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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)

**Estill County Water District**

*(Name of Utility)*

**79 Cedar Grove Lane**

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

**Irvine, Kentucky 40336**

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

**(606) 723-3795**

*(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:

**Audrea Miller**

*(Name)*

**79 Cedar Grove Lane**

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

**Irvine, Kentucky 40336**

*(Address - City, State, Zip)*

**(606) 723-3795**

*(Telephone Number)*

**a.miller@estillcountywater.com**

*(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 \$ \$355,239 and total revenues from service rates of \$ \$2,245,736. 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 3,808 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.  | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |                                     |
| b. Applicant is required to file state and federal tax returns.  | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |                                     |
| c. Applicant's most recent state and federal tax returns are attached to this Application. <b>(Attach a copy of returns.)</b>  | <input type="checkbox"/>            | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| 17. Approximately <u>0</u> (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. | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |                                     |
| 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.                                | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |                                     |

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.

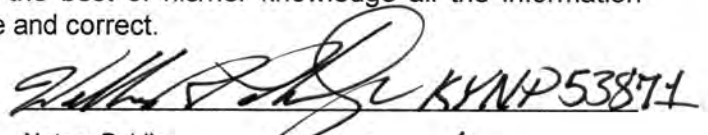
I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

  
 Audrea Miller  
 Officer of the Company/Authorized Representative  
 Manager  
 11/30/2023

COMMONWEALTH OF KENTUCKY

COUNTY OF Estill

Before me appeared \_\_\_\_\_, 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.

  
 Notary Public  
 My commission expires: 6/20/26

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**  
**ESTILL 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

## NOTICE

On or about December 1, 2023, Estill County Water District No. 1 will file an application with the Kentucky Public Service Commission to adjust its monthly rates for water service. Estill County Water District No. 1 is making this application to comply with the Kentucky Public Service Commission’s Order of June 3, 2022 in Case No. 2021-00064. Estill County Water District No. 1’s application will be filed pursuant to the procedures set forth in 807 KAR 5:076. Under those procedures, the proposed rates may not be placed into effect until the Kentucky Public Service Commission has issued an order approving the proposed rates or six (6) months from the date of the filing of the application, whichever occurs first.

Estill County Water District No. 1 proposes the following rates for water service:

<b>5/8-Inch x 3/4-Inch Meter</b>				
	<b>Present Rate</b>	<b>Proposed Rate</b>	<b>Change (\$)</b>	<b>Change (%)</b>
First 2,000 Gallons	\$21.58 Minimum Bill	\$25.64 Minimum Bill	\$4.06	18.81
Next 3,000 Gallons	0.01053 Per Gallon	0.01251 Per Gallon	0.00198 Per Gallon	18.80
Next 5,000 Gallons	0.01031 Per Gallon	0.01225 Per Gallon	0.00194 Per Gallon	18.82
Over 10,000 Gallons	0.00820 Per Gallon	0.00974 Per Gallon	0.00154 Per Gallon	18.78
<b>1-Inch Meter</b>				
First 5,000 Gallons	\$21.58 Minimum Bill	\$25.64 Minimum Bill	\$4.06	18.81
Next 5,000 Gallons	0.01031 Per Gallon	0.01225 Per Gallon	0.00194 Per Gallon	18.82
Over 10,000 Gallons	0.00820 Per Gallon	0.00974 Per Gallon	0.00154 Per Gallon	18.78
<b>2-Inch Meter</b>				
First 16,000 Gallons	\$21.58 Minimum Bill	\$25.64 Minimum Bill	\$4.06	18.81
Over 16,000 Gallons	0.00820 Per Gallon	0.00974 Per Gallon	0.00137 Per Gallon	18.78
<b>Other</b>				
Bulk Loading Station	\$ 0.00729 Per Gallon	\$0.00866	0.00137	18.79
Powell’s Valley WD	0.00413 Per Gallon	\$0.00491	0.00078	18.89

If the Public Service Commission approves the proposed water rate, the increase in a customer’s monthly bill will be:

<b>Customer</b>	<b>Average Usage (gals)</b>	<b>Monthly Bill at Current Rate</b>	<b>Monthly Bill at Proposed Rate</b>	<b>Monthly Bill Increase (%)</b>
5/8-Inch x 3/4-Inch	3,000	\$32.11	\$38.15	6.04

The Kentucky Public Service Commission has established Case No. 2023-00371 to review Estill County Water District No. 1’s application. Any person may examine this application at Estill County Water District No. 1’s office, 76 Cedar Grove Road, Irvine, Kentucky, Monday through Friday, 8:00 a.m. to 4:00 p.m., or at the Kentucky Public Service Commission’s offices at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission’s Web site at <https://psc.ky.gov/Case/ViewCaseFilings/2023-371>.

Comments regarding the application may be submitted to the Kentucky Public Service Commission through the Commission’s Web Site at <https://psc.ky.gov/Case/SearchCasesPublicComments> or by e-mail to [psced@ky.gov](mailto:psced@ky.gov) or by mail to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.



The rates contained in this notice are the rates proposed by Estill County Water District No. 1. However, the Kentucky 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 in this notice.

A person may submit a timely written request for intervention to the Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the person's status and interest. If the Kentucky Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of notice, it may take final action on the proposed rates.

Estill County Water District No. 1  
First Publication Date: November 29, 2023

**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.)**

Estill County Water District files this application to comply with the Kentucky Public Service Commission's Order of July 12, 2023 in Case No. 2021-00064, which directed it to file an application for rate adjustment by December 1, 2023.

# **Attachment #2**

# **Attachment #4**

**CURRENT AND PROPOSED RATES**  
**Estill 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	\$ 21.58	Minimum Bill	First	2,000	Gallons	\$ 25.64	Minimum Bill
Next	3,000	Gallons	0.01053	Per Gallon	Next	3,000	Gallons	0.01251	Per Gallon
Next	5,000	Gallons	0.01031	Per Gallon	Next	5,000	Gallons	0.01225	Per Gallon
Over	10,000	Gallons	0.00820	Per Gallon	Over	10,000	Gallons	0.00974	Per Gallon
<u>Wholesale Water Rates</u>					<u>Wholesale Water Rates</u>				
Powell's Valley			\$ 0.00413	Per Gallon	Powell's Valley			\$ 0.00491	Per Gallon
Bulk Loading Station			0.00729	Per Gallon	Bulk Loading Station			0.00866	Per Gallon

# **Attachment #5**

**SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY**

TYE 12/31/20 22

	Test Year	Adjustment	Ref.	Pro Forma
<b><u>Operating Revenues</u></b>				
<b>Sales of Water</b>				
Unmetered Water Sales				0.00
Metered Water Sales	1,917,600.00	-27,103.00	(A)	1,890,497.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale				0.00
<b>Total Sales of Water</b>	<b>1,917,600.00</b>	<b>-27,103.00</b>		<b>1,890,497.00</b>
<b>Other Water Revenues</b>				
Forfeited Discounts				0.00
Miscellaneous Service Revenues				0.00
Rents from Water Property				0.00
Other Water Revenues	254,809.00	-160,553.00	(B)	94,256.00
<b>Total Other Water Revenues</b>	<b>254,809.00</b>	<b>-160,553.00</b>		<b>94,256.00</b>
<b>Total Operating Revenues</b>	<b>2,172,409.00</b>	<b>-187,656.00</b>		<b>1,984,753.00</b>
<b><u>Operating Expenses</u></b>				
<b>Operation and Maintenance Expenses</b>				
Salaries and Wages - Employees	332,108.00	127,768.00	(C)	459,876.00
Salaries and Wages - Officers	18,000.00			18,000.00
Employee Pensions and Benefits	263,936.00	17,832.00	(D)	281,768.00
Purchased Water	890,552.00	-221,744.00	(E)	668,808.00
Purchased Power	84,756.00	-21,104.00	(E)	63,652.00
Fuel for Power Production				0.00
Chemicals				0.00
Materials and Supplies	61,805.00			61,805.00
Contractual Services	62,262.00			62,262.00
Water Testing	5,285.00			5,285.00
Rents				0.00
Transportation Expenses	24,928.00			24,928.00
Insurance	24,351.00			24,351.00
Regulatory Commission Expenses	38.00			38.00
Bad Debt Expense				0.00

Miscellaneous Expenses	56,583.00			56,583.00
Total Operation and Maintenance Expenses	1,824,604.00	-97,248.00		1,727,356.00
Depreciation Expense	279,693.00			279,693.00
Amortization Expense	3,801.00	5,000.00	(F)	8,801.00
Taxes Other Than Income	28,846.00	9,774.00	(C)	38,620.00
Income Tax Expense				0.00
<b>Total Operating Expenses</b>	<b>2,136,944.00</b>	<b>-82,474.00</b>		<b>2,054,470.00</b>
<b>Utility Operating Income</b>	<b>35,465.00</b>	<b>-105,182.00</b>		<b>-69,717.00</b>



References

(A) The Current Billing Analysis results in Pro Forma metered water sales revenue of \$1,809,497. This results in a deduction of \$27,103 in metered water sales.

(B) During the test year, Estill County collected \$160,553 from their water loss surcharge. This revenue is restricted funds that can only be spent after authorization from the Kentucky Public Service Commission (PSC). As a result, this amount should not be included in Other Revenue. As a result, Estill County's Other Revenue amount is \$94,256.

(C) Since the test year there were staffing and pay rate changes. Based on the hours worked during the test-year and current staffing levels, an increase of \$127,768 is necessary. Additionally, as a result of the increase in salary expense, an increase of 9,774 to Taxes Other Than Income is required.

(D) The increase in Salaries and Wages will result in an increase of retirement benefit expense of \$17,832 due to GASB requirements for liabilities. This amount was increased to Employee Pensions & Benefits based on the current wages and CERS contribution rate.

(E) During the test-year, Estill County reported unaccounted water loss of 39.90%. The PSC's maximum allowable loss for rate-making purposes is 15%. As a result, the expenses for Purchased Water and Power related to water purchased and pumped above the limit are not allowed for rate making purposes and should be deducted. Purchased water was decreased by \$221,744 and purchased power was decreased by \$21,104.

(F) Current rate case expense regarding legal fees will cost \$15,000. This cost was amortized over three years. As a result, Amortization Expense was increased by \$5,000.

# **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	\$2,054,471.00
Plus: Average Annual Debt Principal and Interest Payments*	238,556.00
Debt Coverage Requirement**	47,711.00
Total Revenue Requirement	2,340,738.00
Less: Other Operating Revenue	-94,256.00
Non-operating Revenue	
Interest Income	-746.00
Revenue Required from Rates	2,245,736.00
Less: Revenue from Sales at Present Rates	-1,890,497.00
Required Revenue Increase	\$355,239.00

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	18.79%
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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**

Billing Analysis Existing

Summary	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	51,484	158,324,070	\$ 1,839,890
1" Meters	163	2,504,500	\$ 25,233
2" Meters	133	3,843,750	\$ 39,508
Totals	51,780	164,672,320	\$ 1,904,630
			Less: Billing Adjustments (14,133)
			Pro Forma Retail Sales Revenue: \$ 1,890,497

**5/8 Meters**

	Usage	Bills	Gallons	First	Next	Next	Over	Total
				2,000	3,000	5,000	10,000	
First	2,000	17,464	17,262,930	17,262,930				17,262,930
Next	3,000	19,762	64,581,660	39,524,000	25,057,660			64,581,660
Next	5,000	12,626	41,720,590	25,252,000	37,878,000	(21,409,410)		41,720,590
Over	10,000	1,632	34,758,890	3,264,000	4,896,000	8,160,000	18,438,890	34,758,890
Totals		51,484	158,324,070	85,302,930	67,831,660	(13,249,410)	18,438,890	158,324,070

**5/8 REVENUE BY RATE INCREMENT**

	Usage	Bills	Gallons	Rate	Revenue
First	2,000	51,484	85,302,930	\$ 21.58	\$ 1,111,024.72
Next	3,000		67,831,660	10.53	714,267.38
Next	5,000		(13,249,410)	10.31	(136,601.42)
Over	10,000		18,438,890	8.20	151,199
Totals			158,324,070		\$ 1,839,889.58

**1" Meters**

	Usage	Bills	Gallons	First	Next	Over	Total
				5,000	5,000	10,000	
First	5,000	66	115,370	115,370			115,370
Next	5,000	16	125,470	80,000	45,470		125,470
Over	10,000	81	2,263,660	405,000	405,000	1,453,660	2,263,660
Totals		163	2,504,500	600,370	450,470	1,453,660	2,504,500

**1" REVENUE BY RATE INCREMENT**

	Usage	Bills	Gallons	Rate	Revenue
First	5,000	163	600,370	\$ 53.18	\$ 8,668.34
Next	5,000		450,470	10.31	4,644.35
Over	10,000		1,453,660	8.20	11,920.01

Totals			2,504,500		\$ 25,232.70
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**2" Meters**

	Usage	Bills	Gallons	First	Over	Total
First	16,000	60	354,740	354,740		354,740
Over	16,000	73	3,489,010	1,168,000	2,321,010	3,489,010
Totals		133	3,843,750	1,522,740	2,321,010	3,843,750

**2" REVENUE BY RATE INCREMENT**

	Usage	Bills	Gallons	Rate	Revenue
First	16,000	133	1,522,740	\$ 153.95	\$ 20,475.35
Over	16,000		2,321,010	8.20	19,032.28
Totals			3,843,750		\$ 39,507.63

Billing Analysis Proposed

Summary	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	51,484	158,324,070	\$ 2,185,913
1" Meters	163	2,504,500	\$ 29,974
2" Meters	133	3,843,750	\$ 46,930
Totals	51,780	164,672,320	\$ 2,262,817
			Less: Billing Adjustments (14,133)
			Pro Forma Retail Sales Revenue: \$ 2,248,684

**5/8 Meters**

	Usage	Bills	Gallons	First	Next	Next	Over	Total
				2,000	3,000	5,000	10,000	
First	2,000	17,464	17,262,930	17,262,930				17,262,930
Next	3,000	19,762	64,581,660	39,524,000	25,057,660			64,581,660
Next	5,000	12,626	41,720,590	25,252,000	37,878,000	(21,409,410)		41,720,590
Over	10,000	1,632	34,758,890	3,264,000	4,896,000	8,160,000	18,438,890	34,758,890
Totals		51,484	158,324,070	85,302,930	67,831,660	(13,249,410)	18,438,890	158,324,070

**5/8 REVENUE BY RATE INCREMENT**

	Usage	Bills	Gallons	Rate	Revenue
First	2,000	51,484	85,302,930	\$ 25.64	\$ 1,320,049.76
Next	3,000		67,831,660	\$ 12.51	848,574.07
Next	5,000		(13,249,410)	\$ 12.25	(162,305.27)
Over	10,000		18,438,890	\$ 9.74	179,594.79
Totals			158,324,070		\$ 2,185,913.34

**1" Meters**

	Usage	Bills	Gallons	First	Next	Over	Total
				5,000	5,000	10,000	
First	5,000	66	115,370	115,370			115,370
Next	5,000	16	125,470	80,000	45,470		125,470
Over	10,000	81	2,263,660	405,000	405,000	1,453,660	2,263,660
Totals		163	2,504,500	600,370	450,470	1,453,660	2,504,500

**1" REVENUE BY RATE INCREMENT**

	Usage	Bills	Gallons	Rate	Revenue
First	5,000	163	600,370	\$ 63.17	\$ 10,296.71
Next	5,000		450,470	\$ 12.25	5,518.26
Over	10,000		1,453,660	\$ 9.74	14,158.65

Totals			2,504,500		\$ 29,973.62
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**2" Meters**

	Usage	Bills	Gallons	First	Over	Total
First	16,000	60	354,740	354,740		354,740
Over	16,000	73	3,489,010	1,168,000	2,321,010	3,489,010
Totals		133	3,843,750	1,522,740	2,321,010	3,843,750

**2" REVENUE BY RATE INCREMENT**

	Usage	Bills	Gallons	Rate	Revenue
First	16,000	133	1,522,740	\$ 182.88	\$ 24,323.04
Over	16,000		2,321,010	\$ 9.74	22,606.64
Totals			3,843,750		\$ 46,929.68



# **Attachment #8**

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period	
<b>Group: 100 Utility Plant</b>												
1	Utility Plant	6/30/75	523,542.96	0.00	0.00	523,542.96	0.00	523,542.96	0.00	S/L	40.00	
2	Meter Installations	6/30/76	12,127.82	0.00	0.00	12,127.82	0.00	12,127.82	0.00	S/L	40.00	
3	Whispering Woods Line	6/30/76	10,250.00	0.00	0.00	10,250.00	0.00	10,250.00	0.00	S/L	62.50	
4	Meters	6/30/76	11,642.87	0.00	0.00	11,642.87	0.00	11,642.87	0.00	S/L	40.00	
5	New Lines	7/30/77	11,437.26	0.00	0.00	11,437.26	0.00	11,437.26	0.00	S/L	62.50	
6	New Extension Lines	7/31/77	381,978.90	0.00	0.00	381,978.90	0.00	381,978.90	0.00	S/L	62.50	
7	New Reservoir	7/31/77	82,120.00	0.00	0.00	82,120.00	0.00	82,120.00	0.00	S/L	45.00	
8	Capitalized Interest	7/31/77	16,411.25	0.00	0.00	16,411.25	0.00	16,411.25	0.00	S/L	40.00	
9	Easement	7/31/77	2,754.34	0.00	0.00	0.00	0.00	0.00	2,754.34	Land	7.00	
10	Meter Installations	7/31/77	17,766.49	0.00	0.00	17,766.49	0.00	17,766.49	0.00	S/L	40.00	
11	New Extension Lines	7/31/77	44,416.16	0.00	0.00	44,416.16	0.00	44,416.16	0.00	S/L	62.50	
12	Systems	7/31/77	3,882.78	0.00	0.00	3,882.78	0.00	3,882.78	0.00	S/L	15.00	
13	Meters	1/01/79	15,585.00	0.00	0.00	15,585.00	0.00	15,585.00	0.00	S/L	40.00	
14	Systems	1/01/79	101,056.65	0.00	0.00	101,056.65	0.00	101,056.65	0.00	S/L	62.50	
15	Capitalized Interest	7/01/79	6,408.77	0.00	0.00	6,408.77	0.00	6,408.77	0.00	S/L	25.00	
17	Meters	7/28/79	10,250.00	0.00	0.00	10,250.00	0.00	10,250.00	0.00	S/L	40.00	
18	System	7/28/79	15,731.59	0.00	0.00	15,731.59	0.00	15,731.59	0.00	S/L	62.50	
19	Meters & Installations	6/01/80	24,160.28	0.00	0.00	24,160.28	0.00	24,160.28	0.00	S/L	40.00	
20	Pump Station	7/01/80	21,651.72	0.00	0.00	21,651.72	0.00	21,651.72	0.00	S/L	20.00	
21	Sand Hill Extensions	1/01/81	24,800.67	0.00	0.00	24,800.67	0.00	24,800.67	0.00	S/L	62.50	
22	Doe Creek Extensions	1/01/81	12,891.30	0.00	0.00	12,891.30	0.00	12,891.30	0.00	S/L	62.50	
23	System	1/01/81	990.75	0.00	0.00	990.75	0.00	990.75	0.00	S/L	62.50	
24	Line Extensions	1/31/81	13,870.04	0.00	0.00	13,870.04	0.00	13,870.04	0.00	S/L	62.50	
25	New Meters Installed	7/31/81	19,275.00	0.00	0.00	19,275.00	0.00	19,275.00	0.00	S/L	40.00	
26	New Lines	7/31/82	5,669.80	0.00	0.00	5,669.80	90.72	5,587.77	82.03	S/L	62.50	
27	New Lines Installed	7/31/82	17,417.00	0.00	0.00	17,417.00	0.00	17,417.00	0.00	S/L	62.50	
28	Pump Station - Pea Ridge	6/30/83	8,838.99	0.00	0.00	8,838.99	0.00	8,838.99	0.00	S/L	20.00	
29	New Lines	7/31/83	14,983.09	0.00	0.00	14,151.64	239.73	14,391.37	591.72	S/L	62.50	
30	New Meters & Installations	7/31/83	15,066.00	0.00	0.00	15,066.00	0.00	15,066.00	0.00	S/L	40.00	
31	Easements	7/31/83	290.00	0.00	0.00	0.00	0.00	0.00	290.00	Land	7.00	
32	Pump Station	6/30/84	1,241.95	0.00	0.00	1,241.95	0.00	1,241.95	0.00	S/L	20.00	
33	Meters & Installation	6/30/84	15,666.40	0.00	0.00	15,666.40	0.00	15,666.40	0.00	S/L	40.00	
35	Air Conditioner	6/30/85	700.00	0.00	0.00	700.00	0.00	700.00	0.00	S/L	5.00	
36	Meter Testing System	7/31/85	4,112.72	0.00	0.00	4,112.72	0.00	4,112.72	0.00	S/L	15.00	
38	Meters & Installation	7/31/85	36,230.50	0.00	0.00	36,230.50	0.00	36,230.50	0.00	S/L	40.00	
39	Additions to Plant Lines	7/31/85	434,754.00	0.00	0.00	388,893.46	6,956.06	395,849.52	38,904.48	S/L	62.50	
40	Tank 197 Gallon	7/31/85	101,150.00	0.00	0.00	91,737.44	2,247.78	93,985.22	7,164.78	S/L	45.00	
41	Pumping Station	7/31/85	32,700.00	0.00	0.00	31,473.75	1,226.25	32,700.00	0.00	S/L	20.00	
42	Master Meter 4	7/31/85	6,280.00	0.00	0.00	5,617.46	100.48	5,717.94	562.06	S/L	62.50	
43	Pooling Tray	7/31/85	281.57	0.00	0.00	281.57	0.00	281.57	0.00	S/L	5.00	
44	Telemeter	7/31/85	15,000.00	0.00	0.00	13,687.50	375.00	14,062.50	937.50	S/L	40.00	
45	Construction in Progress	7/31/85	146,908.93	0.00	0.00	131,409.92	2,350.54	133,760.46	13,148.47	S/L	62.50	
46	Additions	7/31/86	45,567.86	0.00	0.00	39,621.37	729.09	40,350.46	5,217.40	S/L	62.50	
47	Meters & Installations	7/31/86	45,520.00	0.00	0.00	40,399.00	1,138.00	41,537.00	3,983.00	S/L	40.00	
48	Additions	7/31/87	46,986.82	0.00	0.00	39,680.36	751.79	40,432.15	6,554.67	S/L	62.50	
49	Meters & Installations	7/31/87	42,081.69	0.00	0.00	36,295.38	1,052.04	37,347.42	4,734.27	S/L	40.00	
50	Additions	7/31/88	43,420.67	0.00	0.00	35,583.33	694.73	36,278.06	7,142.61	S/L	62.50	
51	Meters & Installations	7/31/88	45,298.48	0.00	0.00	37,937.41	1,132.46	39,069.87	6,228.61	S/L	40.00	
52	Meters & Installations	7/31/89	21,804.50	0.00	0.00	17,716.18	545.11	18,261.29	3,543.21	S/L	40.00	

Asset ID	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Value	Book Method	Book Period
<b>Group: 100 Utility Plant (continued)</b>											
53	Meters & Installations	7/31/90	29,255.39	0.00	0.00	23,038.47	731.38	23,769.85	5,485.54	S/L	40.00
54	Tire Plug	7/31/90	1,780.11	0.00	0.00	1,401.75	44.50	1,446.25	333.86	S/L	40.00
55	Hydrants	7/31/90	510.00	0.00	0.00	396.52	10.20	406.72	103.28	S/L	50.00
56	Transfer & Distribution Main	6/15/91	120,896.02	0.00	0.00	91,182.43	1,934.34	93,116.77	27,779.25	S/L	62.50
57	Meters & Installations	7/31/91	27,991.88	0.00	0.00	21,343.89	699.80	22,043.69	5,948.19	S/L	40.00
58	Fencing/Tanks/Pumps	8/31/91	5,313.00	0.00	0.00	5,313.00	0.00	5,313.00	0.00	S/L	15.00
59	Meters & Installations	1/01/92	26,666.10	0.00	0.00	26,666.10	0.00	26,666.10	0.00	S/L	40.00
60	Construction in Progress	1/01/92	13,721.16	0.00	0.00	10,043.88	219.54	10,263.42	3,457.74	S/L	62.50
61	6" PVC Pipe 5250 Feet	7/31/92	33,360.00	0.00	0.00	24,002.52	533.76	24,536.28	8,823.72	S/L	62.50
62	10" Steel Cover Pipe 100 Feet	7/31/92	3,000.00	0.00	0.00	2,158.50	48.00	2,206.50	793.50	S/L	62.50
63	6" CIWWA Gate Valve	7/31/92	1,500.00	0.00	0.00	1,079.25	24.00	1,103.25	396.75	S/L	62.50
64	Crushed Stone	7/31/92	1,548.00	0.00	0.00	1,548.00	0.00	1,548.00	0.00	S/L	40.00
65	Bituminous Paving Replacement	7/31/92	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	0.00	S/L	40.00
66	Concrete Paving Replacements	7/31/92	300.00	0.00	0.00	300.00	0.00	300.00	0.00	S/L	40.00
67	Dry Existing 6" Water Main	7/31/92	4,000.00	0.00	0.00	4,000.00	0.00	4,000.00	0.00	S/L	62.50
68	Booster Pumping Station - Cedar	7/31/92	30,000.00	0.00	0.00	23,625.00	1,500.00	25,125.00	4,875.00	S/L	20.00
69	112000 Gallon Tank - Cedar Grove	7/31/92	120,000.00	0.00	0.00	87,833.34	2,666.67	90,500.01	29,499.99	S/L	45.00
70	Telemetering System - Cedar Grove	7/31/92	15,000.00	0.00	0.00	11,062.50	375.00	11,437.50	3,562.50	S/L	40.00
71	Cathodic Protection System	7/31/92	5,000.00	0.00	0.00	5,000.00	0.00	5,000.00	0.00	S/L	20.00
72	Telemetering System - Pea Ridge	7/31/92	9,000.00	0.00	0.00	6,637.50	225.00	6,862.50	2,137.50	S/L	40.00
73	6" PVC Pipe 3700 Feet	7/31/92	16,650.00	0.00	0.00	11,979.68	266.40	12,246.08	4,403.92	S/L	62.50
74	6" PVC Pipe 38070 Feet	7/31/92	130,252.50	0.00	0.00	93,716.63	2,084.04	95,800.67	34,451.83	S/L	62.50
75	4" PVC Pipe 26250 Feet	7/31/92	66,388.80	0.00	0.00	47,766.74	1,062.22	48,828.96	17,559.84	S/L	62.50
76	3" PVC Pipe 16780 Feet	7/31/92	52,483.20	0.00	0.00	37,761.58	839.73	38,601.31	13,881.89	S/L	62.50
77	10" Steel Cover Pipe 380 Feet	7/31/92	19,440.00	0.00	0.00	13,987.08	311.04	14,298.12	5,141.88	S/L	62.50
78	10" Bore Under Concrete Driveway	7/31/92	960.00	0.00	0.00	690.72	15.36	706.08	253.92	S/L	62.50
79	6" CIWWA NRS Gate Valve	7/31/92	4,200.00	0.00	0.00	4,200.00	0.00	4,200.00	0.00	S/L	62.50
80	4" CIWWA NRS Gate Valve	7/31/92	2,040.00	0.00	0.00	2,040.00	0.00	2,040.00	0.00	S/L	62.50
81	3" CIWWA NRS Gate Valve	7/31/92	2,200.00	0.00	0.00	2,200.00	0.00	2,200.00	0.00	S/L	62.50
82	Customer Service Same Side	7/31/92	23,230.00	0.00	0.00	17,132.15	580.75	17,712.90	5,517.10	S/L	40.00
83	Customer Service - Opposite Side	7/31/92	18,724.00	0.00	0.00	13,471.91	299.58	13,771.49	4,952.51	S/L	62.50
84	Additional 1" Service Pipe	7/31/92	20,896.00	0.00	0.00	15,034.68	334.34	15,369.02	5,526.98	S/L	62.50
85	Tandem Meter Setter	7/31/92	1,950.00	0.00	0.00	1,950.00	0.00	1,950.00	0.00	S/L	12.50
86	Manual Air Release Valve	7/31/92	4,560.00	0.00	0.00	4,560.00	0.00	4,560.00	0.00	S/L	62.50
87	3" Blowoff Assembly	7/31/92	4,230.00	0.00	0.00	4,230.00	0.00	4,230.00	0.00	S/L	62.50
88	6" Fire Hydrant	7/31/92	1,500.00	0.00	0.00	1,091.25	30.00	1,121.25	378.75	S/L	50.00
89	Bidding & Backfill Rock	7/31/92	5,000.00	0.00	0.00	5,000.00	0.00	5,000.00	0.00	S/L	40.00
90	Crushed Stone	7/31/92	8,452.00	0.00	0.00	8,452.00	0.00	8,452.00	0.00	S/L	40.00
91	Bituminous Paving	7/31/92	7,868.00	0.00	0.00	7,868.00	0.00	7,868.00	0.00	S/L	40.00
92	Concrete Paving	7/31/92	1,440.00	0.00	0.00	1,440.00	0.00	1,440.00	0.00	S/L	40.00
93	Dry Lab 6", 4", 3" Water Mains	7/31/92	3,600.00	0.00	0.00	2,590.20	57.60	2,647.80	952.20	S/L	62.50
94	Pressure Reducing Valve Vault	7/31/92	4,700.00	0.00	0.00	4,700.00	0.00	4,700.00	0.00	S/L	62.50
95	Ivory Hill - Booster Pumping	7/31/92	41,000.00	0.00	0.00	41,000.00	0.00	41,000.00	0.00	S/L	20.00
96	Telemeter System - Ivory Hill	7/31/92	21,000.00	0.00	0.00	15,487.50	525.00	16,012.50	4,987.50	S/L	40.00
97	113000 Gallon Tank	7/31/92	160,000.00	0.00	0.00	117,111.12	3,555.56	120,666.68	39,333.32	S/L	45.00
98	6" PVC CI Pipe 6240 Feet	7/31/92	28,959.50	0.00	0.00	20,836.44	463.35	21,299.79	7,659.71	S/L	62.50
99	Crossing White Oak Creek	7/31/92	8,277.54	0.00	0.00	6,104.72	206.94	6,311.66	1,965.88	S/L	40.00
100	Engineering Cert	7/31/92	107,178.51	0.00	0.00	77,114.87	1,714.86	78,829.73	28,348.78	S/L	62.50
101	Attorney Fees	7/31/92	14,659.72	0.00	0.00	10,547.62	234.56	10,782.18	3,877.54	S/L	62.50

