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

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

(Name of Utility)

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

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

(Telephone Number)

BASIC INFORMATION

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

(Name)

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

(Address - City, State, Zip)

(Telephone Number)

(Email Address)

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

YES NO N/A

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

YES NO N/A

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

YES NO N/A

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

- | | YES | NO | N/A |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 16. a. Applicant is not required to file state and federal tax returns. | <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. (Attach a copy of returns.) | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 17. Approximately <u>\$0.00</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.

Signed Kevin Cook
 Officer of the Company/Authorized Representative
 Title Chairman
 Date 1/31/24

COMMONWEALTH OF KENTUCKY

COUNTY OF Leslie

Before me appeared Kevin Cook, Chairman, 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.

[Signature]
 Notary Public
 My commission expires: 07/27/2024

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

Customer Notice of Proposed Rate Adjustment

“Reasons for Application” Attachment”

Current and Proposed Rates” Attachment

“Statement of Adjusted Operations” Attachment

“Revenue Requirements Calculation” Attachment

Attachment Billing Analysis” Attachment

Depreciation Schedules

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

State Tax Return

Federal Tax Return

Statement of Disclosure of Related Party Transactions - ARF Form 3

LIST OF ATTACHMENTS
HYDEN-LESLIE COUNTY WATER DISTRICT

1. Customer Notice of Proposed Rate Adjustments
2. Reasons for Application
3. Current and Proposed Rates
4. Statement of Adjusted Operations and Revenue Requirements with the following attachments:
 - i. References
 - ii. Table A - Depreciation Expense Adjustments
 - iii. Table B - Debt Service Schedule
5. Current Billing Analysis
6. Proposed Billing Analysis
7. Depreciation Schedule
8. Outstanding Debt Instruments
 - i. USDARD 2012 Series A
 - ii. USDARD 2012 Series B
 - iii. USDARD 2000 Bond
 - iv. KRWFC Bond
 - v. KIA Loan
9. Amortization Schedules
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

Attachment #1

HYDEN-LESLIE COUNTY WATER DISTRICT CUSTOMER NOTICE

Notice is hereby given that Hyden-Leslie County Water District expects to file an application with the Kentucky Public Service Commission on or about February 5, 2024, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

<u>CURRENT AND PROPOSED RATES</u>				
Hyden-Leslie County Water District				
<u>Retail Rates</u>				
<u>Rate per Gallon per Month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 2,000 Gallons	\$ 29.78	\$ 36.58	\$ 6.80	22.83%
Next 3,000 Gallons	12.48	15.33	2.85	22.84%
Next 20,000 Gallons	10.93	13.42	2.49	22.78%
Next 75,000 Gallons	9.38	11.52	2.14	22.81%
Over 100,000 Gallons	7.84	9.63	1.79	22.83%
<u>WATER LOSS REDUCTION SURCHARGE</u>				
<u>Amount per Customer</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
<u>per month</u>	\$ 1.53	\$ 1.53	\$ -	0.00%
<u>PROPOSED NONRECURRING CHARGES</u>				
	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
Late Payment Penalty	0%	10%	10%	

If the Public Service Commission approves the proposed rates, then the monthly bill for a customer using an average of 4,000 gallons per month will increase from \$54.74 to \$67.24. This is an increase of \$12.50 or 22.84%.

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

Hyden-Leslie County Water District has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at the Association's office located at 356 Wendover Road, Hyden, Kentucky, 41749. You may contact the office at (606) 672-2791.

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

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

Attachment #2

Reasons for Application

Hyden-Leslie County Water District (“the District”) is requesting a 22.83% percent rate increase for all of its water customers. The rate increase will generate approximately \$531,670 in additional annual revenue.

The District needs the rate increase for the following reasons:

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

Attachment #3

CURRENT AND PROPOSED RATES

Hyden-Leslie County Water District

Retail Rates

<u>Rate per Gallon per Month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 2,000 Gallons	\$ 29.78	\$ 36.58	\$ 6.80	22.83%
Next 3,000 Gallons	12.48	15.33	2.85	22.84%
Next 20,000 Gallons	10.93	13.42	2.49	22.78%
Next 75,000 Gallons	9.38	11.52	2.14	22.81%
Over 100,000 Gallons	7.84	9.63	1.79	22.83%

WATER LOSS REDUCTION SURCHARGE

<u>Amount per Customer</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
<u>per month</u>	\$ 1.53	\$ 1.53	\$ -	0.00%

PROPOSED NONRECURRING CHARGES

	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
Late Payment Penalty	0%	10%	10%	

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS

Hyden-Leslie County Water District

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Total Metered Retail Sales	\$ 2,346,067	\$ (16,865)	(A)	\$ 2,329,202
Surcharge Revenue	67,449			67,449
Other Water Revenues:				
Forfeited Discounts		90,541	(B)	90,541
Other Water Revenues	9,629	26,038	(I)	35,667
Total Operating Revenues	2,423,145	99,714		2,522,859
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	562,663	(4,571)	(C)	
		57,181	(D)	615,273
Salaries and Wages - Officers	30,000			30,000
Employee Pensions and Benefits	245,611	130,823	(E)	
		(67,837)	(F)	308,597
Purchased Water				-
Purchased Power	324,191	(31,465)	(G)	292,726
Chemicals	115,423	(11,202)	(G)	104,221
Materials and Supplies	177,942	(10,665)	(C)	167,278
Contractual Services	30,674			30,674
Transportation Expenses	54,167			54,167
Insurance - Other	62,653			62,653
Bad Debt	21,667			21,667
Miscellaneous Expenses	111,640			111,640
Total Operation and Mnt. Expenses	1,736,631	62,265		1,798,896
Depreciation Expense	798,357	(3,989)	(H)	794,368
Taxes Other Than Income	39,778	7,640	(D)	47,418
Total Operating Expenses	2,574,766	65,916		2,640,682
Total Utility Operating Income	\$ (151,621)	\$ 33,798		\$ (117,823)

REVENUE REQUIREMENTS

Pro Forma Operating Expenses	\$ 2,640,682
Plus: Average Annual Principal and Interest Payments	289,597
Additional Working Capital	57,919
Total Revenue Requirement	2,988,199
Less: Other Operating Revenue	35,667
Proposed Late Charges	90,541
Interest Income	1,119
Revenue Required From Sales of Water	2,860,872
Less: Revenue from Sales with Present Rates	2,329,202
Required Revenue Increase	\$ 531,670
Percent Increase	22.83%

REFERENCES

- A. The Current Billing Analysis results in pro forma water sales revenue of \$2,329,202. This reflects a full year at the retail rates that were effective in 2022 and indicates a reduction to water sales of \$16,865 is required.
- B. District proposes to resume charge late payment penalties, resulting in \$60,918 in additional forfeited discounts.
- C. District collected water tapping fees of \$15,235 for the test period. Labor and Materials expense have been adjusted accordingly to reflect expenses related to the installation of the mater taps.
- D. Changes in personnel have resulted in increased salaries and wages of \$20,792 and increased taxes other than income of \$4,856.
- E. District has joined Kentucky Public Pensions Authority – County Employees Retirement System resulting in increased employee pensions and benefits of \$130,316.
- F. District pays 100 percent of its employees' health and dental insurance premiums. The PSC requires that expenses associated with this level of employer-funded premiums be adjusted to be consistent with the Bureau of Labor Statistics' national average for an employer's share of health insurance premiums. Average employer shares from BLS are currently 79 percent for single coverage and 66 percent for families. The PSC also limits expenses associated with dental insurance premiums to 60 percent for single and family coverages. Applying those percentages to premiums to be paid in the current year results in a deduction from benefits expense of \$70,372.
- G. District water loss was 24.71 percent. Pursuant to Commission precedent, purchased power and chemicals have been reduced to reflect variable expenses related to the production of water lost in excess of 15 percent.
- H. The PSC requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities" and by Commission on Rural Water in its publication titled "Average Service Lifetimes, Major Systems Components – Wastewater Systems". Therefore, adjustments are included to bring asset lives to the midpoint of the recommended ranges resulting in a decrease in depreciation expense of \$3,989.
- I. Service charge collections increased as a result of a billing system upgrade that automatically attached the fees when needed.

Table A
DEPRECIATION EXPENSE ADJUSTMENTS
Hyden-Leslie County Water District

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost *</u>	<u>Life</u>	<u>Reported Depr. Exp.</u>	<u>Life</u>	<u>Proforma Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<u>General Plant</u>							
Structures & Improvements	varies	\$ 5,632,405	38	12,516	37.5	150,197	137,681
Communication & Computer Eqmt.	varies	\$ 12,809	10	107	10.0	1,281	1,174
Office Furniture & Equipment	varies	\$ 160,551	varies	421	22.5	7,136	6,715
Power Operated Equipment	varies	\$ 454,830	13	3,032	12.5	36,386	33,354
Tools, Shop, & Garage Equipment	varies	\$ 9,102	varies	33	17.5	520	487
Tank Repairs & Painting					15.0	-	-
<u>Source of Supply Plant</u>							
Raw Water Intake	varies	\$ 474,545	10	989	62.5	7,593	6,604
Supply Mains	varies	\$ 488,949	varies	652	62.5	7,823	7,171
<u>Pumping Plant</u>							
Structures & Improvements					37.5	-	-
Telemetry					10.0	-	-
Pumping Equipment	varies	\$ 1,174,899	varies	5,730	20.0	58,745	53,015
<u>Transmission & Distribution Plant</u>							
Hydrants	varies	\$ 171,112	varies	285	50.0	285	-
Transmission & Distribution Mains	varies	\$ 16,550,910	varies	22,068	62.5	264,815	242,747
Meter Installations	varies	\$ 1,602,084	varies	2,966	45.0	35,602	32,636
Meter Change-outs					15.0	-	-
Pump Equipment					20.0	-	-
Tank Fence					37.5	-	-
Services					40.0	-	-
Reservoirs & Tanks	varies	\$ 2,950,563	varies	5,223	45.0	65,568	60,345
Tank Painting & Repairs					15.0	-	-
<u>Transportation Equipment</u>							
Entire Group	varies	\$ 174,622	varies	2,079	7.0	24,946	22,867
<u>CIP Eng</u>							
CIP Eng DOT 421	varies	\$ 47,750	-	64	62.5	764	700
Water Treatment Equipment	varies	\$ 3,649,437	varies	10,376	27.5	132,707	122,331
TOTALS		\$ 33,554,568		\$ 66,541		\$ 794,368	\$ 727,827

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

Table B
DEBT SERVICE SCHEDULE
Hyden-Leslie County Water District
CY 2024 - 2028

	CY 2024		CY 2025		CY 2026		CY 2027		CY 2028		TOTALS
	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	Principal	Interest & Fees	
	USDARD 2012 Series A	18,000	35,441	18,500	34,658	19,500	33,946	20,500	33,196	21,500	
USDARD 2012 Series B	41,000	35,546	42,000	34,514	43,000	33,557	44,000	32,579	45,000	31,665	382,861
USDARD 2000 Bond	8,100	8,690	8,500	8,352	8,900	7,952	9,300	7,534	9,700	7,096	84,124
KRWFC Bond	40,000	4,756	42,083	3,491	45,000	2,140	45,000	113	23,334	-	205,917
KIA Loan	88,781	12,688	89,226	12,244	89,672	11,797	90,121	11,348	90,572	10,897	507,346
TOTALS	195,881	97,121	200,309	93,259	206,072	89,392	208,921	84,770	190,106	82,156	\$ 1,447,987
Average Annual Principal & Interest										\$	289,597
Average Annual Coverage										\$	57,919

Attachment #5

CURRENT BILLING ANALYSIS WITH 2022 USAGE & EXISTING RATES
Hyden-Leslie County Water District

SUMMARY

COMPONENT	BILLS	GALLONS	REVENUE
METERED WATER SALES	42,371	156,839,100	\$ 2,350,959
TOTAL WATER SALES		<u>156,839,100</u>	<u>2,350,959</u>
LESS ADJUSTMENTS			(21,757)
NET METERED WATER SALES			<u>2,329,202</u>
FROM PSC ANNUAL REPORT			(2,346,067)
DIFFERENCE			\$ (16,865) ADJUSTMENT TO SAO BILLED RETAIL REVENUES

RETAIL CONSUMPTION BY RATE INCREMENT

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 20,000	NEXT 75,000	ALL OVER 100,000	TOTAL
FIRST	2,000	18,152	17,849,200	17,849,200					17,849,200
NEXT	3,000	18,417	60,287,100	36,834,000	23,453,100				60,287,100
NEXT	20,000	7,258	57,997,700	14,516,000	21,774,000	21,707,700			57,997,700
NEXT	75,000	260	11,234,600	520,000	780,000	5,200,000	4,734,600		11,234,600
ALL OVER	100,000	57	14,498,000	114,000	171,000	1,140,000	4,275,000	8,798,000	14,498,000
TOTAL		44,144	161,866,600	69,833,200	46,178,100	28,047,700	9,009,600	8,798,000	161,866,600

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	44,144	\$ 29.78	\$ 1,314,608
NEXT	3,000		12.48	576,303
NEXT	20,000		10.93	306,561
NEXT	75,000		9.38	84,510
ALL OVER	100,000		7.84	68,976
TOTAL	44,144	161,866,600		\$ 2,350,959

Attachment #6

PROPOSED BILLING ANALYSIS WITH 2022 USAGE AND PROPOSED RATES
Hyden-Leslie County Water District

SUMMARY

COMPONENT	BILLS	GALLONS	REVENUE
METERED WATER SALES	42,371	156,839,100	\$ 2,793,978
TOTAL WATER SALES		156,839,100	2,793,978
LESS ADJUSTMENTS			(21,757)
NET METERED WATER SALES AT PROPOSED RATES			2,772,221
REVENUE REQUIRED FROM METERED SALES			(2,860,872)
DIFFERENCE			\$ (88,650)

RETAIL CONSUMPTION BY RATE INCREMENT

	USAGE	BILLS	GALLONS	FIRST 2,000	NEXT 3,000	NEXT 20,000	NEXT 75,000	ALL OVER 100,000	TOTAL
FIRST	2,000	17,085	17,258,200	17,258,200					17,258,200
NEXT	3,000	17,942	58,745,600	35,884,000	22,861,600				58,745,600
NEXT	20,000	7,048	56,217,300	14,096,000	21,144,000	20,977,300			56,217,300
NEXT	75,000	242	10,505,900	484,000	726,000	4,840,000	4,455,900		10,505,900
ALL OVER	100,000	54	15,462,100	108,000	162,000	1,080,000	4,050,000	10,062,100	15,462,100
TOTAL		42,371	158,189,100	67,830,200	44,893,600	26,897,300	8,505,900	10,062,100	158,189,100

REVENUE BY RATE INCREMENT

	BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	42,371	67,830,200 \$ 36.58	\$ 1,549,832
NEXT	3,000		44,893,600 15.33	688,161
NEXT	20,000		26,897,300 13.42	361,094
NEXT	10,000		8,505,900 11.52	97,997
ALL OVER	100,000		10,062,100 9.63	96,894
TOTAL	42,371	158,189,100		\$ 2,793,978

Attachment #7

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1400 - Land & Land Rights												
1		Original	6/30/69	15,679.00	0.00	0.00	0.00	0.00	0.00	15,679.00	Land	0.00
2		Essie Tank Site	10/31/90	2,000.00	0.00	0.00	0.00	0.00	0.00	2,000.00	Land	0.00
3		Hyden Spur Tank Site	12/31/93	1,050.00	0.00	0.00	0.00	0.00	0.00	1,050.00	Land	0.00
4		2001-Wooton Mt. Pump Site	11/30/01	12,440.02	0.00	0.00	0.00	0.00	0.00	12,440.02	Land	0.00
5		2009-Rockhouse Tank Site	4/20/09	1,000.00	0.00	0.00	0.00	0.00	0.00	1,000.00	Land	0.00
1400 - Land & Land Rights				<u>32,169.02</u>	<u>0.00c</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>32,169.02</u>		
Group: 1410 - Struct & Improve												
6		Owls Nest Tank House	10/31/90	25,000.00	0.00	0.00	20,187.20	55.56	20,242.76	4,757.24	S/L	37.50
7		Essie Pump Station Structure	10/31/90	24,400.00	0.00	0.00	19,786.29	54.22	19,840.51	4,559.49	S/L	37.50
8		Owls Nest Pump Station Structure	10/31/90	23,800.00	0.00	0.00	19,385.37	52.89	19,438.26	4,361.74	S/L	37.50
9		Engineering (Allocated Cost)	12/31/94	14,176.00	0.00	0.00	10,120.15	31.50	10,151.65	4,024.35	S/L	37.50
10		Muncy Creek Pump Structure	12/31/94	48,976.00	0.00	0.00	34,491.31	108.84	34,600.15	14,375.85	S/L	37.50
11		1996 - Big Branch Pump Structure	8/05/96	36,000.00	0.00	0.00	23,860.00	80.00	23,940.00	12,060.00	S/L	37.50
12		1996 - Big Branch Pump Structure	8/05/96	36,000.00	0.00	0.00	23,860.00	80.00	23,940.00	12,060.00	S/L	37.50
13		1997 - Wolf Creek Pump Structure	6/26/97	47,296.00	0.00	0.00	30,481.35	105.10	30,586.45	16,709.55	S/L	37.50
14		1998 - Pollsa Creek Pump Structure	7/31/98	20,790.11	0.00	0.00	12,706.71	46.20	12,752.91	8,037.20	S/L	37.50
15		1998 - Pollsa Creek Pump Structure	7/31/98	22,922.47	0.00	0.00	14,153.90	50.94	14,204.84	8,717.63	S/L	37.50
16		2001 - Red Bird Pump Structure	11/30/01	60,116.00	0.00	0.00	31,904.01	133.59	32,037.60	28,078.40	S/L	37.50
17		2001 - Flackey Pump Structure	11/30/01	106,204.00	0.00	0.00	56,397.69	236.01	56,633.70	49,570.30	S/L	37.50
18		2001 - Wooton Mt. Pump Structure	11/30/01	57,863.00	0.00	0.00	30,848.01	128.58	30,976.59	26,886.41	S/L	37.50
19		2002 - Bad Creek Pump Structure	11/30/02	29,044.63	0.00	0.00	14,806.05	64.54	14,870.59	14,174.04	S/L	37.50
20		2002 - Hurts Creek Pump Station S	12/31/02	79,372.91	0.00	0.00	39,970.42	176.38	40,146.80	39,226.11	S/L	37.50
21		2007 - Honey Suckle Pump Structu	3/31/07	53,928.73	0.00	0.00	21,424.91	119.84	21,544.75	32,383.98	S/L	37.50
22		2007 - Wilder Branch Pump Station	3/31/07	64,300.60	0.00	0.00	25,609.79	142.89	25,752.68	38,547.92	S/L	37.50
23		2007 - Gladly Branch Pump Structur	3/31/07	53,928.73	0.00	0.00	21,424.91	119.84	21,544.75	32,383.98	S/L	37.50
24		2007 - Wolf Creek Pump Structure	3/31/07	31,019.57	0.00	0.00	12,404.45	68.93	12,473.38	18,546.19	S/L	37.50
25		2007 - Rockhouse Pump Structure	3/31/07	58,557.84	0.00	0.00	23,318.03	130.13	23,448.16	35,109.68	S/L	37.50
26		2012 - Retaining Wall/ Aluminum V	11/30/12	534,836.36	0.00	0.00	110,099.50	1,188.53	111,288.03	423,548.33	S/L	37.50
27		2012 - Metal Bldg/Plant/Office	11/30/12	1,200,067.65	0.00	0.00	271,340.49	2,666.82	274,007.31	926,060.34	S/L	37.50
28		2012 - Sludge Lagoon	11/30/12	736,013.56	0.00	0.00	151,478.77	1,635.59	153,114.36	582,899.20	S/L	37.50
29		2012 - 300,000 Gallon Clearwell	11/30/12	1,762,747.58	0.00	0.00	362,813.44	3,917.22	366,730.66	1,396,016.92	S/L	37.50
30		2014 - Stone Coal Pump Station Str	8/31/14	43,794.50	0.00	0.00	8,786.18	97.32	8,883.50	34,911.00	S/L	37.50
31		2014 - Hyden Spur Pump Structure	8/31/14	87,773.60	0.00	0.00	17,643.01	195.05	17,838.06	69,935.54	S/L	37.50
32		Camp Creek Pump Structure	8/31/14	68,108.61	0.00	0.00	13,041.08	151.35	13,192.43	54,916.18	S/L	37.50
33		2014 - Bowling Branch Pump Struc	8/31/14	23,624.00	0.00	0.00	4,755.13	52.50	4,807.63	18,816.37	S/L	37.50
34		2014 - Persimmon Fork Pump Struc	8/31/14	43,794.50	0.00	0.00	8,786.18	97.32	8,883.50	34,911.00	S/L	37.50
35		2014 - Bellwood Pump Station Stru	8/31/14	43,794.50	0.00	0.00	8,786.18	97.32	8,883.50	34,911.00	S/L	37.50
36		2014 - Greasy Creek Pump Structur	8/31/14	53,171.90	0.00	0.00	10,649.99	118.16	10,768.15	42,403.75	S/L	37.50
37		2015 - Hell-for Certain Pump Statio	8/31/15	48,708.38	0.00	0.00	8,687.52	108.24	8,795.76	39,912.62	S/L	37.50
38		2015 - Grassy Pump Station	8/31/15	45,124.95	0.00	0.00	8,073.04	100.28	8,173.32	36,951.63	S/L	37.50
39		2015 - Saylor Branch Pump Station	8/31/15	45,104.95	0.00	0.00	8,070.97	100.23	8,171.20	36,933.75	S/L	37.50
40		Office Steps and Handrails	4/23/18	2,043.51	0.00	0.00	304.24	4.54	308.78	1,734.73	S/L	37.50
1410 - Struct & Improve				<u>5,632,405.14</u>	<u>0.00c</u>	<u>0.00</u>	<u>1,480,456.27</u>	<u>12,516.45</u>	<u>1,492,972.72</u>	<u>4,139,432.42</u>		

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1420 - Collect & Imp Res												
41		Dam Structure	6/30/69	78,723.00	0.00	0.00	78,723.00	0.00	78,723.00	0.00	S/L	62.50
		1420 - Collect & Imp Res		<u>78,723.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>78,723.00</u>	<u>0.00</u>	<u>78,723.00</u>	<u>0.00</u>		
Group: 1430 - River & Other Int												
42		2012- Raw Water Intake	11/30/12	474,544.66	0.00	0.00	94,572.94	988.63	95,561.57	378,983.09	S/L	40.00
		1430 - River & Other Int		<u>474,544.66</u>	<u>0.00c</u>	<u>0.00</u>	<u>94,572.94</u>	<u>988.63</u>	<u>95,561.57</u>	<u>378,983.09</u>		
Group: 1440 - Supply Mains												
43		2012 - Transmission Main (Plant to	11/30/12	488,949.02	0.00	0.00	96,706.25	651.93	97,358.18	391,590.84	S/L	62.50
		1440 - Supply Mains		<u>488,949.02</u>	<u>0.00c</u>	<u>0.00</u>	<u>96,706.25</u>	<u>651.93</u>	<u>97,358.18</u>	<u>391,590.84</u>		
Group: 1450 - Pumping Equip												
44		Essie Pump & Motor #1	12/31/90	2,800.00	0.00	0.00	2,800.00	0.00	2,800.00	0.00	S/L	20.00
45		Essie Pump & Motor #2	12/31/90	2,800.00	0.00	0.00	2,800.00	0.00	2,800.00	0.00	S/L	20.00
46		Big Branch Station #2 - Pump & M	8/05/96	6,500.00	0.00	0.00	6,500.00	0.00	6,500.00	0.00	S/L	20.00
47		Big Branch Station #2 - Pump & M	8/05/96	6,500.00	0.00	0.00	6,500.00	0.00	6,500.00	0.00	S/L	20.00
48		Big Branch Station #1 - Pump & M	8/05/96	6,000.00	0.00	0.00	6,000.00	0.00	6,000.00	0.00	S/L	20.00
49		Big Branch Station #1 - Pump & M	8/05/96	6,000.00	0.00	0.00	6,000.00	0.00	6,000.00	0.00	S/L	20.00
50		1997 - Wolf Creek Pump Motor #1	6/26/97	2,000.00	0.00	0.00	2,000.00	0.00	2,000.00	0.00	S/L	20.00
51		1997 - Wolf Creek Pump Motor #2	6/26/97	2,000.00	0.00	0.00	2,000.00	0.00	2,000.00	0.00	S/L	20.00
52		1998 - Polls Creek Pump #2 (Statio	7/31/98	2,900.00	0.00	0.00	2,900.00	0.00	2,900.00	0.00	S/L	20.00
53		1998 - Polls Creek Pump Motor #1	7/31/98	900.00	0.00	0.00	900.00	0.00	900.00	0.00	S/L	20.00
54		1998 - Polls Creek Pump #1 (Statio	7/31/98	2,900.00	0.00	0.00	2,900.00	0.00	2,900.00	0.00	S/L	20.00
55		1998 - Polls Creek Pump Motor #2	7/31/98	900.00	0.00	0.00	900.00	0.00	900.00	0.00	S/L	20.00
56		1998 - Polls Creek Pump Motor #2	7/31/98	900.00	0.00	0.00	900.00	0.00	900.00	0.00	S/L	20.00
57		1998 - Polls Creek Pump #2 (Statio	7/31/98	2,900.00	0.00	0.00	2,900.00	0.00	2,900.00	0.00	S/L	20.00
58		1998 - Polls Creek Pump Motor #1	7/31/98	900.00	0.00	0.00	900.00	0.00	900.00	0.00	S/L	20.00
59		2000 - Owls Nest Pump #2	12/29/00	733.27	0.00	0.00	733.27	0.00	733.27	0.00	S/L	20.00
60		2000 - Owls Nest Pump #1	12/29/00	733.26	0.00	0.00	733.26	0.00	733.26	0.00	S/L	20.00
61		2000 - Owls Nest Motor #2	12/29/00	965.87	0.00	0.00	965.87	0.00	965.87	0.00	S/L	20.00
62		2000 - Owls Nest Motor #1	12/29/00	965.86	0.00	0.00	965.86	0.00	965.86	0.00	S/L	20.00
63		2001 - Wooton Mt. Motor #1	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
64		2001 - Flackey Motor #1	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
65		2001 - Wooton Mt. Pump #2	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
66		2001 - Wooton Mt. Motor #2	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
67		2001 - Wooton Mt. Pump #1	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
68		2001 - Flackey Pump #2	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
69		2001 - Flackey Motor #2	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
70		2001 - Jacks Creek Pump #1	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
71		2001 - Jacks Creek Pump #2	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
72		2001 - Flackey Pump #1	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
73		2001 - Jacks Creek Motor #1	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
74		2001 - Jacks Creek Motor #2	11/30/01	2,329.00	0.00	0.00	2,329.00	0.00	2,329.00	0.00	S/L	20.00
75		2001 - Wolf Creek Pump #3	11/30/01	2,156.00	0.00	0.00	2,156.00	0.00	2,156.00	0.00	S/L	20.00

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1450 - Pumping Equip (continued)												
76		2002 - Bad Creek Pump & Motor #	11/30/02	5,007.44	0.00	0.00	5,007.44	0.00	5,007.44	0.00	S/L	20.00
77		2002 - Bad Creek Pump & Motor #	11/30/02	5,007.44	0.00	0.00	5,007.44	0.00	5,007.44	0.00	S/L	20.00
78	d	2002 - Hurts Creel Pump & Motor #	12/31/02	5,603.18	0.00	0.00	5,603.18	0.00	5,603.18	0.00	S/L	20.00
79		2003 - Polls Creek Pump #1 (Statio	6/27/03	545.11	0.00	0.00	545.11	0.00	545.11	0.00	S/L	20.00
80		2004 - Big Branch Pump Staion 2, I	4/30/04	368.74	0.00	0.00	368.74	0.00	368.74	0.00	S/L	20.00
81		2005 - Wilder Branch Pump #1	7/22/05	952.40	0.00	0.00	952.40	0.00	952.40	0.00	S/L	20.00
82		2005 - Wilder Branch Pump #2	7/22/05	952.35	0.00	0.00	952.35	0.00	952.35	0.00	S/L	20.00
83		2007 - Wolf Creek Station Roto-Ve	3/31/07	4,286.04	0.00	0.00	4,286.04	0.00	4,286.04	0.00	S/L	20.00
84		2007 - Honey Suckle Pump #2	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
85		2007 - Rockhouse Motor #1	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
86		2007 - Honey Suckle Pump #1	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
87		2007 - Honey Suckle Motor #2	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
88		2007 - Honey Suckle Motor #1	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
89		2007 - Gladly Branch Pump #1	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
90		2007 - Gladly Branch Pump #2	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
91		2007 - Gladly Branch Motor #2	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
92		2007 - Gladly Branch Motor #1	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
93		2007 - Rockhouse Motor #2	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
94		2007 - Rockhouse Pump #1	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
95		2007 - Rockhouse Pump #2	3/31/07	1,500.00	0.00	0.00	1,500.00	0.00	1,500.00	0.00	S/L	20.00
96		2009 - Muncy Creek Pump Motor #	6/05/09	3,696.85	0.00	0.00	3,696.85	0.00	3,696.85	0.00	S/L	20.00
97		2009 - Polls Creek Station 1 Pump #	6/19/09	758.23	0.00	0.00	758.23	0.00	758.23	0.00	S/L	20.00
98		2012 - Wilder Branch Pump Motor	6/01/12	1,686.38	0.00	0.00	1,686.38	0.00	1,686.38	0.00	S/L	20.00
99		2012 - Wilder Branch Pump Motor	11/02/12	1,575.00	0.00	0.00	1,575.00	0.00	1,575.00	0.00	S/L	20.00
100		2012 - Hi Service Pump #2	11/30/12	72,119.25	0.00	0.00	32,956.91	300.50	33,257.41	38,861.84	S/L	20.00
101		2012 - Hi Service Pump #1	11/30/12	72,119.25	0.00	0.00	32,956.91	300.50	33,257.41	38,861.84	S/L	20.00
102		2012 - Raw Water Pump #1	11/30/12	55,942.35	0.00	0.00	39,279.88	233.09	39,512.97	16,429.38	S/L	20.00
103		2012 - Back Wash Pump #1	11/30/12	27,738.17	0.00	0.00	9,665.85	115.58	9,781.43	17,956.74	S/L	20.00
104		2012 - Raw Water Pump #2	11/30/12	55,942.35	0.00	0.00	39,279.88	233.09	39,512.97	16,429.38	S/L	20.00
105		2012 - Back Wash Pump #2	11/30/12	27,738.17	0.00	0.00	9,665.85	115.58	9,781.43	17,956.74	S/L	20.00
106		2013 - Camp Creek Motor #1	11/15/13	1,625.00	0.00	0.00	1,171.77	6.77	1,178.54	446.46	S/L	20.00
107		2014 - Flacky Pump Motor	5/02/14	1,300.00	0.00	0.00	859.41	5.42	864.83	435.17	S/L	20.00
108		2014 - Polls Creek Station 2 Motor	5/16/14	1,325.00	0.00	0.00	864.52	5.52	870.04	454.96	S/L	20.00
109		2014 - Polls Creek Station 1 Pump #	5/30/14	1,110.62	0.00	0.00	712.75	4.63	717.38	393.24	S/L	20.00
110		2014 - Polls Creek Station 1 Motor	5/30/14	1,950.00	0.00	0.00	1,262.13	8.12	1,270.25	679.75	S/L	20.00
111		2014 - Greasy Creek Pumps	8/31/14	28,238.87	0.00	0.00	13,693.98	117.66	13,811.64	14,427.23	S/L	20.00
112		2014 - Persimmon Fork Pumps	8/31/14	15,500.70	0.00	0.00	7,507.69	64.59	7,572.28	7,928.42	S/L	20.00
113		2014 - Hyden Spur Pumps	8/31/14	68,547.00	0.00	0.00	33,235.61	285.61	33,521.22	35,025.78	S/L	20.00
114		2014 - Bowling Branch Pumps	8/31/14	11,847.50	0.00	0.00	5,751.98	49.36	5,801.34	6,046.16	S/L	20.00
115		2014 - Stone Coal Pumps	8/31/14	15,500.70	0.00	0.00	7,507.69	64.59	7,572.28	7,928.42	S/L	20.00
116		2014 - Bellwood Pumps	8/31/14	15,500.70	0.00	0.00	7,507.69	64.59	7,572.28	7,928.42	S/L	20.00
117		2014 - Camp Creek Pumps	8/31/14	34,041.10	0.00	0.00	16,494.52	141.84	16,636.36	17,404.74	S/L	20.00
118		2012 - Muncy Creek Pump Motor	12/12/14	4,000.00	0.00	0.00	2,367.66	16.67	2,384.33	1,615.67	S/L	20.00
119		2015 - Hurts Creek Baldor Motor	4/03/15	3,415.66	0.00	0.00	1,901.35	14.23	1,915.58	1,500.08	S/L	20.00
120		2015 - Saylor Branch Pumps & Mo	8/31/15	17,325.70	0.00	0.00	7,233.22	72.19	7,305.41	10,020.29	S/L	20.00
121		2015 - Hell-for Certain Pumps & M	8/31/15	17,325.70	0.00	0.00	7,233.22	72.19	7,305.41	10,020.29	S/L	20.00
122		2015 - Grassy Pump and Motors	8/31/15	17,325.70	0.00	0.00	7,233.22	72.19	7,305.41	10,020.29	S/L	20.00
123		2015 - Hospital Hill Sumbersible Pt	10/02/15	1,838.08	0.00	0.00	1,537.57	7.66	1,545.23	292.85	S/L	20.00
124		2016 - Hospital Hill Pump & Motor	11/11/16	2,258.52	0.00	0.00	1,391.95	9.41	1,401.36	857.16	S/L	20.00

