

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF	)	
SOUTH EASTERN WATER	)	
ASSOCIATION FOR A	)	
CERTIFICATE OF PUBLIC	)	CASE NO.
CONVENIENCE AND NECESSITY	)	2025-00375
AND FINANCING OF THE U.S. 27	)	
WATER LINE REPLACEMENT	)	
PROJECT PURSUANT TO THE	)	
PROVISIONS OF KRS 278.020, KRS	)	
278.300, AND KAR 5:001.		

VERIFIED APPLICATION

Pursuant to KRS 278.020(1), KRS 278.300, and 807 KAR 5:001, South Eastern Water Association, Inc. (“South Eastern” or the “Association”) applies to the Public Service Commission (“Commission”) for an Order within 60 days of the date of this Application authorizing the Association to execute an Assistance Agreement with the Kentucky Infrastructure Authority (“KIA”) to borrow an amount not to exceed **\$617,823** and granting a certificate of public convenience and necessity (“CPCN”) for the U.S. 27 Water Line Replacement Project (“U.S. 27 Project” or the “Project”), which consists of replacing approximately 5,400 linear feet of existing 6-inch polyvinyl chloride (“PVC”) water line with 8-inch ductile iron

water line and all necessary appurtenances. In support of its Application,¹ the Association provides the following:

A. General Information

1. South Eastern's full name and address are: South Eastern Water Association, Inc. 6615 Highway 914 Somerset, Kentucky 42501. Its web address is: www.southeastenwater.net, and its electronic mail address is sewater@yahoo.com.

2. Copies of all orders, pleadings and other communications related to this proceeding² should be directed to:

Morris Vaughn, General Manager
6615 Highway 914
Somerset, KY 42501
(606) 678-5501
sewater@yahoo.com.

Tina C. Frederick
Stoll Keenon Ogden, PLLC
300 West Vine Street, Ste 2100
Lexington, KY 40507-1801
(859) 231-3951
Fax: (859) 259-3517
tina.frederick@skofirm.com

¹ To facilitate the Commission's initial review of this Application, South Eastern has attached to this Application **Exhibit 1**, a "Filings Requirements List" that consists of four pages, lists each statutory and regulatory requirement for an application for a certificate of public convenience and necessity and authorization to issue evidence of indebtedness and identifies the exhibit or paragraph that satisfies the requirement.

² On November 16, 2025, pursuant to 807 KAR 5:001, Section 8, South Eastern notified the Commission of its election of the use of electronic filing procedures for this proceeding.

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3. South Eastern is not a for-profit corporation, limited liability company or limited partnership.

4. South Eastern is a non-profit corporation (water association) organized and existing under the laws of the Commonwealth of Kentucky, pursuant to KRS Chapter 273.

5. South Eastern was created as a result of the merger of the following water associations: Barnesburg, Elihu-Rush Branch, Nelson Valley, and Tateville pursuant to the February 22, 1988 Order of the Commission in Case No. 9967.³

6. South Eastern's date of incorporation is December 17, 1993. On that date the Elihu Tateville Water Association⁴ and the Nelson Valley Water Association filed Articles of Consolidation setting forth a plan of consolidation, which provided that the name of the merged entity would be South Eastern Water

³ *The Proposed Merger of Barnesburg Water Association, Bronston Water Association, Elihu-Rush Branch Water Association, Nelson Valley Water Association, Oak Hill Water Association, Pleasant Hill Water District, Pulaski County Water District No. 1, Pulaski County Water District No. 2, and Tateville Water Association*, Case No. 9967 (Ky. PSC Feb. 22, 1988).

⁴ Following the Commission's February 22, 1988 Order in Case No. 9967, Elihu-Rush Branch Water Association and Tateville Water Association merged and formed the Elihu Tateville Water Association on July 22, 1991.

