63	80.20	9,054.16
11/01/2037	8,333.33	640.62	80.21	9,054.16
12/01/2037	8,333.33	640.62	80.21	9,054.16
01/01/2038	8,333.33	640.62	80.21	9,054.16
02/01/2038	8,750.00	328.13	59.37	9,137.50
03/01/2038	8,750.00	328.13	59.37	9,137.50
04/01/2038	8,750.00	328.13	59.37	9,137.50
05/01/2038	8,750.00	328.12	59.38	9,137.50
06/01/2038	8,750.00	328.12	59.38	9,137.50
07/01/2038	8,750.00	328.12	59.38	9,137.50
08/01/2038	8,750.00	328.13	59.37	9,137.50
09/01/2038	8,750.00	328.13	59.37	9,137.50
10/01/2038	8,750.00	328.13	59.37	9,137.50
11/01/2038	8,750.00	328.12	59.38	9,137.50
12/01/2038	8,750.00	328.12	59.38	9,137.50
01/01/2039	8,750.00	328.12	59.38	9,137.50
Total	\$2,960,000.00	\$1,253,278.24	\$103,941.95	\$4,317,220.19

ACKNOWLEDGED:

EAST CASEY COUNTY WATER DISTRICT

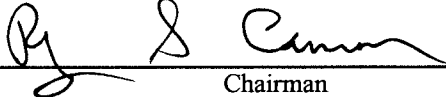
By:  Chairman

EXHIBIT C

FORM OF RESOLUTION

RESOLUTION NO. _____

A RESOLUTION APPROVING A LEASE FOR THE FINANCING OF A PROJECT AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE

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

WHEREAS, the governing body of the Lessee (the "Governing Body") has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined in the Lease hereinafter described;

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Kentucky Bond Corporation (the "Lessor") enter into a Lease Agreement (the "Lease") for the leasing by the Lessee from the Lessor of the Project;

NOW THEREFORE, BE IT ORDERED AND RESOLVED BY THE EAST CASEY COUNTY WATER DISTRICT, AS FOLLOWS:

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease") substantially the form presented to this Governing Body. It is hereby found and determined that the Project identified in the Lease is public property to be used for public purposes. It is further determined that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease and all representations, certifications and other matters contained in the Closing Memorandum with respect to the Lease, or as may be required by the Lessor prior to delivery of the Lease, are hereby approved, ratified and confirmed. The Chairman and Secretary-Treasurer of the Lessee are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transaction contemplated by the Lease.

Section 2. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 3. Open Meetings Law. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Governing Body, and that all deliberations of this Governing Body and of its committees, if any, which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 4. Conflicts. All resolutions, ordinances, orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and the provisions of this Resolution shall prevail and be given effect.

Section 5. Effective Date. This Resolution shall take effect from and after its passage, as provided by law.

Nov. 18, 2014 INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the Governing Body, held on Nov. 18, 2014, signed by the Chairman of the Lessee, attested by the Secretary-Treasurer, filed and indexed as provided by law.

By: 
Chairman

Attest:
By: 
Secretary-Treasurer

EXHIBIT D
OPINION OF LESSEE'S COUNSEL

December 17, 2014

The Bank of New York Mellon Trust Company, N.A., Trustee
Corporate Trust Services
614 West Main Street, Suite 2600
Louisville, Kentucky 40202

Kentucky Bond Corporation
100 East Vine Street, Suite 800
Lexington,, Kentucky 40507-3500

Re: Lease Agreement between Kentucky Bond Corporation, as lessor, and East Casey County Water District, as lessee

Ladies and Gentlemen:

We have acted as counsel to the lessee identified above (the "Lessee") in connection with the authorization, execution, and delivery by the Lessee of the Lease Agreement identified above, (the "Lease"), between the Lessee and Kentucky Bond Corporation (the "Lessor"). We have reviewed (i) the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), (ii) certain proceedings taken by the Governing Body of the Lessee, (iii) an executed copy of the Lease, and (iv) such other information and documents as we have deemed necessary or appropriate in order to render this opinion.

Based on the foregoing, we are of the opinion that:

1. The Lessee is a body politic and corporate, validly organized and existing in good standing under the laws of the Commonwealth and has full power and authority to enter into and to perform its obligations under the Lease.

2. The Lease has been duly authorized, executed and delivered by the Lessee and (assuming the due authorization, execution and delivery thereof by the other parties thereto) constitute legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

3. All consents, approvals or authorizations of any governmental entity and all filings and notices required on the part of the Lessee in connection with the authorization, execution and delivery of the Lease and the consummation of the transactions contemplated thereby have been obtained and are in full force and effect.

4. Neither the execution and delivery of the Lease nor the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Lease conflict with or constitute a violation of any provision of any law or regulation applicable to the Lessee or, to the best of our knowledge after reasonable investigation, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound.

5. To the best of our knowledge, after reasonable investigation, there is no action, suit, proceeding or governmental investigation at law or in equity before or by any court, public board or body, pending of which the Lessee has been served with a summons, summons and complaint or other notice of commencement, or threatened against or affecting the Lessee, challenging the validity of the Lease or contesting the power and authority of the Lessee to execute and deliver the Lease or to consummate the transactions contemplated by the Lease.

Respectfully submitted,

EXHIBIT E

CERTIFICATE OF OFFICIALS OF LESSEE

Re: Lease Agreement between Kentucky Bond Corporation, as lessor, and the East Casey County Water District, as lessee dated December 17, 2014

The undersigned officials of the lessee identified above (the "Lessee") under the Lease Agreement identified above (the "Lease") between the Lessee and the Kentucky Bond Corporation (the "Lessor"), DO HEREBY CERTIFY AS FOLLOWS:

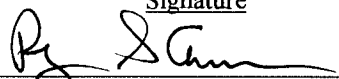
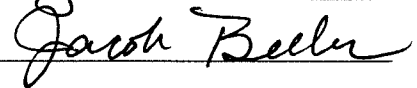
1. That they are the duly elected or appointed, qualified and acting incumbents of their respective offices of the Lessee, as set forth after their signatures hereto, and as such are familiar with the books, records and affairs of the Lessee.

2. That the Lessee is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to lease property as lessee and to carry on its business as now being conducted.

3. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Governing Body of the Lessee on Nov. 18, 2014 (the "Official Action"), authorizing the appropriate officials of the Lessee to execute the Lease. The Official Action was duly adopted in accordance with all applicable laws.

4. The representations and warranties of the Lessee made in the Lease are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Official Action has not been amended or supplemented and is in full force and effect; and the Lease has been entered into and is in full force and effect.

5. That the below-named persons were on the date or dates of the execution of the Lease and are on the date of this certificate the duly elected or appointed and qualified incumbents of the respective offices of the Lessee set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
<u>RICKY CARMAN</u> Andy Greynolds	<u>Chairman</u>	
<u>Jacob Beeler</u>	<u>Secretary-Treasurer</u>	

6. The Lease has been duly authorized, executed and delivered by the Lessee and constitutes legal, valid and binding obligations of the Lessee, enforceable against the Lessee in accordance with its terms.

7. The Lessee is not in default under or in violation of (i) any provisions of applicable law, (ii) the Lease, or (iii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, order, judgment, decree or other instrument or restriction of any kind or character to which it is a party or by which it or its properties are or may be bound, or to which it or any of its assets is subject, which default would have a material adverse effect on the condition, financial or otherwise, of the Lessee or on the ability of the Lessee to perform its obligations under the Lease. Neither the execution and delivery of the Lease nor compliance by the Lessee with the terms, conditions and provisions of the Lease will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

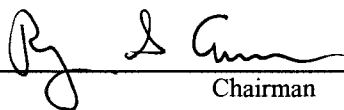
8. Since the date of the financial information provided to the Lessor, there have not been any material adverse changes in the business, properties, condition (financial or otherwise) or results of operations of the Lessee, whether or not arising from transactions in the ordinary course of business, and since such date, except in the ordinary course of business, the Lessee has not entered into any transaction or incurred any liability material to the financial position of the Lessee.

9. There is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, or public board or body, pending or, to the best of our knowledge, threatened against or affecting the Lessee wherein an unfavorable decision, ruling or finding would materially adversely affect the business, properties, condition (financial or otherwise) or the results of operations of the Lessee or the ability of the Lessee to perform its obligations under the Lease.

10. All authorizations, consents and approvals of, notices to, registrations or filings with, or other actions in respect of or by, any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the Lessee of the Lease has been duly obtained, given or taken (and copies thereof have been provided to the Lessor).

11. Any certificate signed by any official of the Lessee and delivered to the Lessor will be deemed to be a representation by the Lessee to the Lessor as to the statements made therein.

WITNESS our hands this December 17, 2014.

By:  _____
Chairman

Attest:
By:  _____
Secretary-Treasurer

EXHIBIT F

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Bond Corporation, as lessor, and East Casey County Water District, as lessee dated December 17, 2014.

Requisition Certificate No. _____

The Lessee hereby requests a disbursement from the Participant Disbursement Account in the amount of \$ _____ and hereby certifies, as follows (except that with respect to a disbursement to pay an interest component of Lease Rental Payments during construction of a Project, only the document described in (a) below will be required):

(a) Attached is a statement of the amount and nature of each item of the Costs of the Project to be paid and the name and address of the payee, with the payee's statement and, if reimbursement to the Lessee of amounts previously paid is requested, evidence of such payment;

(b) each item for which payment or reimbursement is requested is or was necessary in connection with the Costs of the Project and none of such items formed the basis for any previous payment from the Participant Disbursement Account;

(c) each contractor, subcontractor and materialman has filed with the Lessee receipts or waivers of liens for all amounts previously certified for payment, or any amount previously certified for reimbursement to the Lessee, or there is on file with the Lessee a cancelled check endorsed by the contractor, subcontractor or materialman evidencing such payment;

(d) all of the warranties and representations of the Lessee contained in the Lease are true and correct as of the date of such disbursement, as though such warranties and representations were made on such date, no Event of Default has occurred under the Lease, the right of the Lessee to control the acquisition, construction and installation of the Project has not otherwise been terminated pursuant to the Lease, and that amounts on deposit in the Participant Disbursement Account will be sufficient to complete the Project in accordance with the approved plans and specifications;

Executed this ____ day of _____, _____.

EAST CASEY COUNTY WATER DISTRICT, Lessee

By: _____
Authorized Lessee Representative

EXHIBIT G

FURTHER REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE

Section 1. Definitions. Terms used in this Exhibit G shall have the meanings ascribed to them in Section 1 of this Lease. In addition:

"Bond Year" means a one year period beginning on each date principal is due on any Parity Obligations, such that a Bond Year will be established with respect to each principal payment date for purposes of determining the amounts to be deposited in the Sinking Fund in accordance with Sections 4(a)(1) and (2).

"Consulting Engineers" means an engineer or a firm of engineers, who, by virtue of experience, reputation and ability, bear a reputation in the field of water system engineering, which is recognized and known, and upon whose professional judgment sophisticated investors rely in connection with securities which are issued for utility purposes

"Debt Service Reserve" means the fund established in accordance with Section 4 of this Exhibit G.

"Depository Bank" or "Payee Bank" refers to the bank in which all of the funds established in accordance with Section 4 of this Exhibit G are deposited and maintained.

"Depreciation Fund" means the fund established in accordance with Section 4 of this Exhibit G.

"Depreciation Reserve Requirement" means an amount as shall be determined by the Consulting Engineers and set forth in a certificate filed with the Lessee to be necessary as a reserve for major repairs or replacements of the System.

"Operation and Maintenance Fund" means the fund established in accordance with Section 4 of this Exhibit G.

"Parity Obligations" means bonds or other obligations issued in the future, which bonds or other obligations issued in the future will, pursuant to the provisions of this Lease, rank on a basis of parity with this Lease, and shall not be deemed to include obligations ranking inferior in security to this Lease. Parity Obligations shall also include the obligations of the Lessee under this Lease.

"Required Reserve" means zero, provided that if the Lessee determines to establish a Debt Service Reserve in order to obtain a rating on any obligations payable from Revenues, or for any other purpose, Required Reserve shall mean the least of (a) the maximum annual principal and interest requirements scheduled to fall due on the Lease and any outstanding Parity Obligations, (b) an amount equal to 10% of the principal amount of the Lease and any Parity Obligations or (c) 120% of the average annual principal and interest requirements of the Lease and any Parity Obligations.

"Revenue Fund" means the fund established in accordance with Section 4 of this Exhibit G.

"Revenues" means the totality of all water charges of any and all types and varieties imposed, enforced and collected by the Lessee for any water services rendered by the System, together with other income received by the Lessee, if any, from any agency of government, both federal and state, as representing income or operating subsidies, as distinguished from capital grants, to the extent not otherwise required to be treated and applied and specifically excluding therefrom any funds received which result from assessments or assessment charges.

"Sinking Fund" means the fund established in accordance with Section 4 of this Exhibit G for the payment of any Parity Obligations.

"System" means the drinking water system of the Lessee and any additions thereto and extensions thereof, and shall include the Project being financed under this Lease.

"System Funds" means the Revenue Fund, the Sinking Fund, the Debt Service Reserve, the Depreciation Fund and the Operation and Maintenance Fund.

Section 2. Reaffirmation of Declaration that System is a Public Project. The previous action of the Lessee in declaring the public water system of the Lessee to constitute a revenue-producing public project, is hereby approved, ratified and confirmed; and so long as any Parity Obligations shall remain outstanding, the System shall be owned, controlled, operated and maintained on a combined and consolidated, revenue-producing basis, for the security and source of payment of any Parity Obligations, under the authority hereinbefore stated.

Section 3. Security, Funds and Revenues Pledged Parity Obligations. Any Parity Obligations that may be issued and outstanding from time to time under the conditions and restrictions hereinafter set forth shall be payable out of the Sinking Fund, and the holders of any Parity Obligations shall have a claim against such Fund and against a sufficient portion or amount of the Revenues of the System pledged to such Fund.

Section 4. Creation of Special Funds.

(a) Revenue Fund. There is hereby established the Revenue, which shall be maintained so long as any Parity Obligations remain outstanding. The Revenues of the System shall be set aside monthly into the Revenue Fund which shall constitute a separate and special fund hereby established, which fund shall be maintained as provided herein. The Revenues of the System so set aside into the Revenue Fund shall then be expended, used and apportioned as follows.

There shall be transferred on or before the last day of each month, from the Revenue Fund:

(1) To the Sinking Fund, so long as any Parity Obligations remain outstanding, an amount equal to one-twelfth (1/12) of the principal amount of all Parity Obligations maturing during each existing Bond Year, such that the one-twelfth (1/12) amount calculated for each existing Bond Year will provide sufficient funds for the payment of principal on the related Parity Obligations on the first day of the next Bond Year for those Parity Obligations.