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1450 - Pumping Equip (continued)												
125		2017 - Hurts Creek Motor	12/01/17	4,110.00	0.00	0.00	1,621.38	17.12	1,638.50	2,471.50	S/L	20.00
126		2017 - Hospital Hill Submersible Pt	6/28/17	1,950.10	0.00	0.00	966.91	8.13	975.04	975.06	S/L	20.00
127		Hospital Hill Pumping Instrumentat	12/31/91	8,701.00	0.00	0.00	8,701.00	0.00	8,701.00	0.00	S/L	20.00
128		Hospital Hill Instrumentation	12/31/92	3,069.00	0.00	0.00	3,069.00	0.00	3,069.00	0.00	S/L	20.00
129		2007 - Telemetry Controls	3/31/07	378,135.23	0.00	0.00	200,951.80	1,575.56	202,527.36	175,607.87	S/L	20.00
130		2014 - Wonderware Program for SC	6/27/14	1,400.00	0.00	0.00	921.84	5.83	927.67	472.33	S/L	20.00
131		2014 - Polls Creek SCADA Repeat	8/22/14	19,000.00	0.00	0.00	6,061.07	79.17	6,140.24	12,859.76	S/L	20.00
132		2014 - Persimmon Fork Pump Tele	8/31/14	26,145.49	0.00	0.00	7,928.61	108.94	8,037.55	18,107.94	S/L	20.00
133		2014 - Bellwood Pump Tele.	8/31/14	26,145.49	0.00	0.00	7,928.61	108.94	8,037.55	18,107.94	S/L	20.00
134		2014 - Stone Coal Tele.	8/31/14	26,145.49	0.00	0.00	7,928.61	108.94	8,037.55	18,107.94	S/L	20.00
135		2014 - Hyden Spur Pump Tele.	8/31/14	31,379.40	0.00	0.00	10,044.84	130.75	10,175.59	21,203.81	S/L	20.00
136		2015 - Grassy Instrumentation	8/31/15	29,611.83	0.00	0.00	8,638.48	123.38	8,761.86	20,849.97	S/L	20.00
137		2015 - Hell-for Certain Instrumenta	8/31/15	29,611.83	0.00	0.00	8,638.48	123.38	8,761.86	20,849.97	S/L	20.00
138		2015 - Saylor Br. Instrumentation	8/31/15	29,611.83	0.00	0.00	8,638.48	123.38	8,761.86	20,849.97	S/L	20.00
139		2015 - LaCinda Telemetry Repeat	10/02/15	11,000.00	0.00	0.00	3,142.36	45.83	3,188.19	7,811.81	S/L	20.00
140		2016 - Essie (Lee Coal) Telemetry	2/19/16	2,635.49	0.00	0.00	1,025.74	10.98	1,036.72	1,598.77	S/L	20.00
495		Spur VFD - OTP Industrial Solutio	9/30/19	10,093.65	0.00	0.00	1,598.15	42.06	1,640.21	8,453.44	S/L	20.00
496		Hospital Hill Tank Building Pump	2/26/19	69,593.95	0.00	0.00	13,048.87	289.98	13,338.85	56,255.10	S/L	20.00
497		Hospital Hill Tank Building Engine	2/26/19	12,395.89	0.00	0.00	2,324.22	51.65	2,375.87	10,020.02	S/L	20.00
498		Hospital Hill Booster Pump Station	2/26/19	77,725.30	0.00	0.00	14,573.50	323.86	14,897.36	62,827.94	S/L	20.00
499		Hospital Hill Booster P.S. Engineer	2/26/19	13,847.50	0.00	0.00	2,596.42	57.70	2,654.12	11,193.38	S/L	20.00
514		Hurts Creek BS - Baldor Pump Mot	11/07/22	2,965.00	0.00c	0.00	12.36	12.35	24.71	2,940.29	S/L	20.00
		1450 - Pumping Equip		1,515,690.98	0.00c	0.00	738,475.36	5,729.51	744,204.87	771,486.11		
		*Less: Dispositions and Transfers		5,603.18	0.00	0.00	5,603.18	0.00	5,603.18	0.00		
		Net 1450 - Pumping Equip		<u>1,510,087.80</u>	<u>0.00c</u>	<u>0.00</u>	<u>732,872.18</u>	<u>5,729.51</u>	<u>738,601.69</u>	<u>771,486.11</u>		

Group: 1460 - Water Treat Equip

141		2000 - Sension pH Meter	6/16/00	545.00	0.00	0.00	545.00	0.00	545.00	0.00	S/L	27.50
142		2003 - AquaKing Fluoride Analyze	12/12/03	682.30	0.00	0.00	682.30	0.00	682.30	0.00	S/L	27.50
143		2009 - Chlorine Detector Alarm	3/13/09	1,800.37	0.00	0.00	1,800.37	0.00	1,800.37	0.00	S/L	27.50
144		2012 - CL 17 Chlorine Monitor	1/27/12	3,480.97	0.00	0.00	2,902.78	10.55	2,913.33	567.64	S/L	27.50
145		2012 - Digital Dual Cylinder Scale	9/07/12	2,270.24	0.00	0.00	1,748.24	6.88	1,755.12	515.12	S/L	27.50
146		2012 - Train 2 Influent Flow Meter	11/30/12	8,321.45	0.00	0.00	3,739.85	25.22	3,765.07	4,556.38	S/L	27.50
147		2012 - Spill Containment Tanks	11/30/12	23,300.07	0.00	0.00	4,769.94	51.78	4,821.72	18,478.35	S/L	37.50
148		2012 - Chlorine Feed System	11/30/12	21,802.20	0.00	0.00	9,748.01	66.07	9,814.08	11,988.12	S/L	27.50
149		2012 - Air Backwash Blower #1	11/30/12	23,993.52	0.00	0.00	7,067.24	72.71	7,139.95	16,853.57	S/L	27.50
150		2012 - Water Treatment SCADA Te	11/30/12	83,214.52	0.00	0.00	37,182.48	252.17	37,434.65	45,779.87	S/L	27.50
151		2012 - Contact Tank	11/30/12	108,178.87	0.00	0.00	55,171.67	240.40	55,412.07	52,766.80	S/L	37.50
152		2012 - Interior Piping	11/30/12	694,563.85	0.00	0.00	142,988.00	1,543.47	144,531.47	550,032.38	S/L	37.50
153		2012 - DusenFlo Filter #2	11/30/12	446,584.59	0.00	0.00	117,916.78	1,353.29	119,270.07	327,314.52	S/L	27.50
154		2012 - DusenFlo Filter #1	11/30/12	446,584.59	0.00	0.00	117,916.78	1,353.29	119,270.07	327,314.52	S/L	27.50
155		2012 - Acti-flow Train #2	11/30/12	706,480.17	0.00	0.00	186,541.38	2,140.85	188,682.23	517,797.94	S/L	27.50
156		2012 - Acti-flow Train #1	11/30/12	706,480.17	0.00	0.00	186,541.38	2,140.85	188,682.23	517,797.94	S/L	27.50
157		2012 - Bulk Chemical Storage Tank	11/30/12	21,081.01	0.00	0.00	4,319.07	46.85	4,365.92	16,715.09	S/L	37.50
158		2012 - Grit Removal System	11/30/12	91,535.97	0.00	0.00	26,979.64	277.38	27,257.02	64,278.95	S/L	27.50
159		2012 - GHi Service Flow Meter	11/30/12	8,321.45	0.00	0.00	3,739.85	25.22	3,765.07	4,556.38	S/L	27.50
160		2012 - Filter 2 Effluent Flow Meter	11/30/12	8,321.45	0.00	0.00	3,739.85	25.22	3,765.07	4,556.38	S/L	27.50

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1460 - Water Treat Equip (continued)												
161		2012 - Filter 1 Effluent Flow Meter	11/30/12	8,321.45	0.00	0.00	3,739.85	25.22	3,765.07	4,556.38	S/L	27.50
162		2012 - Train 1 Influent Flow Meter	11/30/12	8,321.45	0.00	0.00	3,739.85	25.22	3,765.07	4,556.38	S/L	27.50
163		2012 - Coagulant Feed Skid	11/30/12	21,802.20	0.00	0.00	9,748.01	66.07	9,814.08	11,988.12	S/L	27.50
164		2012 - Polymer Skid #1 (Train 1)	11/30/12	65,406.61	0.00	0.00	29,244.01	198.20	29,442.21	35,964.40	S/L	27.50
165		2012 - Air Back Wash Blower #2	11/30/12	23,993.52	0.00	0.00	7,067.24	72.71	7,139.95	16,853.57	S/L	27.50
166		2012 - Filter Aid Feed Skid	11/30/12	10,901.10	0.00	0.00	4,837.99	33.03	4,871.02	6,030.08	S/L	27.50
167		2012 - Flouride Chemical Skid	11/30/12	10,901.10	0.00	0.00	4,837.99	33.03	4,871.02	6,030.08	S/L	27.50
168		2012 - Polymer Skid #2 (Train 2)	11/30/12	65,406.61	0.00	0.00	29,244.01	198.20	29,442.21	35,964.40	S/L	27.50
169		2012 - Caustic Feed Skid	11/30/12	21,802.20	0.00	0.00	9,748.01	66.07	9,814.08	11,988.12	S/L	27.50
170		2013 - 2100N Bench Top Laborator	1/25/13	2,106.95	0.00	0.00	1,577.66	6.38	1,584.04	522.91	S/L	27.50
171		2016 - Pocket Colormeter II	4/01/16	418.00	0.00	0.00	156.01	1.27	157.28	260.72	S/L	27.50
172		2016 - Pocket Colormeter II #2	4/01/16	418.00	0.00	0.00	156.01	1.27	157.28	260.72	S/L	27.50
509		Bray Actuator NEMA4 Aux Switch	7/16/21	2,095.02	0.00	0.00	279.33	17.46	296.79	1,798.23	S/L	10.00
1460 - Water Treat Equip				3,649,436.97	0.00	0.00	1,020,416.58	10,376.33	1,030,792.91	2,618,644.06		
Group: 1470 - Dist Res												
173		Essie Storage Tank	10/31/90	84,000.00	0.00	0.00	84,000.00	0.00	84,000.00	0.00	S/L	45.00
174		Engineering (Allocated Cost)	10/31/90	46,135.00	0.00	0.00	46,135.00	0.00	46,135.00	0.00	S/L	45.00
175		Hyden Spur Storage Tank	12/31/94	97,500.00	0.00	0.00	86,533.95	180.56	86,714.51	10,785.49	S/L	45.00
176		Muncy Creek Storage Tank	12/31/94	99,000.00	0.00	0.00	87,816.67	183.33	88,000.00	11,000.00	S/L	45.00
177		Engineering (Allocated Cost) #2	12/31/94	28,144.00	0.00	0.00	24,913.74	52.12	24,965.86	3,178.14	S/L	45.00
178		1996 - Big Branch Storage Tank #1	8/05/96	118,766.00	0.00	0.00	98,776.93	219.94	98,996.87	19,769.13	S/L	45.00
179		1996 - Big Branch Storage Tank #2	8/05/96	114,816.00	0.00	0.00	95,485.19	212.62	95,697.81	19,118.19	S/L	45.00
180		2002 - Hurts Creek Storage Tank	12/31/02	218,579.59	0.00	0.00	118,864.93	404.78	119,269.71	99,309.88	S/L	45.00
181		2007 - Wolf Creek Tank	3/31/07	110,579.02	0.00	0.00	52,911.62	204.78	53,116.40	57,462.62	S/L	45.00
182		2012 - Dollar Store Tank	11/30/12	858,004.93	0.00	0.00	179,068.23	1,588.90	180,657.13	677,347.80	S/L	45.00
183		2014 - Rockhouse Storage Tank	8/31/14	328,732.15	0.00	0.00	60,279.64	608.76	60,888.40	267,843.75	S/L	45.00
184		2014 - Lee Coal Tank	8/31/14	109,594.98	0.00	0.00	20,094.76	202.95	20,297.71	89,297.27	S/L	45.00
185		2015 - Hell-For-Certain Storage Tai	8/31/15	217,571.35	0.00	0.00	35,056.68	402.91	35,459.59	182,111.76	S/L	45.00
186		2015 - Grassy Storage Tank	8/31/15	210,391.78	0.00	0.00	33,911.48	389.61	34,301.09	176,090.69	S/L	45.00
486		W.B. Muncy School Tank Construc	3/08/19	272,491.00	0.00	0.00	22,707.60	504.61	23,212.21	249,278.79	S/L	45.00
487		W.B. Muncy School Tank Engineer	3/08/19	36,257.57	0.00	0.00	3,021.46	67.14	3,088.60	33,168.97	S/L	45.00
1470 - Dist Res				2,950,563.37	0.00	0.00	1,049,577.88	5,223.01	1,054,800.89	1,895,762.48		
Group: 1480 - Dist Mains												
187		1968 - Bear Hollow Rockhouse	6/30/69	6,463.00	0.00	0.00	6,463.00	0.00	6,463.00	0.00	S/L	62.50
188		1968 - Laural Fork/Rockhouse	6/30/69	8,617.00	0.00	0.00	8,617.00	0.00	8,617.00	0.00	S/L	62.50
189		1968 - Rockhouse Hwy/ Rockhouse	6/30/69	21,420.00	0.00	0.00	21,420.00	0.00	21,420.00	0.00	S/L	62.50
190		1968 - Hurtscreek Hwy 80	6/30/69	74,627.00	0.00	0.00	74,627.00	0.00	74,627.00	0.00	S/L	62.50
191		1980 - Hwy 257 (Hyden to Dry Hill	6/30/80	29,024.00	0.00	0.00	29,024.00	0.00	29,024.00	0.00	S/L	62.50
192		1981 - Hospital Hill Expansion	12/31/81	4,000.00	0.00	0.00	4,000.00	0.00	4,000.00	0.00	S/L	62.50
193		1989 - Short Creek	12/01/90	50,124.00	0.00	0.00	43,125.43	66.83	43,192.26	6,931.74	S/L	62.50
194		1989 - Owls Nest Creek	12/01/90	53,908.00	0.00	0.00	46,386.59	71.88	46,458.47	7,449.53	S/L	62.50
195		1989 - Grassy / Saltwell Creek	12/01/90	56,555.00	0.00	0.00	48,904.11	75.41	48,979.52	7,575.48	S/L	62.50
196		1989 - Hurricane / Preachers Fork	12/01/90	22,759.00	0.00	0.00	19,570.40	30.35	19,600.75	3,158.25	S/L	62.50
197		1989 - Stinnett Hwy 406 to Essie	12/01/90	183,798.00	0.00	0.00	158,686.02	245.06	158,931.08	24,866.92	S/L	62.50

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1480 - Dist Mains (continued)												
198		1989 - Engineering	12/31/90	69,336.00	0.00	0.00	59,785.16	92.45	59,877.61	9,458.39	S/L	62.50
199		Other Expansions (Unknown)	12/31/92	1,807.00	0.00	0.00	1,361.53	2.41	1,363.94	443.06	S/L	62.50
200		Other Expansions (Unknown) #2	12/31/93	464.00	0.00	0.00	329.16	0.62	329.78	134.22	S/L	62.50
201		1991 - Bull Creek	12/01/94	21,968.00	0.00	0.00	16,352.97	29.29	16,382.26	5,585.74	S/L	62.50
202		1991 - Jacks Creek	12/01/94	207,094.00	0.00	0.00	154,961.96	276.12	155,238.08	51,855.92	S/L	62.50
203		1991 - Toulouse (Dry Hill)	12/01/94	26,090.00	0.00	0.00	19,491.09	34.79	19,525.88	6,564.12	S/L	62.50
204		1991 - Hwy 257	12/01/94	49,158.00	0.00	0.00	36,776.62	65.54	36,842.16	12,315.84	S/L	62.50
205		1991 - Ashers Branch	12/01/94	9,370.00	0.00	0.00	6,923.50	12.49	6,935.99	2,434.01	S/L	62.50
206		1991 - Sugar Camp	12/01/94	41,839.00	0.00	0.00	31,421.90	55.78	31,477.68	10,361.32	S/L	62.50
207		1991 - Baileys Branch (Spur)	12/01/94	11,252.00	0.00	0.00	8,480.91	15.00	8,495.91	2,756.09	S/L	62.50
208		1991 - Stinnett Hwy 421/ Muncy Cr	12/01/94	95,251.00	0.00	0.00	71,344.87	127.00	71,471.87	23,779.13	S/L	62.50
209		1991 - Wootons Creek	12/01/94	116,192.00	0.00	0.00	87,057.36	154.92	87,212.28	28,979.72	S/L	62.50
210		1991 - Beech Fork / Middle Fork	12/01/94	363,867.00	0.00	0.00	272,210.67	485.16	272,695.83	91,171.17	S/L	62.50
211		1991 - Muncy Creek	12/01/94	66,615.00	0.00	0.00	49,966.15	88.82	50,054.97	16,560.03	S/L	62.50
212		1991 - Davidson Fork / Osborne Fo	12/01/94	128,344.00	0.00	0.00	96,170.88	171.12	96,342.00	32,002.00	S/L	62.50
213		1991 - Hyden Spur	12/01/94	199,158.00	0.00	0.00	148,923.77	265.54	149,258.31	49,899.69	S/L	62.50
214		1991 - Engineering	12/31/94	191,280.00	0.00	0.00	143,027.31	255.04	143,282.35	47,997.65	S/L	62.50
215		1996 - Big Branch Hwy 2058	8/05/96	271,286.60	0.00	0.00	190,128.56	361.72	190,490.28	80,796.32	S/L	62.50
216		1997 - Winding Star Estates	3/31/97	3,273.23	0.00	0.00	2,292.91	4.36	2,297.27	975.96	S/L	62.50
217		1997 - Wooton Hwy 421 & 80	6/26/97	80,524.00	0.00	0.00	54,581.88	107.36	54,689.24	25,834.76	S/L	62.50
218		1997 - Hurstcreek Hwy 80	6/26/97	13,007.00	0.00	0.00	8,813.07	17.34	8,830.41	4,176.59	S/L	62.50
219		1997 - Bull Creek Extension	8/31/97	19,563.62	0.00	0.00	13,257.99	26.09	13,284.08	6,279.54	S/L	62.50
220		1998 - Cutshin Hwy 699	7/31/98	200,153.49	0.00	0.00	129,407.97	266.87	129,674.84	70,478.65	S/L	62.50
221		1998 - Polls Creek	7/31/98	222,362.14	0.00	0.00	143,540.11	296.48	143,836.59	78,525.55	S/L	62.50
222		1998 - Bull Creek / Midway	11/13/98	8,055.84	0.00	0.00	5,084.00	10.74	5,094.74	2,961.10	S/L	62.50
223		1998 - Middle Fork / Bad Creek	11/23/98	5,237.95	0.00	0.00	3,220.73	6.98	3,227.71	2,010.24	S/L	62.50
224		1999 - Wooton Hwy 80	3/31/99	38,282.54	0.00	0.00	23,966.19	51.04	24,017.23	14,265.31	S/L	62.50
225		1999 - Stinnett Hwy 421	3/31/99	184,497.13	0.00	0.00	115,605.08	246.00	115,851.08	68,646.05	S/L	62.50
226		2001 - Hacker Hollow Road	11/30/01	15,866.50	0.00	0.00	8,784.07	21.15	8,805.22	7,061.28	S/L	62.50
227		2001 - Stacy Fork Road	11/30/01	26,412.25	0.00	0.00	14,570.07	35.22	14,605.29	11,806.96	S/L	62.50
228		2001 - Flackey Branch Road	11/30/01	124,371.75	0.00	0.00	68,474.09	165.83	68,639.92	55,731.83	S/L	62.50
229		2001 - Red Bird Hwy 406 & 66	11/30/01	104,067.50	0.00	0.00	57,361.34	138.76	57,500.10	46,567.40	S/L	62.50
230		2001 - Big Creek Hwy 421 & 80	11/30/01	238,526.00	0.00	0.00	131,387.57	318.03	131,705.60	106,820.40	S/L	62.50
231		2001 - Knob Lick Road	11/30/01	32,774.50	0.00	0.00	18,043.89	43.70	18,087.59	14,686.91	S/L	62.50
232		2001 - Henry Fork Road	11/30/01	7,730.00	0.00	0.00	4,174.81	10.31	4,185.12	3,544.88	S/L	62.50
233		2001 - Wooton Hwy 80	11/30/01	240,596.75	0.00	0.00	132,542.25	320.80	132,863.05	107,733.70	S/L	62.50
234		2001 - Pound Mill Hill Hwy 80	11/30/01	157,726.25	0.00	0.00	86,964.18	210.30	87,174.48	70,551.77	S/L	62.50
235		2001 - Prestons Fork Road	11/30/01	3,157.00	0.00	0.00	1,837.83	4.21	1,842.04	1,314.96	S/L	62.50
236		2001 - Little Stinnett Road	11/30/01	28,848.00	0.00	0.00	15,952.51	38.46	15,990.97	12,857.03	S/L	62.50
237		2001 - Hargis Hollow Road	11/30/01	3,307.00	0.00	0.00	1,847.10	4.41	1,851.51	1,455.49	S/L	62.50
238		2001 - Bowling Hollow Road	11/30/01	10,058.00	0.00	0.00	5,550.26	13.41	5,563.67	4,494.33	S/L	62.50
239		2001 - Lower McIntosh Road	11/30/01	29,792.75	0.00	0.00	16,421.94	39.72	16,461.66	13,331.09	S/L	62.50
240		2001 - Upper McIntosh Road	11/30/01	25,666.00	0.00	0.00	14,113.53	34.22	14,147.75	11,518.25	S/L	62.50
241		2002 - Berry Branch Road	6/30/02	6,223.20	0.00	0.00	3,359.80	8.30	3,368.10	2,855.10	S/L	62.50
242		2002 - Wilder Branch Road	9/30/02	39,675.00	0.00	0.00	20,816.76	52.90	20,869.66	18,805.34	S/L	62.50
243		2002 - Wooton Creek	9/30/02	18,190.00	0.00	0.00	9,525.22	24.25	9,549.47	8,640.53	S/L	62.50
244		2002 - Skeens Cemetary Road	9/30/02	11,560.96	0.00	0.00	6,184.04	15.41	6,199.45	5,361.51	S/L	62.50
245		2002 - Second Fork Road	9/30/02	34,402.00	0.00	0.00	18,145.76	45.87	18,191.63	16,210.37	S/L	62.50
246		2002 - Greasy Creek / Bad Creek	11/30/02	779,876.79	0.00	0.00	407,273.13	1,039.84	408,312.97	371,563.82	S/L	62.50

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1480 - Dist Mains (continued)												
247		2002 - Busy Hollow Road	11/30/02	11,074.28	0.00	0.00	5,712.36	14.77	5,727.13	5,347.15	S/L	62.50
248		2002 - Trace Branch Boat Dock	11/30/02	99,599.03	0.00	0.00	51,982.66	132.80	52,115.46	47,483.57	S/L	62.50
249		2002 - Cutshin Hwy 699	12/31/02	849,934.73	0.00	0.00	441,870.24	1,133.25	443,003.49	406,931.24	S/L	62.50
250		2002 - Upper Greasy Hwy 2009 & 2	12/31/02	403,452.73	0.00	0.00	209,794.62	537.94	210,332.56	193,120.17	S/L	62.50
251		2003 - Middle Fork River Crossing	3/31/03	15,053.67	0.00	0.00	7,747.21	20.07	7,767.28	7,286.39	S/L	62.50
252		2003 - Beech Fork Hwy 421	10/31/03	68,162.62	0.00	0.00	33,755.81	90.88	33,846.69	34,315.93	S/L	62.50
253		2003 - One Mile Branch Road	10/31/03	42,286.79	0.00	0.00	21,031.66	56.38	21,088.04	21,198.75	S/L	62.50
254		2003 - Trace Branch River Crossing	12/31/03	6,000.00	0.00	0.00	2,896.29	8.00	2,904.29	3,095.71	S/L	62.50
255		2007 - Wolf Creek Road	3/31/07	281,751.01	0.00	0.00	112,267.25	375.67	112,642.92	169,108.09	S/L	62.50
256		2007 - Caladium Branch Road	3/31/07	21,304.68	0.00	0.00	8,525.80	28.41	8,554.21	12,750.47	S/L	62.50
257		2007 - Rockhouse Hwy 421	3/31/07	319,092.58	0.00	0.00	127,156.20	425.46	127,581.66	191,510.92	S/L	62.50
258		2007 - Bull Creek Road	3/31/07	36,405.94	0.00	0.00	14,548.14	48.54	14,596.68	21,809.26	S/L	62.50
259		2007 - Bowens Creek Road	3/31/07	82,710.13	0.00	0.00	32,960.09	110.28	33,070.37	49,639.76	S/L	62.50
260		2007 - Red Will Napier Road	3/31/07	21,698.79	0.00	0.00	8,691.45	28.93	8,720.38	12,978.41	S/L	62.50
261		2007 - Dill Branch Road	3/31/07	33,652.23	0.00	0.00	13,389.01	44.87	13,433.88	20,218.35	S/L	62.50
262		2007 - Peters Branch Road	3/31/07	18,289.15	0.00	0.00	7,349.68	24.39	7,374.07	10,915.08	S/L	62.50
263		2007 - Trace Fork Road	3/31/07	23,978.57	0.00	0.00	9,539.76	31.97	9,571.73	14,406.84	S/L	62.50
264		2007 - Wilder Branch Road	3/31/07	65,781.22	0.00	0.00	26,258.91	87.71	26,346.62	39,434.60	S/L	62.50
265		2007 - Army Trail Road	3/31/07	192,390.19	0.00	0.00	76,634.51	256.52	76,891.03	115,499.16	S/L	62.50
266		2007 - Bakers Fork Road	3/31/07	49,350.82	0.00	0.00	19,730.14	65.80	19,795.94	29,554.88	S/L	62.50
267		2007 - Gladly Branch Road	3/31/07	40,977.55	0.00	0.00	16,385.49	54.64	16,440.13	24,537.42	S/L	62.50
268		2007 - Causey Branch Road	3/31/07	23,470.81	0.00	0.00	9,366.71	31.29	9,398.00	14,072.81	S/L	62.50
269		2007 - Big Fork Road	3/31/07	41,663.90	0.00	0.00	16,570.13	55.55	16,625.68	25,038.22	S/L	62.50
270		2007 - Honey Suckle Road	3/31/07	76,527.79	0.00	0.00	30,457.93	102.04	30,559.97	45,967.82	S/L	62.50
271		2007 - Middle Fork Road	3/31/07	395,309.58	0.00	0.00	157,453.93	527.08	157,981.01	237,328.57	S/L	62.50
272		2007 - Hazel Nut Drive	3/31/07	15,561.87	0.00	0.00	6,192.26	20.75	6,213.01	9,348.86	S/L	62.50
273		2007 - Ash Lane	3/31/07	66,852.61	0.00	0.00	26,608.59	89.14	26,697.73	40,154.88	S/L	62.50
274		2007 - Coon Creek Road	3/31/07	327,278.15	0.00	0.00	130,348.66	436.37	130,785.03	196,493.12	S/L	62.50
275		2007 - Stinnett Hwy 421	3/31/07	348,851.75	0.00	0.00	139,031.98	465.14	139,497.12	209,354.63	S/L	62.50
276		2007 - Left Wilder Road	3/31/07	51,895.97	0.00	0.00	20,735.73	69.19	20,804.92	31,091.05	S/L	62.50
277		2007 - Hyden Water Line	11/30/07	371,401.13	0.00	0.00	126,216.23	495.20	126,711.43	244,689.70	S/L	62.50
278		2014 - Phase I Water Lines	8/31/14	1,575,321.25	0.00	0.00	269,384.05	2,100.43	271,484.48	1,303,836.77	S/L	62.50
279		2014 - Phase IIB Water Line Extens	8/31/14	1,352,605.15	0.00	0.00	215,023.07	1,803.47	216,826.54	1,135,778.61	S/L	62.50
280		2014 - Greasy Creek Water Line Ex	8/31/14	334,188.44	0.00	0.00	53,130.37	445.58	53,575.95	280,612.49	S/L	62.50
281		2015 - Phase IIA Water Project	8/31/15	3,259,566.00	0.00	0.00	445,706.38	4,346.09	450,052.47	2,809,513.53	S/L	62.50
282		2015 - Creek Crossing Hwy 421 & 1	10/30/15	26,440.47	0.00	0.00	3,329.02	35.25	3,364.27	23,076.20	S/L	62.50
283		2015 - Stone Coal Bridge WL Reloc	12/31/15	48,328.00	0.00	0.00	6,233.06	64.44	6,297.50	42,030.50	S/L	62.50
284		2015 - Elk Creek Bridge WL Reloc	12/31/15	61,076.00	0.00	0.00	7,895.54	81.44	7,976.98	53,099.02	S/L	62.50
285		VA Cemetery	9/30/17	26,397.50	0.00	0.00	2,179.44	35.20	2,214.64	24,182.86	S/L	62.50
286		Wooton Bridge WL Relocation	6/30/18	100,285.91	0.00	0.00	7,398.86	133.71	7,532.57	92,753.34	S/L	62.50
287		8MM & Hwy 427 WL Relocation	1/01/18	75,730.21	0.00	0.00	6,428.46	100.97	6,529.43	69,200.78	S/L	62.50
489		W.B. Muncy School Waterline Con	3/08/19	117,825.04	0.00	0.00	7,069.50	157.10	7,226.60	110,598.44	S/L	62.50
490		W.B. Muncy School Waterline Eng	3/08/19	15,679.93	0.00	0.00	940.80	20.91	961.71	14,718.22	S/L	62.50
500		Hospital Hill Waterline Extension	2/26/19	173,498.51	0.00	0.00	10,409.92	231.33	10,641.25	162,857.26	S/L	62.50
501		Hospital Hill Waterline Extension E	2/26/19	30,906.85	0.00	0.00	1,854.41	41.21	1,895.62	29,011.23	S/L	62.50
1480 - Dist Mains				16,695,061.27	0.00c	0.00	6,346,899.31	22,067.86	6,368,967.17	10,326,094.10		

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Asset	d t	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
Group: 1490 - Services												
288		Original (Services)	6/30/69	61,110.00	0.00	0.00	61,110.00	0.00	61,110.00	0.00	S/L	40.00
289		Services	10/31/90	72,885.00	0.00	0.00	72,885.00	0.00	72,885.00	0.00	S/L	40.00
1490 - Services				<u>133,995.00</u>	<u>0.00</u> ^c	<u>0.00</u>	<u>133,995.00</u>	<u>0.00</u>	<u>133,995.00</u>	<u>0.00</u>		
Group: 1500 - Meter & Meter Inst												
290		Meter Installations	12/31/89	9,243.00	0.00	0.00	9,243.00	0.00	9,243.00	0.00	S/L	45.00
291		Meter Installations	10/31/90	97,939.00	0.00	0.00	97,939.00	0.00	97,939.00	0.00	S/L	45.00
292		Meter Installations	12/31/90	2,079.00	0.00	0.00	2,079.00	0.00	2,079.00	0.00	S/L	45.00
293		Meter Installations	12/31/90	9,695.00	0.00	0.00	9,695.00	0.00	9,695.00	0.00	S/L	45.00
294		Meter Installations	12/31/91	7,206.00	0.00	0.00	7,206.00	0.00	7,206.00	0.00	S/L	45.00
295		Meter Installations	12/31/92	16,656.00	0.00	0.00	16,656.00	0.00	16,656.00	0.00	S/L	45.00
296		Meter Installations	12/31/93	14,418.00	0.00	0.00	14,418.00	0.00	14,418.00	0.00	S/L	45.00
297		Meter Installations	12/31/94	134,189.00	0.00	0.00	134,189.00	0.00	134,189.00	0.00	S/L	45.00
298		1995 - Meter Installations	12/31/95	15,174.66	0.00	0.00	15,174.66	0.00	15,174.66	0.00	S/L	45.00
299		1996 - Big Branch	8/05/96	20,516.00	0.00	0.00	20,516.00	0.00	20,516.00	0.00	S/L	45.00
300		1996 - Meter Installations	12/31/96	17,755.00	0.00	0.00	17,755.00	0.00	17,755.00	0.00	S/L	45.00
301		1997 - Meter Installations	12/31/97	19,844.11	0.00	0.00	19,844.11	0.00	19,844.11	0.00	S/L	45.00
303		1998 - Meter & Meter Installations	12/31/98	22,086.11	0.00	0.00	22,086.11	0.00	22,086.11	0.00	S/L	45.00
304		1999 - Meter Installations	12/31/99	12,495.00	0.00	0.00	12,495.00	0.00	12,495.00	0.00	S/L	45.00
305		2000 - Meter Installations	12/31/00	13,377.75	0.00	0.00	13,260.09	24.77	13,284.86	92.89	S/L	45.00
306		2001 - Water Project 2000 Meter In	11/30/01	119,938.94	0.00	0.00	69,068.70	222.11	69,290.81	50,648.13	S/L	45.00
307		2001 - Meter Installations	12/31/01	9,293.88	0.00	0.00	5,297.04	17.21	5,314.25	3,979.63	S/L	45.00
308		2002 - Water Project 2000 Meter In	9/30/02	21,923.50	0.00	0.00	12,048.36	40.60	12,088.96	9,834.54	S/L	45.00
309		2002 - Trace Branch Meter Installat	11/30/02	3,752.52	0.00	0.00	2,063.54	6.95	2,070.49	1,682.03	S/L	45.00
310		2002 - Meter Installations Greasy C	11/30/02	55,102.28	0.00	0.00	30,079.16	102.04	30,181.20	24,921.08	S/L	45.00
311		2002 - Meter Installations Upper Gr	12/31/02	34,029.56	0.00	0.00	18,513.84	63.02	18,576.86	15,452.70	S/L	45.00
312		2002 - Meter Installations	12/31/02	4,394.94	0.00	0.00	2,303.00	8.14	2,311.14	2,083.80	S/L	45.00
313		2002 - Meter Installations Cutshin F	12/31/02	148,672.57	0.00	0.00	80,907.98	275.32	81,183.30	67,489.27	S/L	45.00
314		2003 - Meter Installations Beech Fo	10/31/03	41,564.28	0.00	0.00	21,635.59	76.97	21,712.56	19,851.72	S/L	45.00
315		2003 - Meter Installations One Mile	10/31/03	23,459.21	0.00	0.00	12,233.70	43.44	12,277.14	11,182.07	S/L	45.00
316		2003 - Meter Installations	12/31/03	15,694.14	0.00	0.00	8,026.35	29.06	8,055.41	7,638.73	S/L	45.00
317		2004 - Meter Installations	12/31/04	2,585.91	0.00	0.00	1,233.21	4.79	1,238.00	1,347.91	S/L	45.00
318		2004 - Meter Installations	12/31/04	24,193.69	0.00	0.00	11,849.36	44.80	11,894.16	12,299.53	S/L	45.00
319		2005 - Meter Installations	12/31/05	24,435.33	0.00	0.00	11,174.97	45.25	11,220.22	13,215.11	S/L	45.00
320		2006 - Meter Installations	12/31/06	24,599.26	0.00	0.00	10,636.62	45.55	10,682.17	13,917.09	S/L	45.00
321		2007 - Meter Installations Water Pr	3/31/07	246,682.50	0.00	0.00	166,418.34	456.82	166,875.16	79,807.34	S/L	45.00
322		2007 - Meter Installations	12/31/07	30,572.38	0.00	0.00	12,296.73	56.62	12,353.35	18,219.03	S/L	45.00
323		2008 - Meter Installations	12/31/08	18,402.05	0.00	0.00	6,881.45	34.08	6,915.53	11,486.52	S/L	45.00
324		2009 - Meter Installations 2009	12/31/09	22,702.48	0.00	0.00	7,808.01	42.04	7,850.05	14,852.43	S/L	45.00
325		2010 - Meter Installations 2010	12/31/10	25,769.78	0.00	0.00	7,426.61	47.72	7,474.33	18,295.45	S/L	45.00
326		2011 - Meter & Meter Installations	12/31/11	17,682.36	0.00	0.00	4,646.85	32.75	4,679.60	13,002.76	S/L	45.00
327		2012 - Meter Installations 2012	12/31/12	16,283.66	0.00	0.00	3,865.21	30.15	3,895.36	12,388.30	S/L	45.00
328		2013 - Meter Installations	12/31/13	13,685.43	0.00	0.00	2,930.65	25.34	2,955.99	10,729.44	S/L	45.00
329		2014 - Greasy Creek Meter Installat	8/31/14	11,295.00	0.00	0.00	2,386.97	20.92	2,407.89	8,887.11	S/L	45.00
330		2014 - Phase IIB AML Meter Instal	8/31/14	79,441.93	0.00	0.00	16,742.56	147.11	16,889.67	62,552.26	S/L	45.00
331		2014 - I Water Project Installations	8/31/14	103,230.00	0.00	0.00	21,776.62	191.17	21,967.79	81,262.21	S/L	45.00
332		2014 - Meter Installations 2014	12/31/14	14,402.47	0.00	0.00	2,693.54	26.67	2,720.21	11,682.26	S/L	45.00

