
**RURAL WATER FINANCING AGENCY
PUBLIC PROJECTS FLEXIBLE TERM PROGRAM**

ASSISTANCE AGREEMENT

Borrower:

Borrower Address:

Date of Assistance Agreement:

Principal Amount: \$_____

Series: 2024C

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ASSISTANCE AGREEMENT

This Assistance Agreement is made and entered into as of _____, 2024 (the “Assistance Agreement”) by and between the Rural Water Financing Agency, 1151 Old Porter Pike, Bowling Green, Kentucky 42103, an interlocal agency and public agency duly organized and existing under the laws of the Commonwealth of Kentucky (the “Lender”) and the _____, _____, Kentucky _____ (the “Borrower”):

WITNESSETH

WHEREAS, the Lender has established its Public Projects Flexible Term Program (the “Program”) designed to provide financing for the extension, addition, and improvement of public projects for governmental agencies; and

WHEREAS, under the Program, the Lender has authorized the issuance of the Rural Water Financing Agency Public Projects Revenue Bonds (Flexible Term Program), Series 2024C (the “Program Bonds”) in the aggregate principal amount of \$ _____, which will be issued pursuant to and secured by a Trust Indenture, dated as of April 4, 2001, as amended by the First Amendment to Trust Indenture dated as of June 1, 2023 between the Lender and Regions Bank, Nashville, Tennessee (collectively, the “Indenture”) and the Supplemental Trust Indenture No. __, dated _____, 2024; and

WHEREAS, the Borrower presently owns and operates a water system (the “System”); and

WHEREAS, the Borrower has determined that it is necessary and desirable and in the public interest to finance extensions, additions, and improvements to the System (hereinafter more specifically defined as the “Project”), and the Lender has determined that the Borrower is a Governmental Agency as defined in the Indenture and the Project is an eligible public project, thereby qualifying for financial assistance from the Lender; and

WHEREAS, in and by the Prior Bond Legislation (as hereinafter defined), the right and privilege was reserved by the Borrower under conditions and restrictions set out in said Prior Bond Legislation, of issuing additional obligations from time to time, payable from the income and revenues of the System and ranking on a parity with the Borrower’s outstanding Prior Bonds (as hereinafter defined), for the purpose, among other things, of financing the cost 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 obligations 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 Borrower that it enter into this Assistance Agreement with the Lender in order to borrow funds (the “Loan”) in the amount of \$ _____ to provide 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 the Act and the provisions of the Prior Bond Legislation, the Borrower is authorized to enter into this Assistance Agreement and accept the Loan to provide funds for the Project; and

WHEREAS, the Borrower desires to enter into this Assistance Agreement with the Lender for the purpose of securing from the Lender the repayable Loan herein described; and

WHEREAS, the Lender and the Borrower have agreed to enter into this Assistance Agreement pursuant to the terms, respective duties, rights, covenants, and obligations with respect to the financing of the Project subject to 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:

Section 1. Definitions.

As used in this Assistance Agreement, unless the context requires otherwise:

“*Act*” refers to Sections 58.010 through 58.140, inclusive, and Section 82.082 of the Kentucky Revised Statutes.

“*Assistance Agreement*” shall mean this agreement made and entered into by and between the Borrower and the Lender providing for a Loan to the Borrower from the Lender, and for the repayment thereof to the Lender by the Borrower.

“*Bond Counsel*” refers to a nationally recognized individual or firm recognized in the field of municipal bond law who has prepared the legal proceedings for the Loan and the obligations, has furnished all of the customary services of bond counsel in this financing and will continue to furnish such services until the Loan and its obligations are delivered and paid for, including the rendering of the final approving legal opinion with regard to the legality of the Loan and the tax exemption of the interest thereon.

“*Bonds*” refers to the Loan, the Prior Bonds, and any additional Parity Bonds.

“*Borrower*” refers to the _____.

“*Borrower Chief Executive*” refers to the Chairman of the Borrower.

“*Borrower Clerk*” refers to the Secretary of the Borrower.

“*Borrower Treasurer*” refers to the Treasurer of the Borrower.

“*Certified Public Accountants*” refers to an independent Certified Public Accountant or firm of Certified Public Accountants, knowledgeable about the affairs of the System and/or of other Borrower 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.