(2) To the Sinking Fund, so long as any Parity Obligations remain outstanding, an amount equal to one-sixth (1/6) of the interest requirements of all Parity Obligations due during each existing Bond Year (or, if due monthly, then the amount due), such that the one-sixth (1/6) amount calculated for each existing Bond Year will provide sufficient funds for the payment of interest on the related Parity Obligations on the day that is six months from the beginning of that Bond Year for those Parity Obligations and on the first day of the next Bond Year for those Parity Obligations (or, if due monthly, then the amount payable that month).

(3) To the Debt Service Reserve, an amount equal to one forty-eighth (1/48) of the maximum debt service requirements for any Parity Obligations, until such amount shall have been accumulated or restored, after which the monthly deposits may be discontinued, subject to resumption if, whenever, and so long as same shall be reduced, by such stipulated amount.

(4) To the Depreciation Fund, if, whenever, and so long as an amount equal to the Depreciation Reserve Requirement is not then being held in the Depreciation Fund, an amount, equal to 1/36th of the Depreciation Reserve Requirement so that the balance in the Depreciation Fund will equal the Depreciation Reserve Requirement in the month that is thirty-six months from the month such deficiency first existed. Thereafter such monthly payments may cease for so long as the required balance in the Depreciation Fund is maintained and such monthly payments shall resume again if at any time said balance is less than the Depreciation Reserve Requirement and shall continue until said balance is established.

(5) To the Operation and Maintenance Fund, an amount which, together with any funds already on deposit therein, will be sufficient to pay, as they accrue, the proper and necessary costs of operating, maintaining and insuring the System, and to accumulate and maintain, in the Operation and Maintenance Fund, an amount sufficient to pay all costs of operating, maintaining and insuring the System for three (3) full months, which the Lessee hereby covenants to maintain.

(b) Sinking Fund. There is hereby established the Sinking Fund, which shall be maintained so long as any Parity Obligations remain outstanding, which shall be used for the purpose of accumulating the amounts necessary to pay the principal of and interest on the outstanding Parity Obligations. No further payments need be made into the Sinking Fund whenever and so long as such amount of the outstanding Parity Obligations shall have been retired so that the amounts then held in the Sinking Fund (and in the Debt Service Reserve) are equal to the entire amount of the interest and principal that will be payable to and at the time of the retirement or maturity of all Parity Obligations then remaining outstanding. All funds on deposit in the Sinking Fund shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

(c) Debt Service Reserve. There is hereby established the Debt Service Reserve, which shall be maintained so long as any Parity Obligations remain outstanding and in which an amount equal to the Required Reserve shall be maintained. Amounts on deposit in the Debt Service Reserve may be withdrawn and used by the Lessee, when necessary, and shall be so withdrawn and used by if and to the extent necessary, to prevent a default in the payment of principal and interest on the outstanding Parity Obligations as and when due if the amount on deposit in the Sinking Fund is not sufficient to make such payments. In the event of any withdrawals from the Debt Service Reserve, or if and whenever the amount on deposit in the Debt Service Reserve is less than the Required Reserve, the Lessee shall remedy such deficiency through the deposit into the Debt Service Reserve in each month thereafter of an amount equal to one forty-eighth (1/48) of the Required Reserve until the total Required Reserve shall have been accumulated or restored and is being maintained. All funds on deposit in the Debt Service Reserve shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

(e) Depreciation Fund. There is hereby established the Depreciation Fund, which shall be maintained so long as any Parity Obligations remain outstanding and in which an amount equal to the Depreciation Reserve Requirement shall be maintained.

Amounts in the Depreciation Fund may be withdrawn and used upon appropriate certification by whatever official is duly authorized by the Governing Body to make such certification, for the purpose of paying the cost of making unusual or extraordinary maintenance, repairs, renewals or replacements to the System, which would be necessary to keep the System in good operating condition, or for the purpose of paying the cost of constructing extensions, additions and/or improvements to the System which will either enhance the revenue-producing capacity of the System or provide a higher degree of service; provided, however, that if the combined available balances in the Sinking Fund and the Debt Service Reserve on any January 20 or July 20 shall be insufficient to pay the next maturing installment of interest or principal of the outstanding Parity Obligations, the Lessee shall withdraw and transfer from the Depreciation Fund to the Sinking Fund whatever amount may be required to eliminate the deficiency in the Sinking Fund and to avoid a default. However, the Lessee hereby certifies and represents that it is not reasonably anticipated that any amounts in the Depreciation Fund will be used to pay debt service on any Parity Obligations.

Deficiencies in the Depreciation Fund shall be remedied through the monthly deposits required from the Revenue Fund above, until the total required amount has been accumulated or restored and is being maintained. There shall also be deposited in the Depreciation Fund the proceeds of any property damage insurance not immediately used to replace the damaged or destroyed property and the cash proceeds of any surplus, worn out or obsolete properties of the System.

As and when additional Parity Obligations are issued, the Lessee shall determine at the time of issuance thereof, with the advice of the Consulting Engineers then employed by the Lessee, (a) whether additional amounts shall be accumulated in the Depreciation Fund, (b) the exact revision, if any, in the required deposits in the Depreciation Fund, and (c) the revised total amount necessary to be accumulated in the Depreciation Fund; whereupon covenants to that effect shall be incorporated in the proceedings authorizing the issuance of such Parity Obligations.

All funds on deposit in the Depreciation Fund shall be kept separate and apart from all other funds the Lessee and shall be deposited, secured and invested in the manner provided in subsection F below.

(f) Operation and Maintenance Fund. There is hereby established the Operation and Maintenance Fund, which shall be maintained so long as any Parity Obligations remain outstanding. All costs of operating,

maintaining and insuring the System shall be paid from the Operation and Maintenance Fund. All funds in the Operation and Maintenance Fund shall be kept separate and apart from all other funds of the Lessee and shall be deposited, secured and invested in the manner provided in Subsection F below.

(f) Investment of Funds. All moneys held in the System Funds shall be deposited in the Depository Bank. Such bank or banks shall invest such portion of the System Funds as is designated by the Governing Body in investment obligations ("Investment Obligations") which constitute lawful investments for cities pursuant to Section 66.480 of the Kentucky Revised Statutes, as amended, subject, however, to the following limitations:

(1) Investment Obligations purchased as an investment of moneys in any System Fund held by the Lessee or the Depository Bank under the provisions of this Lease shall be deemed at all times to be a part of such System Fund and the income or interest earned, gains realized or losses suffered by a fund or account due to the investment thereof shall be retained in, credited or charged thereto as the case may be, subject, in the case of the Debt Service Reserve, to the provisions of Section 4(c) of this Exhibit G; provided that escrow agreements may provide otherwise.

(2) In computing the amount in all System Funds, including the accounts thereof, Investment Obligations purchased as an investment of moneys therein, shall be valued at the lesser of cost or fair market value. The value of investments in the Debt Service Reserve and the Depreciation Fund shall be determined as of the first day of each fiscal year. Valuation as of any date of computation shall include the amount of interest or gain realized to such date.

(3) The Lessee shall sell at the best price obtainable, or present for redemption or exchange, any Investment Obligations purchased by it pursuant to this Lease whenever it shall be necessary in order to provide moneys to meet any payment or transfer from the System Fund for which such investment was made. The Depository Bank shall advise the Lessee in writing, at such times as may be requested by the Lessee, of the details of all Investments Obligations held for the credit of each System Fund in its custody under the provisions of this Lease. The Depository Bank shall review and advise the Lessee annually on the nature and value of investments in each fund or account. In the event that the value of investments in the Debt Service Reserve falls below the level required by this Lease, the Depository shall notify the Lessee and the Lessee shall cure such deficiency as provided in Section 4(c) of this Exhibit G.

The Lessee represents and certifies that no investment shall be made of the proceeds of any Parity Obligations or the Revenues of the System which will cause any outstanding Parity Obligations to be treated as arbitrage bonds within the meaning of Section 148 of the Code.

(g) Amounts in Funds and Accounts. Notwithstanding the requirements and limitations set forth in this Section 4, amounts on deposit in any fund or account thereof may be withdrawn and used, to the extent necessary, to prevent a default in the payment of principal and interest on outstanding Parity Obligations as and when due if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

Section 5. Adoption of Budget of Current Expenses. The Lessee covenants and agrees that prior to the delivery of this Lease, the Governing Body will have adopted a budget of current expenses for the operation of the System for the remainder of the then current fiscal year ending June 30, and thereafter, on or before the first day of each fiscal year prior to the year of final maturity of any Parity Obligations, the Governing Body of the Lessee will adopt an annual budget of current expenses for the System (the "Annual Budget of Current Expenses") for the ensuing fiscal year, and will furnish a copy of such Annual Budget of Current Expenses or amendments thereto, upon request, to any holder of Parity Obligations. "Current Expenses" as used herein shall include all reasonable and necessary costs of operating, repairing, maintaining and insuring the System, but shall exclude any allowance for depreciation payments into the Depreciation Fund for extensions, improvements, and extraordinary repairs and maintenance, and payments into the Sinking Fund and the Debt Service Reserve. The Lessee further covenants that the Current Expenses incurred in any year shall not exceed the necessary and reasonable amounts required therefor, and that the Lessee will not expend any amount or incur any obligations for operation, maintenance and repair in excess of the amounts provided for Current Expenses in the current Annual Budget of Current Expenses, except on proper justification and resolution by the Governing Body of the Lessee, that such expenditures are necessary to operate and maintain the System. The Lessee further covenants that at the same time and in like manner, the Governing Body of the Lessee shall prepare an estimate of Revenues to be derived from the operation of the System for such fiscal year and that sufficient Revenues shall be provided, through the maintenance of proper rates and

charges (and through the increase thereof if necessary) to satisfy the requirements of all of the provisions contained in this Lease, including the accumulation and maintenance of all required reserves specified herein.

Section 6. Rates and Charges for Services of the System. While any Parity Obligations remain outstanding and unpaid, the rates for all services and facilities rendered by the System to the Lessee and to its citizens, corporations or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of the System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all outstanding Parity Obligations and the accruing interest on all such outstanding Parity Obligations, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Lease. Prior to the delivery of this Lease, a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Lease has been established and adopted and is now in full force and effect.

The Lessee covenants that it will not reduce the rates and charges for services rendered by the System without first obtaining a certification of the Consulting Engineers to the effect that the annual Net Revenues (defined below) of the then existing System for the fiscal year preceding the date on which such reduction is proposed, as such annual Net Revenues are adjusted, after taking into account the projected reduction in Revenues anticipated to result from such proposed rate decrease, are equal to at least 120% of the maximum debt service requirements falling due in any fiscal year thereafter for the principal of and interest on all of the then outstanding Parity Obligations. For purposes of determining compliance with the coverage required by this Section and the tests contained in Section 7(b) and (c) hereof relating to Parity Obligations, the interest rate borne by indebtedness bearing interest at a variable rate shall be assumed to be equal to the higher of (i) 5.00% or (ii) the highest variable rate borne over the preceding 24 months by outstanding variable rate debt (issued pursuant to the provisions hereof) or by variable rate debt for which the interest rate is computed by reference to an index comparable to that to be utilized for the debt then proposed to be issued.

The Lessee also covenants to obtain a report, within six (6) months after the end of each fiscal year, by certified public accountants or Consulting Engineers, setting forth what was the precise percentage ("coverage") of the maximum debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then outstanding Parity Obligations, produced or provided by the Net Revenues in that fiscal year and the Lessee covenants that if and whenever such report so filed shall establish that such coverage of Net Revenues for such year was less than 120% of the maximum debt service requirements, the Lessee shall increase the rates by an amount sufficient, in the opinion of such engineers or accountants, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 7. Inferior Obligations: Parity Obligations: and Surplus Facilities.

(a) Inferior Obligations. Except as provided below in this Section, the Lessee shall not, so long as any Parity Obligations are outstanding, enter into any additional financing leases, issue any bonds or incur any indebtedness payable from the Revenues or any part thereof unless the lien or pledge of the Revenues to secure such additional bonds or indebtedness is made inferior and subordinate in all respects to the security of the outstanding Parity Obligations.

The Lessee expressly reserves the right at any time or times to issue its bonds or other obligations payable from the Revenues of the System and not ranking on a basis of equality and parity with the outstanding Parity Obligations, without any proof of previous earnings or Net Revenues, but only if:

(1) Such bonds or other obligations are issued to provide for extensions, additions, improvements or other benefits to the System.

(2) Such inferior bonds or obligations whenever issued or incurred may only be issued or incurred with express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the outstanding Parity Obligations.

(3) There shall have been obtained a statement by a certified public accountant, reciting the opinion based upon necessary investigation that the Net Revenues of the System for twelve (12) consecutive months out of the preceding eighteen (18) months (with adjustments as hereinafter provided under (b) below) were equal to at least 1.00 times the maximum annual debt service that will become due in any fiscal year

thereafter for both principal and interest on all outstanding inferior bonds or obligations and Parity Obligations, including the obligations then proposed to be issued.

The ordinary refunding of the outstanding inferior bonds or obligations or Parity Obligations, shall not be subject to the foregoing requirements if such refunding does not operate to increase, in any year until the final maturity of the refunding obligations, the aggregate of the principal and interest requirements of the obligations to remain outstanding and the obligations proposed to be refunded.

(b) Parity Obligations to Finance Future Extensions, Additions or Improvements: Conditions or Showings Required. The Lessee further reserves the right to add new waterworks and/or related auxiliary facilities, and/or to finance future extensions, additions or improvements to the System, by the issuance of one or more additional series of obligations to be secured by a lien on the basis of parity with the lien securing Parity Obligations, and ratably payable from the Revenues of the System, provided that:

(1) The facility or facilities to be constructed from the proceeds of the additional obligations issued for that purpose is or are made a part of the System and its or their Revenues are pledged as additional security for the additional obligations and the outstanding Parity Obligations.

(2) The Lessee is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the Revenues of the System or any part thereof; and

(3) There shall have been obtained a statement by a certified public accountant, reciting the opinion based upon necessary investigation that the Net Revenues of the System for twelve (12) consecutive months out of the preceding eighteen (18) months (with adjustments as hereinafter provided) were equal to at least 1.20 times the maximum annual debt service that will become due in any fiscal year thereafter for both principal and interest on Parity Obligations, including the obligations then proposed to be issued.

"Net Revenues" as herein used are defined as Revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, materials and supplies, pumping costs, insurance, deposits in funds and accounts required to be maintained hereunder (other than deposits in the Sinking Fund) and all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowance for depreciation.

Such "Net Revenues" may be adjusted for the purpose of the foregoing computations to reflect (i) any revisions in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity obligations, and also to reflect (ii) any increase in such Net Revenues projected by reason of the Revenues anticipated to be derived from the extensions, additions or improvements to the System being financed (in whole or in part) by such additional Parity Obligations; provided such latter adjustment shall be made only if contracts for the immediate acquisition or construction of such extensions, additions or improvements have been or will have been entered into (secured by a 100% performance bond) prior to the issuance of such additional Parity Obligations. All of such adjustments shall be based upon the written certification of the Consulting Engineers.