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FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1500 - Meter & Meter Inst (continued)												
333		2015 - Meter Installations Phase IIA	8/31/15	329,739.53	0.00	0.00	56,179.53	610.63	56,790.16	272,949.37	S/L	45.00
334		2015 - Meter Installations 2015	12/31/15	13,896.25	0.00	0.00	2,253.46	25.73	2,279.19	11,617.06	S/L	45.00
335		2016 - Meter Installations 2016	12/31/16	13,165.83	0.00	0.00	1,794.33	24.38	1,818.71	11,347.12	S/L	45.00
336		V.A. Cemetery	9/30/17	3,602.50	0.00	0.00	418.08	6.67	424.75	3,177.75	S/L	45.00
337		2017 - Meter Installations 2017	12/31/17	4,454.65	0.00	0.00	495.99	8.25	504.24	3,950.41	S/L	45.00
338		Meter Installations 2017	12/31/17	10,653.11	0.00	0.00	1,193.23	19.73	1,212.96	9,440.15	S/L	45.00
339		2018 - Meter Installations 2018	12/31/18	17,688.29	0.00	0.00	1,539.52	32.76	1,572.28	16,116.01	S/L	45.00
494		2019 - Meter Installations 2019	12/31/19	8,676.07	0.00	0.00	562.33	16.07	578.40	8,097.67	S/L	45.00
507		2020 - Meter Installations 2020	12/31/20	22,340.43	0.00	0.00	951.53	41.37	992.90	21,347.53	S/L	45.00
510		2021 - Meter Installations 2021	12/31/21	10,339.42	0.00	0.00	210.61	19.15	229.76	10,109.66	S/L	45.00
1500 - Meter & Meter Inst				2,001,019.76	0.00c	0.00	1,031,099.54	2,966.15	1,034,065.69	966,954.07		
Group: 1510 - Hydrants												
340		Original Hydrants	6/30/69	5,577.00	0.00	0.00	5,577.00	0.00	5,577.00	0.00	S/L	50.00
341		Engineering (Allocated Cost)	10/31/90	2,326.00	0.00	0.00	2,209.74	3.88	2,213.62	112.38	S/L	50.00
342		Short Creek	12/01/90	700.00	0.00	0.00	700.00	0.00	700.00	0.00	S/L	50.00
343		Stinnett Hwy 406 to Essie Tank	12/01/90	2,000.00	0.00	0.00	1,836.43	3.33	1,839.76	160.24	S/L	50.00
344		Grassy / Saltwell Creek	12/01/90	3,000.00	0.00	0.00	2,587.14	5.00	2,592.14	407.86	S/L	50.00
345		Owls Nest Creek	12/01/90	700.00	0.00	0.00	700.00	0.00	700.00	0.00	S/L	50.00
346		Hurricane / Preachers Fork	12/01/90	700.00	0.00	0.00	700.00	0.00	700.00	0.00	S/L	50.00
347		Bull Creek	12/01/94	855.00	0.00	0.00	643.02	1.42	644.44	210.56	S/L	50.00
348		Hwy 257 (Dry Hill to Confluence)	12/01/94	855.00	0.00	0.00	643.02	1.42	644.44	210.56	S/L	50.00
350		Jacks Creek	12/01/94	9,390.00	0.00	0.00	7,071.91	15.65	7,087.56	2,302.44	S/L	50.00
352		Muncy Creek	12/01/94	3,900.00	0.00	0.00	2,897.79	6.50	2,904.29	995.71	S/L	50.00
353		Beech Fork / Middle Fork	12/01/94	9,365.00	0.00	0.00	7,069.89	15.61	7,085.50	2,279.50	S/L	50.00
354		Hyden Spur	12/01/94	2,925.00	0.00	0.00	2,245.09	4.87	2,249.96	675.04	S/L	50.00
355		Sugar Camp	12/01/94	1,950.00	0.00	0.00	1,592.39	3.25	1,595.64	354.36	S/L	50.00
356		Davidson Fork / Osbourne Fork	12/01/94	5,465.00	0.00	0.00	4,172.10	9.11	4,181.21	1,283.79	S/L	50.00
357		Bailey Branch	12/01/94	975.00	0.00	0.00	652.70	1.62	654.32	320.68	S/L	50.00
358		Wootons Creek	12/01/94	2,925.00	0.00	0.00	2,245.09	4.87	2,249.96	675.04	S/L	50.00
359		Engineering (Allocated Cost)	12/31/94	5,611.00	0.00	0.00	4,183.89	9.35	4,193.24	1,417.76	S/L	50.00
360		1996 - Big Branch	8/05/96	1,600.00	0.00	0.00	929.66	2.67	932.33	667.67	S/L	50.00
361		1998 - Cutshin Hwy 699 & Polls Cr	7/31/98	8,289.80	0.00	0.00	5,549.12	13.82	5,562.94	2,726.86	S/L	50.00
362		1999 - Hydrants	3/31/99	4,540.32	0.00	0.00	2,489.13	7.57	2,496.70	2,043.62	S/L	50.00
363		2001 - Hydrants Water Project 200	11/30/01	34,820.15	0.00	0.00	19,742.48	58.03	19,800.51	15,019.64	S/L	50.00
364		2002 - Berry Branch Road	6/30/02	399.62	0.00	0.00	229.24	0.67	229.91	169.71	S/L	50.00
365		2002 - Hydrants Water Project 200	9/30/02	6,000.00	0.00	0.00	3,200.29	10.00	3,210.29	2,789.71	S/L	50.00
366		2002 - Greasy Creek / Bad Creek Fl	11/30/02	22,864.70	0.00	0.00	12,213.49	38.11	12,251.60	10,613.10	S/L	50.00
367		2002 - Busy Hollow Road Fluch Hy	11/30/02	256.67	0.00	0.00	213.09	0.43	213.52	43.15	S/L	50.00
368		2002 - Trace Branch Flush Hydrant	11/30/02	1,164.94	0.00	0.00	670.03	1.94	671.97	492.97	S/L	50.00
369		2002 - Hydrants / Blowoffs Upper C	12/31/02	9,014.88	0.00	0.00	4,738.64	15.02	4,753.66	4,261.22	S/L	50.00
370		2002 - Hydrants / Blowoffs Cutshin	12/31/02	30,619.06	0.00	0.00	16,414.39	51.03	16,465.42	14,153.64	S/L	50.00
1510 - Hydrants				178,789.14	0.00c	0.00	114,116.76	285.17	114,401.93	64,387.21		

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1520 - Off Furn & Equip												
371		Anderson 2 Drawer File Cabinet	6/02/89	197.00	0.00	0.00	197.00	0.00	197.00	0.00	S/L	22.50
372		Indiana Executive Desk	5/04/90	528.00	0.00	0.00	528.00	0.00	528.00	0.00	S/L	22.50
373		Bullitin Board	5/04/90	43.00	0.00	0.00	43.00	0.00	43.00	0.00	S/L	22.50
374		Credenza	5/18/90	430.00	0.00	0.00	430.00	0.00	430.00	0.00	S/L	22.50
375		Machine Table / 30 x 60	11/16/90	319.00	0.00	0.00	319.00	0.00	319.00	0.00	S/L	22.50
376		Anderson 4 Drawer Filing Cabinet	1/11/91	225.00	0.00	0.00	225.00	0.00	225.00	0.00	S/L	22.50
377		Machine Table / 24 x 30	11/15/91	145.00	0.00	0.00	145.00	0.00	145.00	0.00	S/L	22.50
378		Work Station 24 x 30	5/28/93	103.00	0.00	0.00	103.00	0.00	103.00	0.00	S/L	22.50
379		Sharp EL-1630G Calculator	1/21/94	70.00	0.00	0.00	70.00	0.00	70.00	0.00	S/L	22.50
380		Smith Corona XE1950 Typewriter	1/21/94	90.00	0.00	0.00	90.00	0.00	90.00	0.00	S/L	22.50
381		Casio Printing Calculator PR-420A	8/07/96	189.95	0.00	0.00	189.95	0.00	189.95	0.00	S/L	22.50
382		File Cabinet / Map Holder	4/11/97	743.50	0.00	0.00	743.50	0.00	743.50	0.00	S/L	22.50
383		Cannon PC 850 Copier	2/24/98	1,399.99	0.00	0.00	1,399.99	0.00	1,399.99	0.00	S/L	10.00
384		1999 - 2 Two Drawer File Cabinets	4/09/99	215.51	0.00	0.00	215.51	0.00	215.51	0.00	S/L	22.50
385		2000 - Work-about Handheld Comp	11/03/00	1,555.00	0.00	0.00	1,555.00	0.00	1,555.00	0.00	S/L	10.00
386		2000 - Whirlpool Refrigerator	11/03/00	239.00	0.00	0.00	239.00	0.00	239.00	0.00	S/L	22.50
387		2001 - Work-about Handheld Meter	10/05/01	1,555.00	0.00	0.00	1,555.00	0.00	1,555.00	0.00	S/L	10.00
388		2002 - Five 4 Drawer Filing Cabine	9/20/02	674.95	0.00	0.00	674.95	0.00	674.95	0.00	S/L	22.50
389		2002 - Sharp Compet QS-2770A Ac	12/27/02	149.99	0.00	0.00	149.99	0.00	149.99	0.00	S/L	22.50
390		2003 - Refrigerator with Ice Maker	9/19/03	499.00	0.00	0.00	499.00	0.00	499.00	0.00	S/L	22.50
391		2004 - Computer Corner Desk & Se	3/19/04	626.17	0.00	0.00	626.17	0.00	626.17	0.00	S/L	22.50
392		2004 - 12 Fabric Stak Chairs	4/02/04	515.76	0.00	0.00	515.76	0.00	515.76	0.00	S/L	22.50
393		2004 - 2 Printer Stands	4/16/04	387.49	0.00	0.00	387.49	0.00	387.49	0.00	S/L	22.50
394		2005 - GN9120 Flex Head Set w/ L	9/30/05	314.05	0.00	0.00	314.05	0.00	314.05	0.00	S/L	22.50
395		2007 - 2 Camera Security System	10/26/07	1,200.74	0.00	0.00	1,200.74	0.00	1,200.74	0.00	S/L	10.00
396		2008 - Executive Office Chair	5/09/08	199.94	0.00	0.00	199.94	0.00	199.94	0.00	S/L	22.50
397		2008 - 2 Office Chairs (leather)	7/03/08	326.73	0.00	0.00	326.73	0.00	326.73	0.00	S/L	22.50
398		2010 - RVS Software (Billing Softw	3/26/10	6,312.00	0.00	0.00	6,312.00	0.00	6,312.00	0.00	S/L	10.00
399		2010 - 3 Dell Work Stations / 1 Inte	3/26/10	6,006.99	0.00	0.00	6,006.99	0.00	6,006.99	0.00	S/L	10.00
400		2010 - Lexmark T654n Laser Printe	3/26/10	1,179.00	0.00	0.00	1,179.00	0.00	1,179.00	0.00	S/L	10.00
401		2012 - 2 Desk / Bow Front	6/26/12	629.98	0.00	0.00	343.67	2.33	346.00	283.98	S/L	22.50
402		2012 - 2 Guest Chairs	6/29/12	339.98	0.00	0.00	215.07	1.26	216.33	123.65	S/L	22.50
403		2012 - Conference Table / 10 Chair:	6/29/12	4,339.89	0.00	0.00	2,627.56	16.07	2,643.63	1,696.26	S/L	22.50
404		2012 - 2 Security Work Stations	6/29/12	493.98	0.00	0.00	427.22	4.12	431.34	62.64	S/L	10.00
405		2012 - 2 Desk Chairs	6/29/12	539.98	0.00	0.00	406.00	2.00	408.00	131.98	S/L	22.50
406		2012 - 2 Cradenza Shells w/ Hutch .	6/29/12	1,471.94	0.00	0.00	880.41	5.45	885.86	586.08	S/L	22.50
407		2012 - 2 Counter Stools	6/29/12	259.98	0.00	0.00	201.41	0.96	202.37	57.61	S/L	22.50
408		2012 - HVAC System	11/30/12	144,238.50	0.00	0.00	58,937.90	320.53	59,258.43	84,980.07	S/L	37.50
409		2013 - Epson Dot Matrix Printer	12/13/13	300.00	0.00	0.00	300.00	0.00	300.00	0.00	S/L	10.00
410		2014 - Quickbooks Pro	7/11/14	199.99	0.00	0.00	184.33	1.67	186.00	13.99	S/L	10.00
411		2014 - Cannon Fax Machine	8/22/14	199.99	0.00	0.00	182.00	1.67	183.67	16.32	S/L	10.00
412		2015 - Cannon Faxphone L100	2/20/15	199.99	0.00	0.00	199.85	0.14	199.99	0.00	S/L	10.00
413		2017 - Swingline Paper Shreader	4/14/17	204.18	0.00	0.00	95.92	0.76	96.68	107.50	S/L	22.50
414		Microsoft Office 2016 Pro (4)	12/01/17	1,480.00	0.00	0.00	879.67	12.33	892.00	588.00	S/L	10.00
415		Dell Latitude 5580	12/01/17	975.00	0.00	0.00	574.13	8.12	582.25	392.75	S/L	10.00
416		Dell Optiplex 5050 SFF	12/01/17	542.43	0.00	0.00	320.48	4.52	325.00	217.43	S/L	10.00
417		Dell Optiplex 5050 SFF	12/01/17	542.43	0.00	0.00	320.48	4.52	325.00	217.43	S/L	10.00
418		Dell Optiplex 5050 SFF	12/01/17	542.43	0.00	0.00	320.48	4.52	325.00	217.43	S/L	10.00
419		Dell Universal Dock	12/01/17	139.00	0.00	0.00	78.76	1.16	79.92	59.08	S/L	10.00

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1520 - Off Furn & Equip (continued)												
492		4U Tower Server & Monitor	3/22/19	3,411.39	0.00	0.00	1,250.84	28.43	1,279.27	2,132.12	S/L	10.00
		1520 - Off Furn & Equip		<u>187,491.82</u>	<u>0.00c</u>	<u>0.00</u>	<u>95,186.94</u>	<u>420.56</u>	<u>95,607.50</u>	<u>91,884.32</u>		
Group: 1530 - Transp Equip												
422		1995 - F-800 Ford Dump Truck	9/30/94	36,775.00	0.00	0.00	36,775.00	0.00	36,775.00	0.00	S/L	7.00
424		2002 - Utility Trailer 6x8	5/23/02	450.00	0.00	0.00	450.00	0.00	450.00	0.00	S/L	7.00
425		2004 - 2005 Ford F-150 4x4	12/22/04	18,408.30	0.00	0.00	18,408.30	0.00	18,408.30	0.00	S/L	7.00
426		2004 - 2005 Ford F-150 4x4	12/22/04	18,408.30	0.00	0.00	18,408.30	0.00	18,408.30	0.00	S/L	7.00
428		2006 - 2007 F-150 4x4	12/21/06	18,376.75	0.00	0.00	18,376.75	0.00	18,376.75	0.00	S/L	7.00
429		2009 - 2009 F-150 4x4	3/27/09	19,476.30	0.00	0.00	19,476.30	0.00	19,476.30	0.00	S/L	7.00
430		2009 - 2009 F-150 4x4	3/27/09	19,476.30	0.00	0.00	19,476.30	0.00	19,476.30	0.00	S/L	7.00
431		2016 - 2016 Tow Master Dual Axle	4/01/16	13,393.00	0.00	0.00	9,285.52	159.44	9,444.96	3,948.04	S/L	7.00
432		2016 - 2016 Tow Master Dual Axle	4/01/16	13,393.00	0.00	0.00	9,285.52	159.44	9,444.96	3,948.04	S/L	7.00
433		2016 - 1998 C755 Chevrolet Dump	7/11/16	9,300.00	0.00	0.00	7,465.57	110.71	7,576.28	1,723.72	S/L	7.00
434		2018 Ram 1500 4x4	2/07/18	23,322.00	0.00	0.00	15,829.20	277.64	16,106.84	7,215.16	S/L	7.00
435		2018 Ram 1500 4x4	2/07/18	23,322.00	0.00	0.00	15,829.20	277.64	16,106.84	7,215.16	S/L	7.00
493		2007 Chevrolet Colorado	8/05/19	4,100.00	0.00	0.00	1,952.37	48.81	2,001.18	2,098.82	S/L	7.00
502		2021 Dodge Ram	12/15/20	28,576.70	0.00	0.00	8,164.78	340.20	8,504.98	20,071.72	S/L	7.00
503		2020 Ford F-150	12/16/20	25,300.00	0.00	0.00	6,927.39	301.19	7,228.58	18,071.42	S/L	7.00
504		2020 Ford F-150	12/28/20	27,540.00	0.00	0.00	7,540.72	327.86	7,868.58	19,671.42	S/L	7.00
505		LineX, Side Box, WeatherGuard F-	12/24/20	3,215.00	0.00	0.00	880.31	38.27	918.58	2,296.42	S/L	7.00
506		LineX, Side Boxes, WeatherGuard	12/24/20	3,160.00	0.00	0.00	865.24	37.62	902.86	2,257.14	S/L	7.00
		1530 - Transp Equip		<u>305,992.65</u>	<u>0.00c</u>	<u>0.00</u>	<u>215,396.77</u>	<u>2,078.82</u>	<u>217,475.59</u>	<u>88,517.06</u>		
Group: 1540 - Tools & Shop Equip												
436		Dual Air Valve Adaptor (Air Comp)	1/21/94	50.00	0.00	0.00	50.00	0.00	50.00	0.00	S/L	17.50
437		Universal Hitch (Air Compressor)	1/21/94	250.00	0.00	0.00	250.00	0.00	250.00	0.00	S/L	17.50
438		Air Compressor Oiler	1/21/94	300.00	0.00	0.00	300.00	0.00	300.00	0.00	S/L	17.50
439		Aqua-Scope / Electronic Leak Detec	2/28/97	1,958.32	0.00	0.00	1,958.32	0.00	1,958.32	0.00	S/L	17.50
440		DeWalt Hand Grinder	9/11/98	173.85	0.00	0.00	173.85	0.00	173.85	0.00	S/L	17.50
441		Hammer Drill	10/06/00	157.95	0.00	0.00	157.95	0.00	157.95	0.00	S/L	17.50
442		2002 - Murray Riding Mower	5/25/02	799.00	0.00	0.00	799.00	0.00	799.00	0.00	S/L	17.50
443		2003 - Cast Iron Pipe Cutter	10/03/03	519.09	0.00	0.00	519.09	0.00	519.09	0.00	S/L	17.50
444		2005 - 2 Aluminum Tool Boxes	2/18/05	590.00	0.00	0.00	590.00	0.00	590.00	0.00	S/L	17.50
445		2005 - 4 Stihl Weed Eaters	5/27/05	639.84	0.00	0.00	639.84	0.00	639.84	0.00	S/L	17.50
446		2006 - Brace-Bit Tapping Tool	11/24/06	307.49	0.00	0.00	307.49	0.00	307.49	0.00	S/L	17.50
447		2006 - Brace-Bit Tapping Tool	11/24/06	307.49	0.00	0.00	307.49	0.00	307.49	0.00	S/L	17.50
448		2007 - Service Truck Pipe Rack	1/19/07	650.00	0.00	0.00	650.00	0.00	650.00	0.00	S/L	17.50
449		2007 - Aluminum Tool Boxes and C	2/16/07	2,332.00	0.00	0.00	2,332.00	0.00	2,332.00	0.00	S/L	17.50
450		2007 - Pipe Replacement Tool	3/02/07	381.77	0.00	0.00	381.77	0.00	381.77	0.00	S/L	17.50
451		2007 - Dewalt Cordless Saw / Drill	10/12/07	213.59	0.00	0.00	213.59	0.00	213.59	0.00	S/L	17.50
452		2008 - 110 V Gas Generator	2/01/08	159.00	0.00	0.00	159.00	0.00	159.00	0.00	S/L	17.50
453		2008 - 18 V Dewalt Cut-off Tool	3/14/08	154.99	0.00	0.00	154.99	0.00	154.99	0.00	S/L	17.50
454		2009 - 2 Bed Side Mount Tool Box	5/08/09	514.00	0.00	0.00	514.00	0.00	514.00	0.00	S/L	17.50
455		2009 - Wing Chest Tool Box	5/08/09	309.00	0.00	0.00	309.00	0.00	309.00	0.00	S/L	17.50
456		2009 - Chest Tool Box	5/08/09	389.00	0.00	0.00	389.00	0.00	389.00	0.00	S/L	17.50

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1540 - Tools & Shop Equip (continued)												
457		2009 - Five Drawer Tool Box	5/08/09	299.00	0.00	0.00	299.00	0.00	299.00	0.00	S/L	17.50
458		2009 - Truck Pipe Rack	6/05/09	350.00	0.00	0.00	350.00	0.00	350.00	0.00	S/L	17.50
459		2009 - 800 W Generator	12/28/09	1,016.54	0.00	0.00	1,016.54	0.00	1,016.54	0.00	S/L	17.50
460		2009 - 800 W Generator	12/28/09	1,016.54	0.00	0.00	1,016.54	0.00	1,016.54	0.00	S/L	17.50
461		2010 - 2 Reed Pipe Crimping Tools	9/24/10	538.89	0.00	0.00	538.89	0.00	538.89	0.00	S/L	17.50
462		2011 - Hammerhead Pneumatic Pun	4/08/11	5,556.46	0.00	0.00	5,556.46	0.00	5,556.46	0.00	S/L	17.50
463		2011 - Steele Chainsaw	10/21/11	179.95	0.00	0.00	179.95	0.00	179.95	0.00	S/L	17.50
464		2011 - 12 V Warren Rupp Submersi	11/04/11	872.95	0.00	0.00	872.95	0.00	872.95	0.00	S/L	20.00
465		2011 - 12 V Warren Rupp Submersi	11/04/11	872.95	0.00	0.00	872.95	0.00	872.95	0.00	S/L	20.00
466		2012 - Dual Cylinder Dolly	9/07/12	374.95	0.00	0.00	309.05	1.79	310.84	64.11	S/L	17.50
467		2012 - Rock-It Drum Stand	9/07/12	217.95	0.00	0.00	198.58	1.04	199.62	18.33	S/L	17.50
470		2013 - Steele Leaf Blower	12/13/13	213.63	0.00	0.00	167.60	1.02	168.62	45.01	S/L	17.50
471		2014 - Warren Rupp Submersible P	3/07/14	2,188.39	0.00	0.00	2,188.39	0.00	2,188.39	0.00	S/L	17.50
472		2016 - 2 Buddy Portable Propane H	2/19/16	238.98	0.00	0.00	189.48	1.14	190.62	48.36	S/L	17.50
473		2016 - Digital Leak Detector	11/11/16	3,015.00	0.00	0.00	1,099.55	14.36	1,113.91	1,901.09	S/L	17.50
508		Gas Concrete Chain Saw	8/24/20	2,853.00	0.00	0.00	366.81	13.59	380.40	2,472.60	S/L	17.50
1540 - Tools & Shop Equip				30,961.56	0.00c	0.00	26,379.12	32.94	26,412.06	4,549.50		
Group: 1550 - Power Op Equip												
474		1990 - Case 580-K Loader / Backhc	4/20/90	25,800.00	0.00	0.00	25,800.00	0.00	25,800.00	0.00	S/L	12.50
475		1993 - 150 cfs Air Compressor	12/22/93	9,900.00	0.00	0.00	9,900.00	0.00	9,900.00	0.00	S/L	12.50
476		1994 - John Deere 310-D Loader / I	10/05/94	45,527.00	0.00	0.00	45,527.00	0.00	45,527.00	0.00	S/L	12.50
477		2012 - 1000 KW Generator	11/30/12	384,579.61	0.00	0.00	214,087.55	2,563.86	216,651.41	167,928.20	S/L	12.50
478		2016 - Case 580N 4x4 Backhoe	12/31/15	70,250.00	0.00	0.00	43,072.09	468.33	43,540.42	26,709.58	S/L	12.50
1550 - Power Op Equip				536,056.61	0.00c	0.00	338,386.64	3,032.19	341,418.83	194,637.78		
Group: 1560 - Other Tangible Equ												
479		2002 - 5 W VHF Portable Radios	9/06/02	327.51	0.00	0.00	327.51	0.00	327.51	0.00	S/L	10.00
480		2002 - 5 W VHF Portable Radios	9/30/02	327.51	0.00	0.00	327.51	0.00	327.51	0.00	S/L	10.00
481		2008 - Antenna & Installation on Lc	4/25/08	4,212.00	0.00	0.00	4,212.00	0.00	4,212.00	0.00	S/L	10.00
482		2012 - Mobile Radio System	1/31/13	12,289.70	0.00	0.00	8,434.68	102.41	8,537.09	3,752.61	S/L	10.00
483		2013 - 2 Radio Remotes	2/22/13	520.00	0.00	0.00	343.84	4.33	348.17	171.83	S/L	10.00
484		Self Contained Respirator	7/23/93	1,760.00	0.00	0.00	1,760.00	0.00	1,760.00	0.00	S/L	10.00
485		Drum Truck	12/08/95	267.50	0.00	0.00	267.50	0.00	267.50	0.00	S/L	10.00
1560 - Other Tangible Equ				19,704.22	0.00c	0.00	15,673.04	106.74	15,779.78	3,924.44		
Group: 1613 - CIP Eng Phase III												
488		CIP - Engineering Phase III	12/31/18	204,226.00	0.00	0.00	0.00	0.00	0.00	204,226.00	Memo	0.00
1613 - CIP Eng Phase III				204,226.00	0.00c	0.00	0.00	0.00	0.00	204,226.00		
Group: 1618 - CIP Eng DOT 421												
491		CIP - Engineering DOT US 421 Bri	12/31/18	47,750.00	0.00	0.00	700.33	63.67	764.00	46,986.00	S/L	62.50

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

FYE: 12/31/2022 Mth: 12/31/2022

Asset	d t	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
Group: 1618 - CIP Eng DOT 421 (continued)												
		1618 - CIP Eng DOT 421		<u>47,750.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>700.33</u>	<u>63.67</u>	<u>764.00</u>	<u>46,986.00</u>		
Group: 1620 - CIP Eng JC Osborne												
511		CIP - Eng JC Osborne Blvd BPS	12/31/21	<u>1,650.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,650.00</u>	Memo	0.00
		1620 - CIP Eng JC Osborne		<u>1,650.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,650.00</u>		
Group: 1621 - CIP Con JC Osborne												
512		CIP - Con JC Osborne Blvd BPS	12/31/21	<u>34,852.85</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>34,852.85</u>	Memo	0.00
		1621 - CIP Con JC Osborne		<u>34,852.85</u>	<u>0.00c</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>34,852.85</u>		
Group: 1622 - CIP Eng Wilder BPS												
513		CIP - Wilder Branch Engineering	12/31/21	<u>3,500.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,500.00</u>	Memo	0.00
		1622 - CIP Eng Wilder BPS		<u>3,500.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,500.00</u>		
		Grand Total		<u>35,203,533.04</u>	<u>0.00c</u>	<u>0.00</u>	<u>12,876,761.73</u>	<u>66,539.96</u>	<u>12,943,301.69</u>	<u>22,260,231.35</u>		
		Less: Dispositions and Transfers		<u>5,603.18</u>	<u>0.00</u>	<u>0.00</u>	<u>5,603.18</u>	<u>0.00</u>	<u>5,603.18</u>	<u>0.00</u>		
		Net Grand Total		<u>35,197,929.86</u>	<u>0.00c</u>	<u>0.00</u>	<u>12,871,158.55</u>	<u>66,539.96</u>	<u>12,937,698.51</u>	<u>22,260,231.35</u>		

Attachment #8

BOND RESOLUTION

HYDEN-LESLIE COUNTY WATER DISTRICT

AUTHORIZING

HYDEN-LESLIE COUNTY WATER DISTRICT

WATERWORKS REVENUE BONDS, SERIES 2011

IN THE PRINCIPAL AMOUNT OF

\$3,050,000

CONSISTING OF \$1,094,000 OF SERIES A BONDS

AND

\$1,956,000 OF SERIES B BONDS

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BOND RESOLUTION

RESOLUTION OF THE HYDEN-LESLIE COUNTY WATER DISTRICT OF LESLIE COUNTY, KENTUCKY, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$3,050,000 PRINCIPAL AMOUNT OF HYDEN-LESLIE COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2011, CONSISTING OF \$1,094,000 OF SERIES A BONDS AND \$1,956,000 OF SERIES B BONDS FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Hyden-Leslie County Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the District presently has outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, and

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$3,050,000, consisting of \$1,094,000 of Series A Bonds and \$1,956,000 of Series B Bonds (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Sisler-Maggard Engineering, PLLC and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued so as to rank on a parity basis with the Prior RD Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued subject to the vested rights and priorities in favor of the owners of the outstanding KIA Loan, and

WHEREAS, the Prior RD Bonds were issued to and are now held by the Rural Development of the Department of Agriculture of the United States of America (the "RD"), and

WHEREAS, the RD, as the Owner of the Prior RD Bonds, has consented to the issuance by the District of the Current Bonds, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HYDEN-LESLIE COUNTY WATER DISTRICT OF LESLIE COUNTY, KENTUCKY, AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.**

Section 101. Definitions. As used in this Resolution, unless the context requires otherwise:

"Act" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"ARC Grant" refers to the Appalachian Regional Commission grant described in Section 805 of this Resolution.

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin & Hays, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"Bonds" collectively refers to the outstanding Current Bonds, Prior Bonds and the Parity Bonds.

"Bonds of 1989" or "Series 1989 Bonds" refer to the outstanding Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990, in the original authorized principal amount of \$900,000.

"Bonds of 2000" or "Series 2000 Bonds" refer to the outstanding Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2000, dated August 24, 2000, in the original authorized principal amount of \$310,000.

"Bond Resolution of 1989" or "1989 Bond Resolution" refer to the Resolution authorizing the Bonds of 1989, duly adopted by the Board of Commissioners of the District on June 29, 1989.

"Bond Resolution of 2000" or "2000 Bond Resolution" refer to the Resolution authorizing the Bonds of 2000, duly adopted by the Board of Commissioners of the District on March 21, 2000.

"CDBG Grant" refers to the Community Development Block Grant described in Section 806 of this Resolution.

"Chairman" refers to the elected or appointed Chairman or Chairperson of the Commission.

"Coal Bond Grant" refers to the Kentucky Coal Bond grants to the District in the aggregate amount of \$1,750,000.

"*Coal Severance Grant*" refers to the Kentucky Coal Severance grants to the District in the aggregate amount of \$1,300,000.

"*Code*" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"*Commission*" refers to the Board of Commissioners of the District, or such other body as shall be the governing body of said District under the laws of Kentucky at any given time.

