

**KENTUCKY INFRASTRUCTURE AUTHORITY
ASSISTANCE AGREEMENT**

FUND B

PROJECT NUMBER:	B24-005
BORROWER:	Allen County Water District
BORROWER'S ADDRESS:	330 New Gallatin Road Scottsville, Kentucky 42164
DATE OF ASSISTANCE AGREEMENT:	February 1, 2025

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

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 in accordance with a General Trust Indenture dated as of March 1, 2010 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as the successor-in-interest to U.S. Bank Trust Company, National Association (the “Trustee”), in order to provide the “match funding” for the Program; and

WHEREAS, the Borrower 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 Borrower 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 Borrower in making available the Loan in accordance with the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Borrower herein contained to levy, collect, enforce, and remit adequate Service Charges, as hereinafter defined, for the services provided by the Borrower’s System, as hereinafter defined, and to apply the necessary portion of the Service Charges to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

WHEREAS, the Authority and the Borrower have determined to enter into this Assistance Agreement in accordance with 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 SET FORTH HEREIN, 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 meanings 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 the definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Borrower and its Project.

“ACH Authorization Form” has the meaning provided in Section 3.2 hereof.

“ACH Debit Direct Payment Method” has the meaning provided in Section 3.2 hereof.

“Act” means Chapter 224A of the Kentucky Revised Statutes, as amended from time to time.

“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” means this agreement made and entered into by and between the Authority and the Borrower, as authorized by the Act, providing for the Authority to make a Loan to the Borrower, and for the Borrower to repay the Loan to the Authority in accordance with the terms and conditions established herein.

“Authority” means 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, or such other designation as may be effected by future amendments to the Act.

“Authorizing Action” means the resolution or ordinance of the Borrower substantially in the form attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

“Bond” or “Bonds” means any Bonds issued, authenticated, and delivered by the Authority, past or present, under the Indenture.

“Borrower” means the Governmental Agency identified on the cover page of this Assistance Agreement and in the Project Specifics.

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

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

“Code” means the Internal Revenue Code of 1986, as amended, and includes the Regulations of the United States Department of the Treasury promulgated thereunder.

“Commonwealth” means the Commonwealth of Kentucky.

“Construction” means construction as defined in the Act.

“Debt Obligations” means the outstanding obligations of the Borrower outstanding as of the date of this Assistance Agreement or issued in the future in accordance with the terms hereof, payable from all or a portion of the Revenues of the System. For purposes of clarity, a statement of the Debt Obligations of the Borrower payable from all or a portion of the Revenues of the System as of the date of this Agreement has been provided by the Borrower to the Authority and is set forth in the Project Specifics.

“Default Rate” means the rate of interest per annum identified in the Loan Term Schedule that shall apply to the Loan for all purposes effective upon and including the date of an occurrence of an Event of Default hereunder and shall continue to apply to and including the date such Event of Default is fully remedied by the Borrower in accordance with the terms and conditions set forth hereunder.

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

“Eligible Project” means an infrastructure project as defined in the Act.

“Engineers” means the firm of consulting engineers employed by the Borrower in connection with the Project and identified in the Project Specifics.

“Governmental Agency” means any agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate an Eligible Project, including specifically but not by way of limitation, incorporated cities, counties, including any counties containing a metropolitan sewer district, sanitation districts, water districts, water associations, 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 in accordance with any regional or area compact, or multi-municipal agreement), now or hereafter established in accordance with the laws of the Commonwealth having and possessing such described powers.

“Indebtedness” means and includes, as of any date, all obligations that would be included in determining total liabilities as shown on the financial statements of the Borrower pertaining to the System, including all indebtedness, for the payment of borrowed money and other similar obligations for the payment of the purchase price of property or any other assets purchased by the Borrower, by excluding any reserves for estimated obligations, deferred income, and offsets to asset values, all as recorded under and in accordance with generally accepted accounting standards.

“Indenture” means the General Trust Indenture dated as of March 1, 2010, by and between the Authority and the Trustee, as amended and supplemented by the parties thereto from time to time in accordance with its terms.

“Loan” means the loan effected under this Assistance Agreement from the Authority to the Borrower 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” means the dates principal of, or interest on, or Administrative Fees for 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 that shall apply to the Loan absent the occurrence of an Event of Default hereunder.

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

“Person” means any individual, firm, partnership, association, limited liability company, corporation, or Governmental Agency.

“Program” means the program authorized by KRS 224A.112 and the Indenture as the “infrastructure revolving fund” for financing Eligible 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” means the Eligible Project described in the Project Specifics, which constitutes an Eligible Project under the Act.

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

“Requisition for Funds” means the Program form provided by the Authority to the Borrower to be utilized by the Borrower in obtaining disbursements of the Loan from the Authority as Construction of the Project progresses.

“Revenues” means the totality of (i) a service rates, rentals, and charges (including all Service Charges), and all other income of any and all types and varieties imposed, enforced, and collected by the Borrower for any services, products, or items rendered or provided by the Borrower in connection with the System; (ii) any investment income; and (iii) any other income received by the Borrower from any federal or state governmental agency as representing income

or operating subsidiaries of the System, as distinguished from any capital grants, to the extent such income is not otherwise required to be treated and applied.

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

“Schedule of Service Charges” means those general charges to be imposed by the Borrower 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 before the disbursement of any portion of the Loan hereunder.

“SEC Rule” has the meaning provided in Section 6.11 hereof.

“Service Charges” means any monthly, quarterly, semi-annual, or annual charges, surcharges, or improvement benefit assessments to be imposed by a Governmental Agency, or by the Authority, with respect to 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 any such Service Charge shall be no less than those set forth in the Schedule of Service Charges. For purposes of clarity, Services Charges comprise a portion of the Revenues of the System.

“System” means the utility system owned and operated by the Borrower of which the Project shall become a part.

“Trustee” means U.S. Bank Trust Company, National Association, as the successor-in-interest to 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 Borrower 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, except such approvals that have 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 Borrower. The Borrower hereby represents and warrants for the benefit of the Authority as follows:

(A) The Borrower 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 Borrower.

(C) This Assistance Agreement has been duly executed and delivered by the Borrower and is a valid and binding obligation of the Borrower 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 Borrower, 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 Borrower or its governing body to make payments under this Assistance Agreement or to acquire or construct the Project; or to challenge in any manner the authority of the Borrower 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 Borrower 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 Borrower, 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 Borrower or its governing body.

(F) In accordance with the Authorizing Action of the governing body, the Borrower has approved and authorized the execution and delivery of this Assistance Agreement. The Authorizing Action was duly enacted or adopted at a duly called meeting or meetings held in accordance with the law of the governing body of the Borrower 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 Borrower 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, Sections 61.805 to 61.850, inclusive, of the Kentucky Revised Statutes.