(c) Parity Obligations to Refund or Refinance Outstanding Bonds. In addition to obligations satisfying the requirements of Section 6(c) above issued to refund outstanding Parity Obligations, the Lessee further reserves the right to issue one or more additional series of obligations to be secured by a parity lien on and ratably payable from the Revenues of the System, for the purpose of refunding or refinancing the outstanding Parity Obligations, or any portion thereof, provided that prior to the issuance of such additional Parity Obligations for that purpose, there shall have been obtained a statement by a certified public accountant, reciting the opinion based upon necessary investigation that:

(1) after the issuance of such Parity Obligations, the annual Net Revenues, as adjusted and defined above, of the then existing System for the fiscal year preceding the date of issuance of such Parity Obligations, after taking into account the revised debt service requirements resulting from the issuance of such Parity Obligations and from the elimination of the bonds or other obligations being refunded or refinanced thereby, are equal to not less than 120% of the maximum net annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding Parity Obligations payable from the Revenues of the System, calculated in the manner specified above: or

(2) in the alternative, that the debt service requirements for the outstanding Parity Obligations and the proposed Parity Obligations, in any year of maturities thereof after the retirement, defeasance or redemption of the outstanding Parity Obligations scheduled to be refunded through the issuance of such proposed Parity Obligations, shall not exceed the scheduled net annual debt service requirements applicable to the Parity Obligations then outstanding for any corresponding year prior to the issuance of such proposed Parity Obligations and the retirement, defeasance or redemption of any Parity Obligations to be refunded.

The additional Parity Obligations, the issuance of which is restricted and conditioned by this Section, shall be understood to mean obligations payable from the income and Revenues of the System on a parity with the outstanding Parity Obligations, including this Lease, and shall not be deemed to include nor to prohibit the issuance of any other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the Sinking Fund for the outstanding Parity Obligations and such additional Parity Obligations.

(d) Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities; Conditions. The Lessee covenants and agrees that so long as any Parity Obligations is outstanding, the Lessee will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided for above, it will not create or permit to be created any charge or lien on the Revenues thereof ranking equal or prior to the charge or lien of the outstanding Parity Obligations. Notwithstanding the foregoing, the Lessee may at any time permanently abandon the use of, or sell at the fair market value, any part of the facilities of the System, provided that:

(1) It is in compliance with all covenants and undertakings in connection with all of the Parity Obligations then outstanding and payable from the Revenues of the System, and the Debt Service Reserve for such outstanding Parity Obligations is being maintained at the stipulated level; and

(2) It will in the event of any such sale, apply the proceeds to either (i) redemption of outstanding Parity Obligations in accordance with the provisions governing redemption of the outstanding Parity Obligations in advance of maturity, or purchase of outstanding Parity Obligations in the open market at not exceeding the next applicable redemption price, or (ii) replacement of the facility so disposed of by another facility, the Revenues of which shall be incorporated into the System as hereinbefore provided; and

(3) It certifies, in good faith, prior to any abandonment of use, that the facility or facilities to be abandoned is or are no longer economically feasible of producing substantial Net Revenues; and

(4) It certifies, in good faith, that the estimated Net Revenues of the remaining facilities of the System for the then next succeeding fiscal year, plus the estimated Net Revenues of the facility or facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of additional Parity Obligations; and

(5) Such sale or disposition will not have the effect of causing any Parity Obligations to become arbitrage bonds.

Section 8. All Parity Obligations Equal. The outstanding Parity Obligations authorized and permitted to be issued hereunder, including the Lease, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and Revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the outstanding Parity Obligations authorized or permitted to be issued, regardless of the fact that they may be actually issued and delivered at different times, subject to the provisions of the previous Section.

Section 9. Insurance.

(a) Fire and Extended Coverage. If and to the extent that the System includes structures above ground level, the Lessee shall, upon receipt of the proceeds of the sale of the Lease, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the outstanding Parity Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System, the Lessee shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) Liability Insurance on Facilities. The Lessee shall, if such insurance is not already in force, procure and maintain, so long as any Parity Obligations are outstanding, public liability insurance relating to the operation of the facilities of the System, with limits per person and per accident that are customary for similar enterprises, to protect the Lessee from claims for bodily injury or death and from claims for damage to property of others which may arise from the Lessee's operations of the System and any other facilities constituting a portion of the System.

(c) Vehicle Liability Insurance. If and to the extent that the Lessee owns or operates vehicles in the operation of the System, the Lessee shall, if such insurance is not already in force, procure and maintain, so long as any Parity Obligations are outstanding, vehicular public liability insurance with limits per person and per accident, that are customary for similar enterprises to protect the Lessee from claims for bodily injury or death and from claims for damage to property of others which may arise from the operation of such vehicles by the Lessee.

Section 10. Records, Audits and Reports: Engineering Inspection. Insofar as consistent with the laws of Kentucky, the Lessee agrees that so long as any of the Parity Obligations remain outstanding, it will keep proper books of records and account showing complete and correct entry of all transactions relating to the System in accordance with generally accepted accounting principles (for facilities of like type and size), in which complete and correct entries shall be made of all pertinent transactions. All such records and books of account shall at all times during normal business hours be subject to inspection by the owners of 10% or more of the principal amount of the Parity Obligations then outstanding, or by their duly authorized representatives.

The Lessee further covenants that as soon as may be feasible after the close of each fiscal year, and in any event not later than one hundred twenty (120) days thereafter, the Lessee will cause an audit of the financial affairs of the System to be completed by independent state-licensed accountants, covering the operation of the System for the preceding fiscal year.

A copy of said audit report shall be kept on file, where it will be subject to inspection at any reasonable time by or on behalf of any owner of outstanding Parity Obligations. A condensation of the important facts shown by such report will be mailed to any such owner upon request.

Section 11. General Covenants. The Lessee covenants, so long as any Parity Obligations remain outstanding, as follows:

(a) It will at all times own and operate the System as a public project on a revenue producing basis, and will permit no services to be rendered free of charge or without full compensation.

(b) It will at all times maintain the System in good condition through application of Revenues accumulated and set aside for operation and maintenance as herein provided, and will make renewals and replacements as the same may be required, through application of Revenues accumulated and set aside into the Depreciation Fund.

(c) To the extent permitted by law, it will not permit any competing water system, public or private, to sell or serve water services to customers within the service area of the Lessee.

(d) It will perform all duties with reference to the System required by the Statutes and Constitution of Kentucky and will not sell, lease, mortgage or in any manner dispose of the System, or any part thereof except as authorized herein.

(e) It will provide that water service will be discontinued to any premises where there is a failure to pay any part of the aggregate charges billed, including such penalties and fees for disconnection or reconnection as may be prescribed from time to time, to the greatest extent permitted by law.

Section 12. Events of Default; Remedies. The following items shall constitute an "event of default" on the part of the Lessee:

(a) The failure to pay the principal of any Parity Obligations when due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on the outstanding Parity Obligations when the same shall become due and payable or within thirty (30) days thereafter.

(c) The default by the Lessee in the due or punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Lease, including this Exhibit.

(d) The failure to promptly repair, replace or reconstruct needed or essential facilities of the System that have been damaged or destroyed.

(e) The entering of an order or decree with the consent or acquiescence of the Lessee appointing a receiver of all or any part of the System or any Revenues thereof; or if such order or decree having been entered without the acquiescence or consent of the Lessee, its failure in not having the order vacated, discharged or stayed on appeal within sixty (60) days after entry.

(f) The failure of the Lessee to fulfill any of its other obligations pursuant to this Lease, including this Exhibit G.

The Lessor may, either at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel performance by the Lessee and its officers and agents of all duties imposed or required by law or by this Lease including this Exhibit G in connection with the operation of the System, including the making and collection of sufficient rates, the segregation of the Revenues of the System and the application thereof in accordance with the provisions of this Lease, including this Exhibit G.

Upon the occurrence of an "event of default" as defined above, then upon the filing of suit by the Lessor or any holder of any Parity Obligations, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Lessee, with power to charge and collect rates and charges for the services and facilities provided by the System sufficient to provide for the payment of any outstanding Parity Obligations and other obligations of the System, and the interest thereon, together with the expenses of operation and maintenance, and to apply the income and Revenues in accordance with the provisions of this Lease, including this Exhibit G, and of the applicable statutes of Kentucky, and to take such other legal action as may be appropriate for the protection of the Lessor or any such other holder.

The Lessee hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the Lessee's obligations, all contracts and other rights of the Lessee pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. In the event of default, the Lessor or the holder of any Parity Obligations may require the Governing Body of the Lessee by an action in mandamus to raise the rates a reasonable amount.

Section 13. Covenant to Require Use of Water System. The Lessee agrees that during the time any of the outstanding Parity Obligations are outstanding, it will take all such steps as may be necessary to cause the owners of all properties abutting upon any water lines of the Lessee to connect thereto and keep connected thereto. The foregoing covenant shall be in favor of and enforceable by the Lessor and holders of the outstanding Parity Obligations in accordance with the provisions herein contained. If the Lessee fails to take such steps, it may be required to do so by the Lessor or such other holders.

Section 14. Pledge and Security. The Lease Rental Payments will constitute legal, valid and binding special and limited obligations of the Lessee, secured by a pledge of the Revenues of the System, and are payable out of the Sinking Fund created hereby. The Lessor and owners of the Parity Obligations shall have a first lien claim against the Sinking Fund and against the necessary designated portion or amount of the Revenues of the System. This Lease will rank on a parity as to security and source of payment with any other Parity Obligations. As security and

source of payment of the Base Rentals payable under the Lease, the Lessee hereby pledges, assigns and grants to the Lessor a lien and security interest in the following for so long as the Lease shall remain in effect:

- (a) all Revenues of the System;
- (b) all net proceeds of insurance and condemnation, in each case after payment from time to time of costs of operating, maintaining, repairing and replacing the System;
- (c) all of the Lessee's right, title and interest in and to all leases and subleases of the System or any assignment thereof; and
- (d) all proceeds of the foregoing.

Except as may be otherwise expressly provided in this Lease or any amendment or supplement permitted hereunder, this pledge, assignment and grant of a lien and security interest shall be valid and binding from and after the date hereof, and all of the foregoing shall immediately be subject thereto without any physical delivery thereof or further act. The lien and security interest shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Lessee, irrespective of whether such parties have notice thereof, to the extent permitted by law; on a parity, however, with the lien and security interest granted as security for all Parity Obligations. The Lessee agrees to hold all of the foregoing collateral as agent for the Lessor and owners of any Parity Obligations, and to execute such additional documents, including financing statements, affidavits, notices and similar instruments, as may be required to perfect and maintain the security interest granted herein to the extent a security interest may be perfected and maintained in the collateral herein described.

Section 15. Obligations of Lessee Unconditional. The obligations of the Lessee to make the Lease Rental Payments due shall be absolute and unconditional, and shall not be subject to any diminution by right of set-off, counterclaim, recoupment or otherwise. During the term of this Lease, the Lessee shall not suspend or discontinue any Lease Rental Payments due hereunder.

Section 16. Conflicts. To the extent there is any conflict between the provisions of this Lease set forth in Sections 1 to 32 and the provisions set forth in this Exhibit G, the provisions of this Exhibit G shall prevail.

EXHIBIT H

TAX CERTIFICATE

CERTIFICATE UNDER SECTIONS 103(b)(2) AND 148 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

PARTICIPANT: East Casey County Water District

FINANCING AGREEMENT AMOUNT: \$2,960,000

The Participant hereby certifies with respect to a Financing Agreement (the "Financing Agreement") with the Kentucky Bond Corporation (the "Corporation"), funded with a portion of the proceeds of the Bonds, as defined in the Financing Agreement, issued by the Corporation on behalf of the Participant, which is entered into for the purpose of redeeming certain outstanding obligations (the "Prior Obligations"), which financed certain improvements (the "Project") and made as of the date hereof (the "Closing Date"), which is the date of delivery of, and payment for, the Bonds and the Financing Agreement, that the following facts, estimates and circumstances regarding the amount and use of all of the Proceeds, as defined in Treas. Reg. § 1.148-1(b), issued under the Internal Revenue Code of 1986, as amended (the "Code"), of the Financing Agreement are, as of the Closing Date and according to the Participant's best knowledge, information and belief, reasonably expected to exist or to occur (with capitalized terms not defined herein having the meanings given them in the Financing Agreement or the Tax Compliance Agreement attached hereto):

A. Proceeds. The Proceeds of the Financing Agreement consist, and will consist, of the Sale Proceeds, Replacement Proceeds and Investment Proceeds, each as defined in Treas. Reg. § 1.148-1(b), issued under the Code.

B. Purpose of Issue. The Proceeds of the Financing Agreement, together with certain other funds, will be used to fund a portion of a Reasonably Required Reserve or Replacement Fund (the "Reserve Fund") and to redeem the Prior Obligations, each of which constitutes a valid governmental purpose (the "Governmental Purpose").

The total amount of Proceeds received by the Participant will not exceed the amount necessary to finance the Governmental Purpose. The Financing Agreement is being entered into at this time because the Prior Obligation has become due and payable.

C. Yield on the Financing Agreement. (1) The price at which a substantial amount of the Bonds related to the Financing Agreement were sold is set forth in the Certificate of Financial Advisor attached hereto.

(2) The Yield on the Financing Agreement, as defined in Treas. Reg. § 1.148-4, issued under the Code, is variable and will be determined under Treas. Reg. § 1.148-4(c).

(3) The Yield on the Financing Agreement is equal to the Yield on the portion of the Bonds the proceeds of which financed the Financing Agreement; therefore, the Yield on the Financing Agreement does not exceed the Yield on the portion of the Bonds the proceeds of which financed the Financing Agreement.

D. Application of Proceeds. All of the Sale Proceeds will be used to fund a portion of the Reserve Fund and to redeem the Prior Obligation and to pay issuance expenses. No amount received as Proceeds of the Financing Agreement will be used in the manner not set forth in this section.

E. Expenditure of Proceeds for the Project. The Prior Obligation will be redeemed within 90 days of the date hereof.

F. Investment of Proceeds. (1) The Participant has agreed in the Tax Compliance Agreement that it will not invest any of the Proceeds of the Financing Agreement without the express consent of the Corporation, and any such investments will be done so that such investment will not cause interest on either the Financing Agreement or the Bonds to be includable in the holder's gross income for purposes of federal income taxation or the debt to be treated as "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder.

(2) Not more than fifty percent (50%) of the Proceeds of the Financing Agreement will be invested in investments that both do not carry out the Governmental Purpose of the Financing Agreement and have a substantially guaranteed yield for at least four (4) years.

