

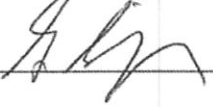
MUNICIPAL LEASE DOCUMENT CHECKLIST

Lessee: Martin County Water District

Lease # 001-0000475-001

	Sent:	Rec'd:
Municipal Lease (9 pages)	<u>✓</u>	_____
Rider No. 1	<u>✓</u>	_____
Opinion of Lessee's Counsel	<u>✓</u>	_____
Incumbency Certificate	<u>✓</u>	_____
Essential Use Letter	<u>✓</u>	_____
Acceptance Certificate	<u>✓</u>	_____
Schedule of Payments	<u>✓</u>	_____
Description of Equipment	<u>✓</u>	_____
Resolutions of Governing Body	<u>✓</u>	_____
Evidence of Insurance (Self-Insurance Letter)	<u>✓</u>	_____
UCC-1/Title Lien Statement	_____	_____
Vendor Invoice	_____	_____
Advance Payment(s)	<u>N/A</u>	<u>N/A</u>
ACH	<u>✓</u>	_____

Documents reviewed by:



Date: 6-9-2025

Date: _____

MUNICIPAL EQUIPMENT LEASE / PURCHASE AGREEMENT

THIS EQUIPMENT LEASE/PURCHASE AGREEMENT (the "Agreement") is dated as of 9 June 2025, and entered into between **Magnolia Bank, Incorporated** ("Lessor") and **Martin County Water District** ("Lessee"). This is to be Lease #001-0000475-001

RECITAL

- A. Lessor desires to lease the Equipment, as herein defined, to Lessee and Lessee desires to lease the Equipment from Lessor, subject to the terms and conditions of and for the purposes set forth in this Agreement.
- B. Lessee is authorized under the Constitution and law of the State of Kentucky (the "State") to enter into this Agreement for the purposes and subject to the conditions set forth herein.
- C. This Agreement shall be implemented through one or more series of Acceptance Certificates, Schedules of Payments and related documents with each series of the foregoing constituting a single transaction subject to and entered into pursuant to this Agreement.

NOW THEREFORE, in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties hereby agree as follows:

ARTICLE I

Section 1.01 LESSEE REPRESENTS, COVENANTS AND WARRANTIES TO LESSOR AS FOLLOWS:

- (a) Lessee is a state or political subdivision within the meaning of Section 103(C) of the Internal Revenue Code of 1986, as amended, (the "Code") and will do or cause to be done all things necessary to preserve and keep in full force and affect its existence as such.
- (b) Lessee is authorized under the Constitution and laws of the state of Kentucky to enter into this Agreement and the transactions contemplated hereby and to perform all of its obligations hereunder.
- (c) The execution and delivery of this Agreement by or on behalf of Lessee has been duly authorized by all necessary action of the governing body of Lessee, and Lessee has obtained such other approvals and consents as are necessary to consummate this Agreement. Lessee further represents, covenants and warrants that all requirements have been met and procedures have been followed in order to ensure the enforceability of this Agreement.
- (d) Lessee has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition of the Equipment hereunder.
- (e) Lessee shall cause to be executed and delivered to Lessor, an opinion of its counsel and incumbency certificate in form and substance satisfactory to Lessor.
- (f) Lessee has an immediate need for, and expects to make immediate use of all the Equipment, which need is not temporary or expected to diminish during the term of this Agreement.
- (g) The execution, delivery and performance of this Agreement and transactions contemplated herein will not violate any judgment, order, law or regulation applicable to Lessee or result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bond loan or credit agreement or other instrument to which Lessee is a party or by which it is bound.
- (h) There are no actions, suits or proceedings pending or, to the knowledge of Lessee, threatened against or affecting Lessee in any court or before any governmental commission, board or authority which, if adversely determined, would have a material adverse effect on the ability of Lessee to perform its obligations hereunder.
- (i) The Equipment is essential to and will be used only for the purpose of performing one or more governmental functions of Lessee consistent with the scope of Lessee's authority and will not be used in a trade or business of any person or entity. Lessee shall deliver to Lessor, an Essential Use Letter in substantially the form attached hereto.
- (j) The Equipment is, and shall remain during the Term of the Agreement, personal property.
- (k) Lessee will promptly and duly execute and deliver to Lessor such further documents, instruments and assurances and take such further action as Lessor may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder.

ARTICLE II

Section 2.01 THE FOLLOWING TERMS WILL HAVE THE MEANINGS INDICATED BELOW UNLESS THE CONTEXT CLEARLY REQUIRES OTHERWISE:

"Acceptance Certificate" is the document, substantially in the form attached, which shall be executed and delivered to Lessor as evidence of the acceptance of the Equipment by Lessee and the date thereof.

"Agreement" means this Equipment Lease/Purchase Agreement including the documents attached hereto.

"Commencement Date" is the date when the Lessee delivers an executed Acceptance Certificate to Lessor or the date when Lessor deposits the anticipated acquisition price of the Equipment in an escrow fund, whichever occurs first.

"Equipment" means that personal property consisting of equipment described in the Essential Use Letter and one or more Acceptance Certificated executed by Lessee and delivered to Lessor pursuant hereto, together with any and all additions, modifications, attachments, accessories, substitutions, replacements and parts thereof.

"Purchase Price" shall mean the amount which Lessee can pay to Lessor to acquire the Equipment outright on a payment date for Rental Payments as set forth on the Schedule of Payments executed by Lessee and applicable to such Equipment.

"Rental Payments" means the basic payments payable by Lessee pursuant to the provisions of this Agreement during the Term which are payable in consideration of Lessor permitting the Lessee to use the Equipment. Rental payments shall be payable by Lessee to the Lessor in the amounts and at the times during the Term set forth in the Schedule of Payments.

"Schedule of Payments" means the document(s) substantially in the form attached which shall set forth the terms and provisions of Lessee's payment obligation with respect to the Equipment and which shall include an amortization table for such payments.

"Term" means the term provided for in the Agreement under Section 3.01.

"Vendor" means the manufacturer of the Equipment as well as the agents or dealers of the manufacturer from whom Lessor purchased or will purchase the Equipment.

Section 2.02 IMPLEMENTATION OF ESCROW FUNDED TRANSACTION. Escrow funded transactions entered into hereunder shall be implemented by Lessee executing and delivering to Lessor (a) a Schedule of Payments; (b) an Escrow Agreement; (c) upon acceptance of the Equipment, an Acceptance Certificate with respect thereto.

Section 2.03 IMPLEMENTATION OF NON-ESCROW FUNDED TRANSACTION. Non Escrow funded transactions entered into hereunder shall be implemented by Lessee executing and delivery to Lessor, upon acceptance of the Equipment, an Acceptance Certificate with respect thereto to which shall be attached the related Schedule of Payments.

Section 2.04 GENERAL. Each transaction implemented and entered into hereunder shall be deemed to be a separate and distinct legal and binding obligation of Lessee with this Agreement being applicable thereto independent of additional transactions which may be entered into by Lessor and Lessee hereunder.

ARTICLE III

TERM

Section 3.01 TERMS OF AGREEMENT. This Agreement shall be effective as of the date of execution hereof and shall remain in effect until Lessee has paid all Rental Payments and other amounts due hereunder, subject to Section 3.02 below.

Section 3.02 TERMINATION OF TERM. The Term will terminate upon the earliest of any of the following events:

- (a) the non-appropriation of funds and termination of this Agreement pursuant to Section 5.06;
- (b) the exercise by Lessee of the option to purchase the Equipment under the provisions of Article VIII or X of this Agreement;
- (c) a default by Lessee and Lessor's election to terminate this Agreement under Article XII; or
- (d) the payment by Lessee of all Rental Payments and all other sums required to be paid by Lessee hereunder.