“*Electronic Means*” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, or another method or system specified by the Trustee or the Lender as available for use in connection with its services hereunder.

“*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 the fields of waterworks and/or sewer engineering.

“*Final Maturity Date*” refers to _____.

“*Fiscal Year*” refers to the annual accounting period of the Borrower, beginning on July 1, and ending on June 30, of each year.

“*Governing Body*” means the governing body of the Borrower.

“*Governmental Agency Account*” refers to the _____ Governmental Agency Account created and established in Section 9 of this Agreement.

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as amended by the First Amendment to Trust Indenture dated as of June 1, 2023 between the Lender and the Trustee.

“*KRWFC*” refers to the Kentucky Rural Water Finance Corporation, an agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky, predecessor in interest to the RWFA.

“*Lender*” refers to the Rural Water Financing Agency, an interlocal agency duly organized and existing under the laws of the Commonwealth of Kentucky.

“*Loan*” refers to the loan authorized by this Assistance Agreement from the Lender to the Borrower, in the principal amount of \$ _____, maturing on the Final Maturity Date, the proceeds of which will be used defray the cost of the Project.

“*Loan Payment Dates*” shall mean February 1 and August 1 of each year, commencing February 1, 2025 and continuing through and including the Final Maturity Date or until the Loan has been paid in full, as identified in the Loan Payment Schedule.

“*Loan Payment Schedule*” shall mean the schedule attached hereto as **Exhibit A** setting forth the principal and interest payments due on the Loan in the amounts that are due and payable on the Loan Payment Dates.

“*Loan Rate*” means the rate(s) per annum of interest identified in the Loan Payment Schedule.

“*Monthly Installment Dates*” shall mean the 2nd day of each month beginning _____, 2024 due on the Monthly Installment Dates and in such monthly installment amounts as are set forth in the Monthly Installment Schedule.

“*Monthly Installment Schedule*” shall mean the schedule attached hereto as **Exhibit B** setting forth the monthly installment payments in the amounts that are due and payable on the Monthly Installment Dates.

“*Outstanding Bonds*” refers collectively to all outstanding Prior Bonds, the outstanding Loan 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 and the Prior Bond Legislation, rank on a basis of parity with the Loan and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Loan.

“*Permitted Investments*” refers to investments of funds on deposit in the various funds created herein in any lawful investment authorized by state law applicable to the Borrower.

“*Prior Bond Legislation*” refers to _____.

“*Prior Bonds*” refers to _____.

“*Program*” refers to the Lender’s Public Projects Flexible Term Program designed to provide financing for the extension, addition and improvement of public projects for governmental entities and public agencies.

“*Program Administrator*” refers to the Kentucky Rural Water Association, Inc., 1151 Old Porter Pike, Bowling Green, Kentucky 42103.

“*Program Reserve Fund*” refers to the Program Reserve Fund created and established pursuant to Section 4.2 of the Trust Indenture, dated April 4, 2001, as amended.

“*Project*” refers to the extensions, additions, and improvements to the wastewater treatment plant of the Borrower, which is a part of the System.

“*Requisition Certificate*” means the form attached hereto as **Exhibit C** to be utilized by the Borrower in obtaining disbursements of the Loan from the Governmental Agency Account for the Project.

“*State*” refers to Kentucky.

“*System*” refers to the Borrower’s water system, together with all future extensions, additions, and improvements to said System.

“*Trustee*” refers to Regions Bank, Nashville, Tennessee, its successors or assigns.

“*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 Water System.

That all proceedings heretofore taken for the establishment of and the supplying of water and sewer service in and to said Borrower as a water and sewer system are hereby in all respects ratified and confirmed; and so long as the Loan herein authorized or permitted to be issued remains outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Loan. The System is hereby declared to constitute a public project within the meaning and application of State law.

Section 3. Authorization of Loan; Place of Payment; Manner of Execution.

That pursuant to the Constitution and laws of the State, and particularly the Act, the Borrower hereby authorizes the borrowing of \$ _____ from the Program, to provide funds for the Project.