(3) No account or fund has been or will be established to pay principal of, premium, if any, or interest on the Financing Agreement. Other than the Reserve Fund, as described in Subsection (4) below, there are no moneys, sources of funds, securities or obligations that have been, or will be, pledged as collateral for the payment of principal of, premium, if any, or interest on the Financing Agreement, and there are no moneys, sources of funds, securities or obligations with respect to which the Issuer has given or will give any reasonable assurance to any holder of the Financing Agreement that such funds will be available to pay principal of, premium, if any, or interest on the Financing Agreement.

(4) The amounts on deposit in Reserve Fund, which secures the combination of the Financing Agreement and all other financing agreements entered into pursuant to the Program (the "Program Financing Agreements"), on an aggregate basis, should not exceed the least of (i) 10% of the stated principal amount of the Program Financing Agreements, if original issue discount does not exceed 2% times the stated redemption price of the Bonds, or the Issue Price of the Program Financing Agreements, if original issue discount does exceed 2% times the stated redemption price of the Program Financing Agreements, (ii) the maximum annual Debt Service of the Program Financing Agreements, or (iii) 120% of average annual Debt Service of the Program Financing Agreements, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits will not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), issued under the Code, appropriate Yield Reduction Payments will be timely made. For purposes of calculating any Rebate Payments and Yield Reduction Payments due in Connection with the Bonds, the amount of the Reserve Fund allocable to the Financing Agreement will be determined in accordance with Treas. Reg. § 1.148-6.

(5) Any unexpended portion of the Proceeds of the Financing Agreement, including any amounts in the Reserve Fund or any additional Reasonably Required Reserve or Replacement Fund, will be invested as provided in the Trust Indenture for the Bonds and other than any funds described herein invested during an Applicable Temporary Period permitted under Treas. Regs. §§ 1.148-1 through -11, issued under the Code, if any, or any amounts in any Reasonably Required Reserve or Replacement Fund, as described in Treas. Reg. § 1.148-2(f), no Proceeds of the Financing Agreement, or any moneys that may become Replacement Proceeds, as defined in Treas. Reg. § 1.148-1(c), of the Financing Agreement, in excess of the lesser of (i) five percent (5%) of such Proceeds or (ii) \$100,000, will be invested in "higher yielding investments," as defined in the Code and the Treasury Regulations thereunder.

G. General. (1) Neither the Project, nor any part thereof, will be sold or otherwise disposed of by the Participant prior to the final principal maturity date of the Financing Agreement.

(2) The Participant will allocate Proceeds of the Financing Agreement to reimburse itself only for capital expenditures paid not earlier than sixty (60) days prior to the Closing Date or not earlier than sixty (60) days prior to the date it adopted an official expression of intent to reimburse (the "Official Expression of Intent"), within the meaning of Treas. Reg. § 1.150-2, issued under the Code, if earlier, or as otherwise permitted pursuant to Treas. Reg. § 1.150-2.

(3) There are no amounts, other than the Gross Proceeds of the Financing Agreement that are available for the Governmental Purpose. Other than the Reserve Fund, here are no sinking funds or pledged funds and the term of the Financing Agreement is not longer than reasonably necessary for the Governmental Purpose.

(4) Any Rebate Payments and any Yield Reduction Payments, owed pursuant to Section 148(f) of the Code, will be remitted to the United States Treasury as directed by the Corporation, pursuant to the Tax Compliance Agreement entered into with respect to the Bonds.

(5) The Participant has not employed in connection with the Financing Agreement a transaction or series of transactions that attempts to circumvent the provisions of Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder, enabling the Participant to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and/or increasing the burden on the market for tax-exempt obligations through actions such as issuing more obligations, issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary for the Governmental Purpose.

(6) The Issuer has never been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that the Participant's certification with respect to its obligations may not be relied upon and no notice to that effect has been published in the Internal Revenue Bulletin.

(7) With respect to the Financing Agreement, the first, and each subsequent, "Bond Year", as defined in Treas. Reg. §1.148-1(b) shall end on February 1, commencing with the first February 1, subsequent to the Closing Date.

(8) Certain of the facts, estimates and circumstances contained herein are based upon representations made by the Financial Advisor in the attached certificate, or in other letters and reports that accompany the sundry closing documents related to the sale and delivery of the Financing Agreement and the Bonds. The Participant is not aware of any facts, estimates or circumstances that would cause it to question the accuracy of such representations. To the best of the knowledge, information and belief of the undersigned, who is authorized by the Participant to sign this certificate on behalf of the Participant, the above expectations of the Participant as stated herein are reasonable and there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

CHECK IF APPLICABLE

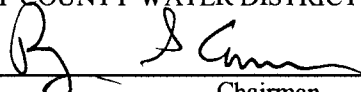
(9) During this calendar year, the Participant, which has general taxing powers, has not issued and does not expect to issue tax-exempt bonds, including any tax-exempt bonds issued by any subordinate entities, but excluding "private activity bonds," as defined in the Section 141 of the Code, and any refunding bonds, as defined in Section 148(f)(4)(D)(iii) of the Code, exceeding \$5,000,000 in aggregate face amount.

(10) Participant does not reasonably anticipate that the total principal amount of "tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the Participant or any subordinate entity of the Participant will issue during the calendar year in which the Financing Agreement is executed and delivered will exceed \$10,000,000; and, therefore, the Participant hereby designates the Financing Agreement as a "qualified tax-exempt obligation".

This certificate is being executed and delivered pursuant to Treas. Regs. §§ 1.148-1 through -11 issued under the Code, of which the undersigned, with the advice of counsel, is generally familiar. On the basis of the foregoing, it is not expected that the proceeds of the Financing Agreement will be used in a manner that would cause the Financing Agreement or the Bonds to be "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code or the Treasury Regulations thereunder.

EAST CASEY COUNTY WATER DISTRICT

By:

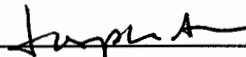

Chairman

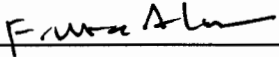
Dated: December 17, 2014

CERTIFICATE OF FINANCIAL ADVISOR

The undersigned hereby certifies on behalf Ross, Sinclair & Associates, LLC (the "Financial Advisor") that (1) the Bonds were sold by competitive sale on December 3, 2014 (the "Sale Date") under a written and binding agreement, dated the Sale Date, the terms of which have not been materially altered since the Sale Date; (2) the purchase prices for the Bonds are set forth in Exhibit A hereto, which purchase prices were not less than the fair market value of each maturity of the Bonds as of the Sale Date; (3) it is of the opinion that the amount deposited in the Reserve Fund is reasonable and necessary because no reserve fund or a reserve fund in a lesser amount would adversely affect the interest rates at which the Bonds could be sold; and (4) this certificate may be relied upon by the Participant in executing the foregoing certificate and by Dinsmore & Shohl LLP in rendering any opinion with respect to the Bonds or the Financing Agreement.

ROSS, SINCLAIRE & ASSOCIATES, LLC

By: 

Title: 

Dated: December 17, 2014

**Attachment to No-Arbitrage Certificate
TAX COMPLIANCE AGREEMENT**

KENTUCKY BOND CORPORATION

PARTICIPANT: East Casey County Water District

DATE OF AGREEMENT: December 17, 2014

FINANCING AGREEMENT AMOUNT: \$2,960,000

This Tax Compliance Agreement relates to a Financing Agreement between the Participant and the Kentucky Bond Corporation dated the date of this Tax Compliance Agreement.

TAX COMPLIANCE AGREEMENT

THIS TAX COMPLIANCE AGREEMENT (the "Tax Compliance Agreement") is made and entered into as of the date shown on the cover page hereto between the KENTUCKY BOND CORPORATION (the "Corporation") and the Participant shown on the cover page hereto (the "Participant"):

WITNESSETH:

WHEREAS, the Participant has agreed, in a financing agreement (the "Financing Agreement") dated the date hereof (with capitalized terms not defined herein having the meanings given them in the Financing Agreement) to borrow the Financing Agreement Amount shown on the cover page hereto pursuant to a Program administered by the Corporation and funded with the portion of the proceeds of Bonds issued by the Corporation on behalf of the Participant to fund a Reasonably Required Reserve or Replacement Fund and to redeem certain obligations of the Lessee (the "Prior Obligations") the proceeds of which were used to finance the project identified in the Financing Agreement (the "Project"); and

WHEREAS, it is necessary for the parties hereto to enter into this Tax Compliance Agreement to ensure that interest paid on the Bonds and on the Financing Agreement shall all be and shall all remain excludible from gross income for Federal income purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and is not and will not become a specific item of tax preference under Section 57(a)(5)(C) of the Code for the federal alternative minimum tax and to comply with the requirements of the No-Arbitrage Certificate (as hereinafter defined).

NOW, THEREFORE, the parties hereto agree and bind themselves as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions. In addition to words and terms defined elsewhere in this Tax Compliance Agreement, the Code and Regulations, the No-Arbitrage Certificate, the Indenture and the Financing Agreement, the following capitalized words and terms used in this Tax Compliance Agreement shall have the following meanings, unless some other meaning is plainly intended:

"AMT Bond" means a Qualified Private Activity Bond, other than a Qualified 501(c)(3) Bond, the interest on which is a specific item of tax preference under Section 57(a)(5) of the Code, subject to the federal alternative minimum tax under Section 55 of the Code.

"Arbitrage Bond" means any obligation of a Governmental Entity that is treated as an arbitrage bond under Sections 103(b)(2) and 148 of the Code.

"Applicable Temporary Period" means the temporary investment period available for each particular category of Gross Proceeds of Governmental Obligations, as provided in Treas. Reg. § 1.148-2(e), issued under the Code, during which time the Gross Proceeds may be invested at a Materially Higher Yield. The Applicable Temporary Period for amounts in a Capital Acquisition Fund ends three years, after the Closing Date of Governmental Obligations, the Applicable Temporary Period for amounts deposited into a Bona Fide Debt Service Fund ends thirteen months after the date of deposit into the fund, the Applicable Temporary Period for Investment Proceeds of Governmental Obligations ends one year after the date of receipt or deemed receipt of the monies, the Applicable Temporary Period for Replacement Proceeds of Governmental Obligations ends thirty days after the date the amounts become Replacement Proceeds and the Applicable Temporary Period for Disposition Proceeds of Governmental Obligations will be determined under Treas. Reg. § 1.141-12(a), issued under the Code.

"Bona Fide Debt Service Fund" means a fund that is used primarily to achieve a proper matching of revenues with Debt Service of Governmental Obligations within each Bond Year and is depleted at least once each Bond Year, except for the Permitted Carryover.

"Bond Counsel" means a nationally recognized bond counsel experienced in municipal finance, particularly in the issuance of bonds the interest on which is excluded from gross income pursuant to the Code.

"Bond Year" means the period commencing on the Closing Date of Governmental Obligations and ending on a date no later than one year after the Closing Date and then each one-year period commencing the day after such date and each anniversary of such date thereafter.

"Capital Acquisition Fund" means a fund that is to be used to finance the acquisition or construction of assets that qualify as Capital Expenditures.

"Capital Expenditure" means any expense that is properly depreciable or amortizable or is otherwise treated as a capital expenditure under the Code, and for the purposes of determining eligible Reimbursement Allocations, Costs of Issuance.

"Closing Date" means the date of this Tax Compliance Agreement.

"Cost of Issuance" means any expenditure incurred in connection with the issuance of the Financing Agreement or the Participant's share of such expenditures relating to the Bonds, including such costs as underwriters' spread, rating agency fees, appraisal costs, attorneys' and accounts' fees and printing costs, but excluding Qualified Guarantee Fees or expenditures incurred in connection with the acquisition of the Project.

"Debt Service" means any principal and interest payments on obligations.

"Disposition Proceeds" means the amounts, including property, received from the sale, exchange or other disposition of the Project.

"Disproportionate Private Use" means the excess of Related Private Use over the Related Governmental Use.

"Federally-Guaranteed" means having the payment of either the principal of or interest on any portion of the Financing Agreement or any loan made with the Proceeds of any portion of the Financing Agreement guaranteed, in whole or in part, directly or indirectly, by the United States, or acquiring any Investment Property that is, directly or indirectly federally-insured, except as otherwise permitted by Section 149(b) of the Code.

"Governmental Entity" means any State and any political subdivision and agency of any State.

"Governmental Facility" means any property owned by one or more Governmental Entities financed or refinanced with Governmental Bonds, if no more than 10% of the property is used by Private Users.

"Governmental Issuer" means the Governmental Entity that is the debtor on or issuer of a Governmental Obligation.

"Governmental Obligation" means any debt obligation of a Governmental Entity.

"Gross Proceeds" means Sale Proceeds, Investment Proceeds, Transferred Proceeds and Replacement Proceeds, determined pursuant to Treas. Regs. §§ 1.148-1(b) and -1(c), all until spent.

"Investment Proceeds" means any amounts actually or constructively earned or received from investing the Proceeds in Investment Property.

"Investment Property" means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (not including any Tax-Exempt Bond other than an AMT Bond), annuity contract or other investment-type property and any Residential Rental Property.

"Materially Higher Yield" means any Yield that is greater than the Yield permitted to be earned under Section 148 of the Code and Treas. Regs. §§ 1.148-1 through -11, issued under the Code.

"Minor Portion" means an amount of the Proceeds of Governmental Obligations, other than Proceeds invested in a Reasonably Required Reserve or Replacement Fund or Proceeds invested during an Applicable Temporary Period, not in excess of the lesser of (i) 5% of the Proceeds of the Financing Agreement, or (ii) \$100,000.

"No-Arbitrage Certificate" means the "Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as Amended," for the Bonds and the Financing Agreement given by the Participant, including certifications given with respect thereto by the Financial Advisor.

"Non-Governmental Entity" means any person or entity, other than a Governmental Entity.

"Nonpurpose Investment" means any Investment Property other than a Purpose Investment.

"Pledged Fund" means any amount pledged, directly or indirectly, to pay principal of or interest on the Financing Agreement and which provides reasonable assurance of such amounts being paid even if the Participant experiences financial difficulties, including amounts subject to a negative pledge.

"Private Activity Bond" means any Governmental Obligation if (i) there is more than 10% Private Use of the Proceeds of the obligations and more than 10% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly, by any Private User; (ii) more than the lesser of 5% of the Proceeds of the obligations or \$5,000,000 is used to make Private Loans; (iii) there is more than 5% in the aggregate of Unrelated Private Use and Disproportionate Private Use and more than 5% of the principal of or interest on the obligations is secured or to be paid, either directly or indirectly with respect to or from property financed with the Proceeds of the obligations that is used in an Unrelated Private Use or Disproportionate Private Use; all as described in Section 141 of the Code.

"Private Loan" means any loan, directly or indirectly, of any of the Proceeds of an obligation of a Governmental Entity to any Non-Governmental Entity.