Association, Inc. On November 26, 1996, South Eastern Water Association and Barnesburg Water Association filed Articles of Merger and the merger of the four original water associations into one water association was complete. Attached as **Exhibit 2** are the December 17, 1993 Articles of Consolidation and the November 26, 1996 Articles of Merger.

7. South Eastern is authorized to transact business in the Commonwealth of Kentucky and is in good standing. Attached as **Exhibit 3** is a Certificate of Existence dated November 16, 2025, certifying that South Eastern's period of duration is perpetual, Articles of Dissolution have not been filed, the most recent annual report has been delivered, and as of November 16, 2025, South Eastern is in good standing with the Commonwealth of Kentucky's Secretary of State.

8. As of December 31, 2024, South Eastern provided retail water service to approximately 7,863 residential and 14 commercial customers in Pulaski County, Kentucky, as well as providing wholesale water service to the City of Burnside, Kentucky.⁵

9. The governing body of South Eastern Water Association is its Board of Directors. The present members of the Board of Directors, and their respective offices, are as follows: Joe D. Crawford, President; Grant Treado, Vice President;

⁵ *Annual Report of South Eastern Water Association to the Kentucky Public Service Commission for the Year-Ended December 31, 2025* ("2024 Annual Report") at 12 and 49.

Mark O. Davis, Secretary-Treasurer; Wade Bumgardner, Director; Bobby Crow, Director; Dennis Faulkner, Director; and Dwight Faulkner, Director.

10. South Eastern is engaged in the distribution and sale of water. South Eastern does not produce its own water, but rather purchases water from the City of Somerset, Kentucky. The Association owns and operates 11 pumping stations, 11 water storage tanks, and approximately 580 miles of water mains.

11. South Eastern's Board of Directors adopted a Unanimous Consent Resolution ("Resolution") authorizing the Association's General Manager to prepare, verify, sign, and submit this Application. A copy of the Resolution is attached as **Exhibit 4**.

B. The U.S. 27 Water Line Replacement Project

12. **Overview of the Project and Estimated Cost to Construct.** The total estimated cost to construct the Project, including design, inspection, and contingency, is **\$1,105,164**. A breakdown of this estimate is included on page 4 of **Exhibit 5**, the Final Engineering Report. The Project consists of replacing approximately 5,400 linear feet of older, leaking, 6-inch PVC water line with 8-inch ductile iron water line and all necessary appurtenances in order to improve service in the southern portion of the Association's system.

13. **Location of the Project.** The water line to be replaced is located along heavily traveled U.S. 27 in Pulaski County in the southern section of the

Association's water distribution system. The water line along U.S. 27 is the main line supplying water south of Lake Cumberland and the City of Burnside, Kentucky. The U.S. 27 water line provides water to the Tateville Pump Station and serves approximately 2,000 existing customers. The Project area spans a length of U.S. 27 beginning just southeast of Hayes Branch and continuing toward the south past Kingsford Drive to the Tateville Pump Station. A map showing the location of the Project and the location of the Tateville Pump Station is attached as **Exhibit 6**. Project plans, specifications, and drawings signed, sealed, and dated by an engineer registered in Kentucky as required by KRS 322.340 are attached as **Exhibit 7**.

C. Need for Project

14. The existing water line along U.S. 27 was installed in the early 1970's as one of the original water lines providing water to the Tateville Water Association, which served this area of Pulaski County prior to the mergers and consolidations that gave birth to South Eastern Water Association in 1993. The line is 6-inch diameter PVC and is deteriorating. The deterioration is leading to frequent line breaks and leaks. In 2024 alone, South Eastern repaired 10 line breaks in this area. The terrain in the Project area is extremely rocky and is contributing to the deterioration of the PVC pipe. PVC pipe tends to degrade and split when it is in constant contact with rock. Periods of dry weather followed by wet conditions results in a shifting of the pipe. When the pipe is bedded in rock, as it is along U.S. 27, this results in a wearing

away of the pipe and causes leaks. This has been occurring frequently in the Project area. Equally as troubling to the management of South Eastern is the possibility that undiscovered leaks in this area of the system are contributing to increased water loss. It is very difficult to detect leaks in this area because the noise from the heavily traveled roadway impairs the use of listening devices. There is also no room along the roadway to use portable flow meters to detect the movement of unusually large volumes of water within the pipe.