(H) The Borrower has obtained all licenses, permits, and other governmental approvals (including 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 Borrower 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 required of the Borrower by this Assistance Agreement.

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

(J) The Borrower 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. In accordance with the terms of the Act and the Indenture, the Authority has determined that the Borrower's Project is an Eligible Project under the Act and the Borrower 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 established in any amendment or supplement to the 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 at the Loan Rate as set forth 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.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Borrower of a Requisition for Funds in substantially the same form provided by the Authority from time to time. Except as otherwise provided upon an Event of Default, 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 Borrower shall pay interest on the unpaid balance of disbursements at the Loan Rate payable on each Loan Payment Date before the Amortization Commencement Date.

Notwithstanding any other provision herein, the Loan shall bear interest at the Default Rate from and including the date of an occurrence of an Event of Default to and including the date the Borrower fully remedies such Event of Default. The Default Rate shall apply to all principal unpaid hereunder, together with all unpaid interest accrued but unpaid to the date of such Event of Default, all due but unpaid fees set out on the Loan Term Schedule, and all reasonable costs and expenses of the Authority incurred as a result of such Event of default in accordance with Section 8.2 hereof from and including the date of incurrence thereof to and including the date of reimbursement therefor by the Borrower.

Notwithstanding any other provision herein, upon an Event of Default, the Authority may, in its sole discretion, direct the Borrower to make all Loan payments on the first day of each calendar month, in amounts calculated and determined by the Authority in accordance with this Assistance Agreement, during the continuation of such Event of Default

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 Borrower in accordance with 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 Borrower, which ACH Authorization Form shall be completed, signed, and forwarded to the Authority or the Trustee before the Borrower shall receive any disbursement of the proceeds of the Loan from the Authority.

Section 3.3 Borrower's Right to Prepay Loan. The Borrower 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 Business Days in advance of the 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 Borrower (i) of the Authority's intention to proceed with the authorization of such Bonds; (ii) of the limitation on prepayments applicable to the Bonds as a result of the issuance of such Bonds by the Authority; and (iii) that the Borrower has thirty days from its receipt of the notice to exercise its option to prepay the Loan. Upon the expiration of the thirty-day period, the Borrower's right to prepay the Loan shall be limited to the terms described in the notice.

Section 3.4 Subordination of Loan. The Authority hereby agrees that, subject to compliance by the Borrower 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 Borrower payable from the Revenues of the System outstanding at the time this Assistance Agreement is executed as identified

in the Project Specifics. Notwithstanding the foregoing, (i) the source of payment for the Loan shall be on a parity with the security interest and source of payment for any Debt Obligations of the Borrower payable from the Revenues of the System outstanding at the time this Assistance Agreement is executed that are not identified in the Project Specifics, unless otherwise consented to in writing by an authorized representative of the Authority; (ii) the source of payment for the Loan shall be on a parity with the security interest and source of payment for any Debt Obligations of the Borrower issued after the Effective Date of this Assistance Agreement; and (iii) the Authority shall receive notice of the additional incurrence of Indebtedness by the Borrower in accordance with Section 5.6(C) hereof.

ARTICLE IV
CONDITIONS PRECEDENT TO DISBURSEMENT
REQUISITION FOR FUNDS

Section 4.1 Covenants of the Borrower and the Conditions of the Loan. By the execution of this Assistance Agreement, the Borrower agrees that before any requests for the disbursement of all or a portion of the Loan made hereunder, the Borrower shall supply the Authority, 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 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 any contractor or contractors retained or utilized by the Borrower for the Project will provide facilities for such access and inspection.

(B) All real estate and interests 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 Borrower and constitute a part of the System.

(C) If the Borrower is required to provide additional 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 proof as it may require of the ability of the Borrower to finance the costs of Construction of the Project over and above the Loan, before the disbursement by the Authority of any portion of the Loan.

(D) The Borrower 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 Borrower 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 before 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, in accordance with due compliance with applicable state law and regulations, the Project will not be advertised or placed on the market for Construction bidding by the Borrower 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 Borrower 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 before 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) Before the award of the Construction contract and before the commencement of Construction, the Borrower will arrange and conduct a conference regarding the Project; the conference shall include representatives of the Authority, the Borrower, 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 the 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 if Construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived by the Authority in its sole discretion.

(J) All Construction contracts will be prepared so 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 Borrower may be readily itemized.

(K) The Borrower shall promptly submit any change or changes in a Construction contract 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 Borrower 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 Borrower and approved by state and federal agencies.

(N) If requested, the Borrower 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 Borrower shall have the sole and exclusive charge of all details of the Construction.

(P) The Borrower shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Borrower 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 Borrower 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 Borrower shall require that each Construction contractor or contractors furnish a performance and a payment bond in an amount at least equal to 100% of the contract price or the portion of the Project covered by the particular contract as security for the faithful performance of each such contract.

(R) The Borrower 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 Borrower, the contractor shall maintain builders risk insurance (fire and extended coverage) on a 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 Borrower, the prime contractor, and all subcontractors, as their interests may appear.

(S) The Borrower 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. The resident engineer shall certify to the Authority, any involved state or federal agencies, and the Borrower at the completion of Construction that Construction is in accordance with the approved plans, specifications, and designs and approved amendments thereto.

(T) The Borrower shall demonstrate to the satisfaction of the Authority the legal capability of the Borrower to enact, adopt, levy, charge, collect, enforce, and remit to the Authority the Service Charges of the Borrower described in the Schedule of Service Charges attached hereto 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 Borrower shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) a

Requisition for funds before the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form provided by the Authority to the Borrower from time to time, 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 Borrower from its own funds with the approval of the Authority and excluded from any previous accounting for which the Borrower 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 the Borrower's own funds for which the Borrower 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 in accordance with Construction contracts for the Project and payment due thereunder, together with the Engineer and Borrower'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 Borrower as a draw upon the Loan. If directed by the Authority, the Borrower 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 Borrower. The Borrower, if so directed by the Authority, shall establish itself as a vendor under the Commonwealth's eMars system.

ARTICLE V
CERTAIN COVENANTS OF THE BORROWER;
PLEDGE OF REVENUES; PAYMENTS TO BE MADE BY
THE BORROWER TO THE AUTHORITY

Section 5.1 Imposition of Service Charges; Pledge of Revenues. The Borrower hereby irrevocably covenants and agrees to comply with all of the terms, conditions, and requirements of this Assistance Agreement, in accordance with which the Loan is to be made by the Authority to the Borrower as specified herein, in the Act, and the Indenture. The Borrower hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all Persons to whom or which services are provided by the System; such Service Charges to be no less than as set forth on Exhibit C attached hereto.