"Private Use" means the use of any Proceeds of the Financing Agreement or any facilities financed with such Proceeds by Private Users.

"Private User" means any Non-Governmental Entity, other than a natural person not engaged in a trade or business.

"Purpose Investment" means Investment Property purchased with Gross Proceeds of the Governmental Obligations to carry out the governmental purpose for which the obligations were issued, as provided in Treas. Reg. §1.148-1(b), issued under the Code.

"Qualified 501(c)(3) Bond" means any Qualified Private Activity Bond that satisfies the requirements of Section 145 of the Code.

"Qualified Private Activity Bond" means any Private Activity Bond that satisfies the requirements of Section 141(e) of the Code.

"Reasonably Required Reserve or Replacement Fund" means any fund that is pledged as security for or is available for payment of any Debt Service of any Governmental Obligation and is reasonably required by a lender, a State or other governmental or regulatory authority having jurisdiction over the Governmental Issuer, a national bond rating agency, or an underwriter or financial advisor and that satisfies the limitations of Treas. Reg. §1.148-2(f), issued under the Code.

"Rebate Amount" means the amount determined by the Corporation pursuant to the No-Arbitrage Certificate.

"Rebate Payment" means any payment of the Rebate Amount made to the United States Treasury.

"Redemption Date" means the date on which the last of the principal of and interest on the Financing Agreement has been paid, whether upon maturity, redemption or acceleration thereof.

"Reimbursement Allocation" means a written allocation of the Proceeds of the Financing Agreement intended to reimburse the Participant for Capital Expenditures for the Project that were paid prior to the Closing Date, provided that any such allocation is made no later than eighteen (18) months after the later of the date the Capital Expenditure was paid or the date the Project was placed in service, but in no event later than three (3) years

after the payment date. Any written allocation made within thirty (30) days after the Closing Date shall be treated as if made on the Closing Date.

"Reimbursement Resolution" means a declaration of intent, under Treas. Reg. §1.150-2, by the Participant to finance, by issuing debt, Capital Expenditures. For this purpose, the issuance of debt to finance specific facilities shall constitute a Reimbursement Resolution, the date of adoption of which shall be no later than the Closing Date of such debt.

"Related Private Use" means any Private Use that is not Unrelated Private Use.

"Replacement Proceeds" means amounts replaced by Proceeds of the Financing Agreement, including any sinking fund, Pledged Fund, restricted gifts (not including qualified endowment funds, pursuant to Treas. Reg. § 1.148-6(d)(3)(iii)(C)) or reserve or replacement fund, or other funds that would be available, directly or indirectly, to pay debt service on any of the Financing Agreement, within the meaning of Treas. Reg. § 1.148-1(c).

"Research Agreement" means an agreement between the Participant and a Private User under which the Participant or the Private User uses any portion of the Project to carry on research.

"Residential Rental Property" means any residential rental property for family units not located in the jurisdiction of the Governmental Issuer or not acquired to implement a court ordered or approved housing desegregation plan.

"Sale Proceeds" means the Financing Agreement Amount shown on the cover page hereto.

"Service Contract" means a contract between the Participant and a Service Provider under which the Service Provider provides services involving any portion or function of a Governmental Facility financed with Governmental Bonds.

"Service Provider" means any Private User that provides management or other services.

"State" means any state and possession of the United States and the District of Columbia.

"Tax-Exempt Bond" means (i) any Governmental Obligation the interest on which is excludible from gross income for federal income tax purposes, under Sections 103 and 150(a)(6) of the Code, (ii) any Pre-TRA Bond, (iii) certain tax-exempt mutual funds, as provided in Treas. Reg. § 1.150-1(b), issued under the Code, and (iv) any Demand Deposit SLGS.

"Transferred Proceeds" means transferred proceeds as defined in Treas. Reg. §1.148-9.

"Treasury Regulation" and "Treas. Reg." means any Regulation, Proposed Regulation or Temporary Regulation, as may be applicable, issued by the United States Treasury Department pursuant to the Code or the 1954 Code, as appropriate.

"Unrelated Private Use" means any Private Use that is not related to the Use by a Governmental Entity of Governmental Facilities.

"Yield" means, pursuant to Treas. Regs. §§ 1.148-4 and -5, that discount rate which, when computing the present value of all payments of principal and interest to be paid on an obligation, produces an amount equal to, in the case of the Financing Agreement, the Issue Price and in the case of any Investment Property, the fair market value, as provided in Treas. Reg. § 1.148-5(d).

"Yield Reduction Amount" means the amount determined by the Corporation pursuant to the Tax Regulatory Agreement.

"Yield Reduction Payment" means any payment of the Yield Reduction Amount made to the United States Treasury.

SECTION 1.02. Interpretative Rules. For all purposes of this Tax Compliance Agreement, except as otherwise expressly provided or unless the context otherwise requires (a) "Tax Compliance Agreement" means this instrument, as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof; (b) all references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed; (c) the words "herein," "hereof," "hereunder" and "herewith" and other words of similar import refer to this Tax Compliance Agreement as a whole and not to any particular Article, Section or other subdivision; (d) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular; (e) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (f) the terms defined elsewhere in this Tax Compliance Agreement shall have the meanings therein prescribed for them; (g) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders; (h) the headings used in this Tax Compliance Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

ARTICLE II

COVENANTS AND REPRESENTATIONS OF CORPORATION AND THE PARTICIPANT ACKNOWLEDGEMENTS BY, DIRECTIONS TO AND FROM CORPORATION AND THE PARTICIPANT

SECTION 2.01. Authority and Organization. (a) The Participant represents for the benefit of the Corporation that it is a political subdivision of the Commonwealth of Kentucky with the power, among others, to enter into the Financing Agreement in furtherance of its corporate purposes, including financing the cost of the Project; and

(b) The Corporation represents for the benefit of the Participant that (i) the Corporation is nonprofit corporation duly organized and validly existing under the laws of the Commonwealth of Kentucky; and (ii) the Corporation has full power and authority granted to it by the Commonwealth of Kentucky to establish a program to enter into fixed rate financing agreements with cities, political subdivisions and public agencies of the Commonwealth of Kentucky.

SECTION 2.02. Use of Proceeds. The Participant represents that:

(a) No Private Use of Proceeds. No more than 10% of the Use of either the Proceeds of the Financing Agreement or the Project may be Private Use if more than 10% of the principal of or interest on the Financing Agreement is secured or to be paid, either directly or indirectly, by any Private User, no more than 5% of the Use of either the Proceeds of the Obligations or the Project may be for an Unrelated Private Use or Disproportionate Private Use and no more than the lesser of 5% of the Proceeds of the Financing Agreement or \$5,000,000 may be used to make Private Loans.

(b) Expectations. The Lessee expects to redeem the Prior Obligation no later than 90 days after the Closing Date.

(c) Use of the Project. The Participant will own or lease and operate the Project during the entire term of the Financing Agreement and will not change the use or ownership of any part of a Project during the entire term of the Financing Agreement without consultation of Bond Counsel and the prior written consent of the Corporation.

(d) Reimbursement Allocations. The Participant will not make any Reimbursement Allocation with the Proceeds of the Financing Agreement for Capital Expenditures that were paid prior to sixty (60) days before the date on which the Participant adopted a Reimbursement Resolution authorizing the issuance of debt to finance the Project, except that expenditures for Costs of Issuance paid before the date of the Financing Agreement, certain preliminary Capital Expenditures not in excess of twenty percent (20%) of the Financing Agreement Amount, and an amount of Capital Expenditures not in excess of five percent (5%) of the Financing Agreement or \$100,000 may receive a Reimbursement Allocation even if the expenditure was paid more than sixty (60) days prior to the date of adoption of the Reimbursement Resolution described herein and even if the allocation would not otherwise qualify as a Reimbursement Allocation.

(e) Investment Limitations. (i) The Participant will restrict the investment of the Proceeds of the Financing Agreement and take such other actions as may be necessary so that the Financing Agreement will not constitute Arbitrage Bonds. Except for an amount equal to the Minor Portion and amounts in Reasonably Required Reserve or Replacement Funds, neither the Gross Proceeds of the Financing Agreement nor any Disposition Proceeds of the Financing Agreement may be invested at a Materially Higher Yield after the expiration of any Applicable Temporary Periods, unless any permitted Yield Reduction Payments are made.

(ii) The Participant should invest the Proceeds of the Financing Agreement separately from its other investments.

(iii) No more than 50% of the Sale Proceeds of the Financing Agreement may be invested in Nonpurpose Investments with a substantially guaranteed Yield for four or more years.

(iv) Either no amount on deposit in all Reasonably Required Reserve or Replacement Funds for the combination of the Financing Agreement and all other financing agreements entered into pursuant to the Program (the "Program Financing Agreements") on an aggregate basis, should exceed the least of (i) 10% of the stated principal amount of the Program Financing Agreements, if original issue discount does not exceed 2% times the stated redemption price of the Obligations, or the Issue Price of the Program Financing Agreements, if original issue discount does exceed 2% times the stated redemption price of the Program Financing Agreements, (ii) the maximum annual Debt Service of the Program Financing Agreements, or (iii) 120% of average annual Debt Service of the Program Financing Agreements, or the amount held in all Reasonably Required Reserve or Replacement Funds in excess of the lowest of these limits may not be invested at a Materially Higher Yield or, if the amount so invested satisfies Treas. Reg. § 1.148-5(c)(3)(i)(E), issued under the Code, appropriate Yield Reduction Payments should be timely made.

(v) If at any time, either the Participant determines or is informed that the Yield on the investment of moneys held by itself or any other person must be restricted or limited in order to prevent the Bonds from becoming Arbitrage Bonds, the Participant shall and shall so instruct any holder of the Sale Proceeds or Investment Proceeds of the Financing Agreement to take such action or actions as may be necessary to restrict or limit the yield on such investments as set forth in, and in accordance with, such instruction.

(f) Federal Guarantees. The Gross Proceeds will not be invested in any Investment Property that is Federally-Guaranteed.

SECTION 2.03. Service Contracts. The Participant represents that it will not enter into any Service Contracts or management contracts with respect to the Project without the prior written consent of Bond Counsel and the Corporation.

SECTION 2.04. Research Agreements. The Participant represents that it will not enter into any Research Agreements with respect to the Project without the prior written consent of the Corporation.

SECTION 2.05. Changes in Use or User of Project. The Participant represents that (a) no part of the Project will be sold, otherwise disposed of or leased without the prior written consent of the Corporation; (b) it will not permit any use of its Project by any person or entity other than itself without the prior written consent of the Corporation; (c) any portion of a Project consisting of personal property may be sold in the ordinary course of an established governmental program if (i) the weighted average maturity of the portion of the Financing Agreement financing the personal property was not greater than one hundred twenty percent (120%) of the reasonably expected actual use of such personal property by the Participant, (ii) the Participant expected at the date of the Financing Agreement that the fair market value of the personal property at the time of disposition would not be greater than twenty-five percent (25%) of its cost and (iii), at the time of disposition, the personal property is no longer suitable for the governmental purpose for which it was acquired.

SECTION 2.06. Investments. The Participant will invest the Gross Proceeds of the Financing Agreement and any Disposition Proceeds of the Financing Agreement only under the Investment Agreement unless otherwise authorized in writing by the Corporation.

SECTION 2.07. Records. The Participant represents that proper records and accounts, containing complete and correct entries of all transactions relating to the Financing Agreement, the use of the Gross Proceeds of the Financing Agreement and the expenditures made in connection with the acquisition of the Project, will be maintained. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.08. Payment of Arbitrage Compliance Amounts. The Participant represents that all actions necessary to comply with the Yield limitations applicable to investments of the Sale Proceeds and Investment Proceeds of the Financing Agreement and the Rebate requirements contained in Section 148(f) of the Code and the Treasury Regulations thereunder will be taken. Immediately upon the request of the Corporation, the Participant will assemble copies of records concerning investments of Gross Proceeds of the Financing Agreement, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement. In particular, the Participant will provide the Corporation with information that will enable the Corporation to determine if any Rebate Amount is payable. The Participant will pay any Rebate Payment and any Yield Reduction Payment owed with respect to the Gross Proceeds of the Financing Agreement, as determined by the Corporation. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

SECTION 2.09. Information Reporting Requirements. The Participant represents that it will timely execute and file any information reports required under Section 149(e) of the Code (Form 8038-G) or as required by the Corporation.

SECTION 2.10. Compliance with Tax Compliance Agreement. (a) The Participant and the Corporation may, at any time, employ bond counsel, independent certified public accountants, or other qualified experts acceptable to the Corporation to perform any of the requirements imposed upon the Participant by this Tax Compliance Agreement.

(b) The Participant and the Corporation agree, to the extent reasonably possible, to comply with any amendments to the Code or any applicable Regulations, effective retroactively, and the Participant and the Corporation shall take all actions necessary to amend this Tax Compliance Agreement to comply therewith.

(c) Whenever any action or direction is required of the Participant hereunder, such action or direction may, or in the absence of any such action or direction may be made by the Corporation.

SECTION 2.11. Section 265 Designation. (a) The Corporation hereby designates the Financing Agreement as "qualified tax-exempt obligations" for purposes and within the meaning of Section 265(b)(3) of the Code. In support of such designation, the Participant certifies that the Financing Agreement will not be at any time "private activity bonds" (as defined in Section 141 of the Code) other than "qualified 501(c)(3) bonds" (as defined in Section 145 of the Code). The Corporation further certifies that, as of the date hereof in the current calendar year, (i) no tax-exempt obligations of any kind other than the Bonds have been issued for the benefit of the Participant, and (ii) not more than \$10,000,000 of obligations of any kind (including the Bonds) benefitting the Participant during the current calendar year will be designated for purposes of Section 265(b)(3) of the Code.

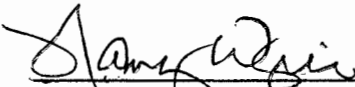
(b) The Participant is not subject to Control by any entity, and there are no entities subject to Control by the Participant.

(c) On the date hereof, the Participant does not reasonably anticipate that for the current calendar year any Section 265 Tax-Exempt Obligations (except for the Financing Agreement) will be issued for its benefit. "Section 265 Tax-Exempt Obligations" are obligations the interest on which is excludable from gross income of the owners thereof under Section 103 of the Code, except for private activity bonds other than qualified 501(c)(3) bonds. The Corporation will not issue for the benefit of the Participant or any entity subject to control by the Participant (which may hereafter

come into existence) of Section 265 Tax-Exempt Obligations (including the Financing Agreement) that exceed the aggregate amount of \$10,000,000 during the current calendar year unless it first obtains an opinion of Bond Counsel to the effect that such issuance will not adversely affect the treatment of the Bonds as "qualified tax-exempt obligations" for the purpose and within the meaning of Section 265(b)(3) of the Code.