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<b>Group: 100 Utility Plant (continued)</b>												
102	Sandhill Project	7/31/92	4,452.02	0.00	0.00	3,203.21	71.23	3,274.44	1,177.58	S/L	62.50	
103	Capitalized Interest	7/31/92	21,192.24	0.00	0.00	15,629.41	529.81	16,159.22	5,033.02	S/L	40.00	
104	Deed	7/31/92	2,500.00	0.00	0.00	1,843.75	62.50	1,906.25	593.75	S/L	40.00	
105	Pond Construction	7/31/92	100.00	0.00	0.00	100.00	0.00	100.00	0.00	S/L	45.00	
106	Easements	7/31/92	52.50	0.00	0.00	0.00	0.00	0.00	52.50	Land	7.00	
107	Surveying	7/31/92	2,000.00	0.00	0.00	1,439.00	32.00	1,471.00	529.00	S/L	62.50	
108	Land	7/31/92	6,000.00	0.00	0.00	0.00	0.00	0.00	6,000.00	Land	7.00	
109	Construction Acct Bond	7/31/92	2,537.50	0.00	0.00	1,857.37	56.39	1,913.76	623.74	S/L	45.00	
110	Advertising	7/31/92	1,111.99	0.00	0.00	1,111.99	0.00	1,111.99	0.00	S/L	62.50	
111	Appraisals	12/31/92	1,050.00	0.00	0.00	729.25	16.80	746.05	303.95	S/L	62.50	
113	Meters & Installations	7/31/93	25,407.90	0.00	0.00	18,103.19	635.20	18,738.39	6,669.51	S/L	40.00	
114	Transmission & Dist Mains	7/31/93	18,312.13	0.00	0.00	12,717.68	292.99	13,010.67	5,301.46	S/L	62.50	
116	Tank Painting	5/31/94	80,898.00	0.00	0.00	80,898.00	0.00	80,898.00	0.00	S/L	45.00	
117	Distributions Main Meades Ext	6/01/94	1,664.08	0.00	0.00	1,114.06	26.63	1,140.69	523.39	S/L	62.50	
118	Distributions Main - Powell/Tucker	6/01/94	8,000.00	0.00	0.00	5,356.00	128.00	5,484.00	2,516.00	S/L	62.50	
119	Easements	6/30/94	22.50	0.00	0.00	0.00	0.00	0.00	22.50	Land	7.00	
120	Transmission & Distribution - Dentr	7/31/94	1,740.00	0.00	0.00	1,164.93	27.84	1,192.77	547.23	S/L	62.50	
121	Meters Installed	7/31/94	25,386.81	0.00	0.00	25,386.81	0.00	25,386.81	0.00	S/L	40.00	
122	Transmission Lines	7/31/95	4,459.43	0.00	0.00	2,818.45	71.35	2,889.80	1,569.63	S/L	62.50	
123	Meters	7/31/95	24,426.81	0.00	0.00	24,426.81	0.00	24,426.81	0.00	S/L	40.00	
124	Trailer	6/30/96	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	0.00	S/L	15.00	
125	Straeffer Pump	7/31/96	479.87	0.00	0.00	479.87	0.00	479.87	0.00	S/L	12.50	
126	Transmission & Distribution Mains	7/31/96	9,325.32	0.00	0.00	5,776.98	149.21	5,926.19	3,399.13	S/L	62.50	
127	Meters	7/31/96	29,390.00	0.00	0.00	29,390.00	0.00	29,390.00	0.00	S/L	40.00	
129	Distribution Reserve & Sandpiper Equipment	7/31/96	635.25	0.00	0.00	635.25	0.00	635.25	0.00	S/L	45.00	
130	Pumping Equipment	8/31/96	964.06	0.00	0.00	964.06	0.00	964.06	0.00	S/L	12.50	
131	Pumping Equipment	9/30/96	389.15	0.00	0.00	389.15	0.00	389.15	0.00	S/L	20.00	
132	Pumping Equipment	6/30/97	8,153.00	0.00	0.00	8,153.00	0.00	8,153.00	0.00	S/L	20.00	
133	Transmission & Distribution Mains	6/30/97	21,231.00	0.00	0.00	13,048.34	530.78	13,579.12	7,651.88	S/L	40.00	
134	Meters Installed	6/30/97	27,076.00	0.00	0.00	27,076.00	0.00	27,076.00	0.00	S/L	40.00	
136	Tools & Shop Equipment	6/30/97	429.00	0.00	0.00	429.00	0.00	429.00	0.00	S/L	15.00	
137	Communication Equipment	6/30/97	3,488.00	0.00	0.00	3,488.00	0.00	3,488.00	0.00	S/L	15.00	
138	Pumping Equipment - Winston	6/30/98	5,383.80	0.00	0.00	5,383.80	0.00	5,383.80	0.00	S/L	20.00	
139	Transmissions & Dist Mains	6/30/98	2,978.70	0.00	0.00	1,702.63	47.66	1,750.29	1,228.41	S/L	62.50	
140	Meters & Installations	6/30/98	27,864.00	0.00	0.00	16,428.15	696.60	17,124.75	10,739.25	S/L	40.00	
141	Transportation Equipment	6/30/98	10,957.12	0.00	0.00	10,957.12	0.00	10,957.12	0.00	S/L	12.50	
142	Pumping Equipment - Phase V	12/31/98	158,000.00	0.00	0.00	158,000.00	0.00	158,000.00	0.00	S/L	20.00	
143	Distribution Reserve & Stand	12/31/98	289,498.00	0.00	0.00	165,456.15	6,433.29	171,889.44	117,608.56	S/L	45.00	
144	Trans & Dist Mains - Phase V	12/31/98	1,648,090.49	0.00	0.00	928,419.88	26,369.45	954,789.33	693,301.16	S/L	62.50	
145	Meters & Installations	6/30/99	18,218.16	0.00	0.00	10,285.58	455.45	10,741.03	7,477.13	S/L	40.00	
146	Pumping Equipment	6/30/99	1,729.00	0.00	0.00	1,729.00	0.00	1,729.00	0.00	S/L	20.00	
147	Pumping Equipment	6/30/00	1,285.92	0.00	0.00	1,285.92	0.00	1,285.92	0.00	S/L	15.00	
148	Meters & Installations	6/30/00	20,142.53	0.00	0.00	10,868.51	503.56	11,372.07	8,770.46	S/L	40.00	
151	Meters & Installations	6/30/01	39,632.29	0.00	0.00	20,394.17	990.81	21,384.98	18,247.31	S/L	40.00	
156	Meters & Installations	6/30/02	35,605.50	0.00	0.00	17,431.91	890.14	18,322.05	17,283.45	S/L	40.00	
158	Air Compressor & 2 Jacks	7/31/02	11,995.00	0.00	0.00	11,995.00	0.00	11,995.00	0.00	S/L	12.50	
159	Surface Boring Tool	8/30/02	3,603.00	0.00	0.00	3,603.00	0.00	3,603.00	0.00	S/L	12.50	
160	Meters & Installations	6/30/03	5,628.50	0.00	0.00	2,614.86	140.71	2,755.57	2,872.93	S/L	40.00	
161	Utility Truck	11/30/03	14,800.00	0.00	0.00	14,800.00	0.00	14,800.00	0.00	S/L	12.50	

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Value	Book Net Book Value	Book Method	Book Period
<b>Group: 100 Utility Plant (continued)</b>												
162	Drive Thru Improvements	12/31/03	10,021.00	0.00	0.00	4,530.42	250.53	4,780.95	5,240.05	S/L	40.00	
163	Fencing - Inventory Building	3/31/04	4,380.00	0.00	0.00	4,380.00	0.00	4,380.00	0.00	S/L	40.00	
164	Pumping Equipment - Sandhill	12/31/04	1,221.20	0.00	0.00	1,221.20	0.00	1,221.20	0.00	S/L	20.00	
165	Radio - Utility Truck	12/31/04	559.00	0.00	0.00	559.00	0.00	559.00	0.00	S/L	12.50	
166	Utility Truck Radio, Etc	2/28/05	1,200.00	0.00	0.00	1,200.00	0.00	1,200.00	0.00	S/L	12.50	
168	Sandhill Pump	4/09/06	1,960.94	0.00	0.00	1,960.94	0.00	1,960.94	0.00	S/L	20.00	
169	Accounts Receivable Software	1/26/07	24,956.00	0.00	0.00	18,439.72	1,109.16	19,548.88	5,407.12	Amort	22.50	
173	Tank - Caldwell	7/01/07	592,082.00	0.00	0.00	213,340.39	13,157.38	226,497.77	365,584.23	S/L	45.00	
174	Chestnut Stand	7/01/07	388,149.26	0.00	0.00	138,547.71	8,625.54	147,173.25	240,976.01	S/L	45.00	
175	Water Meter	7/01/07	698,606.18	0.00	0.00	255,424.68	17,465.15	272,889.83	425,716.35	S/L	40.00	
176	Transmission & Distribution Mains	7/01/07	1,000,027.79	0.00	0.00	344,509.51	16,000.44	360,509.95	639,517.84	S/L	62.50	
177	Backhoe	8/31/07	77,585.00	0.00	0.00	77,585.00	0.00	77,585.00	0.00	S/L	12.50	
178	GPS System	8/31/07	1,238.72	0.00	0.00	1,238.72	0.00	1,238.72	0.00	S/L	7.00	
179	Desk/Filing Cabinet	9/28/07	2,288.10	0.00	0.00	2,288.10	0.00	2,288.10	0.00	S/L	22.50	
180	Computer for Maintenance Dept	11/29/07	1,025.00	0.00	0.00	1,025.00	0.00	1,025.00	0.00	S/L	22.50	
181	Henry White Road Upgrade	1/01/08	19,498.96	0.00	0.00	6,824.58	487.47	7,312.05	12,186.91	S/L	40.00	
183	Phaxe IX Water Main Extension	1/31/08	1,298.65	0.00	0.00	1,298.65	0.00	1,298.65	0.00	S/L	62.50	
184	Dynasonics Unit #DTEFP-A1NA-r	2/28/09	5,214.00	0.00	0.00	5,214.00	0.00	5,214.00	0.00	S/L	20.00	
185	Pumping Equip-Grundfos Pump	4/13/09	3,822.53	0.00	0.00	3,822.53	0.00	3,822.53	0.00	S/L	20.00	
186	Misc Equip-Dedicated Line Detecto	4/13/09	3,062.50	0.00	0.00	3,062.50	0.00	3,062.50	0.00	S/L	12.50	
187	Misc Equip Inspector 07# PVC	4/13/09	4,494.00	0.00	0.00	4,494.00	0.00	4,494.00	0.00	S/L	12.50	
188	Pumping Equip-Grundfos Pump	6/30/09	1,553.65	0.00	0.00	1,553.65	0.00	1,553.65	0.00	S/L	20.00	
189	Hargett/Clay City Road Utility Relc	1/01/10	5,884.72	0.00	0.00	2,542.22	94.16	2,636.38	3,248.34	S/L	62.50	
190	Acer Computer 15.6" Widescreen L	3/25/10	1,249.74	0.00	0.00	1,249.74	0.00	1,249.74	0.00	S/L	12.50	
191	Computer 2.6 GHz 4 Quad Process	4/28/10	1,279.78	0.00	0.00	1,279.78	0.00	1,279.78	0.00	S/L	12.50	
192	Lexmark X463 Printer	8/15/10	1,059.99	0.00	0.00	1,059.99	0.00	1,059.99	0.00	S/L	12.50	
193	3 High Back Leather Office Chairs	9/15/10	628.38	0.00	0.00	628.38	0.00	628.38	0.00	S/L	22.50	
194	Grundfos Multi-stage Pump-south I	9/16/10	3,800.00	0.00	0.00	2,744.41	190.00	2,934.41	865.59	S/L	20.00	
195	River Crossing & 250 Linear Feet	8/16/13	20,600.00	0.00	0.00	3,963.78	329.60	4,293.38	16,306.62	S/L	62.50	
196	Dry Branch Pumping Station	5/31/16	264,084.00	0.00	0.00	74,823.80	13,204.20	88,028.00	176,056.00	S/L	20.00	
197	20 New Tandem Meters	5/31/16	13,000.00	0.00	0.00	5,416.67	325.00	5,741.67	7,258.33	S/L	40.00	
198	Install PRV In Place	5/31/16	14,000.00	0.00	0.00	5,581.33	224.00	5,805.33	8,194.67	S/L	62.50	
199	Line Installations	5/31/16	108,707.80	0.00	0.00	13,443.54	1,739.32	15,182.86	93,524.94	S/L	62.50	
200	Engineering Costs	5/31/16	282,956.96	0.00	0.00	34,992.33	4,527.31	39,519.64	243,437.32	S/L	62.50	
201	Accrued Interest On Project	5/31/16	31,430.45	0.00	0.00	3,886.90	502.89	4,389.79	27,040.66	S/L	62.50	
202	Misc/Contingency Fees On Project	5/31/16	26,620.29	0.00	0.00	3,292.04	425.92	3,717.96	22,902.33	S/L	62.50	
203	Utility Truck	9/28/17	19,399.50	0.00	0.00	12,157.02	1,551.96	13,708.98	5,690.52	S/L	12.50	
376	Gate-made Trailer	8/31/19	3,595.00	0.00	0.00	650.53	239.67	890.20	2,704.80	S/L	15.00	
377	Case Backhoe	9/04/19	46,947.00	0.00	0.00	9,076.42	3,755.76	12,832.18	34,114.82	S/L	12.50	
378	2013 Explorer	6/07/19	6,700.00	0.00	0.00	1,853.67	536.00	2,389.67	4,310.33	S/L	12.50	
379	2012 Ford Escape	6/11/19	7,800.00	0.00	0.00	2,158.00	624.00	2,782.00	5,018.00	S/L	12.50	
380	BPS Pump	7/31/19	19,924.31	0.00	0.00	3,178.41	996.22	4,174.63	15,749.68	S/L	20.00	
381	New Meters & Installations	9/30/20	18,296.00	0.00	0.00	571.75	457.40	1,029.15	17,266.85	S/L	40.00	
382	Conference Chairs	6/05/20	432.16	0.00	0.00	30.41	19.21	49.62	382.54	S/L	22.50	
383	Laptop (Audi)	12/29/20	829.99	0.00	0.00	66.40	66.40	132.80	697.19	S/L	12.50	
384	3 Trucks	6/05/20	15,900.00	0.00	0.00	2,014.00	1,272.00	3,286.00	12,614.00	S/L	12.50	
385	Trailer for Lawn Mower	6/11/20	847.99	0.00	0.00	89.51	56.53	146.04	701.95	S/L	15.00	
386	Lawn Mower	6/10/20	5,999.00	0.00	0.00	759.87	479.92	1,239.79	4,759.21	S/L	12.50	
387	HP Laptop	1/04/21	845.28	0.00	0.00	67.62	67.62	135.24	710.04	S/L	12.50	

### Book Asset Detail 1/01/22 - 12/31/22

Asset	Date In Service	Property Description	Book Cost	Book Sec 179 Exp	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Value	Book Method	Book Period	
<b>Group: 100 Utility Plant (continued)</b>												
388	8/25/21	Two Monitors Office Depot	585.98	0.00	0.00	15.63	46.88	62.51	523.47	S/L	12.50	
389	8/26/21	Two Desktop Computers	1,445.98	0.00	0.00	38.56	115.68	154.24	1,291.74	S/L	12.50	
390	8/26/21	Two Monitors Depot	585.98	0.00	0.00	15.63	46.88	62.51	523.47	S/L	12.50	
391	8/27/21	Flooring	421.64	0.00	0.00	11.24	33.73	44.97	376.67	S/L	12.50	
392	8/27/21	Docking Station	443.08	0.00	0.00	11.82	35.45	47.27	395.81	S/L	12.50	
393	9/28/21	2 J5 Docking	296.77	0.00	0.00	5.94	23.74	29.68	267.09	S/L	12.50	
394	9/28/21	Swivel Chair	42.38	0.00	0.00	0.85	3.39	4.24	38.14	S/L	12.50	
395	9/28/21	Back up Battery	381.56	0.00	0.00	7.63	30.52	38.15	343.41	S/L	12.50	
396	9/28/21	Receipt Printer	623.28	0.00	0.00	12.47	49.86	62.33	560.95	S/L	12.50	
397	5/18/21	Meter Installation Charges	2,536.74	0.00	0.00	73.99	126.84	200.83	2,335.91	S/L	20.00	
398	7/21/21	Meter Installation Charges	2,537.72	0.00	0.00	52.87	126.89	179.76	2,357.96	S/L	20.00	
399	3/25/21	Benton Heating Air	4,500.00	0.00	0.00	270.00	360.00	630.00	3,870.00	S/L	12.50	
416	2/18/22	PowerEdge Computer	6,342.50	0.00c	0.00	0.00	422.83	422.83	5,919.67	S/L	12.50	
<b>100 Utility Plant</b>			<b>10,181,748.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>6,299,902.87</b>	<b>170,585.15</b>	<b>6,470,488.02</b>	<b>3,711,259.98</b>			
<b>Group: 200 - Cobhill Expansion</b>												
204	1/15/04	6" Ductile Iron Pipe-2725 Ft.	43,447.52	0.00	0.00	18,769.36	695.16	19,464.52	23,983.00	S/L	62.50	
205	1/15/04	6" CI Ball & Socket 300 Ft	37,035.84	0.00	0.00	15,999.54	592.57	16,592.11	20,443.73	S/L	62.50	
206	1/15/04	6" PVC Pipe - 26850 Ft.	115,569.02	0.00	0.00	49,925.88	1,849.10	51,774.98	63,794.04	S/L	62.50	
207	1/15/04	6" PVC 200 C-900 Pipe 52320 Ft.	299,868.25	0.00	0.00	129,543.14	4,797.89	134,341.03	165,527.22	S/L	62.50	
208	4/15/04	6" PVC 150 C-900 Pipe 1220 Ft.	5,037.20	0.00	0.00	2,176.08	80.60	2,256.68	2,780.52	S/L	62.50	
209	1/15/04	4" PVC 200 Pipe 6630 Ft.	26,500.24	0.00	0.00	11,448.16	424.00	11,872.16	14,628.08	S/L	62.50	
210	1/15/04	4" PVC 150 C-900 Pipe 10410 Ft.	38,018.40	0.00	0.00	16,423.94	608.29	17,032.23	20,986.17	S/L	62.50	
211	1/15/04	3" PVC 200 C-900 Pipe 8290 Ft.	34,932.00	0.00	0.00	15,090.62	558.91	15,649.53	19,282.47	S/L	62.50	
212	1/15/04	3" PVC 200 Pipe 13685 Ft.	38,805.60	0.00	0.00	16,764.02	620.89	17,384.91	21,420.69	S/L	62.50	
213	1/15/04	3" PVC 250 Pipe 2375 Ft.	6,978.80	0.00	0.00	3,014.84	111.66	3,126.50	3,852.30	S/L	62.50	
214	1/15/04	3" PVC 250 Pipe 20770 Ft.	76,854.40	0.00	0.00	33,201.10	1,229.67	34,430.77	42,423.63	S/L	62.50	
215	1/15/04	3" Ductile Iron Pipe 1670 Ft.	14,649.60	0.00	0.00	6,328.62	234.39	6,563.01	8,086.59	S/L	62.50	
216	1/15/04	12" Steel Casing B&J	14,960.00	0.00	0.00	6,462.72	239.36	6,702.08	8,257.92	S/L	62.50	
217	1/15/04	8" Steel Casting B&J 367 Ft.	28,500.00	0.00	0.00	12,312.00	456.00	12,768.00	15,732.00	S/L	62.50	
218	1/15/04	6" Gate Valve & Box	12,094.65	0.00	0.00	12,094.65	0.00	12,094.65	0.00	S/L	62.50	
219	1/15/04	4" Gate Valve & Box	2,989.35	0.00	0.00	2,989.35	0.00	2,989.35	0.00	S/L	62.50	
220	1/15/04	3" Gate Valve & Box	3,724.92	0.00	0.00	3,724.92	0.00	3,724.92	0.00	S/L	62.50	
221	1/15/04	3" Blowoff Assembly	14,795.84	0.00	0.00	14,795.84	0.00	14,795.84	0.00	S/L	62.50	
222	1/15/04	Roadways, ETC.	60,134.60	0.00	0.00	51,114.42	1,503.37	52,617.79	7,516.81	S/L	40.00	
223	1/15/04	6" Flush Hydrant Assembly	18,631.06	0.00	0.00	15,650.04	372.62	16,022.66	2,608.40	S/L	50.00	
224	1/15/04	Customer Service Tandem System	34,011.74	0.00	0.00	34,011.74	0.00	34,011.74	0.00	S/L	62.50	
225	1/15/04	Customer Service Tandem Opposite	25,584.35	0.00	0.00	25,584.35	0.00	25,584.35	0.00	S/L	62.50	
226	1/15/04	Additional 1" Service Pipe 1000 Ft.	7,453.26	0.00	0.00	3,219.78	119.25	3,339.03	4,114.23	S/L	62.50	
227	1/15/04	4" 200 PVC Pipe 28000 Ft.	124,558.70	0.00	0.00	53,809.40	1,992.94	55,802.34	68,756.36	S/L	62.50	
228	1/15/04	3" PVC Pipe 11500 Ft.	55,193.00	0.00	0.00	23,843.46	883.09	24,726.55	30,466.45	S/L	62.50	
229	1/15/04	Customer Service Same &	3,163.01	0.00	0.00	3,163.01	0.00	3,163.01	0.00	S/L	62.50	
230	1/15/04	3" Blowoff Valve	1,849.48	0.00	0.00	1,849.48	0.00	1,849.48	0.00	S/L	62.50	
231	1/15/04	4" Gate Valves	1,328.60	0.00	0.00	1,328.60	0.00	1,328.60	0.00	S/L	62.50	
232	1/15/04	3" Gate Valves	620.68	0.00	0.00	620.68	0.00	620.68	0.00	S/L	62.50	
233	1/15/04	Road Bores W/Steel Casing	2,640.00	0.00	0.00	2,196.48	42.24	2,238.72	401.28	S/L	62.50	
234	1/15/04	Crushed Stone	6,391.65	0.00	0.00	6,391.65	0.00	6,391.65	0.00	S/L	40.00	

**Book Asset Detail 1/01/22 - 12/31/22**

Asset ID	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Value	Book Method	Book Period	
<b>Group: 200 - Cobhill Expansion (continued)</b>												
235	4" 51 Ductile Iron Pipe 2960 Ft.	1/15/04	23,788.05	0.00	0.00	10,276.42	380.61	10,657.03	13,131.02	S/L	62.50	
236	4" 200 C900 DR14 1900 Ft.	1/15/04	23,360.40	0.00	0.00	10,991.70	373.77	10,465.47	12,894.93	S/L	62.50	
237	Cobhill Expansion Additions	1/15/04	14,833.33	0.00	0.00	6,407.94	237.33	6,645.27	8,188.06	S/L	62.50	
238	Creek Crossing W/Crushed Cap	1/15/04	5,600.00	0.00	0.00	2,419.20	89.60	2,508.80	3,091.20	S/L	62.50	
239	Creek Crossing W/Crushed Rock	1/15/04	11,525.00	0.00	0.00	4,978.88	184.40	5,163.28	6,361.72	S/L	62.50	
240	12" PVC C-900 Pipe 850 Ft.	1/31/04	13,591.74	0.00	0.00	5,871.58	217.47	6,089.05	7,502.69	S/L	62.50	
241	12" 51 Ductile Iron B&S River 300	1/31/04	63,777.21	0.00	0.00	27,551.76	1,020.44	28,572.20	35,205.01	S/L	62.50	
242	6" PVC 200 Pipe 16700 Ft	1/31/04	79,619.64	0.00	0.00	34,395.66	1,273.91	35,669.57	43,950.07	S/L	62.50	
243	4" PVC 200 Pipe 31000 Ft	1/31/04	72,339.40	0.00	0.00	31,250.70	1,157.43	32,408.13	39,931.27	S/L	62.50	
244	3" PVC 200 Pipe 52200 Ft	1/31/04	180,536.10	0.00	0.00	77,991.56	2,888.58	80,880.14	99,655.96	S/L	62.50	
245	12" Steel Casing B&J 290 Ft	1/31/04	7,425.00	0.00	0.00	3,207.68	118.80	3,326.48	4,098.52	S/L	62.50	
246	8" Steel Casing B&J	1/31/04	5,500.00	0.00	0.00	5,500.00	0.00	5,500.00	0.00	S/L	62.50	
247	8" Steel Casing BIT	1/31/04	3,250.00	0.00	0.00	3,250.00	0.00	3,250.00	0.00	S/L	62.50	
248	8" PVC SDR 35 Casing	1/31/04	700.00	0.00	0.00	700.00	0.00	700.00	0.00	S/L	62.50	
249	Creek Crossing Concrete Cap	1/31/04	2,240.00	0.00	0.00	2,240.00	0.00	2,240.00	0.00	S/L	62.50	
250	Creek Crossing - Crushed Rock	1/31/04	2,075.00	0.00	0.00	2,075.00	0.00	2,075.00	0.00	S/L	62.50	
251	12" Gate Valve & Box	1/31/04	1,983.60	0.00	0.00	1,983.60	0.00	1,983.60	0.00	S/L	62.50	
252	6" Gate Valve & Box	1/31/04	1,172.25	0.00	0.00	1,172.25	0.00	1,172.25	0.00	S/L	62.50	
253	4" Gate Valve & Box	1/31/04	2,325.05	0.00	0.00	2,325.05	0.00	2,325.05	0.00	S/L	62.50	
254	3" Gate Valve & Box	1/31/04	2,483.28	0.00	0.00	2,483.28	0.00	2,483.28	0.00	S/L	62.50	
255	3" Blowoff Assembly	1/31/04	18,494.80	0.00	0.00	18,494.80	0.00	18,494.80	0.00	S/L	62.50	
256	Crushed Rock - Backfill	1/31/04	34,241.85	0.00	0.00	15,408.90	856.05	16,264.95	17,976.90	S/L	40.00	
257	Bituminous Paving	1/31/04	9,400.00	0.00	0.00	7,990.00	235.00	8,225.00	1,175.00	S/L	40.00	
258	Concrete Pavement Roads	1/31/04	17,160.00	0.00	0.00	14,586.00	429.00	15,015.00	2,145.00	S/L	40.00	
259	6" Flush Hydrant Assembly	1/31/04	9,970.35	0.00	0.00	9,970.35	0.00	9,970.35	0.00	S/L	50.00	
260	Meters & Installations	1/31/04	9,703.52	0.00	0.00	8,248.06	242.59	8,490.65	1,212.87	S/L	40.00	
261	Customer Service Tandem Same	1/31/04	17,649.52	0.00	0.00	7,624.62	282.39	7,907.01	9,742.51	S/L	62.50	
262	Customer Service Tandem	1/31/04	13,955.10	0.00	0.00	6,028.64	223.28	6,251.92	7,703.18	S/L	62.50	
263	Additional 1" Service Pipe 1000 Ft.	1/31/04	4,336.55	0.00	0.00	1,873.32	69.38	1,942.70	2,393.85	S/L	62.50	
264	Telemetry System	1/31/04	45,240.00	0.00	0.00	20,358.00	1,131.00	21,489.00	23,751.00	S/L	40.00	
265	Cobhill Extension Additions	1/31/04	28,500.00	0.00	0.00	12,312.00	456.00	12,768.00	15,732.00	S/L	62.50	
266	3" PVC 200 Pipe 11329 Ft	1/31/04	32,572.41	0.00	0.00	14,071.28	521.16	14,592.44	17,979.97	S/L	62.50	
267	Creek Crossing Concrete Cap	1/31/04	4,900.00	0.00	0.00	4,900.00	0.00	4,900.00	0.00	S/L	62.50	
268	Creek Crossing Crushed Rock	1/31/04	2,914.74	0.00	0.00	2,914.74	0.00	2,914.74	0.00	S/L	40.00	
269	6" C900 PVC Pipe 3170 Ft	1/31/04	19,244.40	0.00	0.00	8,313.58	307.91	8,621.49	10,622.91	S/L	62.50	
270	6" SDR 21 PVC Pipe 39520 Ft	1/31/04	191,345.70	0.00	0.00	82,661.30	3,061.53	85,722.83	105,622.87	S/L	62.50	
271	4" SDR 21 PVC Pipe 6430 Ft	1/31/04	22,177.60	0.00	0.00	9,580.72	354.84	9,935.56	12,242.04	S/L	62.50	
272	3" SDR 21 PVC Pipe 11960 Ft	1/31/04	37,543.80	0.00	0.00	16,219.00	600.70	16,819.70	20,724.10	S/L	62.50	
273	6" Gate Valve & Box	1/31/04	4,689.00	0.00	0.00	4,689.00	0.00	4,689.00	0.00	S/L	62.50	
274	4" Gate Valve & Box	1/31/04	1,884.20	0.00	0.00	1,884.20	0.00	1,884.20	0.00	S/L	62.50	
275	8" Bore & Cover Pipe	1/31/04	3,350.00	0.00	0.00	3,350.00	0.00	3,350.00	0.00	S/L	62.50	
276	12" Bore & Cover Pipe	1/31/04	9,405.00	0.00	0.00	9,405.00	0.00	9,405.00	0.00	S/L	62.50	
277	3" Blowoff Assembly	1/31/04	5,548.44	0.00	0.00	5,548.44	0.00	5,548.44	0.00	S/L	50.00	
278	Crushed Rock Backfill	1/31/04	18,088.00	0.00	0.00	7,814.02	289.41	8,103.43	9,984.57	S/L	62.50	
279	10" Steel Cover Pipe	1/31/04	5,640.00	0.00	0.00	2,436.48	90.24	2,526.72	3,113.28	S/L	62.50	
280	Customer Service - Opposite Side	1/31/04	19,537.14	0.00	0.00	8,440.06	312.59	8,752.65	10,784.49	S/L	62.50	
281	Customer Service Same Side	1/31/04	2,430.16	0.00	0.00	1,049.76	38.88	1,088.64	1,341.52	S/L	62.50	
282	Additional 1" Service Line	1/31/04	5,054.59	0.00	0.00	2,183.50	80.87	2,264.37	2,790.22	S/L	62.50	
283	Telemetry System Upgrade	1/31/04	55,747.27	0.00	0.00	25,086.24	1,393.68	26,479.92	29,267.35	S/L	40.00	

**Book Asset Detail 1/01/22 - 12/31/22**

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Value	Book Method	Book Period
<b>Group: 200 - Cobhill Expansion (continued)</b>											
284	8" 200 PVC Pipe 4349 Ft	1/31/04	30,858.00	0.00	0.00	13,330.66	493.73	13,824.39	17,033.61	S/L	62.50
285	100,000 Gallon Water Storage Tank	1/31/04	131,000.00	0.00	0.00	58,222.22	2,911.11	61,133.33	69,866.67	S/L	45.00
286	PRV Valves	1/31/04	17,120.00	0.00	0.00	17,120.00	0.00	17,120.00	0.00	S/L	62.50
287	3" SDR 21 PVC Pipe 3200 Ft	1/31/04	14,647.00	0.00	0.00	6,327.58	234.35	6,561.93	8,085.07	S/L	62.50
288	3" Gate Valve	1/31/04	4,865.08	0.00	0.00	4,865.08	0.00	4,865.08	0.00	S/L	62.50
289	12" PVC C900 DR 19 Pipe 4800 Ft	1/31/04	121,118.55	0.00	0.00	52,323.16	1,937.90	54,261.06	66,857.49	S/L	62.50
290	18" B&J Steel Casing	1/31/04	23,700.00	0.00	0.00	10,238.40	379.20	10,617.60	13,082.40	S/L	62.50
291	River Pump Station	1/31/04	66,274.00	0.00	0.00	59,646.60	3,313.70	62,960.30	3,313.70	S/L	20.00
292	Pearidge Pump Station	1/31/04	64,586.30	0.00	0.00	58,127.76	3,229.32	61,357.08	3,229.22	S/L	20.00
293	14" Bore & Jack Cased	1/31/04	30,060.00	0.00	0.00	30,060.00	0.00	30,060.00	0.00	S/L	62.50
294	8" Gate Valve Box	1/31/04	2,472.26	0.00	0.00	2,472.26	0.00	2,472.26	0.00	S/L	62.50
295	Meters & Installations	1/31/04	11,165.78	0.00	0.00	5,024.52	279.14	5,303.66	5,862.12	S/L	40.00
296	12" B&S River Crossing Pipe	1/31/04	19,370.75	0.00	0.00	8,368.18	309.93	8,678.11	10,692.64	S/L	62.50
297	Cobhill Extension Additions	1/31/04	13,318.21	0.00	0.00	5,753.54	213.09	5,966.63	7,351.58	S/L	62.50
298	Cobhill Water Tank Installation	1/31/04	210,838.00	0.00	0.00	93,705.78	4,685.29	98,391.07	112,446.93	S/L	45.00
299	Attorney Fees	1/31/04	21,565.13	0.00	0.00	9,584.54	479.23	10,063.77	11,501.36	S/L	45.00
300	Engineering Design & Inspection	1/31/04	423,697.81	0.00	0.00	188,310.22	9,415.51	197,725.73	225,972.08	S/L	45.00
301	Land Rights/Easements	1/31/04	15,542.52	0.00	0.00	0.00	0.00	0.00	15,542.52	Land	7.00
302	Capitalized Interest	1/31/04	70,000.00	0.00	0.00	31,111.12	1,555.56	32,666.68	37,333.32	S/L	45.00
303	Cobhill Extension Additions	1/31/04	168,364.17	0.00	0.00	74,828.46	3,741.43	78,569.89	89,794.28	S/L	45.00
	<b>200 - Cobhill Expansion</b>		<b>3,785,734.51</b>	<b>0.00c</b>	<b>0.00</b>	<b>1,892,882.22</b>	<b>69,509.33</b>	<b>1,962,391.55</b>	<b>1,823,342.96</b>		
<b>Group: 300 - Wisemantown Road</b>											
304	13600 8" Class 250 17 PVC Pipe	5/31/16	279,743.62	0.00	0.00	34,594.96	4,475.90	39,070.86	240,672.76	S/L	62.50
305	8" Class 200 DR 9 Poly Pipe	5/31/16	21,400.00	0.00	0.00	2,646.47	342.40	2,988.87	18,411.13	S/L	62.50
306	6" 17 PVC Pipe 4419.50 Ft	5/31/16	77,783.20	0.00	0.00	9,619.19	1,244.53	10,863.72	66,919.48	S/L	62.50
307	3" 17 PVC Pipe 30Ft	5/31/16	345.00	0.00	0.00	42.68	5.52	48.20	296.80	S/L	62.50
308	Seated Gate Valve W/Concrete	5/31/16	28,125.00	0.00	0.00	3,478.14	450.00	3,928.14	24,196.86	S/L	62.50
309	5 2" Seated Gate Valves and Boxes	5/31/16	3,150.00	0.00	0.00	1,255.80	50.40	1,306.20	1,843.80	S/L	62.50
310	Meter Setting 97 Meters	5/31/16	84,390.00	0.00	0.00	35,162.50	2,109.75	37,272.25	47,117.75	S/L	40.00
311	4373 Ft Service Pipe W/Cover Pipe	5/31/16	46,791.10	0.00	0.00	5,786.51	748.66	6,535.17	40,255.93	S/L	62.50
312	2 8"x6" Ductile Iron Tapping Steevi	5/31/16	4,754.00	0.00	0.00	587.90	76.06	663.96	4,090.04	S/L	62.50
313	Line Installations	5/31/16	61,470.00	0.00	0.00	7,601.79	983.52	8,585.31	52,884.69	S/L	62.50
314	12 Hydrant Assembly	5/31/16	54,492.00	0.00	0.00	12,169.88	1,089.84	13,259.72	41,232.28	S/L	50.00
315	Crushed Rock	5/31/16	4,013.43	0.00	0.00	568.59	100.34	668.93	3,344.50	S/L	40.00
316	2" Bituminous Surface	5/31/16	10,867.50	0.00	0.00	4,528.13	271.69	4,799.82	6,067.68	S/L	40.00
317	4" Concrete Surface	5/31/16	5,375.00	0.00	0.00	2,239.59	134.38	2,373.97	3,001.03	S/L	40.00
	<b>300 - Wisemantown Road</b>		<b>682,699.85</b>	<b>0.00c</b>	<b>0.00</b>	<b>120,282.13</b>	<b>12,082.99</b>	<b>132,365.12</b>	<b>550,334.73</b>		
<b>Group: 350 - Crooked Creek Loop</b>											
318	3" 17 PVC Pipe 2327 Ft	5/31/16	26,481.26	0.00	0.00	3,274.84	423.70	3,698.54	22,782.72	S/L	62.50
319	Meter & Hydrant Assembly	5/31/16	10,730.60	0.00	0.00	4,363.77	214.61	4,578.38	6,152.22	S/L	50.00
	<b>350 - Crooked Creek Loop</b>		<b>37,211.86</b>	<b>0.00c</b>	<b>0.00</b>	<b>7,638.61</b>	<b>638.31</b>	<b>8,276.92</b>	<b>28,934.94</b>		



Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group: 400 - Dark Hollow Road</b>											
320	4" 17 PVC Pipe 4311 Ft	5/31/16	51,732.00	0.00	0.00	6,397.52	827.71	7,225.23	44,506.77	S/L	62.50
321	3" 17 PVC Pipe 117 Ft	5/31/16	1,561.95	0.00	0.00	193.16	24.99	218.15	1,343.80	S/L	62.50
322	Meter Settings	5/31/16	3,978.00	0.00	0.00	1,657.50	99.45	1,756.95	2,221.05	S/L	40.00
323	Service Pipe With PE Cover Pipe	5/31/16	10,346.90	0.00	0.00	1,279.56	165.55	1,445.11	8,901.79	S/L	62.50
324	10 Seat Gate Valves & Boxes	5/31/16	7,600.00	0.00	0.00	939.87	121.60	1,061.47	6,538.53	S/L	62.50
325	2 Blow Off Hydrant Assembly	5/31/16	3,042.00	0.00	0.00	1,237.08	60.84	1,297.92	1,744.08	S/L	50.00
326	2 3x3 Ductile Iron Tapping Sleeve	5/31/16	2,328.00	0.00	0.00	928.10	37.25	965.35	1,362.65	S/L	62.50
327	Bituminous Surface Replacement	5/31/16	5,197.50	0.00	0.00	2,165.63	129.94	2,295.57	2,901.93	S/L	40.00
328	4" Concrete Surface Replacement	5/31/16	2,800.00	0.00	0.00	1,166.67	70.00	1,236.67	1,563.33	S/L	40.00
329	Meter Installation Charges	5/31/16	36,300.30	0.00	0.00	15,125.13	907.51	16,032.64	20,267.66	S/L	40.00
	<b>400 - Dark Hollow Road</b>		<b>124,886.65</b>	<b>0.00c</b>	<b>0.00</b>	<b>31,090.22</b>	<b>2,444.84</b>	<b>33,535.06</b>	<b>91,351.59</b>		
<b>Group: 450 - Red Lick Road</b>											
330	6" 17 PVC Pipe 7722 Ft	5/31/16	110,192.94	0.00	0.00	13,627.19	1,763.09	15,390.28	94,802.66	S/L	62.50
331	2 Hydrant Assembly	5/31/16	9,076.00	0.00	0.00	3,690.91	181.52	3,872.43	5,203.57	S/L	50.00
332	Line Installations	5/31/16	11,610.40	0.00	0.00	1,435.83	185.77	1,621.60	9,988.80	S/L	62.50
	<b>450 - Red Lick Road</b>		<b>130,879.34</b>	<b>0.00c</b>	<b>0.00</b>	<b>18,753.93</b>	<b>2,130.38</b>	<b>20,884.31</b>	<b>109,995.03</b>		
<b>Group: 500 - Dug Hill Road</b>											
333	4" 17 PVC Pipe 2460 Ft	5/31/16	29,520.00	0.00	0.00	3,650.64	472.32	4,122.96	25,397.04	S/L	62.50
334	6 4" Mechanical Gate Valves	5/31/16	4,680.00	0.00	0.00	578.76	74.88	653.64	4,026.36	S/L	62.50
335	Line and Meter Installations	5/31/16	6,751.50	0.00	0.00	956.48	168.79	1,125.27	5,626.23	S/L	40.00
336	2 Blowoff Hydrants Assembly	5/31/16	3,844.00	0.00	0.00	1,643.23	76.88	1,720.11	2,123.89	S/L	50.00
337	Water Boosting Pump Station	5/31/16	243,000.00	0.00	0.00	68,850.00	12,150.00	81,000.00	162,000.00	S/L	20.00
	<b>500 - Dug Hill Road</b>		<b>287,795.50</b>	<b>0.00c</b>	<b>0.00</b>	<b>75,599.11</b>	<b>12,942.87</b>	<b>88,541.98</b>	<b>199,253.52</b>		
<b>Group: 550 - V.C. Whitt Road</b>											
338	3" 17 PVC Pipe 540 Ft	5/31/16	8,942.40	0.00	0.00	1,105.88	143.08	1,248.96	7,693.44	S/L	62.50
339	Meter Setting	5/31/16	5,850.00	0.00	0.00	2,437.50	146.25	2,583.75	3,266.25	S/L	40.00
340	1 Blowoff Flushing Hydrant	5/31/16	2,575.00	0.00	0.00	1,047.17	51.50	1,098.67	1,476.33	S/L	50.00
341	1 6"x3" Tapping Sleeve	5/31/16	2,600.00	0.00	0.00	1,036.53	41.60	1,078.13	1,521.87	S/L	62.50
342	Line Installations	5/31/16	1,706.04	0.00	0.00	680.14	27.30	707.44	998.60	S/L	62.50
	<b>550 - V.C. Whitt Road</b>		<b>21,673.44</b>	<b>0.00c</b>	<b>0.00</b>	<b>6,307.22</b>	<b>409.73</b>	<b>6,716.95</b>	<b>14,956.49</b>		
<b>Group: 600 - Edwards Lane</b>											
343	3" 17 PVC Pipe 818.60 Ft	5/31/16	9,348.41	0.00	0.00	1,156.08	149.57	1,305.65	8,042.76	S/L	62.50
344	1 Blowoff Flushing Hydrant	5/31/16	1,781.00	0.00	0.00	724.27	35.62	759.89	1,021.11	S/L	50.00
345	Line Installations	5/31/16	941.80	0.00	0.00	375.47	15.07	390.54	551.26	S/L	62.50
	<b>600 - Edwards Lane</b>		<b>12,071.21</b>	<b>0.00c</b>	<b>0.00</b>	<b>2,255.82</b>	<b>200.26</b>	<b>2,456.08</b>	<b>9,615.13</b>		

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Value	Book Method	Book Period
<b>Group: 700 - Cedar Grove</b>											
346	6" 17 PVC Pipe 5037 Ft	5/31/16	73,792.05	0.00	0.00	9,125.61	1,180.67	10,306.28	63,485.77	S/L	62.50
347	52 Meter Installation Charges	5/31/16	40,669.00	0.00	0.00	16,945.43	1,016.73	17,962.16	22,706.84	S/L	40.00
348	Service Pipe W/Cover Pipe 2173 Ft	5/31/16	23,251.10	0.00	0.00	2,875.40	372.02	3,247.42	20,003.68	S/L	62.50
349	5 6" Mechanical Seated Gate Valve	5/31/16	4,475.00	0.00	0.00	1,784.03	71.60	1,855.63	2,619.37	S/L	62.50
350	Line Installations	5/31/16	21,459.98	0.00	0.00	2,653.89	343.36	2,997.25	18,462.73	S/L	62.50
351	7 Hydrant Assembly & Installation	5/31/16	34,696.00	0.00	0.00	14,109.71	693.92	14,803.63	19,892.37	S/L	50.00
352	2 8"x6" Ductile Iron Tapping Sleeve	5/31/16	4,754.00	0.00	0.00	1,895.25	76.06	1,971.31	2,782.69	S/L	62.50
353	7 6x6 Ductile Iron Tapping Sleeves	5/31/16	15,316.00	0.00	0.00	6,105.99	245.06	6,351.05	8,964.95	S/L	62.50
354	Bituminous Surface Replacement	5/31/16	11,984.67	0.00	0.00	4,993.63	299.62	5,293.25	6,691.42	S/L	40.00
355	Concrete Driveway Replacement	5/31/16	9,150.00	0.00	0.00	3,812.50	228.75	4,041.25	5,108.75	S/L	40.00
356	6" PVC Pipe 540 Ft	5/31/16	7,911.00	0.00	0.00	978.35	126.58	1,104.93	6,806.07	S/L	62.50
357	Line Installation Charges	5/31/16	4,182.56	0.00	0.00	517.23	66.92	584.15	3,598.41	S/L	62.50
<b>700 - Cedar Grove</b>			<b>251,641.36</b>	<b>0.00c</b>	<b>0.00</b>	<b>65,797.02</b>	<b>4,721.29</b>	<b>70,518.31</b>	<b>181,123.05</b>		
<b>Group: 800 - Stacy Lane Loop</b>											
358	6" 17 PVC Pipe 2852.7 Ft	5/31/16	41,078.88	0.00	0.00	5,080.08	657.26	5,737.34	35,341.54	S/L	62.50
359	3" 17 PVC Pipe 320 Ft	5/31/16	3,728.00	0.00	0.00	461.03	59.65	520.68	3,207.32	S/L	62.50
360	2 Gate Valves	5/31/16	1,400.00	0.00	0.00	558.13	22.40	580.53	819.47	S/L	62.50
361	Hydrant Assembly	5/31/16	9,076.00	0.00	0.00	3,690.91	181.52	3,872.43	5,203.57	S/L	50.00
362	1 Blowoff Hydrant Assembly	5/31/16	1,875.00	0.00	0.00	762.50	37.50	800.00	1,075.00	S/L	50.00
363	2 6"x6" Ductile Iron Tapping Sleeve	5/31/16	4,410.00	0.00	0.00	1,758.12	70.56	1,828.68	2,581.32	S/L	62.50
364	Line Installation Charges	5/31/16	6,333.70	0.00	0.00	783.26	101.34	884.60	5,449.10	S/L	62.50
<b>800 - Stacy Lane Loop</b>			<b>67,901.58</b>	<b>0.00c</b>	<b>0.00</b>	<b>13,094.03</b>	<b>1,130.23</b>	<b>14,224.26</b>	<b>53,677.32</b>		
<b>Group: 900 - Pea Ridge to KY 53</b>											
365	8" Polyethylene Pipe 240 Ft	5/31/16	8,688.00	0.00	0.00	1,074.42	139.01	1,213.43	7,474.57	S/L	62.50
366	6" 17 PVC Pipe 4649 Ft	5/31/16	81,032.07	0.00	0.00	10,020.95	1,296.51	11,317.46	69,714.61	S/L	62.50
367	3" 17 PVC Pipe 418.50 Ft	5/31/16	6,905.25	0.00	0.00	853.94	110.48	964.42	5,940.83	S/L	62.50
368	Polyethylene Service Pipe W/Cover	5/31/16	2,546.60	0.00	0.00	314.95	40.75	355.70	2,190.90	S/L	62.50
369	6 6" Mechanical Resilient Seated	5/31/16	5,370.00	0.00	0.00	2,140.84	85.92	2,226.76	3,143.24	S/L	62.50
370	2 3" Mechanical Seated Gate	5/31/16	1,462.00	0.00	0.00	582.85	23.39	606.24	855.76	S/L	62.50
371	14" Cover Pipe & Boring	5/31/16	33,910.00	0.00	0.00	4,193.54	542.56	4,736.10	29,173.90	S/L	62.50
372	4 Hydrant Assembly	5/31/16	18,152.00	0.00	0.00	7,381.81	363.04	7,744.85	10,407.15	S/L	50.00
373	2 6"x6" Tapping Sleeve	5/31/16	4,374.00	0.00	0.00	1,743.76	69.98	1,813.74	2,560.26	S/L	62.50
374	2 Test Meter Assembly	5/31/16	2,416.00	0.00	0.00	1,006.67	60.40	1,067.07	1,348.93	S/L	40.00
375	Meter Installations	5/31/16	6,645.20	0.00	0.00	2,768.83	166.13	2,934.96	3,710.24	S/L	40.00
<b>900 - Pea Ridge to KY 53</b>			<b>171,501.12</b>	<b>0.00c</b>	<b>0.00</b>	<b>32,082.56</b>	<b>2,898.17</b>	<b>34,980.73</b>	<b>136,520.39</b>		
<b>Group: Construction in Progress</b>											
400	Bell Engineering	9/01/21	188,500.00	0.00	0.00	0.00	0.00	0.00	188,500.00	Memo	0.00
401	Stoll, Keenon,	9/01/21	9,878.40	0.00	0.00	0.00	0.00	0.00	9,878.40	Memo	0.00
402	Swartz Pipeline 1	9/03/21	61,878.31	0.00	0.00	0.00	0.00	0.00	61,878.31	Memo	0.00
403	Swartz Pipeline 2	10/26/21	103,721.69	0.00	0.00	0.00	0.00	0.00	103,721.69	Memo	0.00
404	Stoll, Keenon, 2	10/26/21	15,133.64	0.00	0.00	0.00	0.00	0.00	15,133.64	Memo	0.00

**Book Asset Detail 1/01/22 - 12/31/22**

Asset Id	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
<b>Group: Construction in Progress (continued)</b>											
405	Meter Installation Charges	11/15/21	342,900.00	0.00	0.00	0.00	0.00	0.00	342,900.00	Memo	0.00
406	Swartz Pipeline 3	11/26/21	429,741.00	0.00	0.00	0.00	0.00	0.00	429,741.00	Memo	0.00
407	Bell Engineering 2	12/03/21	24,850.00	0.00	0.00	0.00	0.00	0.00	24,850.00	Memo	0.00
408	Meter Installation Charges	12/09/21	422,190.00	0.00	0.00	0.00	0.00	0.00	422,190.00	Memo	0.00
409	Meter Installation Charges	12/30/21	157,712.40	0.00	0.00	0.00	0.00	0.00	157,712.40	Memo	0.00
410	United Systems - 12/11-12/31	12/31/21	26,539.20	0.00	0.00	0.00	0.00	0.00	26,539.20	Memo	0.00
411	Bell Engineering - Dec	12/25/21	20,300.00	0.00	0.00	0.00	0.00	0.00	20,300.00	Memo	0.00
412	BGADD KIA Admin	12/25/21	8,000.00	0.00	0.00	0.00	0.00	0.00	8,000.00	Memo	0.00
413	United Systems - 12/1-12/11	12/16/21	183,448.80	0.00	0.00	0.00	0.00	0.00	183,448.80	Memo	0.00
414	Bell Engineering - 12/2/21	12/02/21	41,150.00	0.00	0.00	0.00	0.00	0.00	41,150.00	Memo	0.00
415	United Systems - Retainage 12/31/2	12/31/21	125,866.00	0.00	0.00	0.00	0.00	0.00	125,866.00	Memo	0.00
417	Construction in progress	12/31/22	304,554.00	0.00c	0.00	0.00	0.00	0.00	304,554.00	Memo	0.00
<b>Construction in Progress</b>			<u>2,466,363.44</u>	<u>0.00c</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>2,466,363.44</u>		
<b>Grand Total</b>			<u>18,222,107.86</u>	<u>0.00c</u>	<u>0.00</u>	<u>8,565,685.74</u>	<u>279,693.55</u>	<u>8,845,379.29</u>	<u>9,376,728.57</u>		

# **Attachment #9**



# AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$233,234.42	06-26-2019	01-30-2029	53864	5	10124403	SLC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.  
Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Estill Co Water District #1  
76 Cedar Grove Rd  
Irvine, KY 40336-7697

**Lender:** Citizens Guaranty Bank  
River Drive Branch  
25 River Drive  
P.O. Box 630  
Irvine, KY 40336-0630  
(606) 723-2139

Disbursement Date: June 26, 2019

Repayment Schedule: Installment  
Calculation Method: 365/365 U.S. Rule

Payment Number	Payment Date	Interest Rate	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	07-30-2019	3.000	2,336.95	651.78	1,685.17	231,549.25
2	08-30-2019	3.000	2,336.95	589.97	1,746.98	229,802.27
3	09-30-2019	3.000	2,336.95	585.52	1,751.43	228,050.84
4	10-30-2019	3.000	2,336.95	562.32	1,774.63	226,276.21
5	11-30-2019	3.000	2,336.95	576.54	1,760.41	224,515.80
6	12-30-2019	3.000	2,336.95	553.60	1,783.35	222,732.45
<b>2019 TOTALS:</b>			<b>14,021.70</b>	<b>3,519.73</b>	<b>10,501.97</b>	
7	01-30-2020	3.000	2,336.95	566.06	1,770.89	220,961.56
8	02-29-2020	3.000	2,336.95	543.35	1,793.60	219,167.96
9	03-30-2020	3.000	2,336.95	538.94	1,798.01	217,369.95
10	04-30-2020	3.000	2,336.95	552.33	1,784.62	215,585.33
11	05-30-2020	3.000	2,336.95	530.13	1,806.82	213,778.51
12	06-30-2020	3.000	2,336.95	543.21	1,793.74	211,984.77
13	07-30-2020	3.000	2,336.95	521.27	1,815.68	210,169.09
14	08-30-2020	3.000	2,336.95	534.04	1,802.91	208,366.18
15	09-30-2020	3.000	2,336.95	529.46	1,807.49	206,558.69
16	10-30-2020	3.000	2,336.95	507.93	1,829.02	204,729.67
17	11-30-2020	3.000	2,336.95	520.21	1,816.74	202,912.93
18	12-30-2020	3.000	2,336.95	498.97	1,837.98	201,074.95
<b>2020 TOTALS:</b>			<b>28,043.40</b>	<b>6,385.90</b>	<b>21,657.50</b>	
19	01-30-2021	3.000	2,336.95	512.24	1,824.71	199,250.24
20	02-28-2021	3.000	2,336.95	474.93	1,862.02	197,388.22
21	03-30-2021	3.000	2,336.95	486.71	1,850.24	195,537.98
22	04-30-2021	3.000	2,336.95	498.22	1,838.73	193,699.25
23	05-30-2021	3.000	2,336.95	477.61	1,859.34	191,839.91
24	06-30-2021	3.000	2,336.95	488.80	1,848.15	189,991.76
25	07-30-2021	3.000	2,336.95	468.47	1,868.48	188,123.28
26	08-30-2021	3.000	2,336.95	479.33	1,857.62	186,265.66
27	09-30-2021	3.000	2,336.95	474.59	1,862.36	184,403.30
28	10-30-2021	3.000	2,336.95	454.69	1,882.26	182,521.04
29	11-30-2021	3.000	2,336.95	465.05	1,871.90	180,649.14
30	12-30-2021	3.000	2,336.95	445.44	1,891.51	178,757.63
<b>2021 TOTALS:</b>			<b>28,043.40</b>	<b>5,726.08</b>	<b>22,317.32</b>	
31	01-30-2022	3.000	2,336.95	455.46	1,881.49	176,876.14
32	02-28-2022	3.000	2,336.95	421.60	1,915.35	174,960.79
33	03-30-2022	3.000	2,336.95	431.41	1,905.54	173,055.25
34	04-30-2022	3.000	2,336.95	440.94	1,896.01	171,159.24
35	05-30-2022	3.000	2,336.95	422.04	1,914.91	169,244.33
36	06-30-2022	3.000	2,336.95	431.23	1,905.72	167,338.61
37	07-30-2022	3.000	2,336.95	412.62	1,924.33	165,414.28
38	08-30-2022	3.000	2,336.95	421.47	1,915.48	163,498.80
39	09-30-2022	3.000	2,336.95	416.59	1,920.36	161,578.44
40	10-30-2022	3.000	2,336.95	398.41	1,938.54	159,639.90
41	11-30-2022	3.000	2,336.95	406.75	1,930.20	157,709.70
42	12-30-2022	3.000	2,336.95	388.87	1,948.08	155,761.62
<b>2022 TOTALS:</b>			<b>28,043.40</b>	<b>5,047.39</b>	<b>22,996.01</b>	
43	01-30-2023	3.000	2,336.95	396.87	1,940.08	153,821.54
44	02-28-2023	3.000	2,336.95	366.64	1,970.31	151,851.23
45	03-30-2023	3.000	2,336.95	374.43	1,962.52	149,888.71
46	04-30-2023	3.000	2,336.95	381.91	1,955.04	147,933.67
47	05-30-2023	3.000	2,336.95	364.77	1,972.18	145,961.49
48	06-30-2023	3.000	2,336.95	371.90	1,965.05	143,996.44
49	07-30-2023	3.000	2,336.95	355.06	1,981.89	142,014.55
50	08-30-2023	3.000	2,336.95	361.85	1,975.10	140,039.45
51	09-30-2023	3.000	2,336.95	356.81	1,980.14	138,059.31
52	10-30-2023	3.000	2,336.95	340.42	1,996.53	136,062.78
53	11-30-2023	3.000	2,336.95	346.68	1,990.27	134,072.51
54	12-30-2023	3.000	2,336.95	330.59	2,006.36	132,066.15
<b>2023 TOTALS:</b>			<b>28,043.40</b>	<b>4,347.93</b>	<b>23,695.47</b>	
55	01-30-2024	3.000	2,336.95	335.64	2,001.31	130,064.84
56	02-29-2024	3.000	2,336.95	319.83	2,017.12	128,047.72
57	03-30-2024	3.000	2,336.95	314.87	2,022.08	126,025.64
58	04-30-2024	3.000	2,336.95	320.23	2,016.72	124,008.92
59	05-30-2024	3.000	2,336.95	304.94	2,032.01	121,976.91
60	06-30-2024	3.000	2,336.95	309.94	2,027.01	119,949.90
61	07-30-2024	3.000	2,336.95	294.96	2,041.99	117,907.91
62	08-30-2024	3.000	2,336.95	299.60	2,037.35	115,870.56
63	09-30-2024	3.000	2,336.95	294.43	2,042.52	113,828.04
64	10-30-2024	3.000	2,336.95	279.91	2,057.04	111,771.00
65	11-30-2024	3.000	2,336.95	284.01	2,052.94	109,718.06
66	12-30-2024	3.000	2,336.95	269.80	2,067.15	107,650.91
<b>2024 TOTALS:</b>			<b>28,043.40</b>	<b>3,628.16</b>	<b>24,415.24</b>	



**AMORTIZATION SCHEDULE  
(Continued)**

Loan No: 53864

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67	01-30-2025	3.000	2,336.95	274.24	2,062.71	105,588.20
68	02-28-2025	3.000	2,336.95	251.68	2,085.27	103,502.93
69	03-30-2025	3.000	2,336.95	255.21	2,081.74	101,421.19
70	04-30-2025	3.000	2,336.95	258.42	2,078.53	99,342.66
71	05-30-2025	3.000	2,336.95	244.95	2,092.00	97,250.66
72	06-30-2025	3.000	2,336.95	247.79	2,089.16	95,161.50
73	07-30-2025	3.000	2,336.95	234.64	2,102.31	93,059.19
74	08-30-2025	3.000	2,336.95	237.11	2,099.84	90,959.35
75	09-30-2025	3.000	2,336.95	231.76	2,105.19	88,854.16
76	10-30-2025	3.000	2,336.95	219.09	2,117.86	86,736.30
77	11-30-2025	3.000	2,336.95	221.00	2,115.95	84,620.35
78	12-30-2025	3.000	2,336.95	208.65	2,128.30	82,492.05
<b>2025 TOTALS:</b>			<b>28,043.40</b>	<b>2,884.54</b>	<b>25,158.86</b>	
79	01-30-2026	3.000	2,336.95	210.19	2,126.76	80,365.29
80	02-28-2026	3.000	2,336.95	191.56	2,145.39	78,219.90
81	03-30-2026	3.000	2,336.95	192.87	2,144.08	76,075.82
82	04-30-2026	3.000	2,336.95	193.84	2,143.11	73,932.71
83	05-30-2026	3.000	2,336.95	182.30	2,154.65	71,778.06
84	06-30-2026	3.000	2,336.95	182.89	2,154.06	69,624.00
85	07-30-2026	3.000	2,336.95	171.68	2,165.27	67,458.73
86	08-30-2026	3.000	2,336.95	171.88	2,165.07	65,293.66
87	09-30-2026	3.000	2,336.95	166.36	2,170.59	63,123.07
88	10-30-2026	3.000	2,336.95	155.65	2,181.30	60,941.77
89	11-30-2026	3.000	2,336.95	155.28	2,181.67	58,760.10
90	12-30-2026	3.000	2,336.95	144.89	2,192.06	56,568.04
<b>2026 TOTALS:</b>			<b>28,043.40</b>	<b>2,119.39</b>	<b>25,924.01</b>	
91	01-30-2027	3.000	2,336.95	144.13	2,192.82	54,375.22
92	02-28-2027	3.000	2,336.95	129.61	2,207.34	52,167.88
93	03-30-2027	3.000	2,336.95	128.63	2,208.32	49,959.56
94	04-30-2027	3.000	2,336.95	127.29	2,209.66	47,749.90
95	05-30-2027	3.000	2,336.95	117.74	2,219.21	45,530.69
96	06-30-2027	3.000	2,336.95	116.01	2,220.94	43,309.75
97	07-30-2027	3.000	2,336.95	106.79	2,230.16	41,079.59
98	08-30-2027	3.000	2,336.95	104.67	2,232.28	38,847.31
99	09-30-2027	3.000	2,336.95	98.98	2,237.97	36,609.34
100	10-30-2027	3.000	2,336.95	90.27	2,246.68	34,362.66
101	11-30-2027	3.000	2,336.95	87.55	2,249.40	32,113.26
102	12-30-2027	3.000	2,336.95	79.18	2,257.77	29,855.49
<b>2027 TOTALS:</b>			<b>28,043.40</b>	<b>1,330.85</b>	<b>26,712.55</b>	
103	01-30-2028	3.000	2,336.95	75.88	2,261.07	27,594.42
104	02-29-2028	3.000	2,336.95	67.86	2,269.09	25,325.33
105	03-30-2028	3.000	2,336.95	62.28	2,274.67	23,050.66
106	04-30-2028	3.000	2,336.95	58.57	2,278.38	20,772.28
107	05-30-2028	3.000	2,336.95	51.08	2,285.87	18,486.41
108	06-30-2028	3.000	2,336.95	46.97	2,289.98	16,196.43
109	07-30-2028	3.000	2,336.95	39.83	2,297.12	13,899.31
110	08-30-2028	3.000	2,336.95	35.32	2,301.63	11,597.68
111	09-30-2028	3.000	2,336.95	29.47	2,307.48	9,290.20
112	10-30-2028	3.000	2,336.95	22.84	2,314.11	6,976.09
113	11-30-2028	3.000	2,336.95	17.73	2,319.22	4,656.87
114	12-30-2028	3.000	2,336.95	11.45	2,325.50	2,331.37
<b>2028 TOTALS:</b>			<b>28,043.40</b>	<b>519.28</b>	<b>27,524.12</b>	
115	01-30-2029	3.000	2,336.95	5.58	2,331.37	0.00
<b>2029 TOTALS:</b>			<b>2,336.95</b>	<b>5.58</b>	<b>2,331.37</b>	
<b>TOTALS:</b>			<b>268,749.25</b>	<b>35,514.83</b>	<b>233,234.42</b>	

**NOTICE:** This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.



# PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$241,440.18	12-31-2018	12-31-2021	47848	5	10124403	SLC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*" has been omitted due to text length limitations.

**Borrower:** Estill Co Water District #1  
76 Cedar Grove Rd  
Irvine, KY 40336-7697

**Lender:** Citizens Guaranty Bank  
River Drive Branch  
25 River Drive  
P.O. Box 630  
Irvine, KY 40336-0630  
(606) 723-2139

**Principal Amount:** \$241,440.18

**Interest Rate:** 3.000%

**Date of Note:** December 31, 2018

**PROMISE TO PAY.** Estill Co Water District #1 ("Borrower") promises to pay to Citizens Guaranty Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Hundred Forty-one Thousand Four Hundred Forty & 18/100 Dollars (\$241,440.18), together with interest on the unpaid principal balance from December 31, 2018, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 3.000% per annum, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

**PAYMENT.** Borrower will pay this loan in 35 regular payments of \$2,331.23 each and one irregular last payment estimated at \$178,772.22. Borrower's first payment is due January 31, 2019, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on December 31, 2021, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any escrow or reserve account payments as required under any mortgage, deed of trust, or other security instrument or security agreement securing this Note; and then to any late charges. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing. All payments must be made in U.S. dollars and must be received by Lender consistent with any written payment instructions provided by Lender. If a payment is made consistent with Lender's payment instructions but received after 5:00 p.m. Eastern Standard Time, Monday through Friday, Lender will credit Borrower's payment on the next business day.

**INTEREST CALCULATION METHOD.** Interest on this Note is computed on a 365/365 simple interest basis; that is, by applying the ratio of the interest rate over the number of days in a year (366 during leap years), multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

**PREPAYMENT.** Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Citizens Guaranty Bank, A Real Community Bank, P.O. Box 630 Irvine, KY 40336-0630.

**LATE CHARGE.** If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

**INTEREST AFTER DEFAULT.** Upon default, including failure to pay upon final maturity, the total sum due under this Note will continue to accrue interest at the interest rate under this Note.

**DEFAULT.** Each of the following shall constitute an event of default ("Event of Default") under this Note:

**Payment Default.** Borrower fails to make any payment when due under this Note.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Death or Insolvency.** The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Cure Provisions.** If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**LENDER'S RIGHTS.** Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

**ATTORNEYS' FEES; EXPENSES.** Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

**GOVERNING LAW.** This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Note has been accepted by Lender in the Commonwealth of Kentucky.

**CHOICE OF VENUE.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Estill County, Commonwealth of Kentucky.

**DISHONORED ITEM FEE.** Borrower will pay a fee to Lender of \$25.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any



PROMISSORY NOTE  
(Continued)

Loan No: 47848

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and all such accounts.

**COLLATERAL.** Borrower acknowledges this Note is secured by a UCC on all accounts receivable now owned or hereafter acquired in the operation of Estill County Water District #1 located at 76 Cedar Grove Rd Irvine, KY 40336.