ARTICLE IV ENJOYMENT OF EQUIPMENT

Section 4.01 So long as Lessee is not in default hereunder, as to claims of Lessor or persons claiming under Lessor, Lessor hereby covenants that Lessee shall peaceably and quietly have, hold, possess, use and enjoy the Equipment without suit, trouble or hindrance from Lessor, subject to the terms and provisions hereof. Lessor shall have the right at all reasonable times during business hours to enter into and upon the property of Lessee for the purpose of inspecting the Equipment.

ARTICLE V RENTAL PAYMENTS

Section 5.01 RENTAL PAYMENTS NOT TO CONSTITUTE A FULL FAITH AND CREDIT OBLIGATION OF LESSEE. Lessor and Lessee understand and intend that the obligation of Lessee to pay Rental payments hereunder constitutes a current expense of Lessee and not a debt in contravention of constitutional or statutory limitation or a pledge of the full faith and credit or the general tax revenues, funds or monies of Lessee.

Section 5.02 PAYMENT OF RENTAL PAYMENTS. Lessee shall pay Rental Payments exclusively from legally available funds in lawful money of the United States of America to Lessor at the address set forth on the execution page hereof in the amounts and on the dates set forth in the Schedule of Payments.

Section 5.03 INTEREST AND PRINCIPAL COMPONENTS. As set forth on the Schedule of Payments, a portion of each Rental Payment is paid as, and represents payment of, interest and the balance is paid as, and represents payment of, principal.

Section 5.04 RENTAL PAYMENTS TO BE UNCONDITIONAL. The obligation of Lessee to make payment of the Rental Payments required under this Article V and to perform and observe the other covenants and agreements contained herein shall be absolute and unconditional in all events except as expressly provided under this Agreement. Notwithstanding any dispute between Lessee and Lessor, any Vendor or any other person, or any defects, breakdowns or malfunctions in the Equipment, Lessee shall pay all Rental Payments when due and shall not withhold any Rental Payments or assert any right of set-off or counterclaim against its obligation to make any payments under this Agreement. Lessee's obligation to make Rental Payments shall not be abated through accident or unforeseen circumstances.

Section 5.05 CONTINUATION OF TERM BY LESSEE. Lessee intends, subject to the provisions of Section 5.06, to pay all Rental Payments hereunder and reasonably believes that legally available funds in an amount sufficient to pay all Rental Payments during the Term will be available. Lessee further intends, and hereby covenants, to do all things lawfully within its power to obtain and maintain funds from which all Rental Payments and payments for all necessary insurance and maintenance on the Equipment may be made. Including making provision in each budget submitted and adopted in accordance with law, to use its bona fide best effort to have such portion of the budget approved, and to exhaust all available reviews and appeals in the event such portion of the budget is not approved.

Section 5.06 NON-APPROPRIATIONS. In the event that during any fiscal year of Lessee sufficient funds are not appropriated for the payment of all Rental Payments required to be paid during Lessee's next succeeding fiscal year, the Lessee may terminate this Agreement as of the end of its then current fiscal year and shall not be obligated to pay the Rental Payments beyond such fiscal year. Lessee agrees to give Lessor written notice of such termination at least sixty (60) days prior to the end of the then current fiscal year. If this Agreement is terminated under this Section 5.06, Lessee agrees peaceably to deliver the Equipment to Lessor, at any location within seventy-five miles of the City of Elizabethtown designated by Lessor, at Lessee's sole cost and expense and in the condition required by Section 7.01 hereof, together with such documents and assurances as Lessor may reasonably request.

Section 5.07 NON-SUBSTITUTIONS. To the extent lawful, Lessee agrees that in the event it terminates this Agreement pursuant to Section 5.06, it will not, during its next succeeding fiscal year, expend or commit any funds for the purchase or use of other equipment performing functions or having a purpose similar to the Equipment.

ARTICLE VI
TITLE TO EQUIPMENT: SECURITY INTEREST

Section 6.01 TITLE TO THE EQUIPMENT. During the Term of this Agreement, title to the Equipment shall rest in Lessee subject to the rights of Lessor under this Agreement. Immediately upon the occurrence of an event of default by Lessee hereunder or the termination of this Agreement under Section 3.02(a) or (c), title to the Equipment shall revert to Lessor, free and clear of any right, title or interest of Lessee, without the necessity of any further action by the parties. In the event that title reverts to Lessor as described above, Lessee will reasonably surrender possession of the Equipment to Lessor in the manner and condition set forth in Section 5.06.

Section 6.02 SECURITY INTEREST. To secure all obligations of Lessee hereunder, Lessee hereby grants to Lessor a security interest in and to all of Lessee's right, title and interest in and to the Equipment including substitutions and replacements thereof or thereto, and all proceeds (cash and non-cash), including the proceeds of insurance. Lessee agrees to provide such identification markings on the Equipment, in form satisfactory to Lessor, or Lessor deems necessary or appropriate to give notice of Lessor's security interest in the Equipment and, upon assignment, the interest of any assignee of Lessor in the Equipment. In the case of escrow funded transactions, as further security Lessee hereby grants to Lessor, a first priority security interest in the cash and negotiable instruments from time to time comprising the Escrow Fund (as such term is defined in that certain Escrow Agreement by and among Lessor, Lessee and the financial institution acting as escrow agent dated as of the date hereof) and all proceeds (cash and non-cash) thereof. Lessee further agrees that with respect to the Equipment and if applicable, the Escrow Fund, Lessor shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the State.

Section 6.03 PERSONAL PROPERTY. The equipment is, and shall at all times remain, personal property.

Section 6.04 LIENS. Lessee shall not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, security interest, and encumbrance or claim on or with respect to the Equipment or any interest therein.

ARTICLE VII
MAINTENANCE: TAXES:
INSURANCE: MODIFICATIONS: LOCATIONS:

Section 7.01 MAINTENANCE OF EQUIPMENT BY LESSEE. Lessee agrees that at all times during the Term, Lessee will, at its own cost and expense preserve and keep the Equipment in good repair, working order and condition. Lessee will from time to time make or cause to be made all necessary and proper repairs and replacements. Lessor shall have no responsibility in any of these matters or for the making of improvements or additions to the Equipment. If requested by Lessor, Lessee will, at its sole cost and expense, enter into a maintenance contract for the Equipment with Vendor or other appropriate party during the Term hereof and provided a copy of such contract to Lessor.

Section 7.02 TAXES, OTHER GOVERNMENTAL AND UTILITY CHARGES. The parties to this Agreement contemplate that the Equipment will be used for a governmental purpose of Lessee and, therefore, that the Equipment will be exempt from all taxes presently assessed and levied with respect to personal property. In the event that the use, possession or acquisition of the Equipment is found to be subject to taxation in any form (except for net income taxes of Lessor). Lessee will pay during the Term, as the same respectively become due, all taxes and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or thereon, as well as all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Equipment. With respect to any governmental charges that may lawfully be paid in installments over a period of years, Lessee shall be obligated to pay only such installments as are accrued during such time as this Agreement is in effect.

Section 7.03 INSURANCE. Lessee shall cause casualty, public liability and property damage insurance to be carried and

maintained with respect to the Equipment to protect Lessor from liability in all events. All insurance proceeds from casualty losses shall be payable as hereinafter provided. Lessee shall, at Lessor's request, furnish to Lessor certificates evidencing such coverage throughout the Term. With Lessor's prior consent, Lessee may self-insure the Equipment by means of and adequate insurance fund set aside and maintained for that purpose which must be fully described in a letter delivered to Lessor. If the Lessee is self-insured, a letter stating or outlining as such will need to be submitted with the lease agreement.