There are hereby pledged for the payment of the principal of and interest on the Loan, in accordance with the terms and the provisions hereof, the Authorizing Action, and the Act, (i) the

Revenues; and (ii) any disbursements made under the Loan in accordance with Section 4.2 hereof until expended by the Borrower for the Construction of the Project.

Section 5.2 Borrower's Obligation to Repay Loan. The obligation of the Borrower to repay the Loan from the Revenues shall not be revocable, and if services supplied by the Project shall cease, or be suspended for any reason, the Borrower shall continue to be obligated to repay the Loan from the Service Charges.

Section 5.3 Covenant to Adjust Service Charges. If, for any reason, the Schedule of Service Charges shall 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 Borrower 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 Borrower hereby covenants during the term of this Assistance Agreement to impose Service Charges in each of the Borrower's fiscal years adequate to pay at least the sum of the following for each such fiscal year: (i) 110% of the debt service and Administrative Fees coming due during each such fiscal year on this Loan and all other Debt Obligations and other indebtedness secured and payable from the Revenues of the System, in each case computed as of the beginning of each such fiscal year (except to the extent the Borrower has by binding ordinance or resolution committed reserves to the payment of any such debt service); (ii) the amounts required to provide for the operation of the System during each such fiscal year as required by this Assistance Agreement; and (iii) the amounts to be deposited hereunder to the Maintenance and Replacement Reserve for each such fiscal year. The Borrower hereby further covenants that the Service Charges identified on Exhibit C attached hereto are sufficient to permit the Borrower to achieve the foregoing debt service coverage ratio for the fiscal year of the Borrower during which this Assistance Agreement will become effective.

Section 5.5 Covenant to Establish Maintenance and Replacement Reserve. The Borrower shall establish a special account identified as a "Maintenance and Replacement Reserve". The Borrower shall deposit funds into the Maintenance and Replacement Reserve on the dates and in the amounts set forth in the Project Specifics. The Borrower may expend funds held within the Maintenance and Replacement Reserve to pay extraordinary maintenance expenses related to the System or to pay unbudgeted costs of replacing worn or obsolete portions of the System, subject to the prior written approval of the Authority.

Section 5.6 Reports; Inspection. The Borrower hereby irrevocably covenants and agrees with the Authority:

(A) That the Borrower will furnish to the Authority and the Cabinet not less than annually reports of the operations 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 the Borrower 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 the Borrower will notify the Authority in writing of its intention to incur Indebtedness payable from the Revenues of the System not less than thirty days before the execution of any agreement obligating the Borrower to incur any such Indebtedness.

Section 5.7 Segregation of Funds. The Borrower shall at all times account for the Revenues of the System and distinguish same from all other revenues, monies, and funds of the Borrower, if any.

Section 5.8 Mandatory Sewer Connection. If the Project consists of sanitary sewer facilities, the Borrower 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 System 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 Borrower, all remedies for the collection of Service Charges, including, either directly or indirectly, in accordance with 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 judicial sale in respect of improvement benefit assessments which are delinquent.

Section 5.9 Termination of Water Services to Delinquent Users. If the Project consists of water facilities the Borrower covenants and agrees that it shall, in accordance with 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.

ARTICLE VI OTHER COVENANTS OF THE BORROWER

Section 6.1 Further Assurance. At any time and all times the Borrower 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 Borrower may hereafter become bound to pledge or assign.

Section 6.2 Completion of 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.

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 Borrower 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 the Borrower's satisfaction.

Section 6.4 Commitment to Operate. The Borrower 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 Borrower 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 the Project's operation. The Borrower shall make all such records available to the Authority at all reasonable times upon the Authority's request.

Section 6.6 Tax Covenant. If 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 Borrower 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 to accomplish the foregoing. The Borrower 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, all without the prior written consent of the Authority. The Borrower will not acquire or pledge any obligations that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7 Accounts and Reports. The Borrower 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 180 days after the end of each fiscal year of the Borrower, the Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11 Continuing Disclosure Obligations. The Borrower covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides 10% or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Borrower with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Borrower shall provide to the Authority such information as may be required by the SEC Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Borrower further understands and agrees that the Authority shall act as the Borrower's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Borrower to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section by an action in mandamus, for specific performance, or similar remedy to compel performance.

Section 6.12 General. The Borrower 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 Borrower 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 attached hereto.

ARTICLE VII MAINTENANCE, OPERATION, INSURANCE, AND CONDEMNATION

Section 7.1 Maintain the System. The Borrower 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 the

Borrower's 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 Borrower 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 the additions, modifications, and improvements do not impair the operation or objectives of the Project. The Borrower shall pay the cost of such additions, modifications, and improvements 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 site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Borrower from entering into one or more supplementary Assistance Agreements providing for a reallocation, an increase in the Loan, or an additional Loan or Loans in respect of additional Projects undertaken by the Borrower.

Section 7.3 Compliance with State and Federal Standards. The Borrower shall operate and maintain the System at all times to comply with the water quality standards, if any, established by any state or federal agency. The Borrower shall retain a qualified operating personnel properly certified by the Commonwealth to operate the System during the entire term of this Assistance Agreement.

Section 7.4 Access to Records. The Borrower shall permit the Authority and any state or federal agency and their respective agents to have access to the records of the Borrower 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 Borrower 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 in accordance with Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Borrower, and to the Authority, as their interests may appear.

Section 7.7 Covenant to Insure – Liability. The Borrower 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 Borrower shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.9 Application of Casualty Insurance Proceeds. If, before 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 Borrower in accordance with the terms of this Assistance Agreement and the Borrower will (i) promptly repair, rebuild, or restore the Project damaged or destroyed; and (ii) 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 monies 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.

Section 7.10 Eminent Domain. If 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 Borrower to the Authority in accordance with 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 Borrower in a separate condemnation award account and shall be applied by the Borrower in either or both of the following ways, as shall be determined by the Borrower in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as before the exercise of the 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 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, shall be paid to the Borrower upon delivery to the Authority of a certificate signed by an authorized officer of the Borrower to the effect that the Borrower has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of the certificate by an authorized officer of the Authority. The Borrower shall not 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 prior 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 Borrower 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 Borrower to pay any payments at the times specified herein.

(B) 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 subsection (A) of this Section, for a period of thirty days after written notice specifying such failure and requesting that it be remedied will have been given to the Borrower by the Authority unless the Authority agrees in writing to an extension of such time before 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 Borrower within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower 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 Borrower of any such proceeding which remain undismissed for sixty 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.

(D) A default by the Borrower 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 hereof has occurred and is continuing (other than an event of default arising under Section 6.12 hereof), 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.

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Borrower to comply with the provisions of Section 6.11 hereof shall be those remedies specifically set forth in Section 6.11 hereof.