**SUCCESSOR INTERESTS.** The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

**NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES.** Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Citizens Guaranty Bank A Real Community Bank, P.O. Box 630 Irvine, KY 40336-0630.

**GENERAL PROVISIONS.** If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly provided in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

**PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.**

**BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.**

**BORROWER:**

ESTILL CO WATER DISTRICT #1

By: Daniel B Click  
Daniel B Click, Chairman of Estill Co Water District #1

By: John F. Stickney  
John F Stickney, Secretary of Estill Co Water District #1

By: Robert W Johnson  
Robert W Johnson, Treasurer of Estill Co Water District #1





# DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$241,440.18	12-31-2018	12-31-2021	47848	5	10124403	SLC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Estill Co Water District #1  
76 Cedar Grove Rd  
Irvine, KY 40336-7697

**Lender:** Citizens Guaranty Bank  
River Drive Branch  
25 River Drive  
P.O. Box 630  
Irvine, KY 40336-0630  
(606) 723-2139

**LOAN TYPE.** This is a Fixed Rate (3.000%) Nondisclosable Loan to a Government Entity for \$241,440.18 due on December 31, 2021.

**PRIMARY PURPOSE OF LOAN.** The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.  
 Business (Including Real Estate Investment).

**SPECIFIC PURPOSE.** The specific purpose of this loan is: Consolidate.

**DISBURSEMENT INSTRUCTIONS.** Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$241,440.18 as follows:

<b>Amount paid on Borrower's account:</b>	\$241,430.18
\$57,752.80 Payment on Loan # 10098348-3387	
\$88,506.60 Payment on Loan # 10098348-24597	
\$15,266.74 Payment on Loan # 10098348-37095	
\$79,904.04 Payment on Loan # 10098348-88196	
<b>Other Charges Financed:</b>	\$10.00
\$10.00 UCC	
<b>Note Principal:</b>	\$241,440.18

**FINANCIAL CONDITION.** BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED DECEMBER 31, 2018.

**BORROWER:**

ESTILL CO WATER DISTRICT #1

By: Daniel B Click  
Daniel B Click, Chairman of Estill Co Water District #1

By: John F Stickney  
John F Stickney, Secretary of Estill Co Water District #1

By: Robert Johnson  
Robert W Johnson, Treasurer of Estill Co Water District #1



### NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$241,440.18	12-31-2018	12-31-2021	47848	5	10124403	SLC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Estill Co Water District #1  
76 Cedar Grove Rd  
Irvine, KY 40336-7697

**Lender:** Citizens Guaranty Bank  
River Drive Branch  
25 River Drive  
P.O. Box 630  
Irvine, KY 40336-0630  
(606) 723-2139

BY SIGNING THIS DOCUMENT EACH PARTY REPRESENTS AND AGREES THAT: (A) THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES, (B) THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES, AND (C) THE WRITTEN LOAN AGREEMENT MAY NOT BE CONTRADICTED BY EVIDENCE OF ANY PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR UNDERSTANDINGS OF THE PARTIES.

As used in this Notice, the following terms have the following meanings:

**Loan.** The term "Loan" means the following described loan: a Fixed Rate (3.000%) Nondisclosable Loan to a Government Entity for \$241,440.18 due on December 31, 2021.

**Loan Agreement.** The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

#### LOAN DOCUMENTS

- Disclosure of Right to Receive a Copy of an Appraisal
- Business Loan Agreement
- KY Commercial Security Agreement: Collateral owned by Estill Co Water District #1
- National UCC Instructions 04/20/11
- Disbursement Request and Authorization
- KY Insurance Disclosures
- Governmental Certificate: Estill Co Water District #1
- Promissory Note
- KY National UCC Financing Statement (Rev. 04/20/11): Collateral owned by Estill Co Water District #1
- National UCC Addendum Instructions 04/20/11
- Notice of Final Agreement
- W-9 Request for Taxpayer ID Number and Certification: : Estill Co Water District #1

**Parties.** The term "Parties" means Citizens Guaranty Bank and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

**Borrower:** Estill Co Water District #1  
**Grantor(s):** Estill Co Water District #1

Each Party who signs below, other than Citizens Guaranty Bank, acknowledges, represents, and warrants to Citizens Guaranty Bank that it has received, read and understood this Notice of Final Agreement. This Notice is dated December 31, 2018.

**BORROWER:**

ESTILL CO WATER DISTRICT #1

By: Daniel B Click  
Daniel B Click, Chairman of Estill Co Water District #1

By: John F. Stickney  
John F Stickney, Secretary of Estill Co Water District #1

By: Robert W Johnson  
Robert W Johnson, Treasurer of Estill Co Water District #1

**LENDER:**

CITIZENS GUARANTY BANK

x Shannon L Carow-Chaney  
Authorized Signer



# COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$241,440.18	12-31-2018	12-31-2021	47848	5	10124403	SLC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Grantor:** Estill Co Water District #1  
76 Cedar Grove Rd  
Irvine, KY 40336-7697

**Lender:** Citizens Guaranty Bank  
River Drive Branch  
25 River Drive  
P.O. Box 630  
Irvine, KY 40336-0630  
(606) 723-2139

THIS COMMERCIAL SECURITY AGREEMENT dated December 31, 2018, is made and executed between Estill Co Water District #1 ("Grantor") and Citizens Guaranty Bank ("Lender").

**GRANT OF SECURITY INTEREST.** For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

**COLLATERAL DESCRIPTION.** The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

a UCC on all accounts receivable now owned or hereafter acquired in the operation of Estill County Water District #1 located at 76 Cedar Grove Rd Irvine, KY 40336

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

**GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL.** With respect to the Collateral, Grantor represents and promises to Lender that:

**Perfection of Security Interest.** Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

**Notices to Lender.** Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the entity Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's principal residence; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name will take effect until after Lender has received notice.

**No Violation.** The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

**Enforceability of Collateral.** To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

**Location of the Collateral.** Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

**Removal of the Collateral.** Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

**Transactions Involving Collateral.** Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

**Title.** Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

**Repairs and Maintenance.** Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done



COMMERCIAL SECURITY AGREEMENT  
(Continued)

Loan No: 47848

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on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

**Inspection of Collateral.** Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

**Taxes, Assessments and Liens.** Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

**Compliance with Governmental Requirements.** Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

**Hazardous Substances.** Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

**Maintenance of Casualty Insurance.** Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

**Application of Insurance Proceeds.** Grantor shall promptly notify Lender of any loss or damage to the Collateral if the estimated cost of repair or replacement exceeds 5000, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

**Insurance Reserves.** Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

**Insurance Reports.** Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

**Financing Statements.** Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

**GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS.** Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the Indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon



COMMERCIAL SECURITY AGREEMENT  
(Continued)

Loan No: 47848

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Default.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Grantor fails to make any payment when due under the Indebtedness.

**Other Defaults.** Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Insolvency.** The insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Cure Provisions.** If any default, other than a default in payment, is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**RIGHTS AND REMEDIES ON DEFAULT.** If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Kentucky Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

**Accelerate Indebtedness.** Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

**Assemble Collateral.** Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

**Sell the Collateral.** Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

**Appoint Receiver.** Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

**Collect Revenues. Apply Accounts.** Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

**Obtain Deficiency.** If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

**Other Rights and Remedies.** Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

**Election of Remedies.** Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses



**COMMERCIAL SECURITY AGREEMENT  
(Continued)**

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include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the Commonwealth of Kentucky.

**Choice of Venue.** If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Estill County, Commonwealth of Kentucky.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

**Power of Attorney.** Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Successors and Assigns.** Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

**Survival of Representations and Warranties.** All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**Waive Jury.** All parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

**Agreement.** The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

**Borrower.** The word "Borrower" means Estill Co Water District #1 and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Collateral.** The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

**Default.** The word "Default" means the Default set forth in this Agreement in the section titled "Default".

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**Grantor.** The word "Grantor" means Estill Co Water District #1.

**Guaranty.** The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means Citizens Guaranty Bank, its successors and assigns.

**Note.** The word "Note" means the Note dated December 31, 2018 and executed by Estill Co Water District #1 in the principal amount of \$241,440.18, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Property.** The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.



COMMERCIAL SECURITY AGREEMENT  
(Continued)

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**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED DECEMBER 31, 2018.

GRANTOR:

ESTILL CO WATER DISTRICT #1

By: *Daniel B Click*  
Daniel B Click, Chairman of Estill Co Water District  
#1

By: *John F. Stickney*  
John F Stickney, Secretary of Estill Co Water  
District #1

By: *Robert Johnson*  
Robert W Johnson, Treasurer of Estill Co Water  
District #1



# BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$241,440.18	12-31-2018	12-31-2021	47848	5	10124403	SLC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Borrower:** Estill Co Water District #1  
76 Cedar Grove Rd  
Irvine, KY 40336-7697

**Lender:** Citizens Guaranty Bank  
River Drive Branch  
25 River Drive  
P.O. Box 630  
Irvine, KY 40336-0630  
(606) 723-2139

THIS BUSINESS LOAN AGREEMENT dated December 31, 2018, is made and executed between Estill Co Water District #1 ("Borrower") and Citizens Guaranty Bank ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

**TERM.** This Agreement shall be effective as of December 31, 2018, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until December 31, 2021.

**CONDITIONS PRECEDENT TO EACH ADVANCE.** Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

**Loan Documents.** Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

**Borrower's Authorization.** Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

**Payment of Fees and Expenses.** Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

**Representations and Warranties.** The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

**No Event of Default.** There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

**REPRESENTATIONS AND WARRANTIES.** Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

**Organization.** Borrower is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the Commonwealth of Kentucky. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 76 Cedar Grove Rd, Irvine, KY 40336-7697. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

**Assumed Business Names.** Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

**Authorization.** Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

**Financial Information.** Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

**Legal Effect.** This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

**Properties.** Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

**Hazardous Substances.** Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by





**BUSINESS LOAN AGREEMENT  
(Continued)**

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foreclosure or otherwise.

**Litigation and Claims.** No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

**Taxes.** To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

**Lien Priority.** Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

**Binding Effect.** This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

**AFFIRMATIVE COVENANTS.** Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

**Notices of Claims and Litigation.** Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

**Financial Records.** Maintain its books and records in accordance with GAAP, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

**Financial Statements.** Furnish Lender with the following:

**Annual Statements.** As soon as available, but in no event later than sixty (60) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, prepared by Borrower.

**Tax Returns.** As soon as available, but in no event later than sixty (60) days after the applicable filing date for the tax reporting period ended, Borrower's Federal and other governmental tax returns, prepared by a tax professional satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, applied on a consistent basis, and certified by Borrower as being true and correct.

**Additional Information.** Furnish such additional information and statements, as Lender may request from time to time.

**Insurance.** Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

**Insurance Reports.** Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

**Other Agreements.** Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

**Loan Proceeds.** Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

**Taxes, Charges and Liens.** Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP.

**Performance.** Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

**Operations.** Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

**Environmental Studies.** Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

**Compliance with Governmental Requirements.** Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

**Inspection.** Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

**Environmental Compliance and Reports.** Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

**Additional Assurances.** Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.



**BUSINESS LOAN AGREEMENT  
(Continued)**

Loan No: 47848

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**LENDER'S EXPENDITURES.** If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

**NEGATIVE COVENANTS.** Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

**Indebtedness and Liens.** (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume indebtedness for borrowed money, including capital leases, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts, except to Lender.

**Continuity of Operations.** (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge, transfer, acquire or consolidate with any other entity, change its name, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise.

**Loans, Acquisitions and Guaranties.** (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

**Agreements.** Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

**CESSATION OF ADVANCES.** If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender; or (E) Lender in good faith deems itself insecure, even though no Event of Default shall have occurred.

**RIGHT OF SETOFF.** To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

**DEFAULT.** Each of the following shall constitute an Event of Default under this Agreement:

**Payment Default.** Borrower fails to make any payment when due under the Loan.

**Other Defaults.** Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

**False Statements.** Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

**Death or Insolvency.** The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

**Defective Collateralization.** This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

**Creditor or Forfeiture Proceedings.** Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

**Events Affecting Guarantor.** Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

**Adverse Change.** A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

**Insecurity.** Lender in good faith believes itself insecure.

**Right to Cure.** If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within thirty (30) days; or (2) if the cure requires more than thirty (30) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

**EFFECT OF AN EVENT OF DEFAULT.** If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

**MISCELLANEOUS PROVISIONS.** The following miscellaneous provisions are a part of this Agreement:

**Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

**Attorneys' Fees; Expenses.** Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any



**BUSINESS LOAN AGREEMENT  
(Continued)**

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anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

**Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

**Consent to Loan Participation.** Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

**Governing Law.** This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Commonwealth of Kentucky without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the Commonwealth of Kentucky.

**Choice of Venue.** If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Estill County, Commonwealth of Kentucky.

**No Waiver by Lender.** Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

**Notices.** Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

**Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

**Subsidiaries and Affiliates of Borrower.** To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

**Successors and Assigns.** All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

**Survival of Representations and Warranties.** Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

**Time is of the Essence.** Time is of the essence in the performance of this Agreement.

**DEFINITIONS.** The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

**Advance.** The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

**Agreement.** The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

**Borrower.** The word "Borrower" means Estill Co Water District #1 and includes all co-signers and co-makers signing the Note and all their successors and assigns.

**Collateral.** The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

**Environmental Laws.** The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

**Event of Default.** The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

**GAAP.** The word "GAAP" means generally accepted accounting principles.

**Grantor.** The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

**Guarantor.** The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

**Guaranty.** The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.



**BUSINESS LOAN AGREEMENT  
(Continued)**

Loan No: 47848

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**Hazardous Substances.** The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

**Indebtedness.** The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

**Lender.** The word "Lender" means Citizens Guaranty Bank, its successors and assigns.

**Loan.** The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

**Note.** The word "Note" means the Note dated December 31, 2018 and executed by Estill Co Water District #1 in the principal amount of \$241,440.18, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

**Permitted Liens.** The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

**Related Documents.** The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

**Security Agreement.** The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

**Security Interest.** The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

**BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED DECEMBER 31, 2018.**

**BORROWER:**

ESTILL CO WATER DISTRICT #1

By: Daniel B Click  
Daniel B Click, Chairman of Estill Co Water District #1

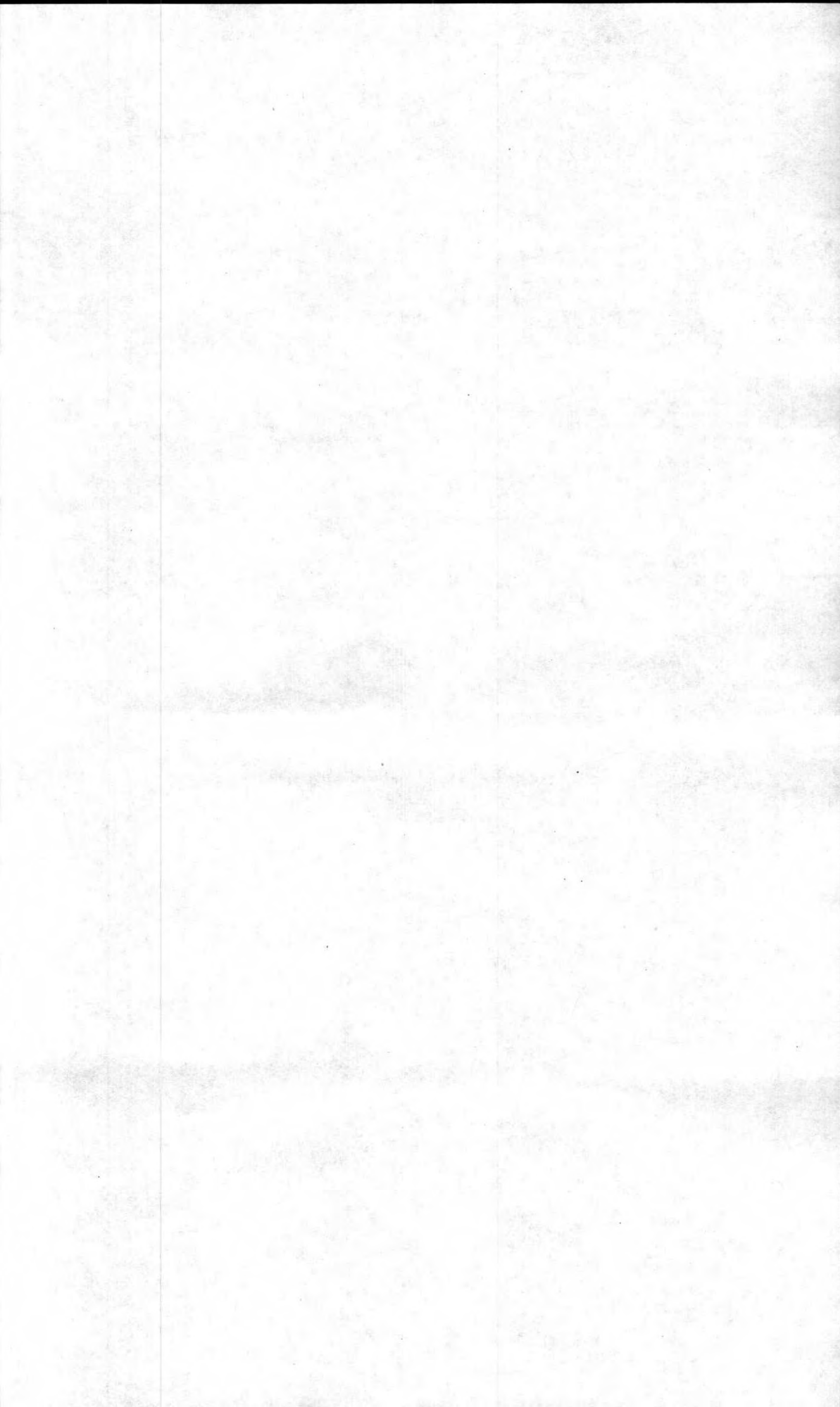
By: John F. Stickney  
John F. Stickney, Secretary of Estill Co Water District #1

By: Robert W Johnson  
Robert W Johnson, Treasurer of Estill Co Water District #1

**LENDER:**

CITIZENS GUARANTY BANK

By: Shannon L Carrawe-Chaney  
Authorized Signer





## KENTUCKY INSURANCE DISCLOSURES

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$241,440.18	12-31-2018	12-31-2021	47848	5	10124403	SLC	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Grantor:** Estill Co Water District #1  
76 Cedar Grove Rd  
Irvine, KY 40336-7697

**Lender:** Citizens Guaranty Bank  
River Drive Branch  
25 River Drive  
P.O. Box 630  
Irvine, KY 40336-0630  
(606) 723-2139

### NOTICE OF FREE CHOICE OF AGENT AND/OR INSURER

The Kentucky Insurance Code, KRS 304.12-150, provides that when insurance is required according to the terms of a debt or loan, you have the right to choose the agent and/or insurer through or by which your insurance is to be placed. Your free choice of an agent and/or insurer and an adequate insurance policy cannot be refused. If you, as a consumer, are denied your right to choose or if an adequate insurance policy is refused, you should notify the Commissioner of Insurance at P.O. Box 517, Frankfort, KY. 40602 or 1-800-595-6053.

### FINANCIAL INSTITUTION DISCLOSURES

Kentucky Revised Statute 304.9-135 (2)(f) requires that the following disclosures be provided to you:

1. The insurance offered by this financial institution is not a deposit.
2. The insurance offered by this financial institution is not insured by the Federal Deposit Insurance Corporation or other government agency which insures deposits.
3. The insurance offered by this financial institution is not guaranteed by the financial institution or any affiliate.
4. The insurance may involve investment risks, including potential loss of principal.

I have read and understand all of the foregoing. This Disclosure is Dated December 31, 2018.

GRANTOR:

ESTILL CO WATER DISTRICT #1

By: *Daniel B Click*  
Daniel B Click, Chairman of Estill Co Water District #1

By: *John F Stickney*  
John F Stickney, Secretary of Estill Co Water District #1

By: *Robert W Johnson*  
Robert W Johnson, Treasurer of Estill Co Water District #1



### GOVERNMENTAL CERTIFICATE

<b>Principal</b> \$241,440.18	<b>Loan Date</b> 12-31-2018	<b>Maturity</b> 12-31-2021	<b>Loan No</b> 47848	<b>Call / Coll</b> 5	<b>Account</b> 10124403	<b>Officer</b> SLC	<b>Initials</b>
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

**Entity:** Estill Co Water District #1  
76 Cedar Grove Rd  
Irvine, KY 40336-7697

**Lender:** Citizens Guaranty Bank  
River Drive Branch  
25 River Drive  
P.O. Box 630  
Irvine, KY 40336-0630  
(606) 723-2139

**WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:**

**THE ENTITY'S EXISTENCE.** The complete and correct name of the governmental entity is Estill Co Water District #1 ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the Commonwealth of Kentucky. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 76 Cedar Grove Rd, Irvine, KY 40336-7697. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

**CERTIFICATES ADOPTED.** At a meeting of the appropriate governing body of the Entity, duly called and held on **December 31, 2018**, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Certificate were adopted.

**OFFICIALS.** The following named persons is an Officials of Estill Co Water District #1:

<u>NAMES</u>	<u>TITLES</u>	<u>AUTHORIZED</u>	<u>ACTUAL SIGNATURES</u>
Daniel B Click	Chairman	Y X	<i>Daniel B Click</i>
John F Stickney	Secretary	Y X	<i>John F. Stickney</i>
Robert W Johnson	Treasurer	Y X	<i>Robert Johnson</i>

**ACTIONS AUTHORIZED.** Any three (3) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, any three (3) of such authorized persons is authorized, empowered, and directed to do the following for and on behalf of the Entity:

**Borrow Money.** To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Entity and Lender, such sum or sums of money as in their judgment should be borrowed; however, not exceeding at any one time the amount of **Two Hundred Forty-one Thousand Four Hundred Forty & 18/100 Dollars (\$241,440.18)**, in addition to such sum or sums of money as may be currently borrowed by the Entity from Lender.

**Execute Notes.** To execute and deliver to Lender the promissory note or notes, or other evidence of the Entity's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Entity's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

**Grant Security.** To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Entity or in which the Entity now or hereafter may have an interest, including without limitation all of the Entity's real property and all of the Entity's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Entity to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

**Execute Security Documents.** To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

**Negotiate Items.** To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

**Further Acts.** In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as the Officials may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

**ASSUMED BUSINESS NAMES.** The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does business: **None.**



GOVERNMENTAL CERTIFICATE  
(Continued)

Loan No: 47848

Page 2

**NOTICES TO LENDER.** The Entity will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

**CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES.** The Officials named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupy the positions set opposite their respective names. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

**CONTINUING VALIDITY.** Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Entity's agreements or commitments in effect at the time notice is given.

**IN TESTIMONY WHEREOF,** we have hereunto set our hand and attest that the signatures set opposite the names listed above is their genuine signatures.

We each have read all the provisions of this Certificate, and we each personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated December 31, 2018.

CERTIFIED TO AND ATTESTED BY:

x *Daniel B Click*  
Daniel B Click, Chairman of Estill Co Water District #1

x *John F Stickney*  
John F Stickney, Secretary of Estill Co Water District #1

x *Robert W Johnson*  
Robert W Johnson, Treasurer of Estill Co Water District #1

NOTE: If the Officials signing this Certificate is designated by the foregoing document as one of the officials authorized to act on the Entity's behalf, it is advisable to have this Certificate signed by at least one non-authorized official of the Entity.



# Request for Taxpayer Identification Number and Certification

▶ Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Give Form to the  
requester. Do not  
send to the IRS.

Print  
or  
type

See  
Specific  
Instructions  
on  
page  
3.

<b>1</b> Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. <b>Estill Co Water District #1</b>	
<b>2</b> Business name/disregarded entity name, if different from above	
<b>3</b> Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only <b>one</b> of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) ▶ _____ <b>Note:</b> Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input checked="" type="checkbox"/> Other (see instructions) ▶ Government	<b>4</b> Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):  Exempt payee code (if any) _____  Exemption from FATCA reporting code (if any) _____  <small>(Applies to accounts maintained outside the U.S.)</small>
<b>5</b> Address (number, street, and apt. or suite no.) See instructions.  <b>76 Cedar Grove Rd</b>	Requester's name and address (optional) <b>Citizens Guaranty Bank River Drive Branch 25 River Drive P.O. Box 630 Irvine, KY 40336-0630</b>
<b>6</b> City, state, and ZIP code  <b>Irvine, KY 40336-7697</b>	
<b>7</b> List account number(s) here (optional)  <b>47848</b>	

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How to get a TIN**, later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see **What Name and Number To Give the Requester** for guidelines on whose number to enter.

Social security number
or
Employer identification number <b>61-0654109</b>

## Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all dividends and you have not your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person ▶ <i>David Blain Clark</i>	Date ▶ 12/31/18
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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
  - Form 1099-C (canceled debt)
  - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

**If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, later.**

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued).
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See **What is FATCA reporting**, later, for further information.

**Note:** If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special Rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States.

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items.

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions:
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

## Backup Withholding

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

**Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the instructions for Part II for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See **Exempt payee code**, later, and the separate instructions for the Requester of Form W-9 for more information.

Also see **Special rules for partnerships**, earlier.

## What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See **Exemption from FATCA reporting code**, later, and the instructions for the Requester of Form W-9 for more information.

## Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account (other than an account maintained by a foreign financial institution (FFI)), list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9. If you are providing Form W-9 to an FFI to document a joint account, each holder of the account that is a U.S. person must provide a Form W-9.

**a. Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

**Note: ITIN applicant:** Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

**b. Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

**c. Partnership, LLC that is not a single-member LLC, C corporation, or S corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

**d. Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

**e. Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2. "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.



## KENTUCKY INSURANCE DISCLOSURES

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$241,440.18	12-31-2018	12-31-2021	47848	5	10124403	SLC	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "\*\*\*\*" has been omitted due to text length limitations.

**Grantor:** Estill Co Water District #1  
76 Cedar Grove Rd  
Irvine, KY 40336-7697

**Lender:** Citizens Guaranty Bank  
River Drive Branch  
25 River Drive  
P.O. Box 630  
Irvine, KY 40336-0630  
(606) 723-2139

### NOTICE OF FREE CHOICE OF AGENT AND/OR INSURER

The Kentucky Insurance Code, KRS 304.12-150, provides that when insurance is required according to the terms of a debt or loan, you have the right to choose the agent and/or insurer through or by which your insurance is to be placed. Your free choice of an agent and/or insurer and an adequate insurance policy cannot be refused. If you, as a consumer, are denied your right to choose or if an adequate insurance policy is refused, you should notify the Commissioner of Insurance at P.O. Box 517, Frankfort, KY. 40602 or 1-800-595-6053.

### FINANCIAL INSTITUTION DISCLOSURES

Kentucky Revised Statute 304.9-135 (2)(f) requires that the following disclosures be provided to you:

1. The insurance offered by this financial institution is not a deposit.
2. The insurance offered by this financial institution is not insured by the Federal Deposit Insurance Corporation or other government agency which insures deposits.
3. The insurance offered by this financial institution is not guaranteed by the financial institution or any affiliate.
4. The insurance may involve investment risks, including potential loss of principal.

I have read and understand all of the foregoing. This Disclosure is Dated December 31, 2018.

**GRANTOR:**

ESTILL CO WATER DISTRICT #1

By:

*Daniel B Click*  
Daniel B Click, Chairman of Estill Co Water District #1

By:

*John F Stickney*  
John F Stickney, Secretary of Estill Co Water District #1

By:

*Robert W Johnson*  
Robert W Johnson, Treasurer of Estill Co Water District #1

KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F20-013  
 ESTILL COUNTY WATER DISTRICT #1

**UNOFFICIAL**

<b>0.50% Interest                  \$24,309.63 P &amp; I Calculation</b>
--

Original Loan Amount \$ 2,352,888.48  
 Principal Forgiveness \$ (1,000,000.00)  
 Repayment Amount \$ 1,352,888.48

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$1,352,888.48		
06/01/24	\$20,927.41	\$3,382.22	0.50%	\$24,309.63	\$1,691.11	\$0.00	\$26,000.74	\$1,331,961.07	\$0.00	\$0.00
12/01/24	\$20,979.73	\$3,329.90	0.50%	\$24,309.63	\$1,664.95	\$0.00	\$25,974.58	\$1,310,981.34	\$6,000.00	\$6,000.00
06/01/25	\$21,032.18	\$3,277.45	0.50%	\$24,309.63	\$1,638.73	\$0.00	\$25,948.36	\$1,289,949.16	\$0.00	\$6,000.00
12/01/25	\$21,084.76	\$3,224.87	0.50%	\$24,309.63	\$1,612.44	\$0.00	\$25,922.07	\$1,268,864.40	\$6,000.00	\$12,000.00
06/01/26	\$21,137.47	\$3,172.16	0.50%	\$24,309.63	\$1,586.08	\$0.00	\$25,895.71	\$1,247,726.93	\$0.00	\$12,000.00
12/01/26	\$21,190.31	\$3,119.32	0.50%	\$24,309.63	\$1,559.66	\$0.00	\$25,869.29	\$1,226,536.62	\$6,000.00	\$18,000.00
06/01/27	\$21,243.29	\$3,066.34	0.50%	\$24,309.63	\$1,533.17	\$0.00	\$25,842.80	\$1,205,293.33	\$0.00	\$18,000.00
12/01/27	\$21,296.40	\$3,013.23	0.50%	\$24,309.63	\$1,506.62	\$0.00	\$25,816.25	\$1,183,996.93	\$6,000.00	\$24,000.00
06/01/28	\$21,349.64	\$2,959.99	0.50%	\$24,309.63	\$1,480.00	\$0.00	\$25,789.63	\$1,162,647.29	\$0.00	\$24,000.00
12/01/28	\$21,403.01	\$2,906.62	0.50%	\$24,309.63	\$1,453.31	\$0.00	\$25,762.94	\$1,141,244.28	\$6,000.00	\$30,000.00
06/01/29	\$21,456.52	\$2,853.11	0.50%	\$24,309.63	\$1,426.56	\$0.00	\$25,736.19	\$1,119,787.76	\$0.00	\$30,000.00
12/01/29	\$21,510.16	\$2,799.47	0.50%	\$24,309.63	\$1,399.73	\$0.00	\$25,709.36	\$1,098,277.60	\$6,000.00	\$36,000.00
06/01/30	\$21,563.94	\$2,745.69	0.50%	\$24,309.63	\$1,372.85	\$0.00	\$25,682.48	\$1,076,713.66	\$0.00	\$36,000.00
12/01/30	\$21,617.85	\$2,691.78	0.50%	\$24,309.63	\$1,345.89	\$0.00	\$25,655.52	\$1,055,095.81	\$6,000.00	\$42,000.00
06/01/31	\$21,671.89	\$2,637.74	0.50%	\$24,309.63	\$1,318.87	\$0.00	\$25,628.50	\$1,033,423.92	\$0.00	\$42,000.00
12/01/31	\$21,726.07	\$2,583.56	0.50%	\$24,309.63	\$1,291.78	\$0.00	\$25,601.41	\$1,011,697.85	\$6,000.00	\$48,000.00
06/01/32	\$21,780.39	\$2,529.24	0.50%	\$24,309.63	\$1,264.62	\$0.00	\$25,574.25	\$989,917.46	\$0.00	\$48,000.00
12/01/32	\$21,834.84	\$2,474.79	0.50%	\$24,309.63	\$1,237.40	\$0.00	\$25,547.03	\$968,082.62	\$6,000.00	\$54,000.00
06/01/33	\$21,889.42	\$2,420.21	0.50%	\$24,309.63	\$1,210.10	\$0.00	\$25,519.73	\$946,193.20	\$0.00	\$54,000.00
12/01/33	\$21,944.15	\$2,365.48	0.50%	\$24,309.63	\$1,182.74	\$0.00	\$25,492.37	\$924,249.05	\$6,000.00	\$60,000.00
06/01/34	\$21,999.01	\$2,310.62	0.50%	\$24,309.63	\$1,155.31	\$0.00	\$25,464.94	\$902,250.04	\$0.00	\$60,000.00
12/01/34	\$22,054.00	\$2,255.63	0.50%	\$24,309.63	\$1,127.81	\$0.00	\$25,437.44	\$880,196.04	\$6,000.00	\$66,000.00
06/01/35	\$22,109.14	\$2,200.49	0.50%	\$24,309.63	\$1,100.25	\$0.00	\$25,409.88	\$858,086.90	\$0.00	\$66,000.00
12/01/35	\$22,164.41	\$2,145.22	0.50%	\$24,309.63	\$1,072.61	\$0.00	\$25,382.24	\$835,922.49	\$6,000.00	\$72,000.00
06/01/36	\$22,219.82	\$2,089.81	0.50%	\$24,309.63	\$1,044.90	\$0.00	\$25,354.53	\$813,702.67	\$0.00	\$72,000.00
12/01/36	\$22,275.37	\$2,034.26	0.50%	\$24,309.63	\$1,017.13	\$0.00	\$25,326.76	\$791,427.30	\$6,000.00	\$78,000.00
06/01/37	\$22,331.06	\$1,978.57	0.50%	\$24,309.63	\$989.28	\$0.00	\$25,298.91	\$769,096.24	\$0.00	\$78,000.00
12/01/37	\$22,386.89	\$1,922.74	0.50%	\$24,309.63	\$961.37	\$0.00	\$25,271.00	\$746,709.35	\$6,000.00	\$84,000.00
06/01/38	\$22,442.86	\$1,866.77	0.50%	\$24,309.63	\$933.39	\$0.00	\$25,243.02	\$724,266.49	\$0.00	\$84,000.00
12/01/38	\$22,498.96	\$1,810.67	0.50%	\$24,309.63	\$905.33	\$0.00	\$25,214.96	\$701,767.53	\$6,000.00	\$90,000.00
06/01/39	\$22,555.21	\$1,754.42	0.50%	\$24,309.63	\$877.21	\$0.00	\$25,186.84	\$679,212.32	\$0.00	\$90,000.00
12/01/39	\$22,611.60	\$1,698.03	0.50%	\$24,309.63	\$849.02	\$0.00	\$25,158.65	\$656,600.72	\$6,000.00	\$96,000.00
06/01/40	\$22,668.13	\$1,641.50	0.50%	\$24,309.63	\$820.75	\$0.00	\$25,130.38	\$633,932.59	\$0.00	\$96,000.00
12/01/40	\$22,724.80	\$1,584.83	0.50%	\$24,309.63	\$792.42	\$0.00	\$25,102.05	\$611,207.79	\$6,000.00	\$102,000.00
06/01/41	\$22,781.61	\$1,528.02	0.50%	\$24,309.63	\$764.01	\$0.00	\$25,073.64	\$588,426.18	\$0.00	\$102,000.00
12/01/41	\$22,838.56	\$1,471.07	0.50%	\$24,309.63	\$735.53	\$0.00	\$25,045.16	\$565,587.62	\$6,000.00	\$108,000.00
06/01/42	\$22,895.66	\$1,413.97	0.50%	\$24,309.63	\$706.98	\$0.00	\$25,016.61	\$542,691.96	\$0.00	\$108,000.00
12/01/42	\$22,952.90	\$1,356.73	0.50%	\$24,309.63	\$678.36	\$0.00	\$24,987.99	\$519,739.06	\$6,000.00	\$114,000.00
06/01/43	\$23,010.28	\$1,299.35	0.50%	\$24,309.63	\$649.67	\$0.00	\$24,959.30	\$496,728.78	\$0.00	\$114,000.00
12/01/43	\$23,067.81	\$1,241.82	0.50%	\$24,309.63	\$620.91	\$0.00	\$24,930.54	\$473,660.97	\$6,000.00	\$120,000.00
06/01/44	\$23,125.48	\$1,184.15	0.50%	\$24,309.63	\$592.08	\$0.00	\$24,901.71	\$450,535.49	\$0.00	\$120,000.00
12/01/44	\$23,183.29	\$1,126.34	0.50%	\$24,309.63	\$563.17	\$0.00	\$24,872.80	\$427,352.20	\$0.00	\$120,000.00