15. This water line plays a vital role in South Eastern's distribution system because it supplies water to approximately 2,000 customers, representing one-fourth of the Association's total customer count.⁶ The line supplies the Tateville Pump Station, which South Eastern is not able to operate as efficiently as possible because of friction losses at the suction side of the pump station at the point that the existing 6-inch line connects to the 8-inch line at the pump station. Replacing the 6-inch PVC line with 8-inch ductile iron line having a higher pressure-rating will enable South Eastern to operate its Tateville Pump Station more efficiently.

16. Two more pump stations and three water tanks lie within the territory supplied by this line. A map depicting the service area of the U. S. 27 water line is attached as **Exhibit 8**. The portion of the line to be replaced is shown in blue just above the marker for the Tateville Pump Station. Because this water line provides

⁶ See 2024 Annual Report at 49. In 2024 South Eastern had 7,878 customers.

water to such a large area and to a significant number of customers, South Eastern believes it advisable to replace it before the problem with line breaks gets worse.

D. Alternatives Considered

17. **Alternatives Considered.** South Eastern and its consulting engineers, Kenvirons Civil and Environmental Engineers, considered three alternatives to the proposed Project in addition to the selected alternative. Additional information about these alternatives is contained in **Exhibit 5**, the Final Engineering Report. Two alternatives considered involved construction and the third did not.

18. **First Alternative.** The first alternative involved breaking the project into phases. The northern half of the proposed Project area is more challenging from a constructability standpoint. The water line runs along a rock highwall and replacing it will involve cramped working conditions, the installation of a temporary water line to provide service during construction, and the need for carefully developed traffic control plans along heavily traveled U.S. 27. The southern half of the Project has a wider construction area for safer, less cramped working conditions, will not require the use of a temporary water line to maintain service during construction, and presents fewer challenges. The southern half of the Project also contains the connection with the Tateville Pump Station.

19. Because South Eastern is experiencing friction losses at the suction side of the pump station at the point that the existing 6-inch line connects to the 8-inch

line at the pump station, the Association desires to increase the size of the water line in the southern half of the Project area as soon as possible to more efficiently utilize its pump station. However, this would mean delayed installation of the northern portion of the line, which is more challenging to construct. South Eastern decided against this alternative because it reasonably expects the costs of construction, especially the cost to construct along a heavily traveled highway, such as U.S. 27 in the northern half of the Project area, to increase over time, adding to the overall **final cost** of the Project.

20. Attached as **Exhibit 9** are photographs of water line repairs being made along U.S. 27. South Eastern is providing these to illustrate the water line's close proximity to the roadway and the cramped nature of the area. The first photo was taken following an accident in the northern section of the Project area on February 2, 2018. A tanker truck overturned and spilled approximately 8,000 gallons of gasoline. The rock highwall, which is discussed in this Application because it presents a constructability challenge, is visible in this photograph.

21. **Second Alternative.** The second alternative considered involved re-using the temporary bypass high density polyethylene ("HDPE") water line that will be used to provide service to the northern portion of the Project area during construction as the permanent water line in that section of the Project. It will be necessary to install an above-ground HDPE water line to continue to provide water

service to customers along the northern area of the Project while the old line is being removed. This alternative involved moving the HDPE line into the ditch once the old 6-inch PVC line is removed and using it as the permanent water line. However, this alternative would have interrupted service to all customers in the Tateville service area while the HDPE line was being relocated to the ditch. South Eastern also had concerns that the HDPE line might not be as durable as ductile iron in the rocky terrain. The unavoidable service interruption and concerns about the long-term durability of the HDPE line in the environment in which it would be installed led the Association to decide against this option.