All insurance policies required pursuant hereto shall be so written or endorsed as to make losses, if any, payable to Lessee and Lessor, or its assignees, as their respective interests may appear, shall name Lessor and its assignees as additional insured, and shall be in form and amount and with insurance companies reasonably satisfactory to Lessor. Each insurer shall agree, by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that (a) it will give Lessor thirty (30) days prior written notice or the effective date of any material alteration or cancellation of such policy; and (b) insurance as to the interest of any named additional insured or loss payee other than Lessee shall not be invalidated by and actions, inactions, breach of warranty or conditions or negligence or Lessee with respect to such policy or policies. The Net Proceeds (as defined in Section 8.01) of the insurance required in the Section 7.03 shall be applied as proved in Section 8.02 hereof.

In the event Lessee shall fail to maintain the full insurance coverage required by this Agreement or shall fail to keep the Equipment in good repair and operating condition, Lessor may (but shall be under no obligation to) purchase the required policies of insurance and pay the premiums therefore or may make such repairs or replacements as are necessary and provide for payment thereof; and all amounts so advanced by Lessor shall be payable on the next succeeding Rental Payment due date together with interest thereon from the date of advance by Lessor at the rate of 15% per annum.

Section 7.04 LOCATION OF EQUIPMENT. Lessee shall notify Lessor of the location at or within which the Equipment is being or is to be regularly located or stored promptly upon acceptance and shall thereafter inform Lessor of any change of that location.

Section 7.05 MODIFICATIONS. Without the prior written consent of the Lessor, which consent shall not be reasonably withheld, Lessee shall not make any alterations, modifications, or attachments to the Equipment which cannot be removed without materially damaging the functional capabilities or economic value of the Equipment. Upon return of the Equipment, at Lessor's request, Lessee, at its sole cost and expense, will remove all alterations, additions and attachments and repair the Equipment as necessary to return the Equipment to the condition in which it was furnished, ordinary wear and tear excepted.

ARTICLE VIII DAMAGE, DESTRUCTION AND CONDEMNATION: USE OF NET PROCEEDS

Section 8.01 DAMAGE, DESTRUCTION AND CONDEMNATION. If prior to the termination of the Term (a) the Equipment or any portion thereof is destroyed (in whole or part) or damaged by fire or other casualty or (b) title to, or the temporary use of, the Equipment or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, then, provided the Equipment is not deemed a total loss, Lessee and Lessor shall cause the Net Proceeds of any insurance claim or condemnation award to be applied to the prompt replacement, repair or restoration of the Equipment. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to Lessee. In the event of total destruction of or damage to the Equipment, Lessor and Lessee shall cause the Net Proceeds to be paid to Lessor for application against the Purchase Price applicable for the next succeeding Rental Payment due plus a pro rata allocation of interest, at the rate utilized to establish the Rental Payments, from the due date of the immediately preceding Rental Payment until the date of the payment.

For purposes of Section 7.03 and this Article VIII, the term "Net Proceeds" shall mean the amount remaining from the gross proceeds of any insurance claim or condemnation award after deducting all expenses (including attorneys' fees) incurred in the collection of such claim or award.

Section 8.02 INSUFFICIENCY OF NET PROCEEDS. If the Net Proceeds are insufficient to pay in full the cost of any replacement, repair, restoration or the Purchase Price referred to in Section 8.01 hereof, Lessee shall, as applicable, either (a) complete the work and pay any cost in excess of the amount of the Net Proceeds (Lessee agrees that, if by any reason of such

insufficiency of the Net Proceeds, Lessee shall incur expenses pursuant hereto, it shall not be entitled to any reimbursement therefore from Lessor nor shall Lessee be entitled to any diminution of the amount payable under Article V hereof); or (b) pay to Lessor the excess of the sum of the then applicable Purchase Price and pro rata allocation of interest over the Net Proceeds (which shall be retained by Lessor) and, upon such payment, the Term shall terminate and title to the Equipment shall be conveyed by Lessor to Lessee as provided in Article X of this Agreement.

ARTICLE IX
DISCLAIMER OF WARRANTIES: VENDOR'S WARRANTIES:
USE OF THE EQUIPMENT

Section 9.01 DISCLAIMER OF WARRANTIES.

- (a) Lessor, NOT BEING A SELLER OF THE EQUIPMENT (AS SUCH TERM IS USED IN THE UNIFORM COMMERCIAL CODE AS ENACTED IN THE STATE) NOR A SELLER'S AGENT, HEREBY EXPRESSLY DISCLAIMS, AND MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE EQUIPMENT, OR ANY OTHER WARRANTY WITH RESPECT THERETO AND, AS TO Lessor, LESSEE PURCHASES THE EQUIPMENT AS IS. In no event shall Lessor be liable for any loss or damage, including incidental, indirect, special or consequential damage, in connection with or arising out of this Agreement or the existence, furnishing, functioning or Lessee's use of the Equipment.
- (b) Execution of an Acceptance Certificate shall constitute acknowledgement by (and as to (i) and (ii), a representative of) Lessee that: (i) the Equipment is of a size, and design, capacity and manufacture selected by Lessee; (ii) Lessee is satisfied that the Equipment is suitable for its purpose; (iii) Lessor has represented that it is not a vendor or a manufacturer or dealer in property of such kind; and (iv) Lessor has disclaimed any representation or warranty or covenant as set forth in Section 9.01(a) above.

Section 9.02 VENDOR'S WARRANTIES. Lessor hereby irrevocable appoints Lessee its agent and attorney-in-fact during the Term, so long as Lessee shall not be in default hereunder, for the purpose of asserting from time to time whatever claims and rights which Lessor may have against the Vendor, including warranty claims with respect to the Equipment, but for no other purpose whatever.

Lessee's sole remedy for the breach of a warranty shall be against the Vendor of the Equipment, and not against Lessor, nor shall such matters have any affect whatsoever on this Agreement, including Lessee's obligation to make timely Rental Payments hereunder. Lessee expressly acknowledges that Lessor makes and has made no representation or warranties whatsoever as to the existence or availability of such warranties from the Vendor of the Equipment.

Section 9.03 USE OF THE EQUIPMENT. Lessee will not install, use, operate or maintain the Equipment improperly, carelessly, in violation of any applicable law or regulations or in a manner contrary to that contemplated by this Agreement. Lessee shall obtain and maintain all permits and licenses necessary for the installation and operation of the Equipment.

ARTICLE X
CONSUMMATION OF PURCHASE

Section 10.01 CONSUMMATION OF PURCHASE. At the request of Lessee, Lessor's interest in the Equipment will be transferred, conveyed and assigned permanently to Lessee and this Agreement shall terminate:

- (a) at the end of the term, upon payment in full of all Rental Payments due hereunder and all other sums required to paid hereunder, if any, the post term purchase option or buy out shall be in the amount of or no greater than \$1.00.
- (b) any Rental Payment due date, upon payment by Purchaser of the then applicable Purchase Price as set forth in the Schedule of Payments and all other sums required to be paid hereunder.

Upon occurrence of either of the above, Lessor shall deliver to Lessee a confirmatory Bill of Sale transferring permanently its full remaining right, title and interest to the Equipment to Lessee free and clear of all liens and encumbrances created by or arising through Lessor, with special warranty and warranty of further assurances, but without other warranties.