06/01/45	\$23,241.25	\$1,068.38	0.50%	\$24,309.63	\$534.19	\$0.00	\$24,843.82	\$404,110.95	\$0.00	\$120,000.00
12/01/45	\$23,299.35	\$1,010.28	0.50%	\$24,309.63	\$505.14	\$0.00	\$24,814.77	\$380,811.60	\$0.00	\$120,000.00
06/01/46	\$23,357.60	\$952.03	0.50%	\$24,309.63	\$476.01	\$0.00	\$24,785.64	\$357,454.00	\$0.00	\$120,000.00
12/01/46	\$23,415.99	\$893.64	0.50%	\$24,309.63	\$446.82	\$0.00	\$24,756.45	\$334,038.01	\$0.00	\$120,000.00
06/01/47	\$23,474.53	\$835.10	0.50%	\$24,309.63	\$417.55	\$0.00	\$24,727.18	\$310,563.48	\$0.00	\$120,000.00
12/01/47	\$23,533.22	\$776.41	0.50%	\$24,309.63	\$388.20	\$0.00	\$24,697.83	\$287,030.26	\$0.00	\$120,000.00
06/01/48	\$23,592.05	\$717.58	0.50%	\$24,309.63	\$358.79	\$0.00	\$24,668.42	\$263,438.21	\$0.00	\$120,000.00
12/01/48	\$23,651.03	\$658.60	0.50%	\$24,309.63	\$329.30	\$0.00	\$24,638.93	\$239,787.18	\$0.00	\$120,000.00
06/01/49	\$23,710.16	\$599.47	0.50%	\$24,309.63	\$299.73	\$0.00	\$24,609.36	\$216,077.02	\$0.00	\$120,000.00
12/01/49	\$23,769.44	\$540.19	0.50%	\$24,309.63	\$270.10	\$0.00	\$24,579.73	\$192,307.58	\$0.00	\$120,000.00
06/01/50	\$23,828.86	\$480.77	0.50%	\$24,309.63	\$240.38	\$0.00	\$24,550.01	\$168,478.72	\$0.00	\$120,000.00
12/01/50	\$23,888.43	\$421.20	0.50%	\$24,309.63	\$210.60	\$0.00	\$24,520.23	\$144,590.29	\$0.00	\$120,000.00
06/01/51	\$23,948.15	\$361.48	0.50%	\$24,309.63	\$180.74	\$0.00	\$24,490.37	\$120,642.14	\$0.00	\$120,000.00
12/01/51	\$24,008.02	\$301.61	0.50%	\$24,309.63	\$150.80	\$0.00	\$24,460.43	\$96,634.12	\$0.00	\$120,000.00
06/01/52	\$24,068.04	\$241.59	0.50%	\$24,309.63	\$120.79	\$0.00	\$24,430.42	\$72,566.08	\$0.00	\$120,000.00
12/01/52	\$24,128.21	\$181.42	0.50%	\$24,309.63	\$90.71	\$0.00	\$24,400.34	\$48,437.87	\$0.00	\$120,000.00
06/01/53	\$24,188.54	\$121.09	0.50%	\$24,309.63	\$60.55	\$0.00	\$24,370.18	\$24,249.33	\$0.00	\$120,000.00
12/01/53	\$24,249.33	\$60.30	0.50%	\$24,309.63	\$30.31	\$0.00	\$24,339.94	\$0.00	\$0.00	\$120,000.00

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<b>Totals</b>	<b>\$1,352,888.48</b>	<b>\$105,689.32</b>		<b>\$1,458,577.80</b>	<b>\$52,844.81</b>	<b>\$0.00</b>	<b>\$1,511,422.61</b>		<b>\$120,000.00</b>	
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Created by KIA on 11/15/2023

**TRANSCRIPT OF PROCEEDINGS**

ASSISTANCE AGREEMENT  
BETWEEN THE  
KENTUCKY INFRASTRUCTURE AUTHORITY  
AND  
ESTILL COUNTY WATER DISTRICT NO. 1

DATED MAY 27, 2021  
PROJECT NUMBER F20-013

RUBIN & HAYS  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202

## **INDEX TO TRANSCRIPT OF PROCEEDINGS**

In re: Assistance Agreement between Kentucky Infrastructure Authority (the “Authority”) and Estill County Water District No. 1 (the “Governmental Agency”), regarding Project Number F20-013.

1. Minutes of Kentucky Infrastructure Authority authorizing the Assistance Agreement.
2. Minutes of Capital Projects and Bond Oversight Committee.
3. Certification by the Division of Water.
4. PSC Certificate of Public Convenience and Necessity.
5. Commitment Letter of Kentucky Infrastructure Authority.
6. Resolution of the Governmental Agency authorizing the Assistance Agreement.
7. Minutes of the Meeting of the Governing Body of the Governmental Agency adopting Resolution authorizing Assistance Agreement.
8. Assistance Agreement.
9. General Closing Certificate of the Governmental Agency.
10. Opinion of Counsel to the Governmental Agency.
11. Distribution List.

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

**Meeting Date/Location: December 5, 2019 – 1:00 p.m.**  
**Kentucky Infrastructure Authority**  
**100 Airport Road, Third Floor, Frankfort**

**Members present:**

Commissioner Sandra K. Dunahoo), Department for Local Government  
Mr. Bruce Scott, (proxy for Secretary Charles Snavely), Energy and Environment Cabinet  
Mr. Claude Christensen, representing Kentucky League of Cities  
Mr. Ron Lovan, Representing the Kentucky Section of the American Water Works Association  
Mr. Jeb Pinney (proxy for Gwen Pinson, Executive Director), Public Service Commission  
Mr. Bobby Aldridge (proxy for Interim Secretary Vivek Sarin), Cabinet for Economic Development  
Mr. Russell Rose, representing Kentucky Rural Water Association  
Mr. Kurt Stafford, representing the For-Profit Water Companies  
Mr. David A. Voegelé, representing Kentucky Association of Counties

**Members absent:**

Secretary William Landrum), Finance and Administration Cabinet  
Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association

**DLG Staff:**

Ms. Suzanne Molley, Staff Attorney

**KIA Staff:**

Ms. Donna McNeil, Executive Director  
Ms. Linda Bridwell, Deputy Executive Director  
Ms. Ashley Adams, Financial Analyst  
Mr. Jeff Abshire, Fiscal Officer and KIA Treasurer  
Ms. Julie Bickers, Regional Compliance Coordinator  
Mr. Kelly Cunnagin, Executive Staff Advisor  
Ms. Kristie Dodge, Buffalo Trace Area Development District  
Mr. Dustin Horn, WRIS Geoprocessing Specialist  
Ms. Debbie Landrum, Regional Compliance Coordinator  
Ms. Meg Link, Administrative Specialist III and KIA Secretary  
Ms. Sarah Parsley, Regional Compliance Coordinator  
Mr. Don Schierer, WRIS Resource Management Analyst  
Ms. Meili Sun, Financial Analyst

**Guests:**

Mr. Jim Adams, Lincoln County Judge Executive  
Mr. Ray Bascom, HMB Engineers  
Mr. Luther Galloway, AGE Engineers  
Mr. Tony Claunch, City of Somerset  
Ms. Bethany Couch, Office of Financial Management  
Mr. Kelly Gillespie, Bell Engineers  
Mr. Steve Judy, Judy Construction Company  
Mr. Patrick Kirby, CEDA, Inc.  
Mr. Herb LeMaster, Tetra Tech  
Ms. Karyn Leverenz, Bluegrass Area Development District



Mr. Ora Main, Nesbitt Engineering, Inc.  
Mr. Greg Mains, Augusta Regional Sewer Authority  
Mr. Charlie Martin, Lexington-Fayette Urban County Government  
Ms. Audra Miller, Estill County Water District  
Mr. Russell Neal, Division of Water  
Mr. Paul Nesbitt, Nesbitt Engineering, Inc.  
Mr. Bill Payne, Lincoln County Sanitation District  
Mr. Bob Peterson, Lexington-Fayette Urban County Government  
Mr. James Rowe, Northern Madison County Sanitation District  
Mr. Chris Stewart, HMB Engineers  
Mr. Jack Stickney, Estill County Water District  
Mr. Elliott Turner, Northern Madison County Sanitation District  
Ms. Julia Wang, Legislative Research Commission  
Ms. Dana Whitis, City of Somerset

## **PROCEEDINGS**

Commissioner Sandra K. Dunahoo, Chair, called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. She asked Suzanne Molley, DLG Staff Attorney, to confirm the press notification distribution as well as the presence of a quorum. Guests were asked to introduce themselves.

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

#### **A. 1. APPROVAL OF MINUTES**

**For: KIA Regular Board Meeting of November 7, 2019**

***Mr. Ron Lovan moved to approve the minutes of the November 7, 2019, regular board meeting. Mr. Russ Rose seconded, and the motion carried unanimously.***

#### **2. AWARDS PRESENTATION**

Director Donna McNeil explained that USEPA has a program called Performance and Innovation in the SRF Creating Environmental Success (PISCES) program. It allows assistance recipients to gain national recognition for exceptional projects funded by the CWSRF. Participating state programs each nominated one project that demonstrates one or more of the evaluation criteria: water quality, public health, or economic benefits; sustainability; or Innovation

In 2018 there were 5 Nationally Recognized Projects and 11 Honorable Mention projects. KIA nominated the Lincoln County Sanitation District, which was recognized as a 2018 USEPA PISCES Honorable Mention recipient for the Junction City to Hustonville Sewer project. The project provided a sanitary sewage system to serve 535 residential customers and 50 commercial customers which had no sanitary sewer system. The project eliminated approximately 220 failing septic tanks, 100 raw sewage discharges, and 2 package treatment plants. An inadequate sewage package treatment plant was eliminated at the Hustonville Elementary School. The school was not able to operate its dishwasher because the package plant could not handle the load in addition to the rest rooms. Meals were served on Styrofoam trays with plastic utensils at a large cost to the school district.

The \$7.92 million project was funded by a KIA, US Rural Development, Community Development Block Grant, Appalachian Regional Commission, and local funds. Director McNeil presented representatives from the Lincoln County Sanitation District a certificate for their 2018 USEPA Pisces Award Honorable Mention to Chairman Bill Payne, Lincoln County Judge Executive Jim Adams, and Luther Galloway, AGE Engineering.

For the 2019 PISCES Recognition Program, at least one project was selected in each EPA Region resulting in 13 projects receiving Exceptional Project recognition. 17 states received Honorable Mention Recognition.

KIA's nomination received recognition again this year. The Lexington-Fayette Urban County Government was recognized as a 2019 USEPA PISCES Honorable Mention recipient from Region 4 for the West Hickman WWTP Wet Weather Storage and Head Works project.

The \$63.4 million project included construction a new mechanical screening and grit removal system, a facility odor control system, two non-potable water pumping stations, auxiliary power to operate the entire complex, a 20 million gallon above ground storage tank, and a 140 million gallon a day (MGD) pump station that allowed for the elimination of two smaller pump stations. The project provides future public sewer capacity in an area expected to see expansive development. Construction of these enhancements provides the City with the appropriate sewer capacity and eliminates the need for future private septic systems and additional wastewater treatment plants.

Director McNeil also presented a certificate for the 2019 USEPA Pisces Award Honorable Mention to representatives Bob Peterson and Charles Martin from the Lexington-Fayette Urban County Government; the project design lead Herb LeMaster representing Tetra Tech; and the prime contractor, Steve Judy, from Judy Construction Company.

## **B. NEW PROJECTS/ACTION ITEMS**

### **1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A17-001) INCREASE FOR AN AMOUNT UP TO \$7,397,000 TO THE AUGUSTA REGIONAL SEWER AUTHORITY, BRACKEN COUNTY, KENTUCKY**

Mr. Russell Neal, DOW, Ms. Ashley Adams, KIA, and Mr. Greg Mains, representing the Augusta Regional Sewer Authority (ARSA), discussed ARSA's request for a Fund A loan increase in the amount of \$1,100,000 for the Augusta/Brooksville Regional Sewer project. The original loan was approved by the KIA board in October 2017 in the amount of \$5,697,000 which will bring the new loan total to \$6,797,000. The reason for the increase is due to bids coming in higher than originally estimated. Specifically, the overage was due to an increase in pump pricing from the time of the engineer estimate until bidding occurred. Rejecting and rebidding this portion of the project is highly unlikely to produce a different outcome.

ARSA was established by ordinance in 2014 in an effort to regionalize wastewater treatment in an area of Bracken County which includes the Cities of Augusta and Brooksville and unserved citizens in the County between those cities. ARSA was created as a joint sewer agency pursuant to KRS 76.232. This project is the construction portion of a prior Planning and Design loan (A114-015) for \$600,000 by KIA which will help fund the creation of a new

Single Stage Activated Sludge Wastewater Treatment Plant (WWTP). This regional plant will serve the cities of Augusta, Brooksville, and Northern Bracken County based upon the recommendations of the Facilities Plan approved in 2010. The project will also construct a new outfall and four lift stations.

The existing WWTPs for both Augusta and Brooksville are in severe disrepair and will both be eliminated as a result of this project. In addition, a package treatment plant located at a nursing home in the county will be eliminated. The project will extend service to over 80 new customers in the county who were previously unserved with the potential to pick up more as Bracken County's population continues to grow.

In addition to those new customers, Augusta Regional Sewer Authority will serve approximately 775 existing residential customers as well as 2 commercial and industrial customers in Bracken County. At the time of the original project KIA extended \$1.3 million in principal forgiveness to help facilitate the project and was the first funding agency committed. Since then, USDA Rural Development has committed funds to the project in the form of a \$3.2 million loan and a \$2.8 million grant combination.

Mr. Bruce Scott thanks the ARSA staff for the continued work they have done, he noted it was not an easy thing to do, but the right thing to do for the betterment of the communities and Commissioner Dunahoo also mentioned Kristie Dodge and her assistance.

Mr. Greg Mains thanked KIA for their support through the long process of getting to this point.

***Mr. Bruce Scott moved to approve the Fund A Loan, (A17-001), increase in an amount up to \$1,100,000 with the standard conditions. Judge David Voegele seconded and the motion was unanimously approved.***

**2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A20-003) FOR AN AMOUNT UP TO \$3,406,500 TO THE LINCOLN COUNTY SANITATION DISTRICT, LINCOLN COUNTY, KENTUCKY**

Mr. Russell Neal, DOW, Ms. Ashley Adams, KIA and Mr. Bill Payne, representing the Lincoln County Sanitation District, discussed District's request for a Fund A Loan, (A20-003), in an amount up to \$3,018,100 for the construction of the US 127 Corridor Sanitary Sewer project. Prior KIA planning and design loan A19-048 will be rolled into this loan for a total of \$3,406,500. This project is the second phase of a project to bring sanitary sewer to a section of Lincoln County that has seen rapid residential growth over the past few years but remains unserved by sanitary sewer. This second phase will complete service to virtually all subdivisions on the east and west side of US 127 from the Norfolk Southern Railroad, north to KY Hwy 1194 which includes approximately 363 homes both older and recently built.

Lincoln County Sanitation District currently serves approximately 412 customers with more expected to connect in the Phase 1 service area in the future along with the additional 363 Phase 2 customers. The District was established on May 10, 2011 by the Lincoln County Fiscal Court. It is governed by five directors who are appointed by the County Judge Executive and approved by the fiscal court. Connection to the public wastewater system is mandatory within four months of the date that a property owner is notified that service is available. The

District has received national recognition from US EPA for their accomplishments with Phase 1 of this project including an Honorable Mention for the 2018 PISCES award.

***Mr. Ron Lovan moved to approve the Fund A Loan (A20-003) in an amount up to \$3, 018,100 with the standard conditions. Mr. Bruce Scott seconded and the motion was unanimously approved.***

**3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-049) FOR AN AMOUNT UP TO \$730,000 TO THE NORTHERN MADISON COUNTY SANITATION DISTRICT, MADISON COUNTY, KENTUCKY**

Mr. Russell Neal, DOW, Ms. Meili Sun, KIA, and Mr. Patrick Kirby, Community & Economic Development Associates, Inc. (CEDA), discussed the Northern Madison County Sanitation District's request for a Fund A loan in the amount of \$730,000 for the Boone Village Wastewater Collection System project.

The project proposes to install approximately 7,701 LF of gravity sewers, thirty-five manholes, two submersible pump stations, and approximately 4,700 LF of 4" diameter force main to collect and transport wastewater from 70 residential customers and 1 commercial establishment to the existing District system. The flow will ultimately be treated at the District's regional wastewater treatment plant. The purpose of this project is to eliminate sewage overflow caused by septic tanks and improve public health.

Upon completion of this project, the District will add 71 new customers to the 1,000 existing customers in Madison County.

Judge David Voegelé asked about if there are additional customers coming, does that account for the \$1,200 decrease in debt per customer. Ms. Sun noted the District had been making the annual debt service payment each year. Mr. Paul Nesbitt stepped up and noted the increased customers and the additional debt service payments.

Mr. Ron Lovan asked about the flow from the project eventually going to the regional waste water plant. Will it automatically happen or is there additional work to be done? City officials noted everything was in place to do it automatically

Mr. Kurt Stafford asked about the anticipated 70 new customers that would be added on and if there potentially were more customers. City officials noted that there was a major construction project on Exit 95 and when it was completed, they expected there to be rapid growth, including a new school, and that lines are in place now for future customers.

***Mr. Ron Lovan moved to approve the Fund A Loan (A20-049) in an amount up to \$730,000 to the Northern Madison County Sanitation District with the standard conditions. Mr. Bruce Scott seconded and the motion was unanimously approved.***

**4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F20-013) FOR AN AMOUNT UP TO \$2,399,450 TO THE ESTILL COUNTY WATER DISTRICT, ESTILL COUNTY, KENTUCKY**

Mr. Russell Neal, DOW, Ms. Meili Sun, KIA, and Ms. Audrea Miller, representing the Estill County Water District, discussed the District's request for a Fund F loan in the amount of \$2,399,450 for the System Improvement and Meter Replacement project.

This project will implement improvements designed to help reduce unaccounted for water in the system. It will install flow metering and backflow prevention devices, develop a hydraulic model, and relocate or replace five substandard existing creek crossings. The ECWD has taken an active approach to minimizing unaccounted for water loss through pump stations and telemetry upgrades, valve replacements, installation of test meter assemblies within the system, utilization of leak detection services, and purchase of a hydraulic model for the system. The scope of work also includes purchase and installation of new residential meters throughout the service area. On site testing indicates that the current meters are rapidly reaching the end of the useful life and inaccurate in measuring low "trickle" flows. The ECWD is a PSC regulated system serving approximately 3,800 residential and commercial customers in Estill County. All rate changes related to retail and water purchase are subject to PSC approval.

Mr. Bruce Scott asked Mr. Neal what their hope was in reducing their water loss. City officials noted they hoped to get it down from 40% to 15%. PSC requires the District to do a Corrective Action Plan. Mr. Ron Lovan said they are to be commended that it is important to get water losses down. Mr. Lovan asked if they were replacing all residential meters and what were their plans for back flow prevention. It was noted that Estill County receives 90 of their water from IMU and interconnector goes under the Kentucky River and that has been problematic since it was built in the 1960s so they advised them to establish backflow prevention on their side of the river in case of failure at the River crossing. He believes it has already been put in place. Mr. Russ Rose asked if the meter replacements would be done in-house or if it would be contracted out. County officials noted it would be contracted out.

***Mr. Bruce Scott moved to approve the Fund F Loan (F20-013) loan in an amount up to \$2,399,450 to the Estill County Water District with the standard conditions. Mr. Ron Lovan seconded and the motion was unanimously approved.***

**5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F20-019) FOR AN AMOUNT UP TO \$7,027,878 TO THE CITY OF SOMERSET, PULASKI COUNTY, KENTUCKY**

Mr. Russell Neal, DOW, Ms. Meili Sun, KIA and Ms. Dana Whitis, representing the City of Somerset, discussed the City's request for a Fund F loan in the amount of \$7,027,878 for the Storage Tank, Booster Stations, and Water Main Extension project, which is consisted of 2 contracts. Contract 1 – Oak Hill Storage Tank Replacement, 5 MG Booster Station, and Water Main Extension will replace an existing one million gallon storage tank with a new one of the same storage capacity. It will also build a new booster pump station with 5 million gallon capacity and SCADA, add Variable Frequency Drives at the water treatment plant, and install an eight inch water main near the Lake Cumberland Regional Hospital to balance pressure in the system. Contract 2 – Valley Oak Industrial Park Water System improvements will construct a 1,000 gallon per minute water booster pumping station to facilitate filling of the Sugar Hill Water Storage Tank, install a new water mixing system in the same tank, reconfigure piping

that feeds the tank, and build a Chlorination Booster Station to improve water quality for the Valley Oak Industrial Park and Southeastern Water Association.

The City is a regional provider currently serving approximately 9,000 retail and 4 wholesale customers in Somerset and the surrounding area. Of the 4 wholesale customers, Southeastern Water Association and Western Pulaski County Water District are PSC regulated systems.

Mr. Kurt Stafford asked about the rates for outside the city and if they were residential customers or wholesale customers.

***Mr. Bruce Scott moved to approve the Fund F Loan (F20-019) loan to the City of Somerset in an amount up to \$7,027,878 with the standard conditions. Mr. Russ Rose seconded and the motion carried unanimously.***

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

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

<b><u>BORROWER</u></b>	<b><u>FUND</u></b>	<b><u>AMOUNT UP TO</u></b>
Augusta Regional Sewer Authority (Increase)	A17-001	\$1,100,000
Lincoln County Sanitation District (Construction)	A20-003	\$3,018,100
Northern Madison County Sanitation District	A20-049	\$ 730,000
Estill County Water District	F20-013	\$2,399,450
City of Somerset	F20-019	\$7,027,878

***Mr. Ron Lovan moved to approve the reimbursement resolution. Mr. Bruce Scott seconded and the motion carried unanimously.***

**EXECUTIVE DIRECTOR’S REPORT**

Director McNeil addressed the group noting the suggested 2020 board dates that had been sent out with the other Board meeting materials. All are suggested for the first or second Thursday, other than the September date that would be the final Thursday to review the audit. Commissioner Dunahoo asked if it would be advisable with the pending transition and several Board positions changing to hold off and finalizing dates at a later date. Mr. Kurt Stafford noted a January date would need to be set. Mr. Ron Lovan asked if they were the standard dates. Director McNeil noted that in years past, the regularly scheduled meetings were the first Thursday of each month. Last year, for quorum purposes, April, May and September were changed for spring and fall break as well as Derby in May. Director McNeil noted, it might be best to confirm January 9<sup>th</sup> as the next meeting and finalize the other dates at a later time. The By-Laws state the Board would set the dates for the following year at the December Board

meeting. If they are set and then changed, it will become a Special Called meeting. Mr. Ron Lovan suggested the January date be approved and confirmed, but to wait until January to set the additional 2020 meeting dates to avoid conflicts with new Board members' schedules.

***Mr. Ron Lovan moved to approve Thursday, January 9<sup>th</sup> as the next regularly scheduled board Meeting. Mr. Russ Rose seconded and the motion was unanimously approved.***

Director McNeil discussed the 2019 USEPA Aquarius recognition program for the Drinking Water State Revolving Fund, which began this year. KIA's nomination was selected to receive this national honor. On December 18<sup>th</sup>, the City of Danville is scheduled to be presented the USEPA Aquarius Excellence Recognition award for the water treatment plant and intake project. The presentation will be at the water treatment plant at 11:00 EST. Lunch is being served after a short presentation. This drinking water project was the first H2O Award recipient.

There are two other presentations coming in the next few weeks, the 2019 H2O Award recipient City of Fleming-Neon will be receiving their drinking water award on December 11<sup>th</sup> at the KRADD Board of Directors meeting in Hazard. The Regional Water Resource Agency will receive the 2019 H2O Award for a clean water project on Monday, December 16<sup>th</sup> at their Board of Directors meeting at 3:30 CST in Owensboro.

Staff attended the CIFA Conference and EPA SRF Workgroup meeting in Cleveland on November 17-20<sup>th</sup>. Staff presented the KIA dashboards and screens associated with the SRF program, including the loan management process, including project ranking. It was very well received. Director McNeil was elected to the CIFA Board of Directors.

KIA may be the recipient of another grant program, the Sewer Overflow Grant Program (SOG) to benefit SSO elimination. It will be used for sanitary sewer overflow, combined sewer overflows, especially if utility has a consent degree in place and also storm water overflow. This program was authorized in the American Water Infrastructure Act, both the House and Senate have funds set aside in their budget for this Act so EPA thinks we will be getting money. These funds will be allocated based upon the Clean Water SRF allocation formula, with some other things factoring in, including permeability, rainfall and other factors in addition to how the state gets their SRF.

This is also a look at the 2020 Water Resource Development Act and the Water Quality Protection and Job Creation Act both deal with the Clean Water SRF Program, looking at the authorization and reallocating of funds. We were recently told that Congress is looking at an allocation formula to change the way states are allocated funds based upon the Needs Survey, which has not been done in the past. So it will be very important in the next couple of years that the Drinking Water and Clean Water SRF Needs Survey are documented as well as we can to ensure Kentucky gets the most funds possible. Those funds for implementation, administration and possibly set-asides and also to support job creation in the industry for economic development. It unanimously passed the House Transportation Infrastructure Committee in October.

With the Drinking Water program, EPA has announced they will issue a deviation to the federal regulations, allowing water rights to be eligible for the program. Water rights by the standard definition are not a Kentucky or states east of the Mississippi, however USEPA is using a broader definition for the Drinking Water program which will involve storage capacity for existing population, disallowing growth.

KIA has filed their 2020 Budget, our operating expenses are going to be approximately \$3.2 million. KIA's operating expenses are funded from Restricted Funds – administrative loan fees (54%), the General Fund (33%) funds updates to WRIS and planning, and Federal Funds (13%) which includes both Federal loan programs.

The Capital Budget has been submitted requesting state match bond and Disadvantaged Community Drinking Water Grant. The 3 Grants equal around \$39 million with about \$8.8 carry over for FY 2021. State matching funds is 20% for the SRF. The Drinking Water SRF was increased, we are asking for an additional \$800,000 to fund a state match shortfall during 2020 for the additional capitalization grant funding. There was almost an \$11 million increase in funding.

We included leverage bonds, we do not expect to use it, but wanted it in place should the need arise. Our Capital Plan, includes the \$25 million request to increase the lending capacity of Fund B.

### ANNOUNCEMENTS/NOTIFICATIONS

Commissioner Dunahoo announced that this was her final Board meeting and thanked the group for the services to the Board and wished everyone well. She said she would be returning back into the private sector to pursue other opportunities.

Mr. Bruce Scott also noted that this would be his last Board meeting. He would be leaving EEC as of Monday. He thanked Commissioner Dunahoo and Director McNeil for their service as well as the KIA and DOW staffs.


Mr. Ron Lovan thanked all for their service to the Commonwealth.

- Next scheduled KIA board meeting:  
Thursday, January 9, 2020, 1:00 p.m.  
100 Airport Road, Third Floor  
Frankfort, Kentucky

***There being no further business, Mr. Claude Christensen moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The December 5, 2019 meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

  
Margaret F. Link, Secretary  
Kentucky Infrastructure Authority

  
Date



# **CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

## **Minutes**

**January 21, 2020**

### **Call to Order and Roll Call**

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, January 21, 2020, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Walker Thomas, Co-Chair; Senators Julian M. Carroll, Christian McDaniel, and Robby Mills; Representatives Phillip Pratt, Steven Rudy, and Maria Sorolis.

Guests: J. Michael Brown, Secretary of the Governor's Executive Cabinet; Holly M. Johnson, Secretary, Finance and Administration Cabinet; Mary C. Noble, Secretary, Justice and Public Safety Cabinet; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Wendell Followell, Vice President of Administrative Services, Kentucky Community and Technical College System; Scott Aubrey, Director, Division of Real Properties, Department for Facilities and Support Services; Linda Bridwell, Deputy Executive Director, Kentucky Infrastructure Authority; and Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; Julia Wang, Legislative Analyst; and Jenny Wells Lathrem, Committee Assistant.

### **Approval of Minutes**

Senator Carroll moved to approve the December 17, 2019 meeting minutes. Representative Thomas seconded the motion, and the committee approved the minutes by voice vote.

### **New Committee Member**

Senator Girdler welcomed Representative Pratt to the committee.

### **Emergency Lease**

Secretary Brown reported an emergency lease, for which no committee action was required, with CoreCivic for the Southeast Correctional Complex in Wheelwright, Floyd County. Officials of the prior administration entered into the lease agreement on December 9, one day prior to the new administration taking office, after the former Justice and Public Safety Cabinet Secretary sent a letter to both the former Governor and the former Finance

and Administration Cabinet Secretary requesting the emergency lease authorization to alleviate severe overcrowding in county jails and accommodate placement of controlled intake inmates. Secretary Brown was familiar with those issues having served as Justice and Public Safety Cabinet Secretary from 2008 through 2015.