Section 8.3 Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right,

to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

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

Section 8.5 Consent to Powers of the Authority under the Act. The Borrower 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 Borrower hereby covenants and agrees that if the Authority should in the future have recourse to such rights and powers, the Borrower 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 or enforcement of this Assistance Agreement.

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

Section 8.7 Agreement to Pay Attorneys' Fees and Expenses. If 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. 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 Borrower 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. If 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 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 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.

Section 9.10 Interpretation. All accounting terms not otherwise defined in this Assistance Agreement have the meanings assigned to them in accordance with generally accepted accounting principles then in effect. Words of the feminine gender shall be deemed and construed to include correlative words of the masculine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural and vice versa. Unless the context shall otherwise indicate, the word “or” is used in the inclusive sense of “or” and the word “including” (and with correlative meaning “include”) means including without limiting the generality of any description preceding such term. Headings of articles and sections herein are solely for the convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof. All references in this instrument to designated “Articles,” “Sections,” “Exhibits” and other subdivisions or attachments are to the designated Articles, Sections, Exhibits and other subdivisions and attachments of this instrument as originally executed. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Assistance Agreement as a whole and not to any particular Article, Section, Exhibit or other subdivision or attachment unless the context indicates otherwise.

[Signature page to follow]

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: _____
Chairman

ATTEST:

By: _____
Secretary of
Kentucky Infrastructure Authority

BORROWER:
Allen County Water District

By: _____
Chair

ATTEST:

By: _____
Secretary of
Borrower

APPROVED:

By: _____
Secretary/Finance and Administration
Cabinet of the Commonwealth of Kentucky

EXAMINED:

By: _____
Legal Counsel to the
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND
LEGALITY

By: _____
Approved, Finance and
Administration Cabinet

EXHIBIT A
TO
ASSISTANCE AGREEMENT

PROJECT SPECIFICS

* * * * *

(See attachment)

EXHIBIT A
ALLEN COUNTY WATER DISTRICT
PROJECT SPECIFICS
B24-005

GOVERNMENTAL AGENCY:

Name: Allen County Water District
330 New Gallatin Road
Scottsville, KY 42164

Contact: Adam Nunn
Person: General Manager

SYSTEM: Drinking Water

PROJECT:

The Allen County Water District is requesting a Fund B loan in the amount of \$700,000 for the Walkers Chapel Water Tank Project. This project will construct a new 300,000-gallon elevated storage tank to replace an aging 170,000-gallon glass lined standpipe allowing for proper turnover of the tank and providing additional storage for existing customers. The existing standpipe has had its coating system compromised by prior repair attempts and shows further corrosion during inspections with the potential to create poor water quality.

PROJECT BUDGET:

	<u>Total</u>
Construction	\$ 1,361,050
Planning	15,000
Engineering Fees - Design	57,000
Engineering Fees - Construction	24,000
Engineering Fees - Inspection	51,000
Contingency	68,000
Total	\$ 1,576,050

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
B24-005	\$ 700,000	44%
22CWW064	600,000	38%
Local Funding	276,050	18%
Total	\$ 1,576,050	100%

KIA DEBT SERVICE:

Construction Loan	\$ 700,000
Less: Principal Forgiveness	0
Amortized Loan Amount	<u>\$ 700,000</u>
Interest Rate	1.25%
Loan Term (Years)	20
Estimated Annual Debt Service	<u>\$ 39,666</u>
Administrative Fee (0.20%)	1,400
Total Estimated Annual Debt Service	\$ 41,066

EXHIBIT B
TO
ASSISTANCE AGREEMENT

RESERVED

EXHIBIT C
TO
ASSISTANCE AGREEMENT
SCHEDULE OF SERVICE CHARGES

* * * * *

(See attachment)

CURRENT RATE SCHEDULE

General Customers

First	2,000	gallons	\$ 22.09	Minimum Bill
Next	3,000	gallons	8.70	per 1,000 gallons
Next	5,000	gallons	7.38	per 1,000 gallons
Next	60,000	gallons	6.74	per 1,000 gallons
Over	70,000	gallons	6.19	per 1,000 gallons

U.S. Corps of Engineers

First	55,000	gallons	\$ 419.74	Minimum Bill
Next	15,000	gallons	6.74	per 1,000 gallons
Over	70,000	gallons	6.19	per 1,000 gallons

Mobile Home Parks

First	10,000	gallons	\$ 77.70	Minimum Bill
Next	60,000	gallons	6.74	per 1,000 gallons
Over	70,000	gallons	6.19	per 1,000 gallons

Wholesale Customers

All Water Purchased			\$ 3.85	per 1,000 gallons
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Leak Adjustment Rate

All Water Purchased			\$ 2.59	per 1,000 gallons
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Water Loss Reduction Surcharge

Per Account			\$ 1.77	per month
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EXHIBIT D
TO
ASSISTANCE AGREEMENT

FORM OF AUTHORIZING ACTION

* * * * *

(See attachment)

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE ALLEN COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$700,000 OF LOAN FUNDS FOR PROJECT NUMBER B24-005.

WHEREAS, the Board of Commissioners (the “Governing Authority”) of the Allen County Water District, (the “Borrower”) has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the “Project”) to the Borrower’s wastewater system (the “System”); and

WHEREAS, the Borrower 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 Borrower is required to enter into an Assistance Agreement with the Authority (the “Assistance Agreement”);

NOW, THEREFORE, IT IS RESOLVED by the Allen County Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Borrower and the Authority regarding Project Number B24-005 substantially in the form on file with the Borrower for the purpose of providing the necessary financing to the Borrower for the Project.

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

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

ADOPTED on _____.

Chair

Attest:

Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Allen County Water District (the "Borrower"); that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of the Borrower at a meeting duly held on _____, 2025; that the official action appears as a matter of public record in the official records or journal of the governing authority; that the meeting was held in accordance with all applicable requirements of Kentucky law, including Sections 61.805 to 61.850, inclusive, of the Kentucky Revised Statutes; that a quorum was present at the meeting; that the 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 _____, 2025.

Secretary

EXHIBIT E
TO
ASSISTANCE AGREEMENT
FORM OF LEGAL OPINION

* * * * *

(See attachment)

[LETTERHEAD OF COUNSEL TO BORROWER]

February 1, 2025

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and
Allen County Water District, regarding Project Number B24-005

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 Allen County Water District (the "Borrower"). I am familiar with the organization and existence of the Borrower and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the wastewater treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Borrower (the "Assistance Agreement") is being authorized, executed, and delivered. Capitalized but undefined terms utilized herein shall have the meanings provided in the Assistance Agreement.