ARTICLE XI
ASSIGNMENT, SUBLEASING, INDEMNIFICATION
MORTGAGING AND SELLING

Section 11.01 ASSIGNMENT BY LESSOR. This agreement, Lessor's interest in the Equipment and right of Lessor to receive payments hereunder, may be assigned and reassigned in whole or in part to one or more assignees or sub-assignees by Lessor at any time without the necessity of obtaining the consent of Lessee. However, no assignment or reassignment of any of Lessor's right, title or interest in this Agreement or the Equipment shall be effective unless or until Lessee shall have received a notice of assignment. Upon receipt of the notice described above, Lessee agrees to make all payments to the assignee designated in the assignment, and shall, if so requested, acknowledge the assignment in writing, but such acknowledgement shall in no way be deemed necessary to make the assignment effective. Lessee agrees to establish and maintain a book-entry record or ownership of this Agreement. Lessee agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements which may be reasonably requested by Lessor or its assignee to protect their interest in the Equipment and in this Agreement.

Section 11.02 ASSIGNMENT AND SUB-LEASING BY LESSEE. This agreement and the interest of Lessee in the Equipment may not be sold, leased, pledged, assigned or otherwise encumbered by Lessee for any reason without the express prior written consent of Lessor.

Section 11.03 RELEASE AND INDEMNIFICATION COVENANTS. Lessee shall, to the extent permitted by applicable law, indemnify, protect, hold harmless, save and keep harmless Lessor from and against any and all liabilities, obligations, losses, claims and damages whatsoever, regardless of cause thereof, and expenses in connection therewith, including, without limitation, counsel fees and expenses, penalties and interest arising out of or as the result of the Equipment, including the ownership of any item of the Equipment, the ordering, acquisition, manufacture, use operation, condition, purchase, delivery, rejection, storage or return of any item of the Equipment or any accident in connection with the operation, use, condition, possession, storage or return of any item of the Equipment resulting in damage to property or injury or death of any person, unless the source shall have been caused by the acts or omissions of Lessor, its officers, employees or agents. The indemnification obligation arising hereunder shall continue in full force and effect notwithstanding the full payment of any obligations under this agreement or termination of the Term for any reason.

ARTICLE XII
EVENTS OF DEFAULT AND REMEDIES

Section 12.01 EVENTS OF DEFAULT DEFINED. The following shall be "events of default" under this Agreement and the terms "event of default" and "default" shall mean, whenever they are used in this Agreement, any one or more of the following events:

- (a) Failure by Lessee to pay any Rental Payment or other payment required to be paid hereunder at the time and manner specified herein; or
- (b) Failure by Lessee to observe and perform any other covenant, condition or agreement on its part to be observed or performed, hereunder for a period of thirty (30) days after written notice to Lessee, specifying such failure and requesting that it be remedied, unless Lessor shall agree in writing to an extension of such time prior to its expiration; or
- (c) Any certificate, statement, representation, warranty or audit contained herein or heretofore furnished with respect hereto by or on behalf of Lessee proving to have been false in any material respect at the time as of which facts therein set forth were stated or certified, or have omitted any substantial contingent or unliquidated liability or claim against Lessee; or
- (d) Commencement by Lessee of a case or proceeding under the Federal bankruptcy laws for filing by Lessee of any petition or answer seeking reorganization, arrangement, composition, readjustment, liquidation, moratorium or similar relief under any existing or future bankruptcy, insolvency or other similar laws, the filing by Lessee or an answer admitting or not contesting the material allegations of a petition filed against Lessee in any such proceeding, or the failure to file an answer to such petition within forty-five (45) days from the filing thereof.

Section 12.02 REMEDIES ON DEFAULT. Whenever any event of default referred to in Section 12.01 hereof shall have

happened and be continuing, Lessor shall have the right, as its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) By written notice to Lessee, declare an amount equal to the then applicable Purchase Price as set forth in the Schedule of Payments immediately due and payable;
- (b) With or without terminating this Agreement, retake possession of the Equipment and sell, lease or sublease it, or any item thereof, for the account of Lessee, holding Lessee liable for (i) all payments due up to the effective date of such selling, leasing or subleasing; and (ii) the difference, if any, between the purchase price, rental and other amounts paid by the Lessee or Sub lessee pursuant to such sale, lease or sublease and all amounts payable by Lessee hereunder, including the then applicable Purchase Price; or
- (c) Require Lessee to deliver the Equipment to Lessor at any location within seventy five (75) miles of the City of Elizabethtown designated by Lessor at Lessee's sole risk, cost and expense and in the condition required by Section 7.01 hereof; or
- (d) Take whatever other action at law or in equity may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of Lessee under this Agreement.

In addition, Lessee will remain liable for all legal fees and other costs and expenses, including court costs, incurred by Lessor with respect to the enforcement of any of the remedies listed above or any other remedy available to Lessor.

Section 12.03 NO REMEDY EXCLUSIVE. No remedy herein conferred upon or reserved to Lessor is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

ARTICLE XIII TAX INDEMNIFICATION

Section 13.01 COVENANTS. The parties assume that Lessor can exclude the interest component of the Rental Payments from Federal gross income. Lessee covenants and agrees that it will (i) if the transaction is escrow funded, rebate an amount equal to excess earnings on the Escrow Fund to the Federal Government if required by, and in accordance with, Section 148(f) of the Code, and make the annual determinations and maintain the records required by regulations applicable thereto; (ii) use a book entry system to register the owner of this Agreement so as to meet the applicable requirements of Section 149(a)(3) of the Code; (iii) timely file a Form 8038-G (or, if the invoice price of the Equipment is less than \$100,000, a form 8038-GC) with the Internal Revenue Service in accordance with Section 149(e) of the Code; (iv) not permit the Equipment to be directly or indirectly used for a private business use within the meaning of Section 141 of the Code; and (v) comply with all provisions and regulations applicable to excluding interest from Federal gross income pursuant to Section 103 of the Code.

Section 13.02 INDEMNIFICATION. If Lessor either (i) receives notice, in any form, from the Internal Revenue Service; or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Lessor and approved by Lessee, which approval Lessee shall not unreasonably withhold, that Lessor may not exclude any interest paid hereunder from Federal gross income because Lessee breached a covenant contained herein, the Lessee shall pay to Lessor, within thirty (30) days after Lessor notified Lessee of such determination, an amount which will restore to Lessor its after-tax yield on the transaction evidenced by this Agreement through the date of such payment. Additionally, Lessee agrees that upon the occurrence of such an event, it shall pay additional rent to Lessor on each succeeding Rental Payment due date in such amount as will maintain Lessor's after-tax yield on the transaction evidenced by this Agreement. This section assumes that the entity is a qualified and county municipality and as such the interest earned by the Lessor would be deemed tax exempt in part or in whole.

ARTICLE XIV MISCELLANEOUS

Section 14.01 NOTICES. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, to the parties at the addresses set forth on the signature page hereof.

Section 14.02 BINDING EFFECT. This Agreement shall inure to the benefit of and shall be binding upon, Lessor and Lessee and their respective successors and assigns.

Section 14.03 SEVERABILITY/SURVIVAL. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such hold shall not invalidate or render unenforceable any other provision hereof. The obligation of Lessee under Section 5.07, 7.02, 11.03, and 13.02 which accrue during the Term shall survive termination of this Agreement.

Section 14.04 AMENDMENTS, CHANGES AND MODIFICATIONS. This Agreement may be amended only by written agreement of Lessor and Lessee.

Section 14.05 EXECUTION IN COUNTERPARTS. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.06 APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the Laws of the State of Kentucky.

Section 14.07 CAPTIONS. The captions or headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

Section 14.08 WAIVER. No covenant or condition of this Agreement can be waived except by the written consent of Lessor. Any failure of Lessor to require strict performance by Lessee or any waiver by Lessor of any terms, covenants or agreement herein shall not be construed as a waiver of any other breach of the same or any other term, covenant or agreement herein.

Section 14.09 ENTIRE AGREEMENT. This Agreement, together with the documents attached hereto and other agreements referred to herein, constitutes the entire Agreement between the parties.