"*Construction Account*" refers to the Hyden-Leslie County Water District Construction Account, created in Section 301(B) of this Current Bond Resolution.

"*Contractors*" refers to the general contractors who have been employed by the District to construct the Project.

"*Current Bond Resolution*" or "*Resolution*" refer to this Resolution authorizing the Current Bonds.

"*Current Bonds*" refers to the \$3,050,000 of Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2011, consisting of \$1,094,000 of Series A Bonds and \$1,956,000 of Series B Bonds authorized by this Resolution, to be dated as of the date of issuance thereof.

"*Current Sinking Fund*" refers to the Hyden-Leslie County Water District Sinking Fund of 1989, described in Section 401 of this Resolution.

"*Debt Reserve Fund*" refers to the Hyden-Leslie County Water District Water System Debt Reserve Fund, described in Section 402 of this Resolution.

"*Depository Bank*" refers to the bank, which shall be a member of the FDIC, which bank is Hyden Citizens Bank, Hyden, Kentucky, or its successor.

"*District*" refers to the Hyden-Leslie County Water District of Leslie County, Kentucky.

"*Engineers*" refers to the Engineers or any one of them, who prepared the plans and specifications for the construction of the Project and who will supervise the construction thereof and/or will furnish full time resident inspection of the construction of the Project, and shall be deemed to refer to Sisler-Maggard Engineering, PLLC, or a member of said firm, or their successors.

"*Event of Default*" refers to one or more of the Events of Default set forth in Section 701 of this Resolution.

"*FDIC*" refers to the Federal Deposit Insurance Corporation, or its successors.

"Fiscal Year" refers to the annual accounting period of the District, beginning on January 1, and ending on December 31, of each year.

"Funds" refers to the Construction Account, the Revenue Fund, the Prior Sinking Fund, the Current Sinking Fund, the Debt Reserve Fund and the Operation and Maintenance Fund.

"Government" refers to the United States of America, or any agency thereof, including RD.

"Grant Proceeds" refers to the proceeds of the RD Grant, the ARC Grant, the Coal Severance Grant, the Coal Bond Grant and the CDBG Grant.

"Independent Consulting Engineer" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"Interim Lender" refers to Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the District.

"KIA Loan" refer to the outstanding Kentucky Infrastructure Authority Loan to the District.

"Local Counsel" refers to Phillip Lewis, Esq., Hyden, Kentucky, or any other attorney or firm of attorneys designated by the District.

"Multiple Advances" refers to the advance of loan funds from the RD as described in Section 302 of this Resolution.

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the Hyden-Leslie County Water District Operation and Maintenance Fund described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source

of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Prior Bonds" refers collectively to the KIA Loan, the Series 1989 Bonds and the Series 2000 Bonds.

"Prior RD Bond Resolution" refers collectively to the 1989 Bond Resolution and the 2000 Bond Resolution.

"Prior RD Bonds" refers collectively to the Series 1989 Bonds and the Series 2000 Bonds.

"Prior Sinking Fund" refers to the Hyden-Leslie County Water District KIA Sinking Fund, described in Section 401 of this Resolution.

"Project" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Project is being financed by the Current Bonds and by other funds.

"Purchaser" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"RD" refers to the Rural Development of the Department of Agriculture of the United States of America.

"RD Grant" refers to the RD grant described in Section 804 of this Resolution.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"Revenue Fund" refers to the Hyden-Leslie County Water District Water Revenue Fund, described in Section 401 of this Resolution.

"Secretary" refers to the elected or appointed Secretary of the Commission.

"System" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"Treasurer" refers to the elected or appointed Treasurer of the Commission.

"*U.S. Obligations*" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$10,400,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$3,050,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$10,400,000
Less:		
RD Grant	\$ 1,700,000	
ARC Grant	600,000	
Coal Severance Grant	1,300,000	
Coal Bond Grant	1,750,000	
CDBG Grant	1,000,000	
District Contribution	<u>1,000,000</u>	
Total Non-Bond Funds:		<u>(7,350,000)</u>
Balance to be financed by Current Bonds		\$3,050,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$3,050,000 principal amount of Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2011, consisting of \$1,094,000 of Series A Bonds and \$1,956,000 of Series B Bonds.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on June 1 and December 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing June 1 or December 1, as the case may be. Principal of the Current Bonds shall be payable on June 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds.

Section 107. Current Bonds Shall be Payable Out of Gross Revenues. The Current Bonds, Prior RD Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable on a parity solely out of the gross revenues of the System, after providing for all of the principal and interest requirements of the outstanding KIA Loan.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights

of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to June 1, 2021, shall not be subject to prepayment. Principal maturities falling due on and after June 1, 2021, shall be subject to prepayment by the District on any date falling on and after June 1, 2020, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

Notice of such prepayment shall be given by certified mail to the Bondowner or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$209,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$209,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

A. Covenants Applicable if RD Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures and the necessity of using RD forms (the "RD Forms"), shall apply only if the RD is the Purchaser of the Current Bonds and only so long as the RD holds the Current Bonds thereafter. In the event that the RD shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures, and the necessity of using RD Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the RD if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the District in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Hyden-Leslie County Water District Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be deposited

in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from RD as to such expenditures, if RD is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Chairman, the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated RD official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the District shall disburse Construction Account funds in a manner consistent with RD Instruction 1780.

The District shall prepare and submit any and all RD Forms required by the RD. Periodic audits of the District's Construction Account records shall be made by RD as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$60,000) during the construction of the Project, as approved by the Engineers and by RD. Any capitalized interest funds remaining in the Construction Account after construction of the Project is complete shall be used by the District for capital expenditures or to make future debt service payments.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of the Project (as determined by the Engineers, the Chairman and RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same

shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) Statements of Contractors, Engineers and Attorneys as to Payment. Prior to the delivery of the Current Bonds, if the RD is the Purchaser of the Current Bonds, the District will be required to provide the RD with statements from the Contractors, Engineers and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under RD Instruction 1780.

(7) Disposition of Balance in Construction Account After Completion of Project. When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the RD, any balance then remaining in the Construction Account shall, with the consent of the RD, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

Section 302. Interim Financing Authorization.

A. Interim Financing. The District shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$3,050,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

(1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or

(2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$3,050,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$3,050,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

The District hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the District will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the amount of the interim financing, after which, such interim financing may again be increased as theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the District.

B. Multiple Advances by RD. In the event the Current Bonds are purchased by the RD, and in the event the District is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the RD.

If the RD agrees to make Multiple Advances to the District pending the delivery of the Current Bonds, the Chairman is hereby authorized to execute in the name and on behalf of the District any number of Notes. Each such Note, evidencing an advance of funds by the RD to the District, shall be in the form prescribed by the RD.

Each request for an advance from the RD shall be accompanied by a Requisition Certificate. The District will also furnish to the RD, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the RD, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds. The District further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Chairman and/or the Treasurer (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. There was heretofore created in the Prior RD Bond Resolution the following funds and accounts:

- (a) Hyden-Leslie County Water District Water Revenue Fund
- (b) Hyden-Leslie County Water District Waterworks Sinking Fund of 1989
- (c) Hyden-Leslie County Water District Water System Debt Reserve Fund
- (d) Hyden-Leslie County Water District Operation and Maintenance Fund

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding.

Section 402. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The District covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified by this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Prior Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Prior Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the KIA Loan, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on the KIA Loan, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of the KIA Loan maturing on the next succeeding principal payment date.

Said Prior Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the KIA Loan.

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$60,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth ($1/6$) of the next succeeding six-month interest payment to become due on the Prior RD Bonds and the Current Bonds then outstanding, plus
- (2) A sum equal to one-twelfth ($1/12$) of the principal of any Prior RD Bonds and Current Bonds maturing on the next succeeding January 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Prior RD Bonds and the Current Bonds, but subject to the vested rights and priorities of the KIA Loan.

D. Debt Reserve Fund. Pursuant to the provisions of the Prior RD Bond Resolution which requires that an adjustment be made in the Debt Reserve Fund upon the issuance of bonds ranking on a parity with the Prior RD Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least \$1,160 each month which shall be deposited into the Debt Reserve Fund until there is accumulated in such Debt Reserve Fund the sum of at least \$139,200, which amount shall be maintained, and when necessary, restored to said sum of \$139,200, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior RD Bond Resolution.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Debt Reserve Fund, there shall be deposited into said Debt Reserve Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Debt Reserve Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

E. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the District's annual budget.

F. Monthly Principal and Interest Payments if Requested by RD. So long as any of the Bonds are held or insured by RD, the District shall, if requested by RD, make the payments required by this Section 402, in monthly installments to RD or to the insured Owners of the Bonds.

G. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Debt Reserve Fund for application in accordance with the terms of this Resolution or to the Current Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

H. Investment and Miscellaneous Provisions. All monies in the Sinking Fund and the Debt Reserve Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All monies in the Sinking Fund and the Debt Reserve Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

All payments into the Funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Saturday, Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All monies held in any of the Funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

Section 403. Current Bonds on a Parity with Prior RD Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the District (i) a letter from the RD to the effect that the RD agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the Prior RD Bonds, all of which are owned by the RD, together with (ii) a certification signed by the RD to the effect that a legend has been typed, stamped or otherwise affixed on each of the Prior RD Bonds held by the RD, evidencing the agreement of the RD as the then Owner of the Prior RD Bonds, to the issuance of the Current Bonds so as to rank on a parity with the Prior Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$3,050,000 of Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2011 ranking on a parity as to security and source of payment with this Bond.

Accordingly, it is hereby found and declared that the Current Bonds shall rank and be payable on a parity with said outstanding Prior RD Bonds from the gross income and revenues of the System, subject to the priority of the KIA Loan.

ARTICLE 5. COVENANTS OF DISTRICT

Section 501. Rates and Charges. The District shall charge such rates and charges for all services and facilities rendered by the System, which rates and charges shall be reasonable, taking into account and consideration the cost and value of the System, the cost of maintaining, repairing and operating same and the amounts necessary for the payment of principal of and interest on Outstanding Bonds against the System. The District shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then Outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

Section 502. Books and Accounts; Audit. The District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Bondowners, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than ninety (90) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the RD without request, so long as the Government is the Owner of any of the Bonds, and to any Bondowner that may have made a written request for same.

Monthly operating reports shall be furnished to the RD and to any Bondowner requesting same, during the first two (2) years of operation after completion of the Project, and whenever and so long as the District is delinquent in any of the covenants set out in the Prior Bond Resolution or this Current Bond Resolution. Thereafter, quarterly operating reports shall be furnished at all other times to the RD and to any Bondowner requesting the same.

Section 503. System to Continue to be Operated on Fiscal Year Basis; Annual Budget. While any of the Bonds are outstanding and unpaid, and to the extent permitted by law, the System shall continue to be operated and maintained on a Fiscal Year basis.

Not later than sixty (60) days before the end of each Fiscal Year, the District agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such

Proposed Budget and to the RD without request, if the Government is the Owner of any of the Bonds.

For the purpose of the Proposed Budget, operating expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation and debt service payments. The District covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for operating expenses in the annual budget, except upon resolution by the District that such expenses are necessary to operate and maintain the System.

Not later than sixty (60) days before the end of each Fiscal Year, the District shall prepare an estimate of gross revenues to be derived from the operation of the System for said Fiscal Year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all Outstanding Bonds during the ensuing Fiscal Year, (b) to accumulate and maintain all required reserves enumerated herein and (c) to pay operating expenses, the District shall revise the rates and charges sufficiently to provide the funds so required.

If the Owners of at least 50% of the principal amount of the Outstanding Bonds, or the Government so long as it is the Owner of any of said Outstanding Bonds, so request, the Commission shall hold an open hearing not later than thirty (30) days before the beginning of the ensuing Fiscal Year, at which time any Bondowner may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least fifteen (15) days prior to the hearing to each registered Bondowner and to the Government.

The District covenants that annually before the first day of the Fiscal Year, the annual budget for the upcoming Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said District by a specific resolution duly adopted.

Section 504. General Covenants. The District, through its Commission, hereby covenants and agrees with the Owners of the Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;

- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;
- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds. So long as the RD shall own any of the Bonds, the District shall comply with such RD regulations, requirements and requests as shall be made by the RD, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the RD, the carrying of insurance of such types and in such amounts as the RD may specify, with insurance carriers acceptable to the RD and compliance with all of the terms and conditions of the Loan Resolution (RD Form 1780-27) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

Section 601. Inferior Bonds. Except as hereinafter provided below in this Article, the District shall not, so long as any Bonds are outstanding, issue any additional bonds payable from the revenues of the System unless the security and/or pledge of the revenues to secure such additional bonds are made inferior and subordinate in all respects to the security of the Bonds.

The District expressly reserves the right at any time to issue its bonds or other obligations payable from the revenues of the System and not ranking on a parity basis with the Current Bonds, without any proof of previous earnings or net revenues, provided that the consent of the RD must be obtained prior to the issuance of any inferior bonds so long as the RD owns any of the Bonds, and provided further that, after the initial completion of the Project, such inferior bonds may be issued only for the purpose of providing for future extensions, additions and improvements to the System, and only in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds; provided further, that nothing in this Section is intended to restrict or shall be construed as a restriction upon, the ordinary refunding all or a portion of the Outstanding Bonds.

Section 602. Parity Bonds to Complete the Project. The District hereby certifies, covenants and agrees that in the event that the cost of completion of the construction of the Project shall exceed the moneys available to the District from any and all sources, the District shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the District has obtained a certification from the Engineers to the effect that it is necessary to issue the desired amount of Parity Bonds in order to enable the District to pay the cost (not otherwise provided) of the completion of the Project, and provided the District has complied with the provisions of Section 603 below or has obtained:

- (a) the consent of the RD if the Government is as the Owner of the Prior RD Bonds at that time or the consent of any other Owners of the Prior RD Bonds, and
- (b) the consent of (1) the RD if the Government is the purchaser of the Current Bonds; or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are held by Owners other than the Government.

Section 603. Parity Bonds to Finance Future Improvements. The District reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional Parity Bonds, but only under the conditions specified in the Current Bond Resolution, which conditions are as follows:

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more

additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained (1) the written consent of the RD for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds; and (2) the written consent of the Owners of all of the then outstanding Prior Bonds, and no other prerequisite need be complied with by the District in order to issue Parity Bonds.

Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds. The District hereby covenants and agrees that in the event any Parity Bonds are issued, the District shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the average annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Debt Reserve Fund on the same basis as that prescribed in the provisions establishing such Debt Reserve Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System; and

(c) Make such Parity Bonds payable as to principal on June 1 of each year in which principal falls due and payable as to interest on June 1 and December 1 of each year until the final maturity of such Parity Bonds.

Section 605. Prepayment Provisions Applicable to Parity Bonds. If, in connection with any subsequently issued series of Parity Bonds, it is provided that excess revenues in the Revenue Fund shall be used to prepay Outstanding Bonds in advance of scheduled maturity, or if the District at its option undertakes to prepay Outstanding Bonds in advance of scheduled maturity, it is agreed and understood, for so long as the Government owns any of the Outstanding Bonds, that no such prepayment will be effected without the approval of the RD.

Section 606. Consent of the RD Regarding Future Bonds. Notwithstanding any other provisions of this Resolution, the District agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the District will not issue any future bonds, notes or other obligations against, secured by or payable from the revenues of the System without the written consent of the RD.

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The District covenants and agrees that so long as any of the Prior Bonds and/or Bonds are outstanding, the District will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the District will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Outstanding Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

(a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;

(b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement

**ARTICLE 8. CONTRACTUAL PROVISIONS; GRANT APPROVAL;
MISCELLANEOUS PROVISIONS.**

Section 801. Resolution Contractual with Bondowners. The provisions of this Resolution constitute a contract between the District and its Commission and the Owners of the Current Bonds as may be outstanding from time to time; and after the issuance of any of said Current Bonds, no change, alteration or variation of any kind of the provisions of this Resolution shall be made in any manner which will affect an Owner's rights except as herein provided or except with the written consent of all Bondowners until such time as all of the Current Bonds and the interest thereon have been paid in full or fully provided for; provided that the Commission may adopt any resolution for any purpose not inconsistent with the terms of this Resolution and which shall not impair the security of the Owners of the Current Bonds and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any resolution or other proceedings pertaining hereto.

It is further agreed that the Owners of 75% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Outstanding Bonds without similarly affecting the rights of all Owners of such Outstanding Bonds, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the RD so long as the RD owns any of the Outstanding Bonds.

Section 802. All Current Bonds are Equal. The Current Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among any of the Current Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating

the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$1,700,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Approval and Acceptance of ARC Grant Agreement. The Appalachian Regional Commission (the "ARC") has agreed to make a grant to the District in the amount of \$600,000 (the "ARC Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the ARC has requested the District to approve, accept and execute a certain ARC Grant Agreement (the "ARC Grant Agreement"), setting out the terms and conditions upon which said ARC Grant will be made. Said ARC Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said ARC Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other ARC Grants offered to the District in connection with the Project and to execute any and all ARC Grant Agreements and any other documents as may be requested by the ARC in connection with ARC Grants which have been and/or which may hereafter be approved for such Project.

Section 806. Approval and Acceptance of CDBG Grant Agreement. The Department of Housing and Urban Development (the "HUD") has agreed to make a grant to the District in the amount of \$1,000,000 (the "CDBG Grant"), to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and HUD has requested the District to approve, accept and execute a certain CDBG Grant Agreement (the "CDBG Grant Agreement") setting out the terms and conditions upon which said CDBG Grant will be made. Said CDBG Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said CDBG Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other CDBG Grants offered to the District in connection with the Project and to execute any and all CDBG Grant Agreements and any other documents as may be requested by HUD in connection with CDBG Grants which have been and/or which may hereafter be approved for such Project.

Section 807. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.
- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1780-27).
- (e) Agreement for Engineering Services with the Engineers.

Section 808. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The District further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the Commission, toward the costs of such easements, rights-of-way and/or sites; provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the RD; and the Commission further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Resolution shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the District is unable to obtain the approval of the RD for any such payment, the Commission shall take all reasonably necessary actions, within the powers and authority of the Commission, to make such additional amount available from all other available District resources.

Section 809. Authorization to File Required Financing Statements. In the event that it is determined by Bond Counsel or Local Counsel that the District is required to file any financing statements under the Kentucky Uniform Commercial Code in order to perfect the pledge of the gross revenues of the District's System as security for the Current Bonds, Bond Counsel and/or Local

Counsel are hereby authorized to prepare and file with the appropriate officials such financing statements as they deem necessary.

ARTICLE 9. SALE OF CURRENT BONDS

Section 901. Sale of Current Bonds. The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Commission shall designate.

A suggested form of "Notice of Bond Sale", a suggested form of "Official Notice of Sale of Bonds" and a suggested form of "Bid Form", having been prepared in advance by Bond Counsel, and all of such documents having been found to be in satisfactory form, a copy of each is hereby ordered to be filed in the records of the Secretary with the Minutes of the meeting at which this Resolution is adopted. The Notice of Bond Sale shall be signed by the Secretary and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of such documents shall be furnished to any interested parties who may request same.

In the event that there is no bid or that all bids are rejected, the District may readvertise the sale pursuant to this Resolution.

Section 902. Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason and the District, with the consent of the Purchaser of the Current Bonds, determines it is in the District's best interest to change the maturities, the applicable prepayment date or any other dates, the District may adjust the same by a Resolution of the Commission approving the adjustments.

ARTICLE 10. CONCLUDING PROVISIONS

Section 1001. Covenant of District to Take All Necessary Action To Assure Compliance with the Code. In order to assure the Owners of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be exempt from all Kentucky income taxation, the District covenants to and with the Owners of the Current Bonds to take the following action:

(a) The District will (1) take all actions necessary to comply with the provisions of the Code necessary to assure that interest on the Current Bonds will be excludable from gross income for federal income tax purposes; (2) will take no actions which will violate any of the provisions of the Code; and (3) not use the proceeds of the Current Bonds for any purpose which will cause interest on the Current Bonds or on interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof to become includable in gross income for federal income tax purposes.

(b) The District further certifies that the Current Bonds and any and all interim financing obligations of the District are not "private activity bonds" within the meaning of the Code.

(c) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Depository Bank, which fund shall be designated the "Excess Earnings and Rebate Fund", which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America on or before the anniversary of the fifth (5th) year from the date of the Current Bonds, and once every five (5) years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

Section 1002. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

Section 1003. All Provisions in Conflict Repealed. All motions, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are to the extent of such conflict hereby repealed. It is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds of the District payable or secured in any manner by all or any part of the income and revenues of said System or any part thereof, and which have not been heretofore issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The District covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

Section 1004. Effective Immediately Upon Adoption. This Resolution shall take effect and be effective immediately upon its adoption.

Adopted this October 28, 2010.

Hyden-Leslie County Water District


Chairman

(Seal of District)

Attest:


Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Hyden-Leslie County Water District of Leslie County, Kentucky, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on October 28, 2010, as shown by the official records of said District in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this October 28, 2010.



Secretary

(Seal of District)

EXHIBIT A-1

Schedule of Principal Payments on Series A Bonds

<u>Payment Due June 1</u>	<u>Principal Payment</u>	<u>Payment Due June 1</u>	<u>Principal Payment</u>
2013	\$ 11,500	2032	\$ 26,500
2014	12,000	2033	27,500
2015	12,500	2034	28,500
2016	13,500	2035	30,000
2017	14,000	2036	31,500
2018	14,500	2037	32,500
2019	15,000	2038	34,000
2020	16,000	2039	35,500
2021	16,500	2040	37,000
2022	17,000	2041	38,500
2023	18,000	2042	40,500
2024	18,500	2043	42,000
2025	19,500	2044	44,000
2026	20,500	2045	46,000
2027	21,500	2046	48,000
2028	22,000	2047	50,000
2029	23,000	2048	52,000
2030	24,000	2049	54,500
2031	25,000	2050	61,000

EXHIBIT A-2

Schedule of Principal Payments on Series B Bonds

<u>Payment Due June 1</u>	<u>Principal Payment</u>	<u>Payment Due June 1</u>	<u>Principal Payment</u>
2013	\$ 32,500	2032	\$ 50,500
2014	33,000	2033	51,500
2015	34,000	2034	53,000
2016	34,500	2035	54,000
2017	35,500	2036	55,500
2018	36,500	2037	56,500
2019	37,000	2038	58,000
2020	38,000	2039	59,500
2021	39,000	2040	61,000
2022	40,000	2041	62,500
2023	41,000	2042	64,000
2024	42,000	2043	65,500
2025	43,000	2044	67,000
2026	44,000	2045	68,500
2027	45,000	2046	70,000
2028	46,000	2047	72,000
2029	47,000	2048	73,500
2030	48,000	2049	75,000
2031	49,500	2050	73,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
HYDEN-LESLIE COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2011

No. R- _____ Interest Rate: _____ % \$ _____

KNOW ALL PERSONS BY THESE PRESENTS:

That the Hyden-Leslie County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Leslie County, Kentucky, for value received, hereby promises to pay to

_____ the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

_____ DOLLARS (\$ _____),

on the first day of June, in years and installments as follows:

Year Principal Year Principal Year Principal

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of June and December in each year, beginning with the first June or December after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Series ___ Bond is issued by the District as part of an issue in the aggregate principal amount of \$3,050,000, consisting of \$1,094,000 of Series A Bonds and \$1,956,000 of Series B Bonds, under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued on a parity as to security and source of payment with the outstanding (i) Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990 (the "1989 Bonds"), authorized by a Resolution adopted by the Commission of the District on June 29, 1989 (the "1989 Bond Resolution"); and (ii) Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2000, dated August 24, 2000 (the "2000 Bonds"), authorized by a Resolution adopted by the Commission of the District on March 21, 2000 (the "2000 Bond Resolution"); [hereinafter the 1989 Bonds and the 2000 Bonds shall be collectively referred to as the "Prior RD Bonds", and the 1989 Bond Resolution and the 2000 Bond Resolution shall be collectively referred to as the "Prior RD Bond Resolution"], but subject to the vested rights and priorities in favor of the outstanding Kentucky Infrastructure Authority Loan to the District (the "KIA Loan"). Accordingly, this Bond, the Prior RD Bonds, together with any bonds ranking on a parity herewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the KIA Loan.

This Bond has been issued in full compliance with the Current Bond Resolution and the Prior RD Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the Prior RD Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Hyden-Leslie County Water District Waterworks Revenue Bond Sinking Fund of 1989", created in the 1989 Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Prior RD Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior RD Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the Prior RD Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the registration book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after June 1, 2020, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Hyden-Leslie County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

HYDEN-LESLIE COUNTY WATER DISTRICT
Leslie County, Kentucky

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the District kept for that purpose by the Secretary, as Bond Registrar, upon presentation hereof to said Secretary, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered owner or its attorney, such transfer to be made on said book and endorsed hereon.

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto _____, this ____ day of _____, _____.

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2011, in the principal amount of \$3,05094,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the Hyden-Leslie County Water District (the "District").

2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$ _____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:

3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "Hyden-Leslie County Water District Construction Account".

4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

IN TESTIMONY WHEREOF, witness the signatures of the undersigned this _____

Hyden-Leslie County Water District

Sisler-Maggard Engineering, PLLC

By _____

By _____

Registered Professional Engineer

State of Kentucky No. _____

Approved on _____

Approved on _____

USDA, Rural Development

Amount expended heretofore \$ _____

By _____

Amount approved herein _____

Authorized RD Official

Total _____

Approved on _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

BOND RESOLUTION

HYDEN-LESLIE COUNTY WATER DISTRICT

AUTHORIZING

HYDEN-LESLIE COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2000

IN THE AMOUNT OF

\$310,000

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BOND RESOLUTION

RESOLUTION OF THE HYDEN-LESLIE COUNTY WATER DISTRICT, AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$310,000 PRINCIPAL AMOUNT OF HYDEN-LESLIE COUNTY WATER DISTRICT WATERWORKS REVENUE BONDS, SERIES 2000 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Hyden-Leslie County Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

WHEREAS, the District presently has outstanding certain Prior Bonds (as hereinafter defined), which Prior Bonds are payable from and secured by a pledge of the revenues derived from the operation of the System, and

WHEREAS, all of the Prior Bonds presently outstanding are current as to payment of both principal and interest, and for the security of which a certain Sinking Fund and certain reserves are being maintained in the manner and by the means prescribed in the Prior Bond Resolution (as hereinafter defined) of the District, authorizing the Prior Bonds, and

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$310,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Elrod-Dunson, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued so as to rank on a parity basis with the Series 1989 Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued as second lien bonds, subject to the vested rights and priorities in favor of the owners of the outstanding Series 1968 Bonds, and

WHEREAS, the Series 1989 Bonds were issued to and are now held by the Rural Development of the Department of Agriculture of the United States of America (the "RD"), and

WHEREAS, the RD, as the Owner of the Series 1989 Bonds, has consented to the issuance by the District of the Current Bonds, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$1,393,000, and by connection charges in the amount of at least \$24,000, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HYDEN-LESLIE COUNTY WATER DISTRICT OF LESLIE COUNTY, KENTUCKY, AS FOLLOWS:

**ARTICLE 1. DEFINITIONS; PURPOSE; AUTHORIZATION OF BONDS;
SECURITY.**

Section 101. Definitions. As used in this Resolution, unless the context requires otherwise:

"Act" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"ARC Grant" refers to the Appalachian Regional Commission grant described in Section 805 of this Resolution.

"Beginning Month" refers to the month following the month in which the Current Bonds authorized herein are issued, sold and delivered to the Purchaser thereof.

"Bond Counsel" refers to an attorney or firm of attorneys recognized nationally as experts in the field of municipal bond law and shall be deemed to refer to Rubin & Hays, Louisville, Kentucky, or their successors.

"Bondowner" or "Owner" refer to registered Owners of the Current Bonds at the time issued and outstanding hereunder.

"Bonds" collectively refers to the outstanding Current Bonds, Prior Bonds and the Parity Bonds.

"Bonds of 1968" or "Series 1968 Bonds" refer to the outstanding Hyden-Leslie County Water District Water Revenue Bonds, Series 1968, dated June 1, 1968, in the original authorized principal amount of \$234,000.

"Bonds of 1989" or "Series 1989 Bonds" refer to the outstanding Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990, in the original authorized principal amount of \$900,000.

"Bond Resolution of 1968" or "1968 Bond Resolution" refer to the Resolution authorizing the Bonds of 1968, duly adopted by the Board of Commissioners of the District on August 1, 1968.

"Bond Resolution of 1989" or "1989 Bond Resolution" refer to the Resolution authorizing the Bonds of 1989, duly adopted by the Board of Commissioners of the District on June 29, 1989.

"CDBG Grant" refers to the Community Development Block Grant described in Section 806 of this Resolution.

"Chairman" refers to the elected or appointed Chairman or Chairperson of the Commission.

"Code" refers to the Internal Revenue Code of 1986, as amended, and the Treasury Regulations relating thereto.

"Grant Proceeds" refers to the proceeds of the RD Grant, the ARC Grant and the CDBG Grant.

"Independent Consulting Engineer" refers to a consulting engineer or a firm of consulting engineers of recognized excellent reputation in the field of waterworks system engineering, and such definition includes the Engineers named above.

"Interim Lender" refers to Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky, its successors or assigns; or any other financial institution or governmental agency approved by the District.

"Local Counsel" refers to Phillip Lewis, Esq., Hyden, Kentucky, or any other attorney or firm of attorneys designated by the District.

"Multiple Advances" refers to the advance of loan funds from the RD as described in Section 302 of this Resolution.

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the Hyden-Leslie County Water District Operation and Maintenance Fund described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by the RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

"Parity Bonds" refers to bonds which may be issued in the future which, pursuant to this Resolution, rank on a basis of parity with the outstanding Bonds, as to priority, security and source of payment, and does not refer to bonds which might be issued so as to rank inferior to the security and source of payment of the outstanding Bonds.

"Prior Bonds" refers collectively to the Series 1968 Bonds and the Series 1989 Bonds.

"Prior Bond Resolution" refers collectively to the 1968 Bond Resolution and the 1989 Bond Resolution.

"Project" refers specifically to the construction of the currently proposed extensions, additions and improvements to the System of the District, which Project is being financed by the Current Bonds and by other funds.

"Purchaser" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"RD" refers to the Rural Development of the Department of Agriculture of the United States of America.

"RD Grant" refers to the RD grant described in Section 804 of this Resolution.

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"Revenue Fund" refers to the Hyden-Leslie County Water District Water Revenue Fund, described in Section 401 of this Resolution.

"Second Lien Sinking Fund" refers to the Hyden-Leslie County Water District Waterworks Revenue Bond Sinking Fund of 1989, described in Section 401 of this Resolution.

"Secretary" refers to the elected or appointed Secretary of the Commission.

"System" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"Treasurer" refers to the elected or appointed Treasurer of the Commission.

"U.S. Obligations" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking

steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$2,047,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$310,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$2,047,000
Less:		
RD Grant	\$283,000	
ARC Grant	250,000	
Board of Education Contribution	10,000	
CDBG Grant	850,000	
Abandoned Mines Land Grant	20,000	
Connection Charges	<u>324,000</u>	
Total Non-Bond Funds:		<u>(1,737,000)</u>
Balance to be financed by Current Bonds		\$310,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$310,000 principal amount of Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2000.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on June 1 and December 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing June 1 or December 1, as the case may be. Principal

of the Current Bonds shall be payable on June 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

Section 107. Current Bonds Shall be Payable on Second Lien Basis Out of Net Revenues. The Current Bonds, the Series 1989 Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable on a parity solely on a second lien basis out of the net revenues of the System, after providing for all of the principal and interest requirements of the outstanding Series 1968 Bonds.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to June 1, 2010, shall not be subject to prepayment. Principal maturities falling due on and after June 1, 2010, shall be subject to prepayment by the District on any interest payment date falling on and after June 1, 2009, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

Notice of such prepayment shall be given by certified mail to the Bondowner or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Bondowner.

"*Purchaser*" refers to the agency, person, firm or firms, or their successors, to whom the Current Bonds herein authorized are awarded at the public sale of the Current Bonds.

"*RD*" refers to the Rural Development of the Department of Agriculture of the United States of America.

"*RD Grant*" refers to the RD grant described in Section 804 of this Resolution.

"*Required Signatures*" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"*Revenue Fund*" refers to the Hyden-Leslie County Water District Water Revenue Fund, described in Section 401 of this Resolution.

"*Second Lien Sinking Fund*" refers to the Hyden-Leslie County Water District Waterworks Revenue Bond Sinking Fund of 1989, described in Section 401 of this Resolution.

"*Secretary*" refers to the elected or appointed Secretary of the Commission.

"*System*" refers to the existing waterworks system of the District, together with all extensions, additions and improvements to said System.

"*Treasurer*" refers to the elected or appointed Treasurer of the Commission.

"*U.S. Obligations*" refers to bonds or notes which are the direct obligations of the United States of America, or obligations the principal of and interest on which are guaranteed by the United States of America.

All words and terms importing the singular number shall, where the context requires, import the plural number and vice versa. Unless otherwise indicated, references to Articles or Sections refers to those in this Resolution.

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

Section 103. Construction Award Approved; Work Authorized. The Commission hereby authorizes, approves, ratifies and confirms its previous action in advertising for and taking

steps toward awarding the contracts for the construction of the Project to the lowest and best bidders, and further approves the action of the District officials in entering into formal contracts with said bidders, subject to the necessary approvals being obtained. Authority is hereby given for undertaking the construction of the Project according to the plans and specifications heretofore prepared by the Engineers for the District, after all necessary approvals have been obtained.

Section 104. Declaration of Period of Usefulness. The Commission hereby declares that the period of usefulness of the System is more than forty (40) years from the date of completion of the Project.