Secretary Brown said that upon review with Secretary Noble and the Department of Corrections (DOC) Commissioner, desperate would not be an overstatement in describing the inmate situation. Over the last several years, state prisons have lost around twelve hundred beds, equivalent to around two correctional facilities [state correctional facilities operational capacities range from about three hundred to one thousand nine hundred and fifty inmates], with the state correctional population rising to around twenty four thousand. State inmates, excluding those convicted of most Class D and certain Class C felonies that will serve sentences in county jails with reimbursement by the state on a per diem basis, must be transferred from county jails to state facilities within ninety days of final sentencing. There are over two thousand state inmates awaiting transfer. The shortage of state prison beds delays the transfer which results in county jail overcrowding, as county jails accommodate those with either felony or misdemeanor charges awaiting trial and those with misdemeanor convictions.

The Kentucky State Reformatory (KSR), one of four prisons often referenced as LaGrange, in Oldham County lost around nine hundred beds. Addressing the deteriorating eighty year old facility's, constructed with asbestos, lead, and other obsolete materials, infrastructure would involve remediation versus repair. KSR is located along the I-71 corridor, which has low unemployment with jobs offering wages often above those paid to correctional personnel; therefore, it is difficult to maintain staff.

To address prison population and staffing issues, the commonwealth entered into the emergency lease for an existing, albeit closed for some time, correctional facility that will be operated by DOC rather than the owners and populated by state prisoners. In an extreme sense, this lease arrangement is similar to other real property lease agreements, primarily for office space, in Frankfort and other localities. Few, if any, other existing facilities are equipped to house medium, the designated custody level for most state prison inmates, and close custody level inmates. Secretary Brown said that additional facilities are necessary to sustain the current prison population and constructing a new facility rather than leasing the Southeast Correctional Complex would involve additional time. The administration will review the costs of buying the Southeast Correctional Complex as well as constructing additional facilities, which would involve significant capital expenditures, against prison population projections and the physical condition of current facilities.

In response to Senator McDaniel, Secretary Noble said that she agreed in principle with the former Justice and Public Safety Cabinet Secretary's letter requesting the emergency lease authorization as well as with the specifics including the referenced overcrowding in county jails, and associated health concerns, and delays in state prisons

accepting controlled intake inmates; both of which impede programming to prepare state inmates to reenter society. Secretary Noble stated that the controlled intake issue was critical. The over two thousand state inmates awaiting transfer from county prisons are those with Class A and Class B felony convictions as well as those with certain, primarily with sentences greater than five years, Class C felony convictions. The executive branch appropriations bill notwithstanding KRS 532.100(7) to increase the transfer deadline from forty-five to ninety days of final sentencing, as long as the jailer does not object. However, ninety days is not enough time to arrange placement in state institutions due to the state prison bed unavailability. Therefore, Secretary Noble supports renting the Southeast Correctional Complex and operating it as a DOC facility.

Secretary Noble said that there are over nine hundred applicants for positions in the Wheelwright facility and that DOC could move prisoners into the facility by early May, depending upon the amount of time it takes to hire and train employees and for CoreCivic to make improvements to the facility. She said that the state would be responsible for paving.

Secretary Noble stated that the controlled intake population had to be addressed, because controlled intake inmates are statutorily required to be in a state prison facility although programming, including substance abuse treatment referenced by Senator McDaniel, is also important. Programming for inmates to earn custody credit towards early release will not rapidly open state prison beds as prison inmates, particularly those with Class A and Class B felony convictions, typically have lengthy sentences.

In response to Senator McDaniel, Secretary Brown said that the medium and above custody level prison population has remained nearly stagnant with no new correctional facility construction for years. The state inmate population housed in county jails has increased. If the around nine hundred remaining inmates at KSR and the controlled intake population can be placed, then the option of closing KSR and selling the underlying asset for land value would merit strong attention. KSR needs extensive, possibly inordinately expensive, remediation and staffing will remain difficult due to the surrounding counties' economy.

In response to Senator McDaniel, Secretary Johnson said that she would verify that the commonwealth did not enter into a lease for a substance abuse treatment facility in central Kentucky.

Secretary Noble concurred with Senator McDaniel's comment that expanding programming to all county jails should be explored.

In response to Senator Carroll, Secretary Brown said that there are several KSR dormitory areas in disrepair. When Secretary Brown was Justice and Public Safety Cabinet Secretary, the stone and/or concrete had deteriorated to the extent that inmates could dig

from underneath the bars with spoons. A bond funded capital project [Demolish and Repair Tower Kentucky State Reformatory] was authorized to demolish the majority of the tower due to structural integrity concerns, and those funds could be used to demolish or renovate other KSR areas, possibly partial demolition of a dormitory.

In response to Senator Carroll, Secretary Noble said that DOC has to bring in personnel, including prison guards, from other areas to staff KSR, resulting in travel and further additional expenses.

In response to Senator Carroll, Secretary Brown said that DOC housed volunteers from other facilities in KSR's tower until the tower became unsafe and that DOC is instituting a locality pay premium to reduce overtime expenses associated with high vacancy rates. For the current fiscal year, prison expenditures are anticipated to be about \$20 million over the budgeted amount. The Southeast Correctional Complex lease agreement gives the state the option to purchase the facility at any time during the lease term. Secretary Brown stated that he would provide committee testimony when invited.

In response to Representative Sorolis, Secretary Brown said that there were several Western Kentucky facilities: Kentucky State Penitentiary (Eddyville), DOC's only maximum security facility, and the Green River and Western Kentucky Correctional Complexes. All state prison inmates are assessed in LaGrange and placement is dependent upon available beds, custody level, length of sentence, and programming versus the geographic area of conviction. There is no guarantee that prisoners will be placed close to their prior residence although some will be transferred while in custody. One state facility houses the majority of female prisoners.

### **Information Items**

Ms. Halloran reported five information items. Pursuant to KRS 26A.168(1), KRS 45.793, and KRS 45.818, the Administrative Office of the Courts; the Finance and Administration Cabinet with the Commonwealth Office of Technology reporting independently; and postsecondary institutions managing their own capital construction under KRS 164A.580 transmitted quarterly capital projects reports.

Pursuant to KRS 43.050(2)(e) and the Auditor of Public Accounts' (APA) Model Audit Program Checklist for Postsecondary Institutions Lease Law Compliance; the APA, which examines the Finance and Administration Cabinet, and Council on Postsecondary Education (CPE), transmitted lease law compliance reports. The APA and the postsecondary institutions' auditors did not report any findings with respect to compliance with "Kentucky's Lease Law".

Pursuant to KRS 45.760(5), University of Kentucky (UK) Healthcare reported two medical equipment purchases for UK Chandler Hospital with \$603,000 in restricted funds.

Pursuant to KRS 45.812(1), the Kentucky Interlocal School Transportation Association reported plans for its annual Equipment Lease Certificates of Participation issuance, \$16.97 million on behalf of 49 school districts to finance 154 school buses. The Floyd County, Frankfort Independent, and Wayne County school districts reported respective anticipated \$2.175 million; \$730,000; and \$8.5 million debt issues for which tax increases were not necessary.

Pursuant to KRS 45A.180(2), UK reported its intent to use the construction management-at-risk project delivery method for the Expand Student Center (Dining) capital project.

### **Project Report from the Finance and Administration Cabinet**

Senator Carroll moved to roll the two new projects into one roll call vote, seconded by Representative Sorolis, and approved by voice vote.

Ms. Tomes submitted two new Department of Military Affairs (DMA) projects and a Kentucky Community and Technical College System (KCTCS) project appropriation increase. The first DMA project, funded with \$17,406,100 federal funds and \$217,300 agency restricted funds, was the \$17,623,400 Construct Joint Force Headquarters, a 63,726 square foot energy efficient facility, at the Boone National Guard Center in Frankfort. The facility will support staff section functionalities.

The second DMA project, funded with \$943,900 federal funds and \$348,600 state investment income funds, was the \$1,292,500 Lexington National Guard Armory Interior Upgrade. The project includes upgrades of windows, to current anti-terrorism force protection standards, as well as the latrines and showers and creation of a lactation room.

Senator Carroll moved to approve the new projects, seconded by Representative Thomas, and approved by unanimous roll call vote.

Ms. Tomes next submitted a \$1 million appropriation increase for the KCTCS Fire Commission's State Fire Rescue Training's National Responder Preparedness Center Parking Lot (Driving Course), funded from the Kentucky Firefighters Foundation Program Fund. \$2 million was originally authorized in the executive branch appropriations bill. Significant problems with soil bearing will require extensive site remediation prior to construction. Senator McDaniel commented on the projected soil stabilization remediation costs in relation to the original appropriation amount.

In response to Senator McDaniel, Mr. Followell confirmed that the construction contract has not been awarded and that the Kentucky Firefighters Foundation Program and the Kentucky Law Enforcement Foundation Program Funds were both financed with the property and casualty insurance premium surcharge tax.

Senator Carroll moved to approve the appropriation increase, contingent upon CPE approval, seconded by Representative Sorolis, and approved by unanimous roll call vote.

Lastly, Ms. Tomes reported a \$1.95 million pool allocation from the Department of Parks 2018-2020 Maintenance and the Lodge Replacement and Repairs Pools for the Barren River Lodge Exterior Repairs and Reroof, which includes the reroof; replacement of the exterior siding, front canopy, and limited windows; and repainting.

### **Lease Report from the Finance and Administration Cabinet**

Senator McDaniel moved to roll the lease renewals into one roll call vote, seconded by Senator Carroll, and approved by voice vote.

Mr. Aubrey submitted two lease renewals through June 30, 2021 under the same terms and conditions. The first was for the Unified Prosecutorial System in Jefferson County, 24,233 square feet at \$16.55 per square foot, and the second was for the Cabinet for Health and Family Services in Clark County, 10,946 square feet of space at \$10 per square foot.

Representative Rudy moved to approve the lease renewals, seconded by Senator McDaniel, and approved by unanimous roll call vote.

Mr. Aubrey next submitted a new lease for the Kentucky Transportation Cabinet (KYTC) in Fayette County, for Real ID drivers' license office space; 7,048 square feet at \$16.40 per square foot including water and sewer costing \$115,587 annually, through June 30, 2027.

In response to Representative Rudy, staff verified that KYTC would make lease payments from the road fund.

In response to Senator McDaniel, Mr. Aubrey confirmed that the judicial branch makes payments for circuit clerks', which issue standard drivers' licenses, office space. Senator McDaniel noted that the costs associated with REAL ID drivers' license issuance, overseen by KYTC, would represent executive branch expenditures.

In response to Representative Rudy, Mr. Aubrey said that KYTC's first group of REAL ID drivers' license office space requests included twelve counties. The Franklin County REAL ID drivers' license office, located in the KYTC building, is in operation. This lease in Fayette County is the first above \$100,000, the threshold for submittal for committee approval. Most of the other REAL ID drivers' license office leases, likely for only 3,000 to 4,000 square feet, will not require committee submittal.

Senator McDaniel moved to approve the new lease, seconded by Representative Thomas, and approved by unanimous roll call vote.

**Report from the Office of Financial Management  
Kentucky Infrastructure Authority**

Representative Thomas moved to roll the Clean Water State Revolving Fund (Fund A) Program loans and the Drinking Water State Revolving Fund (Fund F) Program loans into one roll call vote, seconded by Representative Sorolis, and approved by voice vote.

Ms. Bridwell submitted three Fund A and two Fund F KIA loan requests. The Lincoln County Sanitation District requested a \$3,018,100 Fund A loan for the \$4.9 million US 127 Corridor Sanitary Sewer Phase 2 project. The Phase 2 planning and design loan will be rolled into this construction loan for a \$3,406,500 total loan amount, of which KIA will apply \$1 million in principal forgiveness. The Fund A loan will finance 69 percent of the project, with the rest of the funding from a Community Development Block Grant (CDBG), an Appalachian Regional Commission (ARC) grant, and local funds. The District's initiative of providing sewer service to unserved areas along the US 127 corridor received a federal EPA Performance and Innovation in the SRF Creating Environmental Success (PISCES) Honorable Mention last year and Phase 2 will extend sewer service to 363 additional customers. For 4,000 gallons, effective since September 2019, the monthly sewer rate is \$54.12. The term is 30 years at a 0.50 percent interest rate. Senator Girdler noted the project was in his district.

The City of Sebree, Webster County, requested a \$910,828 Fund A loan for the \$1,821,655 Sebree Sanitary Sewer Replacement project, the replacement of almost 9,000 linear feet of 8-inch clay with polyvinyl chloride pipe and extension of pipe to provide service to five unserved customers. A CDBG grant will finance the other half of the project. For 4,000 gallons, effective May 2020, the inside and outside city monthly sewer rates are \$43.58 and \$45.92. Outside the city; water customers, as well as customers using city sewer but not city water, pay a \$20 surcharge. The term is 30 years at a 0.50 percent interest rate.

The Northern Madison County Sanitation District requested a \$730,000 Fund A loan for the \$938,000 Boone Village Wastewater Collection System project, the installation of over 12,400 linear feet of sewer and two submersible pump stations that will extend sewer service to 71 new customers in the Boone Village area. Local funds will finance the remaining 22 percent of the project. For 4,000 gallons, effective since January 2019, the monthly sewer rate is \$61.03. The term is 20 years at a 2.5 percent interest rate.

The Estill County Water District requested a \$2,399,450 Fund F loan, of which KIA will apply \$1 million in principal forgiveness, for the \$2,899,450 System Improvement and Meter Replacement project. An ARC grant will finance the remaining 17 percent of the project, which will reduce unaccounted-for water through system modeling, meter replacements, and pipe at around five creek crossings. The district is one of eleven under a PSC order, Case No. 2019-0041, relating to excessive water loss. For 4,000 gallons,

effective since August 2019, the monthly water rate is \$46.18 [includes the \$3.54 monthly water loss program surcharge]. The term is 30 years at a 0.50 percent interest rate.

The City of Somerset, Pulaski County, requested a \$7,027,878 Fund F loan for the Storage Tank, Booster Stations, and Water Main Extension project, two projects rolled together which include the Oak Hill Storage Tank replacement, two new booster pump stations, and a water line extension to balance pressure. For 4,000 gallons, effective since July 2017, the inside and outside city monthly water rates are \$17.16 and \$29.97. The term is 30 years at a 0.50 percent interest rate. Senator Girdler noted that the project was in his hometown.

Representative Thomas moved to approve the KIA loans, seconded by Senator Mills, and approved by unanimous roll call vote.

### **School District Debt Issues with School Facilities Construction Commission Debt Service Participation**

Mr. Barrow submitted three school district debt issues, for which tax increases will not be necessary, with School Facilities Construction Commission (SFCC) debt service participation for new projects in the Russellville Independent (Logan County), Union County, and Webster County school districts. SFCC participation is just above \$2.9 million, under 35 percent, and two transactions represent the about 65 percent local participation for a total anticipated \$8.3 million debt issuance.

Representative Thomas moved to approve the three school district debt issues, seconded by Senator Mills, and approved by unanimous roll call vote.

Senator Girdler said that the next meeting will be Tuesday, February 18, 2020, 8:00 a.m., Annex Room 169.

With there being no further business the meeting adjourned at 2:06 p.m.



ANDY BESHEAR  
GOVERNOR



REBECCA W. GOODMAN  
SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON  
COMMISSIONER

300 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40601

March 29, 2021

Sandy Williams, Deputy Executive Director  
Kentucky Infrastructure Authority  
100 Airport Road, 3<sup>rd</sup> Floor  
Frankfort, Kentucky 40601

Re: F20-13 – Estill County Water District No.1  
Estill Co Water District--34966  
Activity ID: FGL20200003  
Assistance Agreement

Dear Mrs. Williams:

The Division of Water (DOW) hereby certifies that Estill County Water District No. 1 has satisfied the following Drinking Water State Revolving Fund general conditions for the entire project as specified in the Conditional Commitment Letter dated December 6, 2019.

1. An environmental review was completed and approved by DOW on January 30 2020.
2. Plans and specifications, including a completed SRF checklist, were approved by the DOW on November 19, 2020.
3. Plans and specifications indicated that American Iron and Steel components were included in the project as approved on November 19, 2020.
4. All easements and/or land purchases were completed as demonstrated by the provisions of a Clear Site Certificate to the DOW on November 16, 2020.
5. This project did not have a “Green Reserve” component.
6. Bids were opened on January 21, 2021 and the ATA package was approved on March 25, 2021.

If you have any questions or require additional information, please contact William Averell, Project Manager, at (502) 782-6882.

Sincerely,

 Recoverable Signature

A handwritten signature in black ink, appearing to read "Paul Miller".

For:  
Paul Miller, P.E.  
Director, Division of Water

PM/JB: wa

c: Hon. Blain Click, Chairman, ECWD No. 1  
Andrea Miller, General Manager, ECWD No. 1  
Bryan Scott, P. E., Bell Engineering



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ESTILL	)	
COUNTY WATER DISTRICT NO. 1 FOR	)	
AUTHORIZATION TO ENTER INTO AN	)	
ASSISTANCE AGREEMENT WITH THE	)	
KENTUCKY INFRASTRUCTURE AUTHORITY,	)	CASE NO.
FOR A CERTIFICATE OF PUBLIC	)	2021-00064
CONVENIENCE TO CONSTRUCT CERTAIN	)	
WATER IMPROVEMENTS AND	)	
AUTHORIZATION TO USE WATER LOSS	)	
CONTROL PROGRAM SURCHARGE	)	
PROCEEDS	)	

ORDER

On February 22, 2021, Estill County Water District No. 1 (Estill District No. 1) filed an electronic application, pursuant to KRS 278.020 and KRS 278.300, and 807 KAR 5:001, Sections 15 and 18, for the issuance of a Certificate of Public Convenience and Necessity (CPCN) to construct a series of system improvements to enhance its ability to locate and repair leaks and for approval of its plan to finance the proposed project. Estill District No. 1 proposes to finance the project by requesting to borrow \$2,399,450 from the Kentucky Infrastructure Authority (KIA) as well as an Appalachian Regional Commission grant of \$500,000. Estill District No. 1 also proposes to pay the debt service payments for the KIA loan from the proceeds of its water loss surcharge's annual revenues. No party has sought intervention in this matter. Estill District No. 1 has not requested a hearing. The record for this case is complete, and the matter stands ready for a decision.

Estill District No. 1, a water district organized under KRS Chapter 74, provides retail water service to approximately 3,527<sup>1</sup> residential water customers in Estill County, Kentucky.<sup>2</sup>

The Commission notes that Estill District No. 1 has not sought a general adjustment in rates since 2017.<sup>3</sup> The current application does not include a proposal to increase rates, nor does it indicate any future plans to file either a general rate case or alternative rate filing in the future. An examination of finances outlined in the annual and audit reports filed with the Commission reveals that Estill District No. 1 has been operating with a negative net income for the past five calendar years.<sup>4</sup> Estill District No. 1 also appears not to have any depreciation reserve, nor restricted cash or equivalents on hand and admits in the application that it has experienced significant financial problems due to its high level of water loss.<sup>5</sup> The Commission is concerned that absent an increase to Estill District No. 1's base rates, a degradation in the quality of service to customers could occur.

Estill District No. 1 proposes, in its Phase 11 project, a series of system improvements to enhance its ability to locate and repair leaks within its distribution system as well as replace substandard stream crossings water service lines and aging metering

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<sup>1</sup> *Annual Report of Estill County Water District for the Year ended December 31, 2019* at 49.

<sup>2</sup> *Id.* at 12.

<sup>3</sup> Case No. 2017-00176, *Electronic Application of the Estill County Water District No. 1 for Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Dec. 20, 2017).

<sup>4</sup> Estill District's Comprehensive Net Income for the calendar years 2015 through 2019 was \$(347,472), \$(198,859), \$(307,758), \$(250,328), and \$(153,439), respectively.

<sup>5</sup> Application at 4, paragraph 11.

equipment. The project improvements will be made in two stages. Estill District No. 1 is requesting a CPCN to establish a zone metering system. It will divide Estill District No. 1's distribution system into 12 zones and place at least one water meter or flowmeter in each zone. Furthermore, three zones will be divided into subzones, each with its own meter. One meter will be installed to measure water purchased. Telemetry equipment for each meter will also be installed to enable Estill District No. 1 to monitor its zone and subzone meters.<sup>6</sup>

The proposed project will also replace four existing stream crossings to improve system reliability and reduce water loss. The existing stream crossings sit on streambeds and are vulnerable to being washed out during periods of heavy rain and flooding, resulting in significant water loss and the disruption of water service. Estill District No. 1 proposes to install the new crossings underneath the streambeds using directional boring.<sup>7</sup>

The total cost of the first stage of the project is approximately \$1,020,420.<sup>8</sup> Estill District No. 1 states that it will finance the proposed project with an assistance agreement for KIA loan 20-13 to borrow an amount not to exceed \$2,399,450. The proposed loan will be repaid over a period not to exceed 30 years from the date on which the Phase 11 facilities begin operations and shall bear interest at the rate of 0.5 percent annum.<sup>9</sup> In addition to interest, Estill District No. 1 will pay an administrative fee of 0.25 percent of the outstanding loan balance payable as part of each loan payment. KIA has committed

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<sup>6</sup> *Id.* at 7.

<sup>7</sup> *Id.* at 7.

<sup>8</sup> *Id.* at 10.

<sup>9</sup> *Id.* at 11.

to credit to the loan balance 50 percent of the principal amount of the loan up to \$1,000,000 upon release of liens on all contracts and disbursement of the final draw request by KIA to Estill District No. 1.<sup>10</sup> The Appalachian Regional Commission subsequently awarded a grant of \$500,000 to Estill District No. 1 for the same project.<sup>11</sup>

The Commission authorized Estill District No. 1 to assess a Water Loss Surcharge in Case No. 2019-00119, and ordered the proceeds be placed in a separated interest-bearing account and that no disbursements be made without prior Commission approval.<sup>12</sup> In its application in the pending case, Estill District No. 1 proposed to use a portion of the annual revenues from the water loss surcharge to service the debt on the KIA loan. Estill District No. 1 stated that as of February 10, 2021, the water loss surcharge had retained proceeds of \$215,185.60. Additionally, the water loss surcharge currently produces \$156,647 in annual revenue, and the average debt service payment for the proposed loan is expected to be \$52,114.70.<sup>13</sup> The Commission finds that the proposed project is a reasonable effort by Estill District No. 1 to mitigate its excessive water loss in furtherance of the recommended and specifically ordered actions in the final Order in Case No. 2019-00041,<sup>14</sup> a CPCN should be granted and the proposed financing be approved. Additionally, because the projects are a part of Estill District No. 1's

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<sup>10</sup> *Id.* at 12.

<sup>11</sup> *Id.* at 6.

<sup>12</sup> Case No. 2019-00119, *Electronic Application of Estill County Water District No. 1 for a Surcharge to Finance Water Loss Control Efforts* (Ky. PSC Aug. 29, 2019) at 4.

<sup>13</sup> Application at 15.

<sup>14</sup> Case No. 2019-00041, *Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities* (Ky. PSC Nov. 22, 2019).

comprehensive water loss control program previously filed and accepted by the Commission in the determination of the reasonableness of the surcharge, the Commission finds that the proposed use of the proceeds of the surcharge to pay the debt service of the KIA loan should be approved. The Commission notes, however, the KIA provided its conditional commitment letter to Estill District No. 1 dated December 6, 2019.<sup>15</sup> Despite receiving approval over one year prior, Estill District No. 1 did not request a CPCN nor approval of financing for the proposed project until February 22, 2021. Part of the conclusions and recommendations of Estill District No. 1's Comprehensive Corrective Action Plan prepared by Bell Engineering and filed into the record in Case No. 2019-00119 was a statement that if no action is taken, [water loss] will exceed meter sales within the next ten years.<sup>16</sup> The Commission is concerned with the length of time between the presentation of KIA's conditional commitment letter and the filing of the pending case. For this reason, and the reasons regarding the financial situation stated above, this matter should remain open, and Estill District No. 1 should respond to Commission Staff's requests for information contained in the Appendix to this Order within 14 days of the date of filing of this Order.

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

1. The proposed construction will not result in wasteful duplication of existing facilities.

---

<sup>15</sup> Application, Exhibit 23.

<sup>16</sup> Case No. 2019-00119, *Electronic Application of Estill County Water District No. 1 for a Surcharge to Finance Water Loss Control Efforts*, (filed Aug. 1, 2019), Application, Exhibit 2, Comprehensive Corrective Action Plan at 65.

2. The proposed construction does not conflict with any existing certificates or services of any other utility operating in the area.

3. Public convenience and necessity require the proposed construction, which will allow Estill District No. 1 to provide reliable and adequate water service to its customers.

4. Kentucky Division of Water has approved the plans and specifications for this proposed project.

5. The proposed loan with KIA is necessary, is appropriate for and consistent with the proper performance of Estill District No. 1's service to the public and will not impair Estill District No. 1's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

6. The project will be funded by a KIA loan of \$2,399,450, and a grant from the Appalachian Regional Commission of \$500,000.

7. Estill District No. 1 should be authorized to utilize \$1,020,420 of the Assistance Agreement on the project approved herein.

8. Estill District No. 1's application does not include a proposal to adjust rates.

9. This case should remain open for the purpose of obtaining additional information regarding Estill District No. 1's current operational and financial status.

IT IS THEREFORE ORDERED that:

1. Estill District No. 1 is granted a CPCN to construct the proposed project as set forth in the application.

2. Estill District No. 1's proposed plan for obtaining financing is approved.

3. Estill District No. 1 shall obtain approval from the Commission prior to performing any additional construction not expressly approved by this Order.

4. Estill District No. 1 shall require construction to be inspected under general supervision of a licensed professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with best practices of the construction trades involved in the project.

5. Estill District No. 1 is authorized to enter the proposed Assistance Agreement with KIA and, under the terms of the Assistance Agreement, to borrow an amount not to exceed \$2,399,450 to be repaid over 30 years from the date on which the Phase 11 Facilities begin operation.

6. The proceeds of the promissory note shall be used only for the purposes specified in Estill District No. 1's application.

7. Estill District No. 1 is authorized to utilize proceeds from the water loss surcharge approved in Case No. 2019-00119 to facilitate the payment of the debt service for the KIA loan.

8. Estill District No. 1 shall file with the Commission documentation of the total cost of the project within 60 days of the date that construction authorized under this CPCN is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

9. Estill District No. 1 shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the



contract plans and specifications within 60 days of the substantial completion of the construction authorized under this CPCN.

10. Any documents filed in the future pursuant to ordering paragraphs 3, 8, and 9 shall reference this case number and shall be retained in the post-case correspondence file.

11. The Executive Director is delegated authority to grant reasonable extensions of time for filing any documents required by this Order upon Estill District No. 1's showing of good cause for such extension.

12. This case shall remain open for the purpose of obtaining additional information regarding Estill District No. 1's operational and financial status.

13. Within 14 days of the date of filing of this Order, Estill District No. 1 shall file responses to the attached Requests for Information in the Appendix to this Order.

a. Responses to requests for information in paper medium shall be appropriately bound, tabbed and indexed, with the original and an electronic version to the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

b. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and

accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. A party shall make timely amendment to any prior response if it obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

e. Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

f. Any party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

14. Any party filing a paper with the Commission shall file an original in paper medium and an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. The original in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. The Commission directs the parties to the Commission's March 16, 2020 and March 24, 2020 Orders in

Case No. 2020-00085<sup>17</sup> regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing, herein approved.

---

<sup>17</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

By the Commission



ATTEST:

  
Executive Director

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00064 DATED APR 08 2021

1. For the calendar years ended December 31, 2019, and December 31, 2020, provide the following information, and when appropriate, provide in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible:
  - a. Estill District No. 1's general ledger.
  - b. Estill District No. 1's audited adjusted trial balance showing unaudited account balances, audit adjustments, and audited balances.
2. Provide Estill District No. 1's 2020 financial audit.
3. Provide the name of all commissioners for each of the five previous years, and state, individually, the total amount of each benefit paid to, or on behalf of, each commissioner during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.).
4. Provide the minutes from Estill District No. 1's commissioner meetings for the calendar years 2019, 2020, and for the current period up to the date of this request.
5. A document detailing the names, job titles, job description, and pay rates for each employee for the calendar years 2018, 2019, 2020, and currently employed.
6. For the calendar year ended December 31, 2020, provide the hours worked by each employee, separated by regular hours worked, overtime hours worked, and any other form of hourly wage provided to Estill District No. 1's employees.

7. Provide any written plans Estill District No. 1 has drafted, in addition to its Comprehensive Corrective Action Plan, that details a timeline on a going-forward basis to address its water loss concerns.

\*Estill County Water District #1  
76 Cedar Grove Road  
Irvine, KY 40336

\*Audrea Miller  
Office Manager  
Estill County Water District #1  
76 Cedar Grove Road  
Irvine, KY 40336

\*Gerald E Wuetcher  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KENTUCKY 40507-1801



## **KENTUCKY INFRASTRUCTURE AUTHORITY**

**Matthew G. Bevin**  
Governor

100 Airport Road  
Frankfort, Kentucky 40601  
(502) 573-0260  
(502) 696-0676 (fax)  
kia.ky.gov

**Donna McNeil**  
Executive Director

December 6, 2019

The Honorable Blain Click, Chairman  
Estill County Water District #1  
76 Cedar Grove Road  
Irvine, KY 40336

### **KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F20-013)**

Dear Chairman Click:

The Kentucky Infrastructure Authority (“the Authority”) commends your efforts to improve public service facilities in your community. On December 5, 2019, the Authority approved your loan for the System Improvements and Meter Replacement Project subject to the conditions stated below. The total cost of the project shall not exceed \$2,899,450 without prior authorization of the Authority, of which the Authority loan shall provide 2,399,450 of the funding. Other anticipated funding for the project is reflected in Attachment B. The final loan amount will be equal to the Authority’s portion of estimated project cost applied to the actual project cost. Attachment B incorporated herein by reference fully describes the project.

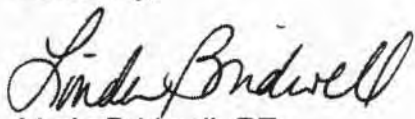
An Assistance Agreement will be executed between the Authority and “Estill County Water District #1” upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by December 5, 2020 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.



Chairman Click  
December 6, 2019  
Page 2

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,



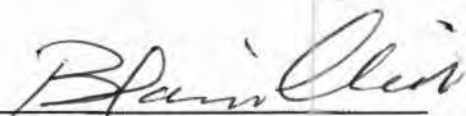
Linda Bridwell, PE  
Deputy Executive Director  
Kentucky Infrastructure Authority

Attachments

cc: Karyn Leverenz, Bluegrass Area Development District  
Bell Engineering, Robert Alan Bowman

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms along with the completed "Transparency Act Reporting Information Form". Complete the attached "Authorization for Electronic Deposit of Vendor Payment Form" and the "ACH Debit Authorization Form" **and return to the US Bank address at the bottom of each form**. Also included are the "Legal Counsel Certification Letter" sample and the "Statement of Approval of Projections of Revenue and Expenses" for you to complete at the appropriate time.

We have attached an SRF loan checklist to use as a guide.

  
\_\_\_\_\_  
Accepted

2/7/20  
\_\_\_\_\_  
Date

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

1. The Authority project loan shall not exceed \$2,399,450 without prior authorization.
2. Principal forgiveness of 50.0% of the assistance amount, not to exceed \$1,000,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.
3. The loan shall bear interest at the rate of .50% per annum commencing with the first draw of funds.
4. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day. Please complete and return the attached authorization form to U.S. Bank for processing.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 30 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.25% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.

10. Fund "F" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and sub-recipients expending \$750,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements has changed for fiscal or calendar year 2016 audits. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.
11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
13. The Borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.

4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment B must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to U.S. Bank.
7. The Borrower must provide documentation of Eclearinghouse Endorsement and Eclearinghouse Comments.
8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving State Revolving Funds ("SRF") money.
9. Technical plans and specifications and a complete SRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the SRF loan project.
12. The Borrower must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with

applicable federal, state and local procurement laws.

13. The Borrower shall implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.
17. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.