The Loan will bear interest at the Loan Rate from the date hereof and will accrue interest on the unpaid principal balance of the Loan, payable on the Loan Payment Dates, as set forth in the Loan Payment Schedule. Principal of the Loan shall be payable in such amounts set forth in the Loan Payment Schedule until the Final Maturity Date, or the earlier prepayment thereof as permitted herein. For so long as the Loan remains outstanding, Trustee fees shall be payable in the amounts and on the dates set forth in the Loan Payment Schedule.

The principal of and interest on the Loan shall be payable by the Borrower in lawful money of the United States of America and collected by the Trustee in monthly installments on the Monthly Installment Dates in the amounts set forth in the Monthly Installment Schedule. Such payment shall be made by the Borrower 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 Borrower. The ACH Authorization Form shall be completed, signed, and forwarded to the Trustee prior to the Borrower receiving any of the proceeds of the Loan.

Interest on the Loan shall be calculated on an assumed 30 day month and an assumed 360-day year.

In the event the Lender is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Loan and any other payments due under this Assistance Agreement on behalf of the Borrower (the "Reserve Withdrawal"), the Borrower shall pay to the Trustee, 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.* Subject to the prior written approval of the Compliance Group, principal payments on the Loan due on or after February 1, 2034 are subject to optional redemption, in whole or in part, by the Borrower prior to their stated maturity, at any time falling on or after February 1, 2033 at a redemption price equal to 100% of the principal amount of the Loan payments called for redemption, plus unpaid interest accrued to the date of redemption.

In the event that the Borrower desires to optionally redeem a portion of the principal due under the Loan, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Borrower shall give the Lender and the Trustee notice of any redemption by sending at least one such notice by Electronic Means or 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 Loan payments as to which the Borrower 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. Loan Payable out of Revenues on a Parity with Prior Bonds.

The Loan shall be issued on the basis of parity as to security and source of payment with the Borrower's outstanding Prior Bonds, and any outstanding Parity Bonds, and shall be payable out of the gross revenues of the System.

Section 6. 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 the Loan herein authorized, there will be procured and filed with the Lender and the Borrower Clerk of said Borrower any and all statements or certifications for the purpose of having the Loan issued on a basis of parity as to security and source of payment with the Borrower's outstanding Prior Bonds.

Section 7. Flow of Funds.

All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders 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 Prior Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and made available to pay on the Monthly Installment Dates the monthly installments on the Loan as described in the Monthly Installment Schedule.

Provided, however, notwithstanding anything to the contrary in any Prior Bond Legislation, the Borrower 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 Borrower under any Prior Bond Legislation for payment of any amounts due from the Borrower under this Assistance Agreement.

Section 8. Covenants of the Borrower.

By the execution of this Assistance Agreement, the Borrower agrees that:

(a) *Right of Entry.* The Lender and its duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Borrower, to enter upon the Project and its site during construction of the Project and to examine and inspect same, and the Borrower will assure that the contractor or contractors will provide facilities for such access and inspection.

(b) *Completion of the Project.* The Borrower 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 Borrower.

(c) *Accurate Records of Project.* The Borrower shall keep complete and accurate records of the cost of the Project, including but not limited to sites of the Project and the costs of construction of the Project. The Borrower shall permit the duly authorized representatives of the Lender 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 Borrower shall submit to the Lender such documents and information as it may reasonably require in connection with the administration of the Loan.

(d) *Further Assurance.* At any time and all times the Borrower shall, so far as 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 Borrower may hereafter become bound to pledge or assign.

(e) *Covenant to Operate.* The Borrower hereby covenants and agrees to continuously operate and maintain the Project and the System in accordance with applicable provisions of federal and State law and to maintain adequate records relating to said operation; said records to be made available to the Lender upon its request at all reasonable times.

(f) *General Compliance with all Duties.* The Borrower shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the State, and by the terms and provisions of the Act, and this Assistance Agreement and any other debt obligations.

(g) *Covenant to Maintain.* The Borrower agrees that during the entire term of this Assistance Agreement, it will keep the System, 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 System will continue to provide the services for which it is designed.

(h) *Additions and Improvements.* The Borrower shall have the privilege of making additions, modifications and improvements to the sites of the System, and to the System itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the System. The cost of such additions, modifications and improvements shall be paid by the Borrower, and the same shall be the property of the Borrower and shall be included under the terms of this Assistance Agreement as part of the System. Nothing herein contained shall be construed as precluding the Lender and the Borrower from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional projects undertaken by the Borrower.