22. **Non-Construction Alternative.** Finally, the Association considered continuing reactive maintenance of the 1970's-era water line and not attempting any line replacement at all. This would have involved no construction but simply to continue to address line breaks as they occur. Given that South Eastern's overall water loss crept up to 17.26 percent in 2024, the Association's management believes it to be prudent to address all sources of possible water loss. The aging PVC water line along U.S. 27 is one such source of water loss. There have been a number of documented line breaks in the area, but even more concerning is the reasonable likelihood of numerous small leaks in the area that simply cannot be located due to noise and other factors.

23. **Preferred Alternative.** South Eastern decided that replacing the water line in the Project area now, before additional breaks occur causing more service disruption, was the best alternative under the circumstances. Further, South Eastern believes that choosing more durable ductile iron pipe is a wise choice given the rocky terrain and the difficulty of performing repairs to line breaks along a major highway. The Association believes that not replacing this ageing line, which has experienced a number of breaks over the last few years, and which serves approximately one-quarter of South Eastern's total customers, when the funds **are available** to do so, would be unreasonable and not consistent with its obligation to provide adequate, efficient, and reasonable service.⁷

24. **Contract Specifications and Plans.** The signed, sealed, and dated contract specifications are filed separately as **Exhibit 10**. A copy of the Plans, Specifications, and Drawings for the proposed Project signed, sealed, and dated by an engineer registered in Kentucky are attached as **Exhibit 7**.

25. **Estimated Annual Cost to Operate.** South Eastern estimates that there will be a small reduction in its annual purchased power cost after placing the Project into service. This is because increasing the pressure-rating of the pipe leading into the Tateville Pump Station will allow it to operate at a more efficient capacity,

⁷ KRS 278.030(2).

thereby reducing the number of hours the pump station is in operation each day by approximately 23 percent.

Purchased Power Cost

Current	\$ 25,476
<u>Proposed</u>	<u>19,576</u>
Savings	\$ 5,900

26. A comparison of existing and proposed operating expenses associated with the water line is attached to this Application as **Exhibit 11**. The “transmission & distribution” expenses provided in the comparison represent costs of repairing line breaks and leaks. It is expected that this will be reduced to “0” once the Project is placed into service. The existing annual operation costs are \$30,976.⁸ The proposed annual operating costs are estimated to be **\$57,557**, of which \$37,981 is annual debt service.⁹ The debt service is comprised of a \$1,236 annual loan servicing fee and \$36,745 in principal and interest costs. The estimated annual cost to operate the Project represents an increase expense of approximately \$26,581 to South Eastern.¹⁰

27. **Competition with Other Public Utilities.** The proposed Project will not compete with the facilities of another public utility. There is no other water distribution system located in the area of the Project. Its construction will not result in wasteful duplication of utility facilities or inefficient investment.

⁸ \$25,476 in Purchased Power cost + \$5,500 estimated annual costs to repair line = \$30,976.

⁹ \$19,576 in Purchased Power cost + \$37,981 debt service = \$57,557.

¹⁰ \$57,557 in estimated future annual operating costs - \$30,976 in current annual operating costs = \$26,581 post-construction increase.

28. **Division of Water.** The Kentucky Division of Water (“KDOW”) has reviewed the plans for the proposed Project and has approved them with respect to the sanitary features of design. A copy of the letter in which KDOW stated its approval is attached to this Application as **Exhibit 12.**

29. **Kentucky Department of Highways.** The Kentucky Department of Highways has issued South Eastern an Encroachment Permit for the Project. It is attached to this Application as **Exhibit 13.**

30. **Easements.** The Association will not need to obtain additional easements to construct the Project.