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$2,047,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$310,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$2,047,000
Less:		
RD Grant	\$283,000	
ARC Grant	250,000	
Board of Education Contribution	10,000	
CDBG Grant	850,000	
Abandoned Mines Land Grant	20,000	
Connection Charges	<u>324,000</u>	
Total Non-Bond Funds:		<u>(1,737,000)</u>
Balance to be financed by Current Bonds		\$310,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$310,000 principal amount of Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2000.

The Current Bonds shall be dated as of the date of delivery to the Purchaser thereof; shall bear interest from such date at such interest rate as may be fixed by supplemental resolution as a result of the advertised sale and competitive bidding for such Current Bonds, as hereinafter provided; and shall be issued and delivered as prescribed in Section 202 hereof.

Interest on the Current Bonds shall be payable semiannually on June 1 and December 1 of each year, provided that the first interest payment period will cover interest only from the date of delivery of the Current Bonds to the ensuing June 1 or December 1, as the case may be. Principal

of the Current Bonds shall be payable on June 1 of each of the respective years until maturity, as set out in Section 201 hereof.

Section 106. Recognition of Prior Bonds. The District hereby expressly recognizes and acknowledges that the District has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Resolution.

Section 107. Current Bonds Shall be Payable on Second Lien Basis Out of Net Revenues. The Current Bonds, the Series 1989 Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable on a parity solely on a second lien basis out of the net revenues of the System, after providing for all of the principal and interest requirements of the outstanding Series 1968 Bonds.

Section 108. Lien on Contracts. In addition to the revenue pledge securing the Bonds, a lien is hereby created and granted in favor of the Bondowners on all contracts, and on all other rights of the District pertaining to the System, enforceable by assignment to any receiver or other operator proceeding by authority of any court.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

Section 201. Principal Payments. Principal payments due on the Current Bonds shall be as set forth in the schedule of maturities set out in **Exhibit A** attached to this Resolution and incorporated herein.

Section 202. Issuance of Current Bonds; Bond Form. The Purchaser of the Current Bonds at the public sale shall take delivery of the Current Bonds in the form of one or more fully registered bonds, as set forth in **Exhibit B** attached hereto and incorporated herein, amounting in the aggregate to the principal amount of the Current Bonds authorized herein, maturing as to principal as set out in Section 201. The Current Bonds shall be numbered R-1 and consecutively upward thereafter. Such Current Bonds shall, upon appropriate execution on behalf of the District as prescribed, constitute the entire bond issue herein authorized, shall be negotiable (subject to registration requirements as to transferability), registered as to principal and interest and payable as directed by the registered Owner.

Section 203. Place of Payment and Manner of Execution. Both principal of and interest on the Current Bonds shall be payable at the place and in the manner set out in the form of such Current Bond. The Current Bonds shall be executed on behalf of the District by the manual or facsimile signature of the Chairman of the District, with the Corporate Seal of the District affixed thereto and attested by the manual or facsimile signature of the Secretary of said District.

If either of the officers whose signatures appear on the Current Bonds ceases to be such officer before delivery of said Current Bonds, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to June 1, 2010, shall not be subject to prepayment. Principal maturities falling due on and after June 1, 2010, shall be subject to prepayment by the District on any interest payment date falling on and after June 1, 2009, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of \$100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

Notice of such prepayment shall be given by certified mail to the Bondowner or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Bondowner.

**ARTICLE 3. CONSTRUCTION ACCOUNT; INTERIM FINANCING;
APPLICATION OF PROCEEDS; ARBITRAGE LIMITATIONS.**

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$71,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$71,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

A. Covenants Applicable if RD Purchases Current Bonds. It is acknowledged that all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures and the necessity of using RD forms (the "RD Forms"), shall apply only if the RD is the Purchaser of the Current Bonds and only so long as the RD holds the Current Bonds thereafter. In the event that the RD shall not be the Purchaser of the Current Bonds, or, after purchasing same, shall sell or transfer the Current Bonds to an Owner who shall not be the Government, all covenants herein with reference to the necessity for approval of the RD, the necessity of observing RD regulations and procedures, and the necessity of using RD Forms, shall not be applicable.

B. Application of Proceeds of Current Bonds. The proceeds of the Current Bonds shall be applied as follows:

(1) Payment of Interim Financing, Costs of Project and Costs of Issuance. Simultaneously with the delivery of the Current Bonds, there shall immediately be paid to the Interim Lender (or the RD if Multiple Advances are made) an amount sufficient to pay principal of and interest on any temporary loans borrowed by the District in anticipation of the sale and delivery of the Current Bonds and/or of the receipt of Grant Proceeds. Also, at the time of delivery of the Current Bonds, there shall be paid all amounts then due and payable in connection with the costs of the Project and in connection with the issuance of the Current Bonds.

(2) Construction Account. If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Hyden-Leslie County Water District Construction Account" hereby created, which shall be established at the Depository Bank. There shall also be deposited in said Construction Account the Grant Proceeds, as and when received, or said Grant Proceeds

may be applied, to the extent necessary, to liquidate or reduce any interim financing owed by the District at the time of receipt of Grant Proceeds. Simultaneously with or prior to the delivery of the Current Bonds, there shall also be deposited in the Construction Account the proceeds of the District contribution in the minimum amount of \$24,000 (less any amounts theretofore used for authorized purposes), to supplement the proceeds of the Current Bonds and Grant Proceeds in order to assure completion of the Project.

(3) Withdrawal of Funds From Construction Account. Prior to the expenditure by the District of any moneys from the Construction Account, the District must obtain written approval from the RD as to such expenditures, if the RD is the Owner of any Outstanding Bonds. The proceeds of said Construction Account shall be withdrawn only on checks signed by the Chairman, the Treasurer (or by such other official of the District as may be authorized by the Commission), provided such official shall be covered by the Fidelity Bond required by Section 301 of this Resolution, in payment for services and/or materials supplied in connection with the Project, as evidenced by (1) a Requisition Certificate; and (2) invoices and/or partial payment estimates bearing the written approval of the Engineers and the Chairman (or by such other official of the District as may be authorized by the Commission), and which invoices and/or partial payment estimates must have been reviewed and approved for payment by the designated RD official.

Written approval or certification of the Engineers shall not be required for matters not under the jurisdiction of the Engineers, such as legal fees, land acquisition and related items.

During construction, the District shall disburse Construction Account funds in a manner consistent with RD Instruction 1942-A.

The District shall prepare and submit any and all RD Forms required by the RD. Periodic audits of the District's Construction Account records shall be made by RD as determined by it to be necessary.

(4) Transfer of Capitalized Interest to Second Lien Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$40,000) during the construction of the Project, as approved by the Engineers and by the RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Second Lien Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of

the Project (as determined by the Engineers, the Chairman and the RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed, if the RD has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

(6) Statements of Contractors, Engineers and Attorneys as to Payment. Prior to the delivery of the Current Bonds, if the RD is the Purchaser of the Current Bonds, the District will be required to provide the RD with statements from the Contractors, Engineers and attorneys for the District that they have been paid to date in accordance with their contract or other agreements and, in the case of any Contractor, that he has paid his suppliers and subcontractors. Any exceptions must be authorized under RD Instruction 1942-A.

(7) Disposition of Balance in Construction Account After Completion of Project. When the Project has been completed and all construction costs have been paid in full, as certified by the Engineers for the District and/or by the RD, any balance then remaining in the Construction Account may, with the consent of the RD, be applied to the cost of constructing additional extensions, additions and improvements to the System (the "Additional Construction"). If such Additional Construction is to be undertaken by the Contractors previously engaged in the Project, such Additional Construction may be authorized by a change order.

If there is a balance remaining in the Construction Account after such Additional Construction, such balance (subject to legal requirements as to possible refund of any allocated portion of the balance derived from Grant Proceeds) shall be transferred to the Second Lien Sinking Fund, whereupon said Construction Account shall be closed. Such remaining balance in the Construction Account so transferred to the Second Lien Sinking Fund shall be used by the District immediately to prepay principal installments due on the Current Bonds in the inverse order of maturities without prepayment penalty, provided further that any balance insufficient to prepay at least \$100 of the principal payment falling due in any year on the Bonds will be transferred to the Depreciation Fund.

Section 302. Interim Financing Authorization.

A. Interim Financing. The District shall use interim financing for the Project during construction of that portion of the cost of the Project financed by the Current Bonds, if available at reasonable rates and terms.

The borrowing of up to the aggregate sum of \$310,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

- (1) At the direction of the District, the Interim Lender shall disburse the proceeds of the Note by cashier's checks directly to the parties entitled thereto as set forth in the Requisition Certificate; or
- (2) At the direction of the District, the Interim Lender shall deposit the proceeds of the Note in the Construction Account, in which event amounts of the District on deposit therein shall, until expended to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The aggregate of the principal amount of all Notes shall not exceed \$310,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$310,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

The District hereby covenants and agrees with the Interim Lender that upon the issuance and delivery of the Current Bonds and/or the receipt of said Grant Proceeds, the District will apply the proceeds thereof, to whatever extent may be necessary, in payment of the principal amount of the Note, together with accrued interest thereon to the date of such payment; and the proceeds of the Current Bonds and Grant Proceeds are hereby pledged therefor, and such pledge shall constitute a first and prior charge against said proceeds.

Although the proceeds of the Current Bonds and Grant Proceeds are pledged to the repayment of said interim financing, it is recognized that the Grant Proceeds may be applied to the extent required at the time of receipt of the Grant Proceeds, to the payment of costs of the Project due and owing by the District at the time of receipt of such Grant Proceeds, rather than to the repayment of portions of the interim financing at that time. If and to the extent that the Grant Proceeds are in excess of any costs of the Project due and owing at the time of receipt thereof, such Grant Proceeds may be applied, in the same manner as set out hereinabove, to the reduction of the

amount of the interim financing, after which, such interim financing may again be increased as theretofore. The District further pledges the revenues of the System to the repayment of said interim financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

It is understood that the foregoing constitutes an alternative method of obtaining interim financing, and does not preclude the authorization and sale, by public advertisement or otherwise, of bond anticipation notes and/or grant anticipation notes to the most favorable bidder on the open market, by concurrent or subsequent proceedings of the District.

B. Multiple Advances by RD. In the event the Current Bonds are purchased by the RD, and in the event the District is unable to obtain a commitment for interim financing for the Project from any Interim Lender at reasonable rates and terms, the Chairman is authorized to request Multiple Advances of loan funds from the RD.

If the RD agrees to make Multiple Advances to the District pending the delivery of the Current Bonds, the Chairman is hereby authorized to execute in the name and on behalf of the District any number of Notes. Each such Note, evidencing an advance of funds by the RD to the District, shall be in the form prescribed by the RD.

Each request for an advance from the RD shall be accompanied by a Requisition Certificate. The District will also furnish to the RD, prior to the receipt of each Multiple Advance, whatever additional documentation shall be requested by the RD, including an updated supplemental title opinion of Local Counsel and an updated supplemental preliminary legal opinion of Bond Counsel.

The proceeds of any Multiple Advances shall be either (i) disbursed directly to the parties entitled thereto for services and/or materials supplied in connection with the Project; or (ii) deposited into the Construction Account and disbursed in accordance with the provisions of Section 301 hereof, in which event amounts on deposit in such Construction Account shall, until expended, to the extent that same shall exceed the amount insured by the FDIC, be fully secured by a pledge of U.S. Obligations.

The proceeds of the Current Bonds are hereby pledged to the repayment of such Multiple Advances, and such pledge shall constitute a first and prior pledge against such proceeds. The District further pledges the revenues of the System to the repayment of said Multiple Advances, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

Section 303. Arbitrage Limitations on Investment of Proceeds. The District covenants and certifies, in compliance with the Code, on the basis of known facts and reasonable expectations on the date of adoption of this Resolution, that it is not expected that the proceeds of the Current Bonds will be used in a manner which would cause the Current Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The District covenants to the Owners of the Current Bonds that (1) the District will make no use of the proceeds of said Current Bonds which, if such use had been reasonably expected on the date of issue of such Current Bonds, would have caused such Current Bonds to be "arbitrage bonds"; and (2) the District will comply with all of the requirements

of the Code to whatever extent is necessary to assure that the Current Bonds shall not be treated as or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

Prior to or at the time of delivery of the Current Bonds, the Chairman and/or the Treasurer (who are jointly and severally charged with the responsibility for the issuance of the Current Bonds) are authorized to execute such certifications as shall be required by Bond Counsel, setting out all known and contemplated facts concerning the anticipated construction, expenditures and investments, including the execution of necessary and/or desirable certifications of the type contemplated by Section 148 of the Code in order to assure that interest on the Current Bonds shall be excludable from gross income for federal income tax purposes and that the Current Bonds will not be treated as "arbitrage bonds".

ARTICLE 4. FLOW OF FUNDS.

Section 401. Funds. There was heretofore created in the Prior Bond Resolution the following funds and accounts:

- (a) Hyden-Leslie County Water District Water Revenue Fund
- (b) Hyden-Leslie County Water District Waterworks Revenue Bond Sinking Fund of 1989
- (c) Hyden-Leslie County Water District Water System Depreciation Fund
- (d) Hyden-Leslie County Water District Operation and Maintenance Fund

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding.

Section 402. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Resolution, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Current Bonds, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The District covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the District only for the purpose and in the manner and order of priorities specified in the Prior Bond Resolution, as hereinafter modified by this Resolution, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the District's annual budget.

C. First Lien Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the First Lien Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Series 1968 Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on all Series 1968 Bonds then outstanding, plus

- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Series 1968 Bonds maturing on the next succeeding June 1.

Said First Lien Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Series 1968 Bonds.

D. Prior Reserve Fund. There shall next be transferred from the Revenue Fund and deposited into the Prior Reserve Fund created in the 1968 Bond Resolution such funds as are required by the terms of the 1968 Bond Resolution to be so deposited; and such sums shall be held and applied by the District in the manner required by the 1968 Bond Resolution.

E. Second Lien Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Second Lien Sinking Fund an amount sufficient (currently estimated at \$40,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Second Lien Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds and the Series 1989 Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Current Bonds and the Series 1989 Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds and Series 1989 Bonds maturing on the next succeeding June 1.

The Second Lien Sinking Fund is hereby pledged for the payment of the interest and the principal of the Current Bonds and the Series 1989 Bonds, but subject to the vested rights and priorities of the Series 1968 Bonds.

F. Depreciation Fund. Pursuant to the provisions of the Prior Bond Resolution which requires that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the Prior Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least \$590 (increased from \$445) each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least \$70,800 (increased from \$53,400), which amount shall be maintained, and when necessary, restored to said sum of \$70,800, so long as any of the Bonds are outstanding and unpaid.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

G. Monthly Principal and Interest Payments if Requested by the RD. So long as any of the Bonds are held or insured by the RD, the District shall, if requested by the RD, make the payments required by this Section 402, in monthly installments to the RD or to the insured Owners of the Bonds.

H. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Resolution or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

I. Investment and Miscellaneous Provisions. All monies in the Sinking Fund and the Depreciation Fund shall be deposited in the Depository Bank, or such portion thereof as is designated by the Commission. All monies in the Sinking Fund and the Depreciation Fund shall be invested for the benefit of such respective Funds in Certificates of Time Deposit or savings accounts of the Depository Bank or in U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for the purposes for which such funds may be expended, provided that to the extent that any amount of the District on deposit in the Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, such excess amount shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes.

If the RD has purchased any of the Outstanding Bonds, investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed. Any such invest-

ments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

All payments into the Funds shall be made on or before the twentieth (20th) day of each month, except that when the twentieth (20th) day of any month shall be a Saturday, Sunday or a legal holiday, then such payment shall be made on the next succeeding business day.

All monies held in any of the Funds shall be kept apart from all other District funds and shall be deposited in the Depository Bank, and all such deposits which cause the aggregate of all deposits of the District therein to be in excess of the amount secured by FDIC, shall (unless invested as herein authorized) be secured by a surety bond or bonds or by a pledge of U.S. Obligations, having a market value equivalent to such deposit.

The Treasurer shall keep appropriate records as to payment of principal and interest installments and as to payment of principal of and interest on any Bonds.

Section 403. Current Bonds on a Parity with Series 1989 Bonds, Subject to Series 1968 Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the District (i) a letter from the RD to the effect that the RD agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the Series 1989 Bonds, all of which are owned by the RD, together with (ii) a certification signed by the RD to the effect that a legend has been typed, stamped or otherwise affixed on each of the Series 1989 Bonds held by the RD, evidencing the agreement of the RD as the then Owner of the Series 1989 Bonds, to the issuance of the Current Bonds so as to rank on a parity with the Series 1989 Bonds, such legend to be in substantially the following form:

The holder of this Bond has consented to the issuance of \$310,000 of Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2000 ranking on a parity as to security and source of payment with this Bond.

Accordingly, it is hereby found and declared that the Current Bonds shall rank and be payable on a parity with said outstanding Series 1989 Bonds from the net income and revenues of the System, subject to the vested rights and priorities of the outstanding Series 1968 Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

Section 501. Rates and Charges. The District shall charge such rates and charges for all services and facilities rendered by the System, which rates and charges shall be reasonable, taking into account and consideration the cost and value of the System, the cost of maintaining, repairing and operating same and the amounts necessary for the payment of principal of and interest on Outstanding Bonds against the System. The District shall charge such rates and charges as shall be adequate to meet the requirements of Articles 4 and 5 hereof.

The District covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Secretary a certification of an Independent Consulting Engineer that the annual net revenues (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then Outstanding Bonds payable from the revenues of the System, calculated in the manner specified in Section 603 hereof.

Section 502. Books and Accounts; Audit. The District shall maintain proper records and accounts relating to the operation of the System and the District's financial affairs; and the Bondowners, or their authorized representatives, shall have the right at all reasonable times to inspect the facilities of the System and all records, accounts and data relating thereto. An annual audit shall be made of the books and accounts pertinent to the System by a Certified Public Accountant licensed in Kentucky. No later than ninety (90) days after the close of each Fiscal Year, copies of such audit reports certified by such Certified Public Accountant shall be promptly mailed to the RD without request, so long as the Government is the Owner of any of the Bonds, and to any Bondowner that may have made a written request for same.

Monthly operating reports shall be furnished to the RD and to any Bondowner requesting same, during the first two (2) years of operation after completion of the Project, and whenever and so long as the District is delinquent in any of the covenants set out in the Prior Bond Resolution or this Current Bond Resolution. Thereafter, quarterly operating reports shall be furnished at all other times to the RD and to any Bondowner requesting the same.

Section 503. System to Continue to be Operated on Fiscal Year Basis; Annual Budget. While any of the Bonds are outstanding and unpaid, and to the extent permitted by law, the System shall continue to be operated and maintained on a Fiscal Year basis.

Not later than sixty (60) days before the end of each Fiscal Year, the District agrees to cause to be prepared a proposed annual budget of operating expenses (the "Proposed Budget") of the System for the then ensuing Fiscal Year, itemized on the basis of monthly requirements. A copy of said Proposed Budget shall be mailed to any Bondowner who may request in writing a copy of such Proposed Budget and to the RD without request, if the Government is the Owner of any of the Bonds.

For the purpose of the Proposed Budget, operating expenses shall include all reasonable and necessary expenses of operating, repairing, maintaining and insuring the System, but shall exclude depreciation and debt service payments. The District covenants that the operating expenses incurred in any year will not exceed the reasonable and necessary amounts therefor, and that the District will not expend any amount or incur any obligation for operation or maintenance and repair in excess of the amounts provided for operating expenses in the annual budget, except upon resolution by the District that such expenses are necessary to operate and maintain the System.

Not later than sixty (60) days before the end of each Fiscal Year, the District shall prepare an estimate of gross revenues to be derived from the operation of the System for said Fiscal Year, and, to the extent that said gross revenues are insufficient (a) to pay debt service requirements on all Outstanding Bonds during the ensuing Fiscal Year, (b) to accumulate and maintain all required reserves enumerated herein and (c) to pay operating expenses, the District shall revise the rates and charges sufficiently to provide the funds so required.

If the Owners of at least 50% of the principal amount of the Outstanding Bonds, or the Government so long as it is the Owner of any of said Outstanding Bonds, so request, the Commission shall hold an open hearing not later than thirty (30) days before the beginning of the ensuing Fiscal Year, at which time any Bondowner may appear by agent or attorney and may file written objections to such proposed budget. Notice of the time and place of such hearing shall be mailed at least fifteen (15) days prior to the hearing to each registered Bondowner and to the Government.

The District covenants that annually before the first day of the Fiscal Year, the annual budget for the upcoming Fiscal Year will be adopted substantially in accordance with the Proposed Budget, and that no expenditures for operation and maintenance expenses of the System in excess of the budgeted amount shall be made during such Fiscal Year unless directed by said District by a specific resolution duly adopted.

Section 504. General Covenants. The District, through its Commission, hereby covenants and agrees with the Owners of the Bonds that:

- (1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;
- (2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;
- (3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;
- (4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions

and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;

- (5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and
- (6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

Section 505. Other Covenants Applicable So Long as RD Owns Any Bonds. So long as the RD shall own any of the Bonds, the District shall comply with such RD regulations, requirements and requests as shall be made by the RD, including the furnishing of operating and other financial statements, in such form and substance and for such periods as may be requested by the RD, the carrying of insurance of such types and in such amounts as the RD may specify, with insurance carriers acceptable to the RD and compliance with all of the terms and conditions of the Loan Resolution (RD Form 1942-47) adopted and executed by the District, which is hereby authorized, approved, ratified and confirmed.

Section 506. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

Section 601. Inferior Bonds. Except as hereinafter provided below in this Article, the District shall not, so long as any Bonds are outstanding, issue any additional bonds payable from the revenues of the System unless the security and/or pledge of the revenues and statutory mortgage lien to secure such additional bonds are made inferior and subordinate in all respects to the security of the Bonds.

The District expressly reserves the right at any time to issue its bonds or other obligations payable from the revenues of the System and not ranking on a parity basis with the Current Bonds, without any proof of previous earnings or net revenues, provided that the consent of the RD must be obtained prior to the issuance of any inferior bonds so long as the RD owns any of the Bonds, and provided further that, after the initial completion of the Project, such inferior bonds may be issued only for the purpose of providing for future extensions, additions and improvements to the System, and only in express recognition of the priorities, liens and rights created and existing for the security, source of payment and protection of the Outstanding Bonds; provided further, that nothing in this Section is intended to restrict or shall be construed as a restriction upon, the ordinary refunding all or a portion of the Outstanding Bonds.

Section 602. Parity Bonds to Complete the Project. The District hereby certifies, covenants and agrees that in the event that the cost of completion of the construction of the Project shall exceed the moneys available to the District from any and all sources, the District shall have the right, if necessary, to provide for such excess, and only such excess, through the issuance of Parity Bonds, provided the District has obtained a certification from the Engineers to the effect that it is necessary to issue the desired amount of Parity Bonds in order to enable the District to pay the cost (not otherwise provided) of the completion of the Project, and provided the District has complied with the provisions of Section 603 below or has obtained:

- (a) the consent of the RD if the Government is as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and
- (b) the consent of (1) the RD if the Government is the purchaser of the Current Bonds; or (2) the Owners of at least 75% of the principal amount of the Current Bonds outstanding, if the Current Bonds have been issued, sold and delivered and are held by Owners other than the Government.

Section 603. Parity Bonds to Finance Future Improvements. The District reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional Parity Bonds, but only under the conditions specified in the Current Bond Resolution, which conditions are as follows:

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the time of the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Compliance with Section 603(a) through (d) shall not be necessary for the issuance of Parity Bonds if the District has obtained (1) the written consent of the RD for the issuance of such Parity Bonds, if the Government is the Owner of any Bonds at the time of issuance of such Parity Bonds; and (2) the written consent of the Owners of all of the then outstanding Prior Bonds, and no other prerequisite need be complied with by the District in order to issue Parity Bonds.

Section 604. Covenants to be Complied with at Time of Issuance of Parity Bonds. The District hereby covenants and agrees that in the event any Parity Bonds are issued, the District shall:

(a) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the average annual debt service requirements of the Parity Bonds;

(b) Adjust the minimum annual amount to be deposited monthly into the Depreciation Fund on the same basis as that prescribed in the provisions establishing such Depreciation Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System; and

(c) Make such Parity Bonds payable as to principal on June 1 of each year in which principal falls due and payable as to interest on June 1 and December 1 of each year until the final maturity of such Parity Bonds.

Section 605. Prepayment Provisions Applicable to Parity Bonds. If, in connection with any subsequently issued series of Parity Bonds, it is provided that excess revenues in the Revenue Fund shall be used to prepay Outstanding Bonds in advance of scheduled maturity, or if the District at its option undertakes to prepay Outstanding Bonds in advance of scheduled maturity, it is agreed and understood, for so long as the Government owns any of the Outstanding Bonds, that no such prepayment will be effected without the approval of the RD.

Section 606. Consent of the RD Regarding Future Bonds. Notwithstanding any other provisions of this Resolution, the District agrees that so long as the Government owns any Outstanding Bonds against and/or payable from the revenues of the System, the District will not issue any future bonds, notes or other obligations against, secured by or payable from the revenues of the System without the written consent of the RD.

Section 607. Priority of Lien; Permissible Disposition of Surplus or Obsolete Facilities. The District covenants and agrees that so long as any of the Prior Bonds and/or Bonds are outstanding, the District will not sell or otherwise dispose of any of the facilities of the System, or any part thereof, and, except as provided above, the District will not create or permit to be created any charge or lien on the revenues thereof ranking equal or prior to the charge or lien of the Outstanding Bonds. Notwithstanding the foregoing, the District may at any time permanently abandon the use of, or sell at fair market value, any part of the facilities of the System, provided that:

(a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;

(b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

- (c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and
- (d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

Notwithstanding any other provisions hereof, so long as any Bonds are held by the Government, the District shall not dispose of its title to the System or to any part thereof, without first obtaining the written consent of the RD.

ARTICLE 7. DEFAULT AND CONSEQUENCES

Section 701. Events of Default. The following items shall constitute an Event of Default on the part of the District:

- (a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.
- (b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the RD, within thirty (30) days thereafter.
- (c) The default by the District in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Prior Bond Resolution or in this Resolution.
- (d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.
- (e) The entering of any order or decree with the consent or the acquiescence of the District, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the District, its failure to have the order vacated, discharged or stayed on appeal within sixth (60) days after entry.

Section 702. Consequences of Event of Default. Any Owner of the Current Bonds may enforce and compel the performance of all duties and obligations of the District set forth herein. Upon the occurrence of an Event of Default, then upon the filing of a suit by any Owner of said the Current Bonds, any court having jurisdiction of the action may appoint a receiver to administer said System on behalf of the District with power to charge and collect rates sufficient to provide for the payment of operating and maintenance expenses and for the payment of principal of and interest on the Outstanding Bonds and to provide and apply the income and revenues in conformity with this Resolution and with the laws of the Commonwealth of Kentucky.

The District hereby agrees to transfer to any bona fide receiver or other subsequent operator of the System, pursuant to any valid court order in a proceeding brought to enforce collection or payment of the District's obligations, all contracts and other rights of the District pertaining to the System, conditionally, for such time only as such receiver or operator shall operate by authority of the court. Upon the occurrence of an Event of Default, the Owner of any of the Outstanding Bonds may require the governing body of the District by appropriate order to raise the rates a reasonable amount consistent with the requirements of this Resolution.

**ARTICLE 8. CONTRACTUAL PROVISIONS; GRANT APPROVAL;
MISCELLANEOUS PROVISIONS.**

Section 801. Resolution Contractual with Bondowners. The provisions of this Resolution constitute a contract between the District and its Commission and the Owners of the Current Bonds as may be outstanding from time to time; and after the issuance of any of said Current Bonds, no change, alteration or variation of any kind of the provisions of this Resolution shall be made in any manner which will affect an Owner's rights except as herein provided or except with the written consent of all Bondowners until such time as all of the Current Bonds and the interest thereon have been paid in full or fully provided for; provided that the Commission may adopt any resolution for any purpose not inconsistent with the terms of this Resolution and which shall not impair the security of the Owners of the Current Bonds and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any resolution or other proceedings pertaining hereto.

It is further agreed that the Owners of 75% in principal amount of the Current Bonds at any time outstanding shall have the right to consent to and approve the adoption of resolutions or other proceedings, modifying or amending any of the terms or provisions contained in this Resolution, subject to the conditions that (a) this Resolution shall not be so modified in any manner that may adversely affect the rights of the Owners of any of the Prior Bonds, nor in any manner that may adversely affect the rights of any certain Owners of the Outstanding Bonds without similarly affecting the rights of all Owners of such Outstanding Bonds, or to reduce the percentage of the number of Owners whose consent is required to effect a further modification and (b) no such change may be effected without the consent of the RD so long as the RD owns any of the Outstanding Bonds.

Section 802. All Current Bonds are Equal. The Current Bonds authorized herein shall not be entitled to priority one over the other in the application of the income and revenues of the System, or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among any of the Current Bonds regardless of the fact that they may be actually issued and delivered at different times.

Section 803. District Obligated to Refund Current Bonds Owned by Government Whenever Feasible; Defeasement Prohibited. So long as the Government is the Owner of any of the Current Bonds, if it appears to the Government that the District is able to refund such Current Bonds in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, or to sell bonds of the District in the open market, at reasonable rates and terms, for loans or bond issues for similar purposes and periods of time, the District will, upon request of the Government, obtain such loan and/or issue such bonds in sufficient amount to repay the Government and will take all such action as may be required in connection therewith.

In addition, so long as the Government is the Owner of any of the Current Bonds, the District shall not issue any bonds or other obligations for the purpose of defeasing or otherwise terminating the lien of the Current Bonds without immediately prepaying all of the then outstanding Current Bonds.

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$283,000 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1942-31 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Approval and Acceptance of ARC Grant Agreement. The Appalachian Regional Commission (the "ARC") has agreed to make a grant to the District in the amount of \$250,000 (the "ARC Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the ARC has requested the District to approve, accept and execute a certain ARC Grant Agreement (the "ARC Grant Agreement"), setting out the terms and conditions upon which said ARC Grant will be made. Said ARC Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said ARC Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other ARC Grants offered to the District in connection with the Project and to execute any and all ARC Grant Agreements and any other documents as may be requested by the ARC in connection with ARC Grants which have been and/or which may hereafter be approved for such Project.

Section 806. Approval and Acceptance of CDBG Grant Agreement. The Department of Housing and Urban Development (the "HUD") has agreed to make a grant to the District in the amount of \$850,000 (the "CDBG Grant"), to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and HUD has requested the District to approve, accept and execute a certain CDBG Grant Agreement (the "CDBG Grant Agreement") setting out the terms and conditions upon which said CDBG Grant will be made. Said CDBG Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said CDBG Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other CDBG Grants offered to the District in connection with the Project and to execute any and all CDBG Grant Agreements and any other documents as may be requested by HUD in connection with CDBG Grants which have been and/or which may hereafter be approved for such Project.

Section 807. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

- (a) Legal Services Agreement with Bond Counsel.
- (b) Legal Services Agreement with Local Counsel.

- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1942-47).
- (e) Agreement for Engineering Services with the Engineers.

Section 808. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The District further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the Commission, toward the costs of such easements, rights-of-way and/or sites; provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the RD; and the Commission further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Resolution shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the District is unable to obtain the approval of the RD for any such payment, the Commission shall take all reasonably necessary actions, within the powers and authority of the Commission, to make such additional amount available from all other available District resources.

- (c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).
- (d) Loan Resolution (RD Form 1942-47).
- (e) Agreement for Engineering Services with the Engineers.

Section 808. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

The District further approves the payment from the funds available therefor allocated to the costs of the Project to pay any judgment award, or compromise, determined by Local Counsel with the acquiescence of the Commission, toward the costs of such easements, rights-of-way and/or sites; provided, in each instance, that the payment of such funds to satisfy any judgment, award or compromise must first be approved by the RD; and the Commission further determines that if and to whatever extent the funds available from the proceeds of the financing contemplated by this Resolution shall be inadequate to pay any judgment, award or compromise amount for such easements, rights-of-way and/or sites, or if the District is unable to obtain the approval of the RD for any such payment, the Commission shall take all reasonably necessary actions, within the powers and authority of the Commission, to make such additional amount available from all other available District resources.

ARTICLE 9. SALE OF CURRENT BONDS

Section 901. Sale of Current Bonds. The Current Bonds shall be offered publicly for sale upon the basis of sealed, competitive bids at such time as the Commission shall designate.

A suggested form of "Notice of Bond Sale", a suggested form of "Official Notice of Sale of Bonds" and a suggested form of "Bid Form", having been prepared in advance by Bond Counsel, and all of such documents having been found to be in satisfactory form, a copy of each is hereby ordered to be filed in the records of the Secretary with the Minutes of the meeting at which this Resolution is adopted. The Notice of Bond Sale shall be signed by the Secretary and may be used for the purpose of publishing notice of the sale of the Current Bonds. Copies of such documents shall be furnished to any interested parties who may request same.

In the event that there is no bid or that all bids are rejected, the District may readvertise the sale pursuant to this Resolution.

Section 902. Adjustment in Maturities, Prepayment Provisions and Other Dates, with Consent of Purchaser if Delivery is Delayed. In the event that delivery of the Current Bonds authorized herein is delayed for any reason and the District, with the consent of the Purchaser of the Current Bonds, determines it is in the District's best interest to change the maturities, the applicable prepayment date or any other dates, the District may adjust the same by a Resolution of the Commission approving the adjustments.

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ARTICLE 10. CONCLUDING PROVISIONS

Section 1001. Covenant of District to Take All Necessary Action To Assure Compliance with the Code. In order to assure the Owners of the Current Bonds that such Current Bonds shall continue to be legal and that interest thereon will continue to be excludable from gross income for federal income tax purposes and exempt from all Kentucky income taxation, the District covenants to and with the Owners of the Current Bonds to take the following action:

(a) The District will (1) take all actions necessary to comply with the provisions of the Code necessary to assure that interest on the Current Bonds will be excludable from gross income for federal income tax purposes; (2) will take no actions which will violate any of the provisions of the Code; and (3) not use the proceeds of the Current Bonds for any purpose which will cause interest on the Current Bonds or on interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof to become includable in gross income for federal income tax purposes.