Section 9. Disposition of Proceeds of the Loan; 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 into the Program, and (iv) upon receipt by the Borrower of the proceeds of the Loan, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Loan the fees and costs incurred by the Borrower and any other pertinent expenses incident to the issuance, sale, and delivery of the Loan and such other appropriate expenses as may be approved by the Borrower Chief Executive, including but not limited to the Borrower'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 "City of Vine Grove, Kentucky Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and the amount on

deposit in said Governmental Agency Account shall be applied to the extent necessary, to pay the costs of the Project.

Pending disbursement for the costs of the Project, the proceeds of the Loan shall be subject to a first and paramount lien and charge in favor of the Lender, for the benefit of the owners of all Program Bonds issued under the Indenture, and for their further security.

Payment from the Governmental Agency Account for costs in connection with the Project shall be made only upon a Requisition Certificate (a copy of which is attached hereto as **Exhibit C**) delivered to the Trustee that has been approved by the Engineers having charge of supervising the Project, and countersigned by the Borrower Chief Executive, said Engineers to certify in each instance that the Requisition Certificate represents a sum actually earned by and due to the proposed payee under a contract with said Borrower for work performed and/or materials furnished in connection with the Project, or represents a sum necessary to be expended for land and/or rights of way necessary to be acquired by the Borrower in connection with said Project.

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 Borrower of the need for investment directions if and whenever funds in excess of \$50,000 remain uninvested for a period of more than five days. In the absence of written direction from the Borrower 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 Borrower in accordance with the contracts, plans, and specifications approved by the Borrower.

After completion of the Project, as certified by the Engineers, 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 Loan from Federal income taxation, upon orders of the Governing Body, be transferred to the Borrower, to be used for the repayment of the Loan or for any other lawful purpose.

Section 10. Arbitrage Limitations.

(a) The Borrower covenants that neither the proceeds of the Loan, nor 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 Loan, will be invested in investments that will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Loan, if such investment would cause such Loan 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 Loan to be treated as “arbitrage bonds.”

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

(1) That it is not expected or contemplated that the proceeds of the Loan will be used or invested in any manner which will cause the Loan 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 Borrower will make any use of the proceeds of the Loan, which, if such use had been reasonably anticipated on the date of issuance of the Loan, would have caused the Loan to be arbitrage bonds.

(3) That it is expected and contemplated that the Borrower 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 Loan will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts set aside for deposit for the payment of debt service on the Loan will be used within 13 months from the date of deposit.

Prior to or at the time of delivery of the Loan, the Borrower Chief Executive and/or the Borrower 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 Loan, 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 Loan will be exempt from all federal income taxes and that the Loan will not constitute or be treated as arbitrage bonds.

Section 11. Parity Bonds.

(a) The Borrower hereby reserves the right and privilege of issuing additional Parity Bonds from time to time payable from the Revenues of said System, ranking on a parity with the Loan, in order to pay the costs of further additions, extensions, and improvements to said System, subject to the following restrictions and conditions. “Revenue(s)” refers to the income and revenue of the System including rents, royalties, fees, and proceeds of sales of property and from rates and charges for services derived from or rendered by the System.

(1) 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.

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

(3) The annual net revenues (defined as 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 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.

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

(i) 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

(ii) 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 are based upon and included in a certification of an Independent Consulting Engineer.

(b) The Borrower further reserves the right to issue one or more additional series of Parity Bonds, for the purpose of refunding or refinancing the Outstanding Bonds, or any portion thereof, provided that prior to the issuance of such refunding bonds for that purpose, there will have been procured and filed with the City Clerk a statement by a Certified Public Accountant reciting the opinion based upon necessary investigation that:

(1) after the issuance of such 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 such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such 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 then Outstanding Bonds payable from the Revenues of the System, calculated in the manner specified above; or

(2) in the alternative, that the debt service requirements for the Outstanding 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 such proposed Parity Bonds, does not exceed the scheduled debt service requirements applicable to the Bonds then outstanding for any corresponding year prior to the issuance of such proposed Parity Bonds and the redemption of any of the Outstanding Bonds to be refunded.

Section 12. Rates and Charges for Services of the System.