IN WITNESS WHEREOF, the Participant and the Corporation have each caused this Tax Compliance Agreement to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth on the cover page hereto.

KENTUCKY BOND CORPORATION

By:  _____
Secretary

EAST CASEY COUNTY WATER DISTRICT

By:  _____
Chairman

EXHIBIT I

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of the date shown below between the East Casey County Water District (the "Participant") and Kentucky Bond Corporation, as disclosure agent (the "Disclosure Agent").

RECITALS

WHEREAS, the Participant has entered into a Lease (the "Lease") dated the date hereof with respect to which the Corporation issued its Bonds (the "Corporation Bonds") under the Indenture described in the Lease, and offered and sold the Corporation Bonds pursuant to an offering circular containing information regarding the Participant (the "Offering Document"); and

WHEREAS, the Disclosure Agent and the Participant, wish to provide for the disclosure of certain information concerning the Lease and the Corporation Bonds and other matters on an ongoing basis as set forth herein for the benefit of Holders of Corporation Bonds in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Lease, the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

Section 1. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Lease, as amended and supplemented from time to time. Any such successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared for the Participant which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles, provided, however, that the Participant may change the accounting principles used for preparation of such financial information so long as the Participant includes as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Corporation Bonds (including persons holding Corporation Bonds through nominees, depositories or other intermediaries).

"Holders of Bonds" shall mean any holder of the Corporation Bonds and any Beneficial Owner thereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Material Event" shall, to the extent the Participant obtains knowledge and determines that it would constitute material information for Holders of Bonds, (i) principal and interest payment delinquencies; (ii) non-payment related defaults; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the security; (vii) modifications to rights of security holders; (viii) certificate calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event; (ix) defeasances; (x) release, substitution or sale of property securing repayment of the securities; (xi) rating changes; (xii) the cure, in the manner provided under the Lease, of any payment or nonpayment related default under the Lease; and (xiii) the issuance of any additional Corporation Bonds or other indebtedness on a parity with the Corporation Bonds; provided, that the occurrence of an event described in clauses (i), (iii), (iv), (v), (viii), (ix) and (xi) shall always be deemed to be

material. The SEC requires the listing of (i) through (xi) although some of such events may not be applicable to the Corporation Bonds.

"Operating Data" shall mean an update of the Operating Data contained in the Offering Document, if any.

"Participating Underwriter" shall mean any of the original underwriters of the Corporation Bonds required to comply with the Rule in connection with the offering of the Corporation Bonds.

"Release" shall mean Securities and Exchange Commission Release No. 34-34961.

"SEC" shall mean the Securities and Exchange Commission.

"SID" shall mean the state information depository ("SID"), as such term is used in the Release, if and when a SID is created for the State.

"State" shall mean the Commonwealth of Kentucky.

"Turn Around Period" shall mean (i) five (5) business days, with respect to Annual Financial Information and Operating Data delivered by the Participant to the Disclosure Agent; (ii) two (2) business days with respect to Material Event occurrences disclosed by the Participant to the Disclosure Agent; or (iii) two (2) business days with respect to the failure, on the part of the Participant, to deliver Annual Financial Information and Operating Data to the Disclosure Agent which period commences upon notification by the Participant of such failure, or upon the Disclosure Agent's actual knowledge of such failure.

(B) This Agreement applies to the Corporation Bonds and the Lease.

(C) The Disclosure Agent shall have no obligation to make disclosure about the Corporation Bonds or the Lease except as expressly provided herein; provided that nothing herein shall limit the duties or obligations of the Disclosure Agent, as Program Administrator, under the Indenture. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Participant, apart from the relationship created hereby, shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except in its capacity as Program Administrator under the Indenture or except as may be provided by written notice from the Participant.

Section 2. Disclosure of Information.

(A) General Provisions. This Agreement governs the Participant's direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting not as Program Administrator but as the Participant's agent; provided that the Disclosure Agent shall be entitled to the same protection in so acting under this Agreement as it has in acting as Program Administrator under the Indenture.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Participant shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than 300 days after the end of Participant's current fiscal year and continuing with each fiscal year thereafter, for which the information is provided, taking into account the Turn Around Period, and, in addition, all information with respect to the Corporation Bonds required to be disseminated by the Trustee pursuant to the Indenture.

(2) Material Events Notices. Notice of the occurrence of a Material Event.

(3) Failure to Provide Annual Financial Information. Notice of the failure of Participant to provide the Annual Financial Information and Operating Data by the date required herein.

(C) Information Provided by Disclosure Agent to Public.

(1) The Participant directs the Disclosure Agent on its behalf to make public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Participant's agent in so making public, the following:

- (a) the Annual Financial Information and Operating Data;
- (b) Material Event occurrences;
- (c) the notices of failure to provide information which the Participant has agreed to make public pursuant to subsection (B)(3) of this Section 2;
- (d) such other information as the Participant shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(2) of this Section 2. If the Participant chooses to include any information in any Annual Financial Information report or in any notice of occurrence of a Material Event, in addition to that which is specifically required by this Agreement, the Participant shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information report or notice of occurrence of a Material Event; and

(2) The information which the Participant has agreed to make public shall be in the following form:

(a) as to all notices, reports and financial statements to be provided to the Disclosure Agent as Program Administrator by the Participant, in the form required by the Lease or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information, the Operating Data, the Material Event occurrences and the failure to provide the Annual Financial Information and Operating Data within the applicable Turn Around Period. Notwithstanding the foregoing, Annual Financial Information, Operating Data and Material Events shall be made public on the same day as notice thereof is given to the Holders of Bonds of outstanding Corporation Bonds, if required in the Indenture, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Participant to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Participant or the Disclosure Agent under this Agreement if it is transmitted as provided in subsection (D)(2) of this Section 2 by the following means:

(a) to the Holders of Bonds of outstanding Corporation Bonds, by the method prescribed by the Indenture;

(b) to the MSRB, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Participant or the Disclosure Agent is authorized to transmit information to a MSRB by whatever means are mutually acceptable to the Disclosure Agent or the Participant, as applicable, and the MSRB; and/or

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Participant or the Disclosure Agent is authorized to transmit information to a SEC by whatever means are mutually acceptable to the Disclosure Agent or the Participant, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Annual Financial Information and Operating Data shall be made available to the MSRB;

(b) notice of all Material Event occurrences and all notices of the failure to provide Annual Financial Information or Operating Data within the time specified in Section 2(B)(1) hereof shall be made available to the MSRB; and

(c) all information described in clauses (a) and (b) shall be made available to any Holder of Bonds upon request, but need not be transmitted to the Holders of Bonds who do not so request.

(d) to the extent any Annual Financial Information or Operating Data is included in a document filed with the MSRB or the SEC, the Participant shall have been deemed to have provided that information if a statement specifically referencing the filed document is filed with the MSRB as part of the Participant's obligation to file Annual Financial Information and Operating Data pursuant to this Agreement. Additionally, if the referenced document is a final official statement (as that term is defined in Rule 15c2-12(f)(3)), it must be available from the MSRB.

With respect to requests for periodic or occurrence information from Holders of Bonds, the Disclosure Agent may require payment by requesting of holders a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Participant for response.

(E) Disclosure Agent Compensation. The Participant shall pay or reimburse the Disclosure Agent for its fees and expenses for the Disclosure Agent's services rendered in accordance with this Agreement as provided in the Lease.

(F) Indemnification of Disclosure Agent. The Participant shall indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that the Participant shall not be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Participant under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Corporation Bonds.

Section 3. Amendment or Waiver. Notwithstanding any other provision of this Agreement, the Participant and the Disclosure Agent may amend this Agreement (and the Disclosure Agent shall agree to any reasonable amendment requested by the Participant) and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel or counsel expert in federal securities laws acceptable to both the Participant and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

Section 4. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute, deliver and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound,

and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Corporation Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Corporation Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Participant, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Holders of Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

This Agreement shall terminate when all of the Corporation Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If an event of default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in Section 4(G), the non-defaulting party or any such beneficiary may (and, at the request of the Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Corporation Bonds, the non-defaulting party shall), enforce the obligations of the defaulting party under this Agreement; provided, however, the sole remedy available in any proceeding to enforce this Agreement shall be an action in mandamus, for specific performance or similar remedy to compel performance.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Participant, the Trustee, the Disclosure Agent, the Participating Underwriter and Holders of Bonds, and shall create no rights in any other person or entity.

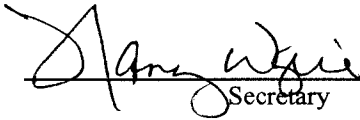
Section 5. Additional Disclosure Obligations. The Participant acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Participant, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Participant under such laws.

Section 6. Notices. Notices shall be provided in the manner set forth in the Lease.

IN WITNESS WHEREOF, the Disclosure Agent and the Participant have each caused their duly authorized officers to execute this Agreement, as of the date set forth below.

DATE OF AGREEMENT: December 17, 2014

KENTUCKY BOND CORPORATION

By:  _____
Secretary

EAST CASEY COUNTY WATER DISTRICT

By:  _____
Chairman

EXHIBIT J

ACH SERVICE AGREEMENT

AUTOMATED CLEARING HOUSE SERVICE AGREEMENT

This Agreement ("Agreement"), dated as of November 20, 2014, is between The Bank of New York Mellon Trust Company, N.A., as Trustee ("BNY Mellon") and the East Casey County Water District (the "Participant"). Pursuant to certain services rendered by BNY Mellon on behalf of the Kentucky Bond Corporation for the Kentucky Bond Corporation Financing Program to the Participant, the Participant hereby authorizes BNY Mellon to initiate Automated Clearing House debit entries (the "ACH Entries") to its demand deposit account indicated below (the "Account"), maintained at the depository named below (the "Depository") and the Depository is authorized to debit the amount of each such ACH Entry to the Account and transfer the funds to the credit of The Bank of New York Mellon Trust Company, N.A. in accordance with the Automated Clearing House Operating Rules.

DEPOSITORY

NAME:

BRANCH:

CITY:

STATE:

ZIP:

TRANSIT/ABA NO.:

ACCOUNT NO.:

The parties agree as follows:

NACHA Rules. In providing services pursuant to this Agreement, BNY Mellon follows the Rules and Guidelines of the National Automated Clearing House Association, as amended from time to time (the "Rules"), except to the extent they are modified by the terms of this Agreement. The Rules are incorporated by reference into this Agreement. The terms that are used in this Agreement shall have the same meaning as they have under the Rules. The Participant and BNY Mellon agree to comply with and be subject to the Rules governing the transactions hereunder. By transmitting an entry BNY Mellon makes certain warranties under the Rules, such as correct account information, and the Participant hereby agrees to make the same warranties to BNY Mellon.

Adjustment of Entries, Returns. The Participant understands and agrees that any corrections, additions, deletions, or other adjustments to the entries requested by the Participant may be attempted by BNY Mellon but are not assured. The Participant further understands and agrees that BNY Mellon may not be able to adjust or correct any entry after such entry has been presented to the Originating Automated Clearing House serving BNY Mellon. BNY Mellon also reserves the right to terminate ACH transactions if they are returned and/or alter data if BNY Mellon receives a Notice of Change ("NOC") from the receiving financial institution. If an error in the ACH file or an ACH entry is discovered, the Participant may direct BNYM to initiate a reversing entry within the time and in the manner prescribed by the NACHA Rules. The Participant agrees to reimburse BNY Mellon for all costs and expenses incurred by implementing a reversing file or a reversing entry, including all costs associated with the indemnification provisions of the NACHA Rules.

If a debit entry initiated by BNY Mellon is returned or rejected, BNY Mellon does not attempt a second collection or redeposit unless requested by the Participant, but BNY Mellon reserves the right to refuse to honor a second collection or redeposit request. If the designated Account does not have sufficient funds, BNY Mellon reserves the right to suspend any ACH Origination Service. The Participant shall then make any required payments to BNY Mellon via check or wire transfer.

BNY Mellon reserves the right to charge the applicable Account if an item (including but not limited to, an ACH debit) deposited or charged to the applicable Account is dishonored, returned or not paid even if BNY Mellon has not sent the Participant notice of the dishonor, return or nonpayment. BNY Mellon also reserves the right to charge an unpaid item against the applicable Account even if BNY Mellon could have made a claim for reimbursement on the item from the bank on which the item was drawn or from another bank. BNY Mellon may charge an item against the applicable Account even if the charge results in an overdraft.

Limitation of Liability/Indemnity. The Participant agrees, to the extent permitted by law, to indemnify and hold harmless BNY Mellon from all liabilities, losses, claims or damages, including reasonable attorney's fees,

BNY Mellon incurs as a result of (i) the Participant's breach of warranty, (ii) the Participant's failure to perform under this Agreement, or (iii) BNY Mellon's performance under this Agreement except as a result of BNY Mellon's own negligence or willful misconduct. In no event shall BNY Mellon be liable for any indirect, special, incidental, consequential or punitive damages, or attorneys' fees. The Receiving Depository Financial Institution ("RDFI") warrants the accuracy of any Notifications of Change and Returns pursuant to the NACHA Rules and BNY Mellon is not liable if the RDFI sends incorrect data to BNY Mellon and BNY Mellon acts upon their incorrect data.

Termination. Either party may terminate this Agreement upon prior written notice to the other party of at least thirty (30) days. This Agreement shall automatically terminate upon termination of the Financing Agreement between the Participant and Kentucky Bond Corporation (as defined in the Kentucky Bond Corporation Financing Program documents dated as of August 1, 2010). Notwithstanding such termination, this Agreement shall remain in full force and effect with respect to all transactions hereunder that occur prior to the date of such termination.

Force Majeure. Notwithstanding any other provision of this Agreement, BNY Mellon shall not be liable for any failure, inability to perform, or delay in performance hereunder, if such failure, inability, or delay is due to acts of God, war, civil commotion, governmental actions, fire, explosion, strikes, other industrial disturbances, terrorist attacks, delays by third parties, equipment malfunction, unusually severe weather conditions, or any other cause, event, or circumstance that is beyond its reasonable control.

Notices. All notices shall be in writing and shall be deemed to have been duly given three days after depositing in the mail, certified mail, return receipt requested, or one day after deposited with an overnight delivery system, addressed, in the case of notice to BNY Mellon, to:

The Bank of New York Mellon Trust Company, N.A.
614 West Main Street, Suite 2600
Louisville, KY 40202
Attn: W. Michael Hanks

and in the case of Notice to the Participant, to:

East Casey County Water District
690 S Wallace Wilkinson Boulevard
Liberty, Kentucky 42539

or to such other address as the party to receive notice may provide in writing to the other party in accordance with this Section.

Parties Bound; Assignment. This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the parties hereto, but it may not be assigned in whole or in part by Participant without the prior written consent of BNY Mellon. BNY Mellon may assign this Agreement to any of its affiliates or, with notice to the Participant, to independent third parties.