Section 14.10 TIME. Time is of the essence of this Agreement.

IN WITNESS WHEREOF, Lessor has executed this Agreement in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers, and Lessee has caused this Agreement to be executed in its corporate name with its corporate seal hereunto affixed and attested by its duly authorized officers. All of this above occurred as of the date first above written.

Lessee:
Martin County Water District
387 East Main Street, Suite 140
Inez KY 41224

By: _____

Title: _____

Lessor:
Magnolia Bank, Incorporated
P.O. Box 436647
Louisville KY 40253

By: _____

Title: _____

RIDER NO. 1

(\$10,000,000 Small Issuer)

Attached to and made a part of that certain Equipment Lease/Purchase Agreement ("Agreement") dated as of 9 June 2025, by and between **Magnolia Bank, Incorporated**, as Lessor and, **Martin County Water District**, as Lessee.

1. Lessee has not issued, and reasonably anticipates that it and its subordinate entities will not issue, tax-exempt obligations (including the Agreement) in the amount of more than \$10,000,000 as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended ("Code"); and agrees that it and its subordinate entities will not designate more than \$10,000,000 of their obligations as "qualified tax-exempt" during the current calendar year.
2. The parties assume and intend that the Agreement will qualify as a "qualified tax-exempt obligation" within the meaning of Section 265(b) (3) (B) of the Code. In the event that Lessor either (i) receives notice from the Internal Revenue Service; or (ii) reasonably determines, based on an opinion of independent tax counsel selected by Lessor and approved by Lessee, which approval Lessee shall not reasonably withhold, that the otherwise applicable exception set forth in Section 265(b)(3) of the Code is not available, then Lessee shall pay to Lessor within thirty (30) days after receiving notice from Lessor of such event, the amount which with respect to rental payments previously paid, will restore the after-tax yield on the transaction evidenced by the Agreement to that which it would have been had such exception been available, and pay as an additional rent on succeeding rent payment due dates such amount as will maintain such after-tax yield.
3. The obligations of Lessee herein under which accrue during the term of the Agreement shall survive termination of the Agreement.
4. The parties agree that this Rider is an integral part of the Agreement.

Lessee: **Martin County Water District**

By: X 

Title: 

Lessor: **Magnolia Bank, Incorporated**

By: _____

Title: _____



BRIAN CUMBO

ATTORNEY AT LAW

86 W. Main St., Suite 100
P.O. Box 1844
Inez, KY 41224
(606) 298-0428
FAX: (606) 298-0316
cumbolaw@cumbolaw.com

ADMITTED IN KY AND WV

June 9, 2025

Magnolia Bank, Incorporated
P.O. Box 436647
Louisville, KY 40253

RE: Martin County Water District – Municipal Lease

Gentlemen:

As counsel for Martin County Water District we have examined a duly executed original of the Equipment Lease/Purchase Agreement dated as of June 9 23, 2025, (the "Agreement"), between

Martin County Water District ("Lessee") and Magnolia Bank, Incorporated ("Lessor") and the proceedings taken by Lessee to authorize and execute the Agreement. Based upon such examination of law and fact as we have deemed necessary or appropriate for purposes of the opinions set forth below, we are of the opinion that:

1. Lessee is a qualified quasi-governmental, tax exempt entity, within the meaning of the Internal Revenue Code of 1986, as amended (the "Code").
2. The Agreement has been duly authorized, executed and delivered by Lessee pursuant to all necessary constitutional, statutory and governing body approval.
3. The Agreement is a legal, valid and binding obligation of Lessee, enforceable against Lessee in accordance with its terms.
4. Any applicable public bidding requirements have been met.
5. There are no pending actions or proceedings to which Lessee is a party, and there are no other pending threatened actions or proceedings of which Lessee has knowledge, before any public body, court, arbitrator or administrative agency, which either individually or in the aggregate, would materially adversely affect the transaction contemplated by the Agreement or the ability of Lessee to perform its obligations under the Agreement, or question the validity of the Approval. Further, Lessee is not in default under any material obligation for the payment of borrowed money,

Magnolia Bank, Incorporated

May 23, 2025

Page Two

for the deferred purchase price or property or for the payment of any rent under any lease agreement which, either individually or in the aggregate, would have the same such effect.

6. The Equipment leased pursuant to the Agreement constitutes personal property and when subjected to use by Lessee will not be or become fixtures under applicable law.

This opinion is for the sole benefit of, and may be relied upon only by, you and any permitted assignee or sub assignee of Lessor under the Agreement.

Very truly yours,



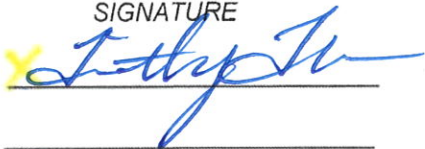
BRIAN CUMBO

BC/ld


cc: Martin County Water District

INCUMBENCY CERTIFICATE

I do hereby certify that I am the duly elected or appointed and acting Division Manager of **Martin County Water District** political subdivision duly organized and existing under the laws of the State of Kentucky that I have custody of the records of such entity, and that, as of the date hereof, the individuals named below are the duly elected or appointed officers of such entity holding the offices set forth opposite their respective names. I further certify that (i) the signatures set opposite their respective name and titles are their true and authentic signatures and (ii) such officers have the authority on behalf of such entity to enter into that certain Equipment Lease/Purchase Agreement dated 9 June 2025, between such entity and **Magnolia Bank, Incorporated** (Lessor).

NAME	TITLE	SIGNATURE
<u>Tim Thoma</u>	<u>Chairman</u>	<u></u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

IN WITNESS WHEREOF, I have duly executed this certificate and affixed and seal of such entity hereto this day of 9 June 2025.

Signature: 

Name Printed: Todd Adams

Title: Division Manager

MARTIN COUNTY UTILITY BOARD

387 East Main Street Suite 140
Inez, KY 41224

606-298-3885 Office

606-298-4913 Fax

Magnolia Bank, Incorporated
P.O Box 436647
Louisville KY 42503

Gentlemen:

References is made to that certain Equipment Lease/Purchase Agreement, dated as of 9 June, 2025 (the Agreement) between **Magnolia Bank, Incorporated**, as Lessor and the undersigned. The Equipment, as such term is defined in the Agreement can generally be described as follows:

Equipment Description

- (1) 2024 Dodge 1500 Tradesman Quad Cab 4X4, Vin#1C6RRFCG2RN180887
- (2) 2024 Dodge 1500 Tradesman Quad Cab 4X4, Vin#1C6RRFCG6RN180889
- (3) 2024 Dodge 1500 Tradesman Quad Cab 4X4, Vin#1C6RRFCG2RN180890
- (4) 2024 Dodge 1500 Tradesman Quad Cab 4X4, Vin#1C6RRFCG6RN180891
- (5) 2024 Dodge 3500 Crew Cab Chassis 4X4, Vin#3C7WRTCL2RG309116

This confirms and affirms that the Equipment is essential to the governmental functions of Lessee.

Further, Lessee has an immediate need for, and expects to make immediate use of, substantially all the Equipment, which need is not temporary or expected to diminish in the foreseeable future. The equipment will be used by Lessee for the purpose of performing one or more of Lessee's governmental functions consistent with the permissible scope of Lessee's authority and not in any trade or business carried on by any person other than Lessee. Specifically, the Equipment was selected by Lessee to be used as follows:

Martin County Water District

By: [Signature]

Title: Chris Hunter

Date: 9 June 2025

Acceptance Certificate
No. 1
Lease # 001-0000475-001

(Non-Escrow Funded)

THIS ACCEPTANCE CERTIFICATE is issued pursuant to the certain Equipment Lease/Purchase Agreement dated 9 June, 2025 the "Agreement") between **Magnolia Bank, Incorporated** ("Lessor") and **Martin County Water District** ("Lessee"). All terms not defined herein shall have their meanings described in the Agreement.

