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APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

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

McCreary County Water District

(Name of Utility)

P.O. Box 488

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

Whitley City, Kentucky 42653

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

606-376-2540

(Telephone Number)

BASIC INFORMATION

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

Stephen Whitaker, Superintendent

(Name)

Highway 27 P.O. Box 488

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

Whitley City, Kentucky 42653

(Address - City, State, Zip)

606-376-2540

(Telephone Number)

S.Whitaker@mccrearywater.com

(Email Address)

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

YES NO N/A

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

YES NO N/A

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

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)** ☒ ☐
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2023.^{*} ☒ ☐
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)** ☒ ☐
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ 70,066 and total revenues from service rates of \$ 2,312,660. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)** ☒ ☐
12. As of the **date of the filing of this application**, Applicant had 1,305 customers. ☒ ☐
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)** ☒ ☐
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)** ☒ ☐
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds. ☒ ☐
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution). ☒ ☐ ☐
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness. ☒ ☐ ☐

YES NO N/A

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

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

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

Signed Stephen Whitaker
 Officer of the Company/Authorized Representative

Title Superintendent

Date 5/16/25

COMMONWEALTH OF KENTUCKY

COUNTY OF MCCREARY

Before me appeared Stephen Whitaker, Superintendent, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

Kathy Inell
 Notary Public

My commission expires: 7/13/2026

Notary ID No. KV NP 52405

* This statement is modified or further explained in the "Addendum to Application." The contents of the "Addendum to Application" are incorporated by reference into this statement.

ADDENDUM TO APPLICATION

McCreary County Water District's ("the District") most recent annual report on file with the Public Service Commission is for the year ending December 31, 2023. Pursuant to 807 KAR 5:006, Section 4(2), it is required to file an annual report for the preceding year no later than March 31 of the following year unless a request for an extension of time to submit the report is submitted to the Commission and the Commission's Executive Director finds good cause exists to extend the time period for submission. On March 13, 2025, the District submitted a written request for an extension of time to submit its annual reports for the year ending December 31, 2024. (See Exhibit 1 to Addendum.) On March 18, 2025, the Manager of the Commission's Filings Branch, on behalf of the Commission's Executive Director, granted this request and authorized the District to submit its annual reports no later than May 30, 2025. (See Exhibit 2 to Addendum.)

807 KAR 5:076, Section 2(3) permits a utility to file an application for rate adjustment under the procedures of 807 KAR 5:076 if, among other things, the utility has "[f]iled with the commission fully completed annual reports for the immediate past year and for the two (2) prior years if the utility has been in existence that long." 807 KAR 5:076, Section 1(2) defines "Annual report for the immediate past year" to include "an annual report that covers the applicant's operations for . . . [t]he most recent calendar year period that 807 KAR 5:006, Section 4(1), requires the applicant to have on file with the commission as of the date of the filing of its application for rate adjustment."

As of the date of submission of this Application, the District has not yet submitted its annual reports for the year ending December 31, 2024. As a result of the Executive Director's grant of the District's request for an extension, the "annual report for the immediate past year" is the District's annual report for the year ending December 31, 2023. References in its application to an annual report for the "past year" or "immediate past year" are to the annual report for the year ending December 31, 2023, and references to annual reports for "the two previous years" are to annual reports for the years ending December 31, 2021 and December 31, 2022.

The District provides water and sewer services and maintains separate records for each operation. During the year ending December 31, 2023, the total annual revenues for the District's combined operations exceeded \$5,000,000. However, neither its water operations or sewer operations individually had gross annual revenues in that year that exceeded \$5,000,000.

EXHIBIT 1 TO ADDENDUM TO APPLICATION



GERALD WUETCHER
DIRECT DIAL: (859) 231-3017
DIRECT FAX: (859) 259-3517
gerald.wuetcher@skofirm.com

300 WEST VINE STREET
SUITE 2100
LEXINGTON, KY 40507-1801
MAIN: (859) 231-3000
FAX: (859) 253-1093

March 13, 2025

Ms. Linda C. Bridwell, P.E.
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615
Email: psced@ky.gov
Email: psc.reports@ky.gov

VIA ELECTRONIC MAIL

Re: *McCreary County Water District*
Request for Extension of Time to Submit Annual Reports

Dear Ms. Bridwell:

Pursuant to 807 KAR 5:006, Section 4(2)(e), McCreary County Water District ("the District") requests an extension of time until April 30, 2025 to submit its financial and statistical reports for the year ending December 31, 2024 for its water and sewer operations.

Good cause exists for granting the requested extension. For several months, the District has been working very diligently to prepare applications for rate adjustments for its water and sewer operations to comply with the Public Service Commission's orders in Cases No. 2021-00300 and No. 2021-00301. The District's office manager and accountants have been deeply involved in the preparation of these applications and have devoted significant time and effort to these applications' preparation that would normally have gone towards the preparation of the required financial and statistical reports. The requested extension will allow the District adequate time to prepare those reports and ensure their accuracy and completeness..

Please contact me if Commission Staff has any questions regarding this request.

Sincerely,

Stoll Keenon Ogden PLLC

A handwritten signature in blue ink that reads "Gerald Wuetcher".

Ms. Linda Bridwell, P.E.
March 13, 2025
Page 2

Gerald E. Wuetcher

GEW
Enclosure

EXHIBIT 2 TO ADDENDUM TO APPLICATION

Gerald Wuetcher

From: PSC Reports <PSC.Reports@ky.gov>
Sent: Tuesday, March 18, 2025 3:58 PM
To: Gerald Wuetcher
Cc: s.whitaker@mccrearycountywater.com; Jennifer Whitaker
Subject: RE: McCreary County Water District - Annual Report Extension Request
Attachments: 20250313_RequestForExtensionOfTimeToFileAnnualReports.pdf

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

The Kentucky Public Service Commission received your request for an extension of time for filing the 2024 Annual Financial and Statistical Report (Annual Report), pursuant to 807 KAR 5:006, Section 4(3)(e). Please be advised you now have until May 30, 2025, to electronically submit the 2024 Annual Report.

This Annual Report extension shall not be cited as precedent in support of future requests and the Commission expects you to make every effort to eliminate the need for an extension for subsequent reports.

If you have questions regarding this matter, please do not hesitate contacting us.

Many thanks

Jeff D. Cline
Kentucky Public Service Commission | Division of General Administration | Filings Branch Manager
211 Sower Blvd | Frankfort, KY 40601
www.psc.ky.gov

From: Gerald Wuetcher <Gerald.Wuetcher@skofirm.com>
Sent: Thursday, March 13, 2025 1:58 PM
To: PSC Executive Director <PSCED@ky.gov>; PSC Reports <PSC.Reports@ky.gov>
Cc: s.whitaker@mccrearycountywater.com; Jennifer Whitaker <j.whitaker@mccrearywater.com>
Subject: McCreary County Water District - Annual Report Extension Request

To Whom It May Concern:

Attached to this message is a letter containing McCreary County Water District's request for an extension of time to submit its annual reports for its water and sewer operations. Please acknowledge receipt of this message and its attachment by separate email.

Please contact me if Commission Staff has any questions regarding this message or its attachment.

Thank you for your attention to this request.

Sincerely,

Gerald Wuetcher



Gerald Wuetcher

Attorney

Gerald.Wuetcher@skofirm.com

Direct: 859.231.3017

Mobile: 859.550.3894

Main: 859.231.3000

Stoll Keenon Ogden PLLC

300 W. Vine St., Suite 2100

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Stoll Keenon Ogden PLLC is Mansfield Certified. skofirm.com



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If you are a client of this firm, we respectfully remind you that to avoid waiver of the attorney-client privilege, you should not send, forward, or show this e-mail or attachments to anyone else. Thank you.

EXHIBITS TO APPLICATION

<u>Exhibit</u>	<u>Description</u>
A	Attachment SR – Reasons for Application
B	Attachment CPR – Current and Proposed Rates
C	Schedule of Adjusted Operations
D	Billing and Usage Analysis – Current Rates
E	Billing and Usage Analysis – Proposed Rates
F	Depreciation Schedule
G	Bond Resolutions/Evidences of Indebtedness
G-1	Assistance Agreement with Kentucky Rural Water Finance Corporation (2012)
G-2	Assistance Agreement with Kentucky Rural Water Finance Corporation (2020)
G-3	Bond Resolution – Rural Development Series 2020 Bonds
G-4	Assistance Agreement with Kentucky Infrastructure Authority (Loan A20-47) (2021)
G-5	First Supplemental Assistance Agreement with Kentucky Infrastructure Authority (Loan A20-47) (2022)
H	Debt Amortization Schedules
I	ARF Form 3 – Statements of Disclosure of Related Party Transactions
J	A Resolution of The Board of Commissioners of McCreary County Water District Authorizing an Application to the Kentucky Public Service Commission for Authority to Adjust Rates for Water and Sewer Service
K	Compliance with Notice Provisions of 807 KAR 5:076
L	Documents Embedded in Electronic Version of Application

EXHIBITS

EXHIBIT A

REASONS FOR APPLICATION

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

1. To comply with the Public Service Commission's ("the Commission") Order of March 16, 2022, in Case No. 2022-00009 in which the Commission ordered McCreary County Water District ("the District") to apply for a rate adjustment for its water and sewer rates within three years of a final decision in Cases No. 2021-00300 and No. 2021-00301.

2. A rate study performed to comply with the Commission's Order of March 16, 2022 in Case No. 2022-00009 and using methodology that the Commission has historically employed for water districts to establish the appropriate level of revenue from its rates for water and sewer service and those reviews indicated that the District's present rates for water and sewer service are producing less than the level of revenue required to meet the District's operating expenses, service its debt obligations and provide for adequate working capital and that an increase in McCreary District's current rates for water and sewer service is necessary to ensure the District's continued provision of adequate and reliable service.

EXHIBIT B

CURRENT AND PROPOSED RATES**CURRENT RATES****All Users Except Federal Penitentiary - McCreary**

First	2,000 Gallons	\$	30.03 Minimum Bill
Next	18,000 Gallons		0.01048 Per Gallon
Over	20,000 Gallons		0.00931 Per Gallon

Federal Penitentiary - McCreary

First	1,300,000 Gallons	\$	12,044.27 Minimum Bill
Over	1,300,000 Gallons		0.01048 Per Gallon

PROPOSED RATES**All Users Except Federal Penitentiary – McCreary**

First	2,000 Gallons	\$	30.97 Minimum Bill
Next	18,000 Gallons		0.01081 Per Gallon
Over	20,000 Gallons		0.00960 Per Gallon

Federal Penitentiary - McCreary

First	1,300,000 Gallons	\$	12,420.57 Minimum Bill
Over	1,300,000 Gallons		0.01081 Per Gallon

EXHIBIT C

SCHEDULE OF ADJUSTED OPERATIONS McCreary County Water District Sewer Division				
	2023			
	Test Year	Adjustments	Ref.	Pro Forma
<u>Operating Revenues</u>				
Residential Revenues	503,276			
Commercial Revenues	233,425			
Industrial Revenues	75,604			
Revenues from Public Authorities	1,197,643			
		232,647	A	2,242,594
Miscellaneous Sewer Revenues	40,072			40,072
Total Operating Revenues	2,050,019			2,282,666
<u>Operating Expenses</u>				
Operation Expenses				
Collection - Labor, Materials and Expenses	83,195			83,195
Pumping - Labor, Materials and Expenses	-			-
Fuel and Power for Pumping and Treatment	172,532			172,532
Chemicals	203,228			203,228
Miscellaneous Supplies and Expenses	-			-
Treatment & Disposal				-
Maintenance Expenses				
Maintenance of Collection Sewer System	1,297			1,297
Maintenance of Pumping System	258,634			258,634
Maintenance of Other Plant Facilities	47,605			47,605
Uncollectable Accounts	5,181			5,181
Administrative and General Expenses				
Administrative and General Salaries	473,719	(158,296)	B	315,423
Office Supplies and Other Expenses	11,819			11,819
Outside Services Employed	185,287			185,287
Insurance Expense	112,556			112,556
Employee Pensions and Benefits	90,529	1,661	C	
		(20,084)	D	72,105
Regulatory Commission Expense	291			291
Transportation Expense	34,811			34,811
Miscellaneous General Expenses	14,049			14,049
Rents				-
Amortization	-	602	E	602
Total Sewer Operation and Mnt. Expenses	1,694,732.79			1,518,616
Depreciation Expense	619,737	(6,297)	F	613,440
Taxes Other Than Income	37,950	(13,820)	G	24,130
Total Operating Expenses	2,352,419			2,156,186
Net Utility Operating Income	(302,401)			126,480
REVENUE REQUIREMENTS				
REVENUE REQUIREMENTS SEWER DIVISION- Debt Service Coverage				
Pro Forma Operating Expenses				\$ 2,156,186
Plus: Avg. Annual Principal and Interest Pmts.			H	223,148
Additional Working Capital			I	44,630
Total Revenue Requirement				\$ 2,423,964
Less: Other Operating Revenue				(40,072)
Interest & Dividend Income	-			(3,218)
Misc nonoperating income				(68,014)
Revenue Required From Sewer Sales				\$ 2,312,660
Less: Revenue from Sales at Present Rates				(2,242,594)
Required Revenue Increase				\$ 70,066
Percent Increase				3.1%

REFERENCES	
A.	Adjust revenues to billing analysis with rates effective 9/30/24 approved in Case No. 2021-00300
B.	Decrease in wages to reflect the net changes in wage rates and allocation of salaries to the Sewer Division
C.	Increase Health Insurance by \$1,661 due to the net increase in monthly premiums and allocation of expense to the Sewer Division.
D.	Decrease in pension benefits to reflect net decrease in contribution rate effective July 1, 2024 and amount for salaries allocated to the Sewer Division.
E.	Increase in amortization expense to recover rate case expense allocated to the Sewer Division
F.	Decrease due to PSC required adjustments to a utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Water Utilities". Therefore, adjustments are included to bring asset lives to the recommended ranges, depreciation expense was decreased by \$6,297. See Table A.
G.	Decrease in payroll taxes to reflect changes in wage rates and allocation of salaries to the Sewer Division.
H.	Revenue Requirement is computed using the Debt Service Coverage method. Annual debt service payments for the District's Sewer Division debt are shown in Table B. The five-year average of these payments for the Water Division of \$223,148 is added in the revenue requirement calculation.
I.	The amount of \$44,630 is included in the revenue requirement as Additional Working Capital for the Sewer Division. The amount shown in Table B for coverage on long term debt.

EXHIBIT D

CURRENT BILLING ANALYSIS - 2023 USAGE & EXISTING RATES							
Sewer Division							
<u>SUMMARY</u>							
			No. of Bills	Gallons Sold	Revenue		
Retail Customers			15,719	83,320,000	\$ 1,052,506		
Federal Correctional Facility			12	115,366,900	1,190,088		
Totals			15,731	198,686,900	\$ 2,242,594		
				2023 Sales	\$ 2,009,947		
					\$ 232,647		
Total Sewer Sales Revenue							
CONSUMPTION BY RATE INCREMENT							
	USAGE	BILLS	GALLONS	First 2,000	Next 18,000	Over 20,000	Total
First	2,000	6,471	6,352,100	6,352,100			6,352,100
Next	18,000	8,827	40,922,800	17,654,000	23,268,800		40,922,800
Over	20,000	421	36,045,100	842,000	7,578,000	27,625,100	36,045,100
		15,719	83,320,000	24,848,100	30,846,800	27,625,100	83,320,000
REVENUE BY RATE INCREMENT							
	USAGE	BILLS	GALLONS	RATE		REVENUE	
First	2,000	15,719	24,848,100	\$30.03	per month	\$ 472,042	
Next	18,000		30,846,800	\$0.01048	per gallon	\$ 323,274	
Over	20,000		27,625,100	\$0.00931	per gallon	\$ 257,190	
		15,719	83,320,000			\$ 1,052,506	
CONSUMPTION BY RATE INCREMENT- Federal Correctional Facility							
	USAGE	BILLS	GALLONS	First 1,300,000	Over 1,300,000	Total	
First	1,300,000	12	15,600,000	15,600,000		15,600,000	
Over	1,300,000		99,766,900	-	99,766,900	99,766,900	
		12	115,366,900	15,600,000	99,766,900	115,366,900	
REVENUE BY RATE INCREMENT							
	USAGE	BILLS	GALLONS	RATE		REVENUE	
First	1,300,000	12	15,600,000	\$12,044.27	per month	\$ 144,531	
Over	1,300,000		99,766,900	\$0.01048	per gallon	\$ 1,045,557	
			115,366,900			\$ 1,190,088	

EXHIBIT E

BILLING ANALYSIS - 2023 USAGE & PROPOSED RATES							
Sewer Division							
SUMMARY							
		No. of Bills	Gallons Sold	Revenue			
Retail Customers		15,719	83,320,000	\$ 1,085,472			
Federal Correctonal Facility		12	115,366,900	1,227,527			
Totals		15,731	198,686,900	\$ 2,312,999			
		Revenue Requirement from Sewer Sales		\$ 2,312,660			
				\$ 339			
Total Sewer Sales Revenue							
CONSUMPTION BY RATE INCREMENT							
				First	Next	Over	
	USAGE	BILLS	GALLONS	2,000	18,000	20,000	Total
First	2,000	6,471	6,352,100	6,352,100			6,352,100
Next	18,000	8,827	40,922,800	17,654,000	23,268,800		40,922,800
Over	20,000	421	36,045,100	842,000	7,578,000	27,625,100	36,045,100
		15,719	83,320,000	24,848,100	30,846,800	27,625,100	83,320,000
REVENUE BY RATE INCREMENT							
	USAGE	BILLS	GALLONS	RATE		REVENUE	
First	2,000	15,719	24,848,100	\$30.97	per month	\$ 486,817	
Next	18,000		30,846,800	\$0.01081	per gallon	\$ 333,454	
Over	20,000		27,625,100	\$0.00960	per gallon	\$ 265,201	
		15,719	83,320,000			\$ 1,085,472	
CONSUMPTION BY RATE INCREMENT- Federal Correctional Facility							
				First	Over		
	USAGE	BILLS	GALLONS	1,300,000	1,300,000	Total	
First	1,300,000	12	15,600,000	15,600,000		15,600,000	
Over	1,300,000		99,766,900	-	99,766,900	99,766,900	
		12	115,366,900	15,600,000	99,766,900	115,366,900	
REVENUE BY RATE INCREMENT							
	USAGE	BILLS	GALLONS	RATE		REVENUE	
First	1,300,000	12	15,600,000	\$12,420.57	per month	\$ 149,047	
Over	1,300,000		99,766,900	\$0.01081	per gallon	\$ 1,078,480	
			115,366,900			\$ 1,227,527	

EXHIBIT F

MCCREARY CO SEWER
DEPRECIATIONS SCHEDULE (Using Mid-Point Service Life)

					ADJUSTED				REPORTED	
					Mid-Point Service Life	2023 Depreciation Expense	Accumulated Depr	Net	2023 New Assets	2023 Depreciation Expense
ACCT		Cost								
	Land for new Shop/Crit King Rd	6/2/2023	26,000					26,000		
	Land for new Shop/Sandhill Rd	8/25/2023	10,000					10,000	36,000	
			36,000					36,000		
311	BUILDINGS									
	Utility Plant	09/01/1994	1,155,191	S/L	35	33,005.46	859,519	295,672		33,005
	Utility Plant Additions	01/01/2000	2,415,002	S/L	35	69,000.06	1,474,876	940,126		69,000
	Wastewater Treatment Plant 2(cont 23)	06/30/2004	6,526,643	S/L	35	186,475.51	3,251,667	3,274,976		186,476
	2006 Utility Plant Additions	06/30/2006	11,894	S/L	35	339.83	9,307	2,587		340
	Retaining Wall for new Shop	08/18/2023	18,000	S/L	35	257.14	257	17,743	18,000	257
			10,126,730			289,078.00	5,595,625	4,531,105		289,078
352.1	COLLECTION SEWERS-FORCE									
	Sewer Transmission Force Main(cont 24)	06/30/2004	771,830	S/L	35	22,052.29	384,537	387,293		22,052
	Sewage Lift Station(cont 24)	06/30/2004	162,000	S/L	35	4,628.57	80,711	81,289		4,629
	2005 District Additions	06/30/2005	61,003	S/L	35	1,742.94	28,868	32,135		1,743
	2006 Marshes Siding Project - Phase I	06/30/2006	494,188	S/L	35	14,119.65	221,502	272,686		14,120
	2006 Stearns Sewer, EPA	06/30/2006	544,370	S/L	35	15,553.43	243,994	300,376		15,553
	2006 Pine Knot Sewer Project	06/30/2006	893,400	S/L	35	25,525.71	400,435	492,965		25,526
	2006 Marshes Siding Project - Phase II	06/30/2006	675,562	S/L	35	19,301.77	302,797	372,765		19,302
	2007 Marshes Siding Project - Phase II	06/30/2007	5,821	S/L	35	166.31	2,464	3,357		166
	2008 Sterns Sewer Phase II and III	06/30/2008	816,866	S/L	35	23,339.03	325,288	491,578		23,339
	2008 Williamsburg Project	06/30/2008	1,054,000	S/L	35	30,114.29	419,718	634,282		30,114
	2009 Sterns Wewer Project EPA Funds	02/01/2009	263,397	S/L	35	7,525.63	101,047	162,350		7,526
	2009 Holloway Cemetary Rd.	02/01/2009	380,190	S/L	35	10,862.57	145,853	234,337		10,863
	Williamsburg Street	11/30/11	379,947	S/L	35	10,855.63	118,850	261,097		10,856
	Holloway Cemetary Rd	10.30.11	16,328	S/L	35	466.51	5,140	11,188		467
	Revelo to Stearns Extension	12/1/16	666,667	S/L	35	19,047.63	64,087	602,580		19,048
	2023 Line Additions	6/30/2023	5,905	S/L	35	84.36	84	5,821	5,905	84
	Sanitary Sewer Extension Project	6/30/2023	3,378,494	S/L	35	48,264.20	48,264	3,330,230	3,378,494	48,264
			10,569,968			253,650.52	2,893,638	7,676,330		253,651
354	SERVICES/METERS									
	Services to Customers	01/01/1995	3,201	S/L	52.5		3,201	-		
	Services to Customers	12/01/1997	1,773	S/L	52.5		1,773	-		
	Services to Customers	12/01/2000	36,416	S/L	52.5		36,416	0		
	Services to Customers	12/28/2001	23,507	S/L	52.5		23,507	(0)		
	Services to Customers	12/01/2002	24,902	S/L	52.5		24,902	0		
	Services to Customers	12/01/2003	112,443	S/L	52.5		112,443	(0)		
	Services to Customers	12/01/2004	7,719	S/L	52.5		7,719	1		
	2005 District Additions	06/30/2005	12,900	S/L	52.5		12,900	-		
	2006 District Additions	06/30/2006	12,191	S/L	52.5		12,191	(0)		
	Services to Customers - Big Creek	06/30/2006	250,000	S/L	52.5		250,000	-		
	2007 District Additions	06/30/2007	4,844	S/L	52.5		4,844	(0)		
	2008 District Additions	06/30/2008	9,514	S/L	52.5		9,514	0		
	2009 District Additions	06/30/2009	3,438	S/L	52.5		3,438	(0)		
	2010 District Additions	06/30/2010	16,372	S/L	52.5		16,372	0		
	Williamsburg Street	11/30/11	886,544	S/L	52.5	16,886.55	855,934	30,610		17,049 (162)
	Holloway Cemetary Rd	10.30.11	38,100	S/L	52.5	725.71	37,102	998		733 (7)
	2011 District Additions	06/30/11	2,519	S/L	52.5	28.00	2,518	1		28 -
	2012 District Additions	06/30/12	3,400	S/L	52.5	64.76	3,084	316		65 (1)
	2013 District Additions	06/30/13	7,861	S/L	52.5	149.73	6,345	1,516		151 (1)
	2014 District Additions	06/30/14	5,928	S/L	52.5	112.91	4,192	1,736		114 (1)
	2015 District Additions	06/30/15	288	S/L	52.5	5.49	175	113		6 (0)
	2016 District Additions	06/30/16	1,104	S/L	52.5	21.03	560	544		21 (0)
	2017 District Additions	06/30/17	1,752	S/L	52.5	33.37	713	1,039		34 (0)
	2018 District Additions	06/30/18	480	S/L	52.5	9.14	147	333		9 (0)
	2019 District Additions	06/30/19	2,205	S/L	52.5	42.00	457	1,748		42 (0)
	2020 District AdditionsDaughtery&Pig Skin	11/30/20	20,780	S/L	52.5	395.81	1,395	19,385		400 (4)
	2020 District Additions	6/30/20	709	S/L	52.5	13.50	41	668		14 (0)
	2021 District Additions	06/30/2021	28,350	S/L	52.5	540.00	1,214	27,136		545 (5)
	2022 District Additions	06/30/2022	36,000	S/L	52.5	685.71	1,029	34,971		692 (7)
	2023 District Additions	06/30/2023	28,700	S/L	52.5	273.33	273	28,427	28,700	276 (3)
			1,583,940			19,987.07	1,434,398	149,542		20,179
355	FLOW MEASURNING DEVICES									
	Sewage Flow Meter(cont 24)	06/30/2004	8,000	S/L	7		8,000	-		
363.1	PUMPING EQUIPMENT									
	Transformer from Sewer	03/01/2000	161	S/L	7.0		161	-		
	Equipment	10/01/2002	548	S/L	7		548	(0)		
	24 H.P. Pump	11/01/2003	6,934	S/L	7	0.00	5,952	982		-
	Atlas Machine Submersable	06/09/2004	14,795	S/L	7	0.00	12,206	2,589		-
	2006 Pumping Equip - Electric	06/30/2006	39,515	S/L	7	0.00	29,636	9,879		-
	2009 Bypass Mobile Pump EPA Funds	06/30/2009	36,012	S/L	7	0.00	36,012	(0)		-
	2009 Sterns Sewer Lift EPA Funds	06/30/2009	82,901	S/L	7	0.00	47,668	35,233		-
	2009 Holloway Cem RD XS 21147011	06/30/2009	58,000	S/L	7	0.00	33,350	24,650		-
	2009 Holloway Cem Rd	01/01/2010	7,382	S/L	7	0.00	4,059	3,323		-
	2021 Pumping Equipment	06/30/2021	101,744	S/L	7	14,534.86	36,337	65,407		14,535

MCCREARY CO SEWER
DEPRECIATIONS SCHEDULE (Using Mid-Point Service Life)

				ADJUSTED				REPORTED	
				Mid-Point Service Life	2023 Depreciation Expense	Accumulated Depr	2023 Net	2023 New Assets	2023 Depreciation Expense
ACCT		Cost							
2022 Pump Station Cumberland Family Bld	03/08/2022	34,950		7	4,992.86	7,489	27,461		4,993
2022 Pumping Equipment	04/14/2022	35,790		7	5,112.86	7,669	28,121		5,113
2022 2Pump assem and eradicators	11/01/2022	17,627		7	2,518.14	3,777	13,850		2,518
2023 Pump at Prison	11/16/2023	31,850		7	2,275.00	2,275	29,575	31,850	2,275
		468,209			29,433.71	227,140	241,069		29,434
363.2 PUMPING EQUIPMENT-DIESEL									
Emergency Generator(cont 27)	06/30/2004	47,654	S/L	7	0.00	39,315	8,339		-
373 TREATMENT & DISPOSAL									
2022 Fiberglass Aerotor for Lift Station	05/22/2022	10,680		7	1,525.71	2,289	8,391		1,526
391 OFFICE FURNITURE AND EQUIP				change from 10					
Office Furniture and Equipment	07/01/2001	1,300	S/L	22.5	0.00	1,300	-		-
Office Furniture	09/01/2003	4,478	S/L	22.5	0.00	4,478	0		-
		5,778			0.00	5,778	0		0
392 TRANSPORTATION EQUIPMENT									
11 Ford F150 4x4	12.17.10	19,828	S/L	7	0.00	19,828	0		-
20 Dodge Ram 3500 Tradesman	7/2/20	66,931	S/L	7	9,561.57	37,352	29,579		13,386 (3,825)
84 Ford Truck	03/19/2021	5,500	S/L	7	785.71	2,121	3,379		1,100 (314)
07 Dodge	02/26/2021	18,000	S/L	7	2,571.43	6,943	11,057		3,600 (1,029)
Chev 2500 Truck	02/03/2023	18,000	S/L	7	1,285.71	1,286	16,714		1,800 (514)
	02/03/2023	18,000	S/L	7	1,285.71	1,286	16,714		1,800 (514)
	09/14/2023	10,250	S/L	7	732.14	732	9,518	46,250	1,025 (293)
Relassify from water		156,509			16,222.29	69,547	86,962		22,711 (6,489)
305 Collecting Reservoir									
Collecting	12.31.91	669409	S/L	62.5	0.00	680120	-10711		0
Sludge Pond	6.30.96	9225	S/L	62.5	147.60	6134	3091		148
Prefab Water Vault	2.24.23	29505	S/L		236.04	236	29269	29505	236
		708139		3534	383.64	686490	21649		
393.2 TOOLS, SHOP & GARAGE EQUIP									
Wrench	07/01/2002	533	S/L	10	0.00	533	(0)		-
Tapping Machine	07/01/2003	1,390	S/L	10	0.00	1,390	-		-
		1,923			0.00	1,923	0		0
393.3 LABORATORY EQUIPMENT									
Equipment	10/01/1998	572	S/L	10	0.00	572	-		-
Testing Equipment	08/01/2001	1,485	S/L	10	0.00	1,485	-		-
Spectro Lab Equipment	06/30/2007	3,424	S/L	10	0.00	3,424	-		-
		5,481			0.00	5,481	0		0
393.5 COMMUNICATION EQUIP									
		0							
393.6 OTHER TANGIBLE PROPERTY									
Other General Equipment	08/01/2003	2,122	S/L	10	0.00	2,122	(0)		-
Other General Equipment	02/13/2004	7,000	S/L	10	0.00	7,000	-		-
Security System/Digital/Cameras	10/19/2012	3,608	S/L	10	209.00	3,608	0		209
Wireless Alarm	04/29/11	2,728	S/L	10	0.00	2,728	-		-
Tractor	05/07/2021	14,500	S/L	10	1,450.00	3,625	10,875		1,450
Ditch Wich Trencher	08/25/2023	30,000	S/L	10	1,500.00	1,500	28,500	30,000	1,500
		59,958			3,159.00	20,583	39,375		3,159
		23,080,830			613,439.95	10,303,716	12,777,113	3,604,704	-6297.188
									-12,594

EXHIBIT G

EXHIBIT G-1

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
MCCREARY COUNTY WATER DISTRICT
DATED
MAY 30, 2012
IN THE AMOUNT OF \$4,800,000

This document was prepared by:

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

By

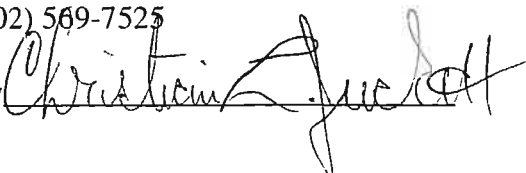


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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of May 30, 2012 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653 (the "Governmental Agency"):

WITNESSETH

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012D (the "Series 2012D Bonds") in the aggregate principal amount of \$15,975,000, pursuant to a Supplemental Trust Indenture No. 46, dated as of May 30, 2012 by and between the Issuer and the Trustee, which Series 2012D Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its (i) McCreary County Water District Waterworks Revenue Bonds, Series 1993, dated June 21, 1994, in the original principal amount of \$794,000, (ii) McCreary County Water District Waterworks Revenue Bonds, Series 1997, dated February 13, 1998, in the original principal amount of \$390,000, (iii) McCreary County Water District Sewer System Revenue Bonds, Series 1997, dated January 14, 1998, in the original authorized principal amount of \$972,000, (iv) McCreary County Water District Waterworks Revenue Bonds, Series 2001, dated February 6, 2002, in the original principal amount of \$2,500,000, and (v) McCreary County Water District Sewer System Revenue Bonds, Series 2002A, dated September 6, 2002, in the original authorized principal amount of \$850,000 (collectively, the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's water system (the "System"); and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to currently refund the Refunded Bonds, in order to effect substantial

debt service savings (the "Project"), and the Issuer has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

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

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

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

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$4,800,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

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

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

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

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

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

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

"Bond Legislation of 1991B" or *"1991B Bond Legislation"* refers to the resolution authorizing the Series 1991B Bonds.

"Bond Legislation of 1993" or *"1993 Bond Legislation"* refers to the resolution authorizing the Series 1993 Bonds.

"Bond Legislation of 1997 Water" or *"1997 Water Bond Legislation"* refers to the resolution authorizing the Series 1997 Water Bonds.

"Bond Legislation of 1997 Sewer" or *"1997 Sewer Bond Legislation"* refers to the resolution authorizing the Series 1997 Sewer Bonds.

"Bond Legislation of 2001" or *"2001 Bond Legislation"* refers to the resolution authorizing the Series 2001 Bonds.

"Bond Legislation of 2002A Sewer" or *"2002A Sewer Bond Legislation"* refers to the resolution authorizing the Series 2002A Sewer Bonds.

"Bond Legislation of 2005" or *"2005 Bond Legislation"* refer to the Resolution authorizing the Series 2005 Bonds.

"Bond Legislation of 2008 - New Liberty" or *"2008 New Liberty Bond Legislation"* refer to the Resolution authorizing the Series 2008 Bonds - New Liberty.

"Bond Legislation of 2008 - Cumberland Falls" or *"2008 Cumberland Falls Bond Legislation"* refer to the Resolution authorizing the Series 2008 Bonds - Cumberland Falls.

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

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

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

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

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

"*Current Sinking Fund*" refers to the McCreary County Water District Water System Sinking Fund of 2008, described in Section 402 of the 2008 New Liberty Bond Legislation and the 2008 Cumberland Falls Bond Legislation.

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

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

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

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

"*Governmental Agency*" refers to the McCreary County Water District, P.O. Box 488, Whitley City, Kentucky 42653.

"*Governmental Agency Chief Executive*" refers to the Chairman of the Board of Commissioners of the Governmental Agency.

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

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 46, dated May 30, 2012, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing July 1, 2012 and continuing through and including January 1, 2041 or until the Loan has been paid in full.

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

"KIA" refers to the Kentucky Infrastructure Authority, a body corporate and politic and an agency of the Commonwealth of Kentucky.

"KIA Loan" refers to the loan to the Governmental Agency from the KIA, dated January 1, 2004, in the principal amount of \$1,725,714.

"Obligations" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$4,800,000, maturing January 1, 2041.

"Operation and Maintenance Fund" refers to the McCreary County Water District Water System Operation and Maintenance Fund described in the Prior Bond Legislation, and which Fund will continue to be maintained for the benefit of all of the Bonds.

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

"Parity Bonds" means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

"Permitted Investments" refers to the following:

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

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

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

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

- i. Federal Home Loan Mortgage Corporation;
- ii. Federal Farm Credit Banks;

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

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

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

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

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

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

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

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

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

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

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

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

"Prior Bond Legislation" refers collectively to the 2004A Assistance Agreement and the 2005 Bond Legislation.

"Prior Bonds" refers collectively to Series 2004A Loan, Series 2005 Bonds, and the KIA Loan.

"Prior Sinking Fund" refers to the McCreary County Water District Water System Revenue Bond and Interest Sinking Fund, described in Section 401 of the 2008 New Liberty Bond Legislation and the 2008 Cumberland Falls Bond Legislation.

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

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

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

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

"Refunded Bonds" refers to the Series 1993 Bonds, Series 1997 Water Bonds, Series 1997 Sewer Bonds, Series 2001 Bonds, and Series 2002A Sewer Bonds.

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

"Series 1993 Bonds" refers to the outstanding McCreary County Water District Water System Revenue Bonds, Series of 1993, dated June 21, 1994, in the original authorized principal amount of \$794,000.

"Series 1997 Water Bonds" refers to the outstanding McCreary County Water District Water System Revenue Bonds, Series of 1997, dated February 13, 1998, in the original authorized principal amount of \$390,000.

"Series 1997 Sewer Bonds" refers to the outstanding McCreary County Water District Sewer System Revenue Bonds, Series 1997, dated January 14, 1998, in the original authorized principal amount of \$972,000

"*Series 2001 Bonds*" refers to the outstanding McCreary County Water District Water System Revenue Bonds, Series of 2001, dated February 6, 2002, in the original authorized principal amount of \$2,500,000.

"*Series 2002A Sewer Bonds*" refers to the outstanding McCreary County Water District Sewer System Revenue Bonds, Series 2002A, dated September 6, 2002, in the original authorized principal amount of \$850,000

"*Series 2004A Assistance Agreement*" or "*2004A Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated March 24, 2004, authorizing the loan in the principal amount of \$2,050,000 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004A.

"*Series 2004A Loan*" refers to the loan to the Governmental Agency in the principal amount of \$2,050,000, dated March 24, 2004, from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004A.

"*Series 2005 Bonds*" refers to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2005, dated August 31, 2005, in the original authorized principal amount of \$750,000.

"*Series 2008 New Liberty Bonds*" refers to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2008 (New Liberty Project), dated October 29, 2008, in the original authorized principal amount of \$325,000.

"*Series 2008 Cumberland Falls Bonds*" refers to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2008 (Cumberland Falls Project), dated October 29, 2008, in the original authorized principal amount of \$150,000.

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

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

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

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

Section 2. Reaffirmation of Declaration of Water System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a water system are hereby in all respects ratified and confirmed; and so

long as any of the Obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$4,800,000 from the Program, for the purpose of providing funds for the Project.

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

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

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

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

Section 4. Redemption.

(a) *Optional Redemption.* Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after January 1, 2022 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after January 1, 2021 at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

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

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

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

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

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

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

Section 8. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided,

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

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

B. Prior Sinking Fund. It is hereby recognized that the Governmental Agency is obligated upon the issuance of the Obligations to provide for additional debt service requirements of the Obligations.

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

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

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

C. Current Sinking Fund. After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred from the Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Series 2008 New Liberty Bonds and the Series 2008 Cumberland Falls Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth ($1/6$) of the next succeeding six-month interest payment to become due on the Series 2008 New Liberty Bonds and the Series 2008 Cumberland Falls Bonds then outstanding, plus
- (2) A sum equal to one-twelfth ($1/12$) of the principal of any Series 2008 New Liberty Bonds and the Series 2008 Cumberland Falls Bonds maturing on the next succeeding principal payment date.

Said Current Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Series 2008 New Liberty Bonds and the Series 2008 Cumberland Falls Bonds.

If the Governmental Agency for any reason shall fail to make any monthly deposit as required, then an amount equal to the deficiency shall be set apart and deposited into, first, the Prior Sinking Fund, then the Current Sinking Fund out of the first available revenues in the ensuing months, which amount shall be in addition to the monthly deposits otherwise required during such succeeding months.

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

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

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

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

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

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

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "McCreary County Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and such amount on deposit in said Governmental Agency Account shall be transferred to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds, as may be required:

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

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

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

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

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

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

Section 10. Arbitrage Limitations.

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

(b) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

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

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

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

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

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

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

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

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

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

(6) That it is not reasonably anticipated that amounts accumulated in a depreciation fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such depreciation fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

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

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

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

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

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

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

revenues of the System, plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

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

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

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

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

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

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

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

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

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

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

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

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

Section 14. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the

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

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

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

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and

(e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

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

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

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

Section 18. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986. In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully

upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

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

Section 19. Insurance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 23. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 24. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 25. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

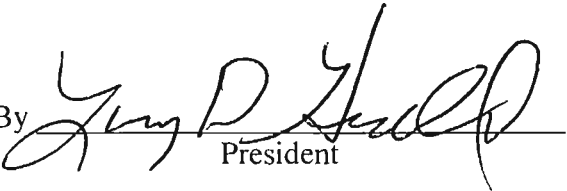
Section 26. Signatures of Officers. If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes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

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

[Signature page follows]

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

KENTUCKY RURAL WATER FINANCE
CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

MCCREARY COUNTY WATER
DISTRICT

By _____
Chairman

Attest:

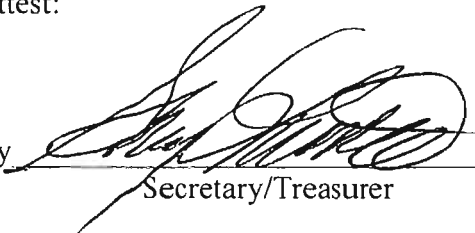
By _____
Secretary

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KENTUCKY RURAL WATER FINANCE
CORPORATION

By _____
President

Attest:

By  _____
Secretary/Treasurer

MCCREARY COUNTY WATER
DISTRICT

By _____
Chairman

Attest:

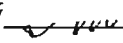
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KENTUCKY RURAL WATER FINANCE
CORPORATION

By _____
President

Attest:

By 
Secretary/Treasurer

MCCREARY COUNTY WATER
DISTRICT

By 
Chairman

Attest:

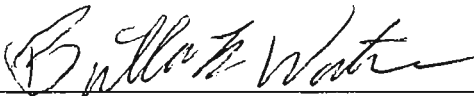
By 
Secretary

EXHIBIT A

Debt Service Schedule

KRWFC Flexible Term Program Series 2012 D
Sinking Fund Payment Schedule

Borrower: McCreary County Water District
Closing Date: 05/30/12

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
7/12-1/13	12,857.14	16,111.14	918.10	29,886.38
2/13-7/13	10,416.67	13,738.75	785.00	24,940.42
8/13-1/14	10,416.67	13,738.75	785.00	24,940.42
2/14-8/14	10,833.33	13,322.08	764.17	24,919.58
8/14-1/15	10,833.33	13,322.08	764.17	24,919.58
2/15-7/15	11,250.00	12,888.75	742.50	24,881.25
8/15-1/16	11,250.00	12,888.75	742.50	24,881.25
2/16-7/16	11,250.00	12,551.25	720.00	24,521.25
8/16-1/17	11,250.00	12,551.25	720.00	24,521.25
2/17-7/17	11,666.67	12,326.25	697.50	24,690.42
8/17-1/18	11,666.67	12,326.25	697.50	24,690.42
2/18-7/18	12,083.33	11,976.25	674.17	24,733.75
8/18-1/19	12,083.33	11,976.25	674.17	24,733.75
2/19-7/19	12,500.00	11,613.75	650.00	24,763.75
8/19-1-20	12,500.00	11,613.75	650.00	24,763.75
2/20-7/20	12,916.67	11,238.75	625.00	24,780.42
8/20-1/21	12,916.67	11,238.75	625.00	24,780.42
2/21-7/21	13,333.33	10,883.54	599.17	24,816.04
8/21-1/22	13,333.33	10,883.54	599.17	24,816.04
2/22-7/22	13,750.00	10,483.54	572.50	24,806.04
8/22-1/23	13,750.00	10,483.54	572.50	24,806.04
2/23-7/23	13,750.00	10,057.29	545.00	24,352.29
8/23-1/24	13,750.00	10,057.29	545.00	24,352.29
2/24-7/24	14,583.33	9,617.29	517.50	24,718.13
8/24-1/25	14,583.33	9,617.29	517.50	24,718.13
2/25-7/25	15,000.00	9,121.46	488.33	24,609.79
8/25-1/26	15,000.00	9,121.46	488.33	24,609.79
2/26-7/26	15,416.67	8,611.46	458.33	24,486.46
8/26-1/27	15,416.67	8,611.46	458.33	24,486.46
2/27-7/27	16,250.00	8,071.88	427.50	24,749.38
8/27-1/28	16,250.00	8,071.88	427.50	24,749.38
2/28-7/28	16,666.67	7,503.13	395.00	24,564.79
8/28-1/29	16,666.67	7,503.13	395.00	24,564.79
2/29-7/29	17,500.00	6,919.79	361.67	24,781.46
8/29-1/30	17,500.00	6,919.79	361.67	24,781.46
2/30-7/30	17,916.67	6,285.42	326.67	24,528.75
8/30-2/31	17,916.67	6,285.42	326.67	24,528.75
2/31-7/31	18,750.00	5,635.94	290.83	24,676.77
8/31-1/32	18,750.00	5,635.94	290.83	24,676.77
2/32-7/32	19,583.33	4,932.81	253.33	24,769.48
8/32-1/33	19,583.33	4,932.81	253.33	24,769.48
2/33-7/33	16,250.00	4,198.44	214.17	20,662.61
8/33-1/34	16,250.00	4,198.44	214.17	20,662.61
2/34-7/34	16,666.67	3,589.06	181.67	20,437.40
8/34-1/35	16,666.67	3,589.06	181.67	20,437.40
2/35-7/35	17,083.33	2,964.06	148.33	20,195.73
8/35-1/36	17,083.33	2,964.06	148.33	20,195.73
2/36-7/36	16,250.00	2,280.73	114.17	18,644.90
8/36-1/37	16,250.00	2,280.73	114.17	18,644.90
2/37-7/37	12,500.00	1,630.73	81.67	14,212.40
8/37-1/38	12,500.00	1,630.73	81.67	14,212.40
2/38-7/38	12,916.67	1,130.73	56.67	14,104.06
8/38-1/39	12,916.67	1,130.73	56.67	14,104.06
2/39-7/39	13,333.33	614.06	30.83	13,978.23
8/39-1/40	13,333.33	614.06	30.83	13,978.23
2/41-7/41	2,083.33	80.73	4.17	2,168.23
8/41-2/41	2,083.33	80.73	4.17	2,168.23
	<u>4,800,000.00</u>	<u>2,683,993.06</u>	<u>147,136.67</u>	<u>7,631,129.73</u>

EXHIBIT G-2

ASSISTANCE AGREEMENT
BETWEEN
KENTUCKY RURAL WATER FINANCE CORPORATION
AND
MCCREARY COUNTY WATER DISTRICT
DATED
SEPTEMBER 23, 2020
IN THE AMOUNT OF \$1,705,000

This document was prepared by:

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

By

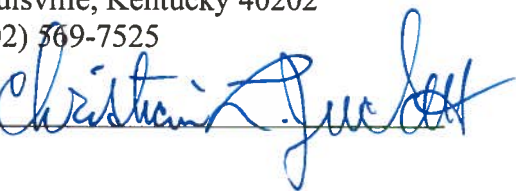


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ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of September 23, 2020 (the “Assistance Agreement”) by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the “Issuer”) and the McCreary County Water District, 456 North Hwy 27, Whitley City, Kentucky 42653 (the “Governmental Agency”):

WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the “Program”) designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program) pursuant to a Trust Indenture dated as of April 4, 2001, as supplemented from time to time (collectively, the “Indenture”) between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as trustee (the “Trustee”), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to assistance agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2020E (the “Series 2020E Bonds”) in the aggregate principal amount of \$11,375,000, pursuant to a Supplemental Trust Indenture No. 77, dated as of September 23, 2020 by and between the Issuer and the Trustee, which Series 2020E Bonds will rank on a parity with the other outstanding bonds issued under the terms of the Indenture and the proceeds of which will be used by certain governmental agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental agencies and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its:

- (i) McCreary County Water District Water System Revenue Bonds, Series 2005, dated August 31, 2005, in the original authorized principal amount of \$750,000;
- (ii) McCreary County Water District Sewer System Revenue Bonds, Series 2005, dated August 31, 2005, in the original authorized principal amount of \$290,000;
- (iii) McCreary County Water District Water System Revenue Bonds, Series 2008 (New Liberty Project), dated October 29, 2008, in the original authorized principal amount of \$325,000;
- (iv) McCreary County Water District Water System Revenue Bonds, Series 2008 (Cumberland Falls Project), dated October 29, 2008, in the original authorized principal amount of \$150,000; and
- (v) Loan to the District from the United Cumberland Bank, dated December 28, 2018, in the original principal amount of \$495,000

(collectively, the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's water and sewer system (the "System"); and

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

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

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

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

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$1,705,000 for the Refunding Program, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

WHEREAS, the Issuer and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their

respective duties, rights, covenants, and obligations with respect to the financing of the Refunding Program subject to the repayment of the Loan and the interest thereon;

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

Section 1. Definitions.

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

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

“Assistance Agreement” refers to this Assistance Agreement authorizing the Loan and the obligations hereunder.

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

“Bond Legislation of 2005 - Water” or *“2005 Water Bond Legislation”* refer to the Resolution authorizing the Series 2005 Water Bonds.

“Bond Legislation of 2005 - Sewer” or *“2005 Sewer Bond Legislation”* refer to the Resolution authorizing the Series 2005 Sewer Bonds.

“Bond Legislation of 2008 - New Liberty” or *“2008 New Liberty Bond Legislation”* refer to the Resolution authorizing the Bonds of 2008 - New Liberty.

“Bond Legislation of 2008 - Cumberland Falls” or *“2008 Cumberland Falls Bond Legislation”* refer to the Resolution authorizing the Bonds of 2008 - Cumberland Falls.

“Bond Legislation of 2012” or *“2012 Bond Legislation”* refer to the Resolution authorizing the Series 2012 Bonds.

“Bond Legislation of 2015” or *“2015 Bond Legislation”* refer to the Resolution authorizing the Series 2015 Bonds.

“Bond Legislation of 2020” or *“2020 Bond Legislation”* refer to the Resolution authorizing the Series 2020 Bonds.

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

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

“Bonds of 2005 - Water” or *“Series 2005 Water Bonds”* refer to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2005, dated August 31, 2005, in the original authorized principal amount of \$750,000.

“Bonds of 2005 - Sewer” or *“Series 2005 Sewer Bonds”* refer to the outstanding McCreary County Water District Sewer System Revenue Bonds, Series 2005, dated August 31, 2005, in the original authorized principal amount of \$290,000.

“Bonds of 2008 - New Liberty” or *“Series 2008 New Liberty Bonds”* refer to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2008 (New Liberty Project), dated October 29, 2008, in the original authorized principal amount of \$325,000.

“Bonds of 2008 - Cumberland Falls” or *“Series 2008 Cumberland Falls Bonds”* refer to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2008 (Cumberland Falls Project), dated October 29, 2008, in the original authorized principal amount of \$150,000.

“Bonds of 2012” or *“Series 2012 Bonds”* refer to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2012, dated February 27, 2013, in the original authorized principal amount of \$1,935,000, consisting of \$1,300,000 of Series A Bonds and \$635,000 of Series B Bonds.

“Bonds of 2015” or *“Series 2015 Bonds”* refer to the outstanding McCreary County Water District Water and Sewer Revenue Bonds, Series 2015, dated February 5, 2016, in the original authorized principal amount of \$1,158,000.

“Bonds of 2020” or *“Series 2020 Bonds”* refer to the outstanding McCreary County Water District Water and Sewer Revenue Bonds, Series 2020 (Stearns/Smithtown Phase 2 Water Improvements Project), dated May 28, 2020, in the original principal amount of \$1,324,000.

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

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

“Compliance Group” refers to the Compliance Group identified and defined in the Indenture.

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

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

“*Funds*” refers collectively to the Revenue Fund, the Sinking Fund, the Sinking Fund of 2020, the Operation and Maintenance Fund, and the Governmental Agency Account.

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

“*Governmental Agency*” refers to the McCreary County Water District, 456 North Hwy 27, Whitley City, Kentucky 42653.

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

“*Governmental Agency Clerk*” refers to the Secretary of the Governmental Agency.

“*Indenture*” means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 77, dated September 23, 2020, by and between the Issuer and the Trustee.

“*Interest Payment Date*” shall mean the 1st day of each month, commencing November 1, 2020 and continuing through and including January 1, 2050 or until the Loan has been paid in full.

“*Issuer*” refers to the Kentucky Rural Water Finance Corporation, 1151 Old Porter Pike, Bowling Green, Kentucky 42103.

“*KIA*” refers to the Kentucky Infrastructure Authority, an agency and instrumentality of the Commonwealth of Kentucky.

“*KIA Loan*” refers to the loan to the Governmental Agency from the Kentucky Infrastructure Authority, dated January 1, 2004, in the original principal amount of \$1,725,714.

“*Loan*” refers to the loan authorized by this Assistance Agreement from the Issuer to the Governmental Agency, in the principal amount of \$1,705,000, maturing January 1, 2050, to defray the cost of the Refunding Program.

“*Operation and Maintenance Fund*” refers to the McCreary County Water District Water and Sewer Operation and Maintenance Fund created in the Prior Bond Legislation and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

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

“*Parity Bonds*” means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Loan and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Loan.

“*Permitted Investments*” refers to investments of funds on deposit in the various funds created herein and includes:

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

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

1. United States Treasury;
2. Export-Import Bank of the United States;
3. Farmers Home Administration;
4. Government National Mortgage Corporation; and
5. Merchant Marine bonds;

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

1. Federal Home Loan Mortgage Corporation;
2. Federal Farm Credit Banks;
3. Bank for Cooperatives;
4. Federal Intermediate Credit Banks;
5. Federal Land Banks;
6. Federal Home Loan Banks;
7. Federal National Mortgage Association; and
8. Tennessee Valley Authority;

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

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one (1) of the three (3) highest

categories by a competent rating agency;

(f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a competent rating agency;

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

(h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;

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

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

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

(k) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent (25%) of the equity allocation; and

(l) Individual high-quality corporate bonds that are managed by a professional investment manager that:

1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
2. Have a standard maturity of no more than ten (10) years; and
3. Are rated in the three (3) highest rating categories by at least two (2) competent credit rating agencies.

(m) Any other lawful investment authorized by the Kentucky Revised Statutes to be utilized by local governments with a rating equal to or higher than the rating of the Bonds, as rated by each rating agency then rating the Bonds, including an investment agreement with investment agreement provider whose obligations have a current rating at least equal to the rating on the Bonds.

"Prior Bond Legislation" refers collectively to the Series 2004A Assistance Agreement, 2012 Bond Legislation, the 2012D Assistance Agreement, the 2015 Bond Legislation, the 2020 Bond Legislation, and the resolution authorizing the KIA Loan.

"Prior Bonds" refers collectively to the Series 2004A Loan, Series 2012 Bonds, the Series 2012D Loan, the KIA Loan, the Series 2015 Bonds, and the Series 2020 Bonds.

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

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

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

"Project" refers specifically to the construction of the extensions, additions and improvements to the System that were financed with proceeds of the Refunded Bonds.

"Refunded Bonds" refers to the outstanding Series 2005 Water Bonds, the Series 2005 Sewer Bonds, the Series 2008 New Liberty Bonds, the Series 2008 Cumberland Falls Bonds, and the United Cumberland Bank Loan.

"Refunding Program" refers to the current refunding of the Refunded Bonds with the proceeds of the Loan.

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

"Series 2004A Assistance Agreement" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated March 24, 2004, authorizing the Series 2004A Loan.

"Series 2004A Loan" refers to the loan to the Governmental Agency, in the principal amount of \$2,050,000, dated March 24, 2004, from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2004A, which loan was reamortized on February 27, 2013 to a revised principal amount of \$1,415,000.

"Series 2012D Assistance Agreement" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 30, 2012, authorizing the Series 2012D Loan.

“Series 2012D Loan” refers to the loan to the Governmental Agency, in the principal amount of \$4,800,000, dated May 30, 2012, from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012D.

“Sinking Fund” refers to the McCreary County Water District Water and Sewer Revenue Bond and Interest Sinking Fund, created in the Prior Bond Legislation and defined as the “Prior Sinking Fund” and which Sinking Fund will continue to be maintained for the benefit of all of the Bonds.

“Sinking Fund of 2020” refers to the McCreary County Water District Water and Sewer Sinking Fund of 2020, created in the Prior Bond Legislation and defined as the “Current Sinking Fund” and which Sinking Fund of 2020 will continue to be maintained for the benefit of all of the Bonds.

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

“Treasurer” refers to the Treasurer of the Governmental Agency.

“Trustee” refers to Regions Bank, Nashville, Tennessee.

“United Cumberland Bank Loan” refers to the loan from United Cumberland Bank, the proceeds of which were used to acquire a new office building for the Governmental Agency located at 456 N HWY 27, in Whitley City, Kentucky.

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

Section 2. Reaffirmation of Declaration of Water and Sewer System.

That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a water and sewer system are hereby in all respects ratified and confirmed; and so long as the Loan herein authorized or permitted to be issued remains outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Loan. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

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

That pursuant to the Constitution and laws of Kentucky, and particularly the Act, the Governmental Agency hereby authorizes the borrowing of \$1,705,000 from the Program, to provide funds for the Refunding Program.

The Loan is payable on the Interest Payment Date in such principal and interest amounts as set forth in **Exhibit A** attached hereto.

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

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

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

Section 4. Redemption.

(a) *Optional Redemption.* Subject to the prior written approval of the Compliance Group, the Loan payments due on or after January 1, 2030 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after January 1, 2029 at a redemption price equal to 100% of the principal amount of the Loan payments called for redemption, plus unpaid interest accrued to the date of redemption.

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

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

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

Section 5. Loan Payable Out of Gross Revenues on a Parity with Prior Bonds.

The Loan, the Prior Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable out of the gross revenues of the System.

Section 6. Compliance with Parity Coverage Requirements of the Prior Bond Legislation.

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

Section 7. Flow of Funds.

All proceedings preliminary to and in connection with the issuance of the Prior Bonds, whereby provision was made for the receipt, custody, and application of the proceeds of the Prior Bonds; for the operation of said System on a revenue-producing basis; for the segregation, allocation, and custody of the revenues derived from the operation of the System; and for the enforcement and payment of the Prior Bonds; and all other covenants for the benefit of the bondholders set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Bonds, the same as if such provisions and proceedings were repeated in full herein; provided, further, that, hereafter, the income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

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

B. Sinking Fund. There shall be set aside and transferred on or before the 20th day of each month from the Revenue Fund, as a first charge thereon, and deposited in the Sinking Fund sums sufficient to pay when due the principal and interest requirements on the Loan and the Prior Bonds. Specifically, there shall be paid into the Sinking Fund on or before the 20th day of each month, on account of the Loan and the Prior Bonds, not less than the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Loan and the Prior Bonds, plus

- (2) A sum equal to one-twelfth (1/12) of the principal due on the Loan and principal due on any Prior Bonds maturing on the next succeeding principal payment date.