I have reviewed the form of Assistance Agreement by and between the Authority and the Borrower, the legislation of the governing authority authorizing the execution and delivery of the Assistance Agreement and the plans, designs, and specifications prepared by the Engineers for the Borrower with respect to the Project.

Based upon my review I am of the opinion that:

1. The Borrower 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 Borrower and is a valid and binding obligation of the Borrower 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 Borrower 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 Borrower.

5. The execution and delivery of the Assistance Agreement and the performance by the Borrower 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 Borrower, or any of its properties or assets. The Borrower 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 Borrower 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 Borrower; (ii) the right or title of the members and officers of the Borrower 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 Borrower to perform its obligations under the Assistance Agreement.

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

8. To the best of my knowledge, the Borrower has fully complied with all federal and state labor and procurement laws in connection with the acquisition and Construction of the Project.

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

Very truly yours,

EXHIBIT F
TO
ASSISTANCE AGREEMENT

LOAN TERM SCHEDULE

* * * * *

The final Loan Term Schedule will be provided by the Authority to the Borrower upon completion of the Project and will be automatically incorporated into this Assistance Agreement by reference. Each of the Authority and the Borrower agree to include a copy of the final Loan Term Schedule with their copies of this Assistance Agreement. The factors to be utilized by the Authority in the calculation of the final Loan Term Schedule will be as follows:

Principal Amount of Loan:	Up to \$700,000
Loan Interest Rate	1.25%
Default Interest Rate:	8.0%
Authority's Administrative Fee:	0.2%
Loan Payment Dates:	June 1 and December 1
Estimated Amortization Commencement Date:	December 1, 2025
Repayment Term:	20 years

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 Borrower and the Authority. This Term Loan Schedule may be amended, supplemented, or modified by the mutual agreement of the Borrower and the Authority provided that such amendment, supplement, or modification shall be in writing and executed by the respective duly authorized officers of the Borrower 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 Borrower and the Authority shall thereafter be determined, exercised, and enforced under the Assistance Agreement subject in all respects to such amendments, supplements, and modifications.

**KENTUCKY INFRASTRUCTURE AUTHORITY
 ANTICIPATED REPAYMENT SCHEDULE
 LOAN #B24-005
 ALLEN COUNTY WATER DISTRICT**

1.25% Interest \$19,832.90 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
								\$700,000.00		
12/01/25	\$15,457.90	\$4,375.00	1.25%	\$19,832.90	\$700.00	\$0.00	\$20,532.90	\$684,542.10	\$1,800.00	\$1,800.00
06/01/26	\$15,554.51	\$4,278.39	1.25%	\$19,832.90	\$684.54	\$0.00	\$20,517.44	\$668,987.59	\$0.00	\$1,800.00
12/01/26	\$15,651.73	\$4,181.17	1.25%	\$19,832.90	\$668.99	\$0.00	\$20,501.89	\$653,335.86	\$1,800.00	\$3,600.00
06/01/27	\$15,749.55	\$4,083.35	1.25%	\$19,832.90	\$653.34	\$0.00	\$20,486.24	\$637,586.31	\$0.00	\$3,600.00
12/01/27	\$15,847.99	\$3,984.91	1.25%	\$19,832.90	\$637.59	\$0.00	\$20,470.49	\$621,738.32	\$1,800.00	\$5,400.00
06/01/28	\$15,947.04	\$3,885.86	1.25%	\$19,832.90	\$621.74	\$0.00	\$20,454.64	\$605,791.28	\$0.00	\$5,400.00
12/01/28	\$16,046.70	\$3,786.20	1.25%	\$19,832.90	\$605.79	\$0.00	\$20,438.69	\$589,744.58	\$1,800.00	\$7,200.00
06/01/29	\$16,147.00	\$3,685.90	1.25%	\$19,832.90	\$589.74	\$0.00	\$20,422.64	\$573,597.58	\$0.00	\$7,200.00
12/01/29	\$16,247.92	\$3,584.98	1.25%	\$19,832.90	\$573.60	\$0.00	\$20,406.50	\$557,349.66	\$1,800.00	\$9,000.00
06/01/30	\$16,349.46	\$3,483.44	1.25%	\$19,832.90	\$557.35	\$0.00	\$20,390.25	\$541,000.20	\$0.00	\$9,000.00
12/01/30	\$16,451.65	\$3,381.25	1.25%	\$19,832.90	\$541.00	\$0.00	\$20,373.90	\$524,548.55	\$1,800.00	\$10,800.00
06/01/31	\$16,554.47	\$3,278.43	1.25%	\$19,832.90	\$524.55	\$0.00	\$20,357.45	\$507,994.08	\$0.00	\$10,800.00
12/01/31	\$16,657.94	\$3,174.96	1.25%	\$19,832.90	\$507.99	\$0.00	\$20,340.89	\$491,336.14	\$1,800.00	\$12,600.00
06/01/32	\$16,762.05	\$3,070.85	1.25%	\$19,832.90	\$491.34	\$0.00	\$20,324.24	\$474,574.09	\$0.00	\$12,600.00
12/01/32	\$16,866.81	\$2,966.09	1.25%	\$19,832.90	\$474.57	\$0.00	\$20,307.47	\$457,707.28	\$1,800.00	\$14,400.00
06/01/33	\$16,972.23	\$2,860.67	1.25%	\$19,832.90	\$457.71	\$0.00	\$20,290.61	\$440,735.05	\$0.00	\$14,400.00
12/01/33	\$17,078.31	\$2,754.59	1.25%	\$19,832.90	\$440.74	\$0.00	\$20,273.64	\$423,656.74	\$1,800.00	\$16,200.00
06/01/34	\$17,185.05	\$2,647.85	1.25%	\$19,832.90	\$423.66	\$0.00	\$20,256.56	\$406,471.69	\$0.00	\$16,200.00
12/01/34	\$17,292.45	\$2,540.45	1.25%	\$19,832.90	\$406.47	\$0.00	\$20,239.37	\$389,179.24	\$1,800.00	\$18,000.00
06/01/35	\$17,400.53	\$2,432.37	1.25%	\$19,832.90	\$389.18	\$0.00	\$20,222.08	\$371,778.71	\$0.00	\$18,000.00
12/01/35	\$17,509.28	\$2,323.62	1.25%	\$19,832.90	\$371.78	\$0.00	\$20,204.68	\$354,269.43	\$1,800.00	\$19,800.00
06/01/36	\$17,618.72	\$2,214.18	1.25%	\$19,832.90	\$354.27	\$0.00	\$20,187.17	\$336,650.71	\$0.00	\$19,800.00
12/01/36	\$17,728.83	\$2,104.07	1.25%	\$19,832.90	\$336.65	\$0.00	\$20,169.55	\$318,921.88	\$1,800.00	\$21,600.00
06/01/37	\$17,839.64	\$1,993.26	1.25%	\$19,832.90	\$318.92	\$0.00	\$20,151.82	\$301,082.24	\$0.00	\$21,600.00
12/01/37	\$17,951.14	\$1,881.76	1.25%	\$19,832.90	\$301.08	\$0.00	\$20,133.98	\$283,131.10	\$1,800.00	\$23,400.00
06/01/38	\$18,063.33	\$1,769.57	1.25%	\$19,832.90	\$283.13	\$0.00	\$20,116.03	\$265,067.77	\$0.00	\$23,400.00
12/01/38	\$18,176.23	\$1,656.67	1.25%	\$19,832.90	\$265.07	\$0.00	\$20,097.97	\$246,891.54	\$1,800.00	\$25,200.00
06/01/39	\$18,289.83	\$1,543.07	1.25%	\$19,832.90	\$246.89	\$0.00	\$20,079.79	\$228,601.71	\$0.00	\$25,200.00
12/01/39	\$18,404.14	\$1,428.76	1.25%	\$19,832.90	\$228.60	\$0.00	\$20,061.50	\$210,197.57	\$1,800.00	\$27,000.00
06/01/40	\$18,519.17	\$1,313.73	1.25%	\$19,832.90	\$210.20	\$0.00	\$20,043.10	\$191,678.40	\$0.00	\$27,000.00
12/01/40	\$18,634.91	\$1,197.99	1.25%	\$19,832.90	\$191.68	\$0.00	\$20,024.58	\$173,043.49	\$1,800.00	\$28,800.00
06/01/41	\$18,751.38	\$1,081.52	1.25%	\$19,832.90	\$173.04	\$0.00	\$20,005.94	\$154,292.11	\$0.00	\$28,800.00
12/01/41	\$18,868.57	\$964.33	1.25%	\$19,832.90	\$154.29	\$0.00	\$19,987.19	\$135,423.54	\$1,800.00	\$30,600.00
06/01/42	\$18,986.50	\$846.40	1.25%	\$19,832.90	\$135.42	\$0.00	\$19,968.32	\$116,437.04	\$0.00	\$30,600.00
12/01/42	\$19,105.17	\$727.73	1.25%	\$19,832.90	\$116.44	\$0.00	\$19,949.34	\$97,331.87	\$1,800.00	\$32,400.00
06/01/43	\$19,224.58	\$608.32	1.25%	\$19,832.90	\$97.33	\$0.00	\$19,930.23	\$78,107.29	\$0.00	\$32,400.00
12/01/43	\$19,344.73	\$488.17	1.25%	\$19,832.90	\$78.11	\$0.00	\$19,911.01	\$58,762.56	\$1,800.00	\$34,200.00
06/01/44	\$19,465.63	\$367.27	1.25%	\$19,832.90	\$58.76	\$0.00	\$19,891.66	\$39,296.93	\$0.00	\$34,200.00
12/01/44	\$19,587.29	\$245.61	1.25%	\$19,832.90	\$39.30	\$0.00	\$19,872.20	\$19,709.64	\$1,800.00	\$36,000.00
06/01/45	\$19,709.64	\$123.26	1.25%	\$19,832.90	\$19.71	\$0.00	\$19,852.61	\$0.00	\$0.00	\$36,000.00
Totals	\$700,000.00	\$93,316.00		\$793,316.00	\$14,930.56	\$0.00	\$808,246.56		\$36,000.00	