While the Loan remains outstanding and unpaid, the rates for all services of the System rendered by the Borrower to its citizens, corporations, or other customers 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 Loan, 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 Loan 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 Borrower covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Borrower Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the revenues of the then existing System for the Fiscal Year preceding the year in which such reduction is proposed, after taking into account the projected reduction in revenues anticipated to result from any such proposed rate decrease, are equal to not less than (i) 120% of the debt service coming due during each Fiscal Year on the Outstanding Bonds, in each case computed as of the beginning of such Fiscal Year (except to the extent the Borrower has by binding ordinance or resolution committed reserves to the payment of such debt service) plus (ii) the amounts required to provide for the operation of the System during each Fiscal Year as required under this Assistance Agreement.

The Borrower also covenants to cause a report to be filed with the Governing Body within 180 days 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, produced or provided by the revenues of the System in that Fiscal Year, calculated in the manner specified in the Section 11 hereof; and the Borrower covenants that if and whenever such report so filed shall establish that such coverage of revenues for such year was less than 120% of the average annual debt service requirements, the Borrower 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. Defeasance and/or Refunding of the Loan.

The Borrower reserves the right, at any time, to cause the pledge of the revenues securing the Loan 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 the Loan, 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 Loan to and on said date, or (b) to pay all principal and interest requirements on the Loan as same matures, 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 Borrower shall take all steps necessary to provide to the Lender notice as provided herein of the redemption of the Loan

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 14. Contractual Nature of Assistance Agreement.

The provisions of this Assistance Agreement shall constitute a contract between the Borrower and the Lender; and after the issuance of the Loan, no change, variation or alteration of any kind in the provisions of this Assistance Agreement shall be made in any manner except as herein or therein provided until such time as the Loan has 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 legislation shall not impair the security of the Lender, 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 15. Appointment and Duties of Trustee.

The Trustee is hereby designated as the bond registrar and paying agent with respect to the Loan.

Its duties as Trustee shall be as follows:

- (a) To register the Loan in the name of the Lender;
- (b) To maintain adequate records relevant to the Loan;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Borrower, semiannual interest payments directly to the Lender's accounts for the Program;
- (d) To notify the Lender if the Loan is to be redeemed and to redeem the Loan prior to its stated maturity upon receiving sufficient funds; and
- (e) To supply the Borrower with a written accounting evidencing the payment of interest on and principal of the Loan 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 Borrower Clerk and notifying the Lender. Thereupon, the Lender shall notify the Borrower 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 Loan to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Loan.

Section 16. 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 17. Covenant of Borrower to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986.

In order to assure purchasers of the Loan that interest thereon will continue to be exempt from federal income taxation (subject to certain exceptions set out below), the Borrower covenants to and with the Lender that (1) the Borrower will take all actions necessary to comply with the provisions of the Code, (2) the Borrower will take no actions which will violate any of the provisions of the Code, or would cause the Loan to become “private activity bonds” within the meaning of the Code, (3) none of the proceeds of the Loan will be used for any purpose which would cause the interest on the Loan to become subject to federal income taxation, and the Borrower 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 Loan.

The Borrower reserves the right to amend this Assistance Agreement but only with the consent of the Lender (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Loan 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 the Loan, or the application of such proceeds or of the revenues of the System. The Lender, as the purchaser of the Loan, is deemed to have relied fully upon these covenants and undertakings on the part of the Borrower as part of the consideration for the purchase of the Loan. To the extent that the Borrower 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 Loan to federal income taxes, the Borrower 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 Loan from federal income taxation, based on the assumption by Bond Counsel that the Borrower complies with covenants made by the Borrower with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Borrower 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 Loan. The Borrower has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Loan is not an “arbitrage bond” within the meaning of Section 148 of the Code.

Section 18. Insurance.

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Borrower shall, upon receipt of the proceeds of the Loan, 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 the Loan is 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 Borrower 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 the Loan is outstanding, the Borrower 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 Borrower 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 Borrower's operations of the System and any other facilities constituting a portion of the System.

(c) *Application of Casualty Insurance Proceeds.* If, prior to the completion of the term of this Assistance Agreement, the System 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 Borrower pursuant to the terms of this Assistance Agreement and the Borrower will (1) promptly repair, rebuild or restore the System 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 Borrower necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Borrower and shall be promptly applied as herein provided.