In the event additional Parity Bonds are issued pursuant to the conditions and restrictions hereinafter prescribed, the monthly deposits to the Sinking Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Sinking Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need to be made into the Sinking Fund if and when the amount held therein and in any other available fund is at least equal to the amount required to retire all Loan and the Prior Bonds and Parity Bonds and paying all interest that will accrue thereon.

B. Sinking Fund of 2020. After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Sinking Fund of 2020 on or before the 20th day of each month, for payment of interest on and principal of the Series 2020 Bonds, a sum equal to the total of the following:

- (1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Series 2020 Bonds, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of any Series 2020 Bonds maturing on the next succeeding principal payment date.

The Sinking Fund of 2020 is hereby pledged for the payment of the interest and the principal of the Series 2020 Bonds, but subject to the vested rights and priorities of the Prior Bonds.

Pursuant to Section 4.3(b)(iv) of the Indenture, the money and investments in the Principal and Interest Account (as defined in the Indenture) may be returned to the Governmental Agency and applied to the final Loan Payment (as defined in the Indenture) for the Governmental Agency.

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

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

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

Section 8. Disposition of Proceeds of the Loan; Governmental Agency Account.

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

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

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

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "McCreary County Water District Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and such amount on deposit in said Governmental Agency Account shall be paid as follows:

(1) to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds, as may be required:

(A) To pay the interest on the Series 2005 Water Bonds, the Series 2005 Sewer Bonds, the Series 2008 New Liberty Bonds, the Series 2008 Cumberland Falls Bonds to and including September 25, 2020; and

(B) To redeem on September 25, 2020 at a price equal to 100% of principal amount the Series 2005 Water Bonds, the Series 2005 Sewer Bonds, the Series 2008 New Liberty Bonds, the Series 2008 Cumberland Falls Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing said bonds.

(2) to United Cumberland Bank the holder of the United Cumberland Bank Loan, as may be required:

(A) To pay the interest on the United Cumberland Bank Loan to and including September 23, 2020; and

(B) To redeem on September 23, 2020 at a price equal to 100% of principal amount the United Cumberland Bank Loan that as of that date has not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the United Cumberland Bank Loan.

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

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

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

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

Section 9. Arbitrage Limitations.

(a) The Governmental Agency covenants that neither the proceeds of the Loan, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments that will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Loan, if such investment would cause such Loan to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever

extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Loan to be treated as “arbitrage bonds.”

(b) “Non-Exempt Revenues” within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Loan, in excess of “Exempt Revenues,” which Exempt Revenues are:

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

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

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

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

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

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

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

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

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

(6) That it is not reasonably anticipated that amounts accumulated in a depreciation fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such depreciation fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

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

Section 10. Parity Bonds.

The lien and security of and for any bonds or obligations hereafter issued that are payable from the income and revenues of the System, shall, except as set out herein, be subject to the priority of the Prior Bonds and the Loan as may from time to time be outstanding; provided the Governmental Agency has in said Prior Bond Legislation reserved the right and privilege, and does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Prior Bonds and with the Loan, but only under the conditions specified in the Prior Bond Legislation, which conditions are hereinafter repeated, taking into account the issuance of the Loan.

No other bonds or other obligations shall be issued by the Governmental Agency and made payable from the revenues of the System unless the pledge of revenues for the same is expressly made subordinate and inferior to the lien and pledge herein created; provided, however, the Governmental Agency hereby reserves the right and privilege of issuing additional bonds, from time to time, payable from the revenues of the System, ranking on a basis of equality and parity as to security and source of payment with the Loan, and heretofore issued and outstanding parity bonds, for the following purposes and subject to the following conditions and restrictions:

(A) The Governmental Agency shall have the right to add new System facilities and related auxiliary facilities by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from the revenues and any other security pledged to the Loan, provided in each instance that:

(i) facility or facilities to be built from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and the Outstanding Bonds;

(ii) the Governmental Agency is in compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the income and revenues of the System or any part thereof;

(iii) the annual net revenues, defined as gross revenues less Current Expenses of the System for the fiscal year next preceding the issuance of additional parity bonds, are certified by an independent certified public accountant to have been equal to at least one and twenty hundredths (1.20) times the average annual requirements for principal and interest on all bonds then outstanding and payable from the revenues of the System. The term "Current Expenses," as used herein, includes all reasonable and necessary costs of operating, repairing, maintaining and insuring the System, but shall exclude any allowance for depreciation, payments into a depreciation fund for extensions, improvements and extraordinary repairs and maintenance, and payments into a sinking fund and a debt service reserve;

(iv) the estimated average annual net revenues of the facility or facilities to be constructed or acquired with the proceeds of such additional bonds (and any other funds pledged as security), when added to the estimated future average annual net revenues of the then existing System, shall be at least one and twenty hundredths (1.20) times the average annual debt service requirements for principal and interest on all outstanding bonds payable from the revenues of the System and on the additional bonds to be issued. Future net revenue estimates shall be furnished by a recognized independent Consulting Engineer and shall be forecast over a period not exceeding ten (10) years from the date of the additional bonds proposed to be issued. Provided, however, the foregoing conditions and limitations prescribed in subparagraph (iii) and this subparagraph (iv) may be waived or modified by the written consent of the holders of at least seventy-five percent (75%) in principal amount of the Outstanding Bonds and parity bonds.

(B) The Governmental Agency hereby covenants and agrees that in the event additional series of parity bonds are issued, it shall:

(i) adjust the monthly deposits into the Sinking Fund on the same basis as that prescribed in Section 7 hereof to reflect the annual debt service on the additional bonds; and

(ii) adjust and increase appropriately the monthly amount to be deposited into a depreciation fund in accord with controlling resolutions to give recognition to the facilities and equipment to be constructed or acquired with the proceeds of such additional bonds.

(C) The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds or obligations payable from the revenues of the System on a basis of equality and parity with the Loan, and shall not be deemed to include other bonds or obligations, the security and source of payment of which are subordinate and subject to the priority of the Loan and parity bonds herein authorized or permitted to be issued. The Governmental Agency expressly reserves

the right to issue the Loan or other obligations payable from the revenues herein pledged, and not ranking on a basis of equality and parity with the Loan and parity bonds herein otherwise referred to, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for additions or extensions or improvements of the System, and only if the same are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment, and protection of the Loan and parity bonds herein authorized and permitted to be issued. Provided, however, that nothing in this Section is intended or shall be construed as a restriction upon the ordinary refunding of the Loan, and/or of any bonds which may have been issued and are outstanding under any of the provisions of this Assistance Agreement, if such refunding does not operate to increase, in any year until the final maturity of the refunding bonds, the aggregate of the principal and interest requirements of the bonds to remain outstanding and the bonds proposed to be refunded.

Section 11. Rates and Charges for Services of the System.

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

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

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

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

Section 12. All Obligations of this Loan Are Equal.

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

Section 13. Defeasance and/or Refunding of the Loan.

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

Section 14. Contractual Nature of Assistance Agreement.

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

Section 15. Appointment and Duties of Trustee.

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

Its duties as Trustee shall be as follows:

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

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

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

Section 16. Provisions in Conflict Repealed.

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

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

In order to assure purchasers of the Loan that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the

Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Loan to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Loan will be used for any purpose which would cause the interest on the Loan to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Loan.

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

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

Section 18. Insurance.

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

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

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

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

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

Section 19. Event of Default; Remedies.

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

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

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

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

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

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

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

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

Section 20. Annual Reports.

The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the Fiscal Year ended prior to the Fiscal Year in which this Agreement is executed) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

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

Section 21. Supplemental Assistance Agreement.

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

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

Section 22. No Remedy Exclusive.

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

to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 23. Waivers.

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

Section 24. Agreement to Pay Attorneys' Fees and Expenses.

In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

Section 25. Signatures of Officers.

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

Section 26. Severability Clause.

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

[Signature Page Follows]

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By John M. Dyer
President

Attest:

By [Signature]
Secretary/Treasurer

MCCREARY COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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


KENTUCKY RURAL WATER FINANCE
CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

MCCREARY COUNTY WATER
DISTRICT

By  _____
Chairman

Attest:

By  _____
Secretary

EXHIBIT A

Debt Service Schedule

KRWFC Flexible Term Program Series 2020 E
Sinking Fund Payment Schedule

Borrower: McCreary County Water District - refunding
Closing Date: 09/23/20

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
11/20-1/21		4,408.15	4,408.15
2/21-7/21	2,916.67	3,099.48	6,016.15
8/21-1/22	2,916.67	3,099.48	6,016.15
2/22-7/22	2,916.67	2,975.52	5,892.19
8/22-1/23	2,916.67	2,975.52	5,892.19
2/23-7/23	2,916.67	2,851.56	5,768.23
8/23-1/24	2,916.67	2,851.56	5,768.23
2/24-7/24	2,916.67	2,727.61	5,644.27
8/24-1/25	2,916.67	2,727.61	5,644.27
2/25-7/25	3,333.33	2,603.65	5,936.98
8/25-1/26	3,333.33	2,603.65	5,936.98
2/26-7/26	3,333.33	2,461.98	5,795.31
8/26-1/27	3,333.33	2,461.98	5,795.31
2/27-7/27	3,333.33	2,320.31	5,653.65
8/27-1/28	3,333.33	2,320.31	5,653.65
2/28-7/28	3,750.00	2,178.65	5,928.65
8/28-1/29	3,750.00	2,178.65	5,928.65
2/29-7/29	3,750.00	2,019.27	5,769.27
8/29-1/30	3,750.00	2,019.27	5,769.27
2/30-7/30	3,750.00	1,859.90	5,609.90
8/30-2/31	3,750.00	1,859.90	5,609.90
2/31-7/31	4,166.67	1,738.02	5,904.69
8/31-1/32	4,166.67	1,738.02	5,904.69
2/32-7/32	4,166.67	1,602.61	5,769.27
8/32-1/33	4,166.67	1,602.61	5,769.27
2/33-7/33	4,166.67	1,467.19	5,633.86
8/33-1/34	4,166.67	1,467.19	5,633.86
2/34-7/34	4,166.67	1,373.44	5,540.11
8/34-1/35	4,166.67	1,373.44	5,540.11
2/35-7/35	4,583.33	1,279.69	5,863.02
8/35-1/36	4,583.33	1,279.69	5,863.02
2/36-7/36	4,583.33	1,176.56	5,759.90
8/36-1/37	4,583.33	1,176.56	5,759.90
2/37-7/37	4,583.33	1,073.44	5,656.77
8/37-1/37	4,583.33	1,073.44	5,656.77
2/38-7/38	4,583.33	964.58	5,547.92
8/38-1/39	4,583.33	964.58	5,547.92
2/39-7/39	4,583.33	855.73	5,439.06
8/39-1/40	4,583.33	855.73	5,439.06
2/40-7/40	5,000.00	746.88	5,746.88
8/40-1/41	5,000.00	746.88	5,746.88
2/41-7/41	5,000.00	615.63	5,615.63
8/41-1/42	5,000.00	615.63	5,615.63
2/42-7/42	5,000.00	484.38	5,484.38
8/42-1/43	5,000.00	484.38	5,484.38
2/43-7/43	5,416.67	353.13	5,769.79
8/43-1/44	5,416.67	353.13	5,769.79
2/44-7/44	5,416.67	210.94	5,627.61
8/44-1/45	5,416.67	210.94	5,627.61
2/45-7/45	833.33	68.75	902.08
8/45-1/46	833.33	68.75	902.08
2/46-7/46	833.33	45.83	879.17
8/46-1/47	833.33	45.83	879.17
2/47-7/47	833.33	22.92	856.25
8/47-1/48	833.33	22.92	856.25
2/48-7/48	-	-	-
	<u>1,210,000.00</u>	<u>483,355.88</u>	<u>1,688,947.73</u>

EXHIBIT G-3

BOND RESOLUTION

McCREARY COUNTY WATER DISTRICT

AUTHORIZING

McCREARY COUNTY WATER DISTRICT

WATER AND SEWER REVENUE BONDS, SERIES 2020

(STEARNS/SMITHTOWN PHASE 2 WATER IMPROVEMENTS PROJECT)

IN THE PRINCIPAL AMOUNT OF

\$1,324,000

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BOND RESOLUTION

RESOLUTION OF THE McCREARY COUNTY WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF \$1,324,000 PRINCIPAL AMOUNT OF McCREARY COUNTY WATER DISTRICT WATER AND SEWER REVENUE BONDS, SERIES 2020 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATER AND SEWER SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATER AND SEWER SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the water and sewer system (the "System") of the McCreary County Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

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

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

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of \$1,324,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Kentucky Engineering Group, PLLC and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued subject to the priority of the Prior Bonds, and

WHEREAS, the District has filed an Application with the Kentucky Public Service Commission for the issuance of a Certificate of Public Convenience and Necessity, authorizing the issuance of the Current Bonds and the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by Grant Proceeds (as hereinafter defined) in the amount of approximately \$940,400, to provide the total cost of such construction,

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF THE McCREARY COUNTY WATER DISTRICT AS FOLLOWS:

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

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

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

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

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

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

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

"Bonds" collectively refers to the outstanding Current Bonds, Prior Bonds, the 2007 Bonds, and the Parity Bonds.

"Bonds of 2005 - Water" or "Series 2005 Water Bonds" refer to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2005, dated August 31, 2005, in the original authorized principal amount of \$750,000.

"Bonds of 2005 - Sewer" or "Series 2005 Sewer Bonds" refer to the outstanding McCreary County Water District Sewer System Revenue Bonds, Series 2005, dated August 31, 2005, in the original authorized principal amount of \$290,000.

"Bonds of 2008 - New Liberty" or "Series 2008 New Liberty Bonds" refer to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2008 (New Liberty Project), dated October 29, 2008, in the original authorized principal amount of \$325,000.

"Bonds of 2008 - Cumberland Falls" or "Series 2008 Cumberland Falls Bonds" refer to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2008 (Cumberland Falls Project), dated October 29, 2008, in the original authorized principal amount of \$150,000.

"Bonds of 2012" or "Series 2012 Bonds" refer to the outstanding McCreary County Water District Water System Revenue Bonds, Series 2012, dated February 27, 2013, in the original authorized principal amount of \$1,935,000, consisting of \$1,300,000 of Series A Bonds and \$635,000 of Series B Bonds.

"Bonds of 2015" or "Series 2015 Bonds" refer to the outstanding McCreary County Water District Water and Sewer Revenue Bonds, Series 2015, dated February 5, 2016, in the original authorized principal amount of \$1,158,000.

"Bond Resolution of 2005 - Water" or "2005 Water Bond Resolution" refer to the Resolution authorizing the Series 2005 Water Bonds.

"Bond Resolution of 2005 - Sewer" or "2005 Sewer Bond Resolution" refer to the Resolution authorizing the Series 2005 Sewer Bonds.

"Bond Resolution of 2008 - New Liberty" or "2008 New Liberty Bond Resolution" refer to the Resolution authorizing the Bonds of 2008 - New Liberty.

"Bond Resolution of 2008 - Cumberland Falls" or "2008 Cumberland Falls Bond Resolution" refer to the Resolution authorizing the Bonds of 2008 - Cumberland Falls.

"Bond Resolution of 2012" or "2012 Bond Resolution" refer to the Resolution authorizing the Series 2012 Bonds.

"Bond Resolution of 2015" or "2015 Bond Resolution" refer to the Resolution authorizing the Series 2015 Bonds.

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

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

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

"Construction Account" refers to the McCreary County Water District Water and Sewer Construction Account, created in Section 301(B) of this Current Bond Resolution.

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

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

"Current Bonds" refers to the \$1,324,000 of McCreary County Water District Water and Sewer Revenue Bonds, Series 2020 (Stearns/Smithtown Phase 2 Water Improvements Project) authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the McCreary County Water District Water and Sewer Sinking Fund of 2020, described in Section 402 of this Resolution.

"Debt Reserve Fund" refers to the McCreary County Water District Water and Sewer Debt Reserve Fund, described in Section 402 of this Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is United Cumberland Bank, Whitley City, Kentucky, or its successor.

"District" refers to the McCreary County Water District.

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

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

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

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

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

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

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

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

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

"KIA Loan" refers to the loan to the District from the Kentucky Infrastructure Authority, dated January 1, 2004, in the original principal amount of \$1,725,714.

"KRWFC 2012 Loan" refers to the loan to the District from the Kentucky Rural Water Finance Corporation, dated May 30, 2012, in the original principal amount of \$4,800,000.

"KRWFC 2013 Loan" refers to the loan to the District from the Kentucky Rural Water Finance Corporation, dated March 24, 2004, in the original principal amount of \$2,050,000, which loan was reamortized on February 27, 2013 to a revised principal amount of \$1,415,000.

"Local Counsel" refers to Tim Lavender, Esq., Whitley City, Kentucky, or any other attorney or firm of attorneys designated by the District.

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

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

"Operation and Maintenance Fund" refers to the McCreary County Water District Water and Sewer Operation and Maintenance Fund described in Section 401 of this Resolution.

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

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

"Prior Bonds" refers collectively to the Series 2005 Water Bonds, the Series 2005 Sewer Bonds, the Series 2008 New Liberty Bonds, the Series 2008 Cumberland Falls Bonds, the Series 2012 Bonds, the KIA Loan, the KRWFC 2012 Loan, the KRWFC 2013 Loan and the Series 2015 Bonds.

"Prior Bond Resolution" refers collectively to the 2005 Water Bond Resolution, the 2005 Sewer Bond Resolution, the 2008 New Liberty Bond Resolution, the 2008 Cumberland Falls Bond Resolution, the 2012 Bond Resolution, the 2015 Bond Resolution and the resolutions authorizing the KIA Loan, the KRWFC 2012 Loan and the KRWFC 2013 Loan.

"Prior Sinking Fund" refers to the McCreary County Water District Water and Sewer Revenue Bond and Interest Sinking Fund, described in Section 401 of this Resolution.

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

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

"RD" refers to the United States Department of Agriculture, acting through Rural Development.

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

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

"Revenue Fund" refers to the McCreary County Water District Water and Sewer Revenue Fund, described in Section 401 of this Resolution.

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

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

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

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

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

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public

project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

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

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed \$2,264,400. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of \$1,324,000 of Current Bonds, based on the following calculation:

Total cost of Project		\$2,264,400
Less:		
ARC Grant	\$500,000	
RD Grant	<u>440,400</u>	
Total Non-Bond Funds:		<u>(940,400)</u>
Balance to be financed by Current Bonds		\$1,324,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold \$1,324,000 principal amount of McCreary County Water District Water and Sewer Revenue Bonds, Series 2020.

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

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

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

Section 107. Current Bonds Shall be Payable on Out of Gross Revenues. The Current Bonds and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be payable out of the gross revenues of the System, subject to the priority of the Prior Bonds.

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

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

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

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

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

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

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to April 1, 2029, shall not be subject to prepayment. Principal maturities falling due on and after April 1, 2029, shall be subject to prepayment by the District on any date falling on and after April 1, 2028, at par plus accrued interest, without any prepayment penalty.

So long as the registered owner of the Current Bonds is the United States of America, or any agency thereof, the entire principal amount of the Current Bonds, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due. Prepayments or extra payments on the Current Bonds shall, after payment of interest, be applied to the installments last to become due hereunder and shall not affect the obligation of the District to pay the remaining installments in accordance with the Current Bonds.

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

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

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than \$245,500 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed \$245,500, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

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

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

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

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

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

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

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

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

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

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at \$45,000) during the construction of the Project, as approved by the Engineers and by the RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

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

the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

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

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

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

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of \$1,324,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to

the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

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

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

The aggregate of the principal amount of all Notes shall not exceed \$1,324,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of \$1,324,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

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

financing, subject to the vested rights and priorities of the pledges securing the Outstanding Bonds.

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

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

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

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

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

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

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

or constitute "arbitrage bonds" and that the interest on the Bonds shall be excludable from gross income for federal income tax purposes.

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

ARTICLE 4. FLOW OF FUNDS.

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

- (a) McCreary County Water District Water System Revenue Fund
- (b) McCreary County Water District Water System Revenue Bond and Interest Sinking Fund
- (c) McCreary County Water District Water System Sinking Fund of 2008
- (d) McCreary County Water District Water System Debt Reserve Fund
- (e) McCreary County Water District Water System Operation and Maintenance Fund

There is hereby created the McCreary County Water District Water and Sewer Sinking Fund of 2020.

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding. The District shall have the right to designate a different Depository Bank at any time.

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

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

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

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

- (2) A sum equal to one-twelfth (1/12) of the principal of all of the Prior Bonds maturing on the next succeeding principal payment date.

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

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at \$45,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

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

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

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

D. Debt Reserve Fund. It is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least \$435 each month which shall be deposited into the Debt Reserve Fund until there is accumulated in such Debt Reserve Fund the sum of at least \$52,200, which amount shall be maintained, and when necessary, restored to said sum of \$52,200, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution.

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

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

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

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

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

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

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

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

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

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

Section 403. Current Bonds Subject to the Prior Bonds. The Current Bonds shall be secured by and payable on a parity from the income and revenues of the System, subject to the vested rights and priorities of the Prior Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 506. Civil Rights and Equal Opportunity. The District covenants and agrees to comply with all applicable Federal laws and statutes, including but not limited to:

(a) *Section 504 of the Rehabilitation Act of 1973.* The District acknowledges that under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RHS financial assistance.

(b) *Civil Rights Act of 1964.* The District acknowledges that it is subject to, and its Facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C.

2000d *et seq.*) and Subpart E of Part 1901 of said Title VI, particularly as it relates to conducting and reporting of compliance reviews.

(c) *Americans with Disabilities Act (ADA) of 1990.* The District acknowledges that the Americans with Disabilities Act of 1990 (42 U.S.C. 12101 *et seq.*) [the "ADA Act"] prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the ADA Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the ADA Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

(d) *Age Discrimination Act of 1975.* The District acknowledges that the Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

(e) *Limited English Proficiency (LEP) under Executive Order 13166.* The District acknowledges that LEP statutes and authorities prohibit exclusion from participation in, denial of benefits of, and discrimination under Federally-assisted and/or conducted programs on the grounds of race, color, or national origin. Title VI of the Civil Rights Act of 1964 covers program access for LEP persons. LEP persons are individuals who do not speak English as their primary language and who have a limited ability to read, speak, write or understand English. These individuals may be entitled to language assistance, free of charge. The District agrees to take reasonable steps to ensure that LEP persons receive the language assistance necessary to have meaningful access to RHS programs, services and information the District provides. These protections are pursuant to Executive Order 13166 entitled "Improving Access to Services by Persons with Limited English Proficiency" and further affirmed in the USDA Departmental Regulation 4330-005 "Prohibition Against National Origin Discrimination Affecting Persons with Limited English Proficiency in Programs and Activities Conducted by USDA.

Section 507. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;
- (b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

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

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

ARTICLE 7. DEFAULT AND CONSEQUENCES

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

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

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

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

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

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

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

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

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

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

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

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of \$440,400 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Approval and Acceptance of ARC Grant Agreement. The Appalachian Regional Commission (the "ARC") has agreed to make a grant to the District in the amount of \$500,000 (the "ARC Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the ARC has requested the District to approve, accept and execute a certain ARC Grant Agreement (the "ARC Grant Agreement"), setting out the terms and conditions upon which said ARC Grant will be made. Said ARC Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said ARC Grant Agreement on behalf of the District. The Chairman and the Secretary are also authorized on behalf of the District to accept any and all other ARC Grants offered to the District in connection with the Project and to execute any and all ARC Grant Agreements and any other documents as may be requested by the ARC in connection with ARC Grants which have been and/or which may hereafter be approved for such Project.

Section 806. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

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

Section 807. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any water or sewer facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such water lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such water or sewer facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

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

Section 808. Authorization to File Required Financing Statements. In the event that it is determined by Bond Counsel or Local Counsel that the District is required to file any financing statements under the Kentucky Uniform Commercial Code in order to perfect the pledge of the gross revenues of the District's System as security for the Current Bonds, Bond Counsel and/or Local Counsel are hereby authorized to prepare and file with the appropriate officials such financing statements as they deem necessary.

ARTICLE 9. SALE OF CURRENT BONDS

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

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

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

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

ARTICLE 10. CONCLUDING PROVISIONS

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

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

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

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

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

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

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

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

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

Adopted this July 30, 20~~20~~¹⁹.

McCREARY COUNTY WATER DISTRICT


Chairman

(Seal of District)

Attest:


Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the McCreary County Water District and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on July 30, 2020, as shown by the official records of said District in my custody and under my control. 19

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

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this July 30, 2020. 19


Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments on Bonds

Payment Due <u>April 1</u>	Principal <u>Payment</u>	Payment Due <u>April 1</u>	Principal <u>Payment</u>
2021	\$20,000	2041	\$32,500
2022	20,500	2042	33,000
2023	21,000	2043	34,000
2024	21,500	2044	34,500
2025	22,000	2045	35,500
2026	22,500	2046	36,500
2027	23,000	2047	37,000
2028	24,000	2048	38,000
2029	24,500	2049	39,000
2030	25,000	2050	40,000
2031	25,500	2051	41,000
2032	26,000	2052	42,000
2033	26,500	2053	43,000
2034	27,500	2054	44,000
2035	28,000	2055	45,000
2036	28,500	2056	46,000
2037	29,500	2057	47,000
2038	30,000	2058	48,000
2039	31,000	2059	49,500
2040	31,500	2060	50,500

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
McCREARY COUNTY WATER DISTRICT
WATER AND SEWER REVENUE BONDS, SERIES 2020
(STEARNS/SMITHTOWN PHASE 2 WATER IMPROVEMENTS PROJECT)

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

KNOW ALL PERSONS BY THESE PRESENTS:

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

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

_____ DOLLARS (\$ _____),

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

<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
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[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

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

This Bond is issued by the District in the principal amount of \$1,324,000 under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing water and sewer system of the District (said existing water and sewer system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the outstanding (i) McCreary County Water District Water System Revenue Bonds, Series 2005, dated August 31, 2005 (the "2005 Water Bonds"); (ii) McCreary County Water District Sewer System Revenue Bonds, Series 2005, dated August 31, 2005 (the "2005 Sewer Bonds"); (iii) McCreary County Water District Water System Revenue Bonds, Series 2008 (New Liberty Project), dated October 29, 2008 (the "2008 New Liberty Bonds"); (iv) McCreary County Water District Water System Revenue Bonds, Series 2008 (Cumberland Falls Project), dated October 29, 2008 (the "2008 Cumberland Falls Bonds"); (v) Kentucky Infrastructure Authority Loan (the "KIA Loan"), dated January 1, 2004 (the "KIA Loan"); (vi) Kentucky Rural Water Finance Corporation Flexible Term Loan, dated May 30, 2012 (the "2012 KRWFC Loan"); (vii) Kentucky Rural Water Finance Corporation Flexible Term Loan, dated March 24, 2004, said loan being reamortized on February 27, 2013 (the "2013 KRWFC Loan"); (viii) McCreary County Water District Water System Revenue Bonds, Series 2012, dated February 27, 2013 (the "2012 Bonds"); and (ix) McCreary County Water District Water and Sewer Revenue Bonds, Series 2015, dated February 5, 2016 (the "2015 Bonds") [hereinafter the 2005 Water Bonds, the 2005 Sewer Bonds, the 2008 New Liberty Bonds, the 2008 Cumberland Falls Bonds, the KIA Loan, the 2012 KRWFC Loan, the 2012 Bonds, the 2013 KRWFC Loan and the 2015 Bonds shall be collectively referred to as the "Prior Bonds".

This Bond has been issued in full compliance with the Current Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "McCreary County Water District Water and Sewer Sinking Fund of 2020", described in the Current Bond Resolution.

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

Current Bonds, and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after April 1, 2028, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars (\$100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of \$100, may be prepaid at any time in inverse chronological order of the installments due. Prepayments or extra payments on this Bond shall, after payment of interest, be applied to the installments last to become due hereunder and shall not affect the obligation of the District to pay the remaining installments in accordance with this Bond.

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

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

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

McCREARY COUNTY WATER DISTRICT

By _____
Chairman

Attest:

Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

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

By: _____

EXHIBIT C

REQUISITION CERTIFICATE

Re: McCreary County Water District Water and Sewer Revenue Bonds, Series 2020, in the amount of \$1,324,000

The undersigned hereby certify as follows:

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

IN TESTIMONY WHEREOF, witness the signature of the undersigned, this ____ day of _____, 20____.

McCreary County Water District

Kentucky Engineering Group, PLLC

By _____
Chairman

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Approved on _____

USDA, Rural Development

Amount expended heretofore \$ _____

By _____
Authorized RD Official

Amount approved herein _____

Total _____

Approved on _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person

Amount

EXHIBIT G-4

TRANSCRIPT OF PROCEEDINGS

ASSISTANCE AGREEMENT
BETWEEN THE
KENTUCKY INFRASTRUCTURE AUTHORITY
AND
MCCREARY COUNTY WATER DISTRICT

DATED MARCH 30, 2021
PROJECT NUMBER A20-047

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

INDEX TO TRANSCRIPT OF PROCEEDINGS

In re: Assistance Agreement between Kentucky Infrastructure Authority (the “Authority”) and McCreary County Water District (the “Governmental Agency”), regarding Project Number A20-047.

1. Minutes of Kentucky Infrastructure Authority authorizing the Assistance Agreement.
2. Minutes of Capital Projects and Bond Oversight Committee.
3. Certification by the Division of Water.
4. PSC Certificate of Public Convenience and Necessity, entered March 11, 2021.
5. PSC Order of Correction, entered March 24, 2021.
6. Commitment Letter of Kentucky Infrastructure Authority.
7. Resolution of the Governmental Agency authorizing the Assistance Agreement.
8. Minutes of the Meeting of the Governing Body of the Governmental Agency adopting Resolution authorizing Assistance Agreement.
9. Assistance Agreement.
10. General Closing Certificate of the Governmental Agency.
11. Opinion of Counsel to the Governmental Agency.
12. Distribution List.

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: **June 4 2020 – 1:00 p.m.**
 Kentucky Infrastructure Authority
 Via Video Conference

Members present:

Mr. Dennis Keene, Commissioner, Department for Local Government
Mr. Winston Miller, proxy for. Holly M. Johnson, Secretary, Finance and Administration Cabinet
Mr. Paul Miller, proxy for Rebecca Goodman, Secretary, Energy and Environment Cabinet
Mr. Claude Christensen, representing Kentucky League of Cities
Mr. Ron Lovan, Representing the Kentucky Section of the American Water Works Association
Mr. Kent Chandler, Executive Director, Public Service Commission
Mr. Bobby Aldridge, proxy for Interim Secretary Larry Hayes, Cabinet for Economic Development
Mr. Russell Rose, representing Kentucky Rural Water Association
Mr. David A. Voegele, representing Kentucky Association of Counties
Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association
Mr. Kurt Stafford, representing the For-Profit Water Companies

DLG Staff:

Mr. Eddie Jacobs, Chief of Staff
Mr. Matthew Stephens, General Counsel
Ms. Kim Wooldridge, Executive Assistant

KIA Staff:

Ms. Edith Halbleib, Executive Director
Ms. Linda Bridwell, Deputy Executive Director
Mr. Jeff Abshire, Fiscal Officer and KIA Treasurer
Ms. Julie Bickers, Regional Compliance Coordinator
Mr. Bryan Bunch, Systems Engineer IT
Mr. Kelly Cunnagin, Executive Staff Assistant
Mr. Dustin Horn, WRIS Geoprocessing Specialist
Ms. Debbie Landrum, Regional Compliance Coordinator
Ms. Meg Link, Administrative Specialist III and KIA Secretary
Mr. James Nelson, Accountant/Grants
Mr. Don Schierer, WRIS Resource Management Analyst
Ms. Sarah Parsley, Regional Compliance Coordinator
Mr. Tom Schubert, GIS Specialist
Ms. Meili Sun, Financial Analyst

Guests:

Mr. Jory Becker, Division of Water
Mr. Kenny Cornett, Morehead Utility Plant Board
Ms. Bethany Couch, Office of Financial Management
Mr. Kyle Cunningham, Pennyryle Area Development District
Mr. Matt Curtis, Bluegrass Engineering
Mr. Gary Damron, City of Salem
Ms. Jocelyn Gross, Gateway Area Development District
Mr. Jeremy Lewis, Morehead Utility Plant Board

Mr. Jim McCarty, Cave Run Water Commission
Ms. Holly McGrath-Rosas, Morehead Utility Plant Board
Mr. Alan Robinson, Eclipse Engineers, PLLC
Mr. Larry Tackett, Morehead Utility Plant Board
Mr. Stephen Whitaker, McCreary County Water District
Ms. Sandy Williams, Office of Financial Management
Mr. Larry Workman, Cave Run Water Commission

PROCEEDINGS

Commissioner Dennis Keene, called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. He noted that the press notification distribution had been done appropriately and confirmed a quorum was present. Meg Link, KIA Secretary was asked to call the Roll. Commissioner Keene asked for those wishing to be recorded as an attendee in the Minutes to please send a chat message with their information.

I. BUSINESS (Board Action Required)

1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of May 7, 2020

Mr. Kent Chandler noted he abstained from voting on the Northern Kentucky Water District, (F20-044), project and asked for it to be included as a revision. Mr. Kent Chandler moved to approve the minutes of the May 7, 2020, regular board meeting, with the noted revision. Mr. Kurt Stafford seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-020) FOR AN AMOUNT UP TO \$1,363,200 TO THE CITY OF MOREHEAD, ROWAN COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Linda Bridwell, and Ms. Holly McGrath-Rosas, representing the City of Morehead, discussed the City's request for a Fund A Loan, (A20-020) for an amount up to \$1,353,200 for the Derrickson Lift Station Upgrade project. They are co-funding the loan with the Kentucky Transportation Cabinet. The project will improve and promote public health and environmental safety by eliminating SSO events. This project will involve replacing the existing Derrickson Lift Station and corresponding force main to address sanitary sewer overflow (SSO) events by constructing a new lift station on the adjacent site. The new lift station (approximately 700 GPM) will be designed with higher flow pumps and a larger wet well, designed to current regulations. Due to the expansion and growth in customer base in the northern part of Rowan County, approximately 14,000 LF of 10-inch force main would be installed to replace the existing 6-inch force main to increase capacity within this section of the collection system. A segment of the force main, approximately 9,800 linear feet, will be realigned from the existing location beginning at the intersection of KY-32 and Litton Road. The realignment is needed for better operations and efficiency.

The Morehead Utility Plant Board currently serves 5,581 sewer customers, 3,453 water customers, and also provides natural gas to customers in Rowan County.

Mr. Kent Chandler asked Ms. Bridwell about the financials. He asked if KIA staff takes into consideration the non-cash expenses to ensure the appropriate depreciation is included in the financial statement and the cash snapshot. Ms. Bridwell said staff does review it and it is included in consideration. Staff simplifies the form for presentation purposes. Morehead has a strong financial position.

Mr. Claude Christensen moved to approve the Fund A Loan increase, (A20-020), for an amount up to \$1,363,200 with the standard conditions. Mr. Winston Miller seconded and the motion was unanimously approved.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A20-047) FOR AN AMOUNT UP TO \$3,244,500 TO THE MCCREARY COUNTY WATER DISTRICT, MCCREARY COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Meili Sun, KIA, discussed the District's request for a Fund A Loan for an amount up to \$3,244,500 for the Sanitary Sewer Collection System Expansion – Phase 1 project. This project will expand the sanitary sewer collection system to serve 305 new customers in the Stearns and Smithtown areas. Many of these underserved customers either have failing septic systems or discharge directly into the environment.

The collection system expansion will consist of approximately 66,500 linear feet of PVC sewer line extension of various sizes, 15 manholes, 275 grinder pump stations, and other appurtenances such as air release valves and flushing connections. The purpose of this project is to expand the sanitary sewer collection system to spread the cost of services across more customers while protecting the environment from failing septic tanks and straight pipes.

The District currently serves approximately 1,100 retail customers in McCreary County and provide wholesale water to the Whitley County Water District and the City of Oneida in Tennessee. Both McCreary and Whitley County Water Districts are under the Public Service Commission jurisdiction ("PSC") and subject to PSC rate regulations. The District had not sold any water to Oneida in the past 3 years due to the need basis agreement but may resume sales in 2020 and 2021 to supply water for Oneida's source water project.

Mr. Kent Chandler asked if someone from the McCreary County Water District could answer a couple of questions. Mr. Alan Robinson, Eclipse Engineering and Mr. Stephen Whitaker with the District, said they would be happy to answer any questions. Mr. Chandler asked if the 2019 financials been completed. Mr. Whitaker noted they have not been finalized and they have been in contact with the auditors, who expect it to be completed soon. Mr. Chandler asked about the \$3.6 million and anticipated 300 additional customers expected with this project, was there for possibly additional customers. Mr. Robinson noted the lines are sized for future customers and potentially could extend the service to 350 or 400 customers should there be remaining funds. This also allows for meeting the Division of Water's hydraulic requirements to not oversize the lines.

Mr. Kent Chandler abstained from voting. Mr. Ron Lovan moved to approve the Fund A Loan (A20-047) for an amount up to \$3,244,500 with the standard conditions and the

following special conditions as required by the PSC: 1) The District shall apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for KIA loan A20-047. This debt authorization application should include a forecast meeting debt service projected through 2025; and 2) Prior to the assistance agreement being executed, the District must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement.. Mr. Russ Rose seconded and the motion was unanimously approved.

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND F LOAN (F17-007) INCREASE FOR AN AMOUNT UP TO \$1,005,344 TO THE CITY OF OLIVE HILL, CARTER COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Linda Bridwell, KIA, discussed the City of Olive Hill's request for a Fund F Loan increase, (F17-007) that was originally approved in October 2016 for \$883,00, the requested increase amount is \$122,344 for a total loan up to \$1,005,344 for the Olive Hill Downtown Area Waterline Replacement Project. The increase will fund various unanticipated connection issues that were identified during construction. The project replaced approximately 5,900 linear feet of failing cast iron water lines in the downtown area of Olive Hill with new PVC lines. The area covered in this project was determined by water loss studies to have an estimated 50% loss and is also the oldest part of the system. In addition to the line replacement, the project replaced several hydrants as well as facilitated the inspection, rehabilitation, and recommission of the Tick Ridge standpipe water tank. The recommission of the tank will add 250,000 gallons to the current storage capacity of the City's water system and stabilized the available volume and pressure for the downtown area.

The City provides approximately 2,200 water customers and 900 sewer customers. Additionally, they provide electricity, natural gas and sanitation services.

Mr. Kurt Stafford asked Ms. Bridwell about the debt coverage ratio and asked how often staff reviews that information and how does staff stay up-to-date. Ms. Bridwell stated that one of the conditions of their loan agreement is yearly audits must be submitted within 180 days. Staff reviews these audits to ensure they are meeting their debt coverage ratio. If not, we contact the borrower. Mr. Kent Chandler asked if not submitting their audits within the 180 timeframe a violation of their loan agreement. Ms. Bridwell noted that it was a violation and that KIA staff is working with Rubin & Hays, KIA's legal counsel to determine a course of action. Currently, staff continues to reach out to borrowers about any non-compliance issues. Borrowers are told no additional funding will be available through KIA unless their current loans are in good standing with us.

Mr. Claude Christensen moved to approve the Fund F Loan increase (F17-007) of \$122,344 for a total loan amount up to \$1,005,344 to the City of Olive Hill with the standard conditions. Judge David Voegele seconded and the motion was unanimously approved.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F20-017) FOR AN AMOUNT UP TO \$585,000 TO THE CITY OF SALEM, LIVINGSTON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Meili Sun, KIA discussed the City's request for a Fund F Loan for an amount up to \$585,000 for the for the first phase of the Water Main Replacement Project. This phase will concentrate on the western supply route connecting Salem Municipal Water System to the Crittenden-Livingston County Water District. The City has been experiencing water line failures in the area due to corrosion of aging cast iron pipes, which cause service outages and water losses in the area. The scope of work involves replacement of 5,500 linear feet of existing lines with 6" PVC lines and addition of 8 valves and 3 hydrants to the distribution system.

The City purchases 100% of its water supply from the Crittenden-Livingston County Water District to serve approximately 450 retail customers in the City. The City's water purchase rates are regulated by the Public Service Commission.

Mr. Kent Chandler abstained from voting. Mr. Russ Rose moved to approve the Fund F Loan (F20-017) in an amount up to \$585,000 to the City of Salem with the standard conditions. Mr. Ron Lovan seconded and the motion was unanimously approved.

5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F20-021) FOR AN AMOUNT UP TO \$1,171,350 TO THE CAVE RUN WATER COMMISSION, MENIFEE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Linda Bridwell, KIA discussed the Commission's request for a Fund F Loan (F20-021) for an amount up to \$1,171,350 for the Elevated Water Storage Tank Construction project. This project will construct a new water tank in order to provide purchase source water protection and water supply redundancy that is currently lacking in the system. A new 300,000 gallon elevated storage tank will be constructed on the Menifee and Morgan County Line to service the City of Frenchburg, City of Jeffersonville, and the Morgan County Water district. SCADA will be installed at the tank to enable remote reading and level control from the Water Treatment Plant along with a security fence and approximately 800 LF of 12" PVC waterline to connect the new tank to the existing transmission line.

With Cave Run Water Commission's current system configuration and operations, Morgan County Water District's Ezel Water Tank (150,000 gallons) empties in 10-12 hours when Cave Run stops producing water at the water treatment plant. The Ezel Water Tank has been emptied two times in the past year because it cannot be filled when the plant isn't producing water by constructing a new water tank, Cave Run Water Commission will be able to provide additional storage for the service area and allow the Ezel Water Tank to be filled when the water treatment plant is shutdown between production. Cave Run Water Commission provides approximately 40-50% of Morgan County Water District's water; 95-99% of the City of Frenchburg's water; and 95-99% of the City of Jeffersonville's water. In total,

Cave Run Water Commission indirectly services a population of 18,900 from the Cave Run Tank and sells an average of 1 million gallons of water to wholesale customers each day.

Mr. Claude Christensen moved to approve the Fund F Loan (F20-021) for an amount up to \$1,171,350 to the Cave Run Water Commission with the standard conditions. Judge David Voegele seconded and the motion was unanimously approved.

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

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

<u>BORROWER</u>	<u>FUND</u>	<u>AMOUNT UP TO</u>
City of Morehead	A20-020	\$1,363,200
McCreary County Water District	A20-047	\$3,244,500
City of Olive Hill (Increase)	F17-007	\$ 122,344
City of Salem	F20-017	\$ 585,000
Cave Run Water Commission	F20-021	\$1,171,350

Mr. Russ Rose moved to approve the reimbursement resolution. Mr. Kent Chandler seconded and the motion carried unanimously.

7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2020 CAPITALIZATION GRANT FOR THE DRINKING WATER REVOLVING FUND

Mr. Bob Amato moved to approve the filing of the 2020 Capitalization Grant for the Drinking Water Revolving Fund. Judge David Voegele seconded and the motion carried unanimously.

8. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2020 CAPITALIZATION GRANT FOR THE WASTEWATER REVOLVING FUND

Mr. Russ Rose moved to approve the filing of the 2020 Capitalization Grant for the Wastewater Revolving Fund. Mr. Bob Amato seconded and the motion carried unanimously.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Edith Halbleib discussed the Intended Use Plans – The IUP for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are in the final edit stages. A public meeting is provisionally scheduled for 2:30 p.m., on June 18, 2020 to be conducted as an interactive virtual Zoom meeting, with a link posted on the website. The project lists and proposed principal forgiveness for FY 2021 are ready and the invitations are loaded into the system, to be emailed at the publishing of the IUPs.

The KIA recommendation in the IUPs reflects the project priorities established last summer. The plan lowers the interest rates on the lowest tier, those borrowers whose MHI is below 80% of the state average. The middle tier and the standard tier remain the same. The recommendation reflects a balance between reasonable rates and adverse long term impacts lower rates to the Fund.

The decision to adjust rates is a function of current market rates, balanced against the long term effects to the program, in reducing rates. Per the recommendation of the Treasurer, program demand, the differences in borrowing capacity for smaller and/or lower income communities were considerations behind the recommendation. The KIA addressed the smaller and lower income communities by reducing the lower tier by 0.25 points, as well as general market conditions for construction demand.

KIA has eight projects to take to the CPBOC this month. With the approval of the ones today, KIA will also have 5 more to present to the CPBOC. CPBOC has moved its meeting back this month, which allows the KIA to present to CPBOC in the same month as the Board approves the projects. After projects are approved at CPBOC, they still require an assistance agreement.

It was also noted, that Jeff Abshire, KIA Treasurer, has given his notice and will be leaving this month. He has been with the agency for 9 years. There are two other positions available for financial analysts. If anyone is aware of someone that might be interested the positions are posted on the Personnel website or let her know.

Mr. Russ Rose noted the presentations and asked if there was any way to note the non-compliant borrowers and what issues need to be addressed. Mr. Kent Chandler concurred and noted it would be helpful information to be included in the future. Ms. Halbleib said that should not be a problem and staff will do so moving forward.

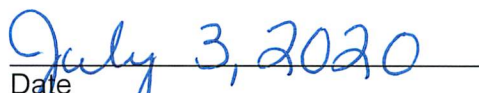
ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Thursday, July 9, 2020, 1:00 p.m.

There being no further business, Judge David Voegle moved to adjourn. Mr. Kent Chandler seconded and the motion carried unanimously. The June 4, 2020 meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:


Margaret F. Link, Secretary
Kentucky Infrastructure Authority


Date

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

June 25, 2020

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Thursday, June 25, 2020, at 12:00 PM, via videoconference. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Janice Tomes, Deputy State Budget Director; Brigadier General (Retired) Benjamin Adams, Executive Director, Office of Management and Administration, Department of Military Affairs; Edith Halbleib, Executive Director, Kentucky Infrastructure Authority; Linda Bridwell, Deputy Executive Director, Kentucky Infrastructure Authority; Katie Smith, Commissioner, Department for Financial Services, Cabinet for Economic Development; and Sandy Williams, Deputy Executive Director, Office of Financial Management.

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

Approval of Minutes

Representative Rudy moved to approve the May 19, 2020 meeting minutes. Representative Pratt seconded the motion, and the committee approved without objection.

Information Items

Pursuant to KRS 45.760(5), the University of Louisville reported a \$598,400 mass spectrometer purchase from federal National Institute of Health Shared Instrument Grant funds.

Pursuant to KRS 45.812(1), the Covington Independent and Walton-Verona school districts, which did not need an additional tax levy to pay debt service, reported an estimated \$3.75 million, for three elementary school roof replacements, and \$380,000, for high school athletic improvements, respective upcoming debt issuances.

Pursuant to KRS 45A.860(3), the Auditor of Public Accounts provided reports certifying procedural statutory compliance for five selection committees.

Report from the University of Kentucky

Ms. Baker reported three funding source revisions without aggregate appropriation increases. The first two were for projects from the Improve Center for Applied Energy Research restricted funds project authorization. UK opted to utilize a U.S. Department of Defense (DoD) federal grant rather than restricted funds for its \$1.5 million, 2,000 square foot Mineral Process Building Expansion; climate controlled space for raw materials to develop high performing concrete [replacing heavy precast rebar-laden components] for DOD and U.S. Army Corps of Engineers military applications. UK will use a U.S. Department of Energy federal grant rather than restricted funds for its \$2.5 million, 5,000 square foot Carbon Fiber Development Facility; a pilot-scale process plant producing high-value carbon products from coal at the largest scale in the United States, in partnership with the Oak Ridge National Laboratory. The high-value carbon products will replace traditional metals used in aerospace and automotive applications. Representative Thomas praised UK for initiating development of the largest scale high-value carbon fiber facility in the United States.

The third funding source revision was from the Acquire Land restricted funds project authorization. UK will use a [USDA National Institute of Food and Agriculture] federal capacity grant available to land-grant institutions rather than restricted funds for its \$2 million purchase of 287.54 acres in Caldwell County adjacent to its Research and Education Center. UK has leased the land, which has the two soil types and is within eighty miles of eighty percent of the acreage for Kentucky grains, since 2016 for agricultural research. Representative Thomas encouraged members to visit the Research and Education Center.

Ms. Baker submitted one lease renewal and one new lease. Representative Pratt moved to roll the leases into one roll call vote, seconded by Representative Sorolis, and approved without objection. The UK HealthCare Information Technology lease renewal, authorized in House Bill 352, was for 25,903 square feet of space at 245 Fountain Court, costing \$595,769 annually. The new lease, 4,907 square feet of space in Edgewood close to the St. Elizabeth Medical Center costing \$112,135 annually, will provide additional space for the UK/Northern Kentucky University/St. Elizabeth Healthcare medical education program.

Representative Rudy moved to approve the leases, seconded by Representative Pratt, and unanimously approved by roll call vote.

Report from the Finance and Administration Cabinet

Ms. Tomes submitted six new Department of Military Affairs projects at four facilities. Representative Rudy moved to roll the projects into one roll call vote, seconded by Representative Pratt, and approved without objection.

The first was the \$1.946 million Barbourville Readiness Center Latrine Upgrade project; using \$1,459,500 in federal funds, \$449,000 in state investment income, and \$37,500 in bond funds. Interior upgrades include new female latrine/shower and lactation room, existing male latrine/shower, boiler system replacement to more energy efficient HVAC system, windows to antiterrorism/force protection standards, and new organizational clothing individual equipment storage.

The second was the \$1.965 million Richmond Readiness Center Interior Modernization project; using \$1,473,750 in federal funds, \$460,000 in state investment income, and \$31,250 in bond funds. Interior upgrades include existing female and male latrines/showers, new lactation room, windows to antiterrorism/force protection standards, kitchen facilities, drill hall, new organizational clothing individual equipment storage, and new HVAC direct digital controls for energy efficiency.

The third was the \$1,745,495 Boone National Guard Center Auditorium project; using \$1,309,121 in federal funds, \$423,100 in state agency restricted funds, and \$13,274 in state investment income. The 5,500 – 6,000 square foot multi-use auditorium seating style facility, designed for multi-tiered seating with work tables that include data and electric, will accommodate staff briefings, soldier/employee training classes, general presentations/ceremonies, and stage performances by the Kentucky National Guard.

The next three projects were for the Wendell H. Ford Regional Training Center (WHFRTC). The first was the \$1,785,550 WHFRTC 1103rd Law and Order Military Police Readiness Center/Provost/Welcoming Center project; using 75 percent federal funds and 25 percent state agency restricted funds. This facility will have administrative office space, female and male latrines, lactation area, weapons vault, organizational clothing individual equipment storage, and visitor control center space for all military and civilian visitors to check-in and receive room assignments or be directed to training areas. WHFRTC has over 100,000 military and civilian annual visitors and serves as a training site for the Kentucky National Guard, state and local police and fire departments, as well as other states' National Guard and Emergency Services personnel. This facility is critical for the control and vetting of all WHFRTC visitors.

The second was the 6,000 square foot, solely federally funded \$1.650 million WHFRTC Fire Station Addition; multiuse storage, billeting, and office space, necessary due to fleet modernization and increase in WHFRTC firefighters and apparatus.

The last was the solely federally funded \$1.375 million WHFRTC Multipurpose Athletic Field project; providing access and a location for formal ceremonies, athletic

events, and collective physical fitness activities, including Army Physical Fitness Test/Army Combat Fitness Test training.

Brigadier General (Retired) Benjamin Adams reintroduced himself, stating it was good to be working with this committee as well as the Veterans, Military Affairs, and Public Protection committee. Representative Thomas said he appreciated his service.

Representative Pratt moved to approve the new projects, seconded by Representative Sorolis, and approved by unanimous roll call vote.

Report from the Office of Financial Management Kentucky Infrastructure Authority

Ms. Bridwell submitted seven Clean Water State Revolving Fund (Fund A) Program loans. Representative Rudy moved to roll the loans into one roll call vote, seconded by Senator Mills, and approved without objection.

The Adair County Water District requested a \$2,104,870 Fund A loan for its Downtown Sewer System Improvements – Phase 1 project; 12,865 linear feet of 8-inch gravity sewer and service laterals. For 4,000 gallons, effective since February 2015, the monthly sewer rate is \$25.80 and the district has a proposed 39 percent sewer rate increase pending Public Service Commission approval. The term is 30 years at a 0.50 interest rate.

The City of Morehead, Rowan County, requested a \$1,363,200 Fund A loan for its \$1,963,200 Derrickson Lift Station Upgrade project; replacement of the lift station and adjacent force sewer main. The Transportation Cabinet is funding the remaining project costs. For 4,000 gallons, effective since August 1, 2018, the monthly inside city sewer rate is \$29.76. The term is 20 years at a 1.50 percent interest rate.

The City of Kuttawa, Lyon County, requested a \$453,236 Fund A loan increase to its previously approved \$1,264,200 Fund A loan for a \$1,717,436 total Fund A loan amount. The Lift Station and Force Main Replacement project will replace the existing Magnolia and Kuttawa lift stations and adjacent force sewer main. For 4,000 gallons, effective since February 1, 2019, the monthly sewer rate is \$30.00. The term is 20 years at a 1.50 percent interest rate.

The City of Maysville, Mason County, requested an \$850,000 Fund A loan for its Wall Street Combined Sewer Elimination project; separating combined sewer lines to adjacent storm sewer lines. For 4,000 gallons, the monthly sewer rate has been \$31.60 since July 1, 2013; however, the city added an annual CPI clause to its water and sewer ordinance this year, increasing the monthly sewer rate by 2.30 percent to \$32.32 this July. The term is 20 years at a 0.50 percent interest rate.

The City of South Shore, Greenup County, requested a \$1,035,000 Fund A loan, of which KIA will apply \$517,500 in principal forgiveness, for its South Shore: Upgrade Forest Heights Collection Lines project; 4,300 linear feet of sewer lines and laterals. For 4,000 gallons, effective since May of this year, the monthly inside city sewer rate is \$48.00. The term is 30 years at a 0.50 percent interest rate.

The McCreary County Water District requested a \$3,244,500 Fund A loan, of which KIA will apply \$450,000 in principal forgiveness, for its \$3,644,500 MCWD - Sanitary Sewer Collection System Expansion - Phase 1 project; providing sewer service to 305 unserved homes. MCWD obtained a Rural Development loan to finance the remaining project costs. For 4,000 gallons, effective since August 29, 2019, the monthly sewer rate is \$41.07. The term is 30 years at a 0.50 percent interest rate.

The Hart County Industrial Authority requested an \$853,442 Fund A loan for its \$2,353,442 Progress Park Industrial Park Pretreatment Expansion project, pretreatment facility upgrades. An Appalachian Regional Commission grant and a Community Development Block Grant funded the remaining project costs. The term is 20 years at a 0.50 percent interest rate.

Representative Rudy moved to approve the Fund A loans, contingent upon necessary PSC approvals, seconded by Senator Mills, and approved by unanimous roll call vote.

The Crittenden-Livingston County Water District, Livingston County, requested a \$300,000 Governmental Agencies (Fund C) Program loan for its AMR Meter Replacement project; replacement of approximately 1,400 meters with radio read meters. For 4,000 gallons, effective since May 23 of this year, the monthly water rate is \$61.37. The term is 20 years at a 2.75 percent interest rate.

Senator Mills moved to approve the Fund C loan, contingent upon necessary PSC approvals, seconded by Representative Pratt, and approved by unanimous roll call vote.

Ms. Bridwell submitted five Drinking Water State Revolving Fund (Fund F) Program loans. Senator Mills moved to roll the loans into one roll call vote, seconded by Representative Rudy, and approved without objection.

The City of Olive Hill, Carter County, requested a \$122,344 Fund F loan increase to its previously approved \$883,000 Fund F loan for a total \$1,005,344 Fund F loan amount. The \$1,248,344 Olive Hill: Replace Downtown Area Waterline Replacement project replaced 5,900 linear feet of cast iron waterlines. An ARC grant funded the remaining project costs. For 4,000 gallons, effective since January 1, 2019, the inside and outside city monthly water rates are \$27.43 and \$43.14. The term is 30 years at a 0.25 percent interest rate.

The Adair County Water District requested a \$1,342,530 Fund F loan, of which KIA will apply \$671,265 in principal forgiveness, for its CAUD - Water Main Replacement project; 7,400 linear feet of 8-inch water lines (replacing asbestos-cement) plus 5,250 linear feet of 6-inch water lines, renovation of the City Industrial Tank, and demolition of two other tanks. For 4,000 gallons, effective since February 2012, the monthly water rate is \$33.90 and the district has a 21 percent water rate increase pending PSC approval. The term is 30 years at a 0.50 percent interest rate.

The City of Salem, Livingston County, requested a \$585,000 Fund F loan, of which KIA will apply \$292,500 in principal forgiveness, for its Salem - Water Main Replacement project; 5,500 linear feet of water lines on its western supply route connecting to the Crittenden-Livingston County Water District. For 4,000 gallons, effective since March 27 of this year, the monthly water rate is \$36.48. The term is 30 years at 0.50 percent interest rate.

The Cave Run Water Commission, Menifee County, requested a \$1,171,350 Fund F loan for its Cave Run Water Commission Elevated Water Storage Tank Construction project; a 300,000 gallon elevated storage tank serving the Cities of Frenchburg and Jeffersonville as well as the Morgan County Water District. The commission is a wholesale water provider only. The term is 20 years at a 1.50 percent interest rate.

The Northern Kentucky Water District, Kenton County, requested an \$8 million Fund F loan for its \$10.05 million Taylor Mill Treatment Plant Emergency Generator/Fort Thomas Treatment Plant Phase 2 Basin Improvements project. NKWD is funding the remaining project costs. For 4,000 gallons, effective since March 26 of this year, the monthly water rate is \$38.78. The term is 20 years at a 1.50 percent interest rate.

Senator Mills moved to approve the Fund F loans, contingent upon necessary PSC approvals, seconded by Representative Rudy, and approved by unanimous roll call vote.