1. The undersigned, as Lessee under the Agreement, acknowledges delivery, installation receipt in good condition, and hereby accepts, all of the Equipment described on the attached Description of Equipment this day of , 2025.
2. A present need exists for the Equipment which need is not temporary or expected to diminish in the near future. The Equipment is essential to and will be used by Lessee only for the purpose of performing one or more governmental functions of Lessee consistent with the permissible scope of Lessee's authority.
3. Lessee confirms that it will make all Rental Payments set forth on the Schedule of Payments attached hereto as required by and in accordance with Article V of the Agreement.
4. Lessee confirms that sufficient funds have been appropriated to make all Rental Payments due during its current fiscal year and expects and anticipates that sufficient funds will be available to make all Rental Payments due in subsequent years.
5. The Equipment is covered by insurance in the types and amounts required by the Agreement and is located at the location set forth in the attached description of Equipment.
6. No event of default, as such term is defined in the Agreement, and no event which with the giving of notice of lapse of time, or both, would become an event of default, has occurred and is continuing on the date hereof.
7. Lessee hereby authorized and directs Lessor to fund the acquisition cost of the Equipment by paying the Vendor(s) the invoice price(s) as set forth on the attached Description of Equipment, and certifies that upon such payment, Lessor will have fully and satisfactorily performed all of its covenants and obligations under the Agreement with respect to the Equipment.

By:



Title:

CHARLES

Date:

9 June 2025

SCHEDULE OF PAYMENTS
Lease # 001-0000475-001

Pertaining to that certain Acceptance Certificate No. 1 entered pursuant to that certain Equipment Lease/Purchase Agreement dated 9 June, 2025 (the "Agreement") between **Magnolia Bank, Incorporated** ("Lessor") and **Martin County Water District** ("Lessee").

All terms not defined herein have their meanings described in the Agreement.

A. RENTAL PAYMENTS, TERM, TRANSPORTATION AND DELIVERY COSTS.

The Rental Payment required under the Agreement for the Equipment described in the attached Description of Equipment will be:

(60) Monthly payments of \$4,690.43 with payments in arrears.

A portion of each Rental Payment is paid as and represents payment of interest as set forth on Amortization Schedule attached hereto. Lessee agrees to and shall pay all transportation and/or delivery costs if any.

B. LATE PAYMENTS.

THERE WILL BE A CHARGE OF 5% PER MONTH OR THE HIGHEST LEGAL RATE ALLOWED BASED ON THE AMOUNT OF ANY RENTAL PAYMENT WHICH REMAINS UNPAID FOR TEN (10) DAYS AFTER THE DUE DATE.

C. BUDGETARY PERIOD.

Lessee's budgetary period is from 1 JAN to 31 DEC

THE TERMS GOVERNING THIS SCHEDULE OF PAYMENTS ARE CONTAINED IN THE AGREEMENT REFERENCED ABOVE AND APPLY WITH THE SAME FORCE AND EFFECT AS IF SET FORTH FULLY HEREIN.

Lessee: Martin County Water District

By: [Signature]
Title: Chairman
Date: 9 June 2025

Lessor: Magnolia Bank, Incorporated

By: _____
Title: _____
Date: _____

Martin County Water District
Amortization Schedule
Lease# 001-0000475-001

Date	Source	Amount Financed	Payment	Interest	Principal	Balance
6/20/2025	Amount Financed	248,788.00	0.00	0.00	0.00	248,788.00
7/20/2025	Payment		4,690.43	1,028.42	3,662.01	245,125.99
8/20/2025	Scheduled		4,690.43	1,013.28	3,677.15	241,448.84
9/20/2025	Scheduled		4,690.43	998.08	3,692.35	237,756.49
10/20/2025	Scheduled		4,690.43	982.82	3,707.61	234,048.88
11/20/2025	Scheduled		4,690.43	967.49	3,722.94	230,325.94
12/20/2025	Scheduled		4,690.43	952.10	3,738.33	226,587.61
2025	Annual Total		28,142.58	5,942.19	22,200.39	
1/20/2026	Scheduled		4,690.43	936.65	3,753.78	222,833.83
2/20/2026	Scheduled		4,690.43	921.13	3,769.30	219,064.53
3/20/2026	Scheduled		4,690.43	905.55	3,784.88	215,279.65
4/20/2026	Scheduled		4,690.43	889.90	3,800.53	211,479.12
5/20/2026	Scheduled		4,690.43	874.19	3,816.24	207,662.88
6/20/2026	Scheduled		4,690.43	858.42	3,832.01	203,830.87
7/20/2026	Scheduled		4,690.43	842.58	3,847.85	199,983.02
8/20/2026	Scheduled		4,690.43	826.67	3,863.76	196,119.26
9/20/2026	Scheduled		4,690.43	810.70	3,879.73	192,239.53
10/20/2026	Scheduled		4,690.43	794.66	3,895.77	188,343.76
11/20/2026	Scheduled		4,690.43	778.56	3,911.87	184,431.89
12/20/2026	Scheduled		4,690.43	762.39	3,928.04	180,503.85
2026	Annual Total		56,285.16	10,201.40	46,083.76	
1/20/2027	Scheduled		4,690.43	746.15	3,944.28	176,559.57
2/20/2027	Scheduled		4,690.43	729.85	3,960.58	172,598.99
3/20/2027	Scheduled		4,690.43	713.47	3,976.96	168,622.03
4/20/2027	Scheduled		4,690.43	697.03	3,993.40	164,628.63
5/20/2027	Scheduled		4,690.43	680.53	4,009.90	160,618.73
6/20/2027	Scheduled		4,690.43	663.95	4,026.48	156,592.25
7/20/2027	Scheduled		4,690.43	647.31	4,043.12	152,549.13
8/20/2027	Scheduled		4,690.43	630.59	4,059.84	148,489.29
9/20/2027	Scheduled		4,690.43	613.81	4,076.62	144,412.67
10/20/2027	Scheduled		4,690.43	596.96	4,093.47	140,319.20
11/20/2027	Scheduled		4,690.43	580.04	4,110.39	136,208.81
12/20/2027	Scheduled		4,690.43	563.05	4,127.38	132,081.43
2027	Annual Total		56,285.16	7,862.74	48,422.42	
1/20/2028	Scheduled		4,690.43	545.99	4,144.44	127,936.99
2/20/2028	Scheduled		4,690.43	528.85	4,161.58	123,775.41
3/20/2028	Scheduled		4,690.43	511.65	4,178.78	119,596.63
4/20/2028	Scheduled		4,690.43	494.38	4,196.05	115,400.58
5/20/2028	Scheduled		4,690.43	477.03	4,213.40	111,187.18
6/20/2028	Scheduled		4,690.43	459.62	4,230.81	106,956.37
7/20/2028	Scheduled		4,690.43	442.13	4,248.30	102,708.07
8/20/2028	Scheduled		4,690.43	424.57	4,265.86	98,442.21

9/20/2028	Scheduled	4,690.43	406.93	4,283.50	94,158.71
10/20/2028	Scheduled	4,690.43	389.22	4,301.21	89,857.50
11/20/2028	Scheduled	4,690.43	371.44	4,318.99	85,538.51
12/20/2028	Scheduled	4,690.43	353.59	4,336.84	81,201.67
2028	Annual Total	56,285.16	5,405.40	50,879.76	
1/20/2029	Scheduled	4,690.43	335.66	4,354.77	76,846.90
2/20/2029	Scheduled	4,690.43	317.66	4,372.77	72,474.13
3/20/2029	Scheduled	4,690.43	299.59	4,390.84	68,083.29
4/20/2029	Scheduled	4,690.43	281.44	4,408.99	63,674.30
5/20/2029	Scheduled	4,690.43	263.21	4,427.22	59,247.08
6/20/2029	Scheduled	4,690.43	244.91	4,445.52	54,801.56
7/20/2029	Scheduled	4,690.43	226.53	4,463.90	50,337.66
8/20/2029	Scheduled	4,690.43	208.08	4,482.35	45,855.31
9/20/2029	Scheduled	4,690.43	189.55	4,500.88	41,354.43
10/20/2029	Scheduled	4,690.43	170.95	4,519.48	36,834.95
11/20/2029	Scheduled	4,690.43	152.26	4,538.17	32,296.78
12/20/2029	Scheduled	4,690.43	133.51	4,556.92	27,739.86
2029	Annual Total	56,285.16	2,823.35	53,461.81	
1/20/2030	Scheduled	4,690.43	114.67	4,575.76	23,164.10
2/20/2030	Scheduled	4,690.43	95.75	4,594.68	18,569.42
3/20/2030	Scheduled	4,690.43	76.76	4,613.67	13,955.75
4/20/2030	Scheduled	4,690.43	57.69	4,632.74	9,323.01
5/20/2030	Scheduled	4,690.43	38.54	4,651.89	4,671.12
6/20/2030	Scheduled	4,690.43	19.31	4,671.12	0.00
2030	Annual Total	28,142.58	402.72	27,739.86	
	Grand Total	281,425.80	32,637.80	248,788.00	

DESCRIPTION OF EQUIPMENT
Lease Number: 001-0000475-001

Equipment Location:

Martin County Water District
387 East Main Street
Inez KY 41224

Description

- (1) 2024 Dodge 1500 Tradesman Quad Cab 4x4, VIN# 1C6RRFCG2RN180887
- (1) 2024 Dodge 1500 Tradesman Quad Cab 4x4, VIN# 1C6RRFCG6RN180889
- (1) 2024 Dodge 1500 Tradesman Quad Cab 4x4, VIN# 1C6RRFCG2RN180890
- (1) 2024 Dodge 1500 Tradesman Quad Cab 4x4, VIN# 1C6RRFCG6RN180891

- (1) 2024 RAM 3500 Crew Cab Chassis 4x4, VIN# 3C7WRTCL2RG309116

Lessee: Martin County Water District

By:



Title:



RESOLUTIONS OF GOVERNING BODY

(\$10,000,000 Small Issuer)

Lessee: **Martin County Water District**

Equipment Lease/Purchase Agreement dated 9 June, 2025.

As a duly called meeting of the governing body of Lessee held in accordance with all applicable legal requirements, including open meeting laws, on the 27th day of May, 2025 the following resolution was introduced and adopted.

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A EQUIPMENT LEASE/PURCHASE AGREEMENT, AND RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the governing body of the **Martin County Water District** ("Lessee") has determined that a true and very real need exists for the equipment (the "Equipment") described in the Equipment Lease/Purchase Agreement (the "Agreement") presented to this meeting; and

WHEREAS, Lessee has taken necessary steps, including those relating to any applicable legal bidding requirements, to arrange for the acquisition of the Equipment, and

WHEREAS, Lessee proposes to enter into the Agreement substantially in the form presented in this meeting; and


WHEREAS, Lessee reasonably anticipates that it and its subordinate entities will not issue tax-exempt obligations in the face amount of more than \$10,000,000 during the current calendar year as noted on the Rider 1 portion is non-applicable.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF LESSEE AS FOLLOWS:

- Section 1 It is hereby found and determined that the terms of the Agreement in the form presented to this meeting and incorporated in this resolution are in the best interests of Lessee for the acquisition of the Equipment.
- Section 2 The Agreement is hereby approved. The Chairman of Lessee and other officer of Lessee who shall have power to execute contracts on behalf of Lessee be, and each of the hereby is, authorized to execute, acknowledge and deliver the Agreement with any changes, insertions and omissions therein as may be approved by the officers who execute the Agreement, such approval to be conclusively evidences by such execution and delivery of the Agreement. The Division Manager of the Lessee and any other officer of Lessee who shall have power to do so be, and each of them hereby is, authorized to affix the official seal of Lessee to the Agreement and attest the same.
- Section 3 The proper officers of Lessee be, and each of them hereby is, authorized and directed to execute and delivery any and all papers, instruments, opinions, certificates, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this resolution and the Agreement.
- Section 4 Lessee hereby designates the Agreement as a "qualified tax-exempt obligation" within the meaning of Section 265(b) (3) of the Internal Revenue Code of 1986 as Amended.

The undersigned further certifies that the above resolution has not been repealed or amended and remains in full force and effect and further certifies that the within Equipment Lease/Purchase Agreement is the same as presented as said meeting of the governing body of Lessee.

By:



CHAIRMAN

Title:

Date: 9 June 2025

AGREEMENT TO PROVIDE INSURANCE

Lessee:
Martin County Water District

387 East Main Street, Suite 140
Inez KY 41224

Lessor:
Magnolia Bank, Incorporated

PO Box 436647
Louisville KY 40253

Equipment Description

- (1) 2024 Dodge 1500 Tradesman Quad Cab 4x4, VIN# 1C6RRFCG2RN180887
- (1) 2024 Dodge 1500 Tradesman Quad Cab 4x4, VIN# 1C6RRFCG6RN180889
- (1) 2024 Dodge 1500 Tradesman Quad Cab 4x4, VIN# 1C6RRFCG2RN180890
- (1) 2024 Dodge 1500 Tradesman Quad Cab 4x4, VIN# 1C6RRFCG6RN180891
- (1) 2024 RAM 3500 Crew Cab Chassis 4x4, VIN# 3C7WRTCL2RG309116

I understand that to provide protection from serious financial loss, should an accident or loss occur, my lease contract requires the equipment to be continuously covered with insurance against the risks of fire and theft, and that failure to provide such insurance gives the Lessor the right to declare the entire unpaid balance immediately due and payable. Accordingly, I have arranged for the required insurance through the insurance company shown below and have requested my agent to note Lessor's interest in the equipment and name Lessor as additional insured.

* If Lessee is "self-insured", please provide a letter state such along with detailed coverage pertaining to items being leased.

Insurance Company: Cincinnati Insurance Company Agent: _____

Agency: Mashond McLyma, Agency LLC Policy #: ETD0599499

Address: P.O. Box 145496 Cincinnati OH Expiration Date: to 01-01-2026

Phone: 859-397-9098

Fax: 888-235-1746

Lessee Signature: 

Date: 9 June 2025

Invoice

Lease One Magnolia, LLC / Magnolia Bank
P.O.Box 436647
Louisville KY 40253
(502) 384-6700
mmcanelly@magnoliabank.com

June 9, 2025

Invoice#001-0000475-001

Bill To:
Martin County Water District
387 East Main Street
Inez KY 41224

DESCRIPTION	AMOUNT
Documentation Fee	\$ 500.00
Total	\$ 500.00

THANK YOU FOR YOUR BUSINESS!

Debit Authorization

Martin County Water District

I (we) hereby authorize Lease One Magnolia, LLC, to initiate debit entries to my (our) checking account indicated below and the financial institution named below, to debit the same to such account for Lease Number 001-0000475-001, I (we) acknowledge that the origination of ACH transactions to my (our) checking account must comply with the provisions of U.S. law.

****10 days notice is required to Start or Stop an External Auto Transfer for your lease payment with Lease One Magnolia, LLC.

First State Bank Inez KY
(Financial Institution Name) (Branch)
19230 State Route 136 Winchester
(Address) (City/State) OH 45697
(Zip)
042212050 _____ Type of Acct: Checking
(Routing Number) (Account Number)

July 20, 2025
(Payment Start Date)

\$ 4,690.43
(Payment Amount)

June 30, 2030
(Expiration Date)

This authority is to remain in full force and effect until Lease One Magnolia, LLC has received written notification from me (or either of us) of its termination in such time and manner as to afford Lease One Magnolia, LLC and the Financial Institution a reasonable opportunity to act on it.

Timothy Thoma
(Print Individual Name)

[Signature]
(Signature)

9 June 2025
(Date)

(CSR Signature)

(PLEASE ATTACH A COPY OF VOIDED CHECK TO THIS FORM)

**** Please forward to Deposit Ops when completed. ****

To be completed by Financial Institution

Entered by _____ Date _____ Verified by _____ Date _____

Effective _____, the undersigned hereby cancels this external auto transfer. I understand that it is my responsibility to contact my loan officer to make other arrangements to pay my loan listed above.

(Signature)

(Date)

Lease Officer Approval

FREEDOM CHRYSLER DODGE JEEP RAM OF LEX
1560 E NEW CIRCLE RD
LEXINGTON, KY 405091022

Priced Order Confirmation (POC)

Date Printed: 2025-05-20 4:10 PM VIN: 3C7WRTCL2RG309116 Quantity: 01
Estimated Ship Date: 2024-06-12 1:59 AM VON: 60499001 Status: KZ - Released by plant and invoiced
Date Ordered: 2024-02-16 5:28 PM Ordered By: S02537A

Sold to:

FREEDOM CHRYSLER DODGE JEEP RAM OF
LEXINGTON (27329)
1560 E NEW CIRCLE RD
LEXINGTON, KY 405091022

Ship to:

FREEDOM CHRYSLER DODGE JEEP RAM OF LEXINGTON (27329)
1560 E NEW CIRCLE RD
LEXINGTON, KY 405091022

Vehicle:

2024 3500 CREW CAB CHASSIS 4X4 (172.4 in WB - CA of 60 in) (DD8L93)

	Sales Code	Description	MSRP(USD)
Model:	DD8L93	3500 CREW CAB CHASSIS 4X4 (172.4 in WB - CA of 60 in)	54,710
Package:	2YA	Customer Preferred Package 2YA	0
	ETN	6.7L I6 Cummins Turbo Diesel Engine	9,295
	DF2	6-Spd Auto Aisin AS69RC HD Trans	1,000
Paint/Seat/Trim:	PW7	Bright White Clear Coat	0
	APA	Monotone Paint	0
	*TX	HD Vinyl 40/20/40 Split Bench Seat	0
	-X8	Black/Diesel Gray	0
Options:	TV3	LT235/80R17E OWI On/Off Rd Tires	250
	RSD	SiriusXM Satellite Radio	195
	NAH	Heavy-Duty Truck Federal Emissions	0
	MML	Body Color Fender Flares	100
	GXM	Remote Keyless Entry	495
	CFM	Rear Folding Seat	0
	CBE	40/20/40 Split Bench Seat	0
	XHC	Trailer Brake Control	465
	AMP	Chrome Appearance Group	1,820
	XEA	Tow Hooks	95
	AHD	Heavy Duty Snow Plow Prep Group	310
	WLA	Dual Rear Wheels	1,395
	4NU	Fuel Fill / Battery Charge	0
	YGL	6 Additional Gallons of Diesel Fuel	0
	5N6	Easy Order	0
	4EX	Sales Tracking	0
Non Equipment:	573		0
Destination Fees:			1,995

Total Price: **72,125**

Order Type: Retail
Scheduling Priority: 4-Dealer Order

State Bid - \$77,288.00 Including 9'
service body installed

MA 758 2300000800

Note: This is not an invoice. The prices and equipment shown on this priced order confirmation are tentative and subject to change or correction without prior notice. No claims against the content listed or prices quoted will be accepted. Refer to the vehicle invoice for final vehicle content and pricing. Orders are accepted only when the vehicle is shipped by the factory.

Salesperson:

Customer Name:

Customer Address:

Instructions:

Note: This is not an invoice. The prices and equipment shown on this priced order confirmation are tentative and subject to change or correction without prior notice. No claims against the content listed or prices quoted will be accepted. Refer to the vehicle invoice for final vehicle content and pricing. Orders are accepted only when the vehicle is shipped by the factory.

Date Printed:2025-05-22 3:21 PM

VIN:

Quantity:

Estimated Ship Date:

VON:

Status:

Sold to:
FREEDOM CHRYSLER DODGE JEEP RAM OF LEXINGTON (27329)
1560 E NEW CIRCLE RD
LEXINGTON, KY 405091022

Ship to:
FREEDOM CHRYSLER DODGE JEEP RAM OF LEXINGTON (27329)
1560 E NEW CIRCLE RD
LEXINGTON, KY 405091022

Vehicle:2024 1500 TRADESMAN QUAD CAB 4X4 (140 in WB 6 ft 4 in Box) (DT6L41)

	Sales Code	Description	MSRP(USD)
Model:	DT6L41	1500 TRADESMAN QUAD CAB 4X4 (140 in WB 6 ft 4 in Box)	43,270
Package:	23A	Customer Preferred Package 23A	0
	ERG	3.6L V6 24V VVT eTorque Engine Upg I	0
	DFT	8-Spd Auto 850RE Trans (Make)	0
Paint/Seat/Trim:	PW7	Bright White Clear Coat	0
	APA	Monotone Paint	0
	*V9	Cloth 40/20/40 Bench Seat	0
	-X9	Black	0
Options:	XFH	Class IV Receiver Hitch	445
	JKV	115V Auxiliary Power Outlet	255
	DSA	Anti-Spin Differential Rear Axle	495
	A61	Tradesman Level 1 Equipment Group	1,695
	5N6	Easy Order	0
	166	Zone 66-Orlando	0
	4EX	Sales Tracking	0
Discounts:	YGE	5 Additional Gallons of Gas	0
Destination Fees:			1,995
Total Price:			<u>48,155</u>

Order Type:Retail

Scheduling Priority:4-Dealer Order

Salesperson:

Customer Name:

Customer Address:

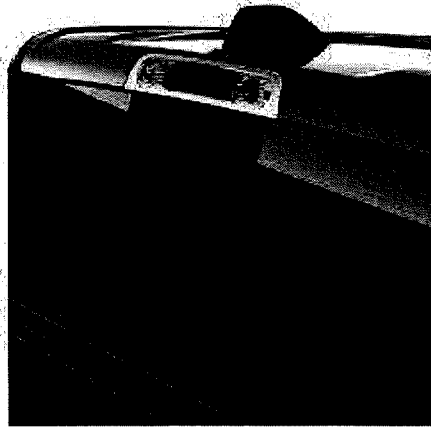
USA

Instructions:

State bid - \$42,875

MA 758 2300000800

Tradesman Level 1 Equipment Group (A61)

**Details:**

- SiriusXM Radio Service (X9B)
- SiriusXM Satellite Radio (RSD)
- For More Info, Call 800-643-2112 (X9H)
- 40/20/40 Split Bench Seat (CBE)
- Rear Power Sliding Window (GFE)
- Rear Folding Seat (CFM)
- Cloth 40/20/40 Bench Seat (*V9)
- 4 Way Front Headrests (CDP)
- Front Center Seat Cushion Storage (CVH)
- Driver Seat - Manual Adjust 4-Way (JVA)
- Frt Pass Seat - Manual Adjust 4-Way (JWA)
- Three Rear Seat Head Restraints (CSH)
- Carpet Floor Covering (CKE)
- Front & Rear Floor Mats (CLE)