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed \$10,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

(c) The District further certifies that the Current Bonds and any and all interim financing obligations of the District are not "private activity bonds" within the meaning of the Code.

(d) The District covenants and agrees to comply with the rebate requirements on certain excess earnings imposed by Section 148 of the Code, and in the event it is determined by the District, upon the advice of Bond Counsel, that the Construction Account, or any other Fund established hereunder, is subject to said rebate requirements and does in fact generate earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the Current Bonds, plus any income attributable to such excess, there shall be established a separate and special fund with the Depository Bank, which fund shall be designated the "Excess Earnings and Rebate Fund", which shall be utilized for the collection and payment of any excess generated from investments and the remittance thereof to the United States of America on or before the anniversary of the fifth (5th) year from the date of the Current Bonds, and once every five (5) years thereafter until the final retirement of the Current Bonds; the last installment, to the extent required, to be made no later than sixty (60) days following the date on which funds sufficient for the complete retirement of the Current Bonds are deposited with any escrow agent. The District further covenants to file any and all reports, if any, as may be required to be filed with the Government with regard to the liability or non-liability of the District as

to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

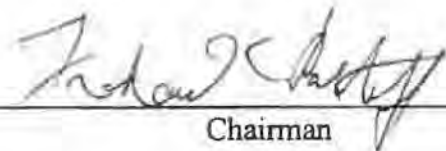
Section 1002. Severability Clause. If any section, paragraph, clause or provision of this Resolution shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, which shall continue in full force and effect.

Section 1003. All Provisions in Conflict Repealed. All motions, resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are to the extent of such conflict hereby repealed. It is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds of the District payable or secured in any manner by all or any part of the income and revenues of said System or any part thereof, and which have not been heretofore issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered. The District covenants to correct by appropriate proceedings any required procedure previously taken invalidly.

Section 1004. Effective Immediately Upon Adoption. This Resolution shall take effect and be effective immediately upon its adoption.

Adopted this 3/21, 2000.

HYDEN-LESLIE COUNTY WATER
DISTRICT


Chairman

(Seal of District)

Attest:


Secretary

CERTIFICATION

I, Vetch Asher, hereby certify that I am the duly qualified and acting Secretary of the Hyden-Leslie County Water District, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on _____, 2000, as shown by the official records of said District in my custody and under my control.

I further certify that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825, that a quorum was present at said meeting, that said Resolution has not been modified, amended, revoked or repealed, and that same is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this _____, 2000.


Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

<u>Payment Due</u> <u>June 1,</u>	<u>Principal</u> <u>Payment</u>	<u>Payment Due</u> <u>June 1,</u>	<u>Principal</u> <u>Payment</u>
2003	\$3,200	2022	\$7,400
2004	3,400	2023	7,800
2005	3,500	2024	8,100
2006	3,700	2025	8,500
2007	3,800	2026	8,900
2008	4,000	2027	9,300
2009	4,200	2028	9,700
2010	4,400	2029	10,100
2011	4,600	2030	10,600
2012	4,800	2031	11,000
2013	5,000	2032	11,600
2014	5,200	2033	12,000
2015	5,500	2034	12,600
2016	5,700	2035	13,200
2017	6,000	2036	13,800
2018	6,200	2037	14,400
2019	6,500	2038	15,000
2020	6,800	2039	15,700
2021	7,100	2040	16,700

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
HYDEN-LESLIE COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2000

No. R- _____ Interest Rate: _____ % \$ _____

KNOW ALL MEN BY THESE PRESENTS:

That the Hyden-Leslie County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Leslie County, Kentucky, for value received, hereby promises to pay to

_____ the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

_____ DOLLARS (\$ _____),

on the first day of June, in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
-------------	------------------	-------------	------------------	-------------	------------------

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of June and December in each year, beginning with the first June or December after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the registered owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised

Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued on a parity as to security and source of payment with the outstanding Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990 (the "Bonds of 1989"), authorized by a Resolution adopted by the Commission of the District on June 29, 1989 (the "1989 Bond Resolution"); but subject to the vested rights and priorities in favor of the owners of the outstanding Hyden-Leslie County Water District Water Revenue Bonds, Series 1968, dated June 1, 1968 (the "Bonds of 1968"), authorized by a Resolution adopted by the Commission of the District on August 1, 1968 (the "1968 Bond Resolution"). Accordingly, this Bond, the Series 1989 Bonds, together with any bonds ranking on a parity herewith, is payable from and secured on a second lien basis by a pledge of the net revenues to be derived from the operation of the System, after providing for the requirements of the Series 1968 Bonds and the requirements of the 1968 Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution and the 1989 Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the 1989 Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Hyden-Leslie County Water District Waterworks Revenue Bond Sinking Fund of 1989", created in the 1989 Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Prior Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the Prior Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future

extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the registered owner or his duly authorized attorney, which transfer shall be noted upon this Bond and upon the book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on and after June 1, 2010, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or his assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the registered owner may, at his option, institute all rights and remedies provided by law or by said Current Bond Resolution.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF said Hyden-Leslie County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

HYDEN-LESLIE COUNTY WATER DISTRICT

By 
Chairman

Attest:


Secretary

(Seal of District)

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the District kept for that purpose by the Secretary, as Bond Registrar, upon presentation hereof to said Secretary, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the registered owner or its attorney, such transfer to be made on said book and endorsed hereon.

ASSIGNMENT

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto _____, this ____ day of _____, _____.

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2000, in the amount of \$310,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the Hyden-Leslie County Water District (the "District");
2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of \$ _____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto.
3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "Hyden-Leslie County Water District Construction Account", at the Hyden Citizens Bank, Hyden, Kentucky.
4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this ____ day of _____, 2000.

HYDEN-LESLIE COUNTY WATER DISTRICT

By *[Signature]*
Chairman

ELROD-DUNSON, INC.

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Total _____

Approved on _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

AND

HYDEN-LESLIE COUNTY WATER DISTRICT

DATED

AUGUST 29, 2012

IN THE AMOUNT OF \$595,000

This document was prepared by:

RUBIN & HAYS
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525

By

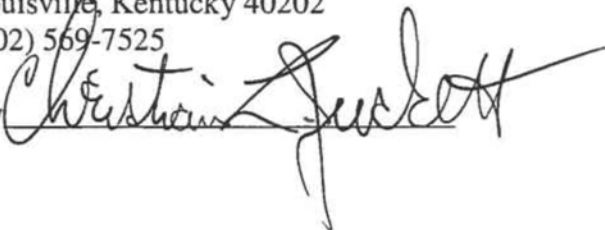


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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of August 29, 2012 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Hyden-Leslie County Water District, 325 Wendover Road, Hyden, Kentucky 41749 (the "Governmental Agency"):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program), Series 2001, dated April 4, 2001, in the aggregate principal amount of \$46,000,000 (the "Series 2001 Bonds") pursuant to a Trust Indenture dated as of April 4, 2001 (the "Indenture") between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to Assistance Agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012E (the "Series 2012E Bonds") in the aggregate principal amount of \$14,550,000, pursuant to a Supplemental Trust Indenture No. 47, dated as of August 29, 2012 by and between the Issuer and the Trustee, which Series 2012E Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990, in the original authorized principal amount of \$900,000 (the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks system (the "System"); and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to currently refund the Refunded Bonds, in order to effect substantial debt service savings (the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Governmental Agency under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional bonds from time to time, payable from the income and revenues of the System and ranking on a parity with the Governmental Agency's outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of financing the costs of extensions, additions and improvements to the System and refinancing certain outstanding indebtedness, which conditions and restrictions are found to currently exist and prevail so as to permit the issuance of certain proposed additional bonds so as to rank, when issued, on a parity with the outstanding Prior Bonds; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$595,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, and under the provisions of the Prior Bond Legislation, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

WHEREAS, the Issuer 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 financing of the Project subject to the repayment of the Loan and the Obligations 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:

Section 1. Definitions. As used in this Assistance Agreement, unless the context requires otherwise:

"*Act*" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"*Assistance Agreement*" refers to this Assistance Agreement authorizing the Loan and the Obligations.

"*Bond Counsel*" refers to Rubin & Hays, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, or any other nationally recognized individual or firm in the field of municipal bond law.

"*Bond Legislation of 1989*" or "*1989 Bond Legislation*" refer to the Resolution authorizing the Series 1989 Bonds, duly adopted by the Governing Body of the Governmental Agency on June 29, 1989.

"*Bond Legislation of 2000*" or "*2000 Bond Legislation*" refer to the Resolution authorizing the Series 2000 Bonds, duly adopted by the Governing Body of the Governmental Agency on March 21, 2000.

"*Bond Legislation of 2011*" or "*2011 Bond Legislation*" refer to the Resolution authorizing the Series 2011 Bonds, duly adopted by the Governing Body of the Governmental Agency on October 28, 2010.

"*Bondowner*", "*Owner*", "*Bondholder*" means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

"*Bonds*" refers to the Obligations, the Prior Bonds and any additional Parity Bonds.

"*Certified Public Accountants*" refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

"*Code*" refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

"*Compliance Group*" refers to the Compliance Group identified and defined in the Indenture.

"*Debt Reserve Fund*" refers to the Hyden-Leslie County Water District Water System Debt Reserve Fund, described in Section 402 of the 2011 Bond Legislation.

"*Engineer*" or "*Independent Consulting Engineer*" refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

"*Fiscal Year*" refers to the annual accounting period of the Governmental Agency, beginning on January 1, and ending on December 31, of each year.

"*Funds*" refers to the Revenue Fund, the Sinking Fund, the Operation and Maintenance Fund, the Debt Reserve Fund and the Governmental Agency Account.

"*Governing Body*" means the Board of Commissioners of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

"*Governmental Agency*" refers to the Hyden-Leslie County Water District, 325 Wendover Road, Hyden, Kentucky 41749.

"*Governmental Agency Chief Executive*" refers to the Chairman of the Governing Body of the Governmental Agency.

"*Governmental Agency Clerk*" refers to the Secretary of the Governing Body.

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 47, dated August 29, 2012, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing October 1, 2012 and continuing through and including July 1, 2028 or until the Loan has been paid in full.

"*Issuer*" refers to the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky.

"*KIA Loan*" refers to the outstanding Kentucky Infrastructure Authority Loan to the Governmental Agency at the rate of 3%, with final payment due June 1, 2015.

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$595,000, maturing July 1, 2028.

"*Operation and Maintenance Fund*" refers to the Hyden-Leslie County Water District Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation, which Fund will continue to be maintained for the benefit of the System.

"*Outstanding Bonds*" refers collectively to all outstanding Prior Bonds, the outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds that have been defeased.

"*Parity Bonds*" means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be

deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

"*Permitted Investments*" refers to the following:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in the Commonwealth of Kentucky;

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

- i. United States Treasury;
- ii. Export-Import Bank of the United States;
- iii. Farmers Home Administration;
- iv. Government National Mortgage Corporation; and
- v. Merchant Marine bonds;

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

- i. Federal Home Loan Mortgage Corporation;
- ii. Federal Farm Credit Banks;
- iii. Bank for Cooperatives;
- iv. Federal Intermediate Credit Banks;
- v. Federal Land Banks;
- vi. Federal Home Loan Banks;
- vii. Federal National Mortgage Association; and
- viii. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);

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

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

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

(h) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

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

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

Investments in the above instruments are subject to the following conditions and limitations:

(a) The amount of money invested at any time by a local government or political subdivision in one (1) or more of the categories of investments authorized by subsection (e), (f), (g), and (i) of this definition shall not exceed twenty percent (20%) of the total amount of money invested by the local government; and

(b) No local government or political subdivision shall purchase any investment authorized herein on a margin basis or through the use of any similar leveraging technique.

"*Prior Bond Legislation*" refers to the 2000 Bond Legislation and the 2011 Bond Legislation.

"*Prior Bonds*" refers collectively to the Series 2000 Bonds, Series 2011 Bonds, and KIA Loan.

"*Program*" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvement of public projects for governmental entities.

"*Program Administrator*" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"*Program Reserve Fund*" refers to the Program Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"*Project*" refers to financing the cost to currently refund the outstanding Refunded Bonds, with the proceeds of the Obligations.

"*Refunded Bonds*" refers to the outstanding Series 1989 Bonds.

"*Revenue Fund*" refers to the Hyden-Leslie County Water District Water Revenue Fund created in the Prior Bond Legislation and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

"*Series 1989 Bonds*" refers to the outstanding Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990, in the original authorized principal amount of \$900,000.

"*Series 2000 Bonds*" refers to the outstanding Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2000, dated August 24, 2000, in the original authorized principal amount of \$310,000.

"*Series 2011 Bonds*" refers to the outstanding Hyden-Leslie County Water District Waterworks Revenue bonds, Series 2011, dated February 3, 2012, in the original principal amount of \$3,050,000, consisting of \$1,094,000 of Series A Bonds and \$1,956,000 of Series B Bonds

"*Sinking Fund*" refers to the Hyden-Leslie County Water District Sinking Fund, which Sinking Fund will be maintained for the benefit of all of the Bonds.

"*System*" refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

"*Treasurer*" refers to the Treasurer of the Governmental Agency.

"*Trustee*" refers to Regions Bank, Nashville, Tennessee.

"*U.S. Obligations*" refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a waterworks system are hereby in all respects ratified and confirmed; and so long as any of the Obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Obligations. Said System is hereby declared to constitute

a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$595,000 from the Program, for the purpose of providing funds for the Project.

Said Obligations shall mature in such principal amounts, and shall bear interest as set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Date to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund 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") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before each Interest Payment Date, from the Sinking Fund, the amounts set forth as sinking fund payments on Exhibit A attached hereto.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on Exhibit A attached hereto, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

Section 4. Redemption.

(a) *Optional Redemption.* The Obligations maturing prior to July 1, 2022 shall not be subject to optional redemption prior to maturity. Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after July 1, 2022 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after July 1, 2021 at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

Section 5. Recognition of Prior Bonds. The Governmental Agency hereby expressly recognizes and acknowledges that the Governmental Agency has previously created for the benefit and protection of the owners of the Prior Bonds, a certain lien and pledge and certain security rights relating to the System, all as set forth in the Prior Bonds and in the Prior Bond Legislation.

Section 6. Obligations Payable Out of Revenues on a Parity with Prior Bonds. All of the Obligations and Prior Bonds, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund, as heretofore created in the Prior Bond Legislation and as hereinafter more specifically provided and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the income and revenues of the System of said Governmental Agency pledged to said fund.

Section 7. Compliance with Parity Coverage Requirements of the Prior Bond Legislation. It is hereby declared that in accordance with the provisions of the Prior Bond Legislation, and prior to the issuance of any of the Obligations hereby authorized, there will be procured and filed with the Governmental Agency Clerk of said Governmental Agency any and all statements or certifications for the purpose of having both principal and interest on the Prior Bonds and the Obligations hereby authorized payable on a parity from the income and revenues of said System with said outstanding Prior Bonds.

Section 8. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the

Obligations, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

A. Revenue Fund. The Governmental Agency covenants and agrees that it will continue to deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund shall continue to be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified in the Prior Bond Legislation, as hereinafter modified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

B. Sinking Fund. There shall be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Obligations and the Prior Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on the Obligations and all Prior Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Obligations and Prior Bonds maturing on the next succeeding payment date.

Said Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Obligations and Prior Bonds.

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into the Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposit otherwise required during such succeeding months. Whenever there shall accumulate in the Sinking Fund amounts in excess of the requirements during the next twelve months for paying the principal of and interest due on the Outstanding Bonds, as same fall due, such excess may be used for redemption or prepayment of any Outstanding Bonds, subject to the terms and conditions set forth therein, prior to maturity.

C. Debt Reserve Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Debt Reserve Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Debt Reserve Fund.

Moneys in the Debt Reserve Fund may be withdrawn and used by the Governmental Agency, upon appropriate certification of the Governing Body, in accordance with the provisions of the Prior Bond Legislation, for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of

principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

D. Operation and Maintenance Fund. There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

E. Surplus Funds. Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Debt Reserve Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Governmental Agency shall be allowed a credit to the extent of moneys on deposit in the Program Reserve Fund for the purpose of meeting any parity requirements in any Prior Bond Legislation; subject however, to the limitation that moneys in the Program Reserve Fund may only be used to make payments of the Government Agency due under this Assistance Agreement, if necessary, and; provided further, that the Trustee may not seek payment for any reserve funds held by the Governmental Agency under any Prior Bond Legislation for payment of any amounts due from the Governmental Agency under this Assistance Agreement.

Section 9. Disposition of Proceeds of the Obligations; Governmental Agency Account. Upon (i) the execution of this Assistance Agreement, (ii) the delivery of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used for the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Hyden-Leslie County Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and

such amount on deposit in said Governmental Agency Account shall be transferred to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds, as may be required:

(1) To pay the interest on the Refunded Bonds to and including August 31, 2012; and

(2) To redeem on August 31, 2012 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Project as approved by the Governmental Agency.

After completion of the Project, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

Section 10. Arbitrage Limitations.

(a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

(b) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably

expected to be used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

(1) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and

(2) amounts deposited in the Debt Reserve Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations and all Prior Bonds payable from said Sinking Fund.

(5) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Debt Reserve Fund will be used for payment of debt service on any bonds payable from the

revenues of the System, even though such Debt Reserve Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

Section 11. Parity Bonds. The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Obligations as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Obligations, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Obligations.

The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Prior Bonds and the Obligations, provided;

(a) The facilities to be constructed from the proceeds of the additional Parity Bonds are made a part of the System and their revenues are pledged as additional security for the additional Parity Bonds and for the Outstanding Bonds.

(b) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds.

(c) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such

additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(d) The annual net revenues referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(1) any revisions in the System's schedule of rates or charges being imposed on or before the issuance of any such additional Parity Bonds, and

(2) any increase in the annual net revenues to be realized from the proposed extensions, additions and improvements being financed (in whole or in part) by such additional Parity Bonds;

provided all such adjustments shall be based upon and included in a certification of an Independent Consulting Engineer.

(e) Reference is made to the necessity of obtaining the written consent of the United States Department of Agriculture Rural Development or its successor [the "RD"] for the issuance of future bonds encumbering the System while the RD holds any bonds payable from the revenues of the System.

(f) The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

(1) Adjust the monthly amount to be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds; and

(2) Adjust the minimum annual amount to be deposited monthly into the Debt Reserve Fund on the same basis as that prescribed in the provisions establishing such Debt Reserve Fund, taking into account the future debt service requirements of all Bonds which will then be outstanding against the System.

(g) The Governmental Agency reserves the right to issue Parity Bonds to refund or refinance any part or all of the Prior Bonds and the Obligations, provided that prior to the issuance of such Parity Bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(1) after the issuance of the Parity Bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of the Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of the Parity Bonds and from the elimination of the Outstanding Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any

fiscal year thereafter for principal of and interest on all of the Outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(2) in the alternative, that the average annual debt service requirements for the Prior Bonds, the Obligations, any previously issued Parity Bonds and the proposed Parity Bonds, in any year of maturities thereof after the redemption of the Outstanding Bonds scheduled to be refunded through the issuance of the proposed Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Prior Bonds, the Obligations and any previously issued Parity Bonds for any year prior to the issuance of the proposed Parity Bonds and the redemption of the Outstanding Bonds to be refunded.

Section 12. Rates and Charges for Services of the System. While the Obligations remain outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all Outstanding Bonds as may be outstanding under the provisions of this Assistance Agreement and the Prior Bond Legislation, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the annual net revenues (as defined in Section 11 hereof) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 11 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 11 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by

an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

Section 13. All Obligations of this Issue Are Equal. The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, the Prior Bonds and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

Section 14. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or U.S. Obligations, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such U.S. Obligations shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

Section 15. Contractual Nature of Assistance Agreement. The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement, nor of the Prior Bond Legislation, shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

Section 16. Appointment and Duties of Trustee. The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

Section 17. Provisions in Conflict Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

Section 18. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to

become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is executed in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 19. Insurance.

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

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

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

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

Section 20. Event of Default; Remedies. The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption;

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable;

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure; and/or

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of

the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

Section 21. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2011) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 120 days after the end of each fiscal year.

Section 22. Supplemental Assistance Agreement. The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;
- (b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;
- (c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;
- (d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;
- (e) to effect the issuance of additional Parity Bonds; and/or
- (f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 23. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer 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 24. 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 25. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 26. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

Section 27. Severability Clause. If any section, paragraph, clause or provision of this Assistance Agreement shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Hyden-Leslie County Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By James H. Smith
President

Attest:

By [Signature]
Secretary/Treasurer

HYDEN-LESLIE COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Hyden-Leslie County Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By James H. Smith
President

Attest:

By [Signature]
Secretary/Treasurer

HYDEN-LESLIE COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Hyden-Leslie County Water District has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

HYDEN-LESLIE COUNTY WATER DISTRICT

By  _____
Chairman

Attest:

By  _____
Secretary

EXHIBIT A

Debt Service Schedule

KRWFC Flexible Term Program Series 2012 E
Sinking Fund Payment Schedule

Borrower: Hyden-Leslie County Water District
Closing Date: 08/29/12

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
10/12-1/13	3,000.00	1,687.57	125.61	4,813.18
2/13-7/13	3,000.00	1,332.29	99.17	4,431.46
8/13-1/14	2,500.00	1,282.29	94.17	3,876.46
2/14-8/14	2,500.00	1,282.29	94.17	3,876.46
8/14-1/15	2,500.00	1,232.29	89.17	3,821.46
2/15-7/15	2,500.00	1,232.29	89.17	3,821.46
8/15-1/16	2,916.67	1,182.29	84.17	4,183.13
2/16-7/16	2,916.67	1,182.29	84.17	4,183.13
8/16-1/17	2,916.67	1,123.96	78.33	4,118.96
2/17-7/17	2,916.67	1,123.96	78.33	4,118.96
8/17-1/18	2,916.67	1,065.63	72.50	4,054.79
2/18-7/18	2,916.67	1,065.63	72.50	4,054.79
8/18-1/19	2,916.67	1,000.00	66.67	3,983.33
2/19-7/19	2,916.67	1,000.00	66.67	3,983.33
8/19-1-20	2,916.67	912.50	60.83	3,890.00
2/20-7/20	2,916.67	912.50	60.83	3,890.00
8/20-1/21	2,916.67	825.00	55.00	3,796.67
2/21-7/21	2,916.67	825.00	55.00	3,796.67
8/21-1/22	3,333.33	737.50	49.17	4,120.00
2/22-7/22	3,333.33	737.50	49.17	4,120.00
8/22-1/23	3,333.33	637.50	42.50	4,013.33
2/23-7/23	3,333.33	637.50	42.50	4,013.33
8/23-1/24	3,333.33	537.50	35.83	3,906.67
2/24-7/24	3,333.33	537.50	35.83	3,906.67
8/24-1/25	3,333.33	437.50	29.17	3,800.00
2/25-7/25	3,333.33	437.50	29.17	3,800.00
8/25-1/26	3,750.00	337.50	22.50	4,110.00
2/26-7/26	3,750.00	337.50	22.50	4,110.00
8/26-1/27	3,750.00	225.00	15.00	3,990.00
2/27-7/27	3,750.00	225.00	15.00	3,990.00
8/27-1/28	3,750.00	112.50	7.50	3,870.00
2/28-7/28	3,750.00	112.50	7.50	3,870.00
	<u>595,000.00</u>	<u>154,531.53</u>	<u>10,727.44</u>	<u>760,258.97</u>

SUPPLEMENTAL TAX CERTIFICATE

Re: Loan in the amount of \$595,000, dated August 29, 2012, to the Hyden-Leslie County Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012E.

THIS SUPPLEMENTAL TAX CERTIFICATE (the "Supplemental Tax Certificate") is made and entered into as of August 29, 2012 by and between the Kentucky Rural Water Finance Corporation ("KRWFC") and the Hyden-Leslie County Water District (the "District"):

WITNESSETH:

WHEREAS, the District has agreed, in an Assistance Agreement dated the date hereof (the "Agreement") to borrow \$595,000 (the "Loan") pursuant to a Program administered by KRWFC and funded with a portion of the proceeds of the \$14,555,000 Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012E that were issued on August 29, 2012 (the "Bonds") by KRWFC pursuant to and secured by a Trust Indenture, dated as of April 4, 2001 between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as supplemented by a Supplemental Trust Indenture No. 46, dated August 29, 2012 (collectively the "Indenture"), between the Issuer and Regions Bank;

WHEREAS, the District has agreed in the Agreement to use the proceeds of the Loan to finance the current refunding of the outstanding: Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990, in the original authorized principal amount of \$900,000 (the "Refunded Bonds") (The refunding of the Refunded Bonds is referred to herein as the "Project") for the District's waterworks system (the "System"); and

WHEREAS, it is necessary for the parties hereto to enter into this Supplemental Tax Certificate to ensure that interest paid on the Bonds and on the Loan shall all be and shall all remain excludable from gross income for Federal income purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and is not and will not become a specific item of tax preference under Section 57(a)(5)(C) of the Code for the federal alternative minimum tax and to comply with the requirements of KRWFC's Tax Certificate (the "Tax Certificate") dated as of April 4, 2001 issued with respect to the Bonds.

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

ARTICLE I DEFINITIONS

Section 1.01. Definitions. In addition to words and terms defined elsewhere in this Supplemental Tax Certificate, the Code and Regulations (each as herein defined), the Arbitrage Certificate (as hereinafter defined), the Indenture and the Agreement, the following capitalized

words and terms used in this Supplemental Tax Certificate shall have the following meanings, unless some other meaning is plainly intended:

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

"Arbitrage Certificate" means the Tax Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended, for the Bonds given by KRWFC, including certifications given with respect thereto by the Financial Advisor, the Underwriter and KRWFC, and for the Loan given by the District.

"Closing Date" means the date of this Supplemental Tax Certificate.

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

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

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

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

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

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

"Investment Property" means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (including any Tax-Exempt Bond), annuity contract or other investment-type property.

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

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

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

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

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

"Rebate Amount" means the amount determined by KRWFC pursuant to the Tax Certificate.

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

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

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

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

"Sale Proceeds" means the Loan amount.

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

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

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

"Treasury Regulation" and *"Treas. Reg."* means any Regulation, Proposed Regulation or Temporary Regulation, as may be applicable, issued by the United States Treasury Department pursuant to the Code or the 1954 Code, as appropriate.

"Yield" means, pursuant to Treas. Regs. §1.148-4 and -5, that discount rate that, when computing the present value of all payments of principal and interest to be paid on an obligation, produces an amount equal to, in the case of the Loan, the Issue Price and in the case of any Investment Property, the fair market value, as provided in Treas. Reg. §1.148-5(d).

"Yield Reduction Amount" means the amount determined by KRWFC pursuant to the Tax Certificate.

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

Section 1.02. Interpretative Rules. For all purposes of this Supplemental Tax Certificate, except as otherwise expressly provided or unless the context otherwise requires (a) "Supplemental Tax Certificate" means this instrument, as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof; (b) all references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed; (c) the words "herein", "hereof", "hereunder", "herewith" and other words of similar import refer to this Supplemental Tax Certificate as a whole and not to any particular Article, Section or other subdivision; (d) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular; (e) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (f) the terms defined elsewhere in this Supplemental Tax Certificate shall have the meanings therein prescribed for them; (g) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders; (h) the headings used in this Supplemental Tax Certificate are for convenience of reference only and shall not define or limit the provisions hereof.

ARTICLE II

COVENANTS, REPRESENTATIONS, ACKNOWLEDGMENTS AND DIRECTIONS

Section 2.01. Authority and Organization. (a) The District represents for the benefit of KRWFC that it is a political subdivision of the Commonwealth of Kentucky with the power, among others, to enter into the Agreement in furtherance of its corporate purposes, including financing the cost of the Project.

(b) KRWFC represents for the benefit of the District that (i) KRWFC is duly organized and validly existing under the laws of the Commonwealth of Kentucky; and (ii) KRWFC has full power and authority to establish a program to enter into loans and assistance agreements with political subdivisions and public agencies of the Commonwealth of Kentucky.

Section 2.02. Use of Proceeds. The District represents that:

(a) Deposit and Use of Proceeds.

- i. \$586,237.50 (Loan proceeds in the amount of \$577,412.50, plus transfers from the Refunded Bonds sinking fund in the amount of \$8,825.00) will be used to currently refund the Refunded Bonds;
- ii. \$16,425.00 of the face amount of the Loan will be used on the date hereof to pay costs associated with the making of the Loan; and
- iii. A rounding amount of \$4,881.96 will be deposited to the Sinking Fund (as defined in the Agreement) and used to pay interest on the Loan.

The remaining difference between the face amount of the Loan and the above deposits results from the fact that the Loan is being acquired from the District at a discount from its face amount in the amount of \$3,719.46 (original issue premium of \$13,694.95 less an underwriter's discount of \$9,975.49).

(b) No Private Use of Proceeds. No more than 5% of the Proceeds of the Loan will be used for private business use, in accordance with the rules contained in Treas. Reg. 1.141-3. The District expects to use the System for the entire stated term of the Agreement.

(c) Expectations. Reserved.

(d) Use of the System. The District will own and operate the System during the entire term of the Agreement and will not change the use or ownership of any part of the System during the entire term of the Agreement without the prior written consent of KRWFC.

(e) Reimbursement Allocations. Reserved.

(f) Investment Limitations. (i) The District will invest the Gross Proceeds of the Loan and any Disposition Proceeds of the Loan under the Investment Agreement unless otherwise authorized in writing by KRWFC.

(ii) If at any time, either the District determines or is informed that the Yield on the investment of moneys held by itself or any other person must be restricted or limited in order to prevent the Bonds from becoming Arbitrage Bonds, the District shall, and shall so instruct any holder of the Sale Proceeds or Investment Proceeds of the Loan, to take such action or actions as may be necessary to restrict or limit the yield on such investments as set forth in, and in accordance with, such instruction.

(g) Temporary period for amounts in District's Governmental Agency Account. Reserved.

(h) *Federal Guarantees.* The Gross Proceeds will not be invested in any Investment Property that is Federally-Guaranteed.

(i) *No Transferred Proceeds.* All of the proceeds of the Refunded Bonds have been expended and there are therefore no Transferred Proceeds with respect to the Refunded Bonds.

Section 2.03. Service Contracts. The District represents that it will not enter into any Service Contracts or management contracts with respect to the System without the prior written consent of KRWFC and agrees that any Service Contracts or management contracts relating to bond-financed property will comply with the management contract safe harbors of Rev. Proc. 97-13.

Section 2.04. Research Agreements. The District represents that it will not enter into any Research Agreements with respect to the System without the prior written consent of KRWFC.

Section 2.05. Changes in Use or User of System. The District represents that (a) no part of the System will be sold, or otherwise disposed of without the prior written consent of KRWFC; (b) it will not permit any use of its System by any person or entity other than itself without the prior written consent of KRWFC; (c) any portion of the System consisting of personal property may be sold in the ordinary course of an established governmental program if (i) the weighted average maturity of the portion of the Loan financing the personal property was not greater than one hundred twenty percent (120%) of the reasonably expected actual use of such personal property by the District, (ii) the District expected at the date of the Agreement that the fair market value of the personal property at the time of disposition would not be greater than twenty-five percent (25%) of its cost and (iii) at the time of disposition, the personal property is no longer suitable for the governmental purpose for which it was acquired.

Section 2.06. Investments. The District will expend the proceeds of the Loan on the date hereof and does not contemplate investing the Gross Proceeds of the Loan.

Section 2.07. Loan is a Purpose Obligation of the Bonds. The Bonds were issued to establish a program to make loans to Governmental Agencies pursuant to assistance agreements and therefore constitute a governmental program for the acquisition of purpose investments. At least 95% of the payments made by the District pursuant to the Agreement will be used to pay principal, interest, or redemption prices on the Bonds, or to pay administrative costs of the Bonds. The District covenants not to acquire the Bonds or other bonds of KRWFC related to the Program. The yield on the Loan to the District does not exceed the yield on the Bonds by more than 1.5 percent.

Section 2.08. No Abusive Arbitrage Device. Both KRWFC and the District agree that they will not take any action that will enable KRWFC or the District to take any action that (a) has the effect of enabling KRWFC or the District to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (b) overburdens the market for

tax-exempt obligations in any manner. The amount of proceeds of the Loan is not reasonably expected to exceed the amount necessary for the District to accomplish the governmental purposes described in the Agreement.

Section 2.09. Records. The District represents that proper records and accounts, containing complete and correct entries of all transactions relating to the Agreement, the use of the Gross Proceeds of the Agreement and the expenditures made in connection with the Project, will be maintained. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

Section 2.10. Payment of Arbitrage Compliance Amounts. The District represents that all actions necessary to comply with the Yield limitations applicable to investments of the Sale Proceeds and Investment Proceeds of the Loan and the rebate requirements contained in Section 148(f) of the Code and the Treasury Regulations thereunder will be taken. Immediately upon the request of KRWFC, the District will assemble copies of records concerning investments of Gross Proceeds of the Loan, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement. In particular, the District will provide KRWFC with information that will enable KRWFC to determine if any Rebate Amount is payable. The District will pay any Rebate Payment and any Yield Reduction Payment owed with respect to the Gross Proceeds of the Loan, as determined by KRWFC. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

Section 2.11. Election to Apply Rebate Exception Separately to the Loan. The District hereby elects and KRWFC has previously elected to have the spending exceptions of Treas. Reg. 1.148-7 and the small issuer exceptions of Treas. Reg. 1.148-8 applied separately to the Loan.

The applicable beginning date in applying the spending exceptions of Treas. Reg. 1.148-7 is the Closing Date. The spending exceptions include the six month exception described in Treas. Reg. 1.148-7(c), the eighteen month exception described in Treas. Reg. 1.148-7(d), and the two year exception described in Treas. Reg. 1.148-7(e).