EXHIBIT G
TO
ASSISTANCE AGREEMENT

ADDITIONAL COVENANTS AND AGREEMENTS

* * * * *

There is hereby established by the Borrower a maintenance and replacement reserve fund designated as the “KIA Loan # B24-005 Maintenance and Replacement Reserve Fund” (the “Maintenance Fund”). The Borrower shall establish and maintain the Maintenance Fund throughout the term of the Loan governed by this Assistance Agreement. The Maintenance Fund shall be maintained at the primary depository institution utilized by the Borrower from time to time, but a different depository institution may be selected by the Borrower with the prior written consent of the Authority.

The Borrower shall deposit \$1,800 in the Maintenance Fund on each December 1st occurring during the term of the Loan, up to a maximum total balance of \$36,000, for so long as the Loan is owed and outstanding hereunder.

Amounts held by the Borrower within the Maintenance Fund may be utilized by the Borrower to repair or replace any portion of the Project during the term of the Loan for which such repair or replacement is determined to be necessary based upon the reasonable judgement of the Borrower and the prior written approval of the Authority.

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: November 2, 2023 – 1:00 p.m.
Kentucky Infrastructure Authority
100 Airport Road
Frankfort, KY 40601

Members Present:

Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association
Ms. Linda Bridwell, Executive Director, Public Service Commission
Ms. Geri Grigsby, proxy for Secretary Holly Johnson, Finance and Administration Cabinet
Judge Mark McKenzie, representing Kentucky Association of Counties
Ms. Shelley Porter, representing For Profit Water Companies
Mr. Russell Rose, representing Kentucky Rural Water Association
Ms. Jennifer Schenkenfelder, proxy for Secretary Jeff Noel, Cabinet for Economic Development
Mayor Les Stapleton, representing Kentucky League of Cities
Mr. Shaun Youravich, representing Kentucky Section of the American Water Works Association

Members Absent:

Chairman Dennis Keene, Commissioner Department of Local Government
Secretary Rebecca Goodman, Energy and Environment Cabinet

DLG Staff:

Mr. Matt Stephens, General Counsel

KIA Staff:

Ms. Sandy Williams, Executive Director
Mr. Milward Dedman, Deputy Executive Director
Ms. Julie Bickers, Regional Compliance Coordinator
Mr. John Brady, Financial Analyst
Mr. Jim Carpenter, Fiscal Officer & KIA Treasurer
Mr. Kelly Cunnagin, Executive Staff Advisor
Ms. Meg Link, Administrative Specialist III, and KIA Secretary
Ms. Sandy Sanders, Federal Program Specialist
Mr. Don Schierer, WRIS Resource Management Analyst
Mr. Thomas Schubert, GIS Specialist

Guests:

Mr. Matthew Curtis, Bluegrass Engineering
Rep. Bobby McCool, District 97
Mr. Allen Norvell, Blue & Company
Ms. Bethany Padgett, Office of Financial Management
Ms. Melissa Perry, Office of Financial Management
Ms. Lisa Wilson-Plajer, RA Consultants

I. PROCEEDINGS

Vice Chair Bob Amato called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. He noted that the media advisory was properly distributed. He also confirmed a quorum was present.