Cabinet for Economic Development

Ms. Smith submitted two Economic Development Fund (EDF) grants for the Cabinet for Economic Development (CED). Senator Mills moved to roll the grants into one roll call vote, seconded by Representative Pratt, and approved without objection. Both EDF grants were for projects among the eight recommended by an independent site consultant to receive Kentucky Product Development Initiative program funds for industrial site upgrades, administered in conjunction with the Kentucky Association for Economic Development. Disbursements of grant funds will occur on a reimbursement basis to local governments after CED reviews the required supporting documentation.

The first grant was \$175,000 to Henderson County for the benefit of the City of Henderson, to finance the approximately 4,400 foot municipal gas line extension to the

property site located along the Highway 425 bypass. The city and Henderson County Economic Development have committed \$75,000 and \$100,000 respectively for the match.

The second grant was \$198,189 to the County of Marion for the benefit of the Marion County Industrial Foundation, to finance an access road to the 250 acre business and industrial park in Lebanon. MCIF has committed funding equal to the grant for the match.

Senator Mills moved to approve the grants, seconded by Senator McDaniel, and approved by unanimous roll call vote.

Previous Debt Issue

Ms. Williams reported the \$66.71 million State Property and Buildings Commission (SPBC) Revenue Refunding Bonds, Project No. 122, Series C, which refunded \$68 million of SPBC Project No. 98 debt for \$1.7 million in net present value savings. The issue priced last October and closed May of this year. The forward delivery structure was used as it generated more savings than a taxable advance refunding.

School District Debt Issue with School Facilities Construction Commission Debt Service Participation

Ms. Williams submitted an anticipated \$6.73 million Breckinridge County School District debt issue with SFCC debt service participation. The district did not need an additional tax levy to pay debt service and the proceeds will be used for high school renovations.

Representative Rudy moved to approve the school district debt issue with SFCC debt service participation, seconded by Senator Mills, and approved by unanimous roll call vote.

Adjournment

Representative Thomas announced upcoming meeting dates and times: July 22, 2020, 12:00 p.m.; and August 19, 2020, 3:00 p.m.

Senator McDaniel referenced a utility's increases in administrative expenses and rates, stating that administrative expenses at all levels of government need to be closely monitored. Representative Thomas said he appreciated Senator McDaniel's comments.

With there being no further business the meeting adjourned at 1:49 p.m.

ANDY BESHEAR
GOVERNOR



REBECCA W. GOODMAN
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

January 22, 2021

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

Re: A20-047 – McCreary County Water District
McCreary Co WWTP--3089
Activity ID: FGL20200007
Assistance Agreement

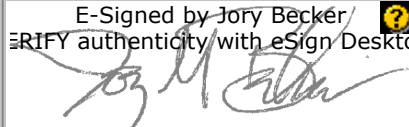
Dear Mrs. Williams:

The Division of Water (DOW) hereby certifies that the McCreary County Water District has satisfied the following Clean Water State Revolving Fund general conditions for the MCWD Sanitary Sewer Collection System Expansion - Phase 1 project as specified in the Conditional Commitment Letter dated June 25, 2020.

1. An environmental review was completed and approved by DOW on October 19, 2020.
2. Plans and specifications, including a completed SRF checklist, were approved by the DOW on October 20, 2020.
3. Plans and specifications indicated that American Iron and Steel components were included in the project as approved on October 23, 2020.
4. All easements and/or land purchases were completed as demonstrated by the provisions of a Clear Site Certificate to the DOW on December 22, 2020.
5. This project did not have a "Green Reserve" component.
6. Bids were opened on December 9, 2020 and the ATA package was approved on January 21, 2021

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

Sincerely,

E-Signed by Jory Becker/
VERIFY authenticity with eSign Desktop


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

PM/JB: wa

c: Randy Kidd, Chairman
McCreary County Water District



Stephen Whitaker, Manager/Superintendent
McCreary County Water District

Alan Robinson, P. E.
Eclipse Engineering, PLLC

Judy Hachey, Community Development Specialist
Lake Cumberland ADD

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MCCREARY)	
COUNTY WATER DISTRICT FOR)	
AUTHORIZATION TO EXECUTE AN)	
ASSISTANCE AGREEMENT WITH THE)	
KENTUCKY INFRASTRUCTURE AUTHORITY	)	CASE NO.
AND FOR A CERTIFICATE OF PUBLIC	)	2020-00399
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT THE SANITARY SEWER)	
COLLECTION SYSTEM EXPANSION PHASE)	
1 PROJECT)	

ORDER

On January 16, 2021, McCreary County Water District (McCreary District) filed an electronic application, pursuant to KRS 278.020 and KRS 278.300, for the issuance of a Certificate of Public Convenience and Necessity (CPCN) to construct extensions to its sewer collection system and for approval of its plan to finance the proposed project. McCreary District proposes to finance the project by requesting to borrow \$3,224,500 from the Kentucky Infrastructure Authority (KIA). McCreary District responded to one round of discovery. No party has sought intervention in this matter. McCreary District has not requested a hearing. The record for this case is complete, and the matter stands ready for a decision.

McCreary District, a water district organized under KRS Chapter 74, provides retail water service to approximately 6,148¹ water customers in McCreary County, Kentucky.²

¹ *Annual Report of McCreary County Water District for the Year Ended December 31, 2019* at 49.

² *Id.* at 12.

McCreary District also provides sewer collection service to approximately 1,142 customers in McCreary County, Kentucky.³

McCreary District is requesting a CPCN to extend its existing sewer system from Stearns, Kentucky, northwest along Kentucky Highway 92 to the Smithtown area of McCreary County, through the installation of 28,750 linear feet of 1.5-inch high density polyethylene force main; 28,286 linear feet of 2-inch polyvinyl chloride (PVC) force main; 7,185 linear feet of 3-inch PVC force main; 10,399 linear feet of 4-inch PVC force main; 17,300 linear feet of 4-inch PVC gravity sewer main; and 240 grinder pump stations.⁴ McCreary District states that construction of the proposed facilities will provide a more reliable, sustainable sewer system for the southern industrial and residential section of McCreary County.⁵ McCreary District also avers the construction will serve to protect the local environment and improve public health conditions through the elimination of straight pipes and deteriorating septic systems, as well as provide the infrastructural foundation for later expansions of the collections system and increase the economic viability of the sewer operations by the addition of approximately 305 customers.⁶

The total capital cost of the proposed project is approximately \$3,224,500.⁷ McCreary District states that it will finance the proposed project with a \$3,224,500 loan from KIA. The proposed KIA loan will mature over a 30-year term, at an interest rate of

³ *Annual Report of McCreary County Water District for Sewer Operations for the Year Ended December 31, 2019* at 36.

⁴ Application at 3–4.

⁵ *Id.* at 4.

⁶ *Id.*

⁷ Application, Exhibit 11 (Final Engineering Report).

0.5 percent per annum commencing with the first draw of funds.⁸ KIA will forgive approximately \$450,000 of the principal amount of the loan upon release all of the contractor liens and upon the final disbursement of the assistance funds.⁹

In Case No. 2020-00151,¹⁰ the Commission ordered McCreary District to file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076 by June 25, 2021, to ensure its revenue is sufficient to support adequate and reliable service.¹¹ In its response to Commission Staff's First Request for Information, Item 3, McCreary District provided an Excel spreadsheet that provided the debt service coverage using the coverage method most commonly accepted by the Commission for the calendar years 2017 through 2019 for its sewer operations, which revealed a negative debt service for all three years regardless of the inclusion of depreciation.¹² McCreary District additionally stated in its response that compliance with the debt resolutions for its lenders regarding the debt service is based upon the combined performance of both McCreary District's water and sewer divisions.¹³ The Commission is concerned that while McCreary District may be in compliance with the debt requirements of its lenders, cross subsidization of

⁸ *Id.* at 7.

⁹ *Id.*

¹⁰ Case No. 2020-00151, *Electronic Application of the McCreary County Water District to Issue Securities in the Approximate Principal Amount of \$1,702,000 for the Purpose of Refunding Certain Outstanding Obligations of the District and Refinancing of a Short Term Obligation Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC June 26, 2020).

¹¹ *Id.* at 6.

¹² McCreary District's Response to Commission Staff's First Request for Information (filed Feb. 19, 2021), Item 3.

¹³ *Id.*

rates may be occurring between its sewer and water operating divisions. Pursuant to the Order entered in Case No. 2020-00151, the Commission finds that McCreary District should still file an application for a general rate adjustment which includes financial data for both the sewer and water division pursuant to KRS 278.190 and 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076 by June 25, 2021.

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

1. The proposed construction will not result in wasteful duplication of existing facilities.
2. The proposed construction does not conflict with any existing certificates or services of any other utility operating in the area.
3. Public convenience and necessity require the proposed construction, which will allow McCreary District to provide reliable and adequate sewer collection service to its customers.
4. Kentucky Department of Water has approved the plans and specifications for this proposed project.
5. The proposed loan with KIA is necessary, is appropriate for, and consistent with the proper performance of McCreary District's service to the public and will not impair McCreary District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.
6. The project will be funded by a KIA Loan of \$3,224,500.

7. McCreary District should be authorized to utilize \$3,224,500 of the Assistance Agreement on the project approved herein.

8. McCreary District's application does not include a proposal to adjust rates.

IT IS THEREFORE ORDERED that:

1. McCreary District is granted a CPCN to construct the proposed project as set forth in the application.

2. McCreary District's proposed plan for obtaining financing is approved.

3. McCreary District shall obtain approval from the Commission prior to performing any additional construction not expressly approved by this Order.

4. McCreary District shall require construction to be inspected under general supervision of a licensed professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with best practices of the construction trades involved in the project.

5. McCreary District is authorized to enter the proposed Assistance Agreement with KIA and, under the terms of the Assistance Agreement, to borrow an amount not to exceed \$3,224,500 to be repaid over 30 years from the date of the last draw of funds at the rate of 0.5 percent per annum commencing with the first draw of funds.

6. The proceeds of the KIA Loan shall be used only for the purposes specified in McCreary District's application.

7. McCreary District shall file with the Commission documentation of the total cost of the project within 60 days of the date that construction authorized under this CPCN

is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

8. McCreary District shall file a copy of the “as-built” drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction authorized under this CPCN.

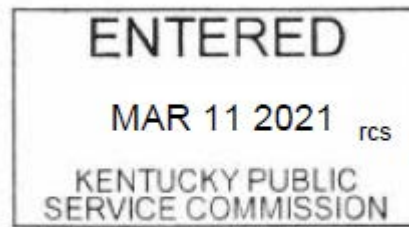
9. Any documents filed in the future pursuant to ordering paragraphs 3, 7, and 8 shall reference this case number and shall be retained in the post-case correspondence file.

10. The Executive Director is delegated authority to grant reasonable extensions of time for filing any documents required by this Order upon McCreary District’s showing of good cause for such extension.

11. This case is closed and removed from the Commission’s docket.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky, or any agency thereof.

By the Commission



ATTEST:


Executive Director

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

*Kathy Troxell
McCreary County Water District
P.O. Box 488
Whitley City, KY 42653

*McCreary County Water District
Highway 27
P. O. Box 488
Whitley City, KY 42653

*Stephen Whitaker
Superintendent
McCreary County Water District
P.O. Box 488
Whitley City, KY 42653

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MCCREARY)	
COUNTY WATER DISTRICT FOR)	
AUTHORIZATION TO EXECUTE AN)	
ASSISTANCE AGREEMENT WITH THE)	
KENTUCKY INFRASTRUCTURE AUTHORITY	)	CASE NO.
AND FOR A CERTIFICATE OF PUBLIC	)	2020-00399
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT THE SANITARY SEWER)	
COLLECTION SYSTEM EXPANSION PHASE 1)	
PROJECT)	

ORDER

On March 11, 2021, the Commission issued an Order approving McCreary County Water District's (McCreary District) application to execute an Assistance Agreement with the Kentucky Infrastructure Authority (KIA) to fund a construction project for which a Certificate of Public Convenience and Necessity was also granted. The amount authorized in the Order was not to exceed \$3,224,500. On March 18, 2021, McCreary District filed a motion requesting the Commission amend its Order of March 11, 2021, to restate the amount of the authorized loan from the KIA to \$3,244,500. In support of the motion, McCreary District stated that the actual proposed loan amount of \$3,244,500 appeared in several places throughout the application, and the erroneous amount of \$3,224,500 approved in the Commission's Order appeared on the first page of McCreary District's application.

Finding that the March 11, 2021 Order should be amended, the Commission
HEREBY ORDERS that:

1. This case is reopened for the limited purpose of addressing McCreary District's March 18, 2021 motion.

2. McCreary District's March 18, 2021 motion is granted.

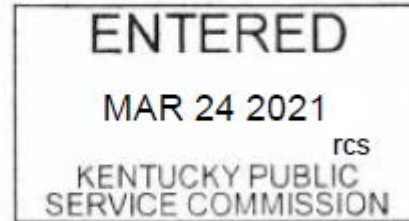
3. The Order of March 11, 2021, is amended to authorize McCreary District to enter the proposed Assistance Agreement with KIA for an amount not to exceed \$3,244,500.

4. All other provisions of the Commission's March 11, 2021 Order that are not in conflict with the terms of this Order shall remain in effect.

5. This case is now closed and removed from the Commission's docket.

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By the Commission



ATTEST:

Executive Director

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

*Kathy Troxell
McCreary County Water District
P.O. Box 488
Whitley City, KY 42653

*McCreary County Water District
Highway 27
P. O. Box 488
Whitley City, KY 42653

*Stephen Whitaker
Superintendent
McCreary County Water District
P.O. Box 488
Whitley City, KY 42653



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

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

Edith Halbleib
Executive Director

June 25, 2020

The Honorable Randy Kidd, Chairman
McCreary County Water District
PO Box 488
Whitley City, KY 42653

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (A20-047)

Dear Chairman Kidd:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On June 4, 2020, the Authority approved your loan for the Sanitary Sewer Collection System Expansion - Phase 1 project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$3,644,500, without prior authorization of the Authority, of which the Authority loan shall provide \$3,244,500 of the funding. Other anticipated funding for the project is reflected in Attachment B. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the McCreary County Water District upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by June 25, 2021 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

Sincerely,





Linda Bridwell, PE
Deputy Executive Director
Kentucky Infrastructure Authority

Attachments

cc: Judy Hachey, LCADD
Eclipse Engineers, PLLC, Alan Ray Robinson

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

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

 _____ Accepted	 _____ Date
--	---

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

1. The Authority project loan shall not exceed \$3,244,500 without prior authorization.
2. Principal forgiveness of 50% of the assistance amount, not to exceed \$450,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.
3. The loan shall bear interest at the rate of 0.50% per annum commencing with the first draw of funds.
4. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day. Please complete and return the attached authorization to U.S. Bank for processing.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 30 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds may be considered to be federal funds. If more than \$750,000 of federal funds is disbursed during any one (borrower) fiscal year, the borrower is required to have a single or program-specific audit conducted for that year in accordance with 2 CFR 200 Uniform

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
13. The borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment B must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and forward the attached "Authorization for Electronic Deposit of Vendor Payment" form to US Bank.
7. The Borrower must provide documentation of Eclearinghouse Endorsement and Eclearinghouse Comments.

8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving State Revolving Fund ("SRF") money.
9. Technical plans and specifications and a complete SRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the SRF loan project.
12. Borrower must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. This project does not qualify for Green Project Reserve (GPR) funding.
17. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.

18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.
19. Pursuant to the Water Resources Reform and Development Act (WRRDA) of 2014, all CWSRF loan recipients must certify that they have a Fiscal Sustainability Plan for projects that involve the repair, replacement, or expansion of treatment works. Additionally, borrowers must also certify that they have studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for the funded project and that they have selected, to the maximum extent practicable, a project that maximizes the potential for efficient water and energy conservation, taking into consideration capital cost, operation and maintenance, and replacement cost.

Any special conditions stated in Attachment B must be resolved.

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE MCCREARY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$3,244,500 OF LOAN FUNDS FOR PROJECT NUMBER A20-047.

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

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

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

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

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number A20-047 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on March 30, 2021.

GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: 
Chairman

ATTEST:

By: 
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the McCreary County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of the McCreary County Water District at a meeting duly held on March 30, 2021 that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this March 30, 2021.


Secretary of Governmental Agency

**MCCREARY COUNTY WATER DISTRICT
P.O. BOX 488
WHITLEY CITY, KY. 42653
(606) 376-2540**

MARCH 30, 2021

RANDY KIDD CALLED THE MEETING TO ORDER WITH THE FOLLOWING BOARD MEMBERS PRESENT:

COMMISSIONER	COY TAYLOR	PRESENT
COMMISSIONER	RAYMOND TAYLOR	PRESENT
COMMISSIONER	MAYNARD NEW	PRESENT
COMMISSIONER	RANDY KIDD	PRESENT
COMMISSIONER	DOUG SEXTON	PRESENT

COY TAYLOR MADE THE MOTION TO APPROVE THE FEBRUARY 23, 2021 MINUTES. SECONDED BY RAYMOND TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

COY TAYLOR MADE THE MOTION TO APPROVE THE SPECIAL MEETING MARCH 17, 2021 MINUTES. SECONDED BY RAYMOND TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

**POLLING OF BOARD APPROVAL.
(PURCHASE OF DODGE TRUCK).**

SUPT. WHITAKER OPENED THE MEETING SAYING THERE WAS A POLLING OF THE BOARD ON FEBRUARY 26, 2021 AND THE VOTE WAS TO PURCHASE A 2007 DODGE TRUCK IN THE AMOUNT OF \$18,000.

COY TAYLOR MADE THE MOTION OF A RESOLUTION TO APPROVE THE FEBRUARY 26, 2021 POLLING TO PURCHASE A 2007 DODGE TRUCK IN THE AMOUNT OF \$18,000. SECONDED BY DOUG SEXTON. (PRO-TUNC-NUC).

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

SEWER PUMP STATIONS.

SUPT. WHITAKER SAID THE DISTRICT HAS HAD THREE MAIN SEWER PUMP STATIONS TO GO DOWN THIS PAST MONTH. HE SAID HE NEEDS BOARD APPROVAL TO RENOVATE AND PURCHASE THESE LIFT STATIONS.THERE WERE SMELL COMPLAINTS YEARS AGO AT THE COUNTRY STORE PUMP STATION SO THE DISTRICT INSTALLED CARBON FILTERS IN THE VENTS WHICH AFTER MANY YEARS OF GAS BUILD UP CAUSED THE STATION TO ROT COMPLETELY OUT. WHITAKER SAID EVERYTHING WILL HAVE TO BE COMPLETELY TAKEN OUT AND EVERYTHING PUT BACK IN IT. THE QUOTE FOR THE BARNES 40 HP, 6" MEGA LUG FLANGE, 6"X10 DUCTILE IRON PIPE, 6" 90'S, 6"X4 SPOOL PIECES AND 6" FULL FACE FLANGE PACK IS \$19,950. HE SAID THIS IS A BIG JOB AND INTENDS TO REQUEST FOR REIMBURSEMENT FOR MATERIALS THROUGH THE SANITARY SEWER EXPANSION PROJECT.

RAYMOND TAYLOR MADE THE MOTION OF A RESOLUTION TO AUTHORIZE SUPT. WHITAKER TO PROCEED WITH THE PURCHASE OF THE BARNES SEWER PUMP STATION FOR \$19,950. SECONDED BY COY TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

SUPT. WHITAKER SAID THE SECOND ONE IS THE STEARNS CAR WASH PUMP STATION. THIS STATION NEEDS A NEW PUMP AND A CONTROL PANEL BECAUSE IT WAS VANDALIZED. HE SAID HE IS ALSO GOING TO INCLUDE THIS PUMP STATION FOR REIMBURSEMENT THROUGH THE SANITARY SEWER IMPROVEMENTS PROJECT.

RAYMOND TAYLOR MADE THE MOTION OF A RESOLUTION TO AUTHORIZE SUPT. WHITAKER TO MOVE FORWARD WITH THE PURCHASE OF A NEW PUMP STATION AND A CONTROL PANEL FOR THE STEARNS CAR WASH SEWER PUMP STATION. SECONDED BY DOUG SEXTON.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

SUPT. WHITAKER SAID THE THIRD IS THE BILL DAVIS SEWER PUMP STATION ON LICK CREEK RD. THE QUOTE FOR IT IS APPROXIMATELY \$10,000. A TREE FELL DURING THE ICE STORM DAMAGING THE STATION PANEL. HE SAID THIS STATION HAS BEEN IN NEED OF RENOVATION FOR A WHILE.

RAYMOND TAYLOR MADE THE MOTION OF A RESOLUTION TO AUTHORIZE SUPT. WHITAKERS TO MOVE FORWARD WITH THE PURCHASE OF A PANEL AND RENOVATIONS FOR THE BILL DAVIS SEWER PUMP STATION. SECONDED BY COY TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

SANITARY SEWER COLLECTION SYSTEM PROJECT.

SUPT. WHITAKER SAID THE BOARD WILL NEED TO DO A RESOLUTION TODAY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH KIA FOR THE SANITARY SEWER COLLECTION SYSTEM PROJECT.

COY TAYLOR MADE THE MOTION OF A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH KIA TO PROVIDE UP TO \$3,244,500 OF LOAN FUNDS FOR PROJECT NUMBER A20-047. SECONDED BY RAYMOND TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

PSC ORDER NO. 2021-00021.

SUPT. WHITAKER SAID WE ARE IN RECEIPT OF PSC'S CASE NO. 2021-00021 CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT A SYSTEM IMPROVEMENTS PROJECT AND AN ORDER APPROVING A CHANGE IN RATES AND AUTHORIZING THE ISSUANCE OF SECURITIES PURSUIT TO KRS 278.023 FOR THE MARSH CREEK WATERLINE UPGRADE PROJECT. HE SAID IN THERE PSC STATES THAT MCWD HAS ENGAGED IN POLICY BY WHICH "MCCREARY COUNTY HAS MANAGED TO AVOID COMMISSION REVIEW OF ITS FINANCIAL RECORDS AND OPERATIONAL STRUCTURE FOR MORE THAN 40 YEARS". HE SAID THERE HAS BEEN NO EFFORT TO AVOID THE COMMISSION'S REVIEW OF THE DISTRICTS OPERATIONS OR FINANCES. SINCE 1988 WHEN THE GENERAL ASSEMBLY ENACTMENT OF KRS 278.023 THE DISTRICT HAS USED THE PROCEDURES IN THAT STATUTE TO ADJUST ITS GENERAL RATES. THIS PROCEDURE IS THE QUICKEST AND LEAST COSTLY MEANS TO GET THE APPROVAL FOR PROJECTS, FINANCING AND RATES TO FUND THOSE PROJECTS. AFTER FURTHER DISCUSSION AND IN AGREEMENT WITH

GERALD WUETCHER, SUPT. WHITAKER SAID HE WILL PREPARE A RESPONSE ADDRESSED TO THE BOARD FOR NEXT MONTH MEETING.

PIPE DISCUSSION.

SUPT. WHITAKER SAID THERE WILL BE A MEETING TODAY TO DISCUSS THE FAULTY PIPE IN THE STEARNS TO SMITHTOWN WATERLINE REPLACEMENT PROJECT.

COY TAYLOR MADE THE MOTION TO GO INTO EXECUTIVE SESSION. SECONDED BY MAYNARD NEW.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

COY TAYLOR MADE THE MOTION OF A RESOLUTION TO COME OUT OF EXECUTIVE SESSION. SECONDED BY MAYNARD NEW.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

DOUG SEXTON MADE THE MOTION OF A RESOLUTION TO AUTHORIZE SUPT. WHITAKER TO CONDUCT NEGOTIATIONS IN ACCORDANCE WITH THE PLAN HE PROPOSED TO THE BOARD. SECONDED BY RAYMOND TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

PROJECT DISCUSSION.

KY ENGINEERING GROUP.

RYAN CARR NOW ADDRESSES THE BOARD SAYING THE STEARNS TO SMITHTOWN WATERLINE REPLACEMENT PROJECT BASE CONTRACT IS PRETTY MUCH COMPLETE. THE WASTEWATER PLANT IS COMPLETE. SUPT. WHITAKER SAID THE PUMP STATION MATERIALS HAVE BEEN ORDERED, THE FOOTERS HAVE BEEN DUG AND POURED. THE BLOCK LAYERS ARE WAITING ON GOOD WEATHER. CARR SAID WITH CONTINGENCY FUNDS THE CONTRACTOR WILL BE MAKING METER CONNECTIONS IN THE MARSHES SIDING AND PINE KNOT AREA.

ECLIPSE ENGINEERING.

ALLAN ROBINSON NOW ADDRESS'S THE BOARD SAYING MARSH CREEK WATERLINE UPGRADE PROJECT HAS BEEN AWARDED TO ROSES EXCAVATING. THE PROJECT HAS STARTED. THE SANITARY SEWER COLLECTION PROJECT WAS AWARDED TO FLOWLINE. THE EDA PROJECT PHASE I IS AT THE DOW. PHASE II SHOULD BE WITHIN A COUPLE WEEKS. THEY ARE WORKING ON THE PLANS FOR THE WATER TANK RENOVATION PROJECT. ROBINSON SAID THERE IS A PUBLIC MEETING SCHEDULED TODAY AT 1:00 P.M. FOR THE CATRON NEEDLE WATER LINE EXTENSION PROJECT.

LEGAL.

GERALD WUETCHER SAID THE LEGISLATORS HAVE OVERRULED THE GOVERNOR'S VETO CONCERNING WATER DISTRICT AND WATER ASSOCIATIONS DOING CUTOFFS. THEY NOW CAN DO CUTOFFS AND CHARGE LATE PAYMENTS IF THEY ALREADY DO SO.

WITH NO FURTHER BUSINESS, COY TAYLOR MADE THE MOTION OF A RESOLUTION TO ADJOURN. SECONDED BY MAYNARD NEW.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

RANDY KIDD, CHAIRMAN

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM
FUND A**

PROJECT NUMBER: A20-047

GOVERNMENTAL AGENCY (Borrower): McCreary County Water District

GOVERNMENTAL AGENCY'S ADDRESS: 456 N HWY 27
Whitley City, Kentucky 42653

DATE OF ASSISTANCE AGREEMENT: March 30, 2021

CFDA NO.: 66.458

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

WHEREAS, the Program is funded in part pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990 (the "Federal Agreement"), under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of September 1, 1989 (the "Indenture") between the Authority and U.S. Bank National Association, as successor in interest to National City Bank (f/k/a First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

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

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

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

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

ARTICLE I DEFINITIONS

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

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

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

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

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

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

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

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

"Cabinet" means the Energy and Environment Cabinet of the Commonwealth.

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

"Commonwealth" shall mean the Commonwealth of Kentucky.

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

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

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

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

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

"Federal Act" shall mean the Water Quality Act of 1987, 33 U.S.C. 1251 et. seq.

"Federal Agreement" means Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990, under which the Authority is responsible for providing certain "match funding".

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

"Indenture" shall mean the General Trust Indenture dated as of March 1, 1989 between the Authority and the Trustee, as amended and supplemented from time to time.

"Interagency Agreement" means the Interagency Agreement dated as of March 1, 1990 between the Authority and the Cabinet.

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

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

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

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

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

“Program” shall mean the program authorized by KRS 224A.111 and the Indenture as the “federally assisted wastewater revolving fund” for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

“Project” shall mean, when used generally, Treatment Works, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

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

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

“Schedule of Service Charges” shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in **Exhibit C** hereto, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

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

“*System*” shall mean the utility system owned and operated by the Governmental Agency of which the Project shall become a part.

“*Treatment Works*” has the same meaning as set forth in the Act.

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

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority.

The Authority represents and warrants for the benefit of the Governmental Agency as follows:

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

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

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

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

Section 2.2. Representations and Warranties of the Governmental Agency.

The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

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

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

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

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

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, or an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

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

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

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the System and the Project, to charge and collect the Service Charges, and to enter into this Assistance Agreement. The Governmental

Agency is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

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

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

ARTICLE III AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility.

Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Treatment Works Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds.

The principal amount of the Loan shall be the Loan Amount as identified in the Loan Term Schedule, subject to such adjustments as may be set forth in any amendment or supplement to said Loan Term Schedule. Principal payments shall be made in the amounts and on the Loan Payment Dates established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the repayment term set forth in the Schedule of Payments, commencing on the Amortization Commencement Date.

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

Subject to the terms of Section IV hereof, the Authority may advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as **Exhibit B** hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement. The Governmental Agency shall pay interest on the unpaid balance of disbursements at the Loan Rate payable on each Loan Payment Date prior to the Amortization Commencement Date.

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

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

Section 3.3. Governmental Agency's Right to Prepay Loan.

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

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

Section 3.4. Subordination of Loan.

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

ARTICLE IV CONDITIONS PRECEDENT TO DISBURSEMENT REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(V) The Governmental Agency shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2015 (the "2015 Appropriations Act") and related Program policy guidelines) which the Governmental Agency understands includes, among other requirements, that all of the iron and steel products used in the Project are to be produced in the United States (the "American Iron and Steel Requirement") unless (i) the Governmental Agency has requested and obtained a waiver from the United States Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Governmental Agency in writing that the American Iron and Steel Requirement is not applicable to the Project.

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

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

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

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

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

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

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

(D) That all real property or property rights required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR 24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(P) That it shall enact a sewer use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

Section 4.3. Disbursements of Loan Funds; Requisition for Funds.

The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for funds prior to the fifth (5th) day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as **Exhibit B** and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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

Upon the Authority's receipt of the Requisition for Funds and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan. If directed by the Authority, the Governmental Agency shall establish, with the Trustee, an electric fund transfer system, which may be an ACH Payment Method.

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

ARTICLE V

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

Section 5.1. Imposition of Service Charges.

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

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

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

Section 5.3. Covenant to Adjust Service Charges.

In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to (i) provide for the required coverage of all debt service payments on obligations payable from the revenues of the System as set forth in Section 5.4 hereof, (ii) provide for the operation of the System as required under this Assistance Agreement, and (iii) make the required deposits to the Maintenance and Replacement Reserve; the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and Kentucky, immediately adjust and increase such Schedule of Service Charges or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities so as to provide funds sufficient to pay the debt service requirements set forth in the Schedule of Payments and the Authority's Administrative Fee, to provide for the operation of the System as required under this Assistance Agreement, and to make required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges.

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

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System, both existing and new users, and accordingly the Project. The Governmental Agency shall deliver to the Authority, on or before each Loan Payment Date, a report of all collections and any delinquencies.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve.

The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times

set forth in the Project Specifics. Funds in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the System or for the unbudgeted costs of replacing worn or obsolete portions of the System, subject to approval of Authority.

Section 5.6. Reports; Inspection.

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

(A) That it will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

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

(C) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations.

Section 5.7. Segregation of Funds.

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

Section 5.8. Mandatory Sewer Connection.

The Governmental Agency hereby irrevocably covenants and agrees with the Authority that it will, to the maximum extent permitted by Kentucky law, and by means of ordinance, resolution or other appropriate legislative order or action, mandatorily require the connection to and use of the sanitary sewers constituting the 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 Governmental Agency, all remedies for the collection of Service Charges, including, either directly or indirectly, pursuant to authority granted by Sections 96.930 to 96.943, inclusive, of the Kentucky Revised Statutes, and the Act, causing termination of water services to any premises where the bill for sewer services is delinquent and foreclosure and decretal sale in respect of improvement benefit assessments which are delinquent.

Section 5.9. Additional Covenants.

(A) Unless otherwise agreed to by the Authority, all Loan proceeds shall be expended by the Governmental Agency no later than six (6) months after the initiation of operation of the Project.

ARTICLE VI
OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance.

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

Section 6.2. Completion of Project.

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

Section 6.3. Establishment of Completion Date.

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

Section 6.4. Commitment to Operate.

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

Section 6.5. Continue to Operate.

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

Section 6.6. Tax Covenant.

In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or

desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System, or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports.

The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Audit Requirements.

Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, including disclosure of the Maintenance and Replacement Reserve, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$750,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with 2 CFR Part 200.

Section 6.9. General Compliance With All Duties.

The Governmental Agency shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of the Act, the Federal Act and this Assistance Agreement and any other Debt Obligations.

Section 6.10. System Not to Be Disposed Of.

The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that

the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. Further Covenants under the Federal Agreement.

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

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by Sections 603 and 606 of the Federal Act can be maintained and (iii) the Authority can furnish the information required of it under the Federal Agreement.

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

(C) All residents in the service area of the System must be offered the same opportunity to become users of the System regardless of race, religion, color, national origin, sex, disability or level of income.

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

- (1) Federal;
 - (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970;
 - (b) 40 CFR 35.3140 (And Appendix A to Subpart K) – NEPA-Like State Environmental Review Process;
 - (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans;
 - (d) 40 CFR, Part 7, 8, and 12, Nondiscrimination and Equal Employment Opportunity Act;
 - (e) 40 CFR, Part 29, Intergovernmental Review;
 - (f) 40 CFR, Part 32, Debarment and Suspension;
 - (g) Executive Order 11246, as amended, 11625 and 12138;
 - (h) Title VI of the Civil Rights Act of 1964, as amended;
 - (i) Age Discrimination Act;
 - (j) Rehabilitation Act of 1973; and
 - (k) Contract work Hours and Safety Standards Act; and

- (2) State:
 - (a) KRS 224;
 - (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund;
 - (c) KRS Chapter 337, Labor Laws; and
 - (d) 401 KAR Chapter 5.

Section 6.12. Continuing Disclosure Obligation.

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

ARTICLE VII
MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System.

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

Section 7.2. Additions and Improvements.

The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance

Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. Compliance with State and Federal Standards.

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

Section 7.4. Access to Records.

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

Section 7.5. Covenant to Insure - Casualty.

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

Section 7.6. Authority as Named Insured.

For so long as any amounts are due and payable under this Assistance Agreement, any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency and the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability.

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

Section 7.8. Covenant Regarding Worker's Compensation.

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

Section 7.9. Application of Casualty Insurance Proceeds.

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

Section 7.10. Eminent Domain.

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

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

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

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.10, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.11. Flood Insurance.

For so long as any amounts are due and payable under this Assistance Agreement, all structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the replacement cost excluding the cost of land and

any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined.

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

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

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

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

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

Section 8.2. Remedies on Default.

Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.12 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare the principal of and interest on the Loan, and all other payments due hereunder, to be immediately due and payable.

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

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

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

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.12 hereof shall be those remedies specifically set forth in Section 6.12 hereof.

Section 8.3. Appointment of Receiver.

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

Section 8.4. No Remedy Exclusive.

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

Section 8.5. Consent to Powers of Authority Under Act.

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

Section 8.6. Waivers.

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

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

In the event that either party hereto defaults under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance

or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld.

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

Section 9.2. Approval.

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

Section 9.3. Effective Date.

This Assistance Agreement shall become effective on the Effective Date and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect.

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

Section 9.5. Severability.

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

Section 9.6. Assignability.

The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or

obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts.

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

Section 9.8. Applicable Law.

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


Section 9.9. Captions.

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

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the Effective Date.

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: 
Chairman

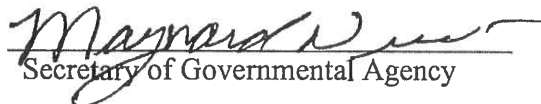
ATTEST:

By: Margaret F. Link
Margaret F. Link (Apr 15, 2021 11:19 EDT)
Secretary of KIA

GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: 
Chairman


ATTEST:

By: 
Secretary of Governmental Agency

APPROVED:

By: Holly Johnson
Holly Johnson (Apr 16, 2021 10:08 EDT)
Secretary/Finance and Administration
Cabinet of the Commonwealth of Kentucky

EXAMINED:

By: 
Legal Counsel to the by CG
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND
LEGALITY:

By: Patrick McGee
Patrick McGee (Apr 16, 2021 08:07 EDT)
Approved, Finance and
Administration Cabinet

EXHIBIT A
MCCREARY COUNTY WATER DISTRICT
PROJECT SPECIFICS
A20-047

GOVERNMENTAL AGENCY:

Name: McCreary County Water District
PO Box 488
Whitley City, KY 42653

Contact Person: Randy Kidd
Chairman

SYSTEM: Wastewater

PROJECT:

This project will expand the sanitary sewer collection system to serve 305 new customers in the Stearns and Smithtown areas. Many of these new customers either have failing septic systems or discharge directly into the environment.

The collection system expansion will consist of approximately 66,500 linear feet of PVC sewer line extension of various sizes, 15 manholes, 275 grinder pump stations, and other appurtenances such as air release valves and flushing connections.

PROJECT BUDGET:

	Amount
Administrative Expenses	\$ 80,000
Legal Expenses	8,920
Land, Easements	10,000
Engineering Fees - Design	182,767
Engineering Fees - Construction	45,692
Engineering Fees - Inspection	125,821
Construction	3,091,300
Contingency	100,000
Total	\$ 3,644,500

FUNDING SOURCES:

	Amount	%
Fund A Loan	\$ 3,244,500	89%
RD Loan	400,000	11%
Total	\$ 3,644,500	100%

KIA DEBT SERVICE:

Construction Loan	\$ 3,244,500
Less: Principal Forgiveness	450,000
Amortized Loan Amount	\$ 2,794,500
Interest Rate	0.50%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 100,427
Administrative Fee (0.20%)	5,589
Total Estimated Annual Debt Service	\$ 106,016

AMORTIZATION SCHEDULE OF PAYMENTS: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/21).

Full principal and interest payments will commence within one year of initiation of operation (estimated 12/01/22). All interest and principal repayments shall be made by Automated Clearing House "ACH" transfers.

Principal forgiveness of 50% of the assistance amount, not to exceed \$450,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

REPLACEMENT AND MAINTENANCE RESERVE ACCOUNT:	\$ 8,100	ANNUAL AMOUNT
	\$ 162,000	TOTAL AMOUNT

The annual maintenance replacement cost is 5% (\$162,000) of the final amount borrowed prior to principal forgiveness to be funded annually (\$8,100) each December 1 over 20 years and maintained for the life of the loan.

ADMINISTRATIVE FEE:	0.20%
----------------------------	-------

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	Outstanding	Maturity
United Cumberland Loan	\$ 495,000	2020
BB&T Loan	797,355	2028
RD Series 2013D	955,000	2052
RD Series 2013A	590,500	2030
RD Series 2005A	630,000	2045
RD Series 2008A	285,800	2048
RD Series 2008A	131,900	2048
RD Series 2012D	2,700,000	2040
RD Series 2012D1	1,213,000	2052
RD Series 2015	1,142,000	2055
KIA Loan F04-03	580,057	2026
RD Series 2005A - Sewer	243,000	2045
RD Series 2012D - Sewer	1,345,000	2040
RD Loan - Marsh Creek Project i.a.o. \$722,000		TBD
RD Loan - Parkers Lake Project i.a.o. \$819,750		TBD
RD Loan - This Project i.a.o. \$400,000		TBD
Total	\$ 11,108,612	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)
Death or Personal Injury (per occurrence)
Property Damage on System

See Attached

CERTIFICATE OF INSURANCEDATE
11/17/2020**PRODUCER**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES
100 E. VINE STREET, SUITE 800
LEXINGTON, KY 40507-3700

PHONE: (859)-977-3700

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONVEYS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE**INSURED**McCreary County Water District
PO Box 488
Whitley City, KY 42653COMPANY KENTUCKY LEAGUE OF CITIES INSURANCE
A SERVICESCOMPANY
B

ATTN: Kathy Troxell

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM, OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS	
	GENERAL LIABILITY ____ COMMERCIAL GENERAL LIABILITY ____ CLAIMS MADE ____ OCCUR ____ OWNER'S & CONTRACTOR'S PROT ____ PUBLIC OFFICIALS ____ LAW ENFORCEMENT				GENERAL AGGREGATE	
					PRODUCTS-COMP/OP AGG	
					PERSONAL & ADV INJURY	
					EACH OCCURRENCE	
					FIRE DAMAGE (Any one fire)	
					MED EXP (Any one person)	
	AUTOMOBILE LIABILITY ____ ANY AUTO ____ ALL OWNED AUTOS ____ SCHEDULED AUTOS ____ HIRED AUTOS ____ NON-OWNED AUTOS				COMBINED SINGLE LIMIT	
					BODILY INJURY (Per person)	
					BODILY INJURY (Per accidnt)	
					PROPERTY DAMAGE	
	CRIME LIABILITY ____ FORGERY OR ALTERATION ____ THEFT, DISAPPEARANCE AND DESTRUCTION				LIMIT	
					DEDUCTIBLE	
					LIMIT INSIDE PREMISES	
					DEDUCTIBLE	
					LIMIT OUTSIDE PREMISES	
					DEDUCTIBLE	
	____ PUBLIC EMPLOYEE DISHONESTY				LIMIT	
					DEDUCTIBLE	
	____ MONEY ORDERS & COUNTERFEIT PAPER CURRENCY COVERAGE				LIMIT	
					DEDUCTIBLE	
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/ PARTNERS/EXECUTIVE _____ Included OFFICERS ARE: _____ Excluded	W5762-2020-19885	7/1/2020	7/1/2021	STATUTORY LIMITS	
					EACH ACCIDENT	\$ 4,000,000
					DISEASE/POLICY LIMIT	\$ 4,000,000
					DISEASE-EACH EMPLOYEE	\$ 4,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

Evidence of worker's compensation coverage is given.

CERTIFICATE HOLDERMcCreary County Water District
P O Box 488
Whitley City, KY 42653**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS, OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Suzanne Reed

CERTIFICATE OF INSURANCE

DATE
11/17/2020

PRODUCER

KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES
100 E. VINE STREET, SUITE 800
LEXINGTON, KY 40507-3700

PHONE: (859)-977-3700

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COMPANIES AFFORDING COVERAGE

INSURED

McCreary County Water District
PO Box 488
Whitley City, KY 42653

COMPANY KENTUCKY LEAGUE OF CITIES INSURANCE
A SERVICES

COMPANY
B

ATTN: Kathy Troxell

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM, OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNER'S & CONTRACTOR'S PROT PUBLIC OFFICIALS LAW ENFORCEMENT	L5762-2020-19942	10/1/2020	10/1/2021	GENERAL AGGREGATE	NONE
					PRODUCTS-COMP/OP AGG	NONE
					PERSONAL & ADV INJURY	INCLUDED
					EACH OCCURRENCE	\$ 2,000,000
					FIRE DAMAGE (Any one fire)	\$ 100,000
					MED EXP (Any one person)	\$ 5,000
					COMBINED SINGLE LIMIT	\$ 2,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS	L5762-2020-19942	10/1/2020	10/1/2021	BODILY INJURY (Per person)	
					BODILY INJURY (Per accidnt)	
					PROPERTY DAMAGE	
	CRIME LIABILITY FORGERY OR ALTERATION THEFT, DISAPPEARANCE AND DESTRUCTION				LIMIT DEDUCTIBLE	
					LIMIT INSIDE PREMISES DEDUCTIBLE	
					LIMIT OUTSIDE PREMISES DEDUCTIBLE	
					LIMIT DEDUCTIBLE	
	PUBLIC EMPLOYEE DISHONESTY MONEY ORDERS & COUNTERFEIT PAPER CURRENCY COVERAGE				LIMIT DEDUCTIBLE	
					LIMIT DEDUCTIBLE	
					LIMIT DEDUCTIBLE	
					LIMIT DEDUCTIBLE	
	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/ PARTNERS/EXECUTIVE <input type="checkbox"/> Included <input type="checkbox"/> Excluded OFFICERS ARE:				STATUTORY LIMITS	
					EACH ACCIDENT	
					DISEASE/POLICY LIMIT	
					DISEASE-EACH EMPLOYEE	
A	PHYSICAL DAMAGE	L5762-2020-19942	10/1/2020	10/1/2021		
A	PUBLIC OFFICIALS	L5762-2020-19942	10/1/2020	10/1/2021	LIMIT	2,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
Evidence of liability coverage is given.

CERTIFICATE HOLDER

McCreary County Water District
P O Box 488
Whitley City, KY 42653

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS, OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Suzanne Reed

EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY): 11/17/2020

THIS IS EVIDENCE THAT THE INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY

PRODUCER

KENTUCKY LEAGUE OF CITIES
100 E. VINE ST SUITE 800
LEXINGTON, KY 40507-3700
(859) 977-3700

COMPANY

KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES

CODE:**SUB CODE:****AGENCY****CUSTOMER ID#:**

INSURED: McCreary County Water District

PO Box 488
Whitley City, KY 42653

LOAN NUMBER:**POLICY NUMBER:**

P5762-2020-19943

EFFECTIVE DATE:

10/1/2020

EXPIRATION DATE:

10/1/2021

CONTINUED UNTIL

TERMINATED IF CHECKED ☐

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION**LOCATION/DESCRIPTION**

BUILDINGS, CONTENTS, AND SCHEDULED PROPERTY OF THE McCreary County Water District LISTED WITH THE COMPANY

COVERAGE INFORMATION**LIMITS****COVERAGES/PERILS/FORMS****AMOUNT OF INSURANCE****DEDUCTIBLE***

SUBJECT TO POLICY SUBLIMITS, CONDITIONS, AND EXCLUSIONS, DIRECT LOSS REPLACEMENT COST AND TIME ELEMENT ON PROPERTY DECLARED TO THE COMPANY AS HAVING TOTAL VALUES OF:

\$27,086,860

\$1,000

*FLOOD DEDUCTIBLE (ZONES B, C, & X ONLY) = \$25,000 PER OCCURRENCE

*EARTHQUAKE DEDUCTIBLE = \$25,000 OR 2% OF TIV'S FOR EACH DAMAGED LOCATION PER OCCURRENCE

REMARKS (Including Special Conditions)

Evidence of property insurance coverage is given.

CANCELLATION

THIS POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 30 DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST**NAME AND ADDRESS**

McCreary County Water District
P O Box 488
Whitley City, KY 42653

MORTGAGEE**LOSS PAYEE****ADDITIONAL INSURED****LOAN #****AUTHORIZED REPRESENTATIVE**

Suzanne Reed

EXHIBIT B

REQUEST FOR PAYMENT AND PROJECT STATUS REPORT

Borrower: _____

WX/SX Number: _____

KIA Loan # _____

Draw Number _____

Date: _____

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

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

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

Funds Requested: _____

Project Budget and Expenses

Line Item	Cost	Expenses This Request	Expenses to Date	Project Budget	Balance
1	Administrative				
2	Legal				
3	Land, Appraisals, Easements				
4	Relocation Expense				
5	Planning				
6	Engineering Fees – Design				
7	Engineering Fees - Construction				
8	Engineering Fees – Inspection				
9	Construction				
10	Equipment				
11	Contingency				
12	Other				
	TOTAL				

If expenses to date exceed project budget a revised budget must be submitted to and approved by the Authority before funds will be released.

Project Funding

	Funding Agency	Expenses This Request	Expenses to Date	Project Budget	Balance
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
	TOTAL				

We certify that the expenses in this draw request were incurred pursuant to local procurement policies which conform to KRS 45A.

Borrower Signature: _____

Project Administrator: _____

Draw # _____

STATUS REPORT:

PROJECT IS:

On schedule

Ahead of schedule

Behind schedule

If ahead or behind, please explain

PROJECT EXPENSES THIS DRAW REQUEST

(Include Invoices for Expenses Listed Below)

<u>Line Item</u>	<u>Draw #</u>	<u>Vender</u>	<u>Amount</u>
------------------	---------------	---------------	---------------

**CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST**

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

Engineer/Architect

Firm Name

SCHEDULE OF SERVICE CHARGES
(See Attached)

(See Attached)

C-1

AREA McCreary County, Kentucky

PSC KY NO. 1

10th Revised 1 SHEET NO. 1

McCreary County Water District

CANCELLING PSC KY NO. 1

9th Revised 1 SHEET NO. 1

RATES AND CHARGES

Monthly Water Rates

Residential & Non-Residential Meter

First 2,000 gallons	\$22.50 Minimum Bill	(I)
Over 2,000 gallons	\$0.00925 per gallon	(I)

Federal Correctional Facility

First 1,950,000 gallons	\$14,215.50 Minimum Bill	
Over 1,950,000 gallons	\$0.00729 per gallon	(T)

(D)
(D)
(D)

Monthly rates for special service through a multi-unit master meter agreement:

The monthly charge for customers who have requested service through a master meter for multi-unit service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the district's standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility.

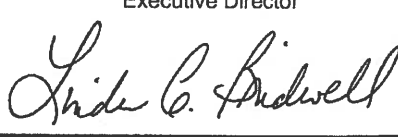
DATE OF ISSUE February 24, 2021
MONTH / DATE / YEAR

DATE EFFECTIVE February 22, 2021
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00021 DATED February 22, 2021

KENTUCKY PUBLIC SERVICE COMMISSION
Linda C. Bridwell Executive Director 
EFFECTIVE 2/22/2021 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

AREA McCreary County, Kentucky

PSC KY NO. 1

10th Revised SHEET NO. 1A

McCreary County Water District

CANCELLING PSC KY NO. 1

9th Revised SHEET NO. 1A

RATES AND CHARGES

Cumberland Falls State Park

First 600,000 gallons

\$4,374.00 Minimum Bill

(D)

All Over 600,000 gallons

\$0.00729 per gallon

(I)

(I)

Whitley County Water District

\$0.00729 per gallon

(I)

Oneida, Tennessee

\$0.00729 per gallon

(I)

Fibrotex USA

\$0.00729 per gallon

(N)

Pine Knot Job Center

\$0.00729 per gallon

(N)

McCreary County Housing Authority

\$0.00729 per gallon

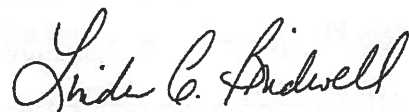
(N)

DATE OF ISSUE February 24, 2021
MONTH / DATE / YEAR
DATE EFFECTIVE February 22, 2021
MONTH / DATE / YEAR
ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER
TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00021 DATED February 22, 2021

**KENTUCKY
PUBLIC SERVICE COMMISSION**

Linda C. Bridwell
Executive Director



EFFECTIVE

2/22/2021

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

AREA McCreary County, Kentucky

PSC KY NO. 1

Original SHEET NO. 1B

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Water Connection Fee

5/8-inch x 3/4-inch Meter

\$800.00

(T)

All Larger Size Meters

Actual Cost

(T)

DATE OF ISSUE February 24, 2021
MONTH / DATE / YEAR

DATE EFFECTIVE February 22, 2021
MONTH / DATE / YEAR

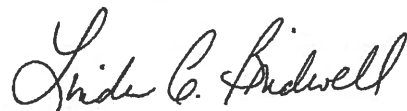
ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00021 DATED February 22, 2021

**KENTUCKY
PUBLIC SERVICE COMMISSION**

Linda C. Bridwell
Executive Director



EFFECTIVE

2/22/2021

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE MCCREARY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$3,244,500 OF LOAN FUNDS FOR PROJECT NUMBER A20-047.

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

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

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

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

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number A20-047 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on March 30, 2021.

GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: _____
Chairman

ATTEST:

By: _____
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the McCreary County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of the McCreary County Water District at a meeting duly held on March 30, 2021 that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this March 30, 2021.

Secretary of Governmental Agency

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

March 30, 2021

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the
McCreary County Water District, regarding Project Number: A20-047.

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 McCreary County Water District (the "Governmental Agency"). I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, I am familiar with the wastewater treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

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

Based upon my review I am of the opinion that:

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT F

LOAN TERM SCHEDULE

Principal Amount of Loan:	\$3,244,500
Loan Interest Rate:	0.50%
Default Interest Rate:	8.00%
Authority's Administrative Fee:	0.20%
Loan Payment Dates:	Each June 1 and December 1
Amortization Commencement Date:	December 1, 2022
Schedule of Payments:	see attached

The Loan has been awarded principal forgiveness in the amount of approximately 50% of the Principal Amount of the Loan, not to exceed \$450,000, which will be credited to the Loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the Borrower.

It is understood and agreed by the parties to this Assistance Agreement that this Term Loan Schedule (Exhibit F) is an integral part of the Assistance Agreement between the Governmental Agency and the Authority. This Term Loan Schedule may be amended, supplemented or modified by the mutual agreement of the Governmental Agency and the Authority provided that such amendment, supplement or modification shall be in writing and executed by the respective duly authorized officers of the Governmental Agency and the Authority. Upon the execution and delivery of any amended, supplemented or modified Term Loan Schedule, the Assistance Agreement and the Term Loan Schedule shall be, and be deemed to be, amended, supplemented and modified in accordance therewith, and the respective rights, duties and obligations under the Assistance Agreement of the Governmental Agency and the Authority shall thereafter be determined, exercised and enforced under the Assistance Agreement subject in all respects to such amendments, supplements and modifications.