## KENTUCKY INFRASTRUCTURE AUTHORITY

**Andy Beshear**  
Governor

Capital Center Complex  
100 Airport Road, Third Floor  
Frankfort, Kentucky 40601  
(502) 573-0260  
(502) 573-0157 (fax)  
kia.ky.gov

**Sandy Williams**  
Deputy Executive Director

February 3, 2021

Chairman Blain Click  
Estill County Water District No. 1  
76 Cedar Grove Rd  
Irvine, KY 40336

KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (F20-013)  
EXTENSION

Dear Chairman Click:

The Kentucky Infrastructure Authority ("the Authority") has approved an extension of the Drinking Water State Revolving Fund (DWSRF) loan F20-013 for the Phase 11 Zone Meter and River Crossing Installation Project. The Authority has extended the deadline for the District to meet the conditions set forth in the conditional commitment letter for a period of six (6) months. The original expiration date was December 4, 2020. The new expiration date will be June 3, 2021. If the project does not meet the conditions by the new expiration date, the commitment may be rescinded.

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

Sincerely,

A handwritten signature in blue ink that reads "Sandy Williams".

Sandy Williams  
Deputy Executive Director  
Kentucky Infrastructure Authority

**RESOLUTION**

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE ESTILL COUNTY WATER DISTRICT NO. 1 AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$2,399,450 OF LOAN FUNDS FOR PROJECT NUMBER F20-013.

WHEREAS, the Board of Commissioners (“Governing Authority”) of the Estill County Water District No. 1 (“Governmental Agency”) has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the “Project”) to the Governmental Agency’s water system (the “System”);

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement (the “Assistance Agreement”) with the Authority.

NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of the Estill County Water District No. 1, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number F20-013 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on May 27, 2021.

GOVERNMENTAL AGENCY:  
ESTILL COUNTY WATER DISTRICT NO. 1

By: Blair Clark  
Chairman

ATTEST:

By: Jack Stuebner  
Secretary of Governmental Agency

## CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Estill County Water District No. 1; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Estill County Water District No. 1 at a meeting duly held on May 27, 2021; 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 May 27, 2021.

  
Secretary of Governmental Agency



THE ESTILL COUNTY WATER DISTRICT BOARD OF COMMISSIONERS ("THE BOARD") MET IN REGULAR SESSION THURSDAY MAY 27, 2021, AT 9:00 A.M. IN THE CONFERENCE ROOM AT OFFICES LOCATED AT 76 CEDAR GROVE ROAD, IRVINE, KENTUCKY, WITH THE FOLLOWING PERSONS PRESENT: BLAIN CLICK, CHAIRMAN; JACK STICKNEY, SECRETARY; ROBERT "SKIP" JOHNSON, TREASURER; WILLIAM MURPHY; OPERATIONAL MANAGER, AND AUDREA MILLER, GENERAL MANAGER. GERALD WUETCHER, LEGAL COUNSEL AND MICHAEL LILE, ENGINEER WERE ALSO PRESENT.

*To promote social distancing, all Board members, employees and visitors are expected to maintain a 6' distance from one another and are strongly encouraged to wear a mask.*

From the roll call, it was determined that a quorum of the Board of Commissioners of the Estill County Water District was present. The meeting was then opened for the transaction of business, at which time the following proceedings were had and entered for record:

ON MOTION OF STICKNEY AND SECONDED BY JOHNSON all members of the Board voted to approve the agenda for the May 27, 2021, regular Board of Commissioners Meeting.

The minutes of the April 29, 2021, board meeting was presented to the board. ON MOTION OF STICKNEY AND SECONDED BY JOHNSON, all members of the Board voted to approve the minutes as presented.

ON MOTION OF STICKNEY AND SECONDED BY CLICK all members of the Board voted to adopt resolution 2021-05-27-1. A resolution authorizing an application to the Kentucky Public Service Commission for authorization for a certificate of public convenience and necessity and other relief as necessary.

ON MOTION OF STICKNEY AND SECONDED BY JOHNSON all members of the Board voted to adopt resolution 2021-05-27-2. A resolution awarding a contract for the purchase and installation of metering equipment.

ON MOTION OF JOHNSON AND SECONDED BY CLICK all members of the Board voted to adopt resolution 2021-05-27-3. A resolution awarding a contract for the purchase and installation of metering equipment.

The water loss report for the month of April was presented to the Board. Water loss for April was 34.5%. The District purchased 20,925,500 gallons and sold 13,674,470 gallons. Repaired line breaks and leaks resulted in the loss of 7,226,028 gallons. 16,082 gallons were used for flushing, 8,920 gallons were used from the fire department.

ON MOTION OF STICKNEY AND SECONDED BY JOHNSON all members of the Board voted to apply for a District credit card that does not use the District's EIN number and does not require individuals to use their personal social security numbers. The credit limit cannot exceed \$20,000.00.

ON MOTION OF CLICK AND SECONDED BY JOHNSON, all members of the Board voted to approve the financial report and to pay warrants.

ON MOTION OF CLICK AND SECONDED BY JOHNSON, all members of the Board voted to adjourn the meeting.

Attested:



Signed

  
Secretary

*\*Meeting agenda and sign in sheets are filed in the District's office and is available for review upon request.*

**RESOLUTION 2021-05-27-3**

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE ESTILL COUNTY WATER DISTRICT NO. 1 AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$2,399,450 OF LOAN FUNDS FOR PROJECT NUMBER F20-013.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Estill County Water District No. 1 ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the "Project") to the Governmental Agency's water system (the "System");

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

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

NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of the Estill County Water District No. 1, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number F20-013 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on May 27, 2021.

GOVERNMENTAL AGENCY:  
ESTILL COUNTY WATER DISTRICT NO. 1

By: Blair Clavin  
Chairman

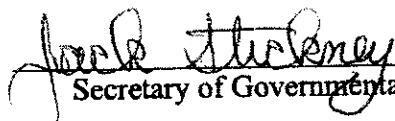
ATTEST:

By: Jack Stehney  
Secretary of Governmental Agency

## CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Estill County Water District No. 1; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Estill County Water District No. 1 at a meeting duly held on May 27, 2021; 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 May 27, 2021.

  
Secretary of Governmental Agency

**KENTUCKY INFRASTRUCTURE AUTHORITY  
ASSISTANCE AGREEMENT**

**FUND F**

PROJECT NUMBER: F20-013

GOVERNMENTAL AGENCY (Borrower): Estill County Water District No. 1

GOVERNMENTAL AGENCY'S ADDRESS: 76 Cedar Grove Road  
Irvine, Kentucky 40336

DATE OF ASSISTANCE AGREEMENT: May 27, 2021

CFDA NO: 66.468

**ASSISTANCE AGREEMENT**

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## ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the ESTILL COUNTY WATER DISTRICT NO. 1, the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

### WITNESSETH

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

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

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

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

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

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

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to levy, collect, and enforce and remit adequate Service Charges, as hereinafter defined,

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

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

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

## **ARTICLE I DEFINITIONS**

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

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

*“Administrative Fee”* means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Loan Term Schedule.

*“Amortization Commencement Date”* means the date set forth on the Loan Term Schedule when the first payment of principal of and interest on the Loan is due under the Schedule of Payments.

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



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

“*Cabinet*” means the Energy and Environment Cabinet of the Commonwealth.

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

“*Commonwealth*” shall mean the Commonwealth of Kentucky.

“*Construction*” shall mean construction as defined in the Act.

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

“*Default Rate*” means the rate of interest identified in the Loan Term Schedule to accrue on the amount of the Loan that is in default under this Assistance Agreement.

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

“*Effective Date*” means the date set forth on the cover page of this Assistance Agreement.

“*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.

“*Federal Agreement*” shall mean the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998, as amended, supplemented or restated from time to time.

“*Governmental Agency*” shall mean any agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate a Project, including specifically but not by way of limitation, incorporated cities, counties, including any counties containing a metropolitan sewer district, sanitation districts, water districts, public authorities, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either

acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Assistance Agreement shall mean the Governmental Agency identified on the front cover of this Assistance Agreement and in the Project Specifics.

*“Indenture”* shall mean the General Trust Indenture dated as of February 1, 2000 between the Authority and the Trustee, as amended and supplemented from time to time.

*“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 Loan Term Schedule, for the purpose of defraying the costs incidental to the Construction of the Project.

*“Loan Payment Date”* shall mean the dates principal of and/or interest on the Loan are due as set forth in the Loan Term Schedule.

*“Loan Rate”* means the rate per annum of interest identified in the Loan Term Schedule.

*“Loan Term Schedule”* shall mean the payment information and terms of the Loan identified and set forth in Exhibit F attached hereto and includes any amendments or supplements thereto.

*“Person”* shall mean any individual, firm, partnership, association, limited liability company, 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 construction of the Project progresses.

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

“*Schedule of Payments*” means the debt service schedule of the Loan as set forth in the Loan Term Schedule.

“*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, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

“*Service Charges*” shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by the Authority, in respect of the System, which Service Charges arise by reason of the existence of, and requirement of, any Assistance Agreement: and for the purposes of this Assistance Agreement said Service Charge 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.

“*Trustee*” shall mean U.S. Bank National Association, and its successors or assigns.

## 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, and any such 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 acquire and 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 that 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, or 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) Pursuant to the Resolution of the governing body, the Governmental Agency has approved and authorized the execution and delivery of this Assistance Agreement. Such Resolution was duly enacted or adopted at a duly called meeting, held in accordance with the law of the governing body of the Governmental Agency at which a quorum was present and acting throughout; is in full force and effect; and has not been superseded, altered, amended or repealed as of the date hereof.

(G) All actions taken by the Governmental Agency in connection with this Assistance Agreement, the Loan, and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS Sections 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 System and the Project, to charge and collect the Service Charges, and to enter into this Assistance Agreement. The Governmental Agency 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 Loan Term Schedule, subject to such adjustments as may be set forth in any amendment or supplement to said Loan Term Schedule. Principal payments shall be made in the amounts and on the Loan Payment Dates 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 Schedule of Payments, commencing on the Amortization Commencement Date.

The outstanding principal balance of the Loan shall bear interest, payable on the Loan Payment Dates, at the Loan Rate identified in the Loan Term Schedule. Beginning on the Amortization Commencement Date, principal and interest on the Loan shall be payable in the amounts and on the Loan Payment Dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such Loan payments, in such amounts as determined in the sole

discretion of the Authority, 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. The Governmental Agency shall pay interest on the unpaid balance of disbursements at the Loan Rate payable on each Loan Payment Date prior to the Amortization Commencement Date.

Interest on the Loan shall be calculated on the actual number of days and an assumed 360-day year.

Payments of principal and interest on the Loan shall be payable in lawful money of the United States of America at the principal office of the Authority or the Trustee, as designated by the Authority. If so requested by the Authority, Loan payments hereunder shall be made by the Governmental Agency pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") as provided by the Authority or the Trustee to the Governmental Agency, which ACH Authorization Form shall be completed, signed and forwarded to the Authority or the Trustee prior to the Governmental Agency receiving any disbursement of the proceeds of the Loan.

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

### Section 3.4. Subordination of Loan.

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

**ARTICLE IV  
CONDITIONS PRECEDENT TO DISBURSEMENT;  
REQUISITION FOR FUNDS**

Section 4.1. Covenants of Governmental Agency and Conditions of Loan.

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

(A) That the Authority and the Cabinet and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to enter upon the Project and its site during construction of the Project and to examine and inspect same, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

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

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

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

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

(F) Unless construction of the Project has already been initiated as of the Effective Date, pursuant to due compliance with Kentucky 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) The construction contract or contracts shall require the contractor to comply with all provisions of federal and Kentucky 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.

(H) 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.

(I) 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 shall 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 party 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.

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

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

(L) 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.

(M) 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.

(N) 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 in the financing of the Project.

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



(P) 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 duly authorized representatives of the Authority, the Cabinet and any Kentucky 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. The Governmental Agency shall submit to the Authority and the Cabinet such documents and information as such may reasonably require in connection with the administration of any federal or state assistance.

(Q) 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.

(R) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project is 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.

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

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

(U) 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.

(V) The Governmental Agency shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2014 (the "2014 Appropriations Act") and related Program policy guidelines) which the Governmental Agency understands includes, among other requirements, that all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel

Requirement”) unless (i) the Governmental Agency has requested and obtained a waiver from the United States Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Governmental Agency in writing that the American Iron and Steel Requirement is not applicable to the Project.

(W) The Governmental Agency shall comply with all record keeping and reporting requirements under the Federal Act, including any reports required by a Federal agency or the Authority such as performance indicators of program deliverables, information on costs and Project progress. The Governmental Agency understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Federal Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance of the maturity and/or other remedial actions.

Notwithstanding anything in this Assistance Agreement to the contrary, if the Governmental Agency fails to comply, at any time, with the provisions of Section 4.1(V) or Section 4.1(W) hereof, the Authority may, at its sole discretion, withhold the disbursements of any proceeds of the Loan to the Governmental Agency or its designee.

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement.

The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) That the Project shall be completed no later than the Amortization Commencement Date.

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted governmental accounting standards, as required by 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.

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

(D) That all real property or property rights 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 CFR 24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

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

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

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

(H) That final disbursement will not be remitted before the Cabinet has approved a final operations and maintenance manual.

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

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

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

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

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

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

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

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

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

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

Section 4.3. Disbursements of Funds; 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 (5<sup>th</sup>) day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

(D) The contractor's estimate of work performed during the preceding month pursuant to construction contracts for the Project and payment due thereunder, 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. If directed by the Authority, the Governmental Agency shall establish, with the Trustee, an electric fund transfer system, which may be an ACH Payment Method.

The Authority may disburse proceeds of the Loan directly to the Governmental Agency. The Governmental Agency, if so directed by the Authority, shall establish itself as a vendor under the eMars system of the Commonwealth of Kentucky.

**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, the 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 the Loan.

Section 5.2. Governmental Agency's Obligation to Repay Loan.

The obligation of the Governmental Agency to repay 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 the Loan to the Authority, the amount of such default shall bear interest at the per annum rate of interest equal to the Default Rate set forth in the Loan Term Schedule, 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 (i) provide for the required coverage of all debt service payments on obligations payable from the revenues of the System as set forth in Section 5.4 hereof, (ii) provide for the operation of the System as required under this Assistance Agreement, and (iii) make the required deposits to the Maintenance and Replacement Reserve; the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and Kentucky, 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 the debt service requirements set forth in the Schedule of Payments and the Authority's Administrative Fee, to provide for the operation of the System as required under this Assistance Agreement, and to make required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges.

The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies) as shall be at least adequate to provide revenues equal to the sum of (i) 110% of the debt service coming due during each fiscal year on this Loan and all other obligations secured and payable from the revenues of the System, in each case computed as of the beginning of such fiscal year (except to the extent the Governmental Agency has by binding ordinance or resolution committed reserves to the payment of such debt service), (ii) the amounts required to provide for the operation of the System during each fiscal year as required under this Assistance Agreement, and (iii) the amounts to be deposited hereunder to the Maintenance and Replacement Reserve in each fiscal year.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System, both existing and new users, and accordingly the Project. The Governmental Agency

shall deliver to the Authority, on or before each Loan Payment Date, a report of all collections and any delinquencies.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve.

The Governmental Agency shall establish a special account identified as a “Maintenance and Replacement Reserve”. The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Funds in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the System or for the unbudgeted costs of replacing worn or obsolete portions of the System, subject to approval of the Authority.

Section 5.6. Reports; Inspection.

The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) 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.

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

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

Section 5.7. Segregation of Funds.

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

**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, and (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to its 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 and the System in accordance with applicable provisions of federal and Kentucky law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant.

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

Section 6.7. Accounts and Reports.

The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Audit Requirements.

Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, including disclosure of the Maintenance and Replacement Reserve, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$750,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with 2 CFR Part 200.

Section 6.9. General Compliance with all Duties.

The Governmental Agency shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of the Act, the Federal Act and this Assistance Agreement and any other Debt Obligations.

Section 6.10. System Not to Be Disposed Of.

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

Section 6.11. 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 it under the Federal Agreement.

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

(C) All residents in the service area of the System must be offered the same opportunity to become users of the System regardless of race, religion, color, national origin, sex, disability 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 SEC 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.

Section 6.13. General.

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

**ARTICLE VII  
MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION**

Section 7.1. Maintain System.

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

Section 7.2. Additions and Improvements.

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

Section 7.3. Compliance with State and Federal Standards.

The Governmental Agency agrees that it will at all times provide operation and maintenance of the System 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 System during the entire term of this Assistance Agreement.

Section 7.4. Access to Records.

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

Section 7.5. Covenant to Insure - Casualty.

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

Section 7.6. Authority as Named Insured.

For so long as any amounts are due and payable under this Assistance Agreement, any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability.

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

Section 7.8. Covenant Regarding Worker's Compensation.

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

Section 7.9. Application of Casualty Insurance Proceeds.

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

Section 7.10. Eminent Domain.

In the event that title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate

condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

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

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

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.10, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

#### Section 7.11. Flood Insurance.

For so long as any amounts are due and payable under this Assistance Agreement, all structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the replacement 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.

### **ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES**

#### Section 8.1. Events of Default Defined.

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

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

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental

Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or Kentucky 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 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 6.12 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 the principal of and interest on the Loan, and all other payments due hereunder, 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 6.12 hereof shall be those remedies specifically set forth in Section 6.12 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 defaults 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 on the Effective Date 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.

*[Signature Page Follows]*



IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the Effective Date.

KENTUCKY INFRASTRUCTURE  
AUTHORITY

By: *B. Keon*  
Chairman

ATTEST:

By: *Margaret F. Link*  
Margaret F. Link (Jun 22, 2021 13:52 EDT)  
Secretary of Kentucky Infrastructure Authority

GOVERNMENTAL AGENCY:  
ESTILL COUNTY WATER DISTRICT NO. 1

By: *Blain Oliver*  
Chairman

ATTEST:

By: *Jack Stehney*  
Secretary of Governmental Agency

APPROVED:

By: *Holly Johnson*  
Holly Johnson (Jun 24, 2021 11:29 EDT)  
Secretary/Finance and Administration  
Cabinet of the Commonwealth of Kentucky

EXAMINED:

By: *Rebecca Hayes*  
Legal Counsel to the  
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND  
LEGALITY:

By: *Patrick McGee*  
Patrick McGee (Jun 27, 2021 14:48 EDT)  
Approved, Finance and  
Administration Cabinet

**EXHIBIT A**  
**ESTILL COUNTY WATER DISTRICT #1**  
**PROJECT SPECIFICS**  
**F20-013**

**GOVERNMENTAL AGENCY:**

Name: Estill County Water District #1  
76 Cedar Grove Road  
Irvine, KY 40336

Contact Person: Blain Click  
Chairman

**SYSTEM:** Water

**PROJECT:**

This project will implement improvements designed to help reduce unaccounted for water in the system. It will install flow metering and backflow prevention devices, develop a hydraulic model, and relocate or replace 6 substandard existing river crossings.

The scope of work also includes purchase and installation of new residential meters throughout the service area. The Estill County Water District currently serves approximately 3,800 residential and commercial customers in Estill County.

**PROJECT BUDGET:**

	<b>Total</b>
Administrative Expenses	\$ 65,000
Legal Expenses	25,000
Land, Easements	10,000
Engineering Fees - Design	106,950
Engineering Fees - Construction	41,550
Engineering Fees - Inspection	106,000
Engineering Fees - Other	20,000
Construction	2,300,000
Contingency	199,950
Other	25,000
<b>Total</b>	<b>\$ 2,899,450</b>

**FUNDING SOURCES:**

	<b>Amount</b>	<b>%</b>
Fund F Loan	\$ 2,399,450	83%
ARC Grant	500,000	17%
<b>Total</b>	<b>\$ 2,899,450</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 2,399,450
Less: Principal Forgiveness	1,000,000
Amortized Loan Amount	\$ 1,399,450
Interest Rate	0.50%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 50,293
Administrative Fee (0.25%)	3,499
<b>Total Estimated Annual Debt Service</b>	<b>\$ 53,791</b>

**AMORTIZATION SCHEDULE OF PAYMENTS:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/21).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/22). All interest and principal repayments shall be made by Automated Clearing House "ACH" transfers.

Principal forgiveness of 50% of the assistance amount, not to exceed \$1,000,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

<b>REPLACEMENT AND MAINTENANCE RESERVE ACCOUNT:</b>	\$	6,000	ANNUAL AMOUNT
	\$	120,000	TOTAL AMOUNT

The annual maintenance replacement cost is 5% (\$120,000) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$6,000) each December 1 over 20 years and maintained for the life of the loan.

<b>ADMINISTRATIVE FEE:</b>	0.25%
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<b>DEFAULT RATE:</b>	8.00%
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**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
Citizens Guaranty Note	\$ 241,440	2029
RD Bonds	4,100,693	2058
<b>Total</b>	<b>\$ 4,342,133</b>	

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	<u>See attached Declarations Page</u>
Death or Personal Injury (per occurrence)	<u>See attached Declarations Page</u>
Property Damage on System	<u>\$4,310,911.00</u>

# Kentucky Association of Counties

## All Lines Fund

400 Englewood Drive

Frankfort, KY 40601

### Declarations Page

**Policy Number** P&C0645

**Policy Period:** 7/1/2020 to 7/1/2021

**Insured Name and Address**

Estill County Water #1  
76 Cedar Grove Rd.  
Irvine, KY 40336

**For customer service please call**

(800)264-5226

**Issued:** 5/28/2020

**Business Description** Water District

In return for the payment of the premium, and subject to all the terms of the policy, we agree to provide the insurance stated in the binder.

Coverage			Deductible
General Liability (Per OCC/AGG)	1,000,000	3,000,000	500
Law Enforcement (Per OCC/AGG)	NCD	NCD	NCD
Errors/Omissions (Per OCC/AGG)	1,000,000	3,000,000	1,000
Employment Practices (Per claim / AGG) <b>Retroactive Date: 07/01/2003</b>	1,000,000	3,000,000	1,000
Cyber Liability (Per claim / AGG) <b>Retroactive Date: 07/01/2015</b>	1,000,000	1,000,000	2,500
Auto Liability (CSL)	1,000,000		0
Auto Comprehensive	ACV		500
Auto Collision	ACV		500
P.I.P. (No Fault)	10,000		0
Under Insured/Un-Insured	60,000		0
Non Owned Auto Coverage	Primary		
Property/Buildings	As Per Statement on File		500
Personal Property	As Per Statement on File		500
Boiler & Machinery	15,000,000		1,000
Inland Marine & EDP	As Per Statement on File		500
Business Income	500,000	500,000	0
Flood	1,000,000	1,000,000	0
Earthquake	NCD	NCD	NCD
Crime (Other than Employee Dishonesty)	150,000		500
Employee Dishonesty (Policy #: CIC1964)	150,000		250
Legal Defense Coverage	50,000		0

Authorized  
Representative



Date 5/28/2020

**EXHIBIT B**

**REQUEST FOR PAYMENT AND PROJECT STATUS REPORT**

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

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

KIA Loan #

Draw Number \_\_\_\_\_

Date: \_\_\_\_\_

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

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

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

**Funds Requested:** \_\_\_\_\_

**Project Budget and Expenses**

<b>Line Item</b>	<b>Cost</b>	<b>Expenses This Request</b>	<b>Expenses to Date</b>	<b>Project Budget</b>	<b>Balance</b>
1	Administrative				
2	Legal				
3	Land, Appraisals, Easements				
4	Relocation Expense				
5	Planning				
6	Engineering Fees – Design				
7	Engineering Fees - Construction				
8	Engineering Fees – Inspection				
9	Construction				
10	Equipment				
11	Contingency				
12	Other				
	<b>TOTAL</b>				

If expenses to date exceed project budget a revised budget must be submitted to and approved by the Authority before funds will be released.

**Project Funding**

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

10  
11  
12

**TOTAL** \_\_\_\_\_

We certify that the expenses in this draw request were incurred pursuant to local procurement policies which conform to KRS 45A.

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

Project Administrator: \_\_\_\_\_

Draw # \_\_\_\_\_

STATUS REPORT:

PROJECT IS:

On schedule \_\_\_\_\_  
Ahead of schedule \_\_\_\_\_  
Behind schedule \_\_\_\_\_  
If ahead or behind, please explain \_\_\_\_\_

**PROJECT EXPENSES THIS DRAW REQUEST**  
(Include Invoices for Expenses Listed Below)

<b>Line Item</b>	<b>Draw #</b>	<b>Vender</b>	<b>Amount</b>
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**CERTIFICATE OF CONSULTING ENGINEERS AS TO  
PAYMENT REQUEST**

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

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Engineer/Architect

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Firm Name

**EXHIBIT C**

**SCHEDULE OF SERVICE CHARGES**

(See Attached)



AREA Estill County, Kentucky

PSC KY NO. 4

Original SHEET NO. 1

Estill County Water District No. 1

CANCELLING PSC KY NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

**RATES AND CHARGES**

**Monthly Rates**

**5/8-Inch x 3/4-Inch Meter**

First 2,000 gallons  
Next 3,000 gallons  
Next 5,000 gallons  
Over 10,000 gallons

\$ 21.58 Minimum Bill  
10.53 Per 1,000 gallons  
10.31 per 1,000 gallons  
8.20 per 1,000 gallons

**1-Inch Meter**

First 5,000 gallons  
Next 5,000 gallons  
Over 10,000 gallons

\$ 53.18 Minimum Bill  
10.31 Per 1,000 gallons  
8.20 Per 1,000 gallons

**2-Inch Meter**

First 16,000 gallons  
Over 16,000 gallons

\$153.95 Minimum Bill  
8.20 Per 1,000 gallons

**Bulk Loading Station**

\$ 7.29 Per 1,000 gallons

A \$4.81 per month surcharge is added to the minimum bill for all Cobhill customers.

**Powell's Valley Water District**

\$ 4.13 per 1,000 gallons (I)

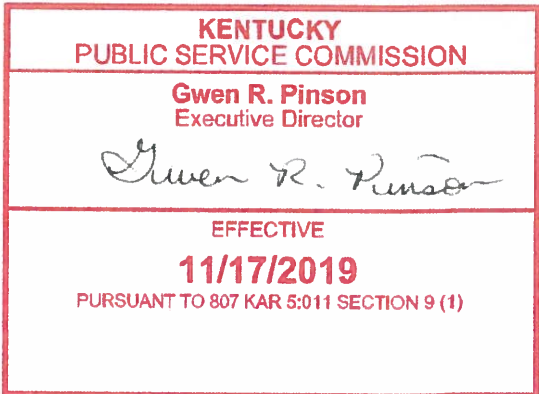
DATE OF ISSUE October 17, 2019  
MONTH / DATE / YEAR

DATE EFFECTIVE August 20, 2018  
MONTH / DATE / YEAR

ISSUED BY /s/D. Blain Click  
SIGNATURE OF OFFICER

TITLE Chairman

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



AREA Estill County, Kentucky

PSC KY NO. 4

Original SHEET NO. 1.1

Estill County Water District No. 1

CANCELLING PSC KY NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

**RATES AND CHARGES**

**Water Loss Control Program Surcharge**

Water Loss Control Program Surcharge

\$3.54 Monthly Per Bill\*

Estill County Water District may assess the Water Loss Control Program Surcharge subject to the following conditions:

1. Estill District will maintain all surcharge proceeds in a separate, interest-bearing account.
2. Estill District must obtain Commission approval for the use of surcharge proceeds for a specific water loss control activity prior to the expenditure of any surcharge proceeds for such activity.
3. Beginning for the month of September 2019 and then each month thereafter, Estill District must file with the Commission an activity report, which includes a statement of monthly surcharge billings and collections; a monthly surcharge bank statement; a list of each payment from the account, its payee and a description of its purpose; and invoices supporting each payment, no later than the 15<sup>th</sup> day of the following month.
4. Beginning for the month of September 2019 and then each month thereafter, Estill District must file with the Commission a water loss report for the month no later than the 15<sup>th</sup> day of the following month.

Failure to comply with these conditions will result in termination of the Water Loss Control Program Surcharge and refund of all unexpended surcharge proceeds.

\*Collection of this surcharge is subject to refund pending the issuance of a final order in Case No. 2019-00119.

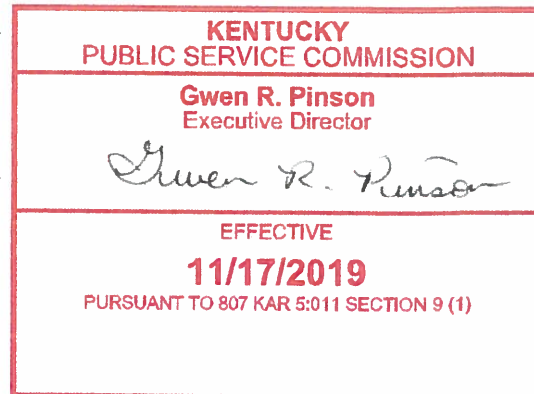
DATE OF ISSUE October 17, 2019  
MONTH / DATE / YEAR

DATE EFFECTIVE August 22, 2019  
MONTH / DATE / YEAR

ISSUED BY /s/D. Blain Click  
SIGNATURE OF OFFICER

TITLE Chairman

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



AREA Estill County, Kentucky

PSC KY NO. 4

Original SHEET NO. 2

Estill County Water District No. 1

CANCELLING PSC KY NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

**RATES AND CHARGES**

**Non-Recurring Charges**

Late Payment Charge	10%
Disconnection/Reconnection Charge	\$50.00
Returned Payment Charge	\$25.00
Service Call/Investigation	\$50.00
Meter Test Request	\$80.00
Damage to Meter Setting or Lid	Actual Cost
Meter Relocate	Actual Cost
Meter Connection/Tap-On Charge (5/8-Inch x 3/4-Inch Meter)	\$1,277.00*
Meter Connection/Tap-On Charge (All Larger Meters)	Actual Cost*

\*An additional charge shall be made for meter connections if rock is encountered. The charge shall be applied per linear trench foot and shall not exceed the actual cost of excavation.

DATE OF ISSUE October 17, 2019  
MONTH / DATE / YEAR

DATE EFFECTIVE August 22, 2019  
MONTH / DATE / YEAR

ISSUED BY /s/D. Blain Click  
SIGNATURE OF OFFICER

TITLE Chairman

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

**KENTUCKY  
PUBLIC SERVICE COMMISSION**

**Gwen R. Pinson**  
Executive Director

*Gwen R. Pinson*

**EFFECTIVE  
11/17/2019**  
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

**EXHIBIT D**

**RESOLUTION**

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE ESTILL COUNTY WATER DISTRICT NO. 1 AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$2,399,450 OF LOAN FUNDS FOR PROJECT NUMBER F20-013.

WHEREAS, the Board of Commissioners (“Governing Authority”) of the Estill County Water District No. 1 (“Governmental Agency”) has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the “Project”) to the Governmental Agency’s water system (the “System”);

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

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement (the “Assistance Agreement”) with the Authority.

NOW, THEREFORE, IT IS RESOLVED by the Board of Commissioners of the Estill County Water District No. 1, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number F20-013 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on May 27, 2021.

GOVERNMENTAL AGENCY:  
ESTILL COUNTY WATER DISTRICT NO.  
1

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

ATTEST:

By: \_\_\_\_\_  
Secretary of Governmental Agency

**CERTIFICATE**

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Estill County Water District No. 1; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Estill County Water District No. 1 at a meeting duly held on May 27, 2021; 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 May 27, 2021.

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Secretary of Governmental Agency

**EXHIBIT E**

**OPINION OF COUNSEL**

[Letterhead of Counsel to Governmental Agency]

May 27, 2021

Kentucky Infrastructure Authority  
100 Airport Road, Third Floor  
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the Estill County Water District No. 1, regarding Project Number: F20-013.

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 Estill County Water District No. 1 (“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 legislation of the governing authority authorizing the execution and delivery of said Assistance Agreement and the plans, designs and specifications prepared by the engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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**

**LOAN TERM SCHEDULE**

Principal Amount of Loan:	\$2,399,450
Loan Interest Rate:	0.50%
Default Interest Rate:	8.00%
Authority's Administrative Fee:	0.20%
Loan Payment Dates:	Each June 1 and December 1
Amortization Commencement Date:	June 1, 2022
Schedule of Payments:	see attached

The Loan has been awarded principal forgiveness in the amount of 50% of the Principal Amount of the Loan, not to exceed \$1,000,000, which will be credited to the Loan balance upon release of liens on all contracts and disbursement of the final draw request by the Authority to the Governmental Agency.