A. BUSINESS (Board Action Required)

1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of October 5, 2023

Ms. Linda Bridwell moved to approve the minutes of the October 5, 2023, regular board meeting. Ms. Shelley Porter seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS (Board Action Required)

1. CONSIDERATION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Mr. Allen Norvell, Blue & Co., LLC met with the group to discuss the Audit for the Fiscal Year Ended June 30, 2023. He noted the following financial highlights:

- As of the close of fiscal year 2023, the Authority reported an ending net Position of \$1,379,401,000, an increase of \$63,411,000 (4.8%) in comparison with the prior year.
- The Authority's total liabilities decreased \$16,433,000 (8.5%) during fiscal year 2023.
- The Authority disbursed \$85,646,000 to borrowers for eligible expenditures under loan assistance agreements and \$19,172,000 to local governmental entities for state grants.
- Principal in the amount of \$77,533,000 was collected from borrowers for assistance agreements.

It is Blue & Company's opinion that the financial statements submitted for review to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2023, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mayor Les Stapleton made the motion to approve the 2023 Audit Report as submitted. Mr. Shaun Youravich seconded, and the motion unanimously passed.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B24-005) FOR AN AMOUNT UP TO \$700,000 TO THE ALLEN COUNTY WATER DISTRICT, ALLEN COUNTY, KENTUCKY

Ms. Sandy Sanders, KIA, discussed the Allen County Water District’s request for a Fund B Loan, B24-005, for an amount up to \$700,000 for the Walkers Chapel Water Tank Project. This project will construct a new 300,000-gallon elevated storage tank to replace an aging 170,000-gallon glass lined standpipe allowing for proper turnover of the tank and providing additional storage for existing customers. The existing standpipe has had its coating system compromised by prior repair attempts and shows further corrosion during inspections with the potential to create poor water quality.

The Allen County Water District currently serves 6,006 residential customers, 442 commercial customers and 1 wholesale customer. The District purchases water from the Glasgow Water Company and sells it to the City of Scottsville.

Ms. Linda Bridwell abstained from the vote. Mr. Russ Rose made the motion to approve the Fund B loan (B24-005) to the Allen County Water District for an amount up to \$700,000 with the standard conditions. Mayor Les Stapleton seconded, and the motion was approved.

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

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

BORROWER	FUND	AMOUNT	LOAN TOTAL
Allen County Water District	B24-005	\$700,000	\$700,000

Ms. Linda Bridwell made the motion to approve the Capital Reimbursement Resolution. Judge Mark McKenzie seconded, and the motion carried unanimously.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY CREATING THE WATER MANAGEMENT ASSISTANCE FUND AND SETTING FORTH QUALIFICATION CRITERIA FOR USE THEREIN AND THE INTEREST RATE THEREFOR

Executive Director Sandy Williams discussed the KIA staff's recommendations for implementation of the Water Management Assistance Fund. KIA staff put forth their recommendations and distributed to all KIA Board members for their review prior to the meeting. Director Williams noted a typographical error. It was the 2022 General Assembly, not the 2023 as noted.

Purpose: To provide assistance for both capital and non-capital expenses of governmental entities that provide public drinking water and wastewater services.

- Used to improve financial, managerial, and technical capacity.
- Provide incentives for improvement and requires accountability.
- Available for debt relief, debt forgiveness, loan forgiveness, restructuring existing debt or loans, or any other manner to improve the financial stability of the water and/or wastewater utility.

Eligibility: Governmental Agencies that:

- Provide public drinking water and wastewater services to ratepayers of Kentucky; and
- Are considered financially at risk.

Proposed Criteria to Define “At Risk”:

The proposed criteria are intended to provide flexibility in the analysis of a system's financial risk and is not intended to be cumulative. A system would not have to meet all criteria to be defined as an at-risk system. These benchmarks would be the lower limit of determining risk.

1. MHI of the service area – Less than the state MHI
This is the current “disadvantaged community” definition.
2. User rates as they relate to affordability – At or above 1.0
This is the current “disadvantaged community” definition.
Calculation is annual 4,000-gallon water rate / system MHI)
3. Availability of financial statement audits – the system lacks audit in at least one of the prior 3 years.

This could be because of lack of available funding for the audit or lack of interest from CPA firms in providing the service.

4. Deficit retained earnings over time – negative income in 2 of past 5 years (doesn't have to be consecutive)
A single year of negative income could be a one-time hit. More than 1 year of negative income could be a concern.
5. Debt service coverage over time – Debt service coverage ratio less than 1.1 in 3 of past 5 years. This could indicate unstable revenue or uneven amortization schedule.
6. Excessive accounts payable – current ratio less than 1.
Calculation of current ratio is current assets divided by current liabilities. This indicates that there is not enough cash on hand to pay bills that are currently due.
7. Excessive accounts receivable (large number of past due accounts) –
Ratio of days sales in accounts receivable greater than 45 days.
This could indicate the utility's inability to collect rates from rate payers.
8. Safe Drinking Water Act or Clean Water Act regulatory non-compliance –
agreed orders, notices of violation, etc. – Project will lead utility to a path of compliance
9. Willingness to consider regionalization solutions.
Give priority to projects that have an end goal of a regional solution. Does not have to be merged with another system.
10. Percentage of water loss of the system.
Water loss in excess of industry standards.
11. Offer complete funding package solution. May combine KIA funding with other available funding sources.
12. Can offer more favorable terms (lower interest rate, zero interest rate, longer loan term, principal forgiveness) over time if utility meets "carrot" benchmarks

Director Williams asked Representative Bobby McCool if he would like to say a few words about this funding. Representative McCool thanked Director Williams for the opportunity. He said this funding was established in the 2022 General Assembly as a triage effort to help distressed areas that have been doing everything, they could get out of dire financial straits but have not been able to do so. This funding will put these systems in a much better position to serve their residents. He also noted that this funding could be taken away if not distributed soon.

Mr. Russ Rose made the motion to approve the proposed guidelines for the Water Management Assistance Fund. Mayor Les Stapleton seconded with correction to the typographical error that was mentioned, and the motion passed unanimously.

II. EXECUTIVE DIRECTOR’S REPORT

Executive Director Williams thanked everyone for their participation. She acknowledged Jim Carpenter, Denise Pitts, and James Nelson for their contributions in getting the audit and budget done. John Brady was thanked for the hard work he had put into getting the Intended Use Plan, (IUP) and the Annual Report completed, especially with the addition of the five additional programs that have been added in recent years. She acknowledged Milward Dedman for his efforts while she was out on vacation.

The EK Safe monies were an appropriation from the General Assembly to provide housing for those counties in eastern Kentucky that were affected by the flood. Currently, we have three subdivisions, Chestnut Ridge in Knott County, just over \$5.2 million for the higher ground housing, a little over \$4.3 million for Skyview Estates in Perry County this includes both drinking water and wastewater funding, and finally Olive Branch subdivision also in Knott County with funding just over \$2.8 million. Our staff is working with the Emergency Management and Department of Military Affairs staff on these projects to ensure the projects continue to move quickly.