KENTUCKY INFRASTRUCTURE AUTHORITY
ANTICIPATED REPAYMENT SCHEDULE
LOAN #A20-047
MCCREARY COUNTY WATER DISTRICT

Original Loan Amount \$ 3,244,500.00
Principal Forgiveness \$ (450,000.00)
Repayment Amount \$ 2,794,500.00

0.50% Interest
\$50,213.51 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
12/01/22	\$43,227.26	\$6,986.25	0.50%	\$50,213.51	\$2,794.50	\$0.00	\$53,008.01	\$2,794,500.00	\$8,100.00	\$8,100.00
06/01/23	\$43,335.33	\$6,878.18	0.50%	\$50,213.51	\$2,751.27	\$0.00	\$52,964.78	\$2,751,272.74	\$0.00	\$8,100.00
12/01/23	\$43,443.67	\$6,769.84	0.50%	\$50,213.51	\$2,707.94	\$0.00	\$52,921.45	\$2,707,937.41	\$0.00	\$16,200.00
06/01/24	\$43,552.28	\$6,661.23	0.50%	\$50,213.51	\$2,664.49	\$0.00	\$52,878.00	\$2,664,493.74	\$0.00	\$16,200.00
12/01/24	\$43,661.16	\$6,552.35	0.50%	\$50,213.51	\$2,620.94	\$0.00	\$52,834.45	\$2,620,941.46	\$0.00	\$24,300.00
06/01/25	\$43,770.31	\$6,443.20	0.50%	\$50,213.51	\$2,577.28	\$0.00	\$52,790.79	\$2,577,280.30	\$0.00	\$24,300.00
12/01/25	\$43,879.74	\$6,333.77	0.50%	\$50,213.51	\$2,533.51	\$0.00	\$52,747.02	\$2,533,509.99	\$0.00	\$32,400.00
06/01/26	\$43,989.43	\$6,224.08	0.50%	\$50,213.51	\$2,489.63	\$0.00	\$52,703.14	\$2,489,630.25	\$0.00	\$32,400.00
12/01/26	\$44,099.41	\$6,114.10	0.50%	\$50,213.51	\$2,445.64	\$0.00	\$52,659.15	\$2,445,640.82	\$0.00	\$40,500.00
06/01/27	\$44,209.66	\$6,003.85	0.50%	\$50,213.51	\$2,401.54	\$0.00	\$52,615.05	\$2,401,541.41	\$0.00	\$40,500.00
12/01/27	\$44,320.18	\$5,893.33	0.50%	\$50,213.51	\$2,357.33	\$0.00	\$52,570.84	\$2,357,331.75	\$0.00	\$48,600.00
06/01/28	\$44,430.98	\$5,782.53	0.50%	\$50,213.51	\$2,313.01	\$0.00	\$52,526.52	\$2,313,011.57	\$0.00	\$48,600.00
12/01/28	\$44,542.06	\$5,671.45	0.50%	\$50,213.51	\$2,268.58	\$0.00	\$52,482.09	\$2,268,580.59	\$0.00	\$56,700.00
06/01/29	\$44,653.41	\$5,560.10	0.50%	\$50,213.51	\$2,224.04	\$0.00	\$52,437.55	\$2,224,038.53	\$0.00	\$56,700.00
12/01/29	\$44,765.05	\$5,448.46	0.50%	\$50,213.51	\$2,179.39	\$0.00	\$52,392.92	\$2,179,385.12	\$0.00	\$64,800.00
06/01/30	\$44,876.96	\$5,336.55	0.50%	\$50,213.51	\$2,134.62	\$0.00	\$52,348.13	\$2,134,620.07	\$0.00	\$64,800.00
12/01/30	\$44,989.15	\$5,224.36	0.50%	\$50,213.51	\$2,089.74	\$0.00	\$52,303.25	\$2,089,743.11	\$0.00	\$72,900.00
06/01/31	\$45,101.63	\$5,111.88	0.50%	\$50,213.51	\$2,044.75	\$0.00	\$52,258.26	\$2,044,753.96	\$0.00	\$72,900.00
12/01/31	\$45,214.38	\$4,999.13	0.50%	\$50,213.51	\$1,999.65	\$0.00	\$52,213.16	\$1,999,652.33	\$0.00	\$81,000.00
06/01/32	\$45,327.42	\$4,886.09	0.50%	\$50,213.51	\$1,954.44	\$0.00	\$52,167.95	\$1,954,437.95	\$0.00	\$81,000.00
12/01/32	\$45,440.73	\$4,772.78	0.50%	\$50,213.51	\$1,909.11	\$0.00	\$52,122.62	\$1,909,110.53	\$0.00	\$89,100.00
06/01/33	\$45,554.34	\$4,659.17	0.50%	\$50,213.51	\$1,863.67	\$0.00	\$52,077.18	\$1,863,669.80	\$0.00	\$89,100.00
12/01/33	\$45,668.22	\$4,545.29	0.50%	\$50,213.51	\$1,818.12	\$0.00	\$52,031.63	\$1,818,115.46	\$0.00	\$97,200.00
06/01/34	\$45,782.39	\$4,431.12	0.50%	\$50,213.51	\$1,772.45	\$0.00	\$51,985.96	\$1,772,447.24	\$0.00	\$97,200.00
12/01/34	\$45,896.85	\$4,316.66	0.50%	\$50,213.51	\$1,726.66	\$0.00	\$51,940.17	\$1,726,694.85	\$0.00	\$105,300.00
06/01/35	\$46,011.59	\$4,201.92	0.50%	\$50,213.51	\$1,680.77	\$0.00	\$51,894.28	\$1,680,768.00	\$0.00	\$105,300.00
12/01/35	\$46,126.62	\$4,086.89	0.50%	\$50,213.51	\$1,634.76	\$0.00	\$51,848.27	\$1,634,756.41	\$0.00	\$113,400.00
06/01/36	\$46,241.94	\$3,971.57	0.50%	\$50,213.51	\$1,588.63	\$0.00	\$51,802.14	\$1,588,629.79	\$0.00	\$113,400.00
12/01/36	\$46,357.54	\$3,855.97	0.50%	\$50,213.51	\$1,542.39	\$0.00	\$51,755.90	\$1,542,387.85	\$0.00	\$121,500.00
06/01/37	\$46,473.43	\$3,740.08	0.50%	\$50,213.51	\$1,496.03	\$0.00	\$51,709.54	\$1,496,030.31	\$0.00	\$121,500.00
12/01/37	\$46,589.62	\$3,623.89	0.50%	\$50,213.51	\$1,449.56	\$0.00	\$51,663.07	\$1,449,556.88	\$0.00	\$129,600.00
06/01/38	\$46,706.09	\$3,507.42	0.50%	\$50,213.51	\$1,402.97	\$0.00	\$51,616.48	\$1,402,967.26	\$0.00	\$129,600.00
12/01/38	\$46,822.86	\$3,390.65	0.50%	\$50,213.51	\$1,356.26	\$0.00	\$51,569.77	\$1,356,261.17	\$0.00	\$137,700.00
06/01/39	\$46,939.91	\$3,273.60	0.50%	\$50,213.51	\$1,309.44	\$0.00	\$51,522.95	\$1,309,438.31	\$0.00	\$137,700.00
12/01/39	\$47,057.26	\$3,156.25	0.50%	\$50,213.51	\$1,262.50	\$0.00	\$51,476.01	\$1,262,498.40	\$0.00	\$145,800.00
06/01/40	\$47,174.91	\$3,038.60	0.50%	\$50,213.51	\$1,215.44	\$0.00	\$51,428.95	\$1,215,441.14	\$0.00	\$145,800.00
12/01/40	\$47,292.84	\$2,920.67	0.50%	\$50,213.51	\$1,168.27	\$0.00	\$51,381.78	\$1,168,266.23	\$0.00	\$153,900.00
06/01/41	\$47,411.08	\$2,802.43	0.50%	\$50,213.51	\$1,120.97	\$0.00	\$51,334.48	\$1,120,973.39	\$0.00	\$153,900.00
12/01/41	\$47,529.60	\$2,683.91	0.50%	\$50,213.51	\$1,073.56	\$0.00	\$51,287.07	\$1,073,562.31	\$0.00	\$162,000.00
06/01/42	\$47,648.43	\$2,565.08	0.50%	\$50,213.51	\$1,026.03	\$0.00	\$51,239.54	\$1,026,032.71	\$0.00	\$162,000.00
12/01/42	\$47,767.55	\$2,445.96	0.50%	\$50,213.51	\$978.38	\$0.00	\$51,191.89	\$978,384.28	\$0.00	\$162,000.00
06/01/43	\$47,886.97	\$2,326.54	0.50%	\$50,213.51	\$930.62	\$0.00	\$51,144.13	\$930,616.73	\$0.00	\$162,000.00
12/01/43	\$48,006.69	\$2,206.82	0.50%	\$50,213.51	\$882.73	\$0.00	\$51,096.24	\$882,729.76	\$0.00	\$162,000.00
								\$834,723.07	\$0.00	\$162,000.00

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/44	\$48,126.70	\$2,086.81	0.50%	\$50,213.51	\$834.72	\$0.00	\$51,048.23	\$786,596.37	\$0.00	\$162,000.00
12/01/44	\$48,247.02	\$1,966.49	0.50%	\$50,213.51	\$786.60	\$0.00	\$51,000.11	\$738,349.35	\$0.00	\$162,000.00
06/01/45	\$48,367.64	\$1,845.87	0.50%	\$50,213.51	\$738.35	\$0.00	\$50,951.86	\$689,981.71	\$0.00	\$162,000.00
12/01/45	\$48,488.56	\$1,724.95	0.50%	\$50,213.51	\$689.98	\$0.00	\$50,903.49	\$641,493.15	\$0.00	\$162,000.00
06/01/46	\$48,609.78	\$1,603.73	0.50%	\$50,213.51	\$641.49	\$0.00	\$50,855.00	\$592,883.37	\$0.00	\$162,000.00
12/01/46	\$48,731.30	\$1,482.21	0.50%	\$50,213.51	\$592.88	\$0.00	\$50,806.39	\$544,152.07	\$0.00	\$162,000.00
06/01/47	\$48,853.13	\$1,360.38	0.50%	\$50,213.51	\$544.15	\$0.00	\$50,757.66	\$495,298.94	\$0.00	\$162,000.00
12/01/47	\$48,975.26	\$1,238.25	0.50%	\$50,213.51	\$495.30	\$0.00	\$50,708.81	\$446,323.68	\$0.00	\$162,000.00
06/01/48	\$49,097.70	\$1,115.81	0.50%	\$50,213.51	\$446.32	\$0.00	\$50,659.83	\$397,225.98	\$0.00	\$162,000.00
12/01/48	\$49,220.45	\$993.06	0.50%	\$50,213.51	\$397.23	\$0.00	\$50,610.74	\$348,005.53	\$0.00	\$162,000.00
06/01/49	\$49,343.50	\$870.01	0.50%	\$50,213.51	\$348.01	\$0.00	\$50,561.52	\$298,662.03	\$0.00	\$162,000.00
12/01/49	\$49,466.85	\$746.66	0.50%	\$50,213.51	\$298.66	\$0.00	\$50,512.17	\$249,195.18	\$0.00	\$162,000.00
06/01/50	\$49,590.52	\$622.99	0.50%	\$50,213.51	\$249.20	\$0.00	\$50,462.71	\$199,604.66	\$0.00	\$162,000.00
12/01/50	\$49,714.50	\$499.01	0.50%	\$50,213.51	\$199.60	\$0.00	\$50,413.11	\$149,890.16	\$0.00	\$162,000.00
06/01/51	\$49,838.78	\$374.73	0.50%	\$50,213.51	\$149.89	\$0.00	\$50,363.40	\$100,051.38	\$0.00	\$162,000.00
12/01/51	\$49,963.38	\$250.13	0.50%	\$50,213.51	\$100.05	\$0.00	\$50,313.56	\$50,088.00	\$0.00	\$162,000.00
06/01/52	\$50,088.00	\$125.51	0.50%	\$50,213.51	\$50.09	\$0.00	\$50,263.60	\$0.00	\$0.00	\$162,000.00
Totals	\$2,794,500.00	\$218,310.60		\$3,012,810.60	\$87,324.13	\$0.00	\$3,100,134.73		\$162,000.00	

Created by KIA on 03/26/2021

**GENERAL CLOSING CERTIFICATE OF
MCCREARY COUNTY WATER DISTRICT**

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and McCreary County Water District (the "Governmental Agency") regarding Project Number: A20-047.

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

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

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

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

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

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

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

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

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

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

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

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

WITNESS our hands this March 30, 2021.

GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: 
Chairman

ATTEST:

By: 
Secretary of Governmental Agency



GERALD WUETCHER
DIRECT DIAL: (859) 231-3017
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gerald.wuetcher@skofirm.com

300 WEST VINE STREET
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LEXINGTON, KY 40507-1801
MAIN: (859) 231-3000
FAX: (859) 253-1093

March 30, 2021

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the
McCreary County Water District, regarding Project Number: A20-047.

Ladies and Gentlemen:

Stoll Keenon Ogden PLLC, by and through the undersigned, who is a member and is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky, is legal counsel to the McCreary County Water District (the "Governmental Agency"). We are familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, we are familiar with the wastewater treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

We have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the legislation of the governing authority authorizing the execution and delivery of said Assistance Agreement and the plans, designs and specifications prepared by the engineers for the Governmental Agency with respect to the Project.

Based upon our review, we are of the opinion that:

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

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

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

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

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

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

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


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

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

Kentucky Infrastructure Authority
March 30, 2021
Page 3

Very truly yours,

STOLL KEENON OGDEN PLLC

By: 
Gerald E. Wuetcher

DISTRIBUTION LIST

Re: Assistance Agreement between Kentucky Infrastructure Authority and the McCreary County Water District, regarding Project Number A20-047

Governmental Agency

McCreary County Water District
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(606) 376-2540

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Trustee

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Corporate Trust Services
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TRANSCRIPT OF PROCEEDINGS

ASSISTANCE AGREEMENT
BETWEEN THE
KENTUCKY INFRASTRUCTURE AUTHORITY
AND
MCCREARY COUNTY WATER DISTRICT
DATED MARCH 30, 2021
PROJECT NUMBER A20-047

AS SUPPLEMENTED BY A
FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT
DATED SEPTEMBER 27, 2022

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

INDEX TO TRANSCRIPT OF PROCEEDINGS

- Re: Assistance Agreement between Kentucky Infrastructure Authority (the “Authority”) and McCreary County Water District (the “Governmental Agency”), regarding Project Number A20-047, as supplemented by a First Supplemental Assistance Agreement, dated September 27, 2022.
1. Minutes of Kentucky Infrastructure Authority authorizing the Assistance Agreement.
 2. Minutes of Capital Projects and Bond Oversight Committee.
 3. Certification by the Division of Water.
 4. PSC Certificate of Public Convenience and Necessity, entered March 11, 2021.
 5. PSC Order of Correction, entered March 24, 2021.
 6. Commitment Letter of Kentucky Infrastructure Authority, dated June 25, 2020.
 7. Resolution of the Governmental Agency authorizing the Assistance Agreement.
 8. Minutes of the Meeting of the Governing Body of the Governmental Agency adopting Resolution authorizing Assistance Agreement.
 9. Assistance Agreement.
 10. General Closing Certificate of the Governmental Agency.
 11. Opinion of Counsel to the Governmental Agency.
 12. Minutes of Capital Projects and Bond Oversight Committee authorizing the First Supplemental Assistance Agreement, dated July 21, 2022.
 13. PSC Order authorizing amended loan agreement with KIA, entered September 8, 2022.
 14. Commitment Letter of Kentucky Infrastructure Authority authorizing the First Supplemental Assistance Agreement, dated June 30, 2022.
 15. Resolution of the Governmental Agency authorizing the First Supplemental Assistance Agreement.
 16. Minutes of the Meeting of the Governing Body of the Governmental Agency adopting Resolution authorizing the First Supplemental Assistance Agreement.
 17. First Supplemental Assistance Agreement.
 18. Distribution List.

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: **June 4 2020 – 1:00 p.m.**
 Kentucky Infrastructure Authority
 Via Video Conference

Members present:

Mr. Dennis Keene, Commissioner, Department for Local Government
Mr. Winston Miller, proxy for. Holly M. Johnson, Secretary, Finance and Administration Cabinet
Mr. Paul Miller, proxy for Rebecca Goodman, Secretary, Energy and Environment Cabinet
Mr. Claude Christensen, representing Kentucky League of Cities
Mr. Ron Lovan, Representing the Kentucky Section of the American Water Works Association
Mr. Kent Chandler, Executive Director, Public Service Commission
Mr. Bobby Aldridge, proxy for Interim Secretary Larry Hayes, Cabinet for Economic Development
Mr. Russell Rose, representing Kentucky Rural Water Association
Mr. David A. Voegelé, representing Kentucky Association of Counties
Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association
Mr. Kurt Stafford, representing the For-Profit Water Companies

DLG Staff:

Mr. Eddie Jacobs, Chief of Staff
Mr. Matthew Stephens, General Counsel
Ms. Kim Wooldridge, Executive Assistant

KIA Staff:

Ms. Edith Halbleib, Executive Director
Ms. Linda Bridwell, Deputy Executive Director
Mr. Jeff Abshire, Fiscal Officer and KIA Treasurer
Ms. Julie Bickers, Regional Compliance Coordinator
Mr. Bryan Bunch, Systems Engineer IT
Mr. Kelly Cunnagin, Executive Staff Assistant
Mr. Dustin Horn, WRIS Geoprocessing Specialist
Ms. Debbie Landrum, Regional Compliance Coordinator
Ms. Meg Link, Administrative Specialist III and KIA Secretary
Mr. James Nelson, Accountant/Grants
Mr. Don Schierer, WRIS Resource Management Analyst
Ms. Sarah Parsley, Regional Compliance Coordinator
Mr. Tom Schubert, GIS Specialist
Ms. Meili Sun, Financial Analyst

Guests:

Mr. Jory Becker, Division of Water
Mr. Kenny Cornett, Morehead Utility Plant Board
Ms. Bethany Couch, Office of Financial Management
Mr. Kyle Cunningham, Pennyriple Area Development District
Mr. Matt Curtis, Bluegrass Engineering
Mr. Gary Damron, City of Salem
Ms. Jocelyn Gross, Gateway Area Development District
Mr. Jeremy Lewis, Morehead Utility Plant Board

Mr. Jim McCarty, Cave Run Water Commission
Ms. Holly McGrath-Rosas, Morehead Utility Plant Board
Mr. Alan Robinson, Eclipse Engineers, PLLC
Mr. Larry Tackett, Morehead Utility Plant Board
Mr. Stephen Whitaker, McCreary County Water District
Ms. Sandy Williams, Office of Financial Management
Mr. Larry Workman, Cave Run Water Commission

PROCEEDINGS

Commissioner Dennis Keene, called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. He noted that the press notification distribution had been done appropriately and confirmed a quorum was present. Meg Link, KIA Secretary was asked to call the Roll. Commissioner Keene asked for those wishing to be recorded as an attendee in the Minutes to please send a chat message with their information.

I. BUSINESS (Board Action Required)

1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of May 7, 2020

Mr. Kent Chandler noted he abstained from voting on the Northern Kentucky Water District, (F20-044), project and asked for it to be included as a revision. Mr. Kent Chandler moved to approve the minutes of the May 7, 2020, regular board meeting, with the noted revision. Mr. Kurt Stafford seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A20-020) FOR AN AMOUNT UP TO \$1,363,200 TO THE CITY OF MOREHEAD, ROWAN COUNTY, KENTUCKY

Mr. Jory Becker, DOW, Ms. Linda Bridwell, and Ms. Holly McGrath-Rosas, representing the City of Morehead, discussed the City's request for a Fund A Loan, (A20-020) for an amount up to \$1,353,200 for the Derrickson Lift Station Upgrade project. They are co-funding the loan with the Kentucky Transportation Cabinet. The project will improve and promote public health and environmental safety by eliminating SSO events. This project will involve replacing the existing Derrickson Lift Station and corresponding force main to address sanitary sewer overflow (SSO) events by constructing a new lift station on the adjacent site. The new lift station (approximately 700 GPM) will be designed with higher flow pumps and a larger wet well, designed to current regulations. Due to the expansion and growth in customer base in the northern part of Rowan County, approximately 14,000 LF of 10-inch force main would be installed to replace the existing 6-inch force main to increase capacity within this section of the collection system. A segment of the force main, approximately 9,800 linear feet, will be realigned from the existing location beginning at the intersection of KY-32 and Litton Road. The realignment is needed for better operations and efficiency.

The Morehead Utility Plant Board currently serves 5,581 sewer customers, 3,453 water customers, and also provides natural gas to customers in Rowan County.

Mr. Kent Chandler asked Ms. Bridwell about the financials. He asked if KIA staff takes into consideration the non-cash expenses to ensure the appropriate depreciation is included in the financial statement and the cash snapshot. Ms. Bridwell said staff does review it and it is included in consideration. Staff simplifies the form for presentation purposes. Morehead has a strong financial position.

Mr. Claude Christensen moved to approve the Fund A Loan increase, (A20-020), for an amount up to \$1,363,200 with the standard conditions. Mr. Winston Miller seconded and the motion was unanimously approved.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A20-047) FOR AN AMOUNT UP TO \$3,244,500 TO THE MCCREARY COUNTY WATER DISTRICT, MCCREARY COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Meili Sun, KIA, discussed the District's request for a Fund A Loan for an amount up to \$3,244,500 for the Sanitary Sewer Collection System Expansion – Phase 1 project. This project will expand the sanitary sewer collection system to serve 305 new customers in the Stearns and Smithtown areas. Many of these underserved customers either have failing septic systems or discharge directly into the environment.

The collection system expansion will consist of approximately 66,500 linear feet of PVC sewer line extension of various sizes, 15 manholes, 275 grinder pump stations, and other appurtenances such as air release valves and flushing connections. The purpose of this project is to expand the sanitary sewer collection system to spread the cost of services across more customers while protecting the environment from failing septic tanks and straight pipes.

The District currently serves approximately 1,100 retail customers in McCreary County and provide wholesale water to the Whitley County Water District and the City of Oneida in Tennessee. Both McCreary and Whitley County Water Districts are under the Public Service Commission jurisdiction ("PSC") and subject to PSC rate regulations. The District had not sold any water to Oneida in the past 3 years due to the need basis agreement but may resume sales in 2020 and 2021 to supply water for Oneida's source water project.

Mr. Kent Chandler asked if someone from the McCreary County Water District could answer a couple of questions. Mr. Alan Robinson, Eclipse Engineering and Mr. Stephen Whitaker with the District, said they would be happy to answer any questions. Mr. Chandler asked if the 2019 financials been completed. Mr. Whitaker noted they have not been finalized and they have been in contact with the auditors, who expect it to be completed soon. Mr. Chandler asked about the \$3.6 million and anticipated 300 additional customers expected with this project, was there for possibly additional customers. Mr. Robinson noted the lines are sized for future customers and potentially could extend the service to 350 or 400 customers should there be remaining funds. This also allows for meeting the Division of Water's hydraulic requirements to not oversize the lines.

Mr. Kent Chandler abstained from voting. Mr. Ron Lovan moved to approve the Fund A Loan (A20-047) for an amount up to \$3,244,500 with the standard conditions and the

following special conditions as required by the PSC: 1) The District shall apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for KIA loan A20-047. This debt authorization application should include a forecast meeting debt service projected through 2025; and 2) Prior to the assistance agreement being executed, the District must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement.. Mr. Russ Rose seconded and the motion was unanimously approved.

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND F LOAN (F17-007) INCREASE FOR AN AMOUNT UP TO \$1,005,344 TO THE CITY OF OLIVE HILL, CARTER COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Linda Bridwell, KIA, discussed the City of Olive Hill's request for a Fund F Loan increase, (F17-007) that was originally approved in October 2016 for \$883,00, the requested increase amount is \$122,344 for a total loan up to \$1,005,344 for the Olive Hill Downtown Area Waterline Replacement Project. The increase will fund various unanticipated connection issues that were identified during construction. The project replaced approximately 5,900 linear feet of failing cast iron water lines in the downtown area of Olive Hill with new PVC lines. The area covered in this project was determined by water loss studies to have an estimated 50% loss and is also the oldest part of the system. In addition to the line replacement, the project replaced several hydrants as well as facilitated the inspection, rehabilitation, and recommission of the Tick Ridge standpipe water tank. The recommission of the tank will add 250,000 gallons to the current storage capacity of the City's water system and stabilized the available volume and pressure for the downtown area.

The City provides approximately 2,200 water customers and 900 sewer customers. Additionally, they provide electricity, natural gas and sanitation services.

Mr. Kurt Stafford asked Ms. Bridwell about the debt coverage ratio and asked how often staff reviews that information and how does staff stay up-to-date. Ms. Bridwell stated that one of the conditions of their loan agreement is yearly audits must be submitted within 180 days. Staff reviews these audits to ensure they are meeting their debt coverage ratio. If not, we contact the borrower. Mr. Kent Chandler asked if not submitting their audits within the 180 timeframe a violation of their loan agreement. Ms. Bridwell noted that it was a violation and that KIA staff is working with Rubin & Hays, KIA's legal counsel to determine a course of action. Currently, staff continues to reach out to borrowers about any non-compliance issues. Borrowers are told no additional funding will be available through KIA unless their current loans are in good standing with us.

Mr. Claude Christensen moved to approve the Fund F Loan increase (F17-007) of \$122,344 for a total loan amount up to \$1,005,344 to the City of Olive Hill with the standard conditions. Judge David Voegele seconded and the motion was unanimously approved.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F20-017) FOR AN AMOUNT UP TO \$585,000 TO THE CITY OF SALEM, LIVINGSTON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Meili Sun, KIA discussed the City's request for a Fund F Loan for an amount up to \$585,000 for the for the first phase of the Water Main Replacement Project. This phase will concentrate on the western supply route connecting Salem Municipal Water System to the Crittenden-Livingston County Water District. The City has been experiencing water line failures in the area due to corrosion of aging cast iron pipes, which cause service outages and water losses in the area. The scope of work involves replacement of 5,500 linear feet of existing lines with 6" PVC lines and addition of 8 valves and 3 hydrants to the distribution system.

The City purchases 100% of its water supply from the Crittenden-Livingston County Water District to serve approximately 450 retail customers in the City. The City's water purchase rates are regulated by the Public Service Commission.

Mr. Kent Chandler abstained from voting. Mr. Russ Rose moved to approve the Fund F Loan (F20-017) in an amount up to \$585,000 to the City of Salem with the standard conditions. Mr. Ron Lovan seconded and the motion was unanimously approved.

5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F20-021) FOR AN AMOUNT UP TO \$1,171,350 TO THE CAVE RUN WATER COMMISSION, MENIFEE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Linda Bridwell, KIA discussed the Commission's request for a Fund F Loan (F20-021) for an amount up to \$1,171,350 for the Elevated Water Storage Tank Construction project. This project will construct a new water tank in order to provide purchase source water protection and water supply redundancy that is currently lacking in the system. A new 300,000 gallon elevated storage tank will be constructed on the Menifee and Morgan County Line to service the City of Frenchburg, City of Jeffersonville, and the Morgan County Water district. SCADA will be installed at the tank to enable remote reading and level control from the Water Treatment Plant along with a security fence and approximately 800 LF of 12" PVC waterline to connect the new tank to the existing transmission line.

With Cave Run Water Commission's current system configuration and operations, Morgan County Water District's Ezel Water Tank (150,000 gallons) empties in 10-12 hours when Cave Run stops producing water at the water treatment plant. The Ezel Water Tank has been emptied two times in the past year because it cannot be filled when the plant isn't producing water by constructing a new water tank, Cave Run Water Commission will be able to provide additional storage for the service area and allow the Ezel Water Tank to be filled when the water treatment plant is shutdown between production. Cave Run Water Commission provides approximately 40-50% of Morgan County Water District's water; 95-99% of the City of Frenchburg's water; and 95-99% of the City of Jeffersonville's water. In total,

Cave Run Water Commission indirectly services a population of 18,900 from the Cave Run Tank and sells an average of 1 million gallons of water to wholesale customers each day.

Mr. Claude Christensen moved to approve the Fund F Loan (F20-021) for an amount up to \$1,171,350 to the Cave Run Water Commission with the standard conditions. Judge David Voegele seconded and the motion was unanimously approved.

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

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

<u>BORROWER</u>	<u>FUND</u>	<u>AMOUNT UP TO</u>
City of Morehead	A20-020	\$1,363,200
McCreary County Water District	A20-047	\$3,244,500
City of Olive Hill (Increase)	F17-007	\$ 122,344
City of Salem	F20-017	\$ 585,000
Cave Run Water Commission	F20-021	\$1,171,350

Mr. Russ Rose moved to approve the reimbursement resolution. Mr. Kent Chandler seconded and the motion carried unanimously.

7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2020 CAPITALIZATION GRANT FOR THE DRINKING WATER REVOLVING FUND

Mr. Bob Amato moved to approve the filing of the 2020 Capitalization Grant for the Drinking Water Revolving Fund. Judge David Voegele seconded and the motion carried unanimously.

8. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2020 CAPITALIZATION GRANT FOR THE WASTEWATER REVOLVING FUND

Mr. Russ Rose moved to approve the filing of the 2020 Capitalization Grant for the Wastewater Revolving Fund. Mr. Bob Amato seconded and the motion carried unanimously.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Edith Halbleib discussed the Intended Use Plans – The IUP for the Clean Water State Revolving Fund and the Drinking Water State Revolving Fund are in the final edit stages. A public meeting is provisionally scheduled for 2:30 p.m., on June 18, 2020 to be conducted as an interactive virtual Zoom meeting, with a link posted on the website. The project lists and proposed principal forgiveness for FY 2021 are ready and the invitations are loaded into the system, to be emailed at the publishing of the IUPs.

The KIA recommendation in the IUPs reflects the project priorities established last summer. The plan lowers the interest rates on the lowest tier, those borrowers whose MHI is below 80% of the state average. The middle tier and the standard tier remain the same. The recommendation reflects a balance between reasonable rates and adverse long term impacts lower rates to the Fund.

The decision to adjust rates is a function of current market rates, balanced against the long term effects to the program, in reducing rates. Per the recommendation of the Treasurer, program demand, the differences in borrowing capacity for smaller and/or lower income communities were considerations behind the recommendation. The KIA addressed the smaller and lower income communities by reducing the lower tier by 0.25 points, as well as general market conditions for construction demand.

KIA has eight projects to take to the CPBOC this month. With the approval of the ones today, KIA will also have 5 more to present to the CPBOC. CPBOC has moved its meeting back this month, which allows the KIA to present to CPBOC in the same month as the Board approves the projects. After projects are approved at CPBOC, they still require an assistance agreement.

It was also noted, that Jeff Abshire, KIA Treasurer, has given his notice and will be leaving this month. He has been with the agency for 9 years. There are two other positions available for financial analysts. If anyone is aware of someone that might be interested the positions are posted on the Personnel website or let her know.

Mr. Russ Rose noted the presentations and asked if there was any way to note the non-compliant borrowers and what issues need to be addressed. Mr. Kent Chandler concurred and noted it would be helpful information to be included in the future. Ms. Halbleib said that should not be a problem and staff will do so moving forward.

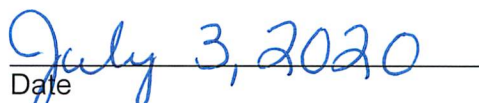
ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Thursday, July 9, 2020, 1:00 p.m.

There being no further business, Judge David Voegle moved to adjourn. Mr. Kent Chandler seconded and the motion carried unanimously. The June 4, 2020 meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:


Margaret F. Link, Secretary
Kentucky Infrastructure Authority


Date

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

June 25, 2020

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Thursday, June 25, 2020, at 12:00 PM, via videoconference. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests: Janice Tomes, Deputy State Budget Director; Brigadier General (Retired) Benjamin Adams, Executive Director, Office of Management and Administration, Department of Military Affairs; Edith Halbleib, Executive Director, Kentucky Infrastructure Authority; Linda Bridwell, Deputy Executive Director, Kentucky Infrastructure Authority; Katie Smith, Commissioner, Department for Financial Services, Cabinet for Economic Development; and Sandy Williams, Deputy Executive Director, Office of Financial Management.

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

Approval of Minutes

Representative Rudy moved to approve the May 19, 2020 meeting minutes. Representative Pratt seconded the motion, and the committee approved without objection.

Information Items

Pursuant to KRS 45.760(5), the University of Louisville reported a \$598,400 mass spectrometer purchase from federal National Institute of Health Shared Instrument Grant funds.

Pursuant to KRS 45.812(1), the Covington Independent and Walton-Verona school districts, which did not need an additional tax levy to pay debt service, reported an estimated \$3.75 million, for three elementary school roof replacements, and \$380,000, for high school athletic improvements, respective upcoming debt issuances.

Pursuant to KRS 45A.860(3), the Auditor of Public Accounts provided reports certifying procedural statutory compliance for five selection committees.

Report from the University of Kentucky

Ms. Baker reported three funding source revisions without aggregate appropriation increases. The first two were for projects from the Improve Center for Applied Energy Research restricted funds project authorization. UK opted to utilize a U.S. Department of Defense (DoD) federal grant rather than restricted funds for its \$1.5 million, 2,000 square foot Mineral Process Building Expansion; climate controlled space for raw materials to develop high performing concrete [replacing heavy precast rebar-laden components] for DOD and U.S. Army Corps of Engineers military applications. UK will use a U.S. Department of Energy federal grant rather than restricted funds for its \$2.5 million, 5,000 square foot Carbon Fiber Development Facility; a pilot-scale process plant producing high-value carbon products from coal at the largest scale in the United States, in partnership with the Oak Ridge National Laboratory. The high-value carbon products will replace traditional metals used in aerospace and automotive applications. Representative Thomas praised UK for initiating development of the largest scale high-value carbon fiber facility in the United States.

The third funding source revision was from the Acquire Land restricted funds project authorization. UK will use a [USDA National Institute of Food and Agriculture] federal capacity grant available to land-grant institutions rather than restricted funds for its \$2 million purchase of 287.54 acres in Caldwell County adjacent to its Research and Education Center. UK has leased the land, which has the two soil types and is within eighty miles of eighty percent of the acreage for Kentucky grains, since 2016 for agricultural research. Representative Thomas encouraged members to visit the Research and Education Center.

Ms. Baker submitted one lease renewal and one new lease. Representative Pratt moved to roll the leases into one roll call vote, seconded by Representative Sorolis, and approved without objection. The UK HealthCare Information Technology lease renewal, authorized in House Bill 352, was for 25,903 square feet of space at 245 Fountain Court, costing \$595,769 annually. The new lease, 4,907 square feet of space in Edgewood close to the St. Elizabeth Medical Center costing \$112,135 annually, will provide additional space for the UK/Northern Kentucky University/St. Elizabeth Healthcare medical education program.

Representative Rudy moved to approve the leases, seconded by Representative Pratt, and unanimously approved by roll call vote.

Report from the Finance and Administration Cabinet

Ms. Tomes submitted six new Department of Military Affairs projects at four facilities. Representative Rudy moved to roll the projects into one roll call vote, seconded by Representative Pratt, and approved without objection.

The first was the \$1.946 million Barbourville Readiness Center Latrine Upgrade project; using \$1,459,500 in federal funds, \$449,000 in state investment income, and \$37,500 in bond funds. Interior upgrades include new female latrine/shower and lactation room, existing male latrine/shower, boiler system replacement to more energy efficient HVAC system, windows to antiterrorism/force protection standards, and new organizational clothing individual equipment storage.

The second was the \$1.965 million Richmond Readiness Center Interior Modernization project; using \$1,473,750 in federal funds, \$460,000 in state investment income, and \$31,250 in bond funds. Interior upgrades include existing female and male latrines/showers, new lactation room, windows to antiterrorism/force protection standards, kitchen facilities, drill hall, new organizational clothing individual equipment storage, and new HVAC direct digital controls for energy efficiency.

The third was the \$1,745,495 Boone National Guard Center Auditorium project; using \$1,309,121 in federal funds, \$423,100 in state agency restricted funds, and \$13,274 in state investment income. The 5,500 – 6,000 square foot multi-use auditorium seating style facility, designed for multi-tiered seating with work tables that include data and electric, will accommodate staff briefings, soldier/employee training classes, general presentations/ceremonies, and stage performances by the Kentucky National Guard.

The next three projects were for the Wendell H. Ford Regional Training Center (WHFRTC). The first was the \$1,785,550 WHFRTC 1103rd Law and Order Military Police Readiness Center/Provost/Welcoming Center project; using 75 percent federal funds and 25 percent state agency restricted funds. This facility will have administrative office space, female and male latrines, lactation area, weapons vault, organizational clothing individual equipment storage, and visitor control center space for all military and civilian visitors to check-in and receive room assignments or be directed to training areas. WHFRTC has over 100,000 military and civilian annual visitors and serves as a training site for the Kentucky National Guard, state and local police and fire departments, as well as other states' National Guard and Emergency Services personnel. This facility is critical for the control and vetting of all WHFRTC visitors.

The second was the 6,000 square foot, solely federally funded \$1.650 million WHFRTC Fire Station Addition; multiuse storage, billeting, and office space, necessary due to fleet modernization and increase in WHFRTC firefighters and apparatus.

The last was the solely federally funded \$1.375 million WHFRTC Multipurpose Athletic Field project; providing access and a location for formal ceremonies, athletic

events, and collective physical fitness activities, including Army Physical Fitness Test/Army Combat Fitness Test training.

Brigadier General (Retired) Benjamin Adams reintroduced himself, stating it was good to be working with this committee as well as the Veterans, Military Affairs, and Public Protection committee. Representative Thomas said he appreciated his service.

Representative Pratt moved to approve the new projects, seconded by Representative Sorolis, and approved by unanimous roll call vote.

Report from the Office of Financial Management Kentucky Infrastructure Authority

Ms. Bridwell submitted seven Clean Water State Revolving Fund (Fund A) Program loans. Representative Rudy moved to roll the loans into one roll call vote, seconded by Senator Mills, and approved without objection.

The Adair County Water District requested a \$2,104,870 Fund A loan for its Downtown Sewer System Improvements – Phase 1 project; 12,865 linear feet of 8-inch gravity sewer and service laterals. For 4,000 gallons, effective since February 2015, the monthly sewer rate is \$25.80 and the district has a proposed 39 percent sewer rate increase pending Public Service Commission approval. The term is 30 years at a 0.50 interest rate.

The City of Morehead, Rowan County, requested a \$1,363,200 Fund A loan for its \$1,963,200 Derrickson Lift Station Upgrade project; replacement of the lift station and adjacent force sewer main. The Transportation Cabinet is funding the remaining project costs. For 4,000 gallons, effective since August 1, 2018, the monthly inside city sewer rate is \$29.76. The term is 20 years at a 1.50 percent interest rate.

The City of Kuttawa, Lyon County, requested a \$453,236 Fund A loan increase to its previously approved \$1,264,200 Fund A loan for a \$1,717,436 total Fund A loan amount. The Lift Station and Force Main Replacement project will replace the existing Magnolia and Kuttawa lift stations and adjacent force sewer main. For 4,000 gallons, effective since February 1, 2019, the monthly sewer rate is \$30.00. The term is 20 years at a 1.50 percent interest rate.

The City of Maysville, Mason County, requested an \$850,000 Fund A loan for its Wall Street Combined Sewer Elimination project; separating combined sewer lines to adjacent storm sewer lines. For 4,000 gallons, the monthly sewer rate has been \$31.60 since July 1, 2013; however, the city added an annual CPI clause to its water and sewer ordinance this year, increasing the monthly sewer rate by 2.30 percent to \$32.32 this July. The term is 20 years at a 0.50 percent interest rate.

The City of South Shore, Greenup County, requested a \$1,035,000 Fund A loan, of which KIA will apply \$517,500 in principal forgiveness, for its South Shore: Upgrade Forest Heights Collection Lines project; 4,300 linear feet of sewer lines and laterals. For 4,000 gallons, effective since May of this year, the monthly inside city sewer rate is \$48.00. The term is 30 years at a 0.50 percent interest rate.

The McCreary County Water District requested a \$3,244,500 Fund A loan, of which KIA will apply \$450,000 in principal forgiveness, for its \$3,644,500 MCWD - Sanitary Sewer Collection System Expansion - Phase 1 project; providing sewer service to 305 unserved homes. MCWD obtained a Rural Development loan to finance the remaining project costs. For 4,000 gallons, effective since August 29, 2019, the monthly sewer rate is \$41.07. The term is 30 years at a 0.50 percent interest rate.

The Hart County Industrial Authority requested an \$853,442 Fund A loan for its \$2,353,442 Progress Park Industrial Park Pretreatment Expansion project, pretreatment facility upgrades. An Appalachian Regional Commission grant and a Community Development Block Grant funded the remaining project costs. The term is 20 years at a 0.50 percent interest rate.

Representative Rudy moved to approve the Fund A loans, contingent upon necessary PSC approvals, seconded by Senator Mills, and approved by unanimous roll call vote.

The Crittenden-Livingston County Water District, Livingston County, requested a \$300,000 Governmental Agencies (Fund C) Program loan for its AMR Meter Replacement project; replacement of approximately 1,400 meters with radio read meters. For 4,000 gallons, effective since May 23 of this year, the monthly water rate is \$61.37. The term is 20 years at a 2.75 percent interest rate.

Senator Mills moved to approve the Fund C loan, contingent upon necessary PSC approvals, seconded by Representative Pratt, and approved by unanimous roll call vote.

Ms. Bridwell submitted five Drinking Water State Revolving Fund (Fund F) Program loans. Senator Mills moved to roll the loans into one roll call vote, seconded by Representative Rudy, and approved without objection.

The City of Olive Hill, Carter County, requested a \$122,344 Fund F loan increase to its previously approved \$883,000 Fund F loan for a total \$1,005,344 Fund F loan amount. The \$1,248,344 Olive Hill: Replace Downtown Area Waterline Replacement project replaced 5,900 linear feet of cast iron waterlines. An ARC grant funded the remaining project costs. For 4,000 gallons, effective since January 1, 2019, the inside and outside city monthly water rates are \$27.43 and \$43.14. The term is 30 years at a 0.25 percent interest rate.

The Adair County Water District requested a \$1,342,530 Fund F loan, of which KIA will apply \$671,265 in principal forgiveness, for its CAUD - Water Main Replacement project; 7,400 linear feet of 8-inch water lines (replacing asbestos-cement) plus 5,250 linear feet of 6-inch water lines, renovation of the City Industrial Tank, and demolition of two other tanks. For 4,000 gallons, effective since February 2012, the monthly water rate is \$33.90 and the district has a 21 percent water rate increase pending PSC approval. The term is 30 years at a 0.50 percent interest rate.

The City of Salem, Livingston County, requested a \$585,000 Fund F loan, of which KIA will apply \$292,500 in principal forgiveness, for its Salem - Water Main Replacement project; 5,500 linear feet of water lines on its western supply route connecting to the Crittenden-Livingston County Water District. For 4,000 gallons, effective since March 27 of this year, the monthly water rate is \$36.48. The term is 30 years at 0.50 percent interest rate.

The Cave Run Water Commission, Menifee County, requested a \$1,171,350 Fund F loan for its Cave Run Water Commission Elevated Water Storage Tank Construction project; a 300,000 gallon elevated storage tank serving the Cities of Frenchburg and Jeffersonville as well as the Morgan County Water District. The commission is a wholesale water provider only. The term is 20 years at a 1.50 percent interest rate.

The Northern Kentucky Water District, Kenton County, requested an \$8 million Fund F loan for its \$10.05 million Taylor Mill Treatment Plant Emergency Generator/Fort Thomas Treatment Plant Phase 2 Basin Improvements project. NKWD is funding the remaining project costs. For 4,000 gallons, effective since March 26 of this year, the monthly water rate is \$38.78. The term is 20 years at a 1.50 percent interest rate.

Senator Mills moved to approve the Fund F loans, contingent upon necessary PSC approvals, seconded by Representative Rudy, and approved by unanimous roll call vote.

Cabinet for Economic Development

Ms. Smith submitted two Economic Development Fund (EDF) grants for the Cabinet for Economic Development (CED). Senator Mills moved to roll the grants into one roll call vote, seconded by Representative Pratt, and approved without objection. Both EDF grants were for projects among the eight recommended by an independent site consultant to receive Kentucky Product Development Initiative program funds for industrial site upgrades, administered in conjunction with the Kentucky Association for Economic Development. Disbursements of grant funds will occur on a reimbursement basis to local governments after CED reviews the required supporting documentation.

The first grant was \$175,000 to Henderson County for the benefit of the City of Henderson, to finance the approximately 4,400 foot municipal gas line extension to the

property site located along the Highway 425 bypass. The city and Henderson County Economic Development have committed \$75,000 and \$100,000 respectively for the match.

The second grant was \$198,189 to the County of Marion for the benefit of the Marion County Industrial Foundation, to finance an access road to the 250 acre business and industrial park in Lebanon. MCIF has committed funding equal to the grant for the match.

Senator Mills moved to approve the grants, seconded by Senator McDaniel, and approved by unanimous roll call vote.

Previous Debt Issue

Ms. Williams reported the \$66.71 million State Property and Buildings Commission (SPBC) Revenue Refunding Bonds, Project No. 122, Series C, which refunded \$68 million of SPBC Project No. 98 debt for \$1.7 million in net present value savings. The issue priced last October and closed May of this year. The forward delivery structure was used as it generated more savings than a taxable advance refunding.

School District Debt Issue with School Facilities Construction Commission Debt Service Participation

Ms. Williams submitted an anticipated \$6.73 million Breckinridge County School District debt issue with SFCC debt service participation. The district did not need an additional tax levy to pay debt service and the proceeds will be used for high school renovations.

Representative Rudy moved to approve the school district debt issue with SFCC debt service participation, seconded by Senator Mills, and approved by unanimous roll call vote.

Adjournment

Representative Thomas announced upcoming meeting dates and times: July 22, 2020, 12:00 p.m.; and August 19, 2020, 3:00 p.m.

Senator McDaniel referenced a utility's increases in administrative expenses and rates, stating that administrative expenses at all levels of government need to be closely monitored. Representative Thomas said he appreciated Senator McDaniel's comments.

With there being no further business the meeting adjourned at 1:49 p.m.

ANDY BESHEAR
GOVERNOR



REBECCA W. GOODMAN
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

January 22, 2021

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

Re: A20-047 – McCreary County Water District
McCreary Co WWTP--3089
Activity ID: FGL20200007
Assistance Agreement

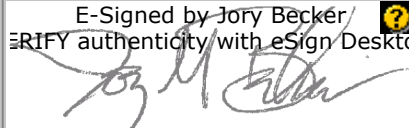
Dear Mrs. Williams:

The Division of Water (DOW) hereby certifies that the McCreary County Water District has satisfied the following Clean Water State Revolving Fund general conditions for the MCWD Sanitary Sewer Collection System Expansion - Phase 1 project as specified in the Conditional Commitment Letter dated June 25, 2020.

1. An environmental review was completed and approved by DOW on October 19, 2020.
2. Plans and specifications, including a completed SRF checklist, were approved by the DOW on October 20, 2020.
3. Plans and specifications indicated that American Iron and Steel components were included in the project as approved on October 23, 2020.
4. All easements and/or land purchases were completed as demonstrated by the provisions of a Clear Site Certificate to the DOW on December 22, 2020.
5. This project did not have a "Green Reserve" component.
6. Bids were opened on December 9, 2020 and the ATA package was approved on January 21, 2021

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

Sincerely,

E-Signed by Jory Becker/
VERIFY authenticity with eSign Desktop


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

PM/JB: wa

c: Randy Kidd, Chairman
McCreary County Water District



Stephen Whitaker, Manager/Superintendent
McCreary County Water District

Alan Robinson, P. E.
Eclipse Engineering, PLLC

Judy Hachey, Community Development Specialist
Lake Cumberland ADD

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MCCREARY)	
COUNTY WATER DISTRICT FOR)	
AUTHORIZATION TO EXECUTE AN)	
ASSISTANCE AGREEMENT WITH THE)	
KENTUCKY INFRASTRUCTURE AUTHORITY	)	CASE NO.
AND FOR A CERTIFICATE OF PUBLIC	)	2020-00399
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT THE SANITARY SEWER)	
COLLECTION SYSTEM EXPANSION PHASE)	
1 PROJECT)	

ORDER

On January 16, 2021, McCreary County Water District (McCreary District) filed an electronic application, pursuant to KRS 278.020 and KRS 278.300, for the issuance of a Certificate of Public Convenience and Necessity (CPCN) to construct extensions to its sewer collection system and for approval of its plan to finance the proposed project. McCreary District proposes to finance the project by requesting to borrow \$3,224,500 from the Kentucky Infrastructure Authority (KIA). McCreary District responded to one round of discovery. No party has sought intervention in this matter. McCreary District has not requested a hearing. The record for this case is complete, and the matter stands ready for a decision.

McCreary District, a water district organized under KRS Chapter 74, provides retail water service to approximately 6,148¹ water customers in McCreary County, Kentucky.²

¹ *Annual Report of McCreary County Water District for the Year Ended December 31, 2019* at 49.

² *Id.* at 12.

McCreary District also provides sewer collection service to approximately 1,142 customers in McCreary County, Kentucky.³

McCreary District is requesting a CPCN to extend its existing sewer system from Stearns, Kentucky, northwest along Kentucky Highway 92 to the Smithtown area of McCreary County, through the installation of 28,750 linear feet of 1.5-inch high density polyethylene force main; 28,286 linear feet of 2-inch polyvinyl chloride (PVC) force main; 7,185 linear feet of 3-inch PVC force main; 10,399 linear feet of 4-inch PVC force main; 17,300 linear feet of 4-inch PVC gravity sewer main; and 240 grinder pump stations.⁴ McCreary District states that construction of the proposed facilities will provide a more reliable, sustainable sewer system for the southern industrial and residential section of McCreary County.⁵ McCreary District also avers the construction will serve to protect the local environment and improve public health conditions through the elimination of straight pipes and deteriorating septic systems, as well as provide the infrastructural foundation for later expansions of the collections system and increase the economic viability of the sewer operations by the addition of approximately 305 customers.⁶

The total capital cost of the proposed project is approximately \$3,224,500.⁷ McCreary District states that it will finance the proposed project with a \$3,224,500 loan from KIA. The proposed KIA loan will mature over a 30-year term, at an interest rate of

³ *Annual Report of McCreary County Water District for Sewer Operations for the Year Ended December 31, 2019* at 36.

⁴ Application at 3–4.

⁵ *Id.* at 4.

⁶ *Id.*

⁷ Application, Exhibit 11 (Final Engineering Report).

0.5 percent per annum commencing with the first draw of funds.⁸ KIA will forgive approximately \$450,000 of the principal amount of the loan upon release all of the contractor liens and upon the final disbursement of the assistance funds.⁹

In Case No. 2020-00151,¹⁰ the Commission ordered McCreary District to file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076 by June 25, 2021, to ensure its revenue is sufficient to support adequate and reliable service.¹¹ In its response to Commission Staff's First Request for Information, Item 3, McCreary District provided an Excel spreadsheet that provided the debt service coverage using the coverage method most commonly accepted by the Commission for the calendar years 2017 through 2019 for its sewer operations, which revealed a negative debt service for all three years regardless of the inclusion of depreciation.¹² McCreary District additionally stated in its response that compliance with the debt resolutions for its lenders regarding the debt service is based upon the combined performance of both McCreary District's water and sewer divisions.¹³ The Commission is concerned that while McCreary District may be in compliance with the debt requirements of its lenders, cross subsidization of

⁸ *Id.* at 7.

⁹ *Id.*

¹⁰ Case No. 2020-00151, *Electronic Application of the McCreary County Water District to Issue Securities in the Approximate Principal Amount of \$1,702,000 for the Purpose of Refunding Certain Outstanding Obligations of the District and Refinancing of a Short Term Obligation Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC June 26, 2020).

¹¹ *Id.* at 6.

¹² McCreary District's Response to Commission Staff's First Request for Information (filed Feb. 19, 2021), Item 3.

¹³ *Id.*

rates may be occurring between its sewer and water operating divisions. Pursuant to the Order entered in Case No. 2020-00151, the Commission finds that McCreary District should still file an application for a general rate adjustment which includes financial data for both the sewer and water division pursuant to KRS 278.190 and 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076 by June 25, 2021.

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

1. The proposed construction will not result in wasteful duplication of existing facilities.
2. The proposed construction does not conflict with any existing certificates or services of any other utility operating in the area.
3. Public convenience and necessity require the proposed construction, which will allow McCreary District to provide reliable and adequate sewer collection service to its customers.
4. Kentucky Department of Water has approved the plans and specifications for this proposed project.
5. The proposed loan with KIA is necessary, is appropriate for, and consistent with the proper performance of McCreary District's service to the public and will not impair McCreary District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.
6. The project will be funded by a KIA Loan of \$3,224,500.

7. McCreary District should be authorized to utilize \$3,224,500 of the Assistance Agreement on the project approved herein.

8. McCreary District's application does not include a proposal to adjust rates.

IT IS THEREFORE ORDERED that:

1. McCreary District is granted a CPCN to construct the proposed project as set forth in the application.

2. McCreary District's proposed plan for obtaining financing is approved.

3. McCreary District shall obtain approval from the Commission prior to performing any additional construction not expressly approved by this Order.

4. McCreary District shall require construction to be inspected under general supervision of a licensed professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with best practices of the construction trades involved in the project.

5. McCreary District is authorized to enter the proposed Assistance Agreement with KIA and, under the terms of the Assistance Agreement, to borrow an amount not to exceed \$3,224,500 to be repaid over 30 years from the date of the last draw of funds at the rate of 0.5 percent per annum commencing with the first draw of funds.

6. The proceeds of the KIA Loan shall be used only for the purposes specified in McCreary District's application.

7. McCreary District shall file with the Commission documentation of the total cost of the project within 60 days of the date that construction authorized under this CPCN

is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

8. McCreary District shall file a copy of the “as-built” drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction authorized under this CPCN.

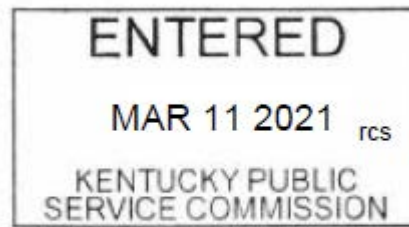
9. Any documents filed in the future pursuant to ordering paragraphs 3, 7, and 8 shall reference this case number and shall be retained in the post-case correspondence file.

10. The Executive Director is delegated authority to grant reasonable extensions of time for filing any documents required by this Order upon McCreary District’s showing of good cause for such extension.

11. This case is closed and removed from the Commission’s docket.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky, or any agency thereof.

By the Commission



ATTEST:


Executive Director

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

*Kathy Troxell
McCreary County Water District
P.O. Box 488
Whitley City, KY 42653

*McCreary County Water District
Highway 27
P. O. Box 488
Whitley City, KY 42653

*Stephen Whitaker
Superintendent
McCreary County Water District
P.O. Box 488
Whitley City, KY 42653

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MCCREARY)	
COUNTY WATER DISTRICT FOR)	
AUTHORIZATION TO EXECUTE AN)	
ASSISTANCE AGREEMENT WITH THE)	
KENTUCKY INFRASTRUCTURE AUTHORITY	)	CASE NO.
AND FOR A CERTIFICATE OF PUBLIC	)	2020-00399
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT THE SANITARY SEWER)	
COLLECTION SYSTEM EXPANSION PHASE 1)	
PROJECT)	

ORDER

On March 11, 2021, the Commission issued an Order approving McCreary County Water District's (McCreary District) application to execute an Assistance Agreement with the Kentucky Infrastructure Authority (KIA) to fund a construction project for which a Certificate of Public Convenience and Necessity was also granted. The amount authorized in the Order was not to exceed \$3,224,500. On March 18, 2021, McCreary District filed a motion requesting the Commission amend its Order of March 11, 2021, to restate the amount of the authorized loan from the KIA to \$3,244,500. In support of the motion, McCreary District stated that the actual proposed loan amount of \$3,244,500 appeared in several places throughout the application, and the erroneous amount of \$3,224,500 approved in the Commission's Order appeared on the first page of McCreary District's application.

Finding that the March 11, 2021 Order should be amended, the Commission
HEREBY ORDERS that:

1. This case is reopened for the limited purpose of addressing McCreary District's March 18, 2021 motion.

2. McCreary District's March 18, 2021 motion is granted.

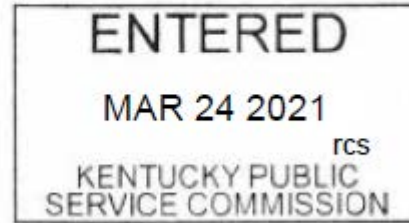
3. The Order of March 11, 2021, is amended to authorize McCreary District to enter the proposed Assistance Agreement with KIA for an amount not to exceed \$3,244,500.

4. All other provisions of the Commission's March 11, 2021 Order that are not in conflict with the terms of this Order shall remain in effect.

5. This case is now closed and removed from the Commission's docket.

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By the Commission



ATTEST:

Executive Director

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

*Kathy Troxell
McCreary County Water District
P.O. Box 488
Whitley City, KY 42653

*McCreary County Water District
Highway 27
P. O. Box 488
Whitley City, KY 42653

*Stephen Whitaker
Superintendent
McCreary County Water District
P.O. Box 488
Whitley City, KY 42653



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

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

Edith Halbleib
Executive Director

June 25, 2020

The Honorable Randy Kidd, Chairman
McCreary County Water District
PO Box 488
Whitley City, KY 42653

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (A20-047)

Dear Chairman Kidd:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On June 4, 2020, the Authority approved your loan for the Sanitary Sewer Collection System Expansion - Phase 1 project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$3,644,500, without prior authorization of the Authority, of which the Authority loan shall provide \$3,244,500 of the funding. Other anticipated funding for the project is reflected in Attachment B. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the McCreary County Water District upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by June 25, 2021 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

Sincerely,





Linda Bridwell, PE
Deputy Executive Director
Kentucky Infrastructure Authority

Attachments

cc: Judy Hachey, LCADD
Eclipse Engineers, PLLC, Alan Ray Robinson

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

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

 _____ Accepted	 _____ Date
--	---

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

1. The Authority project loan shall not exceed \$3,244,500 without prior authorization.
2. Principal forgiveness of 50% of the assistance amount, not to exceed \$450,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.
3. The loan shall bear interest at the rate of 0.50% per annum commencing with the first draw of funds.
4. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day. Please complete and return the attached authorization to U.S. Bank for processing.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 30 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds may be considered to be federal funds. If more than \$750,000 of federal funds is disbursed during any one (borrower) fiscal year, the borrower is required to have a single or program-specific audit conducted for that year in accordance with 2 CFR 200 Uniform

Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
13. The borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment B must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and forward the attached "Authorization for Electronic Deposit of Vendor Payment" form to US Bank.
7. The Borrower must provide documentation of Eclearinghouse Endorsement and Eclearinghouse Comments.

8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving State Revolving Fund ("SRF") money.
9. Technical plans and specifications and a complete SRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the SRF loan project.
12. Borrower must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. This project does not qualify for Green Project Reserve (GPR) funding.
17. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.

18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.
19. Pursuant to the Water Resources Reform and Development Act (WRRDA) of 2014, all CWSRF loan recipients must certify that they have a Fiscal Sustainability Plan for projects that involve the repair, replacement, or expansion of treatment works. Additionally, borrowers must also certify that they have studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for the funded project and that they have selected, to the maximum extent practicable, a project that maximizes the potential for efficient water and energy conservation, taking into consideration capital cost, operation and maintenance, and replacement cost.

Any special conditions stated in Attachment B must be resolved.

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE MCCREARY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$3,244,500 OF LOAN FUNDS FOR PROJECT NUMBER A20-047.

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

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

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

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

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number A20-047 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

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

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

ADOPTED on March 30, 2021.

GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: _____


Chairman

ATTEST:

By: 
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the McCreary County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of the McCreary County Water District at a meeting duly held on March 30, 2021 that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this March 30, 2021.


Secretary of Governmental Agency

**MCCREARY COUNTY WATER DISTRICT
P.O. BOX 488
WHITLEY CITY, KY. 42653
(606) 376-2540**

MARCH 30, 2021

RANDY KIDD CALLED THE MEETING TO ORDER WITH THE FOLLOWING BOARD MEMBERS PRESENT:

COMMISSIONER	COY TAYLOR	PRESENT
COMMISSIONER	RAYMOND TAYLOR	PRESENT
COMMISSIONER	MAYNARD NEW	PRESENT
COMMISSIONER	RANDY KIDD	PRESENT
COMMISSIONER	DOUG SEXTON	PRESENT

COY TAYLOR MADE THE MOTION TO APPROVE THE FEBRUARY 23, 2021 MINUTES. SECONDED BY RAYMOND TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

COY TAYLOR MADE THE MOTION TO APPROVE THE SPECIAL MEETING MARCH 17, 2021 MINUTES. SECONDED BY RAYMOND TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

**POLLING OF BOARD APPROVAL.
(PURCHASE OF DODGE TRUCK).**

SUPT. WHITAKER OPENED THE MEETING SAYING THERE WAS A POLLING OF THE BOARD ON FEBRUARY 26, 2021 AND THE VOTE WAS TO PURCHASE A 2007 DODGE TRUCK IN THE AMOUNT OF \$18,000.

COY TAYLOR MADE THE MOTION OF A RESOLUTION TO APPROVE THE FEBRUARY 26, 2021 POLLING TO PURCHASE A 2007 DODGE TRUCK IN THE AMOUNT OF \$18,000. SECONDED BY DOUG SEXTON. (PRO-TUNC-NUC).

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

SEWER PUMP STATIONS.

SUPT. WHITAKER SAID THE DISTRICT HAS HAD THREE MAIN SEWER PUMP STATIONS TO GO DOWN THIS PAST MONTH. HE SAID HE NEEDS BOARD APPROVAL TO RENOVATE AND PURCHASE THESE LIFT STATIONS.THERE WERE SMELL COMPLAINTS YEARS AGO AT THE COUNTRY STORE PUMP STATION SO THE DISTRICT INSTALLED CARBON FILTERS IN THE VENTS WHICH AFTER MANY YEARS OF GAS BUILD UP CAUSED THE STATION TO ROT COMPLETELY OUT. WHITAKER SAID EVERYTHING WILL HAVE TO BE COMPLETELY TAKEN OUT AND EVERYTHING PUT BACK IN IT. THE QUOTE FOR THE BARNES 40 HP, 6" MEGA LUG FLANGE, 6"X10 DUCTILE IRON PIPE, 6" 90'S, 6"X4 SPOOL PIECES AND 6" FULL FACE FLANGE PACK IS \$19,950. HE SAID THIS IS A BIG JOB AND INTENDS TO REQUEST FOR REIMBURSEMENT FOR MATERIALS THROUGH THE SANITARY SEWER EXPANSION PROJECT.