Governing Law. The Agreement shall be governed by the laws of the Commonwealth of Kentucky.

Miscellaneous. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, all of which together shall constitute one and the same Agreement. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes any prior agreements. This Agreement may be amended only in writing executed by the parties hereto.

Customer Information. BNY Mellon and Participant agree that all information provided by Participant to BNY Mellon or to which BNY Mellon has access in the course of providing the Service under this Agreement to Participant, including but not limited to names, addresses, telephone numbers and account numbers ("Customer Information"), shall remain confidential. BNY Mellon agrees not to use the Customer Information for any purpose other than as required for the performance of BNY Mellon's obligations with regard to the Service, and BNY Mellon agrees not duplicate or incorporate the Customer Information into BNY Mellon's own records or databases other than is necessary to provide the Service. Any dissemination of the Customer Information within BNY Mellon's affiliates and to BNY Mellon's subcontractors shall be on a "need to know" basis for the sole purpose of the performance of the Service.

BNY Mellon agrees to implement appropriate measures designed to ensure the security and confidentiality of Participant's Customer Information, protect against reasonably foreseeable threats or hazards to the security or

integrity of such information, and protect against unauthorized access to or use of such information. Such measures include, as appropriate, the establishment and maintenance of policies, procedures, and technical, physical, and administrative safeguards.

In witness whereof, the parties hereto have executed this Agreement as of the date first written above.

EAST CASEY COUNTY WATER DISTRICT

By: Jacob Bell
Secretary-Treasurer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

By: [Signature]

Title: [Signature]

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integrity of such information, and protect against unauthorized access to or use of such information. Such measures include, as appropriate, the establishment and maintenance of policies, procedures, and technical, physical, and administrative safeguards.

In witness whereof, the parties hereto have executed this Agreement as of the date first written above.

EAST CASEY COUNTY WATER DISTRICT

By: _____
Secretary-Treasurer

THE BANK OF NEW YORK MELLON TRUST
COMPANY, N.A.

By: Stephanie [Signature]

Title: Vice President

7350495v1



COMMONWEALTH OF KENTUCKY

THOMAS M. WEDDLE, JR.

CASEY COUNTY ATTORNEY

628 CAMPBELLSVILLE STREET

P.O. BOX 190

LIBERTY, KENTUCKY 42539-0190

TELEPHONE: 606-787-2373

FACSIMILE: 606-787-5658

December 17, 2014

The Bank of New York Mellon Trust Company, N.A., Trustee
Corporate Trust Services
614 West Main Street, Suite 2600
Louisville, Kentucky 40202

Kentucky Bond Corporation
100 East Vine Street, Suite 800
Lexington, Kentucky 40507-3500

Re: Lease Agreement between Kentucky
Bond Corporation, as lessor, and East
Casey County Water District, as lessee

Ladies and Gentlemen:

I have acted as counsel to the lessee identified above (the "Lessee") in connection with authorization, execution, and delivery by the Lessee of the Lease Agreement identified above, (the "Lease"), between the Lessee and Kentucky Bond Corporation (the "Lessor"). I have reviewed (i) the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), (ii) certain proceedings taken by the Governing Body of the Lessee, (iii) an executed copy of the Lease, and (iv) such other information and documents as I have deemed necessary or appropriate in order to render this opinion.

Based on the foregoing, I am of the opinion that:

1. The Lessee is a body politic and corporate, validly organized and existing in good standing under the laws of the Commonwealth and has full power and authority to enter into and to perform its obligations under the Lease.

2. The Lease has been duly authorized, executed and delivered by the Lessee and (assuming the due authorization, execution and delivery thereof by the other parties thereto) constitutes legal, valid and binding obligations of the Lessee, enforceable against

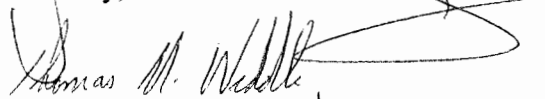
the Lessee in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general principles of equity.

3. All consents, approvals or authorizations of any governmental entity and all filings and notices required on the part of the Lessee in connection with the authorization, execution and delivery of the Lease and the consummation of the transactions contemplated thereby have been obtained and are in full force and effect.

4. Neither the execution and delivery of the Lease nor the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions of the Lease conflict with or constitute a violation of any provision of any law or regulation applicable to the Lessee or, to the best of my knowledge after reasonable investigation, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is now a party or by which the Lessee is bound.

5. To the best of my knowledge, after reasonable investigation, there is no action, suit, proceeding or governmental investigation at law or in equity before or by any court, public board or body, pending of which the Lessee has been served with a summons, summons and complaint or other notice of commencement, or threatened against or affecting the Lessee, challenging the validity of the Lease or contesting the power and authority of the Lessee to execute and deliver the Lease or to consummate the transactions contemplated by the Lease.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Weddle, Jr.", with a large, sweeping flourish extending to the right.

Thomas M. Weddle, Jr.

TMW:eac

REQUEST FOR DISBURSEMENT

Re: Lease Agreement between Kentucky Bond Corporation, as lessor, and East Casey County Water District, as lessee dated December 17, 2014.

Requisition Certificate No. 1

The Lessee hereby requests a disbursement from its Participant Disbursement Account in the amount of \$2,880,919.63 and hereby certifies, as follows (except that with respect to a disbursement to pay an interest component of Lease Rental Payments during construction of a Project, only the document described in (a) below will be required):

(a) Attached is a statement of the amount and nature of each item of the Costs of the Project to be paid and the name and address of the payee, with the payee's statement and, if reimbursement to the Lessee of amounts previously paid is requested, evidence of such payment;

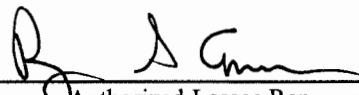
(b) each item for which payment or reimbursement is requested is or was necessary in connection with the Costs of the Project and none of such items formed the basis for any previous payment from the Participant Disbursement Account;

(c) each contractor, subcontractor and materialman has filed with the Lessee receipts or waivers of liens for all amounts previously certified for payment, or any amount previously certified for reimbursement to the Lessee, or there is on file with the Lessee a cancelled check endorsed by the contractor, subcontractor or materialman evidencing such payment;

(d) all of the warranties and representations of the Lessee contained in the Lease are true and correct as of the date of such disbursement, as though such warranties and representations were made on such date, no Event of Default has occurred under the Lease, the right of the Lessee to control the acquisition, construction and installation of the Project has not otherwise been terminated pursuant to the Lease, and that amounts on deposit in the Participant Disbursement Account will be sufficient to complete the Project in accordance with the approved plans and specifications;

Executed December 17, 2014.

EAST CASEY COUNTY WATER DISTRICT, Lessee

By:  _____
Authorized Lessee Representative

ATTACHMENT TO REQUEST FOR DISBURSEMENT

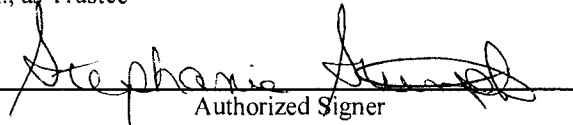
The amounts requested for disbursement are to be applied to the refunding of outstanding obligations of the Participant, by check mailed to the following:

USDA Rural Development
957 Campbellsville Road
Columbia, KY 42728

ACKNOWLEDGEMENT


The Bank of New York Mellon Trust Company, N.A. acknowledges receipt of this Attachment to Request for Disbursement and the instructions herein provided.

THE BANK OF NEW YORK MELLON TRUST COMPANY,
N.A., as Trustee

By:  _____
Authorized Signer

Approved:

KENTUCKY BOND CORPORATION

By:  _____
Secretary

RESOLUTION NO. _____

A RESOLUTION APPROVING A LEASE FOR THE FINANCING OF A PROJECT AND AUTHORIZING THE EXECUTION OF VARIOUS DOCUMENTS RELATED TO SUCH LEASE

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

WHEREAS, the governing body of the Lessee (the "Governing Body") has previously determined, and hereby further determines, that the Lessee is in need of the Project, as defined in the Lease hereinafter described;

WHEREAS, the Governing Body has determined and hereby determines that it is in the best interests of the Lessee that the Lessee and the Kentucky Bond Corporation (the "Lessor") enter into a Lease Agreement (the "Lease") for the leasing by the Lessee from the Lessor of the Project;

NOW THEREFORE, BE IT ORDERED AND RESOLVED BY THE EAST CASEY COUNTY WATER DISTRICT, AS FOLLOWS:

Section 1. Recitals and Authorization. The Lessee hereby approves the Lease Agreement (the "Lease") substantially the form presented to this Governing Body. It is hereby found and determined that the Project identified in the Lease is public property to be used for public purposes. It is further determined that it is necessary and desirable and in the best interests of the Lessee to enter into the Lease for the purposes therein specified, and the execution and delivery of the Lease and all representations, certifications and other matters contained in the Closing Memorandum with respect to the Lease, or as may be required by the Lessor prior to delivery of the Lease, are hereby approved, ratified and confirmed. The Chairman and Secretary-Treasurer of the Lessee are hereby authorized to execute the Lease, together with such other agreements or certifications which may be necessary to accomplish the transaction contemplated by the Lease.

Section 2. Filing and Approvals. The Chairman and Secretary-Treasurer are hereby authorized to undertake and cause all filings of notices or information, and to obtain such other approvals, which may be required by law to be filed or obtained by the Lessee, including, but not limited to, securing the approval of the approval of the Public Service Commission of the Commonwealth of Kentucky required for the issuance of the Lease, and all actions heretofore taken in respect thereof are hereby ratified and approved.

Section 3. Severability. If any section, paragraph or provision of this Resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of this Resolution.

Section 4. Open Meetings Law. This Governing Body hereby finds and determines that all formal actions relative to the adoption of this Resolution were taken in an open meeting of this Governing Body, and that all deliberations of this Governing Body and of its committees, if any,

which resulted in formal action, were in meetings open to the public, in full compliance with applicable legal requirements.

Section 5. Conflicts. All resolutions, ordinances, orders or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed and the provisions of this Resolution shall prevail and be given effect.

Section 6. Effective Date. This Resolution shall take effect from and after its passage, as provided by law.

INTRODUCED, SECONDED AND ADOPTED, at a duly convened meeting of the Governing Body, held on February 13, 2013, signed by the Chairman of the Lessee, attested by the Secretary-Treasurer, filed and indexed as provided by law.

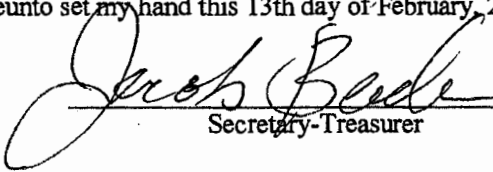
By: 
Chairman

Attest:
By: 
Secretary-Treasurer

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary-Treasurer of the East Casey County Water District and as such Secretary-Treasurer, I further certify that the foregoing is a true, correct and complete copy of a Resolution as appears to me in East Casey County Water District records, duly adopted by said governing body at a duly convened meeting held on the date set forth therein, signed by the Chairman, duly filed, recorded and indexed in my office and now in force and effect, and that all action taken in connection with such Resolution was in compliance with the requirements of Kentucky law, all as appears from the official records of said governing body in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of February, 2013.


Secretary-Treasurer

RESOLUTION NO. _____

A RESOLUTION OF THE EAST CASEY COUNTY WATER DISTRICT
APPROVING AN INTERLOCAL COOPERATION AGREEMENT BETWEEN
THE EAST CASEY COUNTY WATER DISTRICT AND OTHER PARTIES
THERETO REGARDING THE KENTUCKY BOND CORPORATION

WHEREAS, public agencies in the State have experienced and are continuing to experience difficulty in economically funding or financing various governmental purposes at reasonable costs;

WHEREAS, public agencies will enter into or have heretofore entered into an Interlocal Cooperation Agreement dated as of May 1, 2010 attached hereto as Exhibit A (the "Agreement"), as authorized under Sections 65.210 through Section 65.300, inclusive, of the Kentucky Revised Statutes, as amended (the "Interlocal Cooperation Act"), which authorizes public agencies to cooperate and act jointly in exercising any and all powers, privileges and authority capable of exercise by such public agencies in their respective individual capacities; and

WHEREAS, in order to provide a vehicle for economically funding or financing various governmental purposes of public agencies in the Commonwealth of Kentucky, the Kentucky League of Cities Interlocal Finance Program (the "Program") has been established under the Agreement and under the Program the Kentucky Bond Corporation (the "Corporation") has been established;

WHEREAS, the Program will benefit the public health, safety and general welfare of the citizens of the East Casey County Water District (the "Public Agency"); and

WHEREAS, in order for the Public Agency to participate in the Program, it must enter into the Agreement, as prescribed by Section 65.250 of the Kentucky Revised Statutes, which provided for the creation of the Program;

NOW, THEREFORE, be it resolved by the governing body of the East Casey County Water District, as follows:

Section 1. Purpose. The Public Agency hereby finds, determines and declares that all statements of fact set forth in the preambles to this Resolution are true and correct in all respects, and such preambles are incorporated into the body of this Resolution by reference as if set forth at length herein. The Public Agency further finds, determines and declares that the entering into or issuance by the Corporation of obligations described in the Agreement will be in the best interest of the Public Agency and is in the furtherance of the public purposes and functions of the Public Agency and in the public interest.

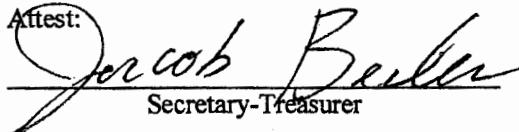
Section 2. Approval of Interlocal Cooperation Agreement. The Agreement among this Public Agency and the other public agencies that will enter into or have entered into the Agreement is hereby specifically approved in the form attached hereto as Exhibit A, recognizing that such Agreement has been approved by the Attorney General of Kentucky as required by Section 65.260 of the Kentucky Revised Statutes.

Section 3. Repeal of Conflicting Actions. All ordinances, resolutions, orders or other legislative or administrative actions or parts thereof of this governing body in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 4. Effective Date of Resolution. This Resolution shall become effective immediately upon the date of its passage.

ENACTED AND ADOPTED at a duly convened meeting of the governing body of the East Casey County Water District this 13th day of February, 2013.


Chairman

Attest:

Secretary-Treasurer

March 12, 2013

Mr. Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Notice of Election of Use of Electronic Filing Procedures for the East Casey County Water District's Application for approval of a Lease Agreement to refinance outstanding Water District Revenue Bonds.

Dear Mr. Derouen:

We are acting as bond counsel to the East Casey County Water District (the "District"). In such capacity, this letter is being sent to you with the enclosed Notice of Election of Use of Electronic Filing Procedures.