III. ANNOUNCEMENTS/NOTIFICATIONS

Next regularly scheduled KIA board meeting:

Thursday, December 7, 2023, at 1:00 p.m.

There being no further business, Judge Mark McKenzie moved to adjourn. Mayor Les Stapleton seconded, and the motion carried unanimously. The November 2, 2023, the meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Margaret F. Link
Kentucky Infrastructure Authority Secretary

November 13, 2023
Date

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

November 15, 2023

Call to Order and Roll Call

The November meeting of the Capital Projects and Bond Oversight Committee was held on November 15, 2023, at 3:00 PM in Room 131 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Deanna Frazier Gordon Co-Chair; Senator Rick Girdler Co-Chair; Representatives Keturah Herron, Jason Petrie, and Walker Thomas.

Guests: Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Alan Watt, Special Assistant for Capital Construction, Department of Corrections; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; Kylee Palmer, Director for Program Administration, Department for Financial Services, Cabinet for Economic Development; and, Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Savannah Wiley and Spring Emerson.

Approval of Minutes (October 25, 2023)

Representative Petrie moved to approve the minutes of the October 25, 2023 meeting. The motion was seconded by Co-Chair Frazier Gordon, and the minutes were approved without objection.

Information Items

Ms. Wiley provided an overview of the information items. Pursuant to KRS 45.760(5), the University of Kentucky (UK) and the University of Louisville (UofL) reported Medical, Scientific, and Research Equipment Purchases. UK reported six equipment purchases totaling a little over \$3.5 million. UofL reported eight equipment purchases totaling \$3.4 million.

Pursuant to KRS 45.812(1), one school district, which did not need an additional tax levy to pay debt service, reported upcoming school district debt issues to finance a new project for \$1.6 million in Robertson County to pay for an HVAC replacement.

Project Report from the Finance Administration Cabinet

Ms. Tomes presented information on the Scientific Equipment Purchase – Energy and Environment Cabinet, Department for Environmental Protection. Representative Thomas moved to approve the purchase; the motion was seconded by Co-Chair Frazier Gordon, and the purchase was approved without objection by roll call vote.

Also included were Pool Allocations for the Justice and Public Safety Cabinet, Department of Corrections, Adult Correctional Institutions (Maintenance Pool 2022-2024), Department of Corrections Mechanical Electrical and Plumbing Design – West Project, as well as Tourism, Arts, and Heritage Cabinet, Department of Fish and Wildlife Resources (Fees-in-Lieu-Of Stream Mitigation Projects Pool) for Gabbard Branch (Butler County), Ivy Creek (Warren County), and Ross Creek AMP (Lee County). No action was required on the Pool Allocations.

In response to a question from Representative Herron regarding HVAC system needs in the women’s prison, Ms. Tomes said it is included in the study. Mr. Watt said the project is being done with funds that were previously approved.

Report from the Office of Financial Management

Ms. Smith and Ms. Palmer presented eight Economic Development Fund (EDF) Grants. Representative Petrie moved to roll them into one roll call vote. The motion was seconded by Co-Chair Frazier Gordon, and the votes were rolled into one.

The EDF Grants included City of Danville on behalf of the Danville Boyle County Economic Development Authority; Ohio County Fiscal Court on behalf of the Green River Regional Development Authority, Inc.; Lincoln County Fiscal Court on behalf of the Stanford-Lincoln County Industrial Development Authority; Marion County Fiscal Court on behalf of the Marion County Industrial Foundation; McCracken County Fiscal Court on behalf of the Paducah McCracken County Industrial Development Authority; Muhlenberg County Fiscal Court on behalf of the Paradise Park Regional Industrial Development Authority, Inc.; Rockcastle County Fiscal Court on behalf of the Rockcastle County Industrial Development Authority; and, Ballard County Fiscal Court on behalf of the West Kentucky Regional Riverport Authority, Inc.

Representative Petrie moved to approve the eight EDF Grants. Representative Thomas seconded the motion, and the grants were approved without objection by roll call vote.

Mr. Barrow presented information on New Debt Issue – Kentucky Higher Education Student Loan Corporation (KHESLC) Student Loan Revenue Bonds. The remaining items were Previous Debt Issues, including Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Davis Park State Project), Series 2023, and Kentucky Housing Corporation Single Family Mortgage Revenue Bonds, 2023 Series A.

In response to a question from Representative Petrie regarding the bond issue, Mr. Barrow said the Federal Family Educational Loans are no longer a regional issuance; however, they can be bought on the secondary market and serviced.

In response to a question from Co-Chair Frazier Gordon, Mr. Barrow said gross proceeds equal approximately \$226 million.

Representative Thomas moved to approve the New Debt Issue. The motion was seconded by Representative Petrie, and the issue was approved without objection by roll call vote.

Mr. Barrow then presented Action Item - School District Debt Issues with School Facilities Construction Commission (SFCC) participation. Co-Chair Frazier Gordon moved to roll the six SFCC debt issues into one roll call vote. The motion was seconded by Representative Herron, and the issues were rolled into one.

The SFCC debt issues were Fleming County, Letcher County, Monroe County, Pendleton County, Washington County, and a Wolfe County resubmission. In response to a question from Representative Petrie regarding the amount that would be too small for this type of financing, Mr. Barrow said the decisions are made at the local school boards.

Representative Thomas moved to approve the six debt issues; the motion was seconded by Representative Petrie, and they were approved without objection by roll call vote.

Ms. Williams presented information on one Fund B loan and twelve Cleaner Water Program Grants for the Kentucky Infrastructure Authority. Representative Petrie moved to roll the loan and twelve grants into one roll call vote. The motion was seconded by Co-Chair Frazier Gordon, and the items were rolled into one vote.

The loan was for Infrastructure Revolving Fund (Fund B) Program Loan – Allen County Water District, B24-005 and the Cleaner Water Program Grants included Round One (Senate Bill 36) – Water (Two – Supplemental Pool, Four – County Pool Reallocations); Round Two (House Bill 1) – Sewer (One – County Pool Reallocation); and, Round Two (House Bill 1) – Water (Five – County Pool Reallocations).

Representative Petrie moved to approve the loan and twelve grants. The motion was seconded by Representative Thomas, and the items were approved without objection by roll call vote.

Remaining Calendar Year 2023 Meeting Dates

The next meeting will be held on Thursday, December 14, 2023 at 3:00 PM in Room 131 of the Capitol Annex, with Representative Frazier Gordon presiding.

Adjournment

There being no further business before the committee, the meeting was adjourned at 3:37 PM.