RAYMOND TAYLOR MADE THE MOTION OF A RESOLUTION TO AUTHORIZE SUPT. WHITAKER TO PROCEED WITH THE PURCHASE OF THE BARNES SEWER PUMP STATION FOR \$19,950. SECONDED BY COY TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

SUPT. WHITAKER SAID THE SECOND ONE IS THE STEARNS CAR WASH PUMP STATION. THIS STATION NEEDS A NEW PUMP AND A CONTROL PANEL BECAUSE IT WAS VANDALIZED. HE SAID HE IS ALSO GOING TO INCLUDE THIS PUMP STATION FOR REIMBURSEMENT THROUGH THE SANITARY SEWER IMPROVEMENTS PROJECT.

RAYMOND TAYLOR MADE THE MOTION OF A RESOLUTION TO AUTHORIZE SUPT. WHITAKER TO MOVE FORWARD WITH THE PURCHASE OF A NEW PUMP STATION AND A CONTROL PANEL FOR THE STEARNS CAR WASH SEWER PUMP STATION. SECONDED BY DOUG SEXTON.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

SUPT. WHITAKER SAID THE THIRD IS THE BILL DAVIS SEWER PUMP STATION ON LICK CREEK RD. THE QUOTE FOR IT IS APPROXIMATELY \$10,000. A TREE FELL DURING THE ICE STORM DAMAGING THE STATION PANEL. HE SAID THIS STATION HAS BEEN IN NEED OF RENOVATION FOR A WHILE.

RAYMOND TAYLOR MADE THE MOTION OF A RESOLUTION TO AUTHORIZE SUPT. WHITAKERS TO MOVE FORWARD WITH THE PURCHASE OF A PANEL AND RENOVATIONS FOR THE BILL DAVIS SEWER PUMP STATION. SECONDED BY COY TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

SANITARY SEWER COLLECTION SYSTEM PROJECT.

SUPT. WHITAKER SAID THE BOARD WILL NEED TO DO A RESOLUTION TODAY APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH KIA FOR THE SANITARY SEWER COLLECTION SYSTEM PROJECT.

COY TAYLOR MADE THE MOTION OF A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH KIA TO PROVIDE UP TO \$3,244,500 OF LOAN FUNDS FOR PROJECT NUMBER A20-047. SECONDED BY RAYMOND TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

PSC ORDER NO. 2021-00021.

SUPT. WHITAKER SAID WE ARE IN RECEIPT OF PSC'S CASE NO. 2021-00021 CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT A SYSTEM IMPROVEMENTS PROJECT AND AN ORDER APPROVING A CHANGE IN RATES AND AUTHORIZING THE ISSUANCE OF SECURITIES PURSUIT TO KRS 278.023 FOR THE MARSH CREEK WATERLINE UPGRADE PROJECT. HE SAID IN THERE PSC STATES THAT MCWD HAS ENGAGED IN POLICY BY WHICH "MCCREARY COUNTY HAS MANAGED TO AVOID COMMISSION REVIEW OF ITS FINANCIAL RECORDS AND OPERATIONAL STRUCTURE FOR MORE THAN 40 YEARS". HE SAID THERE HAS BEEN NO EFFORT TO AVOID THE COMMISSION'S REVIEW OF THE DISTRICTS OPERATIONS OR FINANCES. SINCE 1988 WHEN THE GENERAL ASSEMBLY ENACTMENT OF KRS 278.023 THE DISTRICT HAS USED THE PROCEDURES IN THAT STATUTE TO ADJUST ITS GENERAL RATES. THIS PROCEDURE IS THE QUICKEST AND LEAST COSTLY MEANS TO GET THE APPROVAL FOR PROJECTS, FINANCING AND RATES TO FUND THOSE PROJECTS. AFTER FURTHER DISCUSSION AND IN AGREEMENT WITH

GERALD WUETCHER, SUPT. WHITAKER SAID HE WILL PREPARE A RESPONSE ADDRESSED TO THE BOARD FOR NEXT MONTH MEETING.

PIPE DISCUSSION.

SUPT. WHITAKER SAID THERE WILL BE A MEETING TODAY TO DISCUSS THE FAULTY PIPE IN THE STEARNS TO SMITHTOWN WATERLINE REPLACEMENT PROJECT.

COY TAYLOR MADE THE MOTION TO GO INTO EXECUTIVE SESSION. SECONDED BY MAYNARD NEW.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

COY TAYLOR MADE THE MOTION OF A RESOLUTION TO COME OUT OF EXECUTIVE SESSION. SECONDED BY MAYNARD NEW.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

DOUG SEXTON MADE THE MOTION OF A RESOLUTION TO AUTHORIZE SUPT. WHITAKER TO CONDUCT NEGOTIATIONS IN ACCORDANCE WITH THE PLAN HE PROPOSED TO THE BOARD. SECONDED BY RAYMOND TAYLOR.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

PROJECT DISCUSSION.

KY ENGINEERING GROUP.

RYAN CARR NOW ADDRESSES THE BOARD SAYING THE STEARNS TO SMITHTOWN WATERLINE REPLACEMENT PROJECT BASE CONTRACT IS PRETTY MUCH COMPLETE. THE WASTEWATER PLANT IS COMPLETE. SUPT. WHITAKER SAID THE PUMP STATION MATERIALS HAVE BEEN ORDERED, THE FOOTERS HAVE BEEN DUG AND POURED. THE BLOCK LAYERS ARE WAITING ON GOOD WEATHER. CARR SAID WITH CONTINGENCY FUNDS THE CONTRACTOR WILL BE MAKING METER CONNECTIONS IN THE MARSHES SIDING AND PINE KNOT AREA.

ECLIPSE ENGINEERING.

ALLAN ROBINSON NOW ADDRESS'S THE BOARD SAYING MARSH CREEK WATERLINE UPGRADE PROJECT HAS BEEN AWARDED TO ROSES EXCAVATING. THE PROJECT HAS STARTED. THE SANITARY SEWER COLLECTION PROJECT WAS AWARDED TO FLOWLINE. THE EDA PROJECT PHASE I IS AT THE DOW. PHASE II SHOULD BE WITHIN A COUPLE WEEKS. THEY ARE WORKING ON THE PLANS FOR THE WATER TANK RENOVATION PROJECT. ROBINSON SAID THERE IS A PUBLIC MEETING SCHEDULED TODAY AT 1:00 P.M. FOR THE CATRON NEEDLE WATER LINE EXTENSION PROJECT.

LEGAL.

GERALD WUETCHER SAID THE LEGISLATORS HAVE OVERRULED THE GOVERNOR'S VETO CONCERNING WATER DISTRICT AND WATER ASSOCIATIONS DOING CUTOFFS. THEY NOW CAN DO CUTOFFS AND CHARGE LATE PAYMENTS IF THEY ALREADY DO SO.

WITH NO FURTHER BUSINESS, COY TAYLOR MADE THE MOTION OF A RESOLUTION TO ADJOURN. SECONDED BY MAYNARD NEW.

COMMISSIONER	COY TAYLOR	YEA
COMMISSIONER	RAYMOND TAYLOR	YEA
COMMISSIONER	MAYNARD NEW	YEA
COMMISSIONER	RANDY KIDD	YEA
COMMISSIONER	DOUG SEXTON	YEA

RANDY KIDD, CHAIRMAN

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM
FUND A**

PROJECT NUMBER: A20-047

GOVERNMENTAL AGENCY (Borrower): McCreary County Water District

GOVERNMENTAL AGENCY'S ADDRESS: 456 N HWY 27
Whitley City, Kentucky 42653

DATE OF ASSISTANCE AGREEMENT: March 30, 2021

CFDA NO.: 66.458

ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

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

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

WHEREAS, the Program is funded in part pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990 (the "Federal Agreement"), under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of September 1, 1989 (the "Indenture") between the Authority and U.S. Bank National Association, as successor in interest to National City Bank (f/k/a First Kentucky Trust Company) (the "Trustee") in order to provide the "match funding" for the Program; and

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

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

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

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

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

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

ARTICLE I DEFINITIONS

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

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

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

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

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

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

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

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

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

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

“Commonwealth” shall mean the Commonwealth of Kentucky.

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

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

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

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

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

“Federal Act” shall mean the Water Quality Act of 1987, 33 U.S.C. 1251 et. seq.

“Federal Agreement” means Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of March 1, 1990, under which the Authority is responsible for providing certain “match funding”.

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

“Indenture” shall mean the General Trust Indenture dated as of March 1, 1989 between the Authority and the Trustee, as amended and supplemented from time to time.

“Interagency Agreement” means the Interagency Agreement dated as of March 1, 1990 between the Authority and the Cabinet.

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

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

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

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

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

“Program” shall mean the program authorized by KRS 224A.111 and the Indenture as the “federally assisted wastewater revolving fund” for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

“Project” shall mean, when used generally, Treatment Works, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

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

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

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

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

“Schedule of Service Charges” shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in **Exhibit C** hereto, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

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

“*System*” shall mean the utility system owned and operated by the Governmental Agency of which the Project shall become a part.

“*Treatment Works*” has the same meaning as set forth in the Act.

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

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority.

The Authority represents and warrants for the benefit of the Governmental Agency as follows:

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

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

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

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

Section 2.2. Representations and Warranties of the Governmental Agency.

The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

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

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

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

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

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, or an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

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

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

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the System and the Project, to charge and collect the Service Charges, and to enter into this Assistance Agreement. The Governmental

Agency is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

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

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

ARTICLE III AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility.

Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Treatment Works Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds.

The principal amount of the Loan shall be the Loan Amount as identified in the Loan Term Schedule, subject to such adjustments as may be set forth in any amendment or supplement to said Loan Term Schedule. Principal payments shall be made in the amounts and on the Loan Payment Dates established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the repayment term set forth in the Schedule of Payments, commencing on the Amortization Commencement Date.

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

Subject to the terms of Section IV hereof, the Authority may advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as **Exhibit B** hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement. The Governmental Agency shall pay interest on the unpaid balance of disbursements at the Loan Rate payable on each Loan Payment Date prior to the Amortization Commencement Date.

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

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

Section 3.3. Governmental Agency's Right to Prepay Loan.

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

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

Section 3.4. Subordination of Loan.

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

ARTICLE IV CONDITIONS PRECEDENT TO DISBURSEMENT REQUISITION FOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(V) The Governmental Agency shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2015 (the "2015 Appropriations Act") and related Program policy guidelines) which the Governmental Agency understands includes, among other requirements, that all of the iron and steel products used in the Project are to be produced in the United States (the "American Iron and Steel Requirement") unless (i) the Governmental Agency has requested and obtained a waiver from the United States Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Governmental Agency in writing that the American Iron and Steel Requirement is not applicable to the Project.

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

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

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

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

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

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted governmental accounting standards, as required by Section 603(d) of the Federal Act. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

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

(D) That all real property or property rights required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR 24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(P) That it shall enact a sewer use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

Section 4.3. Disbursements of Loan Funds; Requisition for Funds.

The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for funds prior to the fifth (5th) day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as **Exhibit B** and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

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

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

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

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

Upon the Authority's receipt of the Requisition for Funds and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan. If directed by the Authority, the Governmental Agency shall establish, with the Trustee, an electric fund transfer system, which may be an ACH Payment Method.

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

ARTICLE V

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

Section 5.1. Imposition of Service Charges.

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

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

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

Section 5.3. Covenant to Adjust Service Charges.

In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to (i) provide for the required coverage of all debt service payments on obligations payable from the revenues of the System as set forth in Section 5.4 hereof, (ii) provide for the operation of the System as required under this Assistance Agreement, and (iii) make the required deposits to the Maintenance and Replacement Reserve; the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and Kentucky, immediately adjust and increase such Schedule of Service Charges or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities so as to provide funds sufficient to pay the debt service requirements set forth in the Schedule of Payments and the Authority's Administrative Fee, to provide for the operation of the System as required under this Assistance Agreement, and to make required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges.

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

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System, both existing and new users, and accordingly the Project. The Governmental Agency shall deliver to the Authority, on or before each Loan Payment Date, a report of all collections and any delinquencies.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve.

The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times

set forth in the Project Specifics. Funds in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the System or for the unbudgeted costs of replacing worn or obsolete portions of the System, subject to approval of Authority.

Section 5.6. Reports; Inspection.

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

(A) That it will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

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

(C) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations.

Section 5.7. Segregation of Funds.

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

Section 5.8. Mandatory Sewer Connection.

The Governmental Agency hereby irrevocably covenants and agrees with the Authority that it will, to the maximum extent permitted by Kentucky law, and by means of ordinance, resolution or other appropriate legislative order or action, mandatorily require the connection to and use of the sanitary sewers constituting the 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 Governmental Agency, all remedies for the collection of Service Charges, including, either directly or indirectly, pursuant to authority granted by Sections 96.930 to 96.943, inclusive, of the Kentucky Revised Statutes, and the Act, causing termination of water services to any premises where the bill for sewer services is delinquent and foreclosure and decretal sale in respect of improvement benefit assessments which are delinquent.

Section 5.9. Additional Covenants.

(A) Unless otherwise agreed to by the Authority, all Loan proceeds shall be expended by the Governmental Agency no later than six (6) months after the initiation of operation of the Project.

ARTICLE VI
OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance.

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

Section 6.2. Completion of Project.

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

Section 6.3. Establishment of Completion Date.

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

Section 6.4. Commitment to Operate.

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

Section 6.5. Continue to Operate.

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

Section 6.6. Tax Covenant.

In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or

desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System, or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports.

The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Audit Requirements.

Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, including disclosure of the Maintenance and Replacement Reserve, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$750,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with 2 CFR Part 200.

Section 6.9. General Compliance With All Duties.

The Governmental Agency shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of the Act, the Federal Act and this Assistance Agreement and any other Debt Obligations.

Section 6.10. System Not to Be Disposed Of.

The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that

the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11. Further Covenants under the Federal Agreement.

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

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by Sections 603 and 606 of the Federal Act can be maintained and (iii) the Authority can furnish the information required of it under the Federal Agreement.

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

(C) All residents in the service area of the System must be offered the same opportunity to become users of the System regardless of race, religion, color, national origin, sex, disability or level of income.

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

- (1) Federal;
 - (a) 49 CFR, Part 24, Implementing the Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970;
 - (b) 40 CFR 35.3140 (And Appendix A to Subpart K) – NEPA-Like State Environmental Review Process;
 - (c) 40 CFR, Part 15, Administration of Clean Water Act with respect to grants and loans;
 - (d) 40 CFR, Part 7, 8, and 12, Nondiscrimination and Equal Employment Opportunity Act;
 - (e) 40 CFR, Part 29, Intergovernmental Review;
 - (f) 40 CFR, Part 32, Debarment and Suspension;
 - (g) Executive Order 11246, as amended, 11625 and 12138;
 - (h) Title VI of the Civil Rights Act of 1964, as amended;
 - (i) Age Discrimination Act;
 - (j) Rehabilitation Act of 1973; and
 - (k) Contract work Hours and Safety Standards Act; and

- (2) State:
 - (a) KRS 224;
 - (b) KRS 224A.111 Federally Assisted Wastewater Revolving Fund;
 - (c) KRS Chapter 337, Labor Laws; and
 - (d) 401 KAR Chapter 5.

Section 6.12. Continuing Disclosure Obligation.

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

ARTICLE VII
MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System.

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

Section 7.2. Additions and Improvements.

The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance

Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. Compliance with State and Federal Standards.

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

Section 7.4. Access to Records.

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

Section 7.5. Covenant to Insure - Casualty.

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

Section 7.6. Authority as Named Insured.

For so long as any amounts are due and payable under this Assistance Agreement, any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency and the Authority, as their interests may appear.

Section 7.7. Covenant to Insure - Liability.

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

Section 7.8. Covenant Regarding Worker's Compensation.

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

Section 7.9. Application of Casualty Insurance Proceeds.

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

Section 7.10. Eminent Domain.

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

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

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

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.10, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.11. Flood Insurance.

For so long as any amounts are due and payable under this Assistance Agreement, all structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the replacement cost excluding the cost of land and

any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined.

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

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

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

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

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

Section 8.2. Remedies on Default.

Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.12 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare the principal of and interest on the Loan, and all other payments due hereunder, to be immediately due and payable.

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

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

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

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.12 hereof shall be those remedies specifically set forth in Section 6.12 hereof.

Section 8.3. Appointment of Receiver.

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

Section 8.4. No Remedy Exclusive.

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

Section 8.5. Consent to Powers of Authority Under Act.

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

Section 8.6. Waivers.

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

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

In the event that either party hereto defaults under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance

or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld.

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

Section 9.2. Approval.

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

Section 9.3. Effective Date.

This Assistance Agreement shall become effective on the Effective Date and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect.

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

Section 9.5. Severability.

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

Section 9.6. Assignability.

The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or

obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts.

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

Section 9.8. Applicable Law.

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

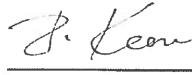
Section 9.9. Captions.

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


[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the Effective Date.

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: 
Chairman

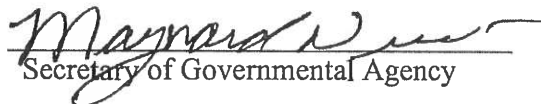
ATTEST:

By: 
Margaret F. Link (Apr 15, 2021 11:19 EDT)
Secretary of KIA

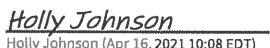
GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: 
Chairman


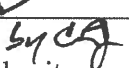
ATTEST:

By: 
Secretary of Governmental Agency

APPROVED:

By: 
Holly Johnson (Apr 16, 2021 10:08 EDT)
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:

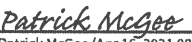
By: 
Patrick McGee (Apr 16, 2021 08:07 EDT)
Approved, Finance and
Administration Cabinet

EXHIBIT A
MCCREARY COUNTY WATER DISTRICT
PROJECT SPECIFICS
A20-047

GOVERNMENTAL AGENCY:

Name: McCreary County Water District
PO Box 488
Whitley City, KY 42653

Contact Person: Randy Kidd
Chairman

SYSTEM: Wastewater

PROJECT:

This project will expand the sanitary sewer collection system to serve 305 new customers in the Stearns and Smithtown areas. Many of these new customers either have failing septic systems or discharge directly into the environment.

The collection system expansion will consist of approximately 66,500 linear feet of PVC sewer line extension of various sizes, 15 manholes, 275 grinder pump stations, and other appurtenances such as air release valves and flushing connections.

PROJECT BUDGET:

	Amount
Administrative Expenses	\$ 80,000
Legal Expenses	8,920
Land, Easements	10,000
Engineering Fees - Design	182,767
Engineering Fees - Construction	45,692
Engineering Fees - Inspection	125,821
Construction	3,091,300
Contingency	100,000
Total	\$ 3,644,500

FUNDING SOURCES:

	Amount	%
Fund A Loan	\$ 3,244,500	89%
RD Loan	400,000	11%
Total	\$ 3,644,500	100%

KIA DEBT SERVICE:

Construction Loan	\$ 3,244,500
Less: Principal Forgiveness	450,000
Amortized Loan Amount	\$ 2,794,500
Interest Rate	0.50%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 100,427
Administrative Fee (0.20%)	5,589
Total Estimated Annual Debt Service	\$ 106,016

Interest payments will commence within six months from first draw of funds (estimated 12/01/21).

Principal forgiveness of 50% of the assistance amount, not to exceed \$450,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

The annual maintenance replacement cost is 5% (\$162,000) of the final amount borrowed prior to principal forgiveness to be funded annually (\$8,100) each December 1 over 20 years and maintained for the life of the loan.

DEFAULT RATE: 8.00%

	Outstanding	Maturity
United Cumberland Loan	\$ 495,000	2020
BB&T Loan	797,355	2028
RD Series 2013D	955,000	2052
RD Series 2013A	590,500	2030
RD Series 2005A	630,000	2045
RD Series 2008A	285,800	2048
RD Series 2008A	131,900	2048
RD Series 2012D	2,700,000	2040
RD Series 2012D1	1,213,000	2052
RD Series 2015	1,142,000	2055
KIA Loan F04-03	580,057	2026
RD Series 2005A - Sewer	243,000	2045
RD Series 2012D - Sewer	1,345,000	2040
RD Loan - Marsh Creek Project i.a.o. \$722,000		TBD
RD Loan - Parkers Lake Project i.a.o. \$819,750		TBD
RD Loan - This Project i.a.o. \$400,000		TBD
Total	\$ 11,108,612	

Death or Personal Injury (per person)
Death or Personal Injury (per occurrence)
Property Damage on System

See Attached

CERTIFICATE OF INSURANCE

DATE
11/17/2020

PRODUCER

KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES
100 E. VINE STREET, SUITE 800
LEXINGTON, KY 40507-3700

PHONE: (859)-977-3700

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONVEYS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

INSURED

McCreary County Water District
PO Box 488
Whitley City, KY 42653

COMPANY	KENTUCKY LEAGUE OF CITIES INSURANCE
A	SERVICES

COMPANY
B

ATTN: Kathy Troxell

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM, OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS	
	GENERAL LIABILITY _____ COMMERCIAL GENERAL LIABILITY _____ CLAIMS MADE _____ OCCUR _____ OWNER'S & CONTRACTOR'S PROT _____ PUBLIC OFFICIALS _____ LAW ENFORCEMENT				GENERAL AGGREGATE PRODUCTS-COMP/OP AGG PERSONAL & ADV INJURY EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED EXP (Any one person)	
	AUTOMOBILE LIABILITY _____ ANY AUTO _____ ALL OWNED AUTOS _____ SCHEDULED AUTOS _____ HIRED AUTOS _____ NON-OWNED AUTOS				COMBINED SINGLE LIMIT BODILY INJURY (Per person) BODILY INJURY (Per accidnt) PROPERTY DAMAGE	
	CRIME LIABILITY _____ FORGERY OR ALTERATION _____ THEFT, DISAPPEARANCE AND DESTRUCTION _____ PUBLIC EMPLOYEE DISHONESTY _____ MONEY ORDERS & COUNTERFEIT PAPER CURRENCY COVERAGE				LIMIT DEDUCTIBLE LIMIT INSIDE PREMISES DEDUCTIBLE LIMIT OUTSIDE PREMISES DEDUCTIBLE LIMIT DEDUCTIBLE LIMIT DEDUCTIBLE	
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: <div style="float: right;"> _____ Included _____ Excluded </div>	W5762-2020-19885	7/1/2020	7/1/2021	STATUTORY LIMITS EACH ACCIDENT DISEASE/POLICY LIMIT DISEASE-EACH EMPLOYEE	\$ 4,000,000 \$ 4,000,000 \$ 4,000,000

DATE	DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
10/1/78	1. 10/1/78 - 10/2/78 - 10/3/78 - 10/4/78 - 10/5/78 - 10/6/78 - 10/7/78 - 10/8/78 - 10/9/78 - 10/10/78 - 10/11/78 - 10/12/78 - 10/13/78 - 10/14/78 - 10/15/78 - 10/16/78 - 10/17/78 - 10/18/78 - 10/19/78 - 10/20/78 - 10/21/78 - 10/22/78 - 10/23/78 - 10/24/78 - 10/25/78 - 10/26/78 - 10/27/78 - 10/28/78 - 10/29/78 - 10/30/78 - 10/31/78 - 11/1/78 - 11/2/78 - 11/3/78 - 11/4/78 - 11/5/78 - 11/6/78 - 11/7/78 - 11/8/78 - 11/9/78 - 11/10/78 - 11/11/78 - 11/12/78 - 11/13/78 - 11/14/78 - 11/15/78 - 11/16/78 - 11/17/78 - 11/18/78 - 11/19/78 - 11/20/78 - 11/21/78 - 11/22/78 - 11/23/78 - 11/24/78 - 11/25/78 - 11/26/78 - 11/27/78 - 11/28/78 - 11/29/78 - 11/30/78 - 12/1/78 - 12/2/78 - 12/3/78 - 12/4/78 - 12/5/78 - 12/6/78 - 12/7/78 - 12/8/78 - 12/9/78 - 12/10/78 - 12/11/78 - 12/12/78 - 12/13/78 - 12/14/78 - 12/15/78 - 12/16/78 - 12/17/78 - 12/18/78 - 12/19/78 - 12/20/78 - 12/21/78 - 12/22/78 - 12/23/78 - 12/24/78 - 12/25/78 - 12/26/78 - 12/27/78 - 12/28/78 - 12/29/78 - 12/30/78 - 12/31/78 - 1/1/79 - 1/2/79 - 1/3/79 - 1/4/79 - 1/5/79 - 1/6/79 - 1/7/79 - 1/8/79 - 1/9/79 - 1/10/79 - 1/11/79 - 1/12/79 - 1/13/79 - 1/14/79 - 1/15/79 - 1/16/79 - 1/17/79 - 1/18/79 - 1/19/79 - 1/20/79 - 1/21/79 - 1/22/79 - 1/23/79 - 1/24/79 - 1/25/79 - 1/26/79 - 1/27/79 - 1/28/79 - 1/29/79 - 1/30/79 - 1/31/79 - 2/1/79 - 2/2/79 - 2/3/79 - 2/4/79 - 2/5/79 - 2/6/79 - 2/7/79 - 2/8/79 - 2/9/79 - 2/10/79 - 2/11/79 - 2/12/79 - 2/13/79 - 2/14/79 - 2/15/79 - 2/16/79 - 2/17/79 - 2/18/79 - 2/19/79 - 2/20/79 - 2/21/79 - 2/22/79 - 2/23/79 - 2/24/79 - 2/25/79 - 2/26/79 - 2/27/79 - 2/28/79 - 2/29/79 - 2/30/79 - 3/1/79 - 3/2/79 - 3/3/79 - 3/4/79 - 3/5/79 - 3/6/79 - 3/7/79 - 3/8/79 - 3/9/79 - 3/10/79 - 3/11/79 - 3/12/79 - 3/13/79 - 3/14/79 - 3/15/79 - 3/16/79 - 3/17/79 - 3/18/79 - 3/19/79 - 3/20/79 - 3/21/79 - 3/22/79 - 3/23/79 - 3/24/79 - 3/25/79 - 3/26/79 - 3/27/79 - 3/28/79 - 3/29/79 - 3/30/79 - 3/31/79 - 4/1/79 - 4/2/79 - 4/3/79 - 4/4/79 - 4/5/79 - 4/6/79 - 4/7/79 - 4/8/79 - 4/9/79 - 4/10/79 - 4/11/79 - 4/12/79 - 4/13/79 - 4/14/79 - 4/15/79 - 4/16/79 - 4/17/79 - 4/18/79 - 4/19/79 - 4/20/79 - 4/21/79 - 4/22/79 - 4/23/79 - 4/24/79 - 4/25/79 - 4/26/79 - 4/27/79 - 4/28/79 - 4/29/79 - 4/30/79 - 5/1/79 - 5/2/79 - 5/3/79 - 5/4/79 - 5/5/79 - 5/6/79 - 5/7/79 - 5/8/79 - 5/9/79 - 5/10/79 - 5/11/79 - 5/12/79 - 5/13/79 - 5/14/79 - 5/15/79 - 5/16/79 - 5/17/79 - 5/18/79 - 5/19/79 - 5/20/79 - 5/21/79 - 5/22/79 - 5/23/79 - 5/24/79 - 5/25/79 - 5/26/79 - 5/27/79 - 5/28/79 - 5/29/79 - 5/30/79 - 5/31/79 - 6/1/79 - 6/2/79 - 6/3/79 - 6/4/79 - 6/5/79 - 6/6/79 - 6/7/79 - 6/8/79 - 6/9/79 - 6/10/79 - 6/11/79 - 6/12/79 - 6/13/79 - 6/14/79 - 6/15/79 - 6/16/79 - 6/17/79 - 6/18/79 - 6/19/79 - 6/20/79 - 6/21/79 - 6/22/79 - 6/23/79 - 6/24/79 - 6/25/79 - 6/26/79 - 6/27/79 - 6/28/79 - 6/29/79 - 6/30/79 - 7/1/79 - 7/2/79 - 7/3/79 - 7/4/79 - 7/5/79 - 7/6/79 - 7/7/79 - 7/8/79 - 7/9/79 - 7/10/79 - 7/11/79 - 7/12/79 - 7/13/79 - 7/14/79 - 7/15/79 - 7/16/79 - 7/17/79 - 7/18/79 - 7/19/79 - 7/20/79 - 7/21/79 - 7/22/79 - 7/23/79 - 7/24/79 - 7/25/79 - 7/26/79 - 7/27/79 - 7/28/79 - 7/29/79 - 7/30/79 - 7/31/79 - 8/1/79 - 8/2/79 - 8/3/79 - 8/4/79 - 8/5/79 - 8/6/79 - 8/7/79 - 8/8/79 - 8/9/79 - 8/10/79 - 8/11/79 - 8/12/79 - 8/13/79 - 8/14/79 - 8/15/79 - 8/16/79 - 8/17/79 - 8/18/79 - 8/19/79 - 8/20/79 - 8/21/79 - 8/22/79 - 8/23/79 - 8/24/79 - 8/25/79 - 8/26/79 - 8/27/79 - 8/28/79 - 8/29/79 - 8/30/79 - 8/31/79 - 9/1/79 - 9/2/79 - 9/3/79 - 9/4/79 - 9/5/79 - 9/6/79 - 9/7/79 - 9/8/79 - 9/9/79 - 9/10/79 - 9/11/79 - 9/12/79 - 9/13/79 - 9/14/79 - 9/15/79 - 9/16/79 - 9/17/79 - 9/18/79 - 9/19/79 - 9/20/79 - 9/21/79 - 9/22/79 - 9/23/79 - 9/24/79 - 9/25/79 - 9/26/79 - 9/27/79 - 9/28/79 - 9/29/79 - 9/30/79 - 10/1/79 - 10/2/79 - 10/3/79 - 10/4/79 - 10/5/79 - 10/6/79 - 10/7/79 - 10/8/79 - 10/9/79 - 10/10/79 - 10/11/79 - 10/12/79 - 10/13/79 - 10/14/79 - 10/15/79 - 10/16/79 - 10/17/79 - 10/18/79 - 10/19/79 - 10/20/79 - 10/21/79 - 10/22/79 - 10/23/79 - 10/24/79 - 10/25/79 - 10/26/79 - 10/27/79 - 10/28/79 - 10/29/79 - 10/30/79 - 10/31/79 - 11/1/79 - 11/2/79 - 11/3/79 - 11/4/79 - 11/5/79 - 11/6/79 - 11/7/79 - 11/8/79 - 11/9/79 - 11/10/79 - 11/11/79 - 11/12/79 - 11/13/79 - 11/14/79 - 11/15/79 - 11/16/79 - 11/17/79 - 11/18/79 - 11/19/79 - 11/20/79 - 11/21/79 - 11/22/79 - 11/23/79 - 11/24/79 - 11/25/79 - 11/26/79 - 11/27/79 - 11/28/79 - 11/29/79 - 11/30/79 - 12/1/79 - 12/2/79 - 12/3/79 - 12/4/79 - 12/5/79 - 12/6/79 - 12/7/79 - 12/8/79 - 12/9/79 - 12/10/79 - 12/11/79 - 12/12/79 - 12/13/79 - 12/14/79 - 12/15/79 - 12/16

Evidence of worker's compensation coverage is given.

CERTIFICATE HOLDER

McCreary County Water District
P O Box 488
Whitley City, KY 42653

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS, OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Suzanne Reed

CERTIFICATE OF INSURANCE

DATE
11/17/2020

PRODUCER

KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES
100 E. VINE STREET, SUITE 800
LEXINGTON, KY 40507-3700

PHONE: (859)-977-3700

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONVEYS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND, OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

INSURED

McCreary County Water District
PO Box 488
Whitley City, KY 42653

COMPANY KENTUCKY LEAGUE OF CITIES INSURANCE
A SERVICES

COMPANY
B

ATTN: Kathy Troxell

COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM, OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE	POLICY EXPIRATION DATE	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR OWNER'S & CONTRACTOR'S PROT PUBLIC OFFICIALS LAW ENFORCEMENT	L5762-2020-19942	10/1/2020	10/1/2021	GENERAL AGGREGATE	NONE
					PRODUCTS-COMP/OP AGG	NONE
					PERSONAL & ADV INJURY	INCLUDED
					EACH OCCURRENCE	\$ 2,000,000
					FIRE DAMAGE (Any one fire)	\$ 100,000
					MED EXP (Any one person)	\$ 5,000
					COMBINED SINGLE LIMIT	\$ 2,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS	L5762-2020-19942	10/1/2020	10/1/2021	BODILY INJURY (Per person)	
					BODILY INJURY (Per accidnt)	
					PROPERTY DAMAGE	
	CRIME LIABILITY FORGERY OR ALTERATION THEFT, DISAPPEARANCE AND DESTRUCTION				LIMIT DEDUCTIBLE	
					LIMIT INSIDE PREMISES DEDUCTIBLE	
					LIMIT OUTSIDE PREMISES DEDUCTIBLE	
					LIMIT DEDUCTIBLE	
	PUBLIC EMPLOYEE DISHONESTY MONEY ORDERS & COUNTERFEIT PAPER CURRENCY COVERAGE				LIMIT DEDUCTIBLE	
					LIMIT DEDUCTIBLE	
					STATUTORY LIMITS	
					EACH ACCIDENT	
	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY THE PROPRIETOR/ PARTNERS/EXECUTIVE <input type="checkbox"/> Included <input type="checkbox"/> Excluded OFFICERS ARE:				DISEASE/POLICY LIMIT	
					DISEASE-EACH EMPLOYEE	
A	PHYSICAL DAMAGE	L5762-2020-19942	10/1/2020	10/1/2021		
A	PUBLIC OFFICIALS	L5762-2020-19942	10/1/2020	10/1/2021	LIMIT	2,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
Evidence of liability coverage is given.

CERTIFICATE HOLDER

McCreary County Water District
P O Box 488
Whitley City, KY 42653

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS, OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Suzanne Reed

EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY): 11/17/2020

THIS IS EVIDENCE THAT THE INSURANCE AS IDENTIFIED BELOW HAS BEEN ISSUED, IS IN FORCE, AND CONVEYS ALL THE RIGHTS AND PRIVILEGES AFFORDED UNDER THE POLICY

PRODUCER

KENTUCKY LEAGUE OF CITIES
100 E. VINE ST SUITE 800
LEXINGTON, KY 40507-3700
(859) 977-3700

COMPANY

KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES

CODE:

SUB CODE:

AGENCY**CUSTOMER ID#:**

INSURED: McCreary County Water District

PO Box 488
Whitley City, KY 42653

LOAN NUMBER:**POLICY NUMBER:**

P5762-2020-19943

EFFECTIVE DATE:

10/1/2020

EXPIRATION DATE:

10/1/2021

CONTINUED UNTIL

TERMINATED IF CHECKED ☐

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION**LOCATION/DESCRIPTION**

BUILDINGS, CONTENTS, AND SCHEDULED PROPERTY OF THE McCreary County Water District LISTED WITH THE COMPANY

COVERAGE INFORMATION**LIMITS****COVERAGES/PERILS/FORMS****AMOUNT OF INSURANCE****DEDUCTIBLE***

SUBJECT TO POLICY SUBLIMITS, CONDITIONS, AND EXCLUSIONS, DIRECT LOSS REPLACEMENT COST AND TIME ELEMENT ON PROPERTY DECLARED TO THE COMPANY AS HAVING TOTAL VALUES OF:

\$27,086,860

\$1,000

*FLOOD DEDUCTIBLE (ZONES B, C, & X ONLY) = \$25,000 PER OCCURRENCE

*EARTHQUAKE DEDUCTIBLE = \$25,000 OR 2% OF TIV'S FOR EACH DAMAGED LOCATION PER OCCURRENCE

REMARKS (Including Special Conditions)

Evidence of property insurance coverage is given.

CANCELLATION

THIS POLICY IS SUBJECT TO THE PREMIUMS, FORMS, AND RULES IN EFFECT FOR EACH POLICY PERIOD. SHOULD THE POLICY BE TERMINATED, THE COMPANY WILL GIVE THE ADDITIONAL INTEREST IDENTIFIED BELOW 30 DAYS WRITTEN NOTICE, AND WILL SEND NOTIFICATION OF ANY CHANGES TO THE POLICY THAT WOULD AFFECT THAT INTEREST, IN ACCORDANCE WITH THE POLICY PROVISIONS OR AS REQUIRED BY LAW.

ADDITIONAL INTEREST**NAME AND ADDRESS**

McCreary County Water District
P O Box 488
Whitley City, KY 42653

MORTGAGEE**LOSS PAYEE****ADDITIONAL INSURED****LOAN #****AUTHORIZED REPRESENTATIVE**

Suzanne Reed

EXHIBIT B

REQUEST FOR PAYMENT AND PROJECT STATUS REPORT

Borrower: _____

WX/SX Number: _____

KIA Loan # _____

Draw Number _____

Date: _____

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

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request.

Documentation supporting the expenses incurred and identified per this request are attached.

Funds Requested: _____

Project Budget and Expenses

Line Item	Cost	Expenses This Request	Expenses to Date	Project Budget	Balance
1	Administrative				
2	Legal				
3	Land, Appraisals, Easements				
4	Relocation Expense				
5	Planning				
6	Engineering Fees – Design				
7	Engineering Fees - Construction				
8	Engineering Fees – Inspection				
9	Construction				
10	Equipment				
11	Contingency				
12	Other				
	TOTAL				

If expenses to date exceed project budget a revised budget must be submitted to and approved by the Authority before funds will be released.

Project Funding

	Funding Agency	Expenses This Request	Expenses to Date	Project Budget	Balance
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
	TOTAL				

We certify that the expenses in this draw request were incurred pursuant to local procurement policies which conform to KRS 45A.

Borrower Signature: _____

Project Administrator: _____

Draw # _____

STATUS REPORT:

PROJECT IS:

On schedule

Ahead of schedule

Behind schedule

If ahead or behind, please explain

PROJECT EXPENSES THIS DRAW REQUEST

(Include Invoices for Expenses Listed Below)

<u>Line Item</u>	<u>Draw #</u>	<u>Vender</u>	<u>Amount</u>
------------------	---------------	---------------	---------------

**CERTIFICATE OF CONSULTING ENGINEERS AS TO
PAYMENT REQUEST**

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request in connection with the "Eligible Project" and that all expenses represented in this request were duly incurred for the Construction of the "Project," that the Authority's funding share of these expenses is accurately represented and that such expenses have not been the subject of any request for disbursement previously submitted.

Engineer/Architect

Firm Name

SCHEDULE OF SERVICE CHARGES
(See Attached)

(See Attached)

AREA McCreary County, Kentucky

PSC KY NO. 1

10th Revised SHEET NO. 1

McCreary County Water District

CANCELLING PSC KY NO. 1

9th Revised SHEET NO. 1

RATES AND CHARGES

Monthly Water Rates

Residential & Non-Residential Meter

First 2,000 gallons	\$22.50 Minimum Bill	(I)
Over 2,000 gallons	\$0.00925 per gallon	(I)

Federal Correctional Facility

First 1,950,000 gallons	\$14,215.50 Minimum Bill	(T)
Over 1,950,000 gallons	\$0.00729 per gallon	(D)
		(D)
		(D)

Monthly rates for special service through a multi-unit master meter agreement:

The monthly charge for customers who have requested service through a master meter for multi-unit service shall be the greater of (a) the number of housing units multiplied by the minimum water charge per unit (based on the district's standard service meter minimum charge), or (b) the amount billed for average unit use (determined by dividing the total usage by the number of housing units) multiplied by the total number of housing units in the multi-unit facility.

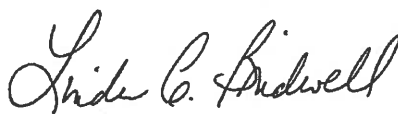
DATE OF ISSUE February 24, 2021
MONTH / DATE / YEAR

DATE EFFECTIVE February 22, 2021
MONTH / DATE / YEAR

ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00021 DATED February 22, 2021

KENTUCKY PUBLIC SERVICE COMMISSION
Linda C. Bridwell Executive Director

EFFECTIVE 2/22/2021 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

AREA McCreary County, Kentucky

PSC KY NO. 1

10th Revised SHEET NO. 1A

McCreary County Water District

CANCELLING PSC KY NO. 1

9th Revised SHEET NO. 1A

RATES AND CHARGES

Cumberland Falls State Park

First 600,000 gallons

\$4,374.00 Minimum Bill

(D)

All Over 600,000 gallons

\$0.00729 per gallon

(I)

(I)

Whitley County Water District

\$0.00729 per gallon

(I)

Oneida, Tennessee

\$0.00729 per gallon

(I)

Fibrotex USA

\$0.00729 per gallon

(N)

Pine Knot Job Center

\$0.00729 per gallon

(N)

McCreary County Housing Authority

\$0.00729 per gallon

(N)

DATE OF ISSUE February 24, 2021
MONTH / DATE / YEAR

DATE EFFECTIVE February 22, 2021
MONTH / DATE / YEAR

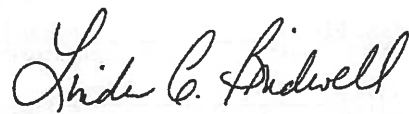
ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00021 DATED February 22, 2021

**KENTUCKY
PUBLIC SERVICE COMMISSION**

Linda C. Bridwell
Executive Director



EFFECTIVE

2/22/2021

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

AREA McCreary County, Kentucky

PSC KY NO. 1

Original SHEET NO. 1B

McCreary County Water District

CANCELLING PSC KY NO. _____

_____ SHEET NO. _____

RATES AND CHARGES

Water Connection Fee

5/8-inch x 3/4-inch Meter

\$800.00

(T)

All Larger Size Meters

Actual Cost

(T)

DATE OF ISSUE February 24, 2021
MONTH / DATE / YEAR

DATE EFFECTIVE February 22, 2021
MONTH / DATE / YEAR

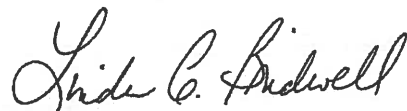
ISSUED BY /s/Randy Kidd
SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00021 DATED February 22, 2021

**KENTUCKY
PUBLIC SERVICE COMMISSION**

Linda C. Bridwell
Executive Director



EFFECTIVE

2/22/2021

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

EXHIBIT D

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE MCCREARY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO \$3,244,500 OF LOAN FUNDS FOR PROJECT NUMBER A20-047.

WHEREAS, the Board of Commissioners ("Governing Authority") of the McCreary County Water District ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the "Project") to the Governmental Agency's sewer system (the "System");

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies for the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement with the Authority;

NOW, THEREFORE, IT IS RESOLVED by the McCreary County Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority regarding Project Number A20-047 substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on March 30, 2021.

GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: _____
Chairman

ATTEST:

By: _____
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the McCreary County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of the McCreary County Water District at a meeting duly held on March 30, 2021 that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this March 30, 2021.

Secretary of Governmental Agency

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

March 30, 2021

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the
McCreary County Water District, regarding Project Number: A20-047.

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 McCreary County Water District (the "Governmental Agency"). I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, I am familiar with the wastewater treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the legislation of the governing authority authorizing the execution and delivery of said Assistance Agreement and the plans, designs and specifications prepared by the engineers for the Governmental Agency with respect to the Project.

Based upon my review I am of the opinion that:

1) The Governmental Agency is a duly organized and existing municipal corporation and political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement have been repealed, rescinded, or revoked.

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the acquisition and construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

EXHIBIT F

LOAN TERM SCHEDULE

Principal Amount of Loan:	\$3,244,500
Loan Interest Rate:	0.50%
Default Interest Rate:	8.00%
Authority's Administrative Fee:	0.20%
Loan Payment Dates:	Each June 1 and December 1
Amortization Commencement Date:	December 1, 2022
Schedule of Payments:	see attached

The Loan has been awarded principal forgiveness in the amount of approximately 50% of the Principal Amount of the Loan, not to exceed \$450,000, which will be credited to the Loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the Borrower.

It is understood and agreed by the parties to this Assistance Agreement that this Term Loan Schedule (Exhibit F) is an integral part of the Assistance Agreement between the Governmental Agency and the Authority. This Term Loan Schedule may be amended, supplemented or modified by the mutual agreement of the Governmental Agency and the Authority provided that such amendment, supplement or modification shall be in writing and executed by the respective duly authorized officers of the Governmental Agency and the Authority. Upon the execution and delivery of any amended, supplemented or modified Term Loan Schedule, the Assistance Agreement and the Term Loan Schedule shall be, and be deemed to be, amended, supplemented and modified in accordance therewith, and the respective rights, duties and obligations under the Assistance Agreement of the Governmental Agency and the Authority shall thereafter be determined, exercised and enforced under the Assistance Agreement subject in all respects to such amendments, supplements and modifications.

KENTUCKY INFRASTRUCTURE AUTHORITY
ANTICIPATED REPAYMENT SCHEDULE
LOAN #A20-047
MCCREARY COUNTY WATER DISTRICT

Original Loan Amount \$ 3,244,500.00
Principal Forgiveness \$ (450,000.00)
Repayment Amount \$ 2,794,500.00

0.50% Interest
\$50,213.51 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
12/01/22	\$43,227.26	\$6,986.25	0.50%	\$50,213.51	\$2,794.50	\$0.00	\$53,008.01	\$2,794,500.00	\$8,100.00	\$8,100.00
06/01/23	\$43,335.33	\$6,878.18	0.50%	\$50,213.51	\$2,751.27	\$0.00	\$52,964.78	\$2,751,272.74	\$0.00	\$8,100.00
12/01/23	\$43,443.67	\$6,769.84	0.50%	\$50,213.51	\$2,707.94	\$0.00	\$52,921.45	\$2,707,937.41	\$0.00	\$16,200.00
06/01/24	\$43,552.28	\$6,661.23	0.50%	\$50,213.51	\$2,664.49	\$0.00	\$52,878.00	\$2,664,493.74	\$0.00	\$16,200.00
12/01/24	\$43,661.16	\$6,552.35	0.50%	\$50,213.51	\$2,620.94	\$0.00	\$52,834.45	\$2,620,941.46	\$0.00	\$24,300.00
06/01/25	\$43,770.31	\$6,443.20	0.50%	\$50,213.51	\$2,577.28	\$0.00	\$52,790.79	\$2,577,280.30	\$0.00	\$24,300.00
12/01/25	\$43,879.74	\$6,333.77	0.50%	\$50,213.51	\$2,533.51	\$0.00	\$52,747.02	\$2,533,509.99	\$0.00	\$32,400.00
06/01/26	\$43,989.43	\$6,224.08	0.50%	\$50,213.51	\$2,489.63	\$0.00	\$52,703.14	\$2,489,630.25	\$0.00	\$32,400.00
12/01/26	\$44,099.41	\$6,114.10	0.50%	\$50,213.51	\$2,445.64	\$0.00	\$52,659.15	\$2,445,640.82	\$0.00	\$40,500.00
06/01/27	\$44,209.66	\$6,003.85	0.50%	\$50,213.51	\$2,401.54	\$0.00	\$52,615.05	\$2,401,541.41	\$0.00	\$40,500.00
12/01/27	\$44,320.18	\$5,893.33	0.50%	\$50,213.51	\$2,357.33	\$0.00	\$52,570.84	\$2,357,331.75	\$0.00	\$48,600.00
06/01/28	\$44,430.98	\$5,782.53	0.50%	\$50,213.51	\$2,313.01	\$0.00	\$52,526.52	\$2,313,011.57	\$0.00	\$48,600.00
12/01/28	\$44,542.06	\$5,671.45	0.50%	\$50,213.51	\$2,268.58	\$0.00	\$52,482.09	\$2,268,580.59	\$0.00	\$56,700.00
06/01/29	\$44,653.41	\$5,560.10	0.50%	\$50,213.51	\$2,224.04	\$0.00	\$52,437.55	\$2,224,038.53	\$0.00	\$56,700.00
12/01/29	\$44,765.05	\$5,448.46	0.50%	\$50,213.51	\$2,179.39	\$0.00	\$52,392.92	\$2,179,385.12	\$0.00	\$64,800.00
06/01/30	\$44,876.96	\$5,336.55	0.50%	\$50,213.51	\$2,134.62	\$0.00	\$52,348.13	\$2,134,620.07	\$0.00	\$64,800.00
12/01/30	\$44,989.15	\$5,224.36	0.50%	\$50,213.51	\$2,089.74	\$0.00	\$52,303.25	\$2,089,743.11	\$0.00	\$72,900.00
06/01/31	\$45,101.63	\$5,111.88	0.50%	\$50,213.51	\$2,044.75	\$0.00	\$52,258.26	\$2,044,753.96	\$0.00	\$72,900.00
12/01/31	\$45,214.38	\$4,999.13	0.50%	\$50,213.51	\$1,999.65	\$0.00	\$52,213.16	\$1,999,652.33	\$0.00	\$81,000.00
06/01/32	\$45,327.42	\$4,886.09	0.50%	\$50,213.51	\$1,954.44	\$0.00	\$52,167.95	\$1,954,437.95	\$0.00	\$81,000.00
12/01/32	\$45,440.73	\$4,772.78	0.50%	\$50,213.51	\$1,909.11	\$0.00	\$52,122.62	\$1,909,110.53	\$0.00	\$89,100.00
06/01/33	\$45,554.34	\$4,659.17	0.50%	\$50,213.51	\$1,863.67	\$0.00	\$52,077.18	\$1,863,669.80	\$0.00	\$89,100.00
12/01/33	\$45,668.22	\$4,545.29	0.50%	\$50,213.51	\$1,818.12	\$0.00	\$52,031.63	\$1,818,115.46	\$0.00	\$97,200.00
06/01/34	\$45,782.39	\$4,431.12	0.50%	\$50,213.51	\$1,772.45	\$0.00	\$51,985.96	\$1,772,447.24	\$0.00	\$97,200.00
12/01/34	\$45,896.85	\$4,316.66	0.50%	\$50,213.51	\$1,726.66	\$0.00	\$51,940.17	\$1,726,664.85	\$0.00	\$105,300.00
06/01/35	\$46,011.59	\$4,201.92	0.50%	\$50,213.51	\$1,680.77	\$0.00	\$51,894.28	\$1,680,768.00	\$0.00	\$105,300.00
12/01/35	\$46,126.62	\$4,086.89	0.50%	\$50,213.51	\$1,634.76	\$0.00	\$51,848.27	\$1,634,756.41	\$0.00	\$113,400.00
06/01/36	\$46,241.94	\$3,971.57	0.50%	\$50,213.51	\$1,588.63	\$0.00	\$51,802.14	\$1,588,629.79	\$0.00	\$113,400.00
12/01/36	\$46,357.54	\$3,855.97	0.50%	\$50,213.51	\$1,542.39	\$0.00	\$51,755.90	\$1,542,387.85	\$0.00	\$121,500.00
06/01/37	\$46,473.43	\$3,740.08	0.50%	\$50,213.51	\$1,496.03	\$0.00	\$51,709.54	\$1,496,030.31	\$0.00	\$121,500.00
12/01/37	\$46,589.62	\$3,623.89	0.50%	\$50,213.51	\$1,449.56	\$0.00	\$51,663.07	\$1,449,556.88	\$0.00	\$129,600.00
06/01/38	\$46,706.09	\$3,507.42	0.50%	\$50,213.51	\$1,402.97	\$0.00	\$51,616.48	\$1,402,967.26	\$0.00	\$129,600.00
12/01/38	\$46,822.86	\$3,390.65	0.50%	\$50,213.51	\$1,356.26	\$0.00	\$51,569.77	\$1,356,261.17	\$0.00	\$137,700.00
06/01/39	\$46,939.91	\$3,273.60	0.50%	\$50,213.51	\$1,309.44	\$0.00	\$51,522.95	\$1,309,438.31	\$0.00	\$137,700.00
12/01/39	\$47,057.26	\$3,156.25	0.50%	\$50,213.51	\$1,262.50	\$0.00	\$51,476.01	\$1,262,498.40	\$0.00	\$145,800.00
06/01/40	\$47,174.91	\$3,038.60	0.50%	\$50,213.51	\$1,215.44	\$0.00	\$51,428.95	\$1,215,441.14	\$0.00	\$145,800.00
12/01/40	\$47,292.84	\$2,920.67	0.50%	\$50,213.51	\$1,168.27	\$0.00	\$51,381.78	\$1,168,266.23	\$0.00	\$153,900.00
06/01/41	\$47,411.08	\$2,802.43	0.50%	\$50,213.51	\$1,120.97	\$0.00	\$51,334.48	\$1,120,973.39	\$0.00	\$153,900.00
12/01/41	\$47,529.60	\$2,683.91	0.50%	\$50,213.51	\$1,073.56	\$0.00	\$51,287.07	\$1,073,562.31	\$0.00	\$162,000.00
06/01/42	\$47,648.43	\$2,565.08	0.50%	\$50,213.51	\$1,026.03	\$0.00	\$51,239.54	\$1,026,032.71	\$0.00	\$162,000.00
12/01/42	\$47,767.55	\$2,445.96	0.50%	\$50,213.51	\$978.38	\$0.00	\$51,191.89	\$978,384.28	\$0.00	\$162,000.00
06/01/43	\$47,886.97	\$2,326.54	0.50%	\$50,213.51	\$930.62	\$0.00	\$51,144.13	\$930,616.73	\$0.00	\$162,000.00
12/01/43	\$48,006.69	\$2,206.82	0.50%	\$50,213.51	\$882.73	\$0.00	\$51,096.24	\$882,729.76	\$0.00	\$162,000.00
								\$834,723.07	\$0.00	

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/44	\$48,126.70	\$2,086.81	0.50%	\$50,213.51	\$834.72	\$0.00	\$51,048.23	\$786,596.37	\$0.00	\$162,000.00
12/01/44	\$48,247.02	\$1,966.49	0.50%	\$50,213.51	\$786.60	\$0.00	\$51,000.11	\$738,349.35	\$0.00	\$162,000.00
06/01/45	\$48,367.64	\$1,845.87	0.50%	\$50,213.51	\$738.35	\$0.00	\$50,951.86	\$689,981.71	\$0.00	\$162,000.00
12/01/45	\$48,488.56	\$1,724.95	0.50%	\$50,213.51	\$689.98	\$0.00	\$50,903.49	\$641,493.15	\$0.00	\$162,000.00
06/01/46	\$48,609.78	\$1,603.73	0.50%	\$50,213.51	\$641.49	\$0.00	\$50,855.00	\$592,883.37	\$0.00	\$162,000.00
12/01/46	\$48,731.30	\$1,482.21	0.50%	\$50,213.51	\$592.88	\$0.00	\$50,806.39	\$544,152.07	\$0.00	\$162,000.00
06/01/47	\$48,853.13	\$1,360.38	0.50%	\$50,213.51	\$544.15	\$0.00	\$50,757.66	\$495,298.94	\$0.00	\$162,000.00
12/01/47	\$48,975.26	\$1,238.25	0.50%	\$50,213.51	\$495.30	\$0.00	\$50,708.81	\$446,323.68	\$0.00	\$162,000.00
06/01/48	\$49,097.70	\$1,115.81	0.50%	\$50,213.51	\$446.32	\$0.00	\$50,659.83	\$397,225.98	\$0.00	\$162,000.00
12/01/48	\$49,220.45	\$993.06	0.50%	\$50,213.51	\$397.23	\$0.00	\$50,610.74	\$348,005.53	\$0.00	\$162,000.00
06/01/49	\$49,343.50	\$870.01	0.50%	\$50,213.51	\$348.01	\$0.00	\$50,561.52	\$298,662.03	\$0.00	\$162,000.00
12/01/49	\$49,466.85	\$746.66	0.50%	\$50,213.51	\$298.66	\$0.00	\$50,512.17	\$249,195.18	\$0.00	\$162,000.00
06/01/50	\$49,590.52	\$622.99	0.50%	\$50,213.51	\$249.20	\$0.00	\$50,462.71	\$199,604.66	\$0.00	\$162,000.00
12/01/50	\$49,714.50	\$499.01	0.50%	\$50,213.51	\$199.60	\$0.00	\$50,413.11	\$149,890.16	\$0.00	\$162,000.00
06/01/51	\$49,838.78	\$374.73	0.50%	\$50,213.51	\$149.89	\$0.00	\$50,363.40	\$100,051.38	\$0.00	\$162,000.00
12/01/51	\$49,963.38	\$250.13	0.50%	\$50,213.51	\$100.05	\$0.00	\$50,313.56	\$50,088.00	\$0.00	\$162,000.00
06/01/52	\$50,088.00	\$125.51	0.50%	\$50,213.51	\$50.09	\$0.00	\$50,263.60	\$0.00	\$0.00	\$162,000.00
Totals	\$2,794,500.00	\$218,310.60		\$3,012,810.60	\$87,324.13	\$0.00	\$3,100,134.73		\$162,000.00	

Created by KIA on 03/26/2021

**GENERAL CLOSING CERTIFICATE OF
MCCREARY COUNTY WATER DISTRICT**

Re: Assistance Agreement between the Kentucky Infrastructure Authority ("KIA") and McCreary County Water District (the "Governmental Agency") regarding Project Number: A20-047.

In connection with the above captioned Assistance Agreement (the "Assistance Agreement"), the Governmental Agency, through its undersigned duly authorized officer hereby certifies, represents, warrants and covenants as follows:

1. No event of default exists, or with the passage of time will exist, under the Assistance Agreement and the representations and warranties set forth in the Assistance Agreement are true and correct as of the date hereof.

2. The Governmental Agency has examined and is familiar with proceedings of the governing body of the Governmental Agency approving the Assistance Agreement and authorizing its negotiation, execution and delivery and such proceedings were duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such proceedings are in full force and effect and have not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

3. The Governmental Agency is a duly organized and validly existing political subdivision of the Commonwealth of Kentucky with full power to own its properties, conduct its affairs, enter into the Assistance Agreement and consummate the transactions contemplated thereby.

4. The negotiation, execution and delivery of the Assistance Agreement by the Governmental Agency and the consummation of the transactions contemplated thereby by the Governmental Agency have been duly authorized by all requisite action of the governing body of the Governmental Agency.

5. The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

6. There is no controversy or litigation of any nature pending, or to the knowledge of the Governmental Agency after diligent inquiry, threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under the Assistance Agreement or to construct the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions that have been taken in the authorization or delivery of the Project or the Assistance Agreement or the construction of the Project, or in any way contesting or affecting the validity of the Assistance Agreement, or in any way questioning any proceedings

taken with respect to the authorization or delivery by the Governmental Agency of the Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with the Assistance Agreement.