I would also like to take this opportunity to express the urgency of timing related to this financing and request your assistance expediting review and approval of the Application. The District has currently approved the execution of a Lease Agreement (the "Lease") with the Kentucky Bond Corporation ("KBC") who will issue a series of KBC Revenue Bonds to finance the Lease. The proceeds of the Lease will be used to refund and retire all of the District's outstanding Water District Refunding and Revenue Bonds (the "Prior Bonds").

Ross, Sinclair & Associates LLC, the District's Financial Advisor, estimates that based on today's market conditions that the refinancing of the Prior Bonds is expected to save \$711,642.40 in principal and interest costs, which produces a net present value savings of approximately \$249,995.87. These savings are dependent on market conditions as of the date of the sale of the Bonds, and delay could reduce the savings to ratepayers.

Thank you for your assistance with this matter.

Very truly yours,



Ian F. Koffler, Esq.

NOTICE OF ELECTION OF USE OF ELECTRONIC FILING PROCEDURES

(Complete All Shaded Areas and Check Applicable Boxes)

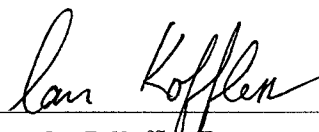
In accordance with 807 KAR 5:001, Section 8, East Casey County Water District gives notice of its intent to file an application for approval of a Lease Agreement for refinancing Bond with the Public Service Commission no later than March 22, 2013 and to use the electronic filing procedures set forth in that regulation.

East Casey County Water District further states that:

- | | | |
|--|-------------------------------------|-------------------------------------|
| | Yes | No |
| 1. It requests that the Public Service Commission assign a case number to the intended application and advise it of that number as soon as possible; | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. It or its authorized representatives have registered with the Public Service Commission and are authorized to make electronic filings with the Public Service Commission; | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. Neither it nor its authorized representatives have registered with the Public Service Commission for authorization to make electronic filings but will do so no later than seven days before the date of its filing of its application for rate adjustment; | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4. Pursuant to KRS 278.380, it waives any right to service of Public Service Commission orders by mail for purposes of this proceeding only; | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. It or its authorized agents possess the facilities to receive electronic transmissions; | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. The following persons are authorized to make filings on its behalf and to receive electronic service of Public Service Commission orders and any pleadings filed by any party or the Public Service Commission Staff: | | |

Name	Electronic Mail Address
Ian F. Koffler, Esq	ikoffler@peckshaffer.com
Andy Greynolds	agreynolds@windstream.net

- | | | |
|--|-------------------------------------|--------------------------|
| 7. It and its authorized representatives listed above have read and understand the procedures for electronic filing set forth in 807 KAR 5:001 and will fully comply with those procedures unless the Public Service Commission directs otherwise. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|--|-------------------------------------|--------------------------|

Signed 

Name: Ian F. Koffler, Esq.
 Title: Bond Counsel
 Address: 50 East RiverCenter Blvd; Suite 1150
 Covington, KY 41017
 Telephone Number: (859) 431-0041

KY Public Service Commission

Electronic Case File Upload Utility

**Documents received for Case Number: 2013-00104 have been posted to the electronic case file
East Casey County Water District**

Description: Letter providing additional information

Items Received: 5/6/2013 10:37:40 AM

FileName	Description
20130506093853.pdf	Letter providing additional information



PECK, SHAFFER & WILLIAMS LLP
ATTORNEYS AT LAW
50 EAST RIVERCENTER BLVD
SUITE 1150
COVINGTON, KENTUCKY 41011

TEL 859 431 7000
888 431 7511
FAX 859 431 0673
WWW.PECKSHAFFER.COM

Ian F. Koffler
Attorney

May 6, 2013

Mr. Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Case No. 2013-00104, Supplemental Information for Application

Dear Mr. Derouen:

I am the attorney of record for the East Casey County Water District (the "District"). In such capacity, this letter is being sent to you in order to supplement the application of the District currently on file with the Kentucky Public Service Commission.

My contact information is as follows:

Mr. Ian F. Koffler, Esq.
Peck, Shaffer & Williams LLP
50 East RiverCenter Blvd
Suite 1150
Covington, KY 41011

Telephone Number: (859) 431-7000
Facsimile Number: (859) 431-0673
Email Address: ikoffler@peckshaffer.com

Thank you for your assistance with this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ian Koffler", written in a cursive style.

Ian F. Koffler, Esq.

76688v1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST CASEY COUNTY)
WATER DISTRICT FOR APPROVAL OF A)
REVENUE LEASE AGREEMENT IN AN)
AGGREGATE PRINCIPAL AMOUNT NOT TO) CASE NO. 2013-00104
EXCEED \$3,750,000 FOR THE PURPOSE OF)
REFINANCING ITS OUTSTANDING WATER)
DISTRICT REFUNDING AND REVENUE BONDS)

ORDER

East Casey County Water District ("East Casey District") has applied for approval to enter into a lease agreement with Kentucky Bond Corporation ("KBC") in an amount not to exceed \$3,750,000.¹ East Casey District intends to use the proceeds from the lease agreement to refund its outstanding bonded debt.

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

1. East Casey District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that distribute water to 4,418 customers in Casey and Lincoln counties, Kentucky.²

¹ East Casey District tendered its application on April 17, 2013. In its application, it requested a deviation from 807 KAR 5:001, Section 17(2)(a). On May 14, 2013, the Commission granted this request and accepted the application for filing. No person or entity has sought intervention in this proceeding.

² *Annual Report of East Casey County Water District for the Year Ended December 31, 2011* at 5, 27.

2. As of December 31, 2012, East Casey District had outstanding bonded debt of \$3,111,500, all of which Rural Development (“RD”) holds.³

3. KBC is a non-profit, non-stock corporation created by an interlocal agreement between certain public agencies⁴ to “create a system for funding, financing, or refinancing various governmental purposes.”⁵

4. East Casey District proposes to enter a lease agreement with KBC pursuant to the Governmental Leasing Act.⁶

a. Under the terms of this agreement, KBC will issue bonds, a portion of whose proceeds will be used to refund East Casey District’s outstanding bonded debt.

b. In return for these proceeds, East Casey District will execute a lease with KBC for a 25-year period for the facilities whose costs were originally financed through East Casey District’s existing bonded debt and refinanced through

³ Ray, Foley Hensley & Company, PLLC, *East Casey County Water District Financial Statements December 31, 2012 and 2011* (Mar. 7, 2013) at 7-8. A list of East Casey District’s existing bonded debt appears below.

Series	Annual Interest Rate (%)	Outstanding Principal
1987	5.00	\$ 185,000
1990	5.00	345,000
1993	4.50	303,000
1997	4.50	432,000
2000	4.50	518,000
2004	4.50	373,000
2007	4.38	955,000
Total		\$3,111,500

⁴ For a listing of the participating public agencies, see <http://kybondcorp.org> (last visited May 29, 2013).

⁵ Articles of Incorporation of Kentucky Bond Corporation, Art. II, *available at* [https://app.sos.ky.gov/ftshow/\(S\(hirshjqpbwkj4byuxqwfq4ty\)\)/genpdf.aspx?ctr=4443875](https://app.sos.ky.gov/ftshow/(S(hirshjqpbwkj4byuxqwfq4ty))/genpdf.aspx?ctr=4443875) (last visited May 31, 2013).

⁶ KRS 65.940-.956.

KBC's bond issuance. East Casey District will make annual lease rental payments during the 25-year period.

c. East Casey District retains legal title to the facilities,⁷ but pledges and grants to KBC a lien and security interest in all system revenues.⁸ KBC's security interest terminates upon completion of the required lease rental payments.

5. East Casey District estimates that the sum necessary to retire its outstanding bonded debt and to pay its share of the costs of the bond issuance is \$3,530,000.⁹

6. The proposed lease agreement will require East Casey District to make an annual lease rental payment, which contains a principal component and an interest component, for 25 years. Interest on the outstanding principal will accrue at a rate that ranges from 0.6 percent to 3.5 percent annually.¹⁰

7. The annual lease rental payment includes fiduciary fees that are equal to approximately 0.27 percent of the outstanding principal.¹¹

8. East Casey District estimates that the execution of the proposed lease agreement and the refund of its outstanding bonded debt will result in gross savings of \$711,642 and net present value savings of \$249,996.¹²

⁷ See KRS 65.952; Lease Agreement § 4.

⁸ Lease Agreement, Ex. G § 14.

⁹ App. Ex. A at 2. \$61,775 (Underwriter's Discount) + \$70,600 (Cost of Issuance) + \$3,217,641 (Deposit to Current Refunding Fund) + 176,500 (Deposit to Debt Service Reserve Fund) + \$3,484 (Rounding) = \$3,530,000.

¹⁰ App. Ex. A at 1.

¹¹ *Id.*

¹² App. ¶ 2.

9. East Casey District's execution of the proposed lease agreement with KBA is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair East Casey District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. East Casey District is authorized to enter into the proposed lease agreement with KBC for the purpose of refunding the outstanding indebtedness, provided that the principal amount of the lease agreement does not exceed \$3,750,000 and the terms and conditions of the lease agreement will produce both positive gross savings and net present value savings.

2. If the actual terms and conditions of the lease agreement differ from those set forth in East Casey District's application, East Casey District shall, within 30 days of executing the lease agreement, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that will result from execution of the lease agreement and refunding of its outstanding bonded debt.

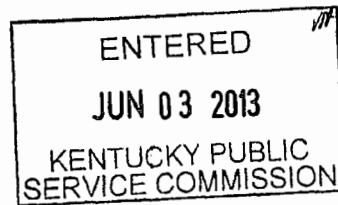
3. Within 30 days of executing the proposed lease agreement, East Casey District shall file a copy of the executed lease agreement and any documents referenced in the lease agreement that East Casey District has not previously filed with the Commission.

4. The proceeds from the execution of the lease agreement shall be used only for the lawful purposes specified in East Casey District's application.

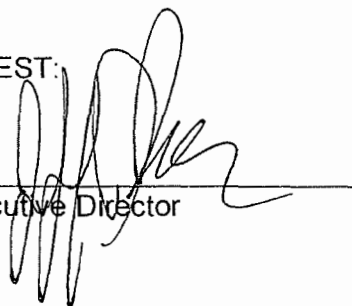
5. Any documents filed pursuant to ordering paragraphs 2 and 3 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

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

By the Commission



ATTEST:



Executive Director

Andy Greynolds
General Manager
East Casey County Water District
690 S Wallace Wilkinson Blvd
Liberty, KY 42539

Ian F Koffler
Peck, Shaffer & Williams, LLP
50 E. River Center Blvd
Suite 1150
Covington, KENTUCKY 41011

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 East Casey County 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."

Tracey Gossage
(Print Name)


(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 Casey

Subscribed and sworn to before me by Tracey Coassage
(Name)

this 29 day of June, 2023.

Megan Pittman
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between East Casey Co. 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"

Andy Reynolds
(Print Name)

[Signature]
(Signed)

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 Casey

Subscribed and sworn to before me by Andy Greynolds
(Name)

this 29 day of June, 2023.

Megan Pittman
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between ECCWD East Casey Co Water Dist ("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."

Lily Sandusky
(Print Name)

Lily Sandusky
(Signed)

ECCWD
Secretary
(Position/Office)

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

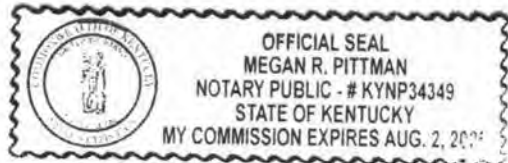
COMMONWEALTH OF KENTUCKY

COUNTY OF Casey

Subscribed and sworn to before me by Lily Sandusky
(Name)

this 29 day of June, 20 23.

Megan Pittman
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between East Casey Co. Water Dist. ("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."

Kevin Atwood
(Print Name)

[Signature]
(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.

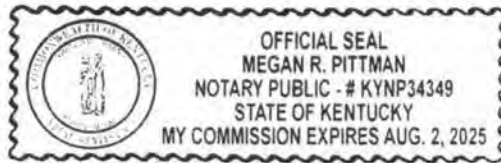
COMMONWEALTH OF KENTUCKY

COUNTY OF Casey

Subscribed and sworn to before me by Kevin Atwood
(Name)

this 29 day of June, 2023.

Megan Pittman
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between East Casay County 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."

Rick Carmon
(Print Name)

Rick Carmon
(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 Casey

Subscribed and sworn to before me by Rick Carman
(Name)

this 29 day of June, 20 23.

Megan Pittman
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between CASEY G. 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."

John McQuarrie
(Print Name)

John McQuarrie
(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 Casay

Subscribed and sworn to before me by John McQueary
(Name)

this 29 day of June, 2023.

Megan Pittman
NOTARY PUBLIC
State-at-Large



Attachment #11

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE EAST CASEY COUNTY 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, the East Casey County 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 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 EAST CASEY COUNTY 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.

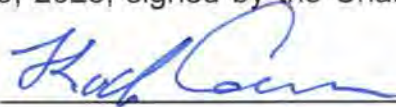
Section2. The District proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that made be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

Section 3. The Chairman is 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.

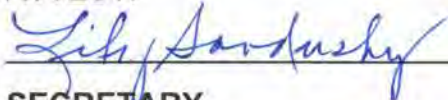
Section 5. This Resolution shall take effect upon its adoption.

ADOPTED BY THE COMMISSION OF THE EAST CASEY COUNTY WATER DISTRICT at a meeting held on June 29, 2023, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:

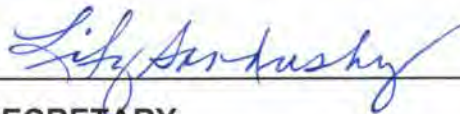


SECRETARY

CERTIFICATION

I, Secretary of the East Casey County 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 June 29, 2023, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 29th day of June 2023.



SECRETARY

APPENDIX A

CURRENT AND PROPOSED RATES East Casey County Water District									
Current Monthly Rates					Proposed Monthly Rates				
<u>5/8" x 3/4" Meter</u>					<u>5/8" x 3/4" Meter</u>				
First	2,000	Gallons	\$ 22.75	Minimum Bill	First	2,000	Gallons	\$ 23.93	Minimum Bill
Next	3,000	Gallons	0.00979	Per Gallon	Next	3,000	Gallons	\$0.01030	Per Gallon
Next	5,000	Gallons	0.00940	Per Gallon	Next	5,000	Gallons	\$0.00989	Per Gallon
Next	5,000	Gallons	0.00900	Per Gallon	Next	5,000	Gallons	\$0.00947	Per Gallon
Next	5,000	Gallons	0.00860	Per Gallon	Next	5,000	Gallons	\$0.00905	Per Gallon
Over	20,000	Gallons	0.00781	Per Gallon	Over	20,000	Gallons	\$0.00821	Per Gallon
<u>Wholesale Water Rates</u>					<u>Wholesale Water Rates</u>				
Russell Springs			0.00312	Per Gallon	Russell Springs			\$0.00328	Per Gallon