It is understood and agreed by the parties to this Assistance Agreement that this Term Loan Schedule (Exhibit F) is an integral part of the Assistance Agreement between the Governmental Agency and the Authority. This Term Loan Schedule may be amended, supplemented or modified by the mutual agreement of the Governmental Agency and the Authority provided that such amendment, supplement or modification shall be in writing and executed by the respective duly authorized officers of the Governmental Agency and the Authority. Upon the execution and delivery of any amended, supplemented or modified Term Loan Schedule, the Assistance Agreement and the Term Loan Schedule shall be, and be deemed to be, amended, supplemented and modified in accordance therewith, and the respective rights, duties and obligations under the Assistance Agreement of the Governmental Agency and the Authority shall thereafter be determined, exercised and enforced under the Assistance Agreement subject in all respects to such amendments, supplements and modifications.



KENTUCKY INFRASTRUCTURE AUTHORITY  
 ANTICIPATED REPAYMENT SCHEDULE  
 LOAN #F20-013  
 ESTILL COUNTY WATER DISTRICT #1

Original Loan Amount \$ 2,399,450.00  
 Principal Forgiveness \$ (1,000,000.00)  
 Repayment Amount \$ 1,399,450.00

0.50% Interest  
 \$25,146.28 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
06/01/22	\$21,647.65	\$3,498.63	0.50%	\$25,146.28	\$1,749.31	\$0.00	\$26,895.59	\$1,399,450.00	\$0.00	\$0.00
12/01/22	\$21,701.77	\$3,444.51	0.50%	\$25,146.28	\$1,722.25	\$0.00	\$26,868.53	\$1,377,802.35	\$6,000.00	\$6,000.00
06/01/23	\$21,756.03	\$3,390.25	0.50%	\$25,146.28	\$1,695.13	\$0.00	\$26,841.41	\$1,356,100.58	\$0.00	\$6,000.00
12/01/23	\$21,810.42	\$3,335.86	0.50%	\$25,146.28	\$1,667.93	\$0.00	\$26,814.21	\$1,334,344.55	\$6,000.00	\$12,000.00
06/01/24	\$21,864.94	\$3,281.34	0.50%	\$25,146.28	\$1,640.67	\$0.00	\$26,786.95	\$1,312,534.13	\$0.00	\$12,000.00
12/01/24	\$21,919.61	\$3,226.67	0.50%	\$25,146.28	\$1,613.34	\$0.00	\$26,759.62	\$1,290,669.19	\$6,000.00	\$18,000.00
06/01/25	\$21,974.41	\$3,171.87	0.50%	\$25,146.28	\$1,585.94	\$0.00	\$26,732.22	\$1,246,775.17	\$0.00	\$18,000.00
12/01/25	\$22,029.34	\$3,116.94	0.50%	\$25,146.28	\$1,558.47	\$0.00	\$26,704.75	\$1,224,745.83	\$6,000.00	\$24,000.00
06/01/26	\$22,084.42	\$3,061.86	0.50%	\$25,146.28	\$1,530.93	\$0.00	\$26,677.21	\$1,202,661.41	\$0.00	\$24,000.00
12/01/26	\$22,139.63	\$3,006.65	0.50%	\$25,146.28	\$1,503.33	\$0.00	\$26,649.61	\$1,180,521.78	\$6,000.00	\$30,000.00
06/01/27	\$22,194.98	\$2,951.30	0.50%	\$25,146.28	\$1,475.65	\$0.00	\$26,621.93	\$1,158,326.80	\$0.00	\$30,000.00
12/01/27	\$22,250.46	\$2,895.82	0.50%	\$25,146.28	\$1,447.91	\$0.00	\$26,594.19	\$1,136,076.34	\$6,000.00	\$36,000.00
06/01/28	\$22,306.09	\$2,840.19	0.50%	\$25,146.28	\$1,420.10	\$0.00	\$26,566.38	\$1,113,770.25	\$0.00	\$36,000.00
12/01/28	\$22,361.85	\$2,784.43	0.50%	\$25,146.28	\$1,392.21	\$0.00	\$26,538.49	\$1,091,408.40	\$6,000.00	\$42,000.00
06/01/29	\$22,417.76	\$2,728.52	0.50%	\$25,146.28	\$1,364.26	\$0.00	\$26,510.54	\$1,068,990.64	\$0.00	\$42,000.00
12/01/29	\$22,473.80	\$2,672.48	0.50%	\$25,146.28	\$1,336.24	\$0.00	\$26,482.52	\$1,046,516.84	\$6,000.00	\$48,000.00
06/01/30	\$22,529.99	\$2,616.29	0.50%	\$25,146.28	\$1,308.15	\$0.00	\$26,454.43	\$1,023,986.85	\$0.00	\$48,000.00
12/01/30	\$22,586.31	\$2,559.97	0.50%	\$25,146.28	\$1,279.98	\$0.00	\$26,426.26	\$1,001,400.54	\$6,000.00	\$54,000.00
06/01/31	\$22,642.78	\$2,503.50	0.50%	\$25,146.28	\$1,251.75	\$0.00	\$26,398.03	\$978,757.76	\$0.00	\$54,000.00
12/01/31	\$22,699.39	\$2,446.89	0.50%	\$25,146.28	\$1,223.45	\$0.00	\$26,369.73	\$956,058.37	\$6,000.00	\$60,000.00
06/01/32	\$22,756.13	\$2,390.15	0.50%	\$25,146.28	\$1,195.07	\$0.00	\$26,341.35	\$933,302.24	\$0.00	\$60,000.00
12/01/32	\$22,813.02	\$2,333.26	0.50%	\$25,146.28	\$1,166.63	\$0.00	\$26,312.91	\$910,489.22	\$6,000.00	\$66,000.00
06/01/33	\$22,870.06	\$2,276.22	0.50%	\$25,146.28	\$1,138.11	\$0.00	\$26,284.39	\$887,619.16	\$0.00	\$66,000.00
12/01/33	\$22,927.23	\$2,219.05	0.50%	\$25,146.28	\$1,109.52	\$0.00	\$26,255.80	\$864,691.93	\$6,000.00	\$72,000.00
06/01/34	\$22,984.55	\$2,161.73	0.50%	\$25,146.28	\$1,080.86	\$0.00	\$26,227.14	\$841,707.38	\$0.00	\$72,000.00
12/01/34	\$23,042.01	\$2,104.27	0.50%	\$25,146.28	\$1,052.13	\$0.00	\$26,198.41	\$818,665.37	\$6,000.00	\$78,000.00
06/01/35	\$23,099.62	\$2,046.66	0.50%	\$25,146.28	\$1,023.33	\$0.00	\$26,169.61	\$795,565.75	\$0.00	\$78,000.00
12/01/35	\$23,157.37	\$1,988.91	0.50%	\$25,146.28	\$994.46	\$0.00	\$26,140.74	\$772,408.38	\$6,000.00	\$84,000.00
06/01/36	\$23,215.26	\$1,931.02	0.50%	\$25,146.28	\$965.51	\$0.00	\$26,111.79	\$749,193.12	\$0.00	\$84,000.00
12/01/36	\$23,273.30	\$1,872.98	0.50%	\$25,146.28	\$936.49	\$0.00	\$26,082.77	\$725,919.82	\$6,000.00	\$90,000.00
06/01/37	\$23,331.48	\$1,814.80	0.50%	\$25,146.28	\$907.40	\$0.00	\$26,053.68	\$702,588.34	\$0.00	\$90,000.00
12/01/37	\$23,389.81	\$1,756.47	0.50%	\$25,146.28	\$878.24	\$0.00	\$26,024.52	\$679,198.53	\$6,000.00	\$96,000.00
06/01/38	\$23,448.28	\$1,698.00	0.50%	\$25,146.28	\$849.00	\$0.00	\$25,995.28	\$655,750.25	\$0.00	\$96,000.00
12/01/38	\$23,506.90	\$1,639.38	0.50%	\$25,146.28	\$819.69	\$0.00	\$25,965.97	\$632,243.35	\$6,000.00	\$102,000.00
06/01/39	\$23,565.67	\$1,580.61	0.50%	\$25,146.28	\$790.30	\$0.00	\$25,936.58	\$608,677.68	\$0.00	\$102,000.00
12/01/39	\$23,624.59	\$1,521.69	0.50%	\$25,146.28	\$760.85	\$0.00	\$25,907.13	\$585,053.09	\$6,000.00	\$108,000.00
06/01/40	\$23,683.65	\$1,462.63	0.50%	\$25,146.28	\$731.32	\$0.00	\$25,877.60	\$561,369.44	\$0.00	\$108,000.00
12/01/40	\$23,742.86	\$1,403.42	0.50%	\$25,146.28	\$701.71	\$0.00	\$25,847.99	\$537,626.58	\$6,000.00	\$114,000.00
06/01/41	\$23,802.21	\$1,344.07	0.50%	\$25,146.28	\$672.03	\$0.00	\$25,818.31	\$513,824.37	\$0.00	\$114,000.00
12/01/41	\$23,861.72	\$1,284.56	0.50%	\$25,146.28	\$642.28	\$0.00	\$25,788.56	\$489,962.65	\$6,000.00	\$120,000.00
06/01/42	\$23,921.37	\$1,224.91	0.50%	\$25,146.28	\$612.45	\$0.00	\$25,758.73	\$466,041.28	\$0.00	\$120,000.00
12/01/42	\$23,981.18	\$1,165.10	0.50%	\$25,146.28	\$582.55	\$0.00	\$25,728.83	\$442,060.10	\$6,000.00	\$120,000.00
06/01/43	\$24,041.13	\$1,105.15	0.50%	\$25,146.28	\$552.58	\$0.00	\$25,698.86	\$418,018.97	\$0.00	\$120,000.00

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
12/01/43	\$24,101.23	\$1,045.05	0.50%	\$25,146.28	\$522.52	\$0.00	\$25,668.80	\$393,917.74	\$0.00	\$120,000.00
06/01/44	\$24,161.49	\$984.79	0.50%	\$25,146.28	\$492.40	\$0.00	\$25,638.68	\$399,756.25	\$0.00	\$120,000.00
12/01/44	\$24,221.89	\$924.39	0.50%	\$25,146.28	\$462.20	\$0.00	\$25,608.48	\$345,534.36	\$0.00	\$120,000.00
06/01/45	\$24,282.44	\$863.84	0.50%	\$25,146.28	\$431.92	\$0.00	\$25,578.20	\$321,251.92	\$0.00	\$120,000.00
12/01/45	\$24,343.15	\$803.13	0.50%	\$25,146.28	\$401.56	\$0.00	\$25,547.84	\$296,908.77	\$0.00	\$120,000.00
06/01/46	\$24,404.01	\$742.27	0.50%	\$25,146.28	\$371.14	\$0.00	\$25,517.42	\$272,504.76	\$0.00	\$120,000.00
12/01/46	\$24,465.02	\$681.26	0.50%	\$25,146.28	\$340.63	\$0.00	\$25,486.91	\$248,039.74	\$0.00	\$120,000.00
06/01/47	\$24,526.18	\$620.10	0.50%	\$25,146.28	\$310.05	\$0.00	\$25,456.33	\$223,513.56	\$0.00	\$120,000.00
12/01/47	\$24,587.50	\$558.78	0.50%	\$25,146.28	\$279.39	\$0.00	\$25,425.67	\$198,926.06	\$0.00	\$120,000.00
06/01/48	\$24,648.96	\$497.32	0.50%	\$25,146.28	\$248.66	\$0.00	\$25,394.94	\$174,277.10	\$0.00	\$120,000.00
12/01/48	\$24,710.59	\$435.69	0.50%	\$25,146.28	\$217.85	\$0.00	\$25,364.13	\$149,566.51	\$0.00	\$120,000.00
06/01/49	\$24,772.36	\$373.92	0.50%	\$25,146.28	\$186.96	\$0.00	\$25,333.24	\$124,794.15	\$0.00	\$120,000.00
12/01/49	\$24,834.29	\$311.99	0.50%	\$25,146.28	\$155.99	\$0.00	\$25,302.27	\$99,959.86	\$0.00	\$120,000.00
06/01/50	\$24,896.38	\$249.90	0.50%	\$25,146.28	\$124.95	\$0.00	\$25,271.23	\$75,063.48	\$0.00	\$120,000.00
12/01/50	\$24,958.62	\$187.66	0.50%	\$25,146.28	\$93.83	\$0.00	\$25,240.11	\$50,104.86	\$0.00	\$120,000.00
06/01/51	\$25,021.02	\$125.26	0.50%	\$25,146.28	\$62.63	\$0.00	\$25,208.91	\$25,083.84	\$0.00	\$120,000.00
12/01/51	\$25,083.84	\$62.44	0.50%	\$25,146.28	\$31.35	\$0.00	\$25,177.63	\$0.00	\$0.00	\$120,000.00
<b>Totals</b>	<b>\$1,399,450.00</b>	<b>\$109,326.80</b>		<b>\$1,508,776.80</b>	<b>\$54,663.54</b>	<b>\$0.00</b>	<b>\$1,563,440.34</b>		<b>\$120,000.00</b>	

Created by KIA on 04/21/2021

## EXHIBIT G

### ADDITIONAL COVENANTS AND AGREEMENTS

- (A) Unless otherwise agreed to by the Authority, all Loan proceeds shall be expended by the Governmental Agency no later than six months after the initiation of operation of the Project.
  
- (B) The Governmental Agency expects the Project to be approved by the Public Service Commission (“PSC”) in two separate orders. The PSC order entered April 8, 2021 approved the first phase of the Project, which is described as follows in Exhibit A hereof:

This project will implement improvements designed to help reduce unaccounted for water in the system. It will install flow metering and backflow prevention devices, develop a hydraulic model, and relocate or replace 6 substandard existing river crossings.

The Authority reserves the right to deny any requisition of funds for costs associated with the second phase of the Project until the Governmental Agency has obtained an order from the PSC approving the second phase. The second phase of the Project is described as follows in Exhibit A hereof:

The scope of work also includes purchase and installation of new residential meters throughout the service area. The Estill County Water District currently serves approximately 3,800 residential and commercial customers in Estill County.

# Estill CWD1 Assistance Agr\_F20-013 (e-signed)


Final Audit Report


2021-06-24

Created:	2021-06-09
By:	Christian Juckett (cljuckett@rubinhays.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAMkn6NM_aEatFloPZKX2iuDveuPCzpHc

## "Estill CWD1 Assistance Agr\_F20-013 (e-signed)" History

-  Document created by Christian Juckett (cljuckett@rubinhays.com)  
2021-06-09 - 8:13:21 PM GMT- IP address: 98.103.10.138
-  Document emailed to Denis Keene (dennis.keene@ky.gov) for signature  
2021-06-09 - 8:15:36 PM GMT
-  Email viewed by Denis Keene (dennis.keene@ky.gov)  
2021-06-15 - 6:56:26 PM GMT- IP address: 205.204.186.1
-  Email viewed by Denis Keene (dennis.keene@ky.gov)  
2021-06-21 - 2:57:30 PM GMT- IP address: 205.204.186.1
-  Document e-signed by Denis Keene (dennis.keene@ky.gov)  
Signature Date: 2021-06-22 - 5:51:20 PM GMT - Time Source: server- IP address: 205.204.186.1
-  Document emailed to Margaret F. Link (meg.link@ky.gov) for signature  
2021-06-22 - 5:51:25 PM GMT
-  Email viewed by Margaret F. Link (meg.link@ky.gov)  
2021-06-22 - 5:52:11 PM GMT- IP address: 205.204.186.1
-  Document e-signed by Margaret F. Link (meg.link@ky.gov)  
Signature Date: 2021-06-22 - 5:52:43 PM GMT - Time Source: server- IP address: 205.204.186.1
-  Document emailed to Patrick McGee (patrick.mcgee@ky.gov) for signature  
2021-06-22 - 5:52:46 PM GMT
-  Email viewed by Patrick McGee (patrick.mcgee@ky.gov)  
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-  Document e-signed by Patrick McGee (patrick.mcgee@ky.gov)  
Signature Date: 2021-06-22 - 6:48:17 PM GMT - Time Source: server- IP address: 205.204.186.53

 Document emailed to Holly Johnson (hollymccoy.johnson@ky.gov) for signature  
2021-06-22 - 6:48:21 PM GMT

 Email viewed by Holly Johnson (hollymccoy.johnson@ky.gov)  
2021-06-23 - 1:37:38 PM GMT- IP address: 205.204.186.53

 Document e-signed by Holly Johnson (hollymccoy.johnson@ky.gov)  
Signature Date: 2021-06-24 - 3:29:31 PM GMT - Time Source: server- IP address: 205.204.186.53

 Agreement completed.  
2021-06-24 - 3:29:31 PM GMT

**GENERAL CLOSING CERTIFICATE OF  
ESTILL COUNTY WATER DISTRICT NO. 1**

**Re:** Assistance Agreement between the Kentucky Infrastructure Authority (“KIA”) and Estill County Water District No. 1 (the “Governmental Agency”) regarding Project Number: F20-013.

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 that 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 or will obtain all licenses, permits and other governmental approvals required to own, occupy, operate and maintain the Project and the Governmental Agency's water system 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 hands this May 27, 2021.

GOVERNMENTAL AGENCY:  
ESTILL COUNTY WATER DISTRICT NO. 1

By:   
Chairman

ATTEST:

By:   
Secretary of Governmental Agency



**GERALD WUETCHER**  
DIRECT DIAL: (859) 231-3017  
DIRECT FAX: (859) 259-3517  
gerald.wuetcher@skofirm.com

300 WEST VINE STREET  
SUITE 2100  
LEXINGTON, KY 40507-1801  
MAIN: (859) 231-3000  
FAX: (859) 253-1093

May 27, 2021

Kentucky Infrastructure Authority  
100 Airport Road, Third Floor  
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the Estill County Water District No. 1, regarding Project Number: F20-013.

Ladies and Gentlemen:

Stoll Keenon Ogden PLLC, by and through the undersigned, who is Counsel to the Firm and is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky, is legal counsel to the Estill County Water District No. 1 (the "Governmental Agency"). We are familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, we are familiar with the infrastructure 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.

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

Based upon our review, we are of the opinion that:

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

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



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

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

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

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained 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 our 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.

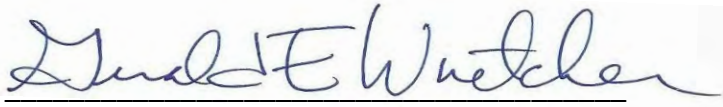
7) None of the proceedings or authority heretofore taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement have been repealed, rescinded, or revoked.

8) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were 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.

Kentucky Infrastructure Authority  
May 27, 2021  
Page 3

Sincerely,

STOLL KEENON OGDEN PLLC

By: 

Gerald E. Wuetcher

GEW

## DISTRIBUTION LIST

**Re: Assistance Agreement between Kentucky Infrastructure Authority and the Estill County Water District No. 1, regarding Project Number F20-013**

### Governmental Agency

Estill County Water District No. 1  
76 Cedar Grove Road  
Irvine, Kentucky 40336  
Phone: 606-723-3795

Andrea Miller, General Manager  
Email: [a.miller@estillcountywater.com](mailto:a.miller@estillcountywater.com)

### Governmental Agency Counsel

Stoll Keenon Ogden  
300 W. Vine Street, Ste. 2100  
Lexington, KY 40507-1801

Mr. Gerald E. Wuetcher  
Phone: (859) 231-3017  
Email: [Gerald.wuetcher@skofirm.com](mailto:Gerald.wuetcher@skofirm.com)

### Authority

Kentucky Infrastructure Authority  
100 Airport Road, 3<sup>rd</sup> Floor  
Frankfort, Kentucky 40601

Meg Link  
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Debbie Landrum  
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Email: [Debbie.landrum@ky.gov](mailto:Debbie.landrum@ky.gov)

### Bluegrass Area Development District

699 Perimeter Drive  
Lexington, Kentucky 40517  
Phone: (859) 269-8021

Karyn Leverenz  
Infrastructure Development Coordinator  
Email: [kleverenz@bgadd.org](mailto:kleverenz@bgadd.org)

### Energy and Environment Cabinet

Infrastructure Funding Section  
Kentucky Division of Water  
300 Sower Boulevard, 3<sup>rd</sup> Floor  
Frankfort, Kentucky 40601

Joel Murphy  
Phone: (502) 782-7024  
Email: [Joel.Murphy@ky.gov](mailto:Joel.Murphy@ky.gov)

### Trustee

U.S. Bank National Association\  
Corporate Trust Services  
Locator CN-KY-0850  
One Financial Square  
Louisville, Kentucky 40202

Charles Lush Jr.  
Phone: (502) 562-6436  
Email: [charles.lush@usbank.com](mailto:charles.lush@usbank.com)

### KIA Counsel

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### Engineers

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2480 Fortune Drive, Suite 350  
Lexington, Kentucky 40509

Alan Bowman  
Phone: (859) 278-5412  
Email: [abowman@hkbell.com](mailto:abowman@hkbell.com)

## Annual Amortization Factor & Amortization Schedule

Enter Name of the Borrower Here

\$	4,066,692.53	<b>Loan Amount</b>
	2.375%	<b>Interest Rate (entered as a percentage i.e. 3.625%)</b>
	40	<b>Term</b>
	0	<b># of Years of Principal Deferral (Select from drop-down)</b>
	40	<b>Amortization Period</b>
	1	<b>Payments per Year</b>
	39.01	<b>Amortization Factor</b>
\$	158,642.00	<b>Payment</b>
	12/31/2018	<b>Date of Loan Closing</b>

	Payment	Interest	Principal
12/31/2019	\$ 96,583.95	\$ 62,058.05	
12/31/2020	\$ 95,370.64	\$ 63,271.36	
12/31/2021	\$ 93,607.37	\$ 65,034.63	
12/31/2022	\$ 92,062.80	\$ 66,579.20	
12/31/2023	\$ 90,481.55	\$ 68,160.45	
12/31/2024	\$ 89,106.19	\$ 69,535.81	
12/31/2025	\$ 87,211.26	\$ 71,430.74	
12/31/2026	\$ 85,514.78	\$ 73,127.22	
12/31/2027	\$ 83,778.01	\$ 74,863.99	
12/31/2028	\$ 82,224.65	\$ 76,417.35	
12/31/2029	\$ 80,185.08	\$ 78,456.92	
12/31/2030	\$ 78,321.72	\$ 80,320.28	
12/31/2031	\$ 76,414.12	\$ 82,227.88	
12/31/2032	\$ 74,665.21	\$ 83,976.79	
12/31/2033	\$ 72,466.76	\$ 86,175.24	
12/31/2034	\$ 70,420.09	\$ 88,221.91	
12/31/2035	\$ 68,324.82	\$ 90,317.18	
12/31/2036	\$ 66,361.11	\$ 92,280.89	
12/31/2037	\$ 63,988.12	\$ 94,653.88	
12/31/2038	\$ 61,740.09	\$ 96,901.91	
12/31/2039	\$ 59,438.67	\$ 99,203.33	
12/31/2040	\$ 57,238.98	\$ 101,403.02	
12/31/2041	\$ 54,674.27	\$ 103,967.73	
12/31/2042	\$ 52,205.04	\$ 106,436.96	
12/31/2043	\$ 49,677.16	\$ 108,964.84	
12/31/2044	\$ 47,218.25	\$ 111,423.75	
12/31/2045	\$ 44,442.93	\$ 114,199.07	
12/31/2046	\$ 41,730.70	\$ 116,911.30	
12/31/2047	\$ 38,954.06	\$ 119,687.94	
12/31/2048	\$ 36,210.40	\$ 122,431.60	
12/31/2049	\$ 33,203.72	\$ 125,438.28	
12/31/2050	\$ 30,224.56	\$ 128,417.44	
12/31/2051	\$ 27,174.65	\$ 131,467.35	

12/31/2052	\$	24,118.19	\$	134,523.81
12/31/2053	\$	20,857.36	\$	137,784.64
12/31/2054	\$	17,584.97	\$	141,057.03
12/31/2055	\$	14,234.87	\$	144,407.13
12/31/2056	\$	10,834.80	\$	147,807.20
12/31/2057	\$	7,294.77	\$	151,347.23
12/31/2058	\$	3,700.28	\$	154,941.72
12/31/2059	\$	20.41	\$	158,621.59
12/31/2060	\$	-	\$	-
12/31/2061	\$	-	\$	-
12/31/2062	\$	-	\$	-
12/31/2063	\$	-	\$	-
12/31/2064	\$	-	\$	-
12/31/2065	\$	-	\$	-
12/31/2066	\$	-	\$	-
12/31/2067	\$	-	\$	-
12/31/2068	\$	-	\$	-
12/31/2069	\$	-	\$	-
12/31/2070	\$	-	\$	-
12/31/2071	\$	-	\$	-
12/31/2072	\$	-	\$	-
12/31/2073	\$	-	\$	-
12/31/2074	\$	-	\$	-
12/31/2075	\$	-	\$	-
12/31/2076	\$	-	\$	-
12/31/2077	\$	-	\$	-
12/31/2078	\$	-	\$	-
12/31/2079	\$	-	\$	-
12/31/2080	\$	-	\$	-
12/31/2081	\$	-	\$	-
12/31/2082	\$	-	\$	-
12/31/2083	\$	-	\$	-
12/31/2084	\$	-	\$	-
12/31/2085	\$	-	\$	-
12/31/2086	\$	-	\$	-
12/31/2087	\$	-	\$	-
12/31/2088	\$	-	\$	-
12/31/2089	\$	-	\$	-
12/31/2090	\$	-	\$	-
12/31/2091	\$	-	\$	-
12/31/2092	\$	-	\$	-
12/31/2093	\$	-	\$	-
12/31/2094	\$	-	\$	-
12/31/2095	\$	-	\$	-
12/31/2096	\$	-	\$	-
12/31/2097	\$	-	\$	-
12/31/2098	\$	-	\$	-

# RD Loan - Refinance,

loan #	Principal	Interest	12/31/2018 total payoff
7	\$303,000.00	\$21,406.89	\$324,406.89
9	\$59,600.00	\$4,208.84	\$63,808.84
10	\$352,000.00	\$22,371.41	\$374,371.41
13	\$744,000.00	\$47,465.16	\$791,465.16
16	\$815,000.00	\$47,480.86	\$862,480.86
19	\$1,615,000.00	\$35,159.37	\$1,650,159.37
	Grand Total		\$4,066,692.53

# **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 Estill 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."

John Stickney  
(Print Name)

John Stickney  
(Signed)

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 Estill

Subscribed and sworn to before me by John Stickney  
(Name)

this 30 day of November, 20 23.

  
NOTARY PUBLIC KYNP 53891  
State-at-Large 53871

**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 Estill 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."

Robert Johnson  
(Print Name)

Robert Johnson  
(Signed)

Treasurer  
(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 Estill

Subscribed and sworn to before me by Robert Johnson  
(Name)

this 30 day of November, 20 23.

  
NOTARY PUBLIC  
State-at-Large KYNP 53871

**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 Estill 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."

Blain Click  
(Print Name)

Blain Click  
(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 Estill

Subscribed and sworn to before me by Blain Click  
(Name)

this 30 day of November, 20 23.

  
NOTARY PUBLIC KYNP53871  
State-at-Large 53871

**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 Estill 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."

Andrea B Miller  
(Print Name)

Andrea B Miller  
(Signed)

General 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 Estill

Subscribed and sworn to before me by Andrea Miller  
(Name)

this 30 day of November, 20 23.

  
NOTARY PUBLIC  
State-at-Large KNP53879

*Andrea Miller*

*Andrea Miller*

*Andrea Miller*

# **Attachment #11**



**RESOLUTION NO. 2023-2**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF  
ESTILL COUNTY WATER DISTRICT NO. 1 AUTHORIZING AN  
APPLICATION TO THE KENTUCKY PUBLIC SERVICE  
COMMISSION FOR AUTHORITY TO ADJUST RATES FOR  
RETAIL WATER SERVICE**

**WHEREAS**, Estill County Water District No. 1 is a water district created pursuant to the provisions of KRS Chapter 74;

**WHEREAS**, pursuant to KRS 278.015, the Kentucky General Assembly has declared water districts to be public utilities and subject to the jurisdiction of the Kentucky Public Service Commission in the same manner and to the same extent as any other utility as defined in KRS 278.010;

**WHEREAS**, on June 3, 2022, in Case No. 2021-00064, the Kentucky Public Service Commission ordered Estill County Water District No. 1 to file an application for rate adjustment within one year;

**WHEREAS**, on July 12, 2023, the Kentucky Public Service Commission extended until December 1, 2023, the period in which Estill County Water District No. 1 was required to file an application for rate adjustment;

**WHEREAS**, Estill County Water District No. 1 has prepared a rate review using the ratemaking methodology that the Kentucky Public Service Commission has historically employed for water districts to establish the appropriate level of revenue from its rates for water service and that review indicates that Estill County Water District No. 1's present rates for water service are producing less than the level of revenue required to meet Estill County Water District No. 1's operating expenses, service its debt obligations and provide for adequate working capital and that an increase in Estill County Water District No. 1's current rates for water service is necessary to obtain the appropriate level of revenue to ensure adequate and reliable service;

**WHEREAS**, Estill County Water District No. 1 proposes to adjust its rates for water service to produce \$2,245,736 to ensure adequate and reliable service to persons within its territory and to reflect the actual cost of providing water service;

**WHEREAS**, the rates attached to this Resolution as Exhibit A are the rates that, based upon Estill County Water District No. 1's adjusted operations for the year ending December 31, 2022, will produce \$2,245,736; and,

**WHEREAS**, KRS 278.180 and 807 KAR 5:076 require Estill County Water District No. 1 to serve notice of its proposed rate adjustment on and to make application for rate adjustment to the Kentucky Public Service Commission;

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF ESTILL COUNTY WATER DISTRICT NO. 1 AS FOLLOWS:**

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

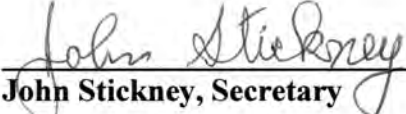
**Section 2.** The Chairman is authorized and directed to take all actions reasonably necessary to apply to the Kentucky Public Service Commission, pursuant to 807 KAR 5:076, for authority to adjust Estill County Water District No. 1's rates for water service to those set forth in Exhibit A to this Resolution.

**Section 3.** The Chairman, or his designated agent, is hereby authorized and directed to execute an application to the Kentucky Public Service Commission necessary to obtain an adjustment of rates for retail water service.

**ADOPTED BY THE BOARD OF COMMISSIONERS OF ESTILL COUNTY WATER DISTRICT NO. 1 at a meeting held on November 30, 2023, signed by the Chairman, and attested by the Secretary.**

  
Daniel Blain Click, Chairman

**ATTEST:**

  
John Stickney, Secretary

**EXHIBIT A**

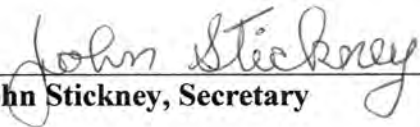
**EXHIBIT TO A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF ESTILL COUNTY WATER DISTRICT NO. 1 DATED NOVEMBER 30, 2023**

<b>5/8-Inch x 3/4-Inch Meter</b>	
First 2,000 Gallons	\$25.64 Minimum Bill
Next 3,000 Gallons	.01251 Per Gallon
Next 5,000 Gallons	.01225 Per Gallon
Over 10,000 Gallons	.00974 Per Gallon
<b>1-Inch Meter</b>	
First 5,000 Gallons	\$63.17 Minimum Bill
Next 5,000 Gallons	.01225 Per Gallon
Over 10,000 Gallons	.00974 Per Gallon
<b>2-Inch Meter</b>	
First 16,000 Gallons	\$182.88 Minimum Bill
Over 16,000 Gallons	.00974 Per Gallon
<b>Bulk Loading Station</b>	\$.00729 Per Gallon
<b>Powell's Valley Water District</b>	\$.00413 Per Gallon

**CERTIFICATION**

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Estill County Water District No. 1; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the Estill County Water District No. 1 at a meeting duly held on November 30, 2023; that said official action appears as a matter of public record in Estill County Water District No. 1's official records or journal; 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.

WITNESS my hand this 30th day of November 2023.

  
\_\_\_\_\_  
**John Stickney, Secretary**