7. The authorization and delivery of the Assistance Agreement and the consummation of the transactions contemplated thereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

8. All actions taken by the Governmental Agency in connection with the Assistance Agreement and the loan described therein and the Project, as defined in the Assistance Agreement, have been in full compliance with the provisions of the Kentucky Open Meetings Law, KRS 61.805 to 61.850.

9. The Governmental Agency has all licenses, permits and other governmental approvals required to own, occupy, operate and maintain the Project and the Governmental Agency's sewer system and to enter into the Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Governmental Agency Project, and has full right, power and authority to perform the acts and things as provided for in the Assistance Agreement.

10. The individuals named below are the duly elected or appointed qualified and acting incumbents in the office of the Governmental Agency indicated after their respective names and the signatures subscribed above their names are their genuine signatures.

WITNESS our hands this March 30, 2021.

GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: 
Chairman

ATTEST:

By: 
Secretary of Governmental Agency



GERALD WUETCHER
DIRECT DIAL: (859) 231-3017
DIRECT FAX: (859) 259-3517
gerald.wuetcher@skofirm.com

300 WEST VINE STREET
SUITE 2100
LEXINGTON, KY 40507-1801
MAIN: (859) 231-3000
FAX: (859) 253-1093

March 30, 2021

Kentucky Infrastructure Authority
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and the
McCreary County Water District, regarding Project Number: A20-047.

Ladies and Gentlemen:

Stoll Keenon Ogden PLLC, by and through the undersigned, who is a member and is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky, is legal counsel to the McCreary County Water District (the "Governmental Agency"). We are familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, we are familiar with the wastewater treatment works project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

We have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the legislation of the governing authority authorizing the execution and delivery of said Assistance Agreement and the plans, designs and specifications prepared by the engineers for the Governmental Agency with respect to the Project.

Based upon our review, we are of the opinion that:

1) The Governmental Agency is a duly organized and existing municipal corporation and political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of our knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement have been repealed, rescinded, or revoked.


8) To the best of our knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the acquisition and construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Kentucky Infrastructure Authority
March 30, 2021
Page 3

Very truly yours,

STOLL KEENON OGDEN PLLC

By: 
Gerald E. Wuetcher

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

July 21, 2022

Call to Order and Roll Call

The July Capital Projects and Bond Oversight Committee meeting was held on Thursday, July 21, 2022, at 2:00 PM, in Room 169 of the Capitol Annex. Representative Chris Freeland, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Chris Freeland, Co-Chair; Senators Rick Girdler, Christian McDaniel, and Robin L. Webb; Representatives Jason Petrie and Walker Thomas.

Guests: Elizabeth Baker, Senior Director, Strategic Capital Planning and Legislative Analysis, University Budget Office, University of Kentucky; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; and Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; Korey Sallee, Committee Analyst; and Maurya Allen, Committee Assistant.

Election of Senate Co-Chair

Senator McDaniel nominated Senator Howell for Senate co-chair and Senator Girdler seconded the motion. Senator McDaniel moved that nominations cease and that Senator Howell be elected Senate co-chair by acclamation. Senator Girdler seconded the motion and Senator Howell was elected Senate co-chair by acclamation.

Approval of Minutes (June 23, 2022)

Representative Petrie moved to approve the June 23, 2022, meeting minutes. Representative Thomas seconded the motion and the committee approved without objection.

Correspondence and Information Items

Ms. Halloran referenced seven correspondence and information items. Pursuant to KRS 26A.168(1), KRS 45.793, and KRS 45.818; the Administrative Office of the Courts, the Finance Administration Cabinet with the Commonwealth Office of Technology reporting independently, and postsecondary institutions managing their own capital

construction under KRS 164A.580, transmitted quarterly capital project status reports. Pursuant to KRS 45.760(5), the University of Kentucky reported a \$266,200 privately funded replacement neonate transport Type III ambulance, located at Chandler Medical Center, to transport children receiving care at Kentucky Children's Hospital. Pursuant to KRS 45.800(2), the committee notified the Finance Administration Cabinet that it did not approve the \$971,800 Capital Construction and Equipment Purchase Contingency Account transfer last month and asked that the cabinet resubmit the transfer with an itemized expenditure list for its July meeting. Pursuant to KRS 45.812(1), the Casey County and Eminence Independent (Henry County) school districts, which did not need additional tax levies to pay debt service, reported upcoming debt issues for new projects through their fiscal agents; \$1.8 million for high school track and tennis improvements and \$700,000 for district-wide improvements. Pursuant to KRS 45A.180(2), UK reported its intent to use the construction management-at-risk project delivery method for its Construct Health Education Building project and selected Turner Construction. The University of Louisville reported its intent to use the design-build project delivery method for its Kueber Center Renovation project. Pursuant to KRS 164A.600(2), UK reported the \$38 million construction phase, funded with insurance reimbursements, of the newly constructed Grain and Forage Center of Excellence's emergency replacement in Princeton. The facility was destroyed by the December 10, 2021, tornado. Pursuant to HB 1, UK transmitted its planned Postsecondary Education Asset Preservation Pool projects. Its agency debt issue to match the state appropriation was on the July meeting agenda.

Lease Report from Postsecondary Institutions University of Kentucky

Ms. Baker submitted a new lease for UK's Team Blue Primary Care Clinic; 3,979 square feet for an \$118,574.20 annual cost, including utilities.

Co-chair Freeland moved to approve the new lease, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Project Report from the Finance and Administration Cabinet

Ms. Tomes submitted a new Department of Military Affairs project and reported Department of Education, Operations and Support Services, State Schools Roof Repair and Replacement Pools - 2022-2024 and 2020-2022 allocations as well as the \$971,800 Capital Construction and Equipment Purchase Contingency Account transfer submitted last month. The \$2.5 million DMA Danville Readiness Center Interior Restoration project, \$1.25 million in National Guard Bureau Minor Construction federal funds and the other half from the general funded portion of the Modernization Pool - National Guard, was a complete interior renovation of the facility including upgrades to the electrical and HVAC systems, flooring, latrines, lighting, and walls as well as installation of anti-terrorism force protection windows and lactation room. The Kentucky National Guard plans to station the 223rd Military Police Company in the facility, constructed in 1954, after the renovation.

Representative Petrie moved to approve the new project, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

The bond-funded \$1.76 million State Schools Roof Repair and Replacement Pool - 2020-2022 allocation financed roof repairs to Kentucky School for the Blind campus buildings in Louisville; including Evans Hall (dormitory); Gregory-Reis Student Center; and Langan Gymnasium. The general-funded \$1,979,220 State Schools Roof Repair and Replacement Pool - 2022-2024 financed roof repairs to Kentucky School for the Deaf campus buildings in Danville; including Kerr Hall (middle and high school classrooms); Grow Hall (cafeteria), and Thomas Hall (gymnasium). KDE operates both schools and most of the fifty buildings are between thirty and fifty years old.

The Office of State Budget Director transmitted the \$971,800 Capital Construction and Equipment Purchase Contingency Account transfer request, for expenses associated with the move of Finance and Administration Cabinet agencies and the Office of State Budget Director from the West Wing of the Capital Annex to the fifth floor of Transportation Cabinet Office Building, last month in accordance with KRS 45.770(4). The Secretary of the Finance Administration Cabinet proceeded with the transfer to ensure that incurred contractual obligations and expenses posted in fiscal year 2022 and revised the submission to include the supporting documentation requested by the committee. Costs, both incurred and obligated, comprised reconfiguration of existing Transportation Cabinet Office Building space; Commonwealth Office of Technology disbursements, including audio/visual equipment for conference rooms; and moving services and supplies.

In response to Senator McDaniel, Ms. Tomes stated that about \$283,000 was remaining in the Capital Construction and Equipment Purchase Contingency Fund. With the \$15 million general fund fiscal year 2023 appropriation, there would be around \$15.3 million in the account. Senator McDaniel noted that the expectation was for the executive branch to pay the moving expenses with their own monies.

Kentucky Infrastructure Authority

Senator Girdler moved to roll the KIA transactions into one roll call vote, Representative Petrie seconded the motion, and the committee approved without objection.

Ms. Williams submitted two Clean Water State Revolving Fund (Fund A) Program Director Level loan increases, two Infrastructure Revolving Fund (Fund B) Program loans, a Governmental Agencies (Fund C) Program loan, a Drinking Water State Revolving Fund (Fund F) Program Director Level loan increase, two Fund F loans, and a Fund C loan increase with Fund F loan, and sixty-four Cleaner Water Grants.

Due to escalations and minor changes to the pump stations, the McCreary County Water District requested a ten percent \$324,450 director level (200 KAR 17:050 Section 7(6)) Fund A loan increase to its previously approved \$3,244,500 Fund A loan, [of which

KIA will apply \$450,000 in principal forgiveness], for its Sanitary Sewer Collection System Expansion project. The loan term for the \$3,568,950 total loan amount is thirty years at a half percent interest rate.

Due to higher than projected bids, the Farmdale Sanitation District (Franklin County) requested a ten percent \$30,000 director level (200 KAR 17:050 Section 7(6)) Fund A loan increase to its previously approved \$300,000 Fund A loan for its Farmdale Sanitation District Rehabilitation project. The loan term for the \$330,000 loan amount is twenty years at a one percent interest rate.

The Western Pulaski County Water District requested a \$4.5 million Fund B loan for its Bourbon Water Storage Tank Replacement project; replacing an existing 300,000 gallon elevated storage tank with a one million gallon elevated composite water storage tank and 600 linear feet of connecting twelve inch water main. The loan term is twenty years at a one percent interest rate.

The Bronston Water Association (Pulaski and Wayne Counties) requested a \$2.743 million Fund B loan for its 2022 Water System Improvements and Replacements project; rehabilitating a 100,000 gallon elevated water storage tank, installing 1,900 radio read meters, and replacing over 47,000 linear feet of various sized waterlines to reduce excessive water loss. The loan term is twenty years at a quarter percent interest rate.

The City of Somerset (Pulaski County) requested a \$2,500,120 Fund C loan for its Water Treatment Plant Membrane Filtration Replacement project. The filtration treatment system has a ten year estimated useful life; therefore, the loan term is ten years at a two percent interest rate.

Due to higher than projected bids, the City of Wilmore (Jessamine County) requested a one percent director level (200 KAR 17:070 Section 8(6)) \$10,250 Fund F loan increase to its previously approved \$994,648 Fund F loan for its Wilmore Elevated Storage Tank Rehabilitation project. The loan term for the \$1,004,898 total loan amount is twenty years at a two percent interest rate.

The City of Paris (Bourbon County) requested a \$3.275 million Fund F loan for its Paris Water System Improvements project; replacing or rehabilitating aging infrastructure within its water treatment system and making various improvements at its water treatment plant. The loan term is twenty years at a one percent interest rate.

The Cannonsburg Water District (Boyd County) requested a \$1,685,083 Fund F loan for its \$2,809,600 Phase II - Shoppes Road Waterline Replacement project; replacing asbestos cement waterlines and installing sub-zone meters to reduce excessive water loss and improve water service for at least one hundred fifty customers. [\$500,000 from the

District and a \$540,517 CWP grant will finance the remaining project costs]. The loan term is twenty years loan at a two percent interest rate.

The City of Nicholasville requested a \$990,912 Fund C loan increase to its \$4,582,030 Fund F loan request for its \$5,572,942 Nicholasville 24-inch Parallel Transmission Main project; construction of about twenty-two linear feet of ductile iron transmission line from its water treatment plant to the city to increase pumping capacity from seven million gallons per day to fifteen MGD. The loan term is twenty years at two and a half percent (Fund C) and two percent (Fund F) interest rates. The estimated project costs exceeded available Fund F monies; therefore, the city requested Fund C loan proceeds for the remaining project costs.

Of the sixty-four CWP grants; nineteen were for sewer projects and forty-five were for water projects. Five of the water CWP grants were reallocations from previously approved projects.

In response to Senator Girdler, Ms. Williams stated that the number of projects KIA's board approved at its July meeting was independent of the new fiscal year.

Senator Girdler moved to approve KIA's submittal, Senator Webb seconded the motion, and the committee approved by unanimous voice vote.

Cabinet for Economic Development

Senator McDaniel moved to roll the two EDF grants into one roll call vote, Senator Webb seconded the motion, and the committee approved without objection.

Ms. Smith submitted two EDF grants. The first [from the Kentucky Product Development Initiative (PDI) program which, administered in conjunction with the Kentucky Association for Economic Development and codified in House Bill 745, uses EDF monies for industrial site upgrades] was \$500,000 to the City of Berea on behalf of the Berea Industrial Development Authority. The two organizations are planning the construction of a 150,000 square foot pre-engineered pad, tree clearing, and installation of a gravel road from the main road to the proposed Lot 7 pad. An independent site selection consultant identified the project as having potential for future economic development opportunities. CED will disburse funds on a reimbursement basis upon review and approval of supporting documentation including invoices, proof of payment, matching funds, and progress report. The second EDF grant, \$1 million to the Todd County Fiscal Court on behalf of Novelis, will be applied towards the \$365 million large sheet, ingot casting, shredding, and recycling center serving the automotive market. The grant agreement included job and wage requirements; 138 new full-time jobs for employees subject to Kentucky individual income taxes at a \$38 average hourly wage including benefits, measured annually from December 31, 2025, through December 31, 2028.

Representative Petrie moved to approve the two EDF grants, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Office of Financial Management

Representative Petrie moved to roll the nine new debt issues into one roll call vote, Senator Girdler seconded the motion, and the committee approved without objection.

Mr. Barrow submitted nine new debt issues. The first was the University of Kentucky General Receipts Bonds, 2022 Series B and Taxable Series C. The estimated \$98.16 million competitively sold debt issue will finance the Asset Preservation Pool – 2022-2024 fiscal year 2023 match as well as a portion of the Facilities Renewal and Modernization authorization. The second transaction was the Kentucky Higher Education Student Loan Corporation Student Loan Backed Notes; reapproval of the \$370 million approved by the committee last year to finance or refinance federally guaranteed Federal Family Education Loan Program student loan acquisitions, most of which are rehabilitated loans. KHESLC estimates utilizing only \$250 million. The third was the Kentucky Economic Development Finance Authority Revenue Refunding Bonds, Series 2022 (Carmel Manor), with an estimated \$17.095 million issuance amount. This new conduit debt issue as well as the Kentucky Housing Corporation conduit debt issues referenced below affect neither the Commonwealth's nor the agencies' financials. KEDFA and KHC conduit debt issues are tax-exempt; however, KHC (including non-conduit) rather than KEDFA debt issues are applied towards the state's private activity volume cap. Some KHESLC debt (all non-conduit) is applied towards the state's private activity volume cap as well.

The first of the KHC conduit debt issues is the estimated \$22 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Crossings at South Park), Series 2022; about 192 units in Louisville with a \$41 million estimated project cost. The second was the estimated \$25 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Gateway on Broadway), Series 2022; 116 units in Louisville with an estimated \$60 million project cost. The third was the estimated \$31 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Churchill Park), Series 2022; 248 units in Owensboro with a \$71 million estimated project cost. The fourth was the estimated \$19.37 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Shawnee Apartments), Series 2022; 177 units throughout Louisville with a \$46 million estimated project cost. The fifth was the estimated \$17.5 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (The Path off Cane Run), Series 2022; 106 units in Louisville with an estimated \$38 million project cost. The last was the estimated \$8.5 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Yorktown Senior Housing), Series 2022; about 100 units located in Louisville with an estimated \$21 million project cost.

In response to Representative Petrie, Mr. Barrow stated that the available bond cap allocation is \$110 per person [total KY calendar year 2022 volume cap is \$496,033,340 (July 1, 2021 KY population estimate times \$110)], which can be carried forward for up to three years. KHC and KHESLC are utilizing prior year allocations; therefore, both entities have allocations available. The Kentucky Private Activity Bond Allocation Committee used to allocate fifty percent to KHC and KHESLC; however, KHC currently has more demand and KHESLC has less demand.

Senator McDaniel moved to approve the nine new debt issues, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Mr. Barrow reported two previous KHC conduit debt issues. The first was the \$15.93 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Oakdale Apartments), Series 2022; 144 units in Lexington. The second was the \$22.689 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Kearney Ridge), Series 2022; 252 units in Lexington. The respective sale dates were June 30 and January 28 of this year.

School District Debt Issues with School Facilities Construction Commission Debt Service Participation

Senator Webb moved to roll the five school district debt issues with SFCC debt service participation into one roll call vote, Senator Girdler second the motion, and the committee approved without objection.

Mr. Barrow presented five school district debt issues with SFCC debt service participation totaling \$26.4 million for new projects; nearly eight-four percent. \$22.2 million, with locally supported debt service and just over sixteen percent, \$4.2 million, with SFCC debt service participation. The school districts, none of which needed an additional tax levy to pay debt service, were Elliott County, Magoffin County, McCracken County, Trigg County, and Trimble County.

Senator Webb moved to approve the five school district debt issues with SFCC debt service participation, Representative Thomas second the motion, and the committee approved by unanimous roll call vote.

Next Meeting Date and Adjournment

Representative Freeland announced Wednesday, August 24 as the next meeting date. With there being no further business the meeting adjourned at 2:37 p.m.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MCCREARY)	
COUNTY WATER DISTRICT FOR)	
AUTHORIZATION TO EXECUTE A)	
SUPPLEMENTAL ASSISTANCE AGREEMENT	)	CASE NO.
WITH THE KENTUCKY INFRASTRUCTURE	)	2022-00247
AUTHORITY TO INCREASE THE AMOUNT)	
BORROWED UNDER AN EXISTING ASSISTANCE)	
AGREEMENT AND FOR APPROVAL OF)	
CHANGES TO A PLAN OF CONSTRUCTION)	

ORDER

On January 16, 2021 McCreary County Water District (McCreary District) applied for a Certificate of Public Convenience and Necessity (CPCN) for a \$3,244,500 sewer system extension project and for approval of its plan for financing the project.¹ By Commission Order, on March 11, 2021, and as amended on March 24, 2021, McCreary District was granted a CPCN to proceed with the project (Project) to extend its existing sewer system from Stearns, Kentucky, northwest along Kentucky Highway 92 to the Smithtown area of McCreary County, through the installation of 28,750 linear feet of 1.5-inch high density polyethylene force main; 28,286 linear feet of 2-inch polyvinyl chloride (PVC) force main; 7,185 linear feet of 3-inch PVC force main; 10,399 linear feet of 4-inch PVC force main; 17,300 linear feet of 4-inch PVC gravity sewer main; and 240 grinder

¹ Case No. 2020-00399 *Electronic Application of McCreary County Water District for Authorization to Execute an Assistance Agreement with the Kentucky Infrastructure Authority and for A Certificate of Public Convenience and Necessity to Construct the Sanitary Sewer Collection System Expansion Phase 1 Project* (filed Jan. 16, 2021).

pump stations.² Funding for this project consisted of a \$3,244,500 loan from the Kentucky Infrastructure Authority (KIA).

On August 11, 2022 McCreary District filed an application for authority to execute a supplemental assistance agreement with the KIA to increase the amount of an existing loan from \$3,244,500 to \$3,568,960 and to approve certain changes to its plan of construction for which the Commission issued its prior CPCN in Case No. 2020-00399.

LEGAL STANDARD

The Commission's standard of review for a request for a CPCN is well settled. No utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from this Commission except as provided in KRS 278.020(1) and (2) and 807 KAR 5:001, Section 15(3), which are provisions not applicable to this matter. To obtain a CPCN, a utility must demonstrate a need for such facilities and an absence of wasteful duplication.³

"Need" requires:

[A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated.

[T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management, or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.⁴

² Case No. 2020-00399, *McCreary County Water District* (Ky. PSC Mar. 11, 2021), final Order and (Ky. PSC Mar. 24, 2021), Order.

³ *Kentucky Utilities Co. v. Public Service Comm'n*, 252 S.W.2d 885 (Ky. 1952).

⁴ *Kentucky Utilities Co. v. Public Service Comm'n*, 252 S.W.2d 885 (Ky. 1952) at 890.

“Wasteful duplication” is defined as “an excess of capacity over need” and “an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties.”⁵ To demonstrate that a proposed facility does not result in wasteful duplication, we have held that the applicant must demonstrate that a thorough review of all reasonable alternatives has been performed.⁶ Selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.⁷ All relevant factors must be balanced.⁸

KRS 278.300 requires Commission authorization before a utility may “issue any securities or evidence of indebtedness, or assume any obligation or liability in respect to the securities or evidence of indebtedness of any other person.”⁹ KRS 278.300(3) establishes the legal standard and clarifies the scope of Commission review, stating:

The Commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

⁵ *Kentucky Utilities Co. v. Public Service Comm’n*, 252 S.W.2d 885 (Ky. 1952) at 890.

⁶ Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005).

⁷ See *Kentucky Utilities Co. v. Public Service Comm’n*, 390 S.W.2d 168, 175 (Ky. 1965). See also Case No. 2005-00089, *Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of a 138 kV Electric Transmission Line in Rowan County, Kentucky* (Ky. PSC Aug. 19, 2005), final Order.

⁸ Case No. 2005-00089, *East Kentucky Power Cooperative, Inc.* (Ky. PSC Aug. 19, 2005), final Order at 6.

⁹ KRS 278.300(1).

DISCUSSION

After the issuance of the CPCN for the Project in Case No. 2020-00399, McCreary District determined that the addition of a pump station near the intersection of Kentucky Highway 92 and Kentucky Highway 701 was necessary to hydraulically break the pressure from the individual residential grinder stations and to re-pump effluent at a lower pressure to McCreary District's treatment facility.¹⁰ McCreary District stated that this will improve the system's efficiency and adding the pump station will permit McCreary District to link more customers together within a pod without building up higher system pressures.¹¹ The estimated cost of the pump station is \$131,500.¹² McCreary District has purchased a small tract of land near the intersection of Kentucky Highway 701 and Harper Road on which to place the proposed pump station.¹³ As a result of the addition of the pump station and a smaller than expected number of persons requesting service, the estimated annual cost of operation of the Project's proposed facilities is now \$8,000.¹⁴

McCreary District stated it has also faced substantial increased costs and changes in project materials, including the grinder stations, due to the volatile market and material shortages.¹⁵ McCreary District has also requested changes in some of the project materials to extend the life or improve the efficiency of the proposed facilities.¹⁶ These

¹⁰ Application at 8.

¹¹ Application at 8.

¹² Application at 8.

¹³ Application at 8.

¹⁴ Application at 9.

¹⁵ Application at 10.

¹⁶ Application at 10.

changes in the construction plans and increases in material costs have resulted in the increased cost estimate of \$3,568,960.¹⁷

On March 30, 2021, McCreary District executed Assistance Agreement 20A-047 to borrow \$3,244,500 from KIA's Fund A Infrastructure Revolving Loan Program to finance the Project's original cost. It now proposes to enter a supplemental assistance agreement with KIA to borrow an additional \$324,460 to address the project's increased cost.¹⁸ McCreary District will execute a supplemental assistance agreement with KIA that provides for the additional loan amount but stated that all other terms of the adjusted loan will remain unchanged.¹⁹

FINDINGS

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that the proposed changes in McCreary District's construction plans will not result in wasteful duplication of existing facilities. The proposed changes in McCreary District's construction plan do not conflict with any existing certificates or services of any other utility operating in the area. Public convenience and necessity require the proposed changes to McCreary District's construction plan, which will allow McCreary District to provide reliable and adequate sewer collection service to its customers. Kentucky Department of Water has approved the updated plans and specifications for this proposed project. The proposed supplemental assistance agreement with KIA is necessary, is appropriate for, and consistent with the proper

¹⁷ Application at 10.

¹⁸ Application at 6. The Commission notes the application makes reference to both \$324,450 and \$324,460 in different places in the application, and the actual additional funds is \$324,460.

¹⁹ Application at 11.

performance of McCreary District's service to the public and will not impair McCreary District's ability to perform that service, and is reasonably necessary and appropriate for such purpose. The project will be funded by a KIA Loan and supplemental assistance agreement, for total financing of \$3,568,960. The supplemental assistance agreement with KIA will provide an additional loan amount of \$324,460, but all other terms of the adjusted loan will remain unchanged. McCreary District's application does not include a proposal to adjust rates.

IT IS THEREFORE ORDERED that:

1. McCreary District's proposed changes to its construction plan for the proposed Project as set forth in the application are approved.
2. McCreary District is authorized to amend its existing loan agreement with the KIA for a total amount not to exceed \$3,568,960.
3. McCreary District is authorized to use the proceeds of its \$3,568,960 loan from KIA for the purposes set forth in its original and amended applications.
4. McCreary District shall obtain approval from the Commission prior to performing any additional construction not expressly approved by this Order.
5. McCreary District shall require construction to be inspected under general supervision of a licensed professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with best practices of the construction trades involved in the project.
6. McCreary District shall file with the Commission documentation of the total cost of the project within 60 days of the date that construction authorized under the CPCN

granted in Case No. 2020-00399 and as amended here, is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

7. McCreary District shall file a copy of the “as-built” drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction authorized under the CPCN granted in 2020-00399 and as amended here.


8. Any documents filed in the future pursuant to ordering paragraphs 6 and 7 shall reference this case number and shall be retained in the post-case correspondence file.

9. The Executive Director is delegated authority to grant reasonable extensions of time for filing any documents required by this Order upon McCreary District’s showing of good cause for such extension.

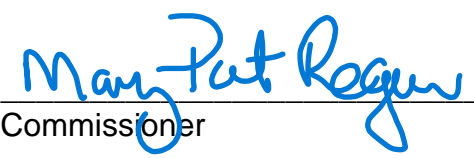
10. This case is closed and removed from the Commission’s docket.

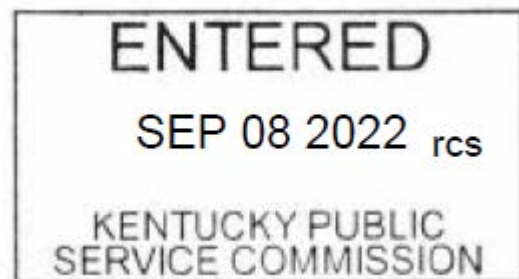
Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky, or any agency thereof.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

Case No. 2022-00247

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KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Executive Director

June 30, 2022

The Honorable Randy Kidd, Chairman
McCreary County Water District
PO Box 488
Whitley City, KY 42653

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED CLEAN WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (A20-047) INCREASE (EXECUTIVE DIRECTOR APPROVAL)

Dear Chairman Kidd:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On June 29, 2022, the KIA Executive Director approved your request for a loan increase in the amount of \$324,450, subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$3,568,950, without prior authorization, of which the Authority is the sole source of the funding. The final loan amount will be equal to the amount of funds disbursed for the project. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the McCreary County Water District upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by December 30, 2022 (six months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.



Chairman Kidd
June 30, 2022
Page 2

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,

Milward Dedman

Milward Dedman
Deputy Executive Director

Attachments

cc: Judy Hachey, LCADD
Eclipse Engineers, PLLC, Alan Ray Robinson

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also included in Attachment C of this letter is the "Statement of Approval of Projections of Revenue and Expenses" for you to complete after bid opening.


Accepted

07/05/2022
Date

ATTACHMENT A

Conditions

McCreary County Water District A20-047 (Increase)

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$3,568,950 without prior authorization.
2. Principal forgiveness of 50% of the assistance amount, not to exceed \$450,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.
3. The loan shall bear interest at the rate of 0.50% per annum commencing with the first draw of funds.
4. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 30 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.

10. Fund "A" loan funds may be considered to be federal funds. If more than \$750,000 of federal funds are disbursed during any one (borrower) fiscal year, the borrower is required to have a single or program-specific audit conducted for that year in accordance with 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
13. The Borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly. Any special conditions listed in Attachment B must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.

6. The Borrower must provide documentation of Eclearinghouse Endorsement and Eclearinghouse Comments.
7. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving State Revolving Funds ("SRF") money.
8. Technical plans and specifications and a complete SRF specifications checklist shall be approved by the Division of Water prior to project bid.
9. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
10. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the SRF loan project.
11. The Borrower must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
12. The Borrower shall implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
13. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates for all work relating to the subject Project.
14. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the Transparency Act Reporting Information Form in Attachment C of this letter and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
15. This project does not qualify for Green Project Reserve (GPR) funding.

16. Based on the final “as-bid” project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The “as bid” project budget shall be reviewed and approved by the consulting engineer.
17. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.
18. Pursuant to the Water Resources Reform and Development Act (WRRDA) of 2014, all CWSRF loan recipients must certify that they have a Fiscal Sustainability Plan for projects that involve the repair, replacement, or expansion of treatment works. Additionally, borrowers must also certify that they have studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for the funded project and that they have selected, to the maximum extent practicable, a project that maximizes the potential for efficient water and energy conservation, taking into consideration capital cost, operation and maintenance, and replacement cost.

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING A FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT BETWEEN THE MCCREARY COUNTY WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY FOR PROJECT NUMBER A20-047.

WHEREAS, the Board of Commissioners (“Governing Authority”) of the McCreary County Water District (“Governmental Agency”) has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the “Project”) to the Governmental Agency’s water and sewer system (the “System”);

WHEREAS, the Governmental Agency previously made application to the Kentucky Infrastructure Authority (the “Authority”) for the purpose of providing monies for the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency entered into an Assistance Agreement dated as of March 30, 2021 with the Authority;

WHEREAS, since the date of the Assistance Agreement, the Authority has agreed to provide additional monies for the Project; and

WHEREAS, to receive such additional monies for the Project it is necessary for the Governmental Agency to enter into a First Supplemental Assistance Agreement with the Authority.

NOW, THEREFORE, IT IS RESOLVED by the McCreary County Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the First Supplemental Assistance Agreement between the Governmental Agency and the Authority regarding Project Number A20-047, substantially in the form on file with the Governmental Agency to provide the necessary financing to the Governmental Agency for the Project.


SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.


[Signature Page Follows]

ADOPTED on September 27, 2022.

GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: 
Chairman

ATTEST:

By: 
Secretary of Governmental Agency

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the McCreary County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of the McCreary County Water District at a meeting duly held on September 27, 2022 that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this September 27, 2022.

By: 
Secretary of Governmental Agency

**MCCREARY COUNTY WATER DISTRICT
PO BOX 488
WHITLEY CITY, KY 42653
606.376.2540**

September 27, 2022

Chairman Randy Kidd called the meeting to order at 9:06 a.m. The following board members were present: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Also attending were Stephen Whitaker, General Superintendent; Alan Robinson, Eclipse Engineering; and Derrick Taylor, Wastewater Treatment and Collections Supervisor. Gerald Wuetcher, Stoll Keenon Ogden PLLC, participated by videoconference.

Coy Taylor made a motion to approve the minutes of the August 26, 2022 regular board meeting. Raymond Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

Raymond Taylor made a motion to approve the minutes of the September 12, 2022 special board meeting. Coy Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

RESOLUTION APPROVING AND AUTHORIZING A FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT BETWEEN THE MCWD AND THE KIA FOR PROJECT NUMBER A20-047

Doug Sexton made a motion to Authorize McCreary County Water District to enter into and execute a supplemental assistance agreement to Assistance Agreement A20-047 to borrow from the Kentucky Infrastructure Authority ("KIA") an additional \$324,450, for a total loan amount of \$3,568,960. Coy Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

KIA FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT FOR LOAN A20-047

Raymond Taylor made a motion to authorize Chairman Kidd or Superintendent Whitaker to sign and execute all necessary documents to implement supplemental assistance agreement to Assistance Agreement A20-047. Mark Sumner seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

KIA CONDITIONAL COMMITMENT LETTER FOR THE CLEANER WATER PROTECTION GRANT

Raymond Taylor made a motion authorizing Chairman Kidd to sign the conditional commitment letter to KIA for Project WX21147037 for a grant in the amount of \$632,826 to finance the construction of maintenance facility. Coy Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, Raymond Taylor. Against: None.

2021 AUDIT

Superintendent Whitaker presented the independent auditor's report and financial statements for McCreary County Water District (MCWD") for the year ending December 31, 2021. The auditor found MCWD complied in all material respects with federal and state requirements and did not identify any deficiencies in internal control over compliance that that auditor consider to be material weaknesses.

EMPLOYEE DISCUSSION: ADAM HOWARD, BYRON GRIFFIS, CHRISTOPHER 'COTY' WATTERS, DAVID TANNER KILBY

Superintendent Whitaker informed the Board that Adam Howard for a job paying a higher wage rate. He recommended that former employee hire Byron Griffis be rehired as a full time Tier 3 employee. He praised Mr. Griffis's performance during his previous employment with the District.

Coy Taylor made a motion to hire Byron Griffis full time as a Tier 3 employee. Raymond Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

Superintendent Whitaker recommended that Christopher 'Coty' Watters and David 'Tanner' Kilby be given Paid Time Off (PTO) and vacation time in light of their long period of part-time employment with the District.

Doug Sexton made a motion to grant Christopher 'Coty' Watters and David 'Tanner' Kilby PTO and vacation time. Coy Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, and Raymond Taylor. Against: None.

PROJECT DISCUSSION

Engineer Robinson reported that the **Sewer Phase I** project is 96% complete. The project is expected to be completed by late November 2022. Superintendent Whitaker stated that, upon completion of the project, the District will have approximately 47 sewer tanks, pumps, and panels in inventory. The increased inventory will ensure a prompt response when applicants for sewer service request to connect.

Engineer Robinson advised that **Tank Rehabilitation Project** will begin this year. Parkers Lake Tank is expected to be blasted and painted this year. Mr. Robinson expects work on the Prison Tank to occur in Spring 2023..

Engineer Robinson reported that construction of the **Maintenance Building** may begin by the end of 2022. The building is expected to have between 8,000 and 9,000 square feet of space. Drawings for the building are about 80 percent complete.

Superintendent Whitaker noted that the District is expected to receive a Cleaner Water Program Phase II grant of \$1,023,000 to fund various capital improvement projects at the water treatment plants and the wastewater plant.

Engineer Robinson reported that the District is still engaging in discussions with the State Parks Department regarding a collection line to receive waste water from Cumberland Falls State Resort Park. Both sides are currently awaiting a decision of an application for an Abandon Mine Lands grant to assist in funding the project.

Engineer Robinson reported that the **EDA Project** should begin construction at the end of October 2022 and complete construction by Summer 2023.

LEGAL

NEW CHARGES/NEW REGULATIONS

Mr. Wuetcher informed the Board that the District's revised tariff was filed with the Public Service Commission on September 23, 2022. The revised tariff is scheduled to take effect on October 23, 2022, but the Public Service Commission could suspend the operation of the revised tariff for five months. Even if the Public Service Commission suspends the tariff, the proposed late payment fee will take effect on October 23, 2022. Mr. Wuetcher reported that the Public Service Commission has yet to enter a decision on the District's proposed sewer rate adjustment.

FIBROTEX

On September 7, 2022, the District applied to the Public Service Commission for a declaratory order that no Certificate of Public Convenience and Necessity ("CPCN") was required for that the EDA construction project. Mr. Wuetcher advised that the application was necessary to avoid the Public Service Commission subsequently asserting a CPCN was required after the main was construction. The Commission recently entered an Order that established a procedural schedule that would not permit a decision until after the bids on the project had expired. Mr. Wuetcher has contacted the Public Service Commission's Executive Director and advised her of the situation. He expects the Commission will modify its Order and issue a decision before bids expire.

NEW SALES TAX LAWS

Mr. Wuetcher notified the Board of a change in the law that will require the District to charge sales tax on water and sewer service for some customers. He stated that the Kentucky Department of Revenue is still formulating its policies for implementing the change and he would advise the Board as this policy is announced.

MINUTES AMENDMENT

Mr. Wuetcher noted that the minutes of the June 20, 2022 meeting of the Board of Commissioners had failed to reflect the Board's acceptance of the Eclipse Engineering's recommendation regarding the award of the Parker's Lake, Stearns, and Airport Tank Rehabilitation Project to the lowest bidder, C & S Quality Services, LLC. He recommended that the Board amend the minutes of that meeting to reflect its action.

Raymond Taylor moved to amend the minutes of the June 20, 2022 meeting of the Board of Commissioners to include the following:

Coy Taylor moved to accept the recommendation of Eclipse Engineering to award the Parker Lake, Stearns, and Airport Tank Rehabilitation Project Contract to the lowest bidder, C&S Quality Services, LLC of Lawrenceburg, Kentucky, at the bid amount of \$521,463. Mark Sumner seconded the motion. Voting in favor: Coy Taylor, Raymond Taylor, Randy Kidd, Doug Sexton, and Mark Sumner. Against: None.

Coy Taylor seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, Raymond Taylor. Against: None.

SAMUEL CARPENTER COMPLAINT

Superintendent Whitaker advised Board members that Samuel Carpenter has submitted a written complaint alleging that the pump station adjacent to his property has experienced several overflows that has damaged his property and reduced its value. Mr. Whitaker stated that District Staff has investigated the complaint and been unable to substantiate the claims of any property damage. He stated that the District is taking several actions to better be able to monitor the pump station and to ensure that overflows are avoided. He reported the complaint to the Kentucky Division of Water (DOW). DOW inspectors recently inspected the pump station and found no violations of DOW regulations or any evidence of recent overflows. Mr. Whitaker stated that a written response would be made to the Mr. Carpenter.

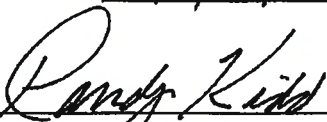
Coy Taylor made a motion to adjourn. Mark Sumner seconded the motion. Voting in favor: Coy Taylor, Doug Sexton, Mark Sumner, Randy Kidd, Raymond Taylor. Against: None.

Meeting adjourned at 10:12 a.m.

Respectfully submitted,


Coy Taylor, Secretary

Date Approved: 10/25/2022

BY: 
Randy Kidd, Chairman

KENTUCKY INFRASTRUCTURE AUTHORITY

FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

**FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND PROGRAM
FUND A**

PROJECT NUMBER:	A20-047
GOVERNMENTAL AGENCY (Borrower):	McCreary County Water District
GOVERNMENTAL AGENCY'S ADDRESS:	456 N HWY 27 Whitley City, Kentucky 42653
DATE OF ASSISTANCE AGREEMENT:	March 30, 2021
DATE OF FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT:	September 27, 2022
CFDA NO.:	66.458

FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

This First Supplemental Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "First Supplemental Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and MCCREARY COUNTY WATER DISTRICT, the Governmental Agency identified on the cover of this First Supplemental Assistance Agreement (the "Governmental Agency"):

WITNESSETH:

WHEREAS, the Authority and the Governmental Agency have heretofore entered into an Assistance Agreement dated as of the date set forth on the cover page hereof (the "Assistance Agreement") for the purpose of providing financial assistance to the Governmental Agency in connection with the acquisition and construction of the Project, as defined in the Assistance Agreement; and

WHEREAS, the Assistance Agreement provides that it may be amended, supplemented or modified by the mutual agreement of the Governmental Agency and the Authority provided that such amendment, supplement or modification shall be in writing and executed by the respective duly authorized officers of the Governmental Agency and the Authority; and

WHEREAS, the Authority and the Governmental Agency desire to amend certain provisions of the Assistance Agreement to provide additional funds to complete the Project;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH AND IN THE ASSISTANCE AGREEMENT, 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 RELATION TO ASSISTANCE AGREEMENT

Section 1.1. This First Supplemental Assistance Agreement is supplemental to the Assistance Agreement and shall be read and construed with the Assistance Agreement as though it were part of the same instrument. The provisions of the Assistance Agreement are hereby ratified and affirmed except as amended hereby. All capitalized terms used herein shall have the same meanings as provided in the Assistance Agreement, as amended by this First Supplemental Assistance Agreement.

ARTICLE II AMENDMENT TO ASSISTANCE AGREEMENT

Section 2.1. Project Specifics, as defined in the Assistance Agreement and attached thereto as **Exhibit A**, are hereby amended by replacing said Project Specifics in their entirety with the Project Specifics attached hereto.

Section 2.2. Loan Term Schedule, as defined in the Assistance Agreement and attached thereto as **Exhibit F**, is hereby amended by replacing said Loan Term Schedule in its entirety with the Loan Term Schedule attached hereto.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF GOVERNMENTAL AGENCY

Section 3.1. The Governmental Agency represents and warrants for the benefit of the Authority as follows:

(A) The Governmental Agency is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this First Supplemental Assistance Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this First Supplemental Assistance Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of the governing body of the Governmental Agency.

(C) This First Supplemental Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened in any court or before any board, tribunal or administrative body to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this First Supplemental Assistance Agreement or to construct the Project; or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions that have been taken in the authorization or delivery of this First Supplemental Assistance Agreement or the construction of the Project; or in any way contesting or affecting the validity of this First Supplemental Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this First Supplemental Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor; or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this First Supplemental Assistance Agreement.

(E) The authorization and delivery of this First Supplemental Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, or an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Pursuant to a resolution of the governing body, the Governmental Agency has approved and authorized the execution and delivery of this First Supplemental Assistance Agreement. Such resolution was duly enacted or adopted at a duly called meeting held in accordance with the law of the governing body of the Governmental Agency at which a quorum was present and acting throughout; is in full force and effect; and has not been superseded, altered, amended or repealed as of the date hereof.

(G) All actions taken by the Governmental Agency in connection with this First Supplemental Assistance Agreement, the Loan, and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS Sections 61.805 to 61.850.

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate, and maintain the System and the Project, to charge and collect the Service Charges, and to enter into this Assistance Agreement. The Governmental Agency is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project and has full right, power, and authority to perform the acts and things as provided for in this First Supplemental Assistance Agreement.

(I) The Governmental Agency is in full compliance with all federal and state labor and procurement laws in connection with the planning, design, acquisition, and construction of the Project.

ARTICLE IV EFFECT OF FIRST SUPPLEMENTAL ASSISTANCE AGREEMENT

Section 4.1. From and after the time of taking effect of this First Supplemental Assistance Agreement, the Assistance Agreement shall be, and be deemed to be, modified and amended in accordance herewith, and the respective rights, duties and obligations under the Assistance Agreement of the Authority and the Governmental Agency thereunder shall be determined, exercised and enforced thereunder subject in all respects to the provisions of this First Supplemental Assistance Agreement, and all provisions hereof shall be deemed to be part of the terms and conditions of the Assistance Agreement for any and all purposes.

ARTICLE V EFFECTIVE DATE; MISCELLANEOUS PROVISIONS

Section 5.1. Time of taking effect. This First Supplemental Assistance Agreement shall be effective as of the date set forth on the cover page hereof.

Section 5.2. Invalidity of any provision. In case any one or more of the provisions contained herein shall be adjudicated by any court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be effected or impaired thereby.

Section 5.3. Execution in counterparts. This First Supplemental Assistance Agreement may be simultaneously executed and delivered in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original, but such counterparts shall together constitute but one and the same instrument.


Remainder of page intentionally left blank. Signatures on following page.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Assistance Agreement to be executed by their respective duly authorized officers as of the date set forth on the cover page hereof.

KENTUCKY INFRASTRUCTURE
AUTHORITY

By: 
Chairman

ATTEST:

By: 
Margaret F. Link (Oct 19, 2022 13:06 EDT)
Secretary of Kentucky Infrastructure
Authority


GOVERNMENTAL AGENCY:
MCCREARY COUNTY WATER
DISTRICT

By: 
Chairman

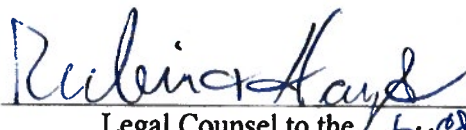
ATTEST:

By: 
Secretary of Governmental Agency

APPROVED:

By: 
Holly Johnson (Oct 20, 2022 08:43 EDT)
Secretary/Finance and Administration
Cabinet of the Commonwealth of Kentucky

EXAMINED:

By: 
Legal Counsel to the By: [Signature]
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND
LEGALITY:

By: 
Patrick McGee (Oct 19, 2022 13:18 EDT)
Approved, Finance and
Administration Cabinet

EXHIBIT A
MCCREARY COUNTY WATER DISTRICT
PROJECT SPECIFICS
A20-047 Increase

GOVERNMENTAL AGENCY:

Name: McCreary County Water District
PO Box 488
Whitley City, KY 42653

Contact Person: Randy Kidd
Chairman

SYSTEM: Wastewater

PROJECT:

The project will expand the MCWD's sanitary sewer collection system by adding approximately 65,000 linear feet of PVC sewer line. 305 new customers in the Sterns and Smithtown areas who are having issues with failing septic systems will now be served. A new 100 gallon per minute pump station will be constructed to avoid high pressures, provide adequate capacity, and reduce operating expenses on individual grinder pumps.

The McCreary County Water District is requesting a Fund A loan increase of \$324,450 for the Sanitary Sewer Collection System Expansion project. The project was initially approved on June 4, 2020. The increase will bring the total loan amount up to \$3,568,950. The additional funds are needed to pay for escalations and minor changes to the pump stations and restore contingency funds.

PROJECT BUDGET:

	<u>Amount</u>
Administrative Expenses	\$ 80,000
Legal Expenses	8,920
Land, Easements	10,000
Engineering Fees - Design	182,767
Engineering Fees - Construction	45,692
Engineering Fees - Inspection	125,821
Construction	2,622,687
Contingency	493,063
Total	\$ 3,568,950

FUNDING SOURCES:

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 3,568,950	100%
Total	\$ 3,568,950	100%

KIA DEBT SERVICE:

Construction Loan	\$ 3,568,950
Less: Principal Forgiveness	450,000
Amortized Loan Amount	\$ 3,118,950
Interest Rate	0.50%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 112,087
Administrative Fee (0.20%)	6,238
Total Estimated Annual Debt Service	\$ 118,325

AMORTIZATION SCHEDULE OF PAYMENTS: June 1 and December 1

Interest payments will commence within six months from first draw of funds.

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/23). All interest and principal repayments shall be made by Automated Clearing House "ACH" transfers.

Principal forgiveness of 50% of the assistance amount, not to exceed \$450,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

REPLACEMENT AND MAINTENANCE RESERVE ACCOUNT:	\$ 8,900 ANNUAL AMOUNT
	\$ 178,000 TOTAL AMOUNT

The annual maintenance replacement cost is 5% (\$178,000) of the final amount borrowed prior to principal forgiveness to be funded annually (\$8,900) each December 1 over 20 years and maintained for the life of the loan.

ADMINISTRATIVE FEE:	0.20%
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DEFAULT RATE:	8.00%
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DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	Outstanding	Maturity
Series 2012D Revenue Bonds	\$ 2,500,000	2040
Series 2012D Revenue Bonds	1,250,000	2041
Series 2012D1 Revenue Bonds	1,166,500	2052
Series 2013A Revenue Bonds	760,000	2030
Series 2013D Revenue Bonds	566,500	2052
Series 2015 Revenue Bonds	1,108,500	2055
Series 2020 Revenue Bonds	1,324,000	2060
KIA Loan F04-03	429,593	2026
BB&T Note	659,054	2028
Series 2020 Revenue Bonds (i.a.o. \$1,535,306)		2060
Series 2020E Revenue Bonds (i.a.o. \$234,694)		2050
UC Bank Note (i.a.o. \$65,000)		2026
Total	\$ 9,764,147	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person) - <i>automobile liability</i>	<u>\$ 10,000 (Coverage Sublimit)</u>
Death or Personal Injury (per occurrence)	<u>\$ 10,000</u>
Property Damage on System - <i>Combined</i>	<u>\$ 50,000,000</u>

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES
(KLCIS)****PROPERTY COVERAGE DECLARATIONS**

Name of Insured: McCreary County Water District

Policy Number: P6762-2021-21331

Mailing Address: P. O. Box 488, Whitley City, Kentucky 42653

Agent of Record: Upchurch Insurance & Financial Services Inc

Coverage Period: from 10/1/2021 at 12:01 a.m. Standard (or Daylight) time to 10/1/2022 at 12:01 a.m.
Standard (or Daylight) time at the mailing address shown above.

In return for the payment of the contribution, and subject to all the terms of this certificate, KLCIS and the Trust agree with the above to provide the coverage as stated in the Declaration. Refer to the attached Property Coverage Document for details of coverage provided.

All Real & Personal Property per attached Statement of Values.

<u>TYPE OF COVERAGE</u>	<u>LIMIT OF COVERAGE</u>	
Building and Personal Property	\$36,147,353	Per Occurrence
Scheduled Equipment	\$1,133,252	Per Occurrence
Fine Arts	No Coverage	Per Occurrence
Valuable Papers	\$500,000	Per Occurrence
Flood	\$5,000,000	Per Occurrence
(ZONES B,C, AND X ONLY)	\$50,000,000	Annual Aggregate for All Participating Members
Earthquake	\$60,000,000	Annual Aggregate for All Participating Members See Earthquake endorsement for applicable limit for each region.
Terrorism Damage	\$37,280,605	Per Occurrence
Business Income/Extra Expense/Rental Value	\$2,000,000	Per Occurrence
Transportation	\$500,000	Per Conveyance / Per Occurrence

Equipment Breakdown Protection Coverage Limits

Combined Property Damage, Business Income / Extra Expense	\$50,000,000	Per Breakdown and annual aggregate for all participating members
Utility Interruption	\$2,000,000	Per Breakdown
Coverage applies only if the interruption of service lasts at least 24 consecutive hours, see deductible		
Newly Acquired Locations	\$1,000,000	Per Breakdown
Number of Days Coverage		30 days
Ordinance or Law	\$100,000	Per Breakdown
Expediting Expenses	\$2,500,000	Per Breakdown
Spoilage	\$25,000	Per Breakdown

These following limits are part of, not in addition to, the Property Damage Limit Per Breakdown

Water Damage	\$100,000	Per Breakdown
Hazardous Substances	\$100,000	Per Breakdown
Data and Media	\$25,000	Per Breakdown
Ammonia Contamination	\$25,000	Per Breakdown
Consequential Loss	\$25,000	Per Breakdown

DEDUCTIBLES

Per Occurrence on All Perils Other Than Flood, Earthquake unless otherwise stated.	\$1,000.00
Per Occurrence for Earthquake	\$25,000 or 2% of TIV's for each damaged location (whichever is greater)
Per Occurrence for Flood	\$25,000
Per Occurrence for Scheduled Equipment	\$1,000.00
Per Occurrence for Fine Arts	No Coverage
Per Occurrence for Valuable Papers	\$250.00
Business Income/Extra Expense/Rental Value	24 hours

Equipment Breakdown Protection Deductibles

Damage to Covered Property (excluding electrical transformers), Spoilage, Ammonia, Contamination, Consequential Loss, Newly Acquired Premises	\$1,000 per breakdown
Damage to Electrical Transformers	\$1.50 per KVA of all damaged transformers, or \$1,000, whichever is greater, per breakdown
Business Income/ Extra Expense	24 hours deductible

BASIC COVERAGE FORMS

KLCIS-BPP'2020, KLCIS-PCL'2020, KLCIS-PPC'2019,
KLCIS-TRAN'2016, KLCIS-EQUAKE'2021, KLCIS-FL'2020,
KLCIS-EB'2015, KLCIS-IF'2017, KLCIS-BI/EE/RENT'2016

ENDORSEMENTS

KLCIS-PRANIML'2020, KLCIS-EQC'2021, KLCIS-IM'2016

TOTAL PREMIUM (10/1/2021 - 10/1/2022 installment) \$29,006.35

This coverage has been placed with a liability self-insurance group which is known as the Kentucky League of Cities Insurance Services ("KLCIS"). KLCIS has received a certificate of filing from the Commonwealth of Kentucky.

Claims against group members are not covered by the Kentucky Insurance Guaranty Association.

KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES

by



9/17/2021

(Authorized Agent)

Date

KENTUCKY LEAGUE OF CITIES INSURANCE AGENCY, INC.

by



9/17/2021

(Authorized Agent)

Date

**KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES
(KLCIS)**

LIABILITY COVERAGE DECLARATIONS

Name of Insured: McCreary County Water District

Policy Number: L5762-2021-21330

Address: P. O. Box 488
Whitley City, Kentucky 42853

Agent of Record: Upchurch Insurance & Financial Services Inc

Coverage Period: from 10/1/2021 at 12:01a.m. Standard (or Daylight) time to 10/1/2022 at 12:01 a.m.
Standard (or Daylight) time at the mailing address shown above. For purposes of the prior
acts coverage endorsement, this policy shall be deemed renewed annually one year from
the initial coverage date.

Subject to all terms of this policy, KLCIS agrees to provide you with coverages shown below for which a premium is shown
and you pay to us.

COVERAGE	LIMIT Per Occurrence	DEDUCTIBLE Per Occurrence	PREMIUM 10/1/2021-10/1/2022 Installment
Commercial General Liability	\$2,000,000	\$0	\$9,406.24
Garage Keepers Liability	No Coverage	No Coverage	No Coverage
Public Officials Liability	\$2,000,000	\$0	\$2,998.75
Law Enforcement Liability	No Coverage	No Coverage	No Coverage
Sewer Backup Liability	\$100,000	\$0	\$4,656.89
Business Auto Liability	\$2,000,000	\$0	\$9,726.32
Auto Physical Damage	Actual Cash Value	See Vehicle Schedule	\$1,701.26
TOTAL PREMIUM			\$28,489.46

*In the event of an "Occurrence" or "Accident" which invokes more than one type of coverage under the same or
different policies issued by KLCIS, then the liability of KLCIS shall not exceed the highest applicable limit under
any one coverage.

Your policy may contain premium adjustments for the following:	
Accredited Law Enforcement Agency	0%
Loss Control, GL, PO and Auto Liability Review	-6%
Loss Control, LE Liability Review	0%

PRIOR ACTS COVERAGE	
If a date or dates appear below, you are being provided with coverage for accidents or occurrences or wrongful acts, which pre-date your current coverage period. Coverage provided by the Prior Acts endorsement may have been part of an earlier policy issued to you by KLCIS. If so, no dates will appear below and no additional Prior Acts coverage is afforded by this policy.	
General Liability	
Public Officials Liability	
Employee Benefits Liability	
Law Enforcement Liability	

Basic Coverage Forms: KLCIS-GL'2020, KLCIS-PO'2020, KLCIS-BA'2020, KLCIS-Cyber'2021

Endorsements: KLCIS-DAM'20, KLCIS-LPE'20, KLCIS-SB'20, KLCIS-Cyber'2021

COVERAGE SUBLIMITS

For each of the coverages for which you paid a premium the following sublimits apply:

GENERAL LIABILITY

Fire Damage Limit	\$100,000	Per Fire
Medical Expense Limit	\$5,000	Per Person
Employee Benefits Liability	\$2,000,000	Per Occurrence
Hazardous Response Team	\$2,000,000	Per Occurrence

AUTOMOBILE LIABILITY

Personal Injury Protection	\$10,000	Per Person
Uninsured Motorists	\$100,000	Per Accident
Underinsured Motorists	\$100,000	Per Accident
"Comprehensive", Collision Damage	(see vehicle schedule)	

BUSINESS AUTOMOBILE POLICY DECLARATIONS**SCHEDULE OF COVERAGES AND COVERED AUTOMOBILES**

Each of the coverages will apply only to those AUTOMOBILES shown as covered AUTOMOBILES. AUTOMOBILES are shown as covered AUTOMOBILES for a particular coverage by the entry of one or more symbols as described in the coverage document.

COVERAGES		COVERED AUTOS	LIMIT (The most we will pay for any one accident or loss.)	
Liability Coverage		1, 8, 9	\$2,000,000	
Personal Injury Protection		5	\$10,000	
Uninsured Motorist/ Underinsured Motorist Coverage		2	\$100,000	
PHYSICAL DAMAGE				
			LIMIT	DEDUCTIBLE
Comprehensive Coverage	7, 8	Actual Cash Value or Cost of Repair, whichever is less, minus deductible amount	See Vehicle Schedule	
Collision	7, 8		See Vehicle Schedule	

McCreary County Water District

KLCIS-LD2021

NOTE: Wherever the word "policy" appears in the attached forms or endorsements, it will be construed to mean the same as "declarations"; wherever the word "company" appears, it will be construed to mean the same as "KLCIS". Each of the coverages listed on page one of these declarations is separate and apply to these coverages only.

This coverage has been placed with a liability self-insurance group which is known as the Kentucky League of Cities Insurance Services ("KLCIS"). KLCIS has received a certificate of filing from the Commonwealth of Kentucky and has provided continuous coverage to its members since July 1, 1987.

Claims against group members are not covered by the Kentucky Insurance Guaranty Association.

KENTUCKY LEAGUE OF CITIES INSURANCE SERVICES

by



9/17/2021

(Authorized Agent)

Date

KENTUCKY LEAGUE OF CITIES INSURANCE AGENCY, INC.

by



9/17/2021

(Authorized Agent)

Date

EXHIBIT F

LOAN TERM SCHEDULE

Principal Amount of Loan:	\$3,568,950
Loan Interest Rate:	0.50%
Default Interest Rate:	8.00%
Authority's Administrative Fee:	0.20%
Loan Payment Dates:	Each June 1 and December 1
Amortization Commencement Date:	June 1, 2023
Schedule of Payments:	see attached

The Loan has been awarded principal forgiveness in the amount of approximately 50% of the Principal Amount of the Loan, not to exceed \$450,000, which will be credited to the Loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the Borrower.

It is understood and agreed by the parties to this Assistance Agreement that this Term Loan Schedule (Exhibit F) is an integral part of the Assistance Agreement between the Governmental Agency and the Authority. This Term Loan Schedule may be amended, supplemented, or modified by the mutual agreement of the Governmental Agency and the Authority provided that such amendment, supplement or modification shall be in writing and executed by the respective duly authorized officers of the Governmental Agency and the Authority. Upon the execution and delivery of any amended, supplemented or modified Term Loan Schedule, the Assistance Agreement and the Term Loan Schedule shall be, and be deemed to be, amended, supplemented and modified in accordance therewith, and the respective rights, duties and obligations under the Assistance Agreement of the Governmental Agency and the Authority shall thereafter be determined, exercised and enforced under the Assistance Agreement subject in all respects to such amendments, supplements and modifications.