Section 2.12. Information Reporting Requirements. The District represents that it will timely execute and file any information reports required under Section 149(e) of the Code (Form 8038-G) or as required by KRWFC.

Section 2.13. Compliance with Supplemental Tax Certificate. (a) The District may, at any time, employ bond counsel, independent certified public accountants, or other qualified experts acceptable to KRWFC to perform any of the requirements imposed upon the District by this Supplemental Tax Certificate.

(b) KRWFC and the District agree, to the extent reasonably possible, to comply with any amendments to the Code or any applicable Regulations, effective retroactively, and KRWFC and the District shall take all actions necessary to amend this Supplemental Tax Certificate to comply therewith.

(c) Whenever any action or direction is required of the District hereunder, such action or direction may, or in the absence of any such action or direction shall, be made by KRWFC.

(d) Any restriction or covenant contained in this Supplemental Tax Certificate need not be observed or may be changed if KRWFC and the District receive an opinion of Tax Counsel to the effect that such nonobservance or change will not adversely effect the exclusion of interest on any of the Bonds from gross income for purposes of Federal income taxation.

IN WITNESS WHEREOF, KRWFC and the District have each caused this Supplemental Tax Certificate to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth above.

KENTUCKY RURAL WATER FINANCE
CORPORATION

By  _____
Treasurer

HYDEN-LESLIE COUNTY WATER
DISTRICT

By _____
Chairman

(c) Whenever any action or direction is required of the District hereunder, such action or direction may, or in the absence of any such action or direction shall, be made by KRWFC.

(d) Any restriction or covenant contained in this Supplemental Tax Certificate need not be observed or may be changed if KRWFC and the District receive an opinion of Tax Counsel to the effect that such nonobservance or change will not adversely effect the exclusion of interest on any of the Bonds from gross income for purposes of Federal income taxation.

IN WITNESS WHEREOF, KRWFC and the District have each caused this Supplemental Tax Certificate to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth above.

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
Treasurer

HYDEN-LESLIE COUNTY WATER DISTRICT

By  _____
Chairman

ARBITRAGE CERTIFICATE

Re: Loan in the amount of \$595,000, dated August 29, 2012, to the Hyden-Leslie County Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012E.

The undersigned officer of the Hyden-Leslie County Water District (the "District") hereby certifies with respect to the loan in the amount of \$595,000 (the "Loan") made pursuant to the Assistance Agreement (the "Agreement") by and between the Kentucky Rural Water Finance Corporation ("KRWFC") and the District, derived from the proceeds of the \$14,555,000 Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012E (the "Bonds") issued by KRWFC, which Agreement is entered into for the purpose of currently refunding certain obligations of the District, secured by the District's existing waterworks system (the "System") and made as of the date hereof (the "Closing Date"), which is the date of delivery of, and payment for, the Loan, that the following facts, estimates and circumstances regarding the amount and use of all of the Proceeds, as defined in Treas. Reg. §1.148-1(b), issued under the Internal Revenue Code of 1986, as amended (the "Code"), of the Loan are, as of the Closing Date and according to the District's best knowledge, information and belief, reasonably expected to exist or to occur:

1. Proceeds. The Proceeds of the Loan consist, and will consist, of the Sale Proceeds and Investment Proceeds, each as defined in Treas. Reg. §1.148-1(b), issued under the Code, and equal the Loan amount.

2. Purpose of Loan.

a. The Proceeds of the Loan, together with certain other funds, will be used to provide funds to pay the costs of issuance of the Loan and finance the current refunding of the outstanding: Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990, in the original authorized principal amount of \$900,000 (collectively, the "Refunded Bonds"), which constitutes a valid governmental purpose (the "Governmental Purpose").

b. The total amount of Proceeds received by the District will not exceed the amount necessary to finance the Governmental Purpose. The Agreement is being entered into at this time in such amount because the Borrower expects to redeem the Refunded Bonds on August 31, 2012.

3. Yield on the Loan.

a. The price at which the Loan was sold to the Issuer, which intends to hold the Loan for investment purposes and not for resale to the general public, is equal to the Loan Amount.

b. The Yield on the Loan, as defined in Treas. Reg. §1.148-4, issued under the Code, is **2.7641918%**. The term "yield", as used herein, means that yield which, when used in computing the present worth of all payments of principal and interest on an obligation, produces an amount equal to, in the case of the Bonds, the amount actually received by the District as a result of the sale of the Bonds (including any accrued interest).

4. Application of Proceeds. All of the Sale Proceeds will be used to pay the cost of the Governmental Purpose, including issuance expenses and any accrued interest to the Closing Date. No amount received as Proceeds of the Loan will be used in a manner not set forth in this section.

5. Expenditure of Proceeds for the Project. An amount of the "Net Sales Proceeds" (defined in Treas. Reg. §1.148-1(b) as Sales Proceeds less an amount that is the lesser of five percent (5%) of the Sales Proceeds or \$100,000) of the Loan as specified in the Supplemental Tax Certificate executed by the District and dated of even date herewith will be deposited into the Governmental Agency Account with Regions Bank, Nashville, Tennessee, then transferred to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds, as may be required:

a. To pay the interest on the Refunded Bonds to and including August 31, 2012; and

b. To redeem on August 31, 2012 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

6. Investment of Proceeds.

a. The District has agreed in the Supplemental Tax Certificate executed by the District and dated of even date herewith that it will not invest any of the Proceeds of the Loan without the express consent of KRWFC, and any such investments will be done so that such investment will not cause interest on either the Loan or the Bonds to be includable in the holder's gross income for purposes of federal income taxation or the debt to be treated as "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder.

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

c. Amounts deposited in the District's Sinking Fund will be used to pay the principal of and interest on the Loan, and the District reasonably expects that there will be no other funds that will be so used or that will be pledged to payment of the Loan under circumstances such that the holder of the Loan is reasonably assured that such fund will be available for payment of debt service on the Loan. The Sinking Fund is a fund that is used primarily to achieve a proper matching of revenues and debt service within each bond year. Money deposited in the Sinking Fund will be used within thirteen (13) months from the date of deposit for the payment of debt service on the District's outstanding Loan and other parity obligations and, except for an amount equal to not more than the greater of (i) one-twelfth (1/12) of debt service requirements of such Loan and other parity obligations for the then ensuing year or (ii) one year's earnings on the Sinking Fund, the Sinking Fund will be depleted annually through such application for current debt service requirements of the Loan and other parity obligations. Any income

earned from the investment of amounts deposited in the Sinking Fund will be retained in the Sinking Fund and expended within one year from the date of receipt.

d. Any unexpended portion of the Proceeds of the Loan, including any amounts in any reasonably required reserve or replacement fund, will be invested in the investment contract described in the Trust Indenture for the Bonds and other than any funds described herein invested during a temporary period permitted under Treas. Regs. §1.148-1 through -11, issued under the Code, if any, or any amounts in any reasonably required reserve or replacement fund, as described in Treas. Reg. §1.148-2(f), no Proceeds of the Loan, or any moneys that may become Replacement Proceeds, as defined in Treas. Reg. §1.148-1(c), of the Loan, in excess of the lesser of (i) five percent (5%) of such Proceeds or (ii) \$100,000, have been invested in "higher yielding investments", as defined in the Code and the Treasury Regulations thereunder.

7. General.

a. The District reasonably expects that neither the project financed with the proceeds of the Refunded Bonds, nor any part thereof, will be sold or otherwise disposed of by the District prior to the final principal maturity date of the Loan.

b. There are no amounts, other than any funds specifically contributed by the District and the Gross Proceeds of the Loan, that are available for the Governmental Purpose and the term of the Loan is not longer than reasonably necessary for the Governmental Purpose.

c. Any Rebate Payments and any Yield Reduction Payments (each as defined in the Supplemental Tax Certificate), owed pursuant to Section 148(f) of the Code, will be remitted to the United States Treasury as directed by KRWFC, pursuant to the Supplemental Tax Certificate entered into with respect to the Bonds.

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

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

f. Certain of the facts, estimates and circumstances contained herein are based upon representations made by KRWFC in the attached certificate, or in other letters and reports that accompany the sundry closing documents related to the sale and delivery of the Loan. The District is not aware of any facts, estimates or circumstances that would cause it to question the accuracy of such representations. To the best of the knowledge,

information and belief of the undersigned, who is authorized by the District to sign this certificate on behalf of the District, the above expectations of the District as stated herein are reasonable and there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

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

Dated as of August 29, 2012.

HYDEN-LESLIE COUNTY WATER
DISTRICT

By: 
Chairman

**CERTIFICATE OF OFFICERS OF
HYDEN-LESLIE COUNTY WATER DISTRICT**



Re: Loan in the amount of \$595,000, dated August 29, 2012, to the Hyden-Leslie County Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012E.

The undersigned officials of the Hyden-Leslie County Water District (the "District") under the Assistance Agreement (the "Agreement") between the District and the Kentucky Rural Water Finance Corporation ("KRWFC"), dated the date hereof, do hereby certify as follows:

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

2. That the District is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to operate a waterworks system (the "System") and to carry on its business as now being conducted.

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

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Fred Ratliff	Chairman	
Dwight Lewis	Secretary	

4. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Governing Body of the District on March 29, 2012 (the "Resolution"), authorizing the appropriate officials of the District to execute the Agreement. The Resolution was duly adopted in accordance with all applicable laws.

5. The Resolution duly authorized the current refunding of the following outstanding bonds of the District: Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990, in the original authorized principal amount of \$900,000 (the "Refunded Bonds").

6. The Agreement has been duly authorized, executed and delivered by the District and constitutes a legal, valid and binding obligation of the District, enforceable against the District in accordance with its terms.

7. The representations and warranties of the District made in the Agreement are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Resolution has not been amended or supplemented and is in full force and effect; and the Agreement has been entered into and is in full force and effect.

8. That we are familiar with the provisions of the Agreement, and we hereby certify that at the time of or immediately after the issuance, sale and delivery of the Loan, the proceeds of the Loan authorized by the Agreement were applied or will be applied as itemized in the Distribution of Loan Proceeds Schedule attached hereto as **Exhibit A**, and this certification constitutes the instruction to and authorization of the Trustee to make such payments and deposits specified in said **Exhibit A**.

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

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

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

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

13. Any certificate signed by any official of the District and delivered to KRWFC will be deemed to be a representation by the District to KRWFC as to the statements made therein.

WITNESS our hands this August 29, 2012.

HYDEN-LESLIE COUNTY WATER
DISTRICT

By 
Chairman

Attest:

By 
Secretary

EXHIBIT A

DISTRIBUTION OF LOAN PROCEEDS SCHEDULE

Re: Loan in the amount of \$595,000, dated August 29, 2012, to the Hyden-Leslie County Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012E.

SOURCES OF FUNDS

Par Amount of Loan	\$595,000.00
Transfer from Refunded Bonds Sinking Fund	8,825.00
Plus Original Issue Premium	<u>13,694.95</u>
Total Sources	\$617,519.95

USES OF FUNDS

Deposit to Hyden-Leslie County Water District Governmental Agency Account to refund the Refunded Bonds	586,156.09
Underwriter's Discount	9,975.49
Deposit to Hyden-Leslie County Water District Sinking Fund	4,963.37
Deposit to Costs of Issuance Account	<u>16,425.00</u>
Total Uses	\$617,519.95

HYDEN-LESLIE COUNTY WATER
DISTRICT

By: 
Chairman

**KENTUCKY INFRASTRUCTURE AUTHORITY
ASSISTANCE AGREEMENT**

FUND B

PROJECT NUMBER: B19-008

GOVERNMENTAL AGENCY (Borrower): Hyden-Leslie County Water District

GOVERNMENTAL AGENCY'S ADDRESS: 325 Wendover Road
Hyden, Kentucky 41749

DATE OF ASSISTANCE AGREEMENT: January 28, 2021

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 HYDEN-LESLIE COUNTY WATER DISTRICT, the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

WITNESSETH

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

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

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

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

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

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

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

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

ARTICLE I DEFINITIONS

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

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

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

“*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.

“*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.

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

“*Indenture*” shall mean the General Trust Indenture dated as of September 1, 1989 between the Authority and the Trustee, as amended and 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.

“*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.

“*Person*” shall mean any individual, firm, partnership, association, limited liability company, corporation or Governmental Agency.

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

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

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

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

“*Resolution*” means the resolution or ordinance of the Governmental Agency 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 utility 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 any regulations issued thereunder.

Section 2.2. Representations and Warranties of the Governmental Agency.

The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

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

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

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or

similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened in any court or before any board, tribunal or administrative body to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to construct the Project; or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions 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 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.

ARTICLE III AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility.

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

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds.

The principal amount of the Loan shall be the Loan Amount as identified in the 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, if requested, appropriate documentation, satisfactory to the Authority, in its sole discretion, indicating the following:

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

(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, 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. 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 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 noting the participation of the Authority 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 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 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, 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 the Service Charges of the Governmental Agency described in the Schedule of Service Charges attached to and made a part of this Assistance Agreement as **Exhibit C** and submit proof satisfactory to the Authority that the Service Charges are in full force and effect as of the submission of the initial Requisition for Funds.

Section 4.2. Disbursements of Loan Funds; Requisition for Funds.

The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) a Requisition for funds prior to the fifth (5th) 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, 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.

Section 5.8. Mandatory Sewer Connection.

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

Section 5.9. Termination of Water Services to Delinquent Users.

In the event the Project consists of water facilities the Governmental Agency covenants and agrees that it shall, pursuant to applicable provisions of law, to the maximum extent authorized by law, enforce and collect the Service Charges imposed, and will promptly cause water service to be discontinued to any premises where any billing for such facilities and services shall not be paid in a timely manner.

Section 5.10. Additional Covenants.

[Reserved]

**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.

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 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. 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 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.

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: *J. Leon*
Chairman

ATTEST:

By: *Margaret F. Link*
Margaret F. Link (Mar 10, 2021 15:36 EST)
Secretary

GOVERNMENTAL AGENCY:
HYDEN-LESLIE COUNTY WATER
DISTRICT

By: *Kevin Cooks*
Chairman

ATTEST:

By: *Willie Holt*
Secretary of Governmental Agency

APPROVED:

By: *Holly M. Johnson*
Holly M. Johnson (Mar 16, 2021 09:37 EDT)
Secretary/Finance and Administration
Cabinet of the Commonwealth of Kentucky

EXAMINED:

By: *Rubina Haque*
Legal Counsel to the *by RHT*
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND
LEGALITY:

By: *Patrick McGee*
Patrick McGee (Mar 15, 2021 11:04 EDT)
Approved, Finance and
Administration Cabinet

EXHIBIT A
HYDEN-LESLIE COUNTY WATER DISTRICT
PROJECT SPECIFICS
B19-008

GOVERNMENTAL AGENCY:

Name: Hyden-Leslie County Water District
356 Wendover Road
Hyden, KY 41749

Contact Person: Augustus Roberts
Chairman

SYSTEM: KY0660204

PROJECT: Refinancing KRWFC Note

Permanent financing for a short term Kentucky Rural Water Finance Corporation (RWFC) loan on a previous project.

The Hyden-Leslie Water District is requesting an increase of \$100,000 to cover the interest costs that occurred while awaiting PSC approval for the original loan. This would bring the total to \$2,835,000. The short term financing was to advance refund a 2013F bond with KRWFC. The original work was a \$4.1 million dollar project which included:

PROJECT BUDGET:

	Total
Other	2,835,000
Total	\$ 2,835,000

FUNDING SOURCES:

	Amount	%
Fund B Loan	\$ 2,835,000	100%
Total	\$ 2,835,000	100%

KIA DEBT SERVICE:

Construction Loan	\$ 2,835,000
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 2,835,000
Interest Rate	0.50%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 101,882
Administrative Fee (0.20%)	5,670
Total Estimated Annual Debt Service	\$ 107,552

Kentucky Association of Counties All Lines Fund

400 Englewood Drive
Frankfort, KY 40601
Declarations Page

Policy Number P&C0377

Policy Period: 7/1/2020 to 7/1/2021

Insured Name and Address

For customer service please call

Hyden-Leslie County Water District
PO Box 906
Hyden, KY 41749

(800)264-5226

Issued: 05/28/2020

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)	3,000,000	5,000,000	500
Law Enforcement (Per OCC/AGG)	NCD	NCD	NCD
Errors/Omissions (Per OCC/AGG)	3,000,000	3,000,000	1,000
Employment Practices (Per claim / AGG) <i>Retroactive Date: 07/01/2003</i>	3,000,000	3,000,000	1,000
Cyber Liability (Per claim / AGG) <i>Retroactive Date: 07/01/2015</i>	1,000,000	1,000,000	2,500
Auto Liability (CSL)	3,000,000		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

Kris Dann

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

Line Item	Cost	Expenses This Request	Expenses to Date	Project Budget	Balance
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				
	TOTAL				

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

	Funding Agency	Expenses This Request	Expenses to Date	Project Budget	Balance
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)

Line Item	Draw #	Vender	Amount
------------------	---------------	---------------	---------------

**CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST**

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

Engineer/Architect

Firm Name

EXHIBIT C

SCHEDULE OF SERVICE CHARGES

(See Attached)

AREA Clay, Leslie, Perry Counties, Ky

PSC KY NO. 5

Revised SHEET NO. 1

Hyden-Leslie County Water District

CANCELLING PSC KY NO. 5

Original SHEET NO. 1

RATES AND CHARGES

Monthly Rates

Phase 1 Rates (effective until and including November 5, 2021)

First 2,000 gallons	\$ 23.44 Minimum Bill	(I)
Next 3,000 gallons	0.00982 Per gallon	(I)
Next 20,000 gallons	0.00860 Per gallon	(N)(I)
Next 75,000 gallons	0.00738 Per gallon	(N)(I)
Over 100,000 gallons	0.00617 Per gallon	(N)(I)
Water Loss Reduction Surcharge	\$1.53	(N)

Phase 2 Rates (effective on and after November 6, 2021)

First 2,000 gallons	\$ 29.78 Minimum Bill	(I)
Next 3,000 gallons	0.01248 Per gallon	(I)
Next 20,000 gallons	0.01093 Per gallon	(N)(I)
Next 75,000 gallons	0.00938 Per gallon	(N)(I)
Over 100,000 gallons	0.00784 Per gallon	(N)(I)
Water Loss Reduction Surcharge	\$1.53	(N)

DATE OF ISSUE November 24, 2020
MONTH / DATE / YEAR

DATE EFFECTIVE November 6, 2010
MONTH / DATE / YEAR

ISSUED BY /s/ Timothy Helton
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00141 DATED November 6, 2010



EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE HYDEN-LESLIE COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$2,835,000 OF LOAN FUNDS FOR PROJECT NUMBER B19-008.

WHEREAS, the Board of Commissioners (“Governing Authority”) of the Hyden-Leslie County Water District (“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 waterworks system (the “System”);

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

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

NOW, THEREFORE, IT IS RESOLVED by the Hyden-Leslie County Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number B19-008 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 January 28, 2021.

GOVERNMENTAL AGENCY:
HYDEN-LESLIE COUNTY WATER
DISTRICT

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 Hyden-Leslie County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the City Commission of said City at a meeting duly held on January 28, 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 January 28, 2021.

Secretary of Governmental Agency

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

January 28, 2021

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the Hyden-Leslie County Water District, regarding Project Number: B19-008.

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 Hyden-Leslie County Water District (the "Governmental Agency"). I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, I am familiar with the 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.

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) 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:	\$2,835,000
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, 2021
Schedule of Payments:	see attached

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
 REPAYMENT SCHEDULE
 LOAN #B19-008
 HYDEN-LESLIE COUNTY WATER DISTRICT
 FINAL**

0.50% Interest \$50,734.69 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
								\$2,823,505.26		
06/01/21	\$43,675.93	\$2,630.11	0.50%	\$46,306.04	\$0.00	\$0.00	\$46,306.04	\$2,779,829.33	\$0.00	\$0.00
12/01/21	\$43,785.12	\$6,949.57	0.50%	\$50,734.69	\$2,779.83	\$0.00	\$53,514.52	\$2,736,044.21	\$7,100.00	\$7,100.00
06/01/22	\$43,894.58	\$6,840.11	0.50%	\$50,734.69	\$2,736.04	\$0.00	\$53,470.73	\$2,692,149.63	\$0.00	\$7,100.00
12/01/22	\$44,004.32	\$6,730.37	0.50%	\$50,734.69	\$2,692.15	\$0.00	\$53,426.84	\$2,648,145.31	\$7,100.00	\$14,200.00
06/01/23	\$44,114.33	\$6,620.36	0.50%	\$50,734.69	\$2,648.15	\$0.00	\$53,382.84	\$2,604,030.98	\$0.00	\$14,200.00
12/01/23	\$44,224.61	\$6,510.08	0.50%	\$50,734.69	\$2,604.03	\$0.00	\$53,338.72	\$2,559,806.37	\$7,100.00	\$21,300.00
06/01/24	\$44,335.17	\$6,399.52	0.50%	\$50,734.69	\$2,559.81	\$0.00	\$53,294.50	\$2,515,471.20	\$0.00	\$21,300.00
12/01/24	\$44,446.01	\$6,288.68	0.50%	\$50,734.69	\$2,515.47	\$0.00	\$53,250.16	\$2,471,025.19	\$7,100.00	\$28,400.00
06/01/25	\$44,557.13	\$6,177.56	0.50%	\$50,734.69	\$2,471.03	\$0.00	\$53,205.72	\$2,426,468.06	\$0.00	\$28,400.00
12/01/25	\$44,668.52	\$6,066.17	0.50%	\$50,734.69	\$2,426.47	\$0.00	\$53,161.16	\$2,381,799.54	\$7,100.00	\$35,500.00
06/01/26	\$44,780.19	\$5,954.50	0.50%	\$50,734.69	\$2,381.80	\$0.00	\$53,116.49	\$2,337,019.35	\$0.00	\$35,500.00
12/01/26	\$44,892.14	\$5,842.55	0.50%	\$50,734.69	\$2,337.02	\$0.00	\$53,071.71	\$2,292,127.21	\$7,100.00	\$42,600.00
06/01/27	\$45,004.37	\$5,730.32	0.50%	\$50,734.69	\$2,292.13	\$0.00	\$53,026.82	\$2,247,122.84	\$0.00	\$42,600.00
12/01/27	\$45,116.88	\$5,617.81	0.50%	\$50,734.69	\$2,247.12	\$0.00	\$52,981.81	\$2,202,005.96	\$7,100.00	\$49,700.00
06/01/28	\$45,229.68	\$5,505.01	0.50%	\$50,734.69	\$2,202.01	\$0.00	\$52,936.70	\$2,156,776.28	\$0.00	\$49,700.00
12/01/28	\$45,342.75	\$5,391.94	0.50%	\$50,734.69	\$2,156.78	\$0.00	\$52,891.47	\$2,111,433.53	\$7,100.00	\$56,800.00
06/01/29	\$45,456.11	\$5,278.58	0.50%	\$50,734.69	\$2,111.43	\$0.00	\$52,846.12	\$2,065,977.42	\$0.00	\$56,800.00
12/01/29	\$45,569.75	\$5,164.94	0.50%	\$50,734.69	\$2,065.98	\$0.00	\$52,800.67	\$2,020,407.67	\$7,100.00	\$63,900.00
06/01/30	\$45,683.67	\$5,051.02	0.50%	\$50,734.69	\$2,020.41	\$0.00	\$52,755.10	\$1,974,724.00	\$0.00	\$63,900.00
12/01/30	\$45,797.88	\$4,936.81	0.50%	\$50,734.69	\$1,974.72	\$0.00	\$52,709.41	\$1,928,926.12	\$7,100.00	\$71,000.00
06/01/31	\$45,912.37	\$4,822.32	0.50%	\$50,734.69	\$1,928.93	\$0.00	\$52,663.62	\$1,883,013.75	\$0.00	\$71,000.00
12/01/31	\$46,027.16	\$4,707.53	0.50%	\$50,734.69	\$1,883.01	\$0.00	\$52,617.70	\$1,836,986.59	\$7,100.00	\$78,100.00
06/01/32	\$46,142.22	\$4,592.47	0.50%	\$50,734.69	\$1,836.99	\$0.00	\$52,571.68	\$1,790,844.37	\$0.00	\$78,100.00
12/01/32	\$46,257.58	\$4,477.11	0.50%	\$50,734.69	\$1,790.84	\$0.00	\$52,525.53	\$1,744,586.79	\$7,100.00	\$85,200.00
06/01/33	\$46,373.22	\$4,361.47	0.50%	\$50,734.69	\$1,744.59	\$0.00	\$52,479.28	\$1,698,213.57	\$0.00	\$85,200.00
12/01/33	\$46,489.16	\$4,245.53	0.50%	\$50,734.69	\$1,698.21	\$0.00	\$52,432.90	\$1,651,724.41	\$7,100.00	\$92,300.00
06/01/34	\$46,605.38	\$4,129.31	0.50%	\$50,734.69	\$1,651.72	\$0.00	\$52,386.41	\$1,605,119.03	\$0.00	\$92,300.00
12/01/34	\$46,721.89	\$4,012.80	0.50%	\$50,734.69	\$1,605.12	\$0.00	\$52,339.81	\$1,558,397.14	\$7,100.00	\$99,400.00
06/01/35	\$46,838.70	\$3,895.99	0.50%	\$50,734.69	\$1,558.40	\$0.00	\$52,293.09	\$1,511,558.44	\$0.00	\$99,400.00
12/01/35	\$46,955.79	\$3,778.90	0.50%	\$50,734.69	\$1,511.56	\$0.00	\$52,246.25	\$1,464,602.65	\$7,100.00	\$106,500.00
06/01/36	\$47,073.18	\$3,661.51	0.50%	\$50,734.69	\$1,464.60	\$0.00	\$52,199.29	\$1,417,529.47	\$0.00	\$106,500.00
12/01/36	\$47,190.87	\$3,543.82	0.50%	\$50,734.69	\$1,417.53	\$0.00	\$52,152.22	\$1,370,338.60	\$7,100.00	\$113,600.00
06/01/37	\$47,308.84	\$3,425.85	0.50%	\$50,734.69	\$1,370.34	\$0.00	\$52,105.03	\$1,323,029.76	\$0.00	\$113,600.00
12/01/37	\$47,427.12	\$3,307.57	0.50%	\$50,734.69	\$1,323.03	\$0.00	\$52,057.72	\$1,275,602.64	\$7,100.00	\$120,700.00
06/01/38	\$47,545.68	\$3,189.01	0.50%	\$50,734.69	\$1,275.60	\$0.00	\$52,010.29	\$1,228,056.96	\$0.00	\$120,700.00
12/01/38	\$47,664.55	\$3,070.14	0.50%	\$50,734.69	\$1,228.06	\$0.00	\$51,962.75	\$1,180,392.41	\$7,100.00	\$127,800.00
06/01/39	\$47,783.71	\$2,950.98	0.50%	\$50,734.69	\$1,180.39	\$0.00	\$51,915.08	\$1,132,608.70	\$0.00	\$127,800.00
12/01/39	\$47,903.17	\$2,831.52	0.50%	\$50,734.69	\$1,132.61	\$0.00	\$51,867.30	\$1,084,705.53	\$7,100.00	\$134,900.00
06/01/40	\$48,022.93	\$2,711.76	0.50%	\$50,734.69	\$1,084.71	\$0.00	\$51,819.40	\$1,036,682.60	\$0.00	\$134,900.00
12/01/40	\$48,142.98	\$2,591.71	0.50%	\$50,734.69	\$1,036.68	\$0.00	\$51,771.37	\$988,539.62	\$7,100.00	\$142,000.00
06/01/41	\$48,263.34	\$2,471.35	0.50%	\$50,734.69	\$988.54	\$0.00	\$51,723.23	\$940,276.28	\$0.00	\$142,000.00
12/01/41	\$48,384.00	\$2,350.69	0.50%	\$50,734.69	\$940.28	\$0.00	\$51,674.97	\$891,892.28	\$0.00	\$142,000.00

06/01/42	\$48,504.96	\$2,229.73	0.50%	\$50,734.69	\$891.89	\$0.00	\$51,626.58	\$843,387.32	\$0.00	\$142,000.00
12/01/42	\$48,626.22	\$2,108.47	0.50%	\$50,734.69	\$843.39	\$0.00	\$51,578.08	\$794,761.10	\$0.00	\$142,000.00
06/01/43	\$48,747.79	\$1,986.90	0.50%	\$50,734.69	\$794.76	\$0.00	\$51,529.45	\$746,013.31	\$0.00	\$142,000.00
12/01/43	\$48,869.66	\$1,865.03	0.50%	\$50,734.69	\$746.01	\$0.00	\$51,480.70	\$697,143.65	\$0.00	\$142,000.00
06/01/44	\$48,991.83	\$1,742.86	0.50%	\$50,734.69	\$697.14	\$0.00	\$51,431.83	\$648,151.82	\$0.00	\$142,000.00
12/01/44	\$49,114.31	\$1,620.38	0.50%	\$50,734.69	\$648.15	\$0.00	\$51,382.84	\$599,037.51	\$0.00	\$142,000.00
06/01/45	\$49,237.10	\$1,497.59	0.50%	\$50,734.69	\$599.04	\$0.00	\$51,333.73	\$549,800.41	\$0.00	\$142,000.00
12/01/45	\$49,360.19	\$1,374.50	0.50%	\$50,734.69	\$549.80	\$0.00	\$51,284.49	\$500,440.22	\$0.00	\$142,000.00
06/01/46	\$49,483.59	\$1,251.10	0.50%	\$50,734.69	\$500.44	\$0.00	\$51,235.13	\$450,956.63	\$0.00	\$142,000.00
12/01/46	\$49,607.30	\$1,127.39	0.50%	\$50,734.69	\$450.96	\$0.00	\$51,185.65	\$401,349.33	\$0.00	\$142,000.00
06/01/47	\$49,731.32	\$1,003.37	0.50%	\$50,734.69	\$401.35	\$0.00	\$51,136.04	\$351,618.01	\$0.00	\$142,000.00
12/01/47	\$49,855.64	\$879.05	0.50%	\$50,734.69	\$351.62	\$0.00	\$51,086.31	\$301,762.37	\$0.00	\$142,000.00
06/01/48	\$49,980.28	\$754.41	0.50%	\$50,734.69	\$301.76	\$0.00	\$51,036.45	\$251,782.09	\$0.00	\$142,000.00
12/01/48	\$50,105.23	\$629.46	0.50%	\$50,734.69	\$251.78	\$0.00	\$50,986.47	\$201,676.86	\$0.00	\$142,000.00
06/01/49	\$50,230.50	\$504.19	0.50%	\$50,734.69	\$201.68	\$0.00	\$50,936.37	\$151,446.36	\$0.00	\$142,000.00
12/01/49	\$50,356.07	\$378.62	0.50%	\$50,734.69	\$151.45	\$0.00	\$50,886.14	\$101,090.29	\$0.00	\$142,000.00
06/01/50	\$50,481.96	\$252.73	0.50%	\$50,734.69	\$101.09	\$0.00	\$50,835.78	\$50,608.33	\$0.00	\$142,000.00
12/01/50	\$50,608.33	\$126.36	0.50%	\$50,734.69	\$50.61	\$0.00	\$50,785.30	\$0.00	\$0.00	\$142,000.00

Totals	\$2,823,505.26	\$216,147.49		\$3,039,652.75	\$85,407.04	\$0.00	\$3,125,059.79		\$142,000.00	
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Created by KIA on 03/25/2021

Attachment #9

Hyden-Leslie Water District**Debt Maturities****12/31/2022**

	12/31/2022	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	First 5 <u>years</u>	<u>2028</u>
KIA	2,736,044	88,339	88,781	89,226	89,672	90,121	446,139	90,572
KRWFC	275,417	40,000	40,000	42,083	45,000	45,000	212,083	23,334
USDA - 4.50%	216,400	7,800	8,100	7,500	8,900	9,300	41,600	9,700
USDA - 2011A 3.75%	985,000	17,000	18,000	18,500	19,500	20,500	93,500	21,500
USDA - 2011B 2.25%	<u>1,675,000</u>	<u>40,000</u>	<u>41,000</u>	<u>42,000</u>	<u>43,000</u>	<u>44,000</u>	<u>210,000</u>	<u>45,000</u>
	5,887,861	193,139	195,881	199,309	206,072	208,921	1,003,322	190,106
Interest								
KIA	192,996	13,130	12,688	12,244	11,797	11,348	61,207	10,897
KRWFC	16,456	5,956	4,756	3,491	2,140	113	16,456	-
USDA - 4.50%	92,032	9,054	8,690	8,352	7,952	7,534	41,582	7,096
USDA - 2011A 3.75%	634,974	35,999	35,441	34,658	33,946	33,196	173,240	32,498
USDA - 2011B 2.25%	<u>592,839</u>	<u>36,359</u>	<u>35,546</u>	<u>34,514</u>	<u>33,557</u>	<u>32,579</u>	<u>172,555</u>	<u>31,665</u>
	1,529,297	100,498	97,121	93,259	89,392	84,770	465,040	82,156