(d) *Vehicle Liability Insurance.* If and to the extent that the Borrower owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Loan, the Borrower shall, if such insurance is not already in force, procure and maintain, so long as the Loan is 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 Borrower 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 Borrower.

Section 19. Event of Default; Remedies.

The following items shall constitute an "Event of Default" on the part of the Borrower:

(a) The failure to pay principal on the Loan when due and payable, either on a Monthly Installment Date or by proceedings for redemption;

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

(c) Failure by the Borrower to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in paragraphs (a) or (b) 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 Borrower by the Lender unless the Lender 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 Lender will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until such failure is corrected.

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

(e) A default by the Borrower under the provisions of any agreements relating to its debt obligations.

Upon the occurrence of an Event of Default, the Lender, or the Trustee on its behalf, as owner of the Loan, may declare the principal of and interest on the Loan, and all other payments due hereunder, to be immediately due and payable and may enforce and compel the performance of all duties and obligations of the Borrower as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Lender, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Borrower, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Loan, 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 State.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of the Loan may require the Borrower 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 20. Annual Reports.

The Borrower hereby agrees to provide or cause to be provided to the Lender and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the Fiscal Year preceding the Fiscal Year in which this

Agreement is executed) and such other financial information and/or operating data as requested by the Lender or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 180 days after the end of each Fiscal Year.

Section 21. Supplemental Assistance Agreement.

The Borrower may, but only with the consent of the Lender, 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 Borrower in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Borrower or to surrender any right or power herein reserved to or conferred upon the Borrower;
- (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 Lender in order to assist the Lender in operating the Program or to maintain any rating the Lender may have on its Program obligations.

Section 22. No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Lender 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 23. 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 24. 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 25. Assignability.

The rights of the Lender under this Assistance Agreement shall be assignable by the Lender without the consent of the Borrower, but none of the rights, duties or obligations of the Borrower under this Assistance Agreement shall be assignable by the Borrower without the prior written consent of the Lender.

Section 26. 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 27. Signatures of Officers.

If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Loan cease to be such officers before delivery of the Loan, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery.

Section 28. 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 Rural Water Financing Agency has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary and the City of Vine Grove, Kentucky 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.

RURAL WATER FINANCING AGENCY

By _____
President

Attest:

By _____
Secretary

By _____
Chairman

Attest:

By _____
Secretary

EXHIBIT A

Loan Payment Schedule

EXHIBIT B

Monthly Installment Schedule

**EXHIBIT C
REQUISITION CERTIFICATE**

Request No. _____

Dated _____

To: Regions Bank
Corporate Trust Department
150 Fourth Avenue North, Suite 1500
Nashville, Tennessee 37219
Fax Number: 615-770-4350

From: _____ (“Borrower”)
Contact Person: _____, Manager

Re: Loan in the amount of \$_____, dated _____, 2024, to the _____ from the Rural Water Financing Agency Public Projects Revenue Bonds (Flexible Term Program), Series 2024C.

Ladies and Gentlemen:

1. That _____ (the “Payee”) is due the sum of \$_____, which represents an amount duly earned by and payable to said Payee, its successors or assigns, for labor, materials, work and/or services detailed in the attached Exhibits and furnished under an existing contract with the above identified Borrower, relating to the “Project” (as described in the Assistance Agreement between the Borrower and the Rural Water Financing Agency) financed by the issuance of the above-identified Loan, and that if such sum is for materials and/or supplies furnished, such materials and/or supplies have been received, and if for services, such services have been performed;

2. That the Payee has expended or is expending concurrently with the delivery of this Certificate, the amount set out above on account of the cost of the Project, and that no Requisition Certificate with respect to such expenditure has previously been delivered to Regions Bank, Nashville, Tennessee, as Trustee;

3. That the undersigned are presently the persons who have been duly designated to execute this Requisition Certificate in connection with such Project, and that the authority of the undersigned to do so has not been canceled, revoked, rescinded, changed, or altered in any manner.

Respectfully submitted,

By _____

**Certificate of Consulting Engineers as to
Payment Request**

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Borrower submitting this request and that all expenses represented in this request were duly incurred for the construction of the "Project," and that such expenses have not been the subject of any request for disbursement previously submitted.

Engineer/Consultant

Firm Name _____

By _____

Title _____