KENTUCKY INFRASTRUCTURE AUTHORITY
 ANTICIPATED REPAYMENT SCHEDULE
 LOAN #A20-047
 MCCREARY COUNTY WATER DISTRICT

Original Loan Amount \$ 3,568,950.00
 Principal Forgiveness \$ (450,000.00)
 Repayment Amount \$ 3,118,950.00

0.50% Interest
 \$56,043.45 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/23	\$48,246.07	\$7,797.38	0.50%	\$56,043.45	\$3,118.95	\$0.00	\$59,162.40	\$3,118,950.00	\$0.00	\$0.00
12/01/23	\$48,366.69	\$7,676.76	0.50%	\$56,043.45	\$3,070.70	\$0.00	\$59,114.15	\$3,070,703.93	\$8,900.00	\$8,900.00
06/01/24	\$48,487.61	\$7,555.84	0.50%	\$56,043.45	\$3,022.34	\$0.00	\$59,065.79	\$2,973,849.63	\$0.00	\$8,900.00
12/01/24	\$48,608.83	\$7,434.62	0.50%	\$56,043.45	\$2,973.85	\$0.00	\$59,017.30	\$2,925,240.80	\$8,900.00	\$17,800.00
06/01/25	\$48,730.35	\$7,313.10	0.50%	\$56,043.45	\$2,925.24	\$0.00	\$58,968.69	\$2,876,510.45	\$0.00	\$17,800.00
12/01/25	\$48,852.17	\$7,191.28	0.50%	\$56,043.45	\$2,876.51	\$0.00	\$58,919.96	\$2,827,658.28	\$8,900.00	\$26,700.00
06/01/26	\$48,974.30	\$7,069.15	0.50%	\$56,043.45	\$2,827.66	\$0.00	\$58,871.11	\$2,778,683.98	\$0.00	\$26,700.00
12/01/26	\$49,096.74	\$6,946.71	0.50%	\$56,043.45	\$2,778.68	\$0.00	\$58,822.13	\$2,729,587.24	\$8,900.00	\$35,600.00
06/01/27	\$49,219.48	\$6,823.97	0.50%	\$56,043.45	\$2,729.59	\$0.00	\$58,773.04	\$2,680,367.76	\$0.00	\$35,600.00
12/01/27	\$49,342.53	\$6,700.92	0.50%	\$56,043.45	\$2,680.37	\$0.00	\$58,723.82	\$2,631,025.23	\$8,900.00	\$44,500.00
06/01/28	\$49,465.89	\$6,577.56	0.50%	\$56,043.45	\$2,631.03	\$0.00	\$58,674.48	\$2,581,559.34	\$0.00	\$44,500.00
12/01/28	\$49,589.55	\$6,453.90	0.50%	\$56,043.45	\$2,581.56	\$0.00	\$58,625.01	\$2,531,969.79	\$8,900.00	\$53,400.00
06/01/29	\$49,713.53	\$6,329.92	0.50%	\$56,043.45	\$2,531.97	\$0.00	\$58,575.42	\$2,482,256.26	\$0.00	\$53,400.00
12/01/29	\$49,837.81	\$6,205.64	0.50%	\$56,043.45	\$2,482.26	\$0.00	\$58,525.71	\$2,432,418.45	\$8,900.00	\$62,300.00
06/01/30	\$49,962.40	\$6,081.05	0.50%	\$56,043.45	\$2,432.42	\$0.00	\$58,475.87	\$2,382,456.05	\$0.00	\$62,300.00
12/01/30	\$50,087.31	\$5,956.14	0.50%	\$56,043.45	\$2,382.46	\$0.00	\$58,425.91	\$2,332,368.74	\$8,900.00	\$71,200.00
06/01/31	\$50,212.53	\$5,830.92	0.50%	\$56,043.45	\$2,332.37	\$0.00	\$58,375.82	\$2,282,156.21	\$0.00	\$71,200.00
12/01/31	\$50,338.06	\$5,705.39	0.50%	\$56,043.45	\$2,282.16	\$0.00	\$58,325.61	\$2,231,818.15	\$8,900.00	\$80,100.00
06/01/32	\$50,463.90	\$5,579.55	0.50%	\$56,043.45	\$2,231.82	\$0.00	\$58,275.27	\$2,181,354.25	\$0.00	\$80,100.00
12/01/32	\$50,590.06	\$5,453.39	0.50%	\$56,043.45	\$2,181.35	\$0.00	\$58,224.80	\$2,130,764.19	\$8,900.00	\$89,000.00
06/01/33	\$50,716.54	\$5,326.91	0.50%	\$56,043.45	\$2,130.76	\$0.00	\$58,174.21	\$2,080,047.65	\$0.00	\$89,000.00
12/01/33	\$50,843.33	\$5,200.12	0.50%	\$56,043.45	\$2,080.05	\$0.00	\$58,123.50	\$2,029,204.32	\$8,900.00	\$97,900.00
06/01/34	\$50,970.44	\$5,073.01	0.50%	\$56,043.45	\$2,029.20	\$0.00	\$58,072.65	\$1,978,233.88	\$0.00	\$97,900.00
12/01/34	\$51,097.87	\$4,945.58	0.50%	\$56,043.45	\$1,978.23	\$0.00	\$58,021.68	\$1,927,136.01	\$8,900.00	\$106,800.00
06/01/35	\$51,225.61	\$4,817.84	0.50%	\$56,043.45	\$1,927.14	\$0.00	\$57,970.59	\$1,875,910.40	\$0.00	\$106,800.00
12/01/35	\$51,353.67	\$4,689.78	0.50%	\$56,043.45	\$1,875.91	\$0.00	\$57,919.36	\$1,824,556.73	\$8,900.00	\$115,700.00
06/01/36	\$51,482.06	\$4,561.39	0.50%	\$56,043.45	\$1,824.56	\$0.00	\$57,868.01	\$1,773,074.67	\$0.00	\$115,700.00
12/01/36	\$51,610.76	\$4,432.69	0.50%	\$56,043.45	\$1,773.07	\$0.00	\$57,816.52	\$1,721,463.91	\$8,900.00	\$124,600.00
06/01/37	\$51,739.79	\$4,303.66	0.50%	\$56,043.45	\$1,721.46	\$0.00	\$57,764.91	\$1,669,724.12	\$0.00	\$124,600.00
12/01/37	\$51,869.14	\$4,174.31	0.50%	\$56,043.45	\$1,669.72	\$0.00	\$57,713.17	\$1,617,854.98	\$8,900.00	\$133,500.00
06/01/38	\$51,998.81	\$4,044.64	0.50%	\$56,043.45	\$1,617.85	\$0.00	\$57,661.30	\$1,565,856.17	\$0.00	\$133,500.00
12/01/38	\$52,128.81	\$3,914.64	0.50%	\$56,043.45	\$1,565.86	\$0.00	\$57,609.31	\$1,513,727.36	\$8,900.00	\$142,400.00
06/01/39	\$52,259.13	\$3,784.32	0.50%	\$56,043.45	\$1,513.73	\$0.00	\$57,557.18	\$1,461,468.23	\$0.00	\$142,400.00
12/01/39	\$52,389.78	\$3,653.67	0.50%	\$56,043.45	\$1,461.47	\$0.00	\$57,504.92	\$1,409,078.45	\$8,900.00	\$151,300.00
06/01/40	\$52,520.75	\$3,522.70	0.50%	\$56,043.45	\$1,409.08	\$0.00	\$57,452.53	\$1,356,557.70	\$0.00	\$151,300.00
12/01/40	\$52,652.06	\$3,391.39	0.50%	\$56,043.45	\$1,356.56	\$0.00	\$57,400.01	\$1,303,905.64	\$8,900.00	\$160,200.00
06/01/41	\$52,783.69	\$3,259.76	0.50%	\$56,043.45	\$1,303.91	\$0.00	\$57,347.36	\$1,251,121.95	\$0.00	\$160,200.00
12/01/41	\$52,915.65	\$3,127.80	0.50%	\$56,043.45	\$1,251.12	\$0.00	\$57,294.57	\$1,198,206.30	\$8,900.00	\$169,100.00
06/01/42	\$53,047.93	\$2,995.52	0.50%	\$56,043.45	\$1,198.21	\$0.00	\$57,241.66	\$1,145,158.37	\$0.00	\$169,100.00
12/01/42	\$53,180.55	\$2,862.90	0.50%	\$56,043.45	\$1,145.16	\$0.00	\$57,188.61	\$1,091,977.82	\$8,900.00	\$178,000.00
06/01/43	\$53,313.51	\$2,729.94	0.50%	\$56,043.45	\$1,091.98	\$0.00	\$57,135.43	\$1,038,664.31	\$0.00	\$178,000.00
12/01/43	\$53,446.79	\$2,596.66	0.50%	\$56,043.45	\$1,038.66	\$0.00	\$57,082.11	\$985,217.52	\$0.00	\$178,000.00
06/01/44	\$53,580.41	\$2,463.04	0.50%	\$56,043.45	\$985.22	\$0.00	\$57,028.67	\$931,637.11	\$0.00	\$178,000.00

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
12/01/44	\$53,714.36	\$2,329.09	0.50%	\$56,043.45	\$931.64	\$0.00	\$56,975.09	\$877,922.75	\$0.00	\$178,000.00
06/01/45	\$53,848.64	\$2,194.81	0.50%	\$56,043.45	\$877.92	\$0.00	\$56,921.37	\$824,074.11	\$0.00	\$178,000.00
12/01/45	\$53,983.26	\$2,060.19	0.50%	\$56,043.45	\$824.07	\$0.00	\$56,867.52	\$770,090.85	\$0.00	\$178,000.00
06/01/46	\$54,118.22	\$1,925.23	0.50%	\$56,043.45	\$770.09	\$0.00	\$56,813.54	\$715,972.63	\$0.00	\$178,000.00
12/01/46	\$54,253.52	\$1,789.93	0.50%	\$56,043.45	\$715.97	\$0.00	\$56,759.42	\$661,719.11	\$0.00	\$178,000.00
06/01/47	\$54,389.15	\$1,654.30	0.50%	\$56,043.45	\$661.72	\$0.00	\$56,705.17	\$607,329.96	\$0.00	\$178,000.00
12/01/47	\$54,525.13	\$1,518.32	0.50%	\$56,043.45	\$607.33	\$0.00	\$56,650.78	\$552,804.83	\$0.00	\$178,000.00
06/01/48	\$54,661.44	\$1,382.01	0.50%	\$56,043.45	\$552.80	\$0.00	\$56,596.25	\$498,143.39	\$0.00	\$178,000.00
12/01/48	\$54,798.09	\$1,245.36	0.50%	\$56,043.45	\$498.14	\$0.00	\$56,541.59	\$443,345.30	\$0.00	\$178,000.00
06/01/49	\$54,935.09	\$1,108.36	0.50%	\$56,043.45	\$443.35	\$0.00	\$56,486.80	\$388,410.21	\$0.00	\$178,000.00
12/01/49	\$55,072.42	\$971.03	0.50%	\$56,043.45	\$388.41	\$0.00	\$56,431.86	\$333,337.79	\$0.00	\$178,000.00
06/01/50	\$55,210.11	\$833.34	0.50%	\$56,043.45	\$333.34	\$0.00	\$56,376.79	\$278,127.68	\$0.00	\$178,000.00
12/01/50	\$55,348.13	\$695.32	0.50%	\$56,043.45	\$278.13	\$0.00	\$56,321.58	\$222,779.55	\$0.00	\$178,000.00
06/01/51	\$55,486.50	\$556.95	0.50%	\$56,043.45	\$222.78	\$0.00	\$56,266.23	\$167,293.05	\$0.00	\$178,000.00
12/01/51	\$55,625.22	\$418.23	0.50%	\$56,043.45	\$167.29	\$0.00	\$56,210.74	\$111,667.83	\$0.00	\$178,000.00
06/01/52	\$55,764.28	\$279.17	0.50%	\$56,043.45	\$111.67	\$0.00	\$56,155.12	\$55,903.55	\$0.00	\$178,000.00
12/01/52	\$55,903.55	\$139.90	0.50%	\$56,043.45	\$55.90	\$0.00	\$56,099.35	\$0.00	\$0.00	\$178,000.00
Totals	\$3,118,950.00	\$243,657.00		\$3,362,607.00	\$97,462.75	\$0.00	\$3,460,069.75		\$178,000.00	

Created by KIA on 09/13/2022

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

July 21, 2022

Call to Order and Roll Call

The July Capital Projects and Bond Oversight Committee meeting was held on Thursday, July 21, 2022, at 2:00 PM, in Room 169 of the Capitol Annex. Representative Chris Freeland, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Chris Freeland, Co-Chair; Senators Rick Girdler, Christian McDaniel, and Robin L. Webb; Representatives Jason Petrie and Walker Thomas.

Guests: Elizabeth Baker, Senior Director, Strategic Capital Planning and Legislative Analysis, University Budget Office, University of Kentucky; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; and Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; Korey Sallee, Committee Analyst; and Maurya Allen, Committee Assistant.

Election of Senate Co-Chair

Senator McDaniel nominated Senator Howell for Senate co-chair and Senator Girdler seconded the motion. Senator McDaniel moved that nominations cease and that Senator Howell be elected Senate co-chair by acclamation. Senator Girdler seconded the motion and Senator Howell was elected Senate co-chair by acclamation.

Approval of Minutes (June 23, 2022)

Representative Petrie moved to approve the June 23, 2022, meeting minutes. Representative Thomas seconded the motion and the committee approved without objection.

Correspondence and Information Items

Ms. Halloran referenced seven correspondence and information items. Pursuant to KRS 26A.168(1), KRS 45.793, and KRS 45.818; the Administrative Office of the Courts, the Finance Administration Cabinet with the Commonwealth Office of Technology reporting independently, and postsecondary institutions managing their own capital

construction under KRS 164A.580, transmitted quarterly capital project status reports. Pursuant to KRS 45.760(5), the University of Kentucky reported a \$266,200 privately funded replacement neonate transport Type III ambulance, located at Chandler Medical Center, to transport children receiving care at Kentucky Children's Hospital. Pursuant to KRS 45.800(2), the committee notified the Finance Administration Cabinet that it did not approve the \$971,800 Capital Construction and Equipment Purchase Contingency Account transfer last month and asked that the cabinet resubmit the transfer with an itemized expenditure list for its July meeting. Pursuant to KRS 45.812(1), the Casey County and Eminence Independent (Henry County) school districts, which did not need additional tax levies to pay debt service, reported upcoming debt issues for new projects through their fiscal agents; \$1.8 million for high school track and tennis improvements and \$700,000 for district-wide improvements. Pursuant to KRS 45A.180(2), UK reported its intent to use the construction management-at-risk project delivery method for its Construct Health Education Building project and selected Turner Construction. The University of Louisville reported its intent to use the design-build project delivery method for its Kueber Center Renovation project. Pursuant to KRS 164A.600(2), UK reported the \$38 million construction phase, funded with insurance reimbursements, of the newly constructed Grain and Forage Center of Excellence's emergency replacement in Princeton. The facility was destroyed by the December 10, 2021, tornado. Pursuant to HB 1, UK transmitted its planned Postsecondary Education Asset Preservation Pool projects. Its agency debt issue to match the state appropriation was on the July meeting agenda.

**Lease Report from Postsecondary Institutions
University of Kentucky**

Ms. Baker submitted a new lease for UK's Team Blue Primary Care Clinic; 3,979 square feet for an \$118,574.20 annual cost, including utilities.

Co-chair Freeland moved to approve the new lease, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Project Report from the Finance and Administration Cabinet

Ms. Tomes submitted a new Department of Military Affairs project and reported Department of Education, Operations and Support Services, State Schools Roof Repair and Replacement Pools - 2022-2024 and 2020-2022 allocations as well as the \$971,800 Capital Construction and Equipment Purchase Contingency Account transfer submitted last month. The \$2.5 million DMA Danville Readiness Center Interior Restoration project, \$1.25 million in National Guard Bureau Minor Construction federal funds and the other half from the general funded portion of the Modernization Pool - National Guard, was a complete interior renovation of the facility including upgrades to the electrical and HVAC systems, flooring, latrines, lighting, and walls as well as installation of anti-terrorism force protection windows and lactation room. The Kentucky National Guard plans to station the 223rd Military Police Company in the facility, constructed in 1954, after the renovation.

Representative Petrie moved to approve the new project, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

The bond-funded \$1.76 million State Schools Roof Repair and Replacement Pool - 2020-2022 allocation financed roof repairs to Kentucky School for the Blind campus buildings in Louisville; including Evans Hall (dormitory); Gregory-Reis Student Center; and Langan Gymnasium. The general-funded \$1,979,220 State Schools Roof Repair and Replacement Pool - 2022-2024 financed roof repairs to Kentucky School for the Deaf campus buildings in Danville; including Kerr Hall (middle and high school classrooms); Grow Hall (cafeteria), and Thomas Hall (gymnasium). KDE operates both schools and most of the fifty buildings are between thirty and fifty years old.

The Office of State Budget Director transmitted the \$971,800 Capital Construction and Equipment Purchase Contingency Account transfer request, for expenses associated with the move of Finance and Administration Cabinet agencies and the Office of State Budget Director from the West Wing of the Capital Annex to the fifth floor of Transportation Cabinet Office Building, last month in accordance with KRS 45.770(4). The Secretary of the Finance Administration Cabinet proceeded with the transfer to ensure that incurred contractual obligations and expenses posted in fiscal year 2022 and revised the submission to include the supporting documentation requested by the committee. Costs, both incurred and obligated, comprised reconfiguration of existing Transportation Cabinet Office Building space; Commonwealth Office of Technology disbursements, including audio/visual equipment for conference rooms; and moving services and supplies.

In response to Senator McDaniel, Ms. Tomes stated that about \$283,000 was remaining in the Capital Construction and Equipment Purchase Contingency Fund. With the \$15 million general fund fiscal year 2023 appropriation, there would be around \$15.3 million in the account. Senator McDaniel noted that the expectation was for the executive branch to pay the moving expenses with their own monies.

Kentucky Infrastructure Authority

Senator Girdler moved to roll the KIA transactions into one roll call vote, Representative Petrie seconded the motion, and the committee approved without objection.

Ms. Williams submitted two Clean Water State Revolving Fund (Fund A) Program Director Level loan increases, two Infrastructure Revolving Fund (Fund B) Program loans, a Governmental Agencies (Fund C) Program loan, a Drinking Water State Revolving Fund (Fund F) Program Director Level loan increase, two Fund F loans, and a Fund C loan increase with Fund F loan, and sixty-four Cleaner Water Grants.

Due to escalations and minor changes to the pump stations, the McCreary County Water District requested a ten percent \$324,450 director level (200 KAR 17:050 Section 7(6)) Fund A loan increase to its previously approved \$3,244,500 Fund A loan, [of which

KIA will apply \$450,000 in principal forgiveness], for its Sanitary Sewer Collection System Expansion project. The loan term for the \$3,568,950 total loan amount is thirty years at a half percent interest rate.

Due to higher than projected bids, the Farmdale Sanitation District (Franklin County) requested a ten percent \$30,000 director level (200 KAR 17:050 Section 7(6)) Fund A loan increase to its previously approved \$300,000 Fund A loan for its Farmdale Sanitation District Rehabilitation project. The loan term for the \$330,000 loan amount is twenty years at a one percent interest rate.

The Western Pulaski County Water District requested a \$4.5 million Fund B loan for its Bourbon Water Storage Tank Replacement project; replacing an existing 300,000 gallon elevated storage tank with a one million gallon elevated composite water storage tank and 600 linear feet of connecting twelve inch water main. The loan term is twenty years at a one percent interest rate.

The Bronston Water Association (Pulaski and Wayne Counties) requested a \$2.743 million Fund B loan for its 2022 Water System Improvements and Replacements project; rehabilitating a 100,000 gallon elevated water storage tank, installing 1,900 radio read meters, and replacing over 47,000 linear feet of various sized waterlines to reduce excessive water loss. The loan term is twenty years at a quarter percent interest rate.

The City of Somerset (Pulaski County) requested a \$2,500,120 Fund C loan for its Water Treatment Plant Membrane Filtration Replacement project. The filtration treatment system has a ten year estimated useful life; therefore, the loan term is ten years at a two percent interest rate.

Due to higher than projected bids, the City of Wilmore (Jessamine County) requested a one percent director level (200 KAR 17:070 Section 8(6)) \$10,250 Fund F loan increase to its previously approved \$994,648 Fund F loan for its Wilmore Elevated Storage Tank Rehabilitation project. The loan term for the \$1,004,898 total loan amount is twenty years at a two percent interest rate.

The City of Paris (Bourbon County) requested a \$3.275 million Fund F loan for its Paris Water System Improvements project; replacing or rehabilitating aging infrastructure within its water treatment system and making various improvements at its water treatment plant. The loan term is twenty years at a one percent interest rate.

The Cannonsburg Water District (Boyd County) requested a \$1,685,083 Fund F loan for its \$2,809,600 Phase II - Shoppes Road Waterline Replacement project; replacing asbestos cement waterlines and installing sub-zone meters to reduce excessive water loss and improve water service for at least one hundred fifty customers. [\$500,000 from the

District and a \$540,517 CWP grant will finance the remaining project costs]. The loan term is twenty years loan at a two percent interest rate.

The City of Nicholasville requested a \$990,912 Fund C loan increase to its \$4,582,030 Fund F loan request for its \$5,572,942 Nicholasville 24-inch Parallel Transmission Main project; construction of about twenty-two linear feet of ductile iron transmission line from its water treatment plant to the city to increase pumping capacity from seven million gallons per day to fifteen MGD. The loan term is twenty years at two and a half percent (Fund C) and two percent (Fund F) interest rates. The estimated project costs exceeded available Fund F monies; therefore, the city requested Fund C loan proceeds for the remaining project costs.

Of the sixty-four CWP grants; nineteen were for sewer projects and forty-five were for water projects. Five of the water CWP grants were reallocations from previously approved projects.

In response to Senator Girdler, Ms. Williams stated that the number of projects KIA's board approved at its July meeting was independent of the new fiscal year.

Senator Girdler moved to approve KIA's submittal, Senator Webb seconded the motion, and the committee approved by unanimous voice vote.

Cabinet for Economic Development

Senator McDaniel moved to roll the two EDF grants into one roll call vote, Senator Webb seconded the motion, and the committee approved without objection.

Ms. Smith submitted two EDF grants. The first [from the Kentucky Product Development Initiative (PDI) program which, administered in conjunction with the Kentucky Association for Economic Development and codified in House Bill 745, uses EDF monies for industrial site upgrades] was \$500,000 to the City of Berea on behalf of the Berea Industrial Development Authority. The two organizations are planning the construction of a 150,000 square foot pre-engineered pad, tree clearing, and installation of a gravel road from the main road to the proposed Lot 7 pad. An independent site selection consultant identified the project as having potential for future economic development opportunities. CED will disburse funds on a reimbursement basis upon review and approval of supporting documentation including invoices, proof of payment, matching funds, and progress report. The second EDF grant, \$1 million to the Todd County Fiscal Court on behalf of Novelis, will be applied towards the \$365 million large sheet, ingot casting, shredding, and recycling center serving the automotive market. The grant agreement included job and wage requirements; 138 new full-time jobs for employees subject to Kentucky individual income taxes at a \$38 average hourly wage including benefits, measured annually from December 31, 2025, through December 31, 2028.

Representative Petrie moved to approve the two EDF grants, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Office of Financial Management

Representative Petrie moved to roll the nine new debt issues into one roll call vote, Senator Girdler seconded the motion, and the committee approved without objection.

Mr. Barrow submitted nine new debt issues. The first was the University of Kentucky General Receipts Bonds, 2022 Series B and Taxable Series C. The estimated \$98.16 million competitively sold debt issue will finance the Asset Preservation Pool – 2022-2024 fiscal year 2023 match as well as a portion of the Facilities Renewal and Modernization authorization. The second transaction was the Kentucky Higher Education Student Loan Corporation Student Loan Backed Notes; reapproval of the \$370 million approved by the committee last year to finance or refinance federally guaranteed Federal Family Education Loan Program student loan acquisitions, most of which are rehabilitated loans. KHESLC estimates utilizing only \$250 million. The third was the Kentucky Economic Development Finance Authority Revenue Refunding Bonds, Series 2022 (Carmel Manor), with an estimated \$17.095 million issuance amount. This new conduit debt issue as well as the Kentucky Housing Corporation conduit debt issues referenced below affect neither the Commonwealth's nor the agencies' financials. KEDFA and KHC conduit debt issues are tax-exempt; however, KHC (including non-conduit) rather than KEDFA debt issues are applied towards the state's private activity volume cap. Some KHESLC debt (all non-conduit) is applied towards the state's private activity volume cap as well.

The first of the KHC conduit debt issues is the estimated \$22 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Crossings at South Park), Series 2022; about 192 units in Louisville with a \$41 million estimated project cost. The second was the estimated \$25 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Gateway on Broadway), Series 2022; 116 units in Louisville with an estimated \$60 million project cost. The third was the estimated \$31 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Churchill Park), Series 2022; 248 units in Owensboro with a \$71 million estimated project cost. The fourth was the estimated \$19.37 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Shawnee Apartments), Series 2022; 177 units throughout Louisville with a \$46 million estimated project cost. The fifth was the estimated \$17.5 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (The Path off Cane Run), Series 2022; 106 units in Louisville with an estimated \$38 million project cost. The last was the estimated \$8.5 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Yorktown Senior Housing), Series 2022; about 100 units located in Louisville with an estimated \$21 million project cost.

In response to Representative Petrie, Mr. Barrow stated that the available bond cap allocation is \$110 per person [total KY calendar year 2022 volume cap is \$496,033,340 (July 1, 2021 KY population estimate times \$110)], which can be carried forward for up to three years. KHC and KHESLC are utilizing prior year allocations; therefore, both entities have allocations available. The Kentucky Private Activity Bond Allocation Committee used to allocate fifty percent to KHC and KHESLC; however, KHC currently has more demand and KHESLC has less demand.

Senator McDaniel moved to approve the nine new debt issues, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Mr. Barrow reported two previous KHC conduit debt issues. The first was the \$15.93 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Oakdale Apartments), Series 2022; 144 units in Lexington. The second was the \$22.689 million Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Kearney Ridge), Series 2022; 252 units in Lexington. The respective sale dates were June 30 and January 28 of this year.

School District Debt Issues with School Facilities Construction Commission Debt Service Participation

Senator Webb moved to roll the five school district debt issues with SFCC debt service participation into one roll call vote, Senator Girdler second the motion, and the committee approved without objection.

Mr. Barrow presented five school district debt issues with SFCC debt service participation totaling \$26.4 million for new projects; nearly eight-four percent. \$22.2 million, with locally supported debt service and just over sixteen percent, \$4.2 million, with SFCC debt service participation. The school districts, none of which needed an additional tax levy to pay debt service, were Elliott County, Magoffin County, McCracken County, Trigg County, and Trimble County.

Senator Webb moved to approve the five school district debt issues with SFCC debt service participation, Representative Thomas second the motion, and the committee approved by unanimous roll call vote.

Next Meeting Date and Adjournment

Representative Freeland announced Wednesday, August 24 as the next meeting date. With there being no further business the meeting adjourned at 2:37 p.m.












McCreary CWD Supp AA_A20-047

Final Audit Report

2022-10-20

Created:	2022-10-04
By:	Christian Juckett (cljuckett@rubinhays.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAAdTu7XZUBHamc94Fzq8WJBPD0A37Yuze

"McCreary CWD Supp AA_A20-047" History

-  Document created by Christian Juckett (cljuckett@rubinhays.com)
2022-10-04 - 2:48:26 PM GMT- IP address: 98.103.10.138
-  Document emailed to dennis.keene@ky.gov for signature
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-  Signer dennis.keene@ky.gov entered name at signing as Dennis Keene
2022-10-19 - 5:03:14 PM GMT- IP address: 205.204.186.1
-  Document e-signed by Dennis Keene (dennis.keene@ky.gov)
Signature Date: 2022-10-19 - 5:03:16 PM GMT - Time Source: server- IP address: 205.204.186.1
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-  Email viewed by meg.link@ky.gov
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-  Signer meg.link@ky.gov entered name at signing as Margaret F. Link
2022-10-19 - 5:06:43 PM GMT- IP address: 205.204.186.1
-  Document e-signed by Margaret F. Link (meg.link@ky.gov)
Signature Date: 2022-10-19 - 5:06:45 PM GMT - Time Source: server- IP address: 205.204.186.1
-  Document emailed to patrick.mcgee@ky.gov for signature
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Signer patrick.mcgee@ky.gov entered name at signing as Patrick McGee

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Document e-signed by Patrick McGee (patrick.mcgee@ky.gov)

Signature Date: 2022-10-19 - 5:18:01 PM GMT - Time Source: server- IP address: 205.204.186.53



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Document e-signed by Holly Johnson (hollymccoy.johnson@ky.gov)

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Agreement completed.

2022-10-20 - 12:43:45 PM GMT



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DISTRIBUTION LIST

Re: First Supplemental Assistance Agreement between Kentucky Infrastructure Authority and the McCreary County Water District, regarding Project Number A20-047

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EXHIBIT H

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2012 D

Borrower: McCreary County Water District
Closing Date: 05/30/12

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
07/01/12						
01/01/13	90,000.00	4.200%	119,204.63	450.00	209,654.63	
07/01/13			87,142.50		87,142.50	296,797.13
01/01/14	125,000.00	4.200%	87,142.50	450.00	212,592.50	
07/01/14			84,517.50		84,517.50	297,110.00
01/01/15	130,000.00	4.200%	84,517.50	450.00	214,967.50	
07/01/15			81,787.50		81,787.50	296,755.00
01/01/16	135,000.00	3.200%	81,787.50	450.00	217,237.50	
07/01/16			79,627.50		79,627.50	296,865.00
01/01/17	135,000.00	2.200%	79,627.50	450.00	215,077.50	
07/01/17			78,142.50		78,142.50	293,220.00
01/01/18	140,000.00	3.200%	78,142.50	450.00	218,592.50	
07/01/18			75,902.50		75,902.50	294,495.00
01/01/19	145,000.00	3.200%	75,902.50	450.00	221,352.50	
07/01/19			73,582.50		73,582.50	294,935.00
01/01/20	150,000.00	3.200%	73,582.50	450.00	224,032.50	
07/01/20			71,182.50		71,182.50	295,215.00
01/01/21	155,000.00	2.950%	71,182.50	450.00	226,632.50	
07/01/21			68,896.25		68,896.25	295,528.75
01/01/22	160,000.00	3.200%	68,896.25	450.00	229,346.25	
07/01/22			66,336.25		66,336.25	295,682.50
01/01/23	165,000.00	3.300%	66,336.25	450.00	231,786.25	
07/01/23			63,613.75		63,613.75	295,400.00
01/01/24	165,000.00	3.400%	63,613.75	450.00	229,063.75	
07/01/24			60,808.75		60,808.75	289,872.50
01/01/25	175,000.00	3.600%	60,808.75	450.00	236,258.75	
07/01/25			57,658.75		57,658.75	293,917.50
01/01/26	180,000.00	3.600%	57,658.75	450.00	238,108.75	
07/01/26			54,418.75		54,418.75	292,527.50
01/01/27	185,000.00	3.700%	54,418.75	450.00	239,868.75	
07/01/27			50,996.25		50,996.25	290,865.00
01/01/28	195,000.00	3.700%	50,996.25	450.00	246,446.25	
07/01/28			47,388.75		47,388.75	293,835.00
01/01/29	200,000.00	3.700%	47,388.75	450.00	247,838.75	
07/01/29			43,688.75		43,688.75	291,527.50
01/01/30	210,000.00	3.825%	43,688.75	450.00	254,138.75	
07/01/30			39,672.50		39,672.50	293,811.25
01/01/31	215,000.00	3.825%	39,672.50	450.00	255,122.50	
07/01/31			35,560.63		35,560.63	290,683.13
01/01/32	225,000.00	3.950%	35,560.63	450.00	261,010.63	
07/01/32			31,116.88		31,116.88	292,127.51
01/01/33	235,000.00	3.950%	31,116.88	450.00	266,566.88	
07/01/33			26,475.63		26,475.63	293,042.51
01/01/34	195,000.00	3.950%	26,475.63	450.00	221,925.63	
07/01/34			22,624.38		22,624.38	244,550.01
01/01/35	200,000.00	3.950%	22,624.38	450.00	223,074.38	
07/01/35			18,674.38		18,674.38	241,748.76
01/01/36	205,000.00	4.200%	18,674.38	450.00	224,124.38	
07/01/36			14,369.38		14,369.38	238,493.76
01/01/37	195,000.00	4.200%	14,369.38	450.00	209,819.38	
07/01/37			10,274.38		10,274.38	220,093.76
01/01/38	150,000.00	4.200%	10,274.38	450.00	160,724.38	
07/01/38			7,124.38		7,124.38	167,848.76
01/01/39	155,000.00	4.200%	7,124.38	450.00	162,574.38	
07/01/39			3,869.38		3,869.38	166,443.76
01/01/40	160,000.00	4.200%	3,869.38	450.00	164,319.38	
07/01/40			509.38		509.38	164,828.76
01/01/41	25,000.00	4.075%	509.38	450.00	25,959.38	
						25,959.38
Totals	4,800,000.00		2,831,129.73	13,050.00	7,644,179.73	

KRWFC Flexible Term Program Series 2012 D
Sinking Fund Payment Schedule

Borrower: McCreary County Water District
Closing Date: 05/30/12

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
7/12-1/13	12,857.14	17,029.23	29,886.38
2/13-7/13	10,416.67	14,523.75	24,940.42
8/13-1/14	10,416.67	14,523.75	24,940.42
2/14-8/14	10,833.33	14,086.25	24,919.58
8/14-1/15	10,833.33	14,086.25	24,919.58
2/15-7/15	11,250.00	13,631.25	24,881.25
8/15-1/16	11,250.00	13,631.25	24,881.25
2/16-7/16	11,250.00	13,271.25	24,521.25
8/16-1/17	11,250.00	13,271.25	24,521.25
2/17-7/17	11,666.67	13,023.75	24,690.42
8/17-1/18	11,666.67	13,023.75	24,690.42
2/18-7/18	12,083.33	12,650.42	24,733.75
8/18-1/19	12,083.33	12,650.42	24,733.75
2/19-7/19	12,500.00	12,263.75	24,763.75
8/19-1-20	12,500.00	12,263.75	24,763.75
2/20-7/20	12,916.67	11,863.75	24,780.42
8/20-1/21	12,916.67	11,863.75	24,780.42
2/21-7/21	13,333.33	11,482.71	24,816.04
8/21-1/22	13,333.33	11,482.71	24,816.04
2/22-7/22	13,750.00	11,056.04	24,806.04
8/22-1/23	13,750.00	11,056.04	24,806.04
2/23-7/23	13,750.00	10,602.29	24,352.29
8/23-1/24	13,750.00	10,602.29	24,352.29
2/24-7/24	14,583.33	10,134.79	24,718.13
8/24-1/25	14,583.33	10,134.79	24,718.13
2/25-7/25	15,000.00	9,609.79	24,609.79
8/25-1/26	15,000.00	9,609.79	24,609.79
2/26-7/26	15,416.67	9,069.79	24,486.46
8/26-1/27	15,416.67	9,069.79	24,486.46
2/27-7/27	16,250.00	8,499.38	24,749.38
8/27-1/28	16,250.00	8,499.38	24,749.38
2/28-7/28	16,666.67	7,898.13	24,564.79
8/28-1/29	16,666.67	7,898.13	24,564.79
2/29-7/29	17,500.00	7,281.46	24,781.46
8/29-1/30	17,500.00	7,281.46	24,781.46
2/30-7/30	17,916.67	6,612.08	24,528.75
8/30-2/31	17,916.67	6,612.08	24,528.75
2/31-7/31	18,750.00	5,926.77	24,676.77
8/31-1/32	18,750.00	5,926.77	24,676.77
2/32-7/32	19,583.33	5,186.15	24,769.48
8/32-1/33	19,583.33	5,186.15	24,769.48
2/33-7/33	16,250.00	4,412.61	20,662.61
8/33-1/34	16,250.00	4,412.61	20,662.61
2/34-7/34	16,666.67	3,770.73	20,437.40
8/34-1/35	16,666.67	3,770.73	20,437.40
2/35-7/35	17,083.33	3,112.40	20,195.73
8/35-1/36	17,083.33	3,112.40	20,195.73
2/36-7/36	16,250.00	2,394.90	18,644.90
8/36-1/37	16,250.00	2,394.90	18,644.90
2/37-7/37	12,500.00	1,712.40	14,212.40
8/37-1/38	12,500.00	1,712.40	14,212.40
2/38-7/38	12,916.67	1,187.40	14,104.06
8/38-1/39	12,916.67	1,187.40	14,104.06
2/39-7/39	13,333.33	644.90	13,978.23
8/39-1/40	13,333.33	644.90	13,978.23
2/41-7/41	2,083.33	84.90	2,168.23
8/41-2/41	2,083.33	84.90	2,168.23
	<u>4,800,000.00</u>	<u>2,831,129.73</u>	<u>7,631,129.73</u>

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2012 D
Refunding of Waterworks Revenue Bonds (Series 1993, 1997, and 2001)

Borrower: McCreary County Water District
Closing Date: 05/30/12

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
07/01/12						
01/01/13	60,000.00	4.200%	79,550.92	300.00	139,850.92	
07/01/13			58,155.63		58,155.63	198,006.55
01/01/14	85,000.00	4.200%	58,155.63	300.00	143,455.63	
07/01/14			56,370.63		56,370.63	199,826.26
01/01/15	85,000.00	4.200%	56,370.63	300.00	141,670.63	
07/01/15			54,585.63		54,585.63	196,256.26
01/01/16	90,000.00	3.200%	54,585.63	300.00	144,885.63	
07/01/16			53,145.63		53,145.63	198,031.26
01/01/17	90,000.00	2.200%	53,145.63	300.00	143,445.63	
07/01/17			52,155.63		52,155.63	195,601.26
01/01/18	95,000.00	3.200%	52,155.63	300.00	147,455.63	
07/01/18			50,635.63		50,635.63	198,091.26
01/01/19	100,000.00	3.200%	50,635.63	300.00	150,935.63	
07/01/19			49,035.63		49,035.63	199,971.26
01/01/20	100,000.00	3.200%	49,035.63	300.00	149,335.63	
07/01/20			47,435.63		47,435.63	196,771.26
01/01/21	105,000.00	2.950%	47,435.63	300.00	152,735.63	
07/01/21			45,886.88		45,886.88	198,622.51
01/01/22	110,000.00	3.200%	45,886.88	300.00	156,186.88	
07/01/22			44,126.88		44,126.88	200,313.76
01/01/23	110,000.00	3.300%	44,126.88	300.00	154,426.88	
07/01/23			42,311.88		42,311.88	196,738.76
01/01/24	110,000.00	3.400%	42,311.88	300.00	152,611.88	
07/01/24			40,441.88		40,441.88	193,053.76
01/01/25	120,000.00	3.600%	40,441.88	300.00	160,741.88	
07/01/25			38,281.88		38,281.88	199,023.76
01/01/26	120,000.00	3.600%	38,281.88	300.00	158,581.88	
07/01/26			36,121.88		36,121.88	194,703.76
01/01/27	125,000.00	3.700%	36,121.88	300.00	161,421.88	
07/01/27			33,809.38		33,809.38	195,231.26
01/01/28	130,000.00	3.700%	33,809.38	300.00	164,109.38	
07/01/28			31,404.38		31,404.38	195,513.76
01/01/29	135,000.00	3.700%	31,404.38	300.00	166,704.38	
07/01/29			28,906.88		28,906.88	195,611.26
01/01/30	140,000.00	3.825%	28,906.88	300.00	169,206.88	
07/01/30			26,229.38		26,229.38	195,436.26
01/01/31	145,000.00	3.825%	26,229.38	300.00	171,529.38	
07/01/31			23,456.25		23,456.25	194,985.63
01/01/32	155,000.00	3.950%	23,456.25	300.00	178,756.25	
07/01/32			20,395.00		20,395.00	199,151.25
01/01/33	160,000.00	3.950%	20,395.00	300.00	180,695.00	
07/01/33			17,235.00		17,235.00	197,930.00
01/01/34	120,000.00	3.950%	17,235.00	300.00	137,535.00	
07/01/34			14,865.00		14,865.00	152,400.00
01/01/35	120,000.00	3.950%	14,865.00	300.00	135,165.00	
07/01/35			12,495.00		12,495.00	147,660.00
01/01/36	125,000.00	4.200%	12,495.00	300.00	137,795.00	
07/01/36			9,870.00		9,870.00	147,665.00
01/01/37	115,000.00	4.200%	9,870.00	300.00	125,170.00	
07/01/37			7,455.00		7,455.00	132,625.00
01/01/38	115,000.00	4.200%	7,455.00	300.00	122,755.00	
07/01/38			5,040.00		5,040.00	127,795.00
01/01/39	120,000.00	4.200%	5,040.00	300.00	125,340.00	
07/01/39			2,520.00		2,520.00	127,860.00
01/01/40	120,000.00	4.200%	2,520.00	300.00	122,820.00	
07/01/40						122,820.00
01/01/41						
Totals	<u>3,205,000.00</u>		<u>1,884,296.10</u>	<u>8,400.00</u>	<u>5,097,696.10</u>	

KRWFC Flexible Term Program Series 2012 D
Sinking Fund Payment Schedule

Borrower: McCreary County Water District
Closing Date: 05/30/12

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
7/12-1/13	8,571.43	11,364.39	19,935.82
2/13-7/13	7,083.33	9,692.61	16,775.94
8/13-1/14	7,083.33	9,692.61	16,775.94
2/14-8/14	7,083.33	9,395.11	16,478.44
8/14-1/15	7,083.33	9,395.11	16,478.44
2/15-7/15	7,500.00	9,097.61	16,597.61
8/15-1/16	7,500.00	9,097.61	16,597.61
2/16-7/16	7,500.00	8,857.61	16,357.61
8/16-1/17	7,500.00	8,857.61	16,357.61
2/17-7/17	7,916.67	8,692.61	16,609.27
8/17-1/18	7,916.67	8,692.61	16,609.27
2/18-7/18	8,333.33	8,439.27	16,772.61
8/18-1/19	8,333.33	8,439.27	16,772.61
2/19-7/19	8,333.33	8,172.61	16,505.94
8/19-1-20	8,333.33	8,172.61	16,505.94
2/20-7/20	8,750.00	7,905.94	16,655.94
8/20-1/21	8,750.00	7,905.94	16,655.94
2/21-7/21	9,166.67	7,647.81	16,814.48
8/21-1/22	9,166.67	7,647.81	16,814.48
2/22-7/22	9,166.67	7,354.48	16,521.15
8/22-1/23	9,166.67	7,354.48	16,521.15
2/23-7/23	9,166.67	7,051.98	16,218.65
8/23-1/24	9,166.67	7,051.98	16,218.65
2/24-7/24	10,000.00	6,740.31	16,740.31
8/24-1/25	10,000.00	6,740.31	16,740.31
2/25-7/25	10,000.00	6,380.31	16,380.31
8/25-1/26	10,000.00	6,380.31	16,380.31
2/26-7/26	10,416.67	6,020.31	16,436.98
8/26-1/27	10,416.67	6,020.31	16,436.98
2/27-7/27	10,833.33	5,634.90	16,468.23
8/27-1/28	10,833.33	5,634.90	16,468.23
2/28-7/28	11,250.00	5,234.06	16,484.06
8/28-1/29	11,250.00	5,234.06	16,484.06
2/29-7/29	11,666.67	4,817.81	16,484.48
8/29-1/30	11,666.67	4,817.81	16,484.48
2/30-7/30	12,083.33	4,371.56	16,454.90
8/30-2/31	12,083.33	4,371.56	16,454.90
2/31-7/31	12,916.67	3,909.38	16,826.04
8/31-1/32	12,916.67	3,909.38	16,826.04
2/32-7/32	13,333.33	3,399.17	16,732.50
8/32-1/33	13,333.33	3,399.17	16,732.50
2/33-7/33	10,000.00	2,872.50	12,872.50
8/33-1/34	10,000.00	2,872.50	12,872.50
2/34-7/34	10,000.00	2,477.50	12,477.50
8/34-1/35	10,000.00	2,477.50	12,477.50
2/35-7/35	10,416.67	2,082.50	12,499.17
8/35-1/36	10,416.67	2,082.50	12,499.17
2/36-7/36	9,583.33	1,645.00	11,228.33
8/36-1/37	9,583.33	1,645.00	11,228.33
2/37-7/37	9,583.33	1,242.50	10,825.83
8/37-1/38	9,583.33	1,242.50	10,825.83
2/38-7/38	10,000.00	840.00	10,840.00
8/38-1/39	10,000.00	840.00	10,840.00
2/39-7/39	10,000.00	420.00	10,420.00
8/39-1/40	10,000.00	420.00	10,420.00
2/41-7/41	-	-	-
8/41-2/41	-	-	-
	<u>3,205,000.00</u>	<u>1,884,295.90</u>	<u>5,089,295.90</u>

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2012 D
Refunding of Sewer Revenue Bonds (Series 1997 and 2002 A)

Borrower: McCreary County Water District
Closing Date: 05/30/12

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
07/01/12						
01/01/13	30,000.00	4.200%	39,653.71	150.00	69,803.71	
07/01/13			28,986.88		28,986.88	98,790.59
01/01/14	40,000.00	4.200%	28,986.88	150.00	69,136.88	
07/01/14			28,146.88		28,146.88	97,283.76
01/01/15	45,000.00	4.200%	28,146.88	150.00	73,296.88	
07/01/15			27,201.88		27,201.88	100,498.76
01/01/16	45,000.00	3.200%	27,201.88	150.00	72,351.88	
07/01/16			26,481.88		26,481.88	98,833.76
01/01/17	45,000.00	2.200%	26,481.88	150.00	71,631.88	
07/01/17			25,986.88		25,986.88	97,618.76
01/01/18	45,000.00	3.200%	25,986.88	150.00	71,136.88	
07/01/18			25,266.88		25,266.88	96,403.76
01/01/19	45,000.00	3.200%	25,266.88	150.00	70,416.88	
07/01/19			24,546.88		24,546.88	94,963.76
01/01/20	50,000.00	3.200%	24,546.88	150.00	74,696.88	
07/01/20			23,746.88		23,746.88	98,443.76
01/01/21	50,000.00	2.950%	23,746.88	150.00	73,896.88	
07/01/21			23,009.38		23,009.38	96,906.26
01/01/22	50,000.00	3.200%	23,009.38	150.00	73,159.38	
07/01/22			22,209.38		22,209.38	95,368.76
01/01/23	55,000.00	3.300%	22,209.38	150.00	77,359.38	
07/01/23			21,301.88		21,301.88	98,661.26
01/01/24	55,000.00	3.400%	21,301.88	150.00	76,451.88	
07/01/24			20,366.88		20,366.88	96,818.76
01/01/25	55,000.00	3.600%	20,366.88	150.00	75,516.88	
07/01/25			19,376.88		19,376.88	94,893.76
01/01/26	60,000.00	3.600%	19,376.88	150.00	79,526.88	
07/01/26			18,296.88		18,296.88	97,823.76
01/01/27	60,000.00	3.700%	18,296.88	150.00	78,446.88	
07/01/27			17,186.88		17,186.88	95,633.76
01/01/28	65,000.00	3.700%	17,186.88	150.00	82,336.88	
07/01/28			15,984.38		15,984.38	98,321.26
01/01/29	65,000.00	3.700%	15,984.38	150.00	81,134.38	
07/01/29			14,781.88		14,781.88	95,916.26
01/01/30	70,000.00	3.825%	14,781.88	150.00	84,931.88	
07/01/30			13,443.13		13,443.13	98,375.01
01/01/31	70,000.00	3.825%	13,443.13	150.00	83,593.13	
07/01/31			12,104.38		12,104.38	95,697.51
01/01/32	70,000.00	3.950%	12,104.38	150.00	82,254.38	
07/01/32			10,721.88		10,721.88	92,976.26
01/01/33	75,000.00	3.950%	10,721.88	150.00	85,871.88	
07/01/33			9,240.63		9,240.63	95,112.51
01/01/34	75,000.00	3.950%	9,240.63	150.00	84,390.63	
07/01/34			7,759.38		7,759.38	92,150.01
01/01/35	80,000.00	3.950%	7,759.38	150.00	87,909.38	
07/01/35			6,179.38		6,179.38	94,088.76
01/01/36	80,000.00	4.200%	6,179.38	150.00	86,329.38	
07/01/36			4,499.38		4,499.38	90,828.76
01/01/37	80,000.00	4.200%	4,499.38	150.00	84,649.38	
07/01/37			2,819.38		2,819.38	87,468.76
01/01/38	35,000.00	4.200%	2,819.38	150.00	37,969.38	
07/01/38			2,084.38		2,084.38	40,053.76
01/01/39	35,000.00	4.200%	2,084.38	150.00	37,234.38	
07/01/39			1,349.38		1,349.38	38,583.76
01/01/40	40,000.00	4.200%	1,349.38	150.00	41,499.38	
07/01/40			509.38		509.38	42,008.76
01/01/41	25,000.00	4.075%	509.38	450.00	25,959.38	
						25,959.38
Totals	1,595,000.00		946,833.99	4,650.00	2,546,483.99	

KRWFC Flexible Term Program Series 2012 D
Sinking Fund Payment Schedule

Borrower: McCreary County Water District
Closing Date: 05/30/12

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
7/12-1/13	4,285.71	5,664.81	9,950.53
2/13-7/13	3,333.33	4,831.15	8,164.48
8/13-1/14	3,333.33	4,831.15	8,164.48
2/14-8/14	3,750.00	4,691.15	8,441.15
8/14-1/15	3,750.00	4,691.15	8,441.15
2/15-7/15	3,750.00	4,533.65	8,283.65
8/15-1/16	3,750.00	4,533.65	8,283.65
2/16-7/16	3,750.00	4,413.65	8,163.65
8/16-1/17	3,750.00	4,413.65	8,163.65
2/17-7/17	3,750.00	4,331.15	8,081.15
8/17-1/18	3,750.00	4,331.15	8,081.15
2/18-7/18	3,750.00	4,211.15	7,961.15
8/18-1/19	3,750.00	4,211.15	7,961.15
2/19-7/19	4,166.67	4,091.15	8,257.81
8/19-1-20	4,166.67	4,091.15	8,257.81
2/20-7/20	4,166.67	3,957.81	8,124.48
8/20-1/21	4,166.67	3,957.81	8,124.48
2/21-7/21	4,166.67	3,834.90	8,001.56
8/21-1/22	4,166.67	3,834.90	8,001.56
2/22-7/22	4,583.33	3,701.56	8,284.90
8/22-1/23	4,583.33	3,701.56	8,284.90
2/23-7/23	4,583.33	3,550.31	8,133.65
8/23-1/24	4,583.33	3,550.31	8,133.65
2/24-7/24	4,583.33	3,394.48	7,977.81
8/24-1/25	4,583.33	3,394.48	7,977.81
2/25-7/25	5,000.00	3,229.48	8,229.48
8/25-1/26	5,000.00	3,229.48	8,229.48
2/26-7/26	5,000.00	3,049.48	8,049.48
8/26-1/27	5,000.00	3,049.48	8,049.48
2/27-7/27	5,416.67	2,864.48	8,281.15
8/27-1/28	5,416.67	2,864.48	8,281.15
2/28-7/28	5,416.67	2,664.06	8,080.73
8/28-1/29	5,416.67	2,664.06	8,080.73
2/29-7/29	5,833.33	2,463.65	8,296.98
8/29-1/30	5,833.33	2,463.65	8,296.98
2/30-7/30	5,833.33	2,240.52	8,073.86
8/30-2/31	5,833.33	2,240.52	8,073.86
2/31-7/31	5,833.33	2,017.40	7,850.73
8/31-1/32	5,833.33	2,017.40	7,850.73
2/32-7/32	6,250.00	1,786.98	8,036.98
8/32-1/33	6,250.00	1,786.98	8,036.98
2/33-7/33	6,250.00	1,540.11	7,790.11
8/33-1/34	6,250.00	1,540.11	7,790.11
2/34-7/34	6,666.67	1,293.23	7,959.90
8/34-1/35	6,666.67	1,293.23	7,959.90
2/35-7/35	6,666.67	1,029.90	7,696.56
8/35-1/36	6,666.67	1,029.90	7,696.56
2/36-7/36	6,666.67	749.90	7,416.56
8/36-1/37	6,666.67	749.90	7,416.56
2/37-7/37	2,916.67	469.90	3,386.56
8/37-1/38	2,916.67	469.90	3,386.56
2/38-7/38	2,916.67	347.40	3,264.06
8/38-1/39	2,916.67	347.40	3,264.06
2/39-7/39	3,333.33	224.90	3,558.23
8/39-1/40	3,333.33	224.90	3,558.23
2/41-7/41	2,083.33	84.90	2,168.23
8/41-2/41	2,083.33	84.90	2,168.23
-	-	-	-
	<u>1,595,000.00</u>	<u>946,833.98</u>	<u>2,541,833.98</u>

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2020 E

Borrower: McCreary County Water District - office building
Closing Date: 09/23/20

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
01/01/20						
07/01/20						
01/01/21		4.250%	5,266.67	225.00	5,491.67	
07/01/21			7,406.25		7,406.25	12,897.92
01/01/22	10,000.00	4.250%	7,406.25	225.00	17,631.25	
07/01/22			7,193.75		7,193.75	24,825.00
01/01/23	10,000.00	4.250%	7,193.75	225.00	17,418.75	
07/01/23			6,981.25		6,981.25	24,400.00
01/01/24	10,000.00	4.250%	6,981.25	225.00	17,206.25	
07/01/24			6,768.75		6,768.75	23,975.00
01/01/25	10,000.00	4.250%	6,768.75	225.00	16,993.75	
07/01/25			6,556.25		6,556.25	23,550.00
01/01/26	10,000.00	4.250%	6,556.25	225.00	16,781.25	
07/01/26			6,343.75		6,343.75	23,125.00
01/01/27	15,000.00	4.250%	6,343.75	225.00	21,568.75	
07/01/27			6,025.00		6,025.00	27,593.75
01/01/28	15,000.00	4.250%	6,025.00	225.00	21,250.00	
07/01/28			5,706.25		5,706.25	26,956.25
01/01/29	15,000.00	4.250%	5,706.25	225.00	20,931.25	
07/01/29			5,387.50		5,387.50	26,318.75
01/01/30	15,000.00	4.250%	5,387.50	225.00	20,612.50	
07/01/30			5,068.75		5,068.75	25,681.25
01/01/31	15,000.00	3.250%	5,068.75	225.00	20,293.75	
07/01/31			4,825.00		4,825.00	25,118.75
01/01/32	15,000.00	3.250%	4,825.00	225.00	20,050.00	
07/01/32			4,581.25		4,581.25	24,631.25
01/01/33	15,000.00	3.250%	4,581.25	225.00	19,806.25	
07/01/33			4,337.50		4,337.50	24,143.75
01/01/34	15,000.00	2.250%	4,337.50	225.00	19,562.50	
07/01/34			4,168.75		4,168.75	23,731.25
01/01/35	15,000.00	2.250%	4,168.75	225.00	19,393.75	
07/01/35			4,000.00		4,000.00	23,393.75
01/01/36	15,000.00	2.250%	4,000.00	225.00	19,225.00	
07/01/36			3,831.25		3,831.25	23,056.25
01/01/37	20,000.00	2.250%	3,831.25	225.00	24,056.25	
07/01/37			3,606.25		3,606.25	27,662.50
01/01/38	20,000.00	2.375%	3,606.25	225.00	23,831.25	
07/01/38			3,368.75		3,368.75	27,200.00
01/01/39	20,000.00	2.375%	3,368.75	225.00	23,593.75	
07/01/39			3,131.25		3,131.25	26,725.00
01/01/40	20,000.00	2.375%	3,131.25	225.00	23,356.25	
07/01/40			2,893.75		2,893.75	26,250.00
01/01/41	20,000.00	2.625%	2,893.75	225.00	23,118.75	
07/01/41			2,631.25		2,631.25	25,750.00
01/01/42	20,000.00	2.625%	2,631.25	225.00	22,856.25	
07/01/42			2,368.75		2,368.75	25,225.00
01/01/43	20,000.00	2.625%	2,368.75	225.00	22,593.75	
07/01/43			2,106.25		2,106.25	24,700.00
01/01/44	20,000.00	2.625%	2,106.25	225.00	22,331.25	
07/01/44			1,843.75		1,843.75	24,175.00
01/01/45	20,000.00	2.625%	1,843.75	225.00	22,068.75	
07/01/45			1,581.25		1,581.25	23,650.00
01/01/46	20,000.00	2.750%	1,581.25	225.00	21,806.25	
07/01/46			1,306.25		1,306.25	23,112.50
01/01/47	20,000.00	2.750%	1,306.25	225.00	21,531.25	
07/01/47			1,031.25		1,031.25	22,562.50
01/01/48	25,000.00	2.750%	1,031.25	225.00	26,256.25	
07/01/48			687.50		687.50	26,943.75
01/01/49	25,000.00	2.750%	687.50	225.00	25,912.50	
07/01/49			343.75		343.75	26,256.25
01/01/50	25,000.00	2.750%	343.75	250.00	25,593.75	
						25,593.75
Totals	495,000.00		237,429.17	6,775.00	739,204.17	739,204.17

KRWFC Flexible Term Program Series 2020 E
Sinking Fund Payment Schedule

Borrower: McCreary County Water District - office building
Closing Date: 09/23/20