<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	Next 5 <u>years</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>	<u>2036</u>	<u>2037</u>	Next 5 <u>years</u>	<u>2038</u>	<u>2039</u>
91,026	91,482	91,940	92,400	457,420 23,334	92,862	93,327	93,795	94,264	94,736	468,984 -	95,210	95,687
10,100	10,600	10,000	11,600	52,000	12,000	12,600	13,200	13,800	14,400	66,000	15,400	16,700
22,000	23,000	24,000	25,000	115,500	26,500	27,500	28,500	30,000	31,500	144,000	32,500	34,000
<u>46,000</u>	<u>47,000</u>	<u>48,000</u>	<u>49,500</u>	<u>235,500</u>	<u>50,500</u>	<u>51,500</u>	<u>53,000</u>	<u>54,000</u>	<u>55,500</u>	<u>264,500</u>	<u>56,500</u>	<u>58,000</u>
169,126	172,082	173,940	178,500	883,754	181,862	184,927	188,495	192,064	196,136	943,484	199,610	204,387
10,444	9,988	9,530	9,070	49,929	8,607	8,142	7,675	7,205	6,733	38,362	6,259	5,783
-	-	-	-	-	-	-	-	-	-	-	-	-
6,642	6,166	5,716	5,194	30,814	4,654	4,086	3,492	2,872	2,224	17,328	1,530	778
31,593	30,749	29,868	29,029	153,737	27,983	26,970	25,920	24,893	23,670	129,436	22,470	21,223
<u>30,554</u>	<u>29,507</u>	<u>28,439</u>	<u>27,418</u>	<u>147,583</u>	<u>26,217</u>	<u>25,069</u>	<u>23,893</u>	<u>22,753</u>	<u>21,458</u>	<u>119,390</u>	<u>20,198</u>	<u>18,909</u>
79,233	76,410	73,553	70,711	382,063	67,461	64,267	60,980	57,723	54,085	304,516	50,457	46,693

<u>2040</u>	<u>2041</u>	<u>2042</u>	Next 5 <u>years</u>	<u>2043</u>	<u>2044</u>	<u>2045</u>	<u>2046</u>	<u>2047</u>	Next 5 <u>years</u>	<u>2048</u>	<u>2049</u>	<u>2050</u>
96,166	96,647	97,131	480,841	97,617	98,106	98,597	99,091	99,587	492,998	100,086	100,587	101,090
			-						-			
17,300	-		49,400						-			
35,500	37,000	38,500	177,500	40,500	42,000	44,000	46,000	48,000	220,500	50,000	52,000	54,500
<u>59,500</u>	<u>61,000</u>	<u>62,500</u>	<u>297,500</u>	<u>64,000</u>	<u>65,500</u>	<u>67,000</u>	<u>68,500</u>	<u>70,000</u>	<u>335,000</u>	<u>72,000</u>	<u>73,500</u>	<u>75,000</u>
208,466	194,647	198,131	1,005,241	202,117	205,606	209,597	213,591	217,587	1,048,498	222,086	226,087	230,590
5,303	4,822	4,338	26,505	3,852	3,363	2,872	2,378	1,882	14,347	1,384	883	379
			-						-			
-	-		2,308						-			
19,976	18,561	17,145	99,375	15,664	14,157	12,504	10,816	9,054	62,195	7,239	5,304	3,307
<u>17,638</u>	<u>16,232</u>	<u>14,842</u>	<u>87,819</u>	<u>13,419</u>	<u>11,997</u>	<u>10,472</u>	<u>8,947</u>	<u>7,389</u>	<u>52,224</u>	<u>5,810</u>	<u>4,155</u>	<u>2,484</u>
42,917	39,615	36,325	216,007	32,935	29,517	25,848	22,141	18,325	128,766	14,433	10,342	6,170

<u>2051</u>	<u>2052</u>	Next 5 <u>years</u>	Total
		301,763	2,648,145
		-	235,417
		-	209,000
61,000		217,500	968,500
<u>73,000</u>	<u>-</u>	<u>293,500</u>	<u>1,636,000</u>
134,000	-	812,763	5,697,062
		2,646	192,996
		-	16,456
		-	92,032
1,141		16,991	634,974
<u>819</u>	<u>-</u>	<u>13,268</u>	<u>592,839</u>
1,960	-	32,905	1,529,297

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
HYDEN-LESLIE COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2011A**

No. AR-1

Interest Rate: 3.75%

\$1,094,000

KNOW ALL PERSONS BY THESE PRESENTS:

That the Hyden-Leslie County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Leslie County, Kentucky, for value received, hereby promises to pay to

**UNITED STATES OF AMERICA
acting by and through the
U.S. DEPARTMENT OF AGRICULTURE**

S P E C I M E N
771 Corporate Drive, Suite 200
Lexington, Kentucky 40504-5474

the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

ONE MILLION NINETY-FOUR THOUSAND DOLLARS (\$1,094,000),

on the first day of June, in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2014	\$11,500	2027	\$20,500	2040	\$35,500
2015	12,000	2028	21,500	2041	37,000
2016	12,500	2029	22,000	2042	38,500
2017	13,500	2030	23,000	2043	40,500
2018	14,000	2031	24,000	2044	42,000
2019	14,500	2032	25,000	2045	44,000
2020	15,000	2033	26,500	2046	46,000
2021	16,000	2034	27,500	2047	48,000
2022	16,500	2035	28,500	2048	50,000
2023	17,000	2036	30,000	2049	52,000
2024	18,000	2037	31,500	2050	54,500
2025	18,500	2038	32,500	2051	61,000
2026	19,500	2039	34,000		

**UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
HYDEN-LESLIE COUNTY WATER DISTRICT
WATERWORKS REVENUE BONDS, SERIES 2011B**

No. BR-1

Interest Rate: 2.25%

\$1,956,000

KNOW ALL PERSONS BY THESE PRESENTS:

That the Hyden-Leslie County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Leslie County, Kentucky, for value received, hereby promises to pay to

**UNITED STATES OF AMERICA
acting by and through the
U.S. DEPARTMENT OF AGRICULTURE**

S P E C I M E N
771 Corporate Drive, Suite 200
Lexington, Kentucky 40504-5474

the registered owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

ONE MILLION NINE HUNDRED FIFTY-SIX THOUSAND DOLLARS (\$1,956,000),

on the first day of June, in years and installments as follows:

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2014	\$32,500	2027	\$44,000	2040	\$59,500
2015	33,000	2028	45,000	2041	61,000
2016	34,000	2029	46,000	2042	62,500
2017	34,500	2030	47,000	2043	64,000
2018	35,500	2031	48,000	2044	65,500
2019	36,500	2032	49,500	2045	67,000
2020	37,000	2033	50,500	2046	68,500
2021	38,000	2034	51,500	2047	70,000
2022	39,000	2035	53,000	2048	72,000
2023	40,000	2036	54,000	2049	73,500
2024	41,000	2037	55,500	2050	75,000
2025	42,000	2038	56,500	2051	73,000
2026	43,000	2039	58,000		

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY

REGISTERED

HYDEN-LESLIE COUNTY WATER DISTRICT

REGISTERED

NUMBER
R-1

WATERWORKS REVENUE BOND, SERIES 2000

INTEREST RATE: 4.50%

PRINCIPAL AMOUNT
\$310,000

KNOW ALL MEN BY THESE PRESENTS: That the Hyden-Leslie County Water District (the "District"), acting by and through its Board of Commissioners (the "Commission"), a public body corporate in Leslie County, Kentucky, for value received, hereby promises to pay to UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503-5477, the Registered Owner hereof, or to its registered assigns, solely from the fund hereinafter identified, the sum of

THREE HUNDRED TEN THOUSAND DOLLARS (\$310,000)

on the first day of June, in years and installments as follows:

Payment Due June 1,	Principal Payment	Payment Due June 1,	Principal Payment	Payment Due June 1,	Principal Payment
2003	\$3,200	2016	\$5,700	2029	\$10,100
2004	3,400	2017	6,000	2030	10,600
2005	3,500	2018	6,200	2031	11,000
2006	3,700	2019	6,500	2032	11,600
2007	3,800	2020	6,800	2033	12,000
2008	4,000	2021	7,100	2034	12,600
2009	4,200	2022	7,400	2035	13,200
2010	4,400	2023	7,800	2036	13,800
2011	4,600	2024	8,100	2037	14,400
2012	4,800	2025	8,500	2038	15,000
2013	5,000	2026	8,900	2039	15,700
2014	5,200	2027	9,300	2040	16,700
2015	5,500	2028	9,700		

principal and interest being payable, without deduction for exchange or collection charges, in lawful money of the United States of America, at the address of the Registered Owner shown on the registration book of the District.

This Bond is issued by the District under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the Registered Owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing water works system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

[FURTHER PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF]

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form and manner as required by law, and that the face amount of this Bond, together with all other obligations of the District, does not exceed any limit prescribed by the Constitution or Statutes of the Commonwealth of Kentucky.

IN WITNESS WHEREOF: said Hyden-Leslie County Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is

and in like manner, solely from said fund, to pay interest on the balance of said principal sum from time to time remaining unpaid, at the Interest Rate specified above, semiannually on the first days of June and December in each year, beginning with the first June or December after the date of this Bond, until said sum is paid, except as the provisions hereinafter set forth with respect to prepayment may be and become applicable hereto, both

HYDEN-LESLIE COUNTY WATER DISTRICT
Leslie County, Kentucky

Attest: _____
Secretary

By: _____
Chairman



This Bond is issued on a parity as to security and source of payment with the outstanding Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990 (the "Bonds of 1989"), authorized by a Resolution adopted by the Commission of the District on June 29, 1989 (the "1989 Bond Resolution"); but subject to the vested rights and priorities in favor of the owners of the outstanding Hyden-Leslie County Water District Water Revenue Bonds, Series 1968, dated June 1, 1968 (the "Bonds of 1968"), authorized by a Resolution adopted by the Commission of the District on August 1, 1968 (the "1968 Bond Resolution") [hereinafter the Bonds of 1968 and the Bonds of 1989 shall be collectively referred to as the "Prior Bonds"]. Accordingly, this Bond and the Bonds of 1989, together with any bonds ranking on a parity herewith, are payable from and secured on a second lien basis by a pledge of the net revenues to be derived from the operation of the System, after providing for the requirements of the Bonds of 1968 and the requirements of the 1968 Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution and the 1989 Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the 1989 Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Hyden-Leslie County Water District Waterworks Revenue Bond Sinking Fund of 1989," created in the 1989 Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Prior Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the Prior Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the Prior

Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with this Bond in order to complete the Project, and to finance future extensions, additions and improvements to the System, provided the necessary requirements of the Current Bond Resolution have been complied with by the District.

This Bond shall be registered as to principal and interest in the name of the owner hereof, after which it shall be transferable only upon presentation to the Secretary of the District as the Bond Registrar, with a written transfer duly acknowledged by the Registered Owner or its duly authorized attorney, which transfer shall be noted upon this Bond and upon the book of the District kept for that purpose.

The District, at its option, shall have the right to prepay, on any interest payment date on or after June 1, 2010, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the Registered Owner of this Bond or its assignee, at least thirty (30) days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the Registered Owner of this Bond.

So long as the Registered Owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due.

Upon default in the payment of any principal or interest payment on this Bond, or upon failure by the District to comply with any other provision of this Bond or with any provision of the Current Bond Resolution, the Registered Owner may, at its option, institute all rights and remedies provided by law or by said Current Bond Resolution.

LEGAL OPINION

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202
Telephone: (502) 569-7525 Telefax: (502) 569-7555

The District has reserved the right to issue additional bonds ranking on a parity as to security and source of payment with the Series 1989 Bonds and the Current Bonds, if necessary in order to complete the aforesaid extensions, additions and improvements to the System. The District has also reserved the right to issue additional parity bonds to finance future extensions, additions and/or improvements to the System, provided the necessary showings as to the earnings coverage required by the 1989 Bond Resolution and Current Bond Resolution are in existence and properly certified.

Based on current rulings and official interpretations, and assuming that the District complies with certain covenants contained in the Current Bond Resolution made with respect to compliance with the provisions of the Internal Revenue Code of 1986 (the "Code"), including a covenant to comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America as to certain investment earnings on the proceeds of the Current Bonds, we are of the opinion that: (1) interest on the Current Bonds is excludable from gross income for federal income tax purposes; (2) the Current Bonds have been validly designated as "qualified tax-exempt obligations" by the District pursuant to the provisions of Section 265(b)(3) of the Code; (3) the Current Bonds are an issue of "state or local bonds" which are not "private activity bonds" within the meaning of Section 103 of the Code; (4) interest on the Current Bonds is not included as an item of tax preference in calculating the alternative minimum tax for individuals; (5) interest on the Current Bonds may be taken into account in the computation of certain taxes that may be imposed with respect to corporations, including, without limitation, the branch profits tax on foreign corporations, the effect on certain Subchapter S Corporations with excess passive income, and other tax consequences to certain insurance companies; (6) interest on the Current Bonds will be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations; (7) an individual who owns any of the Current Bonds may be required to include in gross income a portion of his or her social security or railroad retirement payments; (8) any taxpayer (individuals or corporations) owning the Current Bonds may have collateral tax consequences if they are deemed to have incurred or have continued to incur indebtedness to purchase or carry tax-exempt obligations; (9) interest on the Current Bonds is exempt from Kentucky income taxes; and (10) the principal of the Current Bonds is exempt from *ad valorem* taxation by the Commonwealth of Kentucky and all of its political subdivisions.

No opinion is expressed regarding other federal income tax consequences caused by the receipt of interest on the Current Bonds.

It is to be understood that the rights of the holders of the Current Bonds and the enforceability of the Current Bonds and the Current Bond Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter adopted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

It is provided in the Consolidated Farm and Rural Development Act that if the Current Bonds are sold out of the Agricultural Credit Insurance Fund or out of the Rural Development Insurance Fund as an insured loan, the interest thereon paid to an insured owner shall be included in the taxable income of such owner.

Re: Hyden-Leslie County Water District Waterworks Revenue Bonds
Series 2000, in the amount of \$310,000

We have acted as Bond Counsel in connection with the issuance by the Hyden-Leslie County Water District of Leslie County, Kentucky (the "District") of Three Hundred Ten Thousand Dollars (\$310,000) of its Hyden-Leslie County Water District Waterworks Revenue Bonds, Series 2000 (the "Current Bonds"), dated as of the date of this Legal Opinion, bearing interest at the interest rate specified in the Current Bonds, payable semiannually on June 1 and December 1 of each year, with principal amounts falling due on June 1 in each of the respective years, 2003 through 2040, inclusive.

Said Current Bonds are issued pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes and a Bond Resolution (the "Current Bond Resolution") duly adopted by the Commission of the District for the purpose of financing the cost of extensions, additions and improvements to the existing waterworks system (the "System") of the District.

We have examined the transcript of proceedings of the District in connection with the issuance of the Current Bonds and the executed single, fully registered bond, numbered R-1, representing the total authorized principal amount of said Current Bonds, as issued and delivered, and an executed counterpart of the Current Bond Resolution.

Based on such examination, we are of the opinion that the Current Bonds are valid and legally binding and enforceable upon the District according to the import thereof and rank on a parity as to security and source of payment with the outstanding Hyden-Leslie County Water District Waterworks Revenue Bonds of 1989, dated September 27, 1990 (the "Series 1989 Bonds"), authorized by a Resolution adopted by the District on June 29, 1989 (the "1989 Bond Resolution"); but subject to the vested rights and priorities in favor of the owners of the outstanding Hyden-Leslie County Water District Water Revenue Bonds, Series 1968, dated June 1, 1968 (the "Series 1968 Bonds"), authorized by a Resolution adopted by the District on August 1, 1968 (the "1968 Bond Resolution"); and that the Current Bonds and the Series 1989 Bonds are secured by and are payable from a second pledge of a fixed portion of the net revenues of the System, and that a sufficient portion of said net revenues has been ordered by the Commission to be set aside at least semiannually and pledged to the payment of the interest on and principal of the Series 1989 Bonds and the Current Bonds as the same become due. We express no opinion concerning the sufficiency of such revenues for that purpose.

PROVISION FOR REGISTRATION

This Bond shall be registered on the registration book of the District kept for that purpose by the Secretary, as Bond Registrar, upon presentation hereof to said Secretary, who shall make notation of such registration in the registration blank, and this Bond may thereafter be transferred only upon written transfer acknowledged by the Registered Owner or its attorney, such transfer to be made on said book and endorsed hereon.

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
	UNITED STATES OF AMERICA, acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

For value received, this Bond is hereby assigned, without recourse and subject to all of its terms and conditions, unto _____

_____ this _____ day of _____

By: _____

**KRWFC Flexible Term Program Series 2012 E
Sinking Fund Payment Schedule**

Borrower: Hyden-Leslie County Water District
Closing Date: 08/29/12

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
10/12-1/13	3,000.00	1,687.57	125.61	4,813.18
2/13-7/13	3,000.00	1,332.29	99.17	4,431.46
8/13-1/14	2,500.00	1,282.29	94.17	3,876.46
2/14-8/14	2,500.00	1,282.29	94.17	3,876.46
8/14-1/15	2,500.00	1,232.29	89.17	3,821.46
2/15-7/15	2,500.00	1,232.29	89.17	3,821.46
8/15-1/16	2,916.67	1,182.29	84.17	4,183.13
2/16-7/16	2,916.67	1,182.29	84.17	4,183.13
8/16-1/17	2,916.67	1,123.96	78.33	4,118.96
2/17-7/17	2,916.67	1,123.96	78.33	4,118.96
8/17-1/18	2,916.67	1,065.63	72.50	4,054.79
2/18-7/18	2,916.67	1,065.63	72.50	4,054.79
8/18-1/19	2,916.67	1,000.00	66.67	3,983.33
2/19-7/19	2,916.67	1,000.00	66.67	3,983.33
8/19-1-20	2,916.67	912.50	60.83	3,890.00
2/20-7/20	2,916.67	912.50	60.83	3,890.00
8/20-1/21	2,916.67	825.00	55.00	3,796.67
2/21-7/21	2,916.67	825.00	55.00	3,796.67
8/21-1/22	3,333.33	737.50	49.17	4,120.00
2/22-7/22	3,333.33	737.50	49.17	4,120.00
8/22-1/23	3,333.33	637.50	42.50	4,013.33
2/23-7/23	3,333.33	637.50	42.50	4,013.33
8/23-1/24	3,333.33	537.50	35.83	3,906.67
2/24-7/24	3,333.33	537.50	35.83	3,906.67
8/24-1/25	3,333.33	437.50	29.17	3,800.00
2/25-7/25	3,333.33	437.50	29.17	3,800.00
8/25-1/26	3,750.00	337.50	22.50	4,110.00
2/26-7/26	3,750.00	337.50	22.50	4,110.00
8/26-1/27	3,750.00	225.00	15.00	3,990.00
2/27-7/27	3,750.00	225.00	15.00	3,990.00
8/27-1/28	3,750.00	112.50	7.50	3,870.00
2/28-7/28	3,750.00	112.50	7.50	3,870.00
	<u>595,000.00</u>	<u>154,531.53</u>	<u>10,727.44</u>	<u>760,258.97</u>

**KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #B19-008
 HYDEN-LESLIE COUNTY WATER DISTRICT
 FINAL**

0.50% Interest \$50,734.69 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
								\$2,823,505.26		
06/01/21	\$43,675.93	\$2,630.11	0.50%	\$46,306.04	\$0.00	\$0.00	\$46,306.04	\$2,779,829.33	\$0.00	\$0.00
12/01/21	\$43,785.12	\$6,949.57	0.50%	\$50,734.69	\$2,779.83	\$0.00	\$53,514.52	\$2,736,044.21	\$7,100.00	\$7,100.00
06/01/22	\$43,894.58	\$6,840.11	0.50%	\$50,734.69	\$2,736.04	\$0.00	\$53,470.73	\$2,692,149.63	\$0.00	\$7,100.00
12/01/22	\$44,004.32	\$6,730.37	0.50%	\$50,734.69	\$2,692.15	\$0.00	\$53,426.84	\$2,648,145.31	\$7,100.00	\$14,200.00
06/01/23	\$44,114.33	\$6,620.36	0.50%	\$50,734.69	\$2,648.15	\$0.00	\$53,382.84	\$2,604,030.98	\$0.00	\$14,200.00
12/01/23	\$44,224.61	\$6,510.08	0.50%	\$50,734.69	\$2,604.03	\$0.00	\$53,338.72	\$2,559,806.37	\$7,100.00	\$21,300.00
06/01/24	\$44,335.17	\$6,399.52	0.50%	\$50,734.69	\$2,559.81	\$0.00	\$53,294.50	\$2,515,471.20	\$0.00	\$21,300.00
12/01/24	\$44,446.01	\$6,288.68	0.50%	\$50,734.69	\$2,515.47	\$0.00	\$53,250.16	\$2,471,025.19	\$7,100.00	\$28,400.00
06/01/25	\$44,557.13	\$6,177.56	0.50%	\$50,734.69	\$2,471.03	\$0.00	\$53,205.72	\$2,426,468.06	\$0.00	\$28,400.00
12/01/25	\$44,668.52	\$6,066.17	0.50%	\$50,734.69	\$2,426.47	\$0.00	\$53,161.16	\$2,381,799.54	\$7,100.00	\$35,500.00
06/01/26	\$44,780.19	\$5,954.50	0.50%	\$50,734.69	\$2,381.80	\$0.00	\$53,116.49	\$2,337,019.35	\$0.00	\$35,500.00
12/01/26	\$44,892.14	\$5,842.55	0.50%	\$50,734.69	\$2,337.02	\$0.00	\$53,071.71	\$2,292,127.21	\$7,100.00	\$42,600.00
06/01/27	\$45,004.37	\$5,730.32	0.50%	\$50,734.69	\$2,292.13	\$0.00	\$53,026.82	\$2,247,122.84	\$0.00	\$42,600.00
12/01/27	\$45,116.88	\$5,617.81	0.50%	\$50,734.69	\$2,247.12	\$0.00	\$52,981.81	\$2,202,005.96	\$7,100.00	\$49,700.00
06/01/28	\$45,229.68	\$5,505.01	0.50%	\$50,734.69	\$2,202.01	\$0.00	\$52,936.70	\$2,156,776.28	\$0.00	\$49,700.00
12/01/28	\$45,342.75	\$5,391.94	0.50%	\$50,734.69	\$2,156.78	\$0.00	\$52,891.47	\$2,111,433.53	\$7,100.00	\$56,800.00
06/01/29	\$45,456.11	\$5,278.58	0.50%	\$50,734.69	\$2,111.43	\$0.00	\$52,846.12	\$2,065,977.42	\$0.00	\$56,800.00
12/01/29	\$45,569.75	\$5,164.94	0.50%	\$50,734.69	\$2,065.98	\$0.00	\$52,800.67	\$2,020,407.67	\$7,100.00	\$63,900.00
06/01/30	\$45,683.67	\$5,051.02	0.50%	\$50,734.69	\$2,020.41	\$0.00	\$52,755.10	\$1,974,724.00	\$0.00	\$63,900.00
12/01/30	\$45,797.88	\$4,936.81	0.50%	\$50,734.69	\$1,974.72	\$0.00	\$52,709.41	\$1,928,926.12	\$7,100.00	\$71,000.00
06/01/31	\$45,912.37	\$4,822.32	0.50%	\$50,734.69	\$1,928.93	\$0.00	\$52,663.62	\$1,883,013.75	\$0.00	\$71,000.00
12/01/31	\$46,027.16	\$4,707.53	0.50%	\$50,734.69	\$1,883.01	\$0.00	\$52,617.70	\$1,836,986.59	\$7,100.00	\$78,100.00
06/01/32	\$46,142.22	\$4,592.47	0.50%	\$50,734.69	\$1,836.99	\$0.00	\$52,571.68	\$1,790,844.37	\$0.00	\$78,100.00
12/01/32	\$46,257.58	\$4,477.11	0.50%	\$50,734.69	\$1,790.84	\$0.00	\$52,525.53	\$1,744,586.79	\$7,100.00	\$85,200.00
06/01/33	\$46,373.22	\$4,361.47	0.50%	\$50,734.69	\$1,744.59	\$0.00	\$52,479.28	\$1,698,213.57	\$0.00	\$85,200.00
12/01/33	\$46,489.16	\$4,245.53	0.50%	\$50,734.69	\$1,698.21	\$0.00	\$52,432.90	\$1,651,724.41	\$7,100.00	\$92,300.00
06/01/34	\$46,605.38	\$4,129.31	0.50%	\$50,734.69	\$1,651.72	\$0.00	\$52,386.41	\$1,605,119.03	\$0.00	\$92,300.00
12/01/34	\$46,721.89	\$4,012.80	0.50%	\$50,734.69	\$1,605.12	\$0.00	\$52,339.81	\$1,558,397.14	\$7,100.00	\$99,400.00
06/01/35	\$46,838.70	\$3,895.99	0.50%	\$50,734.69	\$1,558.40	\$0.00	\$52,293.09	\$1,511,558.44	\$0.00	\$99,400.00
12/01/35	\$46,955.79	\$3,778.90	0.50%	\$50,734.69	\$1,511.56	\$0.00	\$52,246.25	\$1,464,602.65	\$7,100.00	\$106,500.00
06/01/36	\$47,073.18	\$3,661.51	0.50%	\$50,734.69	\$1,464.60	\$0.00	\$52,199.29	\$1,417,529.47	\$0.00	\$106,500.00
12/01/36	\$47,190.87	\$3,543.82	0.50%	\$50,734.69	\$1,417.53	\$0.00	\$52,152.22	\$1,370,338.60	\$7,100.00	\$113,600.00
06/01/37	\$47,308.84	\$3,425.85	0.50%	\$50,734.69	\$1,370.34	\$0.00	\$52,105.03	\$1,323,029.76	\$0.00	\$113,600.00
12/01/37	\$47,427.12	\$3,307.57	0.50%	\$50,734.69	\$1,323.03	\$0.00	\$52,057.72	\$1,275,602.64	\$7,100.00	\$120,700.00
06/01/38	\$47,545.68	\$3,189.01	0.50%	\$50,734.69	\$1,275.60	\$0.00	\$52,010.29	\$1,228,056.96	\$0.00	\$120,700.00
12/01/38	\$47,664.55	\$3,070.14	0.50%	\$50,734.69	\$1,228.06	\$0.00	\$51,962.75	\$1,180,392.41	\$7,100.00	\$127,800.00
06/01/39	\$47,783.71	\$2,950.98	0.50%	\$50,734.69	\$1,180.39	\$0.00	\$51,915.08	\$1,132,608.70	\$0.00	\$127,800.00
12/01/39	\$47,903.17	\$2,831.52	0.50%	\$50,734.69	\$1,132.61	\$0.00	\$51,867.30	\$1,084,705.53	\$7,100.00	\$134,900.00
06/01/40	\$48,022.93	\$2,711.76	0.50%	\$50,734.69	\$1,084.71	\$0.00	\$51,819.40	\$1,036,682.60	\$0.00	\$134,900.00
12/01/40	\$48,142.98	\$2,591.71	0.50%	\$50,734.69	\$1,036.68	\$0.00	\$51,771.37	\$988,539.62	\$7,100.00	\$142,000.00
06/01/41	\$48,263.34	\$2,471.35	0.50%	\$50,734.69	\$988.54	\$0.00	\$51,723.23	\$940,276.28	\$0.00	\$142,000.00
12/01/41	\$48,384.00	\$2,350.69	0.50%	\$50,734.69	\$940.28	\$0.00	\$51,674.97	\$891,892.28	\$0.00	\$142,000.00

06/01/42	\$48,504.96	\$2,229.73	0.50%	\$50,734.69	\$891.89	\$0.00	\$51,626.58	\$843,387.32	\$0.00	\$142,000.00
12/01/42	\$48,626.22	\$2,108.47	0.50%	\$50,734.69	\$843.39	\$0.00	\$51,578.08	\$794,761.10	\$0.00	\$142,000.00
06/01/43	\$48,747.79	\$1,986.90	0.50%	\$50,734.69	\$794.76	\$0.00	\$51,529.45	\$746,013.31	\$0.00	\$142,000.00
12/01/43	\$48,869.66	\$1,865.03	0.50%	\$50,734.69	\$746.01	\$0.00	\$51,480.70	\$697,143.65	\$0.00	\$142,000.00
06/01/44	\$48,991.83	\$1,742.86	0.50%	\$50,734.69	\$697.14	\$0.00	\$51,431.83	\$648,151.82	\$0.00	\$142,000.00
12/01/44	\$49,114.31	\$1,620.38	0.50%	\$50,734.69	\$648.15	\$0.00	\$51,382.84	\$599,037.51	\$0.00	\$142,000.00
06/01/45	\$49,237.10	\$1,497.59	0.50%	\$50,734.69	\$599.04	\$0.00	\$51,333.73	\$549,800.41	\$0.00	\$142,000.00
12/01/45	\$49,360.19	\$1,374.50	0.50%	\$50,734.69	\$549.80	\$0.00	\$51,284.49	\$500,440.22	\$0.00	\$142,000.00
06/01/46	\$49,483.59	\$1,251.10	0.50%	\$50,734.69	\$500.44	\$0.00	\$51,235.13	\$450,956.63	\$0.00	\$142,000.00
12/01/46	\$49,607.30	\$1,127.39	0.50%	\$50,734.69	\$450.96	\$0.00	\$51,185.65	\$401,349.33	\$0.00	\$142,000.00
06/01/47	\$49,731.32	\$1,003.37	0.50%	\$50,734.69	\$401.35	\$0.00	\$51,136.04	\$351,618.01	\$0.00	\$142,000.00
12/01/47	\$49,855.64	\$879.05	0.50%	\$50,734.69	\$351.62	\$0.00	\$51,086.31	\$301,762.37	\$0.00	\$142,000.00
06/01/48	\$49,980.28	\$754.41	0.50%	\$50,734.69	\$301.76	\$0.00	\$51,036.45	\$251,782.09	\$0.00	\$142,000.00
12/01/48	\$50,105.23	\$629.46	0.50%	\$50,734.69	\$251.78	\$0.00	\$50,986.47	\$201,676.86	\$0.00	\$142,000.00
06/01/49	\$50,230.50	\$504.19	0.50%	\$50,734.69	\$201.68	\$0.00	\$50,936.37	\$151,446.36	\$0.00	\$142,000.00
12/01/49	\$50,356.07	\$378.62	0.50%	\$50,734.69	\$151.45	\$0.00	\$50,886.14	\$101,090.29	\$0.00	\$142,000.00
06/01/50	\$50,481.96	\$252.73	0.50%	\$50,734.69	\$101.09	\$0.00	\$50,835.78	\$50,608.33	\$0.00	\$142,000.00
12/01/50	\$50,608.33	\$126.36	0.50%	\$50,734.69	\$50.61	\$0.00	\$50,785.30	\$0.00	\$0.00	\$142,000.00

Totals	\$2,823,505.26	\$216,147.49		\$3,039,652.75	\$85,407.04	\$0.00	\$3,125,059.79		\$142,000.00	
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Created by KIA on 03/25/2021

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 Hyden-Leslie Canyon 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."

L. J. Turner
(Print Name)


(Signed)

Manager
(Position/Office)

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

COMMONWEALTH OF KENTUCKY

COUNTY OF Leslie

Subscribed and sworn to before me by L J Turner
(Name)

this 25th day of January, 2024.

Patrick K. Cook, Notary KNP 41882
NOTARY PUBLIC Expires: 01-24-2026
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Hyden-Leslie 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."

Ronnie Gay
(Print Name)

Ronnie Gay
(Signed)

Vice 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 Leslie

Subscribed and sworn to before me by Ronnie Gay
(Name)

this 1 day of February, 2024.


NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Hydon-Loslie Canyon 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."

Ted Couch
(Print Name)

Ted Couch
(Signed)

Commissioner
(Position/Office)

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

COMMONWEALTH OF KENTUCKY

COUNTY OF Leslie

Subscribed and sworn to before me by Ted Couch
(Name)

this 31 day of January, 2021.


NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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

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

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

William Todd Horton
(Print Name)

Will Todd Horton
(Signed)

Secretary/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 Leslie

Subscribed and sworn to before me by William T Horton
(Name)

this 31 day of January, 2024.


NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Hyden-Leslie 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."

Dwight Lewis
(Print Name)

Dwight D. Lewis
(Signed)

Commissioner
(Position/Office)

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

COMMONWEALTH OF KENTUCKY

COUNTY OF Leslie

Subscribed and sworn to before me by Dwight
(Name)

this 31 day of January, 2024.


NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Hidden-Leslie 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."

Patrick Kevin Cook
(Print Name)

Patrick Kevin Cook
(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 Leslie

Subscribed and sworn to before me by Patrick Kevin Cook
(Name)

this 2 day of February, 2024.


NOTARY PUBLIC
State-at-Large

Attachment #11

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
THE HYDEN-LESLIE COUNTY WATER DISTRICT
PROPOSING ADJUSTMENTS TO ITS WATER RATES AND
CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN
APPLICATION WITH THE PSC SEEKING APPROVAL OF THE
PROPOSED RATE ADJUSTMENT**

WHEREAS, the Hyden-Leslie County Water District ("District") is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission ("PSC");

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

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

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF HYDEN-LESLIE COUNTY WATER DISTRICT AS FOLLOWS:

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

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

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

and all other documents that may be required by the PSC.

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

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

ADOPTED BY THE COMMISSION OF HYDEN-LESLIE COUNTY WATER DISTRICT
at a meeting held on January 25, 2024, signed by the Chairman, and attested by the Secretary.



CHAIRMAN

ATTEST:




SECRETARY

CERTIFICATION

I, Secretary of the Hyden-Leslie County Water District (the "District"), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District at a meeting properly held on January 25, 2024, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 25 day of January 2024.



SECRETARY

Appendix A
CURRENT AND PROPOSED RATES
Hyden-Leslie County Water District

Retail Rates

<u>Rate per Gallon per Month</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
First 2,000 Gallons	\$ 29.78	\$ 36.58	\$ 6.80	22.83%
Next 3,000 Gallons	12.48	15.33	2.85	22.84%
Next 20,000 Gallons	10.93	13.42	2.49	22.78%
Next 75,000 Gallons	9.38	11.52	2.14	22.81%
Over 100,000 Gallons	7.84	9.63	1.79	22.83%

WATER LOSS REDUCTION SURCHARGE

<u>Amount per Customer</u>	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>	
<u>per month</u>	\$ 1.53	\$ 1.53	\$ -	0.00%

PROPOSED NONRECURRING CHARGES

	<u>Current</u>	<u>Proposed</u>	<u>Difference</u>
Late Payment Penalty	0%	10%	10%