E. Authorization to Execute Assistance Agreement

31. **Proposed Financing.** South Eastern proposes to partially finance the Project with a **\$617,823** KIA Fund B Loan (“KIA Loan B26-002”). The remaining funds to construct the Project include **\$107,059** of Cleaner Water Program (“CWP”) grant funds remaining from CWP Grant 22CWW362 and **\$380,282** of unrestricted reserve funds.¹¹ The estimated total cost to construct the Project, including engineering, design and inspection, and contingency, is **\$1,105,164**, as shown on Table 4 on page 4 of **Exhibit 5**, the Final Engineering Report.

32. **KIA Loan B26-002.** To partially finance the proposed Project, South Eastern proposes to enter into an Assistance Agreement with KIA for KIA Loan

¹¹ See final page of Exhibit 5 for South Eastern’s Local Funds Commitment Letter provided to KIA.

B26-002 to borrow an amount not to exceed \$617,823 from the Infrastructure Revolving Fund (“Fund B”). The proposed loan will bear interest at a rate of 1.75 percent per annum and must be repaid over a period not to exceed 20 years from the date of the last draw of funds. Interest on the proposed loan will accrue from the time South Eastern begins drawing funds from KIA. The proposed loan will be secured by a pledge of South Eastern’s revenues. A loan servicing fee of 0.20 percent of the outstanding loan balance will also be assessed semi-annually. An amortization schedule for the proposed loan is attached to this Application as **Exhibit 14**. Payments on the proposed loan will begin six months after funds are first drawn. A copy of the KIA Conditional Commitment Letter issued November 7, 2025 in relation to the \$617,823 Fund B loan is attached as **Exhibit 15**.

33. South Eastern represents that KIA Loan B26-002 is in the public interest and is intended to accomplish the purpose of ensuring that South Eastern continues to provide adequate, efficient, and reasonable service to its customers by upgrading an ageing and deteriorating water line, which provides service to approximately one fourth of the Association’s customers. This is a lawful object within the corporate purposes of South Eastern’s utility operations. KIA Loan B26-002 is necessary, appropriate for, and consistent with the proper performance of the Association of its service to the public and will not impair its ability to perform that service.

34. **Cleaner Water Program Grant 22CWW362 and Need to Expend Grant Funds No Later Than December 31, 2026.** South Eastern proposes to partially fund the Project with **\$107,059** of funds remaining from Cleaner Water Program (“CWP”) **Grant 22CWW362**. KIA awarded South Eastern \$457,823 in CWP grant funds to replace and upgrade various water lines in its distribution system.¹² The source of the grant funds is a federal appropriation under the American Rescue Plan Act of 2021. These funds must be spent by **December 31, 2026**, or be forfeited. Attached as **Exhibit 16** are documents from KIA concerning Grant 22CWW362. The documents included in Exhibit 16 are: (1) the August 28, 2024 Conditional Supplemental Commitment Letter and (2) the executed KIA Grant Assistance Agreement. South Eastern has used all of the 22CWW362 grant funds to replace water lines in other areas of its distribution system except the \$107,059 remaining to be applied to this project.

35. **Financial Exhibit.** Pursuant to KAR 5:001, Section 12, South Eastern states as follows:

A. **Section 12(2)(a) Stock Authorized:** None. South Eastern does not have any authorized stock;

B. **Section 12(2)(b) Stock Issued & Outstanding:** None. As it has no authorized stock, South Eastern also has no issued or outstanding stock;

C. **Section 12(2)(c) Preferred Stock Preference:** None. South

¹² Originally South Eastern was awarded \$416,203 in grant funds, but KIA approved an increase of \$41,620 in August 2024. The Conditional Supplemental Commitment Letter is included in Exhibit 18.

Eastern has no preferred stock;

D. **Section 12(2)(d) Mortgages:** South Eastern has five mortgages in effect as of the date of this Application. Each mortgage secures one or more notes executed by the Association and held by the United States Department of Agriculture, Rural Development (“RD”). Copies of these RD mortgages are attached as **Exhibit 17**;

E. **Section 12(2)(e) Bonds:** South Eastern has no bonds;

F. **Section 12(2)(f) Notes Outstanding:** South Eastern has issued six notes in favor of RD and one note in favor of the Kentucky Rural Water Finance Corporation. Rural Water Financing Agency, the successor to Kentucky Rural Water Finance Corporation, currently holds this note. **Exhibit 18** sets forth the current long-term debt of South Eastern, including all notes issued by South Eastern, and which are still outstanding. The total amount of interest on these notes paid by South Eastern during the fiscal year-ending December 31, 2024 was **\$339,748**. **Exhibit 18**, also itemizes the amount of interest paid on each separate note;

G. **Section 12(2)(g) Other Indebtedness:** South Eastern has no indebtedness other than that listed in **Exhibit 18**;

H. **Section 12(2)(h) Dividends:** None. South Eastern has no outstanding stock and therefore pays no dividends; and

I. **Section 12(2)(i) Income Statement & Balance Sheet:** South Eastern’s detailed Income Statement for the twelve (12) month period ending on September 30, 2025 and South Eastern’s Balance Sheet, as of September 30, 2025 are attached as **Exhibit 19** and are incorporated by reference.

36. **Bids Sought.** Because it is **not** a governmental entity, South Eastern was not required to follow the provisions set forth in KRS Chapter 424 and publicly advertise for bids to construct the Project. However, South Eastern did publicly advertise the Project and solicit bids to construct it.

37. **Bids Received.** The Association received five (5) bids to complete the U.S. 27 Project. The **\$919,240.14** bid of Seven Earthmovers, LLC (“Seven Earthmovers”) of East Bernstadt, Kentucky was selected as the lowest and best bid. A copy of the bid tabulation and the Association’s engineer’s recommendation of award are included in **Exhibit 5**, the Final Engineering report. The engineer’s recommendation of award is on page 4 of the Final Engineering Report and the Certified Bid Tabulation follows as Appendix A.

38. The proposed loan will **not** require South Eastern to seek an immediate rate adjustment.

39. South Eastern does not propose to issue any stock or bonds. No proceeds from the proposed Assistance Agreement will be used to refund any outstanding obligation.

40. In the immediate past calendar year (the 12-month period ending December 31, 2024), South Eastern had \$5,055,941 in gross annual revenues.¹³

41. Pursuant to KAR 5:001, Section 18, South Eastern hereby states as follows:

A. **Section 18(1)(b) Applicant’s Property:** A general description of South Eastern’s water system property, together with a statement of the original cost, is contained in South Eastern’s Annual Report for 2024 which is on file with the Commission. South Eastern’s 2024 Annual Report is incorporated by reference in this Application.

¹³ See 2024 Audited Financial Statement attached as **Exhibit 21**.

B. **Section 18(1)(c) Stock, Notes or Bonds to be Issued:** South Eastern does not propose to issue any stock or bonds. South Eastern proposes to execute an Assistance Agreement (note) with KIA for **KIA Loan B26-002** in an amount not to exceed **\$617,823**, bearing interest at a rate of 1.75 percent per annum and to be repaid over a period not to exceed 20 years from the date of the last draw of funds. The proposed loan will be **secured by a pledge of South Eastern's revenues**. A loan servicing fee of 0.20 percent of the outstanding loan balance will also be assessed semi-annually.

C. **Section 18(1)(d) Use of Proceeds:** As further explained in paragraphs 12 and 13 and set forth in **Exhibit 5**, the proceeds of the proposed KIA Loan B26-002 will be used to replace approximately 5,400 linear feet of older, leaking, 6-inch PVC water line with 8-inch ductile iron water line. No portion of the proceeds will be used to refund other obligations.

D. **Section 18(1)(e) Property to be constructed:** South Eastern will be constructing water distribution lines with a value of \$1,105,164. **Exhibit 5** provides a detailed description of the contemplated construction.

E. **Section 18(1)(f):** This sub-section is not applicable because no portion of the proposed KIA Loan B26-002 will