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
11/20-1/21		1,755.56	1,755.56
2/21-7/21	833.33	1,234.38	2,067.71
8/21-1/22	833.33	1,234.38	2,067.71
2/22-7/22	833.33	1,198.96	2,032.29
8/22-1/23	833.33	1,198.96	2,032.29
2/23-7/23	833.33	1,163.54	1,996.88
8/23-1/24	833.33	1,163.54	1,996.88
2/24-7/24	833.33	1,128.13	1,961.46
8/24-1/25	833.33	1,128.13	1,961.46
2/25-7/25	833.33	1,092.71	1,926.04
8/25-1/26	833.33	1,092.71	1,926.04
2/26-7/26	1,250.00	1,057.29	2,307.29
8/26-1/27	1,250.00	1,057.29	2,307.29
2/27-7/27	1,250.00	1,004.17	2,254.17
8/27-1/28	1,250.00	1,004.17	2,254.17
2/28-7/28	1,250.00	951.04	2,201.04
8/28-1/29	1,250.00	951.04	2,201.04
2/29-7/29	1,250.00	897.92	2,147.92
8/29-1/30	1,250.00	897.92	2,147.92
2/30-7/30	1,250.00	844.79	2,094.79
8/30-2/31	1,250.00	844.79	2,094.79
2/31-7/31	1,250.00	804.17	2,054.17
8/31-1/32	1,250.00	804.17	2,054.17
2/32-7/32	1,250.00	763.54	2,013.54
8/32-1/33	1,250.00	763.54	2,013.54
2/33-7/33	1,250.00	722.92	1,972.92
8/33-1/34	1,250.00	722.92	1,972.92
2/34-7/34	1,250.00	694.79	1,944.79
8/34-1/35	1,250.00	694.79	1,944.79
2/35-7/35	1,250.00	666.67	1,916.67
8/35-1/36	1,250.00	666.67	1,916.67
2/36-7/36	1,666.67	638.54	2,305.21
8/36-1/37	1,666.67	638.54	2,305.21
2/37-7/37	1,666.67	601.04	2,267.71
8/37-1/37	1,666.67	601.04	2,267.71
2/38-7/38	1,666.67	561.46	2,228.13
8/38-1/39	1,666.67	561.46	2,228.13
2/39-7/39	1,666.67	521.88	2,188.54
8/39-1/40	1,666.67	521.88	2,188.54
2/40-7/40	1,666.67	482.29	2,148.96
8/40-1/41	1,666.67	482.29	2,148.96
2/41-7/41	1,666.67	438.54	2,105.21
8/41-1/42	1,666.67	438.54	2,105.21
2/42-7/42	1,666.67	394.79	2,061.46
8/42-1/43	1,666.67	394.79	2,061.46
2/43-7/43	1,666.67	351.04	2,017.71
8/43-1/44	1,666.67	351.04	2,017.71
2/44-7/44	1,666.67	307.29	1,973.96
8/44-1/45	1,666.67	307.29	1,973.96
2/45-7/45	1,666.67	263.54	1,930.21
8/45-1/46	1,666.67	263.54	1,930.21
2/46-7/46	1,666.67	217.71	1,884.38
8/46-1/47	1,666.67	217.71	1,884.38
2/47-7/47	2,083.33	171.88	2,255.21
8/47-1/48	2,083.33	171.88	2,255.21
2/48-7/48	2,083.33	114.58	2,197.92
8/48-1/49	2,083.33	114.58	2,197.92
2/49-7/49	2,083.33	57.29	2,140.63
8/49-1/50	2,083.33	57.29	2,140.63
	<u>495,000.00</u>	<u>237,429.17</u>	<u>730,673.61</u>

KENTUCKY RURAL WATER FINANCE CORPORATION FLEXIBLE TERM FINANCE PROGRAM SERIES 2020 E

Borrower: McCreary County Water District - refunding
Closing Date: 09/23/20

Borrower Payment Schedule

Payment Date	Principal	Interest Rate	Interest	Trustee Fees	Total	Fiscal Total
01/01/20						
07/01/20						
01/01/21		4.250%	13,224.44	225.00	13,449.44	
07/01/21			18,596.88		18,596.88	32,046.32
01/01/22	35,000.00	4.250%	18,596.88	225.00	53,821.88	
07/01/22			17,853.13		17,853.13	71,675.01
01/01/23	35,000.00	4.250%	17,853.13	225.00	53,078.13	
07/01/23			17,109.38		17,109.38	70,187.51
01/01/24	35,000.00	4.250%	17,109.38	225.00	52,334.38	
07/01/24			16,365.63		16,365.63	68,700.01
01/01/25	35,000.00	4.250%	16,365.63	225.00	51,590.63	
07/01/25			15,621.88		15,621.88	67,212.51
01/01/26	40,000.00	4.250%	15,621.88	225.00	55,846.88	
07/01/26			14,771.88		14,771.88	70,618.76
01/01/27	40,000.00	4.250%	14,771.88	225.00	54,996.88	
07/01/27			13,921.88		13,921.88	68,918.76
01/01/28	40,000.00	4.250%	13,921.88	225.00	54,146.88	
07/01/28			13,071.88		13,071.88	67,218.76
01/01/29	45,000.00	4.250%	13,071.88	225.00	58,296.88	
07/01/29			12,115.63		12,115.63	70,412.51
01/01/30	45,000.00	4.250%	12,115.63	225.00	57,340.63	
07/01/30			11,159.38		11,159.38	68,500.01
01/01/31	45,000.00	3.250%	11,159.38	225.00	56,384.38	
07/01/31			10,428.13		10,428.13	66,812.51
01/01/32	50,000.00	3.250%	10,428.13	225.00	60,653.13	
07/01/32			9,615.63		9,615.63	70,268.76
01/01/33	50,000.00	3.250%	9,615.63	225.00	59,840.63	
07/01/33			8,803.13		8,803.13	68,643.76
01/01/34	50,000.00	2.250%	8,803.13	225.00	59,028.13	
07/01/34			8,240.63		8,240.63	67,268.76
01/01/35	50,000.00	2.250%	8,240.63	225.00	58,465.63	
07/01/35			7,678.13		7,678.13	66,143.76
01/01/36	55,000.00	2.250%	7,678.13	225.00	62,903.13	
07/01/36			7,059.38		7,059.38	69,962.51
01/01/37	55,000.00	2.250%	7,059.38	225.00	62,284.38	
07/01/37			6,440.63		6,440.63	68,725.01
01/01/38	55,000.00	2.375%	6,440.63	225.00	61,665.63	
07/01/38			5,787.50		5,787.50	67,453.13
01/01/39	55,000.00	2.375%	5,787.50	225.00	61,012.50	
07/01/39			5,134.38		5,134.38	66,146.88
01/01/40	55,000.00	2.375%	5,134.38	225.00	60,359.38	
07/01/40			4,481.25		4,481.25	64,840.63
01/01/41	60,000.00	2.625%	4,481.25	225.00	64,706.25	
07/01/41			3,693.75		3,693.75	68,400.00
01/01/42	60,000.00	2.625%	3,693.75	225.00	63,918.75	
07/01/42			2,906.25		2,906.25	66,825.00
01/01/43	60,000.00	2.625%	2,906.25	225.00	63,131.25	
07/01/43			2,118.75		2,118.75	65,250.00
01/01/44	65,000.00	2.625%	2,118.75	225.00	67,343.75	
07/01/44			1,265.63		1,265.63	68,609.38
01/01/45	65,000.00	2.625%	1,265.63	225.00	66,490.63	
07/01/45			412.50		412.50	66,903.13
01/01/46	10,000.00	2.750%	412.50	225.00	10,637.50	
07/01/46			275.00		275.00	10,912.50
01/01/47	10,000.00	2.750%	275.00	225.00	10,500.00	
07/01/47			137.50		137.50	10,637.50
01/01/48	10,000.00	2.750%	137.50	225.00	10,362.50	
07/01/48						
Totals	1,210,000.00		483,355.88	6,300.00	1,699,655.88	1,689,293.38

KRWFC Flexible Term Program Series 2020 E
Sinking Fund Payment Schedule

Borrower: McCreary County Water District - refunding
Closing Date: 09/23/20

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
11/20-1/21		4,408.15	4,408.15
2/21-7/21	2,916.67	3,099.48	6,016.15
8/21-1/22	2,916.67	3,099.48	6,016.15
2/22-7/22	2,916.67	2,975.52	5,892.19
8/22-1/23	2,916.67	2,975.52	5,892.19
2/23-7/23	2,916.67	2,851.56	5,768.23
8/23-1/24	2,916.67	2,851.56	5,768.23
2/24-7/24	2,916.67	2,727.61	5,644.27
8/24-1/25	2,916.67	2,727.61	5,644.27
2/25-7/25	3,333.33	2,603.65	5,936.98
8/25-1/26	3,333.33	2,603.65	5,936.98
2/26-7/26	3,333.33	2,461.98	5,795.31
8/26-1/27	3,333.33	2,461.98	5,795.31
2/27-7/27	3,333.33	2,320.31	5,653.65
8/27-1/28	3,333.33	2,320.31	5,653.65
2/28-7/28	3,750.00	2,178.65	5,928.65
8/28-1/29	3,750.00	2,178.65	5,928.65
2/29-7/29	3,750.00	2,019.27	5,769.27
8/29-1/30	3,750.00	2,019.27	5,769.27
2/30-7/30	3,750.00	1,859.90	5,609.90
8/30-2/31	3,750.00	1,859.90	5,609.90
2/31-7/31	4,166.67	1,738.02	5,904.69
8/31-1/32	4,166.67	1,738.02	5,904.69
2/32-7/32	4,166.67	1,602.61	5,769.27
8/32-1/33	4,166.67	1,602.61	5,769.27
2/33-7/33	4,166.67	1,467.19	5,633.86
8/33-1/34	4,166.67	1,467.19	5,633.86
2/34-7/34	4,166.67	1,373.44	5,540.11
8/34-1/35	4,166.67	1,373.44	5,540.11
2/35-7/35	4,583.33	1,279.69	5,863.02
8/35-1/36	4,583.33	1,279.69	5,863.02
2/36-7/36	4,583.33	1,176.56	5,759.90
8/36-1/37	4,583.33	1,176.56	5,759.90
2/37-7/37	4,583.33	1,073.44	5,656.77
8/37-1/37	4,583.33	1,073.44	5,656.77
2/38-7/38	4,583.33	964.58	5,547.92
8/38-1/39	4,583.33	964.58	5,547.92
2/39-7/39	4,583.33	855.73	5,439.06
8/39-1/40	4,583.33	855.73	5,439.06
2/40-7/40	5,000.00	746.88	5,746.88
8/40-1/41	5,000.00	746.88	5,746.88
2/41-7/41	5,000.00	615.63	5,615.63
8/41-1/42	5,000.00	615.63	5,615.63
2/42-7/42	5,000.00	484.38	5,484.38
8/42-1/43	5,000.00	484.38	5,484.38
2/43-7/43	5,416.67	353.13	5,769.79
8/43-1/44	5,416.67	353.13	5,769.79
2/44-7/44	5,416.67	210.94	5,627.61
8/44-1/45	5,416.67	210.94	5,627.61
2/45-7/45	833.33	68.75	902.08
8/45-1/46	833.33	68.75	902.08
2/46-7/46	833.33	45.83	879.17
8/46-1/47	833.33	45.83	879.17
2/47-7/47	833.33	22.92	856.25
8/47-1/48	833.33	22.92	856.25
2/48-7/48	-	-	-
	<u>1,210,000.00</u>	<u>483,355.88</u>	<u>1,688,947.73</u>

<i>Name</i>	McCreary County Water District			<i>LOAN NUMBER</i>	93-38	
<i>Bond Series</i>		<i>Amount of Bond</i>			<i>Interest Rate</i>	<i>Semi Annual</i>
2020		\$1,324,000.00			1.375%	5/28/2020
			<i>April</i>	<i>October</i>		
YEAR	PRINCIPAL	INTEREST	Principal/ Interest Payment Due	INTEREST	Yearly Total Paid	BALANCE
				Interest Payment Due		\$1,324,000.00
2021	\$20,000.00	\$9,102.50	\$29,102.50	\$8,965.00	\$38,067.50	\$1,304,000.00
2022	\$20,500.00	\$8,965.00	\$29,465.00	\$8,824.06	\$38,289.06	\$1,283,500.00
2023	\$21,000.00	\$8,824.06	\$29,824.06	\$8,679.69	\$38,503.75	\$1,262,500.00
2024	\$21,500.00	\$8,679.69	\$30,179.69	\$8,531.88	\$38,711.56	\$1,241,000.00
2025	\$22,000.00	\$8,531.88	\$30,531.88	\$8,380.63	\$38,912.50	\$1,219,000.00
2026	\$22,500.00	\$8,380.63	\$30,880.63	\$8,225.94	\$39,106.56	\$1,196,500.00
2027	\$23,000.00	\$8,225.94	\$31,225.94	\$8,067.81	\$39,293.75	\$1,173,500.00
2028	\$24,000.00	\$8,067.81	\$32,067.81	\$7,902.81	\$39,970.63	\$1,149,500.00
2029	\$24,500.00	\$7,902.81	\$32,402.81	\$7,734.38	\$40,137.19	\$1,125,000.00
2030	\$25,000.00	\$7,734.38	\$32,734.38	\$7,562.50	\$40,296.88	\$1,100,000.00
2031	\$25,500.00	\$7,562.50	\$33,062.50	\$7,387.19	\$40,449.69	\$1,074,500.00
2032	\$26,000.00	\$7,387.19	\$33,387.19	\$7,208.44	\$40,595.63	\$1,048,500.00
2033	\$26,500.00	\$7,208.44	\$33,708.44	\$7,026.25	\$40,734.69	\$1,022,000.00
2034	\$27,500.00	\$7,026.25	\$34,526.25	\$6,837.19	\$41,363.44	\$994,500.00
2035	\$28,000.00	\$6,837.19	\$34,837.19	\$6,644.69	\$41,481.88	\$966,500.00
2036	\$28,500.00	\$6,644.69	\$35,144.69	\$6,448.75	\$41,593.44	\$938,000.00
2037	\$29,500.00	\$6,448.75	\$35,948.75	\$6,245.94	\$42,194.69	\$908,500.00
2038	\$30,000.00	\$6,245.94	\$36,245.94	\$6,039.69	\$42,285.63	\$878,500.00
2039	\$31,000.00	\$6,039.69	\$37,039.69	\$5,826.56	\$42,866.25	\$847,500.00
2040	\$31,500.00	\$5,826.56	\$37,326.56	\$5,610.00	\$42,936.56	\$816,000.00
2041	\$32,500.00	\$5,610.00	\$38,110.00	\$5,386.56	\$43,496.56	\$783,500.00
2042	\$33,000.00	\$5,386.56	\$38,386.56	\$5,159.69	\$43,546.25	\$750,500.00
2043	\$34,000.00	\$5,159.69	\$39,159.69	\$4,925.94	\$44,085.63	\$716,500.00
2044	\$34,500.00	\$4,925.94	\$39,425.94	\$4,688.75	\$44,114.69	\$682,000.00
2045	\$35,500.00	\$4,688.75	\$40,188.75	\$4,444.69	\$44,633.44	\$646,500.00
2046	\$36,500.00	\$4,444.69	\$40,944.69	\$4,193.75	\$45,138.44	\$610,000.00
2047	\$37,000.00	\$4,193.75	\$41,193.75	\$3,939.38	\$45,133.13	\$573,000.00
2048	\$38,000.00	\$3,939.38	\$41,939.38	\$3,678.13	\$45,617.50	\$535,000.00
2049	\$39,000.00	\$3,678.13	\$42,678.13	\$3,410.00	\$46,088.13	\$496,000.00
2050	\$40,000.00	\$3,410.00	\$43,410.00	\$3,135.00	\$46,545.00	\$456,000.00
2051	\$41,000.00	\$3,135.00	\$44,135.00	\$2,853.13	\$46,988.13	\$415,000.00
2052	\$42,000.00	\$2,853.13	\$44,853.13	\$2,564.38	\$47,417.50	\$373,000.00
2053	\$43,000.00	\$2,564.38	\$45,564.38	\$2,268.75	\$47,833.13	\$330,000.00
2054	\$44,000.00	\$2,268.75	\$46,268.75	\$1,966.25	\$48,235.00	\$286,000.00
2055	\$45,000.00	\$1,966.25	\$46,966.25	\$1,656.88	\$48,623.13	\$241,000.00
2056	\$46,000.00	\$1,656.88	\$47,656.88	\$1,340.63	\$48,997.50	\$195,000.00
2057	\$47,000.00	\$1,340.63	\$48,340.63	\$1,017.50	\$49,358.13	\$148,000.00
2058	\$48,000.00	\$1,017.50	\$49,017.50	\$687.50	\$49,705.00	\$100,000.00
2059	\$49,500.00	\$687.50	\$50,187.50	\$347.19	\$50,534.69	\$50,500.00
2060	\$50,500.00	\$347.19	\$50,847.19	\$0.00	\$50,847.19	\$0.00
	Total Prin. Paid	Total Semi-Annual Int. Paid		Total Semi-Annual Int. Paid	Total Bond Prin./Int. Paid	
	\$1,324,000.00	\$214,915.94		\$205,813.44	\$1,744,729.38	

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.

KENTUCKY INFRASTRUCTURE AUTHORITY
 REPAYMENT SCHEDULE
 LOAN #A20-047
 MCCREARY COUNTY WATER DISTRICT
 SUBJECT TO CHANGE WITH ADDITIONAL DRAWS

0.50% Interest
 \$51,844.73 P & I Calculation

Original Loan Amount \$ 3,568,950.00
 Principal Forgiveness \$ (450,000.00)
 Repayment Amount \$ 3,118,950.00

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
06/01/24	\$44,631.53	\$7,880.23	0.50%	\$52,511.76	\$3,335.28	\$0.00	\$55,847.04	\$2,840,650.13	\$0.00	\$0.00
12/01/24	\$44,743.10	\$7,101.63	0.50%	\$51,844.73	\$2,840.65	\$0.00	\$54,685.38	\$2,795,907.03	\$8,900.00	\$8,900.00
06/01/25	\$44,854.96	\$6,989.77	0.50%	\$51,844.73	\$2,795.91	\$0.00	\$54,640.64	\$2,751,052.07	\$0.00	\$8,900.00
12/01/25	\$44,967.10	\$6,877.63	0.50%	\$51,844.73	\$2,751.05	\$0.00	\$54,595.78	\$2,706,084.97	\$8,900.00	\$17,800.00
06/01/26	\$45,079.52	\$6,765.21	0.50%	\$51,844.73	\$2,706.08	\$0.00	\$54,550.81	\$2,661,005.45	\$0.00	\$17,800.00
12/01/26	\$45,192.22	\$6,652.51	0.50%	\$51,844.73	\$2,661.01	\$0.00	\$54,505.74	\$2,615,813.23	\$8,900.00	\$26,700.00
06/01/27	\$45,305.20	\$6,539.53	0.50%	\$51,844.73	\$2,615.81	\$0.00	\$54,460.54	\$2,570,508.03	\$0.00	\$26,700.00
12/01/27	\$45,418.46	\$6,426.27	0.50%	\$51,844.73	\$2,570.51	\$0.00	\$54,415.24	\$2,525,089.57	\$8,900.00	\$35,600.00
06/01/28	\$45,532.01	\$6,312.72	0.50%	\$51,844.73	\$2,525.09	\$0.00	\$54,369.82	\$2,479,557.56	\$0.00	\$35,600.00
12/01/28	\$45,645.84	\$6,198.89	0.50%	\$51,844.73	\$2,479.56	\$0.00	\$54,324.29	\$2,433,911.72	\$8,900.00	\$44,500.00
06/01/29	\$45,759.95	\$6,084.78	0.50%	\$51,844.73	\$2,433.91	\$0.00	\$54,278.64	\$2,388,151.77	\$0.00	\$44,500.00
12/01/29	\$45,874.35	\$5,970.38	0.50%	\$51,844.73	\$2,388.15	\$0.00	\$54,232.88	\$2,342,277.42	\$8,900.00	\$53,400.00
06/01/30	\$45,989.04	\$5,856.69	0.50%	\$51,844.73	\$2,342.28	\$0.00	\$54,187.01	\$2,296,288.38	\$0.00	\$53,400.00
12/01/30	\$46,104.01	\$5,740.72	0.50%	\$51,844.73	\$2,296.29	\$0.00	\$54,141.02	\$2,250,184.37	\$8,900.00	\$62,300.00
06/01/31	\$46,219.27	\$5,625.46	0.50%	\$51,844.73	\$2,250.18	\$0.00	\$54,094.91	\$2,203,965.10	\$0.00	\$62,300.00
12/01/31	\$46,334.82	\$5,509.91	0.50%	\$51,844.73	\$2,203.97	\$0.00	\$54,048.70	\$2,157,630.28	\$8,900.00	\$71,200.00
06/01/32	\$46,450.65	\$5,394.08	0.50%	\$51,844.73	\$2,157.63	\$0.00	\$54,002.36	\$2,111,179.63	\$0.00	\$71,200.00
12/01/32	\$46,566.78	\$5,277.95	0.50%	\$51,844.73	\$2,111.18	\$0.00	\$53,955.91	\$2,064,612.85	\$8,900.00	\$80,100.00
06/01/33	\$46,683.20	\$5,161.53	0.50%	\$51,844.73	\$2,064.61	\$0.00	\$53,909.34	\$2,017,929.65	\$0.00	\$80,100.00
12/01/33	\$46,799.91	\$5,044.82	0.50%	\$51,844.73	\$2,017.93	\$0.00	\$53,862.66	\$1,971,129.74	\$8,900.00	\$89,000.00
06/01/34	\$46,916.91	\$4,927.82	0.50%	\$51,844.73	\$1,971.13	\$0.00	\$53,815.86	\$1,924,212.83	\$0.00	\$89,000.00
12/01/34	\$47,034.20	\$4,810.53	0.50%	\$51,844.73	\$1,924.21	\$0.00	\$53,768.94	\$1,877,178.63	\$8,900.00	\$97,900.00
06/01/35	\$47,151.78	\$4,692.95	0.50%	\$51,844.73	\$1,877.18	\$0.00	\$53,721.91	\$1,830,026.85	\$0.00	\$97,900.00
12/01/35	\$47,269.66	\$4,575.07	0.50%	\$51,844.73	\$1,830.03	\$0.00	\$53,674.76	\$1,782,757.19	\$8,900.00	\$106,800.00
06/01/36	\$47,387.84	\$4,456.89	0.50%	\$51,844.73	\$1,782.76	\$0.00	\$53,627.49	\$1,735,369.35	\$0.00	\$106,800.00
12/01/36	\$47,506.31	\$4,338.42	0.50%	\$51,844.73	\$1,735.37	\$0.00	\$53,580.10	\$1,687,863.04	\$8,900.00	\$115,700.00
06/01/37	\$47,625.07	\$4,219.66	0.50%	\$51,844.73	\$1,687.86	\$0.00	\$53,532.59	\$1,640,237.97	\$0.00	\$115,700.00
12/01/37	\$47,744.14	\$4,100.59	0.50%	\$51,844.73	\$1,640.24	\$0.00	\$53,484.97	\$1,592,493.83	\$8,900.00	\$124,600.00
06/01/38	\$47,863.50	\$3,981.23	0.50%	\$51,844.73	\$1,592.49	\$0.00	\$53,437.22	\$1,544,630.33	\$0.00	\$124,600.00
12/01/38	\$47,983.15	\$3,861.58	0.50%	\$51,844.73	\$1,544.63	\$0.00	\$53,389.36	\$1,496,647.18	\$8,900.00	\$133,500.00
06/01/39	\$48,103.11	\$3,741.62	0.50%	\$51,844.73	\$1,496.65	\$0.00	\$53,341.38	\$1,448,544.07	\$0.00	\$133,500.00
12/01/39	\$48,223.37	\$3,621.36	0.50%	\$51,844.73	\$1,448.54	\$0.00	\$53,293.27	\$1,400,320.70	\$8,900.00	\$142,400.00
06/01/40	\$48,343.93	\$3,500.80	0.50%	\$51,844.73	\$1,400.32	\$0.00	\$53,245.05	\$1,351,976.77	\$0.00	\$142,400.00
12/01/40	\$48,464.79	\$3,379.94	0.50%	\$51,844.73	\$1,351.98	\$0.00	\$53,196.71	\$1,303,511.98	\$8,900.00	\$151,300.00
06/01/41	\$48,585.95	\$3,258.78	0.50%	\$51,844.73	\$1,303.51	\$0.00	\$53,148.24	\$1,254,926.03	\$0.00	\$151,300.00
12/01/41	\$48,707.41	\$3,137.32	0.50%	\$51,844.73	\$1,254.93	\$0.00	\$53,099.66	\$1,206,218.62	\$8,900.00	\$160,200.00
06/01/42	\$48,829.18	\$3,015.55	0.50%	\$51,844.73	\$1,206.22	\$0.00	\$53,050.95	\$1,157,389.44	\$0.00	\$160,200.00
12/01/42	\$48,951.26	\$2,893.47	0.50%	\$51,844.73	\$1,157.39	\$0.00	\$52,992.12	\$1,108,438.18	\$8,900.00	\$169,100.00
06/01/43	\$49,073.63	\$2,771.10	0.50%	\$51,844.73	\$1,108.44	\$0.00	\$52,953.17	\$1,059,364.55	\$0.00	\$169,100.00
12/01/43	\$49,196.32	\$2,648.41	0.50%	\$51,844.73	\$1,059.36	\$0.00	\$52,904.09	\$1,010,168.23	\$8,900.00	\$178,000.00
06/01/44	\$49,319.31	\$2,525.42	0.50%	\$51,844.73	\$1,010.17	\$0.00	\$52,854.90	\$960,848.92	\$0.00	\$178,000.00
12/01/44	\$49,442.61	\$2,402.12	0.50%	\$51,844.73	\$960.85	\$0.00	\$52,805.58	\$911,406.31	\$0.00	\$178,000.00

06/01/45	\$49,566.21	\$2,278.52	0.50%	\$51,844.73	\$911.41	\$0.00	\$52,756.14	\$861,840.10	\$0.00	\$178,000.00
12/01/45	\$49,690.13	\$2,154.60	0.50%	\$51,844.73	\$861.84	\$0.00	\$52,706.57	\$812,149.97	\$0.00	\$178,000.00
06/01/46	\$49,814.36	\$2,030.37	0.50%	\$51,844.73	\$812.15	\$0.00	\$52,656.88	\$762,335.61	\$0.00	\$178,000.00
12/01/46	\$49,938.89	\$1,905.84	0.50%	\$51,844.73	\$762.34	\$0.00	\$52,607.07	\$712,396.72	\$0.00	\$178,000.00
06/01/47	\$50,063.74	\$1,780.99	0.50%	\$51,844.73	\$712.40	\$0.00	\$52,557.13	\$662,332.98	\$0.00	\$178,000.00
12/01/47	\$50,188.90	\$1,655.83	0.50%	\$51,844.73	\$662.33	\$0.00	\$52,507.06	\$612,144.08	\$0.00	\$178,000.00
06/01/48	\$50,314.37	\$1,530.36	0.50%	\$51,844.73	\$612.14	\$0.00	\$52,456.87	\$561,829.71	\$0.00	\$178,000.00
12/01/48	\$50,440.16	\$1,404.57	0.50%	\$51,844.73	\$561.83	\$0.00	\$52,406.56	\$511,389.55	\$0.00	\$178,000.00
06/01/49	\$50,566.26	\$1,278.47	0.50%	\$51,844.73	\$511.39	\$0.00	\$52,356.12	\$460,823.29	\$0.00	\$178,000.00
12/01/49	\$50,692.67	\$1,152.06	0.50%	\$51,844.73	\$460.82	\$0.00	\$52,305.55	\$410,130.62	\$0.00	\$178,000.00
06/01/50	\$50,819.40	\$1,025.33	0.50%	\$51,844.73	\$410.13	\$0.00	\$52,254.86	\$359,311.22	\$0.00	\$178,000.00
12/01/50	\$50,946.45	\$898.28	0.50%	\$51,844.73	\$359.31	\$0.00	\$52,204.04	\$308,364.77	\$0.00	\$178,000.00
06/01/51	\$51,073.82	\$770.91	0.50%	\$51,844.73	\$308.36	\$0.00	\$52,153.09	\$257,290.95	\$0.00	\$178,000.00
12/01/51	\$51,201.50	\$643.23	0.50%	\$51,844.73	\$257.29	\$0.00	\$52,102.02	\$206,089.45	\$0.00	\$178,000.00
06/01/52	\$51,329.51	\$515.22	0.50%	\$51,844.73	\$206.09	\$0.00	\$52,050.82	\$154,759.94	\$0.00	\$178,000.00
12/01/52	\$51,457.83	\$386.90	0.50%	\$51,844.73	\$154.76	\$0.00	\$51,999.49	\$103,302.11	\$0.00	\$178,000.00
06/01/53	\$51,586.47	\$258.26	0.50%	\$51,844.73	\$103.30	\$0.00	\$51,948.03	\$51,715.64	\$0.00	\$178,000.00
12/01/53	\$51,715.64	\$129.09	0.50%	\$51,844.73	\$51.72	\$0.00	\$51,896.45	\$0.00	\$0.00	\$178,000.00
Totals	\$2,885,281.66	\$226,069.17		\$3,111,350.83	\$90,610.95	\$0.00	\$3,201,961.78		\$178,000.00	

Created by KIDA on 03/15/2024

EXHIBIT I

EXHIBIT I

STATEMENTS OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Attached are Statements of Disclosure of Related Party Transactions from each member of McCreary County Water District's ("the District") Board of Commissioners and the District Superintendent. The items listed on each statement reflect the District's total payments to related parties during the last 24 months for goods and services provided to water and sewer operations. Raymond Taylor is a member of the Board of Commissioners. In Spring 2024 he prepared the tract of land that the District uses for sludge landfarming. Commissioner Taylor owns a tractor and other equipment necessary to prepare the land. The District does not. It compensated Commissioner Taylor only for his cost to perform this work. Repair and Service Solutions LLC is a limited liability company whose members are District Superintendent Stephen Whitaker and District employee Rick Watters. It refurbished, repaired and rebuilt pumping equipment for the District. It performed the work at a lower cost and a higher level of quality, and much quicker than other available vendors. The District also purchased a utility crane truck from Repair and Service Solutions LLC. The purchase price was determined based upon the vehicle's age and condition and did not exceed the vehicle's estimated market value.

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between McCreary County Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Repair and Service Solutions LLC	Repair of Intake Pump	\$1,400.00
Repair and Service Solutions LLC	Sale and Install Pipe Rack for District Truck	\$1,500.00
Repair and Service Solutions LLC	Rebuild Raw Water Pump	\$6,000.00
Repair and Service Solutions LLC	Sale of Crane Truck	\$18,000.00

- ☐ Check this box if the Utility has no related party transactions.
- ☐ Check box if additional transactions are listed on the supplemental page.
- ☒ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Randy Kidd
(Print Name)

(Signed)



Commissioner
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF McCreary

Subscribed and sworn to before me by Randy Kidd
(Name)

this 15 day of May, 2025.

Kathy Dyer
NOTARY PUBLIC
State-at-Large
NOTARY ID NO. KVNP52405

My Commission Expires 7/13/2026

SUPPLEMENTAL SHEET
STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Name: Randy Kidd

Position: Commissioner

[illegible]

EMPLOYEES RELATED TO UTILITY OFFICIALS

Employee Name	Relationship	Relative	Relative's Position
Jennifer Whitaker	Spouse	Stephen Whitaker	Superintendent
Derrick Taylor	Grandchild	Raymond Taylor	Commissioner
Jared Miller	Grandchild	Raymond Taylor	Commissioner
Justin Jones	Brother-In-Law	Randy Kidd	Commissioner
Rebecca Clark	Daughter	Doug Sexton	Commissioner

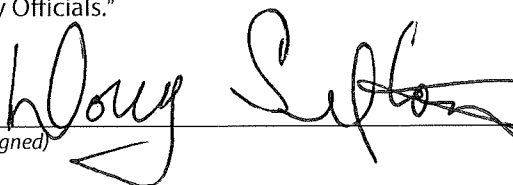
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
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Repair and Service Solutions LLC	Sale of Crane Truck	\$18,000.00

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- ☐ Check box if additional transactions are listed on the supplemental page.
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Doug Sexton
(Print Name)


(Signed)

Commissioner
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF McCreary

Subscribed and sworn to before me by Doug Sexton
(Name)

this 15 day of May, 2025.



NOTARY PUBLIC

State-at-Large

NOTARY ID NO.

KV NP 52405

My Commission Expires

7/13/2026

SUPPLEMENTAL SHEET
STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Name: Doug Sexton

Position: Commissioner

[illegible]

EMPLOYEES RELATED TO UTILITY OFFICIALS

Employee Name	Relationship	Relative	Relative's Position
Jennifer Whitaker	Spouse	Stephen Whitaker	Superintendent
Derrick Taylor	Grandchild	Raymond Taylor	Commissioner
Jared Miller	Grandchild	Raymond Taylor	Commissioner
Justin Jones	Brother-In-Law	Randy Kidd	Commissioner
Rebecca Clark	Daughter	Doug Sexton	Commissioner

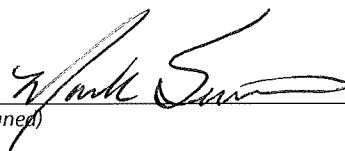
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Mark Sumner
(Print Name)


(Signed)

Commissioner
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF McCreary

Subscribed and sworn to before me by Mark Sumner
(Name)

this 15 day of May, 2025.



NOTARY PUBLIC
State-at-Large

NOTARY ID NO. KVNP52405

My Commission Expires 7/13/2026

SUPPLEMENTAL SHEET
STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Name: Mark Sumner

Position: Commissioner

[illegible]

EMPLOYEES RELATED TO UTILITY OFFICIALS

Employee Name	Relationship	Relative	Relative's Position
Jennifer Whitaker	Spouse	Stephen Whitaker	Superintendent
Derrick Taylor	Grandchild	Raymond Taylor	Commissioner
Jared Miller	Grandchild	Raymond Taylor	Commissioner
Justin Jones	Brother-In-Law	Randy Kidd	Commissioner
Rebecca Clark	Daughter	Doug Sexton	Commissioner

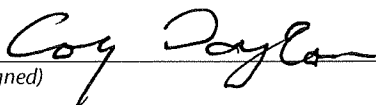
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RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between McCreary County Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Repair and Service Solutions LLC	Repair of Intake Pump	\$1,400.00
Repair and Service Solutions LLC	Sale and Install Pipe Rack for District Truck	\$1,500.00
Repair and Service Solutions LLC	Rebuild Raw Water Pump	\$6,000.00
Repair and Service Solutions LLC	Sale of Crane Truck	\$18,000.00

- ☐ Check this box if the Utility has no related party transactions.
- ☐ Check box if additional transactions are listed on the supplemental page.
- ☒ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Coy Taylor
(Print Name)


(Signed)

Commissioner
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF McCreary

Subscribed and sworn to before me by Coy Taylor
(Name)

this 16 day of May, 2025.

Kathy Apell
NOTARY PUBLIC

State-at-Large

NOTARY ID NO.

KYN P5 2405

My Commission Expires

7/3/2026

SUPPLEMENTAL SHEET
STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Name: Coy Taylor

Position: Commissioner

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Raymond Taylor	Clearing/spraying/seeding landfarm area	\$800.00

EMPLOYEES RELATED TO UTILITY OFFICIALS

Employee Name	Relationship	Relative	Relative's Position
Jennifer Whitaker	Spouse	Stephen Whitaker	Superintendent
Derrick Taylor	Grandchild	Raymond Taylor	Commissioner
Jared Miller	Grandchild	Raymond Taylor	Commissioner
Justin Jones	Brother-In-Law	Randy Kidd	Commissioner
Rebecca Clark	Daughter	Doug Sexton	Commissioner

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between McCreary County Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Repair and Service Solutions LLC	Repair of Intake Pump	\$1,400.00
Repair and Service Solutions LLC	Sale and Install Pipe Rack for District Truck	\$1,500.00
Repair and Service Solutions LLC	Rebuild Raw Water Pump	\$6,000.00
Repair and Service Solutions LLC	Sale of Crane Truck	\$18,000.00

- ☐ Check this box if the Utility has no related party transactions.
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Raymond Taylor
(Print Name)

Raymond Taylor
(Signed)

Commissioner
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF McCreary

Subscribed and sworn to before me by Raymond Taylor
(Name)

this 15 day of May, 2025.

Kathy Orrell

NOTARY PUBLIC
State-at-Large

NOTARY ID NO. KYNP52405

My Commission Expires 7/13/2026

SUPPLEMENTAL SHEET
STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Name: Raymond Taylor

Position: Commissioner

[illegible]

EMPLOYEES RELATED TO UTILITY OFFICIALS

Employee Name	Relationship	Relative	Relative's Position
Jennifer Whitaker	Spouse	Stephen Whitaker	Superintendent
Derrick Taylor	Grandchild	Raymond Taylor	Commissioner
Jared Miller	Grandchild	Raymond Taylor	Commissioner
Justin Jones	Brother-In-Law	Randy Kidd	Commissioner
Rebecca Clark	Daughter	Doug Sexton	Commissioner

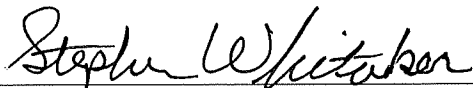
**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between McCreary County Water District ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation
Repair and Service Solutions LLC	Repair of Intake Pump	\$1,400.00
Repair and Service Solutions LLC	Sale and Install Pipe Rack for District Truck	\$1,500.00
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Repair and Service Solutions LLC	Sale of Crane Truck	\$18,000.00

- ☐ Check this box if the Utility has no related party transactions.
- ☐ Check box if additional transactions are listed on the supplemental page.
- ☒ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Stephen Whitaker
(Print Name)


(Signed)

Superintendent
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF McCreary

Subscribed and sworn to before me by Stephen Whitaker
(Name)

this 14 day of May, 2025.



NOTARY PUBLIC
State-at-Large

NOTARY ID NO. KVNP52405

My Commission Expires 7/3/2026

SUPPLEMENTAL SHEET
STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

Name: Stephen Whitaker

Position: Superintendent

[illegible]

EMPLOYEES RELATED TO UTILITY OFFICIALS

Employee Name	Relationship	Relative	Relative's Position
Jennifer Whitaker	Spouse	Stephen Whitaker	Superintendent
Derrick Taylor	Grandchild	Raymond Taylor	Commissioner
Jared Miller	Grandchild	Raymond Taylor	Commissioner
Justin Jones	Brother-In-Law	Randy Kidd	Commissioner
Rebecca Clark	Daughter	Doug Sexton	Commissioner

EXHIBIT J

RESOLUTION

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF MCCREARY COUNTY WATER DISTRICT AUTHORIZING APPLICATIONS TO THE KENTUCKY PUBLIC SERVICE COMMISSION FOR AUTHORITY TO ADJUST RATES FOR WATER AND SEWER SERVICE

WHEREAS, McCreary County Water District (“McCreary District”) is a water district created pursuant to the provisions of KRS Chapter 74;

WHEREAS, pursuant to KRS 278.015, the Kentucky General Assembly has declared water districts to be public utilities and subject to the jurisdiction of the Kentucky Public Service Commission (“the Commission”) in the same manner and to the same extent as any other utility as defined in KRS 278.010;

WHEREAS, on March 9, 2022, in Case No. 2022-00009, the Commission ordered McCreary District to file applications for rate adjustment for its rates for water and sewer service within three years of the Commission’s final decisions in Cases No. 2021-00300 and No. 2021-00301;

WHEREAS, the Commission issued final decisions in Cases No. 2021-00300 and No. 2021-00301 on September 30, 2022 and July 27, 2022, respectively;

WHEREAS, McCreary District has prepared rate reviews using the ratemaking methodology that the Kentucky Public Service Commission has historically employed for water districts to establish the appropriate level of revenue from its rates for water and sewer service and those reviews indicate that McCreary District’s present rates for water and sewer service are producing less than the level of revenue required to meet McCreary District’s operating expenses, service its debt obligations and provide for adequate working capital and that an increase in McCreary District’s current rates for water and sewer service is necessary to ensure adequate and reliable service;

WHEREAS McCreary District’s rate reviews suggest that an increase in water rates sufficient to produce additional revenues of \$747,980 and an increase in sewer rates sufficient to produce additional revenues of \$70,066 are appropriate;

WHEREAS, the Board of Commissioners finds that McCreary District’s water rates should be increased to the levels to produce additional revenues of \$747,980, that such increase should be implemented in two phases, and that the rates set forth in **Exhibit A** to this Resolution will achieve that result;

WHEREAS, the Board of Commissioners further finds that McCreary District’s sewer rates should be increased to produce additional revenues of \$70,066 and that the rates set forth in **Exhibit B** to this Resolution will achieve that result; and,

WHEREAS, KRS 278.180 and 807 KAR 5:076 require McCreary District to serve notice of its proposed rate adjustments on and to make applications for rate adjustment to the Kentucky Public Service Commission;

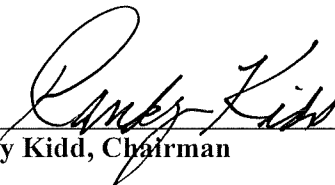
NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF MCCREARY COUNTY WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. The Chairman is authorized and directed to take all actions reasonably necessary to apply to the Kentucky Public Service Commission, pursuant to 807 KAR 5:076, for authority to adjust McCreary District's rates for water and sewer service to those set forth in Exhibits A and B to this Resolution.

Section 3. The Chairman, or his designated agent, is hereby authorized and directed to execute applications to the Kentucky Public Service Commission necessary to obtain an adjustment of rates for water and sewer service.

ADOPTED BY THE BOARD OF COMMISSIONERS OF MCCREARY COUNTY WATER DISTRICT at its regular monthly meeting held on April 29, 2025, signed by the Chairman, and attested by the Secretary.



Randy Kidd, Chairman

ATTEST:



Mark Sumner, Secretary

EXHIBIT A

**EXHIBIT TO A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF MCCREARY COUNTY WATER DISTRICT DATED APRIL 29, 2025**

Water Service	
Phase 1 – Effective on Approval	
Residential/Non-Residential	
First 2,000 Gallons	\$ 26.42 Minimum Bill
Over 2,000 Gallons	0.01086 Per Gallon
Flat Rate Customers	
Whitley County Water District	\$ 0.00855 Per Gallon
Oneida, Tennessee	\$ 0.00855 Per Gallon
Fibrotex USA	\$ 0.00855 Per Gallon
Pine Knot Job Center	\$ 0.00855 Per Gallon
McCreary County Housing Authority	\$ 0.00855 Per Gallon
Cumberland Falls State Resort Park	
First 600,000 Gallons	\$ 5,137.31 Minimum
Over 600,000 Gallons	\$ 0.00855 Per Gallon
U.S. Penitentiary-McCreary	
First 1,950,000 Gallons	\$16,696.27 Minimum
Over 1,950,000 Gallons	\$ 0.00855 Per Gallon

Water Service	
Phase 2 – Effective One Year After Approval of Phase 1 Rates	
Residential/Non-Residential	
First 2,000 Gallons	\$ 28.42 Minimum Bill
Over 2,000 Gallons	0.01169 Per Gallon
Flat Rate Customers	
Whitley County Water District	\$ 0.00920 Per Gallon
Oneida, Tennessee	\$ 0.00920 Per Gallon
Fibrotex USA	\$ 0.00920 Per Gallon
Pine Knot Job Center	\$ 0.00920 Per Gallon
McCreary County Housing Authority	\$ 0.00920 Per Gallon
Cumberland Falls State Resort Park	
First 600,000 Gallons	\$ 5,526.65 Minimum
Over 600,000 Gallons	\$ 0.00920 Per Gallon
U.S. Penitentiary-McCreary	
First 1,950,000 Gallons	\$17,961.60 Minimum
Over 1,950,000 Gallons	\$ 0.00920 Per Gallon

EXHIBIT B

**EXHIBIT TO A RESOLUTION OF THE BOARD OF COMMISSIONERS
OF MCCREARY COUNTY WATER DISTRICT DATED APRIL 29, 2025**

Sewer Service Effective on Approval	
All Users Except U.S. Penitentiary-McCreary	
First 2,000 Gallons	\$ 30.97 Minimum Bill
Next 18,000 Gallons	0.00033 Per Gallon
Over 20,000 Gallons	0.00960 Per Gallon
U.S. Penitentiary-McCreary	
First 1,300,000 Gallons	\$12,420.57 Minimum Bill
Over 1,300,000 Gallons	0.01081 Per Gallon

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the McCreary County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the McCreary County Water District at a meeting duly held on April 29, 2025; that said official action appears as a matter of public record in McCreary County Water District's official records or journal; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

WITNESS my hand this 29th day of April 2025.



Mark Sumner, Secretary

EXHIBIT K

EXHIBIT K

COMPLIANCE WITH 807 KAR 5:076, SECTION 5

In accordance with 807 KAR 5:076, Section 5(2)(b), McCreary County Water District has caused the notice on the next page to be published in a prominent manner in *McCreary County Voice*, a newspaper of general circulation in McCreary County Water District's service area, once a week for three (3) consecutive weeks, beginning May 14, 2025.

On May 14, 2025, McCreary County Water District also sent by electronic mail a written notice of filing of its application to the U.S. Penitentiary – McCreary. A copy of this notice is also attached.

In accordance with 807 KAR 5:076, Section 5(1)(a), McCreary County Water District has posted at its offices a copy of the notice on the next page as of May 16, 2025.

In accordance with 807 KAR 5:076, Section 5(1)(b), McCreary County Water District will no later than May 23, 2025 post on its website and its social media page a copy of the notice on the next page and a hyperlink to the location on the Public Service Commission's website where the case documents are available.

NOTICE

On or about May 16, 2025, McCreary County Water District (“the District”) will file applications with the Kentucky Public Service Commission (“PSC”) for the purpose of adjusting its monthly rates for water and sewer service. The District is making these applications to comply with the PSC’s Order of March 16, 2022 in Case No. 2022-00009. Under the methodology the PSC uses to establish rates for utility service, the District should increase its rates for water service approximately 16.4 percent and its rates for sewer service approximately 3.1 percent.

The District’s applications will be filed pursuant to the procedures set forth in 807 KAR 5:076. Under those procedures, the proposed rates may not be placed into effect until the PSC has issued an order approving the proposed rates or six (6) months from the date of the filing of the application, whichever occurs first.

The District proposes to adjust its rates for water service in two phases. Phase 1 rates will become effective upon the PSC’s approval. Phase 2 rates will become effective one year later. Its proposed rates for water service are as follows:

PHASE 1 (Water)				
Residential and Non-Residential Meter				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 2,000 Gallons	\$ 24.42 Minimum Bill	\$ 26.42 Minimum Bill	\$ 2.00	8.19
Over 2,000 Gallons	0.01004 Per Gallon	0.01086 Per Gallon	\$ 0.00082	8.17
Flat Rate Users				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
Whitley County Water District	\$0.00790 Per Gallon	\$0.00855 Per Gallon	\$ 0.00065	8.23
Oneida, Tennessee	\$0.00790 Per Gallon	\$0.00855 Per Gallon	\$ 0.00065	8.23
Fibrotex USA	\$0.00790 Per Gallon	\$0.00855 Per Gallon	\$ 0.00065	8.23
Pine Knot Job Center	\$0.00790 Per Gallon	\$0.00855 Per Gallon	\$ 0.00065	8.23
McCreary County Housing Authority	\$0.00790 Per Gallon	\$0.00855 Per Gallon	\$ 0.00065	8.23
Cumberland Falls State Park				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 600,000 Gallons	\$ 4,747.98 Minimum	\$ 5,137.31 Minimum	\$ 389.33	8.20
Over 600,000 Gallons	\$0.00790 Per Gallon	\$0.00855 Per Gallon	\$ 0.00065	8.23
U.S. Penitentiary -McCreary				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 1,950,000 Gallons	\$15,430.93 Minimum	\$16,696.27 Minimum	\$1,265.34	8.20
Over 1,950,000 Gallons	\$0.00790 Per Gallon	\$0.00855 Per Gallon	\$ 0.00065	8.23

PHASE 2 (Water)				
Residential and Non-Residential Meter				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 2,000 Gallons	\$ 24.42 Minimum Bill	\$ 28.42 Minimum Bill	\$4.00	16.38
Over 2,000 Gallons	0.01004 Per Gallon	0.01169 Per Gallon	\$0.00165	16.43
Flat Rate Users				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
Whitley County Water District	\$0.00790 Per Gallon	\$0.00920 Per Gallon	\$0.00130	16.46
Oneida, Tennessee	\$0.00790 Per Gallon	\$0.00920 Per Gallon	\$0.00130	16.46
Fibrotex USA	\$0.00790 Per Gallon	\$0.00920 Per Gallon	\$0.00130	16.46
Pine Knot Job Center	\$0.00790 Per Gallon	\$0.00920 Per Gallon	\$0.00130	16.46
McCreary County Housing Authority	\$0.00790 Per Gallon	\$0.00920 Per Gallon	\$0.00130	16.46
Cumberland Falls State Park				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 600,000 Gallons	\$ 4,747.98 Minimum	\$ 5,526.65 Minimum	\$778.67	16.40
Over 600,000 Gallons	\$0.00790 Per Gallon	\$0.00920 Per Gallon	\$0.00130	16.46
U.S. Penitentiary -McCreary				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 1,950,000 Gallons	\$15,430.93 Minimum	\$17,961.60 Minimum	\$2,530.67	16.40
Over 1,950,000 Gallons	\$0.00790 Per Gallon	\$0.00920 Per Gallon	\$0.00130	16.46

If the PSC approves the proposed water rate, the increase in a customer's monthly water bill will be:

Customer	Average Usage (gals)	Monthly Bill at Current Rate	Monthly Bill at Phase 1 Rate	Monthly Bill Increase (%)	Monthly Bill at Phase 2 Rate	Monthly Bill Increase (%)
Residential/Nonresidential	3,753	\$ 42.02	\$ 45.46	8.18	\$ 48.92	16.40
U.S. Penitentiary -McCreary	9,527,775	\$75,295.36	\$81,486.25	8.22	\$87,677.13	16.44
Cumberland Falls State Park	654,267	\$ 5,176.69	\$ 5,601.30	8.20	\$ 6,025.91	16.40
Whitley County Water District	726,992	\$ 5,742.24	\$ 6,215.79	8.23	\$ 6,688.33	16.46
Oneida, Tennessee	3,567	\$ 28.18	\$ 30.50	8.23	\$ 32.82	16.46
Fibrotex USA	646,634	\$ 5,108.41	\$ 5,528.72	8.23	\$ 5,949.03	16.46
Pine Knot Job Center	482,592	\$ 3,812.48	\$ 4,126.17	8.23	\$ 4,439.85	16.46
McCreary County Housing Authority	176,467	\$ 1,394.09	\$ 1,508.80	8.23	\$ 1,623.50	16.46

The District proposes to adjust its rates for sewer service effective upon the PSC's approval. The proposed rates for sewer service are as follows:

Sewer				
All Users Except U.S. Penitentiary-McCreary				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 2,000 Gallons	\$30.03 Minimum Bill	\$ 30.97 Minimum Bill	\$0.94	3.13
Next 18,000 Gallons	0.01048 Per Gallon	0.01081 Per Gallon	\$0.00033	3.15
Over 20,000 Gallons	0.00931 Per Gallon	0.00960 Per Gallon	\$0.00029	3.11
U.S. Penitentiary-McCreary				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 1,300,000 Gallons	\$12,044.27 Minimum Bill	\$12,420.57 Minimum Bill	\$376.30	3.12
Over 1,300,000 Gallons	0.01048 Per Gallon	0.01081 Per Gallon	\$0.00033	3.15

If the PSC approves the proposed sewer rates, the monthly bill for a sewer customer who uses 4,000 gallons of water will increase from \$50.99 to \$52.59, or 3.14 percent. The monthly bill for U.S. Penitentiary-McCreary, which produces an average of 9,613,908 gallons of wastewater monthly, will increase from \$99,174.03 to \$102,293.90, or 3.15 percent.

The PSC has established Cases No. 2025-00135 (Sewer) and No. 2025-00136 (Water) to review the District's applications. Any person may examine these applications at the District's office, 456 N. Highway 27, Whitley City, Kentucky 42653 or at the PSC's offices at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's Web site at <https://psc.ky.gov/Case/ViewCaseFilings/2025-135> (Sewer) or <https://psc.ky.gov/Case/ViewCaseFilings/2025-136> (Water).

Comments regarding either application may be submitted to the PSC through the Commission's Web Site at <http://psc.ky.gov/case/searchcasesPublicComments> or by e-mail to psced@ky.gov or by mail to Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

The rates contained in this notice are the rates proposed by the District. However, the PSC may order rates to be charged that differ from the proposed rates. Such action may result in rates for consumers other than the rates in this notice.

A person may submit a timely written request for intervention to Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the person's status and interest. If the PSC does not receive a written request for intervention within thirty (30) days of the initial publication of notice, it may take final action on the proposed rates.

McCreary County Water District
First Publication Date: May 14, 2025



May 14, 2025

U.S. Penitentiary McCreary
330 Federal Way
Pine Knot, KY 42635-7000
Email: MCR-ExecAssistant-S@bop.gov

VIA ELECTRONIC MAIL

Re: Notice of Adjustment of Rates for Water and Sewer Service

To Whom It May Concern:

On or about May 16, 2025, McCreary County Water District (“the District”) will file applications with the Kentucky Public Service Commission (“PSC”) for the purpose of adjusting its monthly rates for water and sewer service. The District is making these applications to comply with the PSC’s Order of March 16, 2022 in Case No. 2022-00009. Under the methodology the PSC uses to establish rates for utility service, the District should increase its rates for water service approximately 16.4 percent and its rates for sewer service approximately 3.1 percent.

The District’s applications will be filed pursuant to the procedures set forth in 807 KAR 5:076. Under those procedures, the proposed rates may not be placed into effect until the PSC has issued an order approving the proposed rates or six (6) months from the date of the filing of the application, whichever occurs first.

The District proposes to adjust its rates for water service to U.S. Penitentiary McCreary in two phases. Phase 1 rates will become effective upon the PSC’s approval. Phase 2 rates will become effective one year later. Its proposed rates for water service are as follows:

Phase 1				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 1,950,000 Gallons	\$15,430.93 Minimum	\$16,696.27 Minimum	\$1,265.34	8.20
Over 1,950,000 Gallons	\$0.00790 Per Gallon	\$0.00855 Per Gallon	\$ 0.00065	8.23
Phase 2				
	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 1,950,000 Gallons	\$15,430.93 Minimum	\$17,961.60 Minimum	\$2,530.67	16.40*
Over 1,950,000 Gallons	\$0.00790 Per Gallon	\$0.00920 Per Gallon	\$0.00130	16.46*

*Total change from the present rate after Phase 2 rate takes effect.

If the PSC approves the proposed water rate, the increase in U.S. Penitentiary McCreary's monthly water bill, based upon an average monthly usage of 9,527,775 gallons, will be as follows:

Monthly Bill at Current Rate	Monthly Bill at Phase 1 Rate	Monthly Bill Increase (%)	Monthly Bill at Phase 2 Rate	Monthly Bill Increase(%)
\$75,295.36	\$81,469.57	8.20	\$88,150.07	8.20

The District proposes to adjust its rates for sewer service effective upon the PSC's approval. Its proposed rates for sewer service to U.S. Penitentiary McCreary are:

	Present Rate	Proposed Rate	Change (\$)	Change (%)
First 1,300,000 Gallons	\$12,044.27 Minimum	\$12,420.57 Minimum	\$376.30	3.12
Over 1,300,000 Gallons	\$0.01048 Per Gallon	\$0.01081 Per Gallon	\$0.00033	3.15

If the PSC approves the proposed sewer rates, the monthly bill for U.S. Penitentiary-McCreary, which produces an average of 9,613,908 gallons of wastewater monthly, will increase from \$99,174.03 to \$102,293.90, or 3.15 percent.

The PSC has established Cases No. 2025-00135 (Sewer) and No. 2025-00136 (Water) to review the District's applications. Any person may examine these applications at the District's office, 456 N. Highway 27, Whitley City, Kentucky 42653 or at the PSC's offices at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's Web site at <https://psc.ky.gov/Case/ViewCaseFilings/2025-135> (Sewer) or <https://psc.ky.gov/Case/ViewCaseFilings/2025-136> (Water).

Comments regarding the applications may be submitted to the PSC through the Commission's Web Site at <http://psc.ky.gov/case/searchcasesPublicComments> or by e-mail to psced@ky.gov or by mail to Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

The rates contained in this notice are the rates proposed by the District. However, the PSC may order rates to be charged that differ from the proposed rates. Such action may result in rates for consumers other than the rates in this notice.

A person may submit a timely written request for intervention to Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the person's status and interest. If the PSC does not receive a written request for intervention within thirty (30) days of the initial publication of notice, it may take final action on the proposed rates.

U.S Penitentiary McCreary
May 14, 2025
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If you have any questions regarding the proposed rate adjustment, please contact me at (606) 376-2540.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen Whitaker". The signature is fluid and cursive, with a long horizontal stroke at the end.

Stephen Whitaker
Superintendent

EXHIBIT L

EXHIBIT L

DOCUMENTS EMBEDDED IN APPLICATION AND FILED SEPARATELY WITH APPLICATION

File Name	Description
001_ExhibitF_DepreciationSchedule.xlsx	Exhibit F – Depreciation Schedule (Excel Spreadsheet)
002_RateStudy.xlsx	Rate Study upon which the Application for Rate Adjustment is based (Excel Spreadsheet)

Note: The files listed above are embedded in the portable document format (“PDF”) version of the Application. Each of the files can be accessed by viewing the Application with Adobe Acrobat, Adobe Acrobat Reader, Kofax Power PDF or other commercially available PDF software viewers. In Adobe Acrobat, Adobe Acrobat Reader or Kofax Power PDF, the embedded files can be viewed by clicking the paperclip icon that appears on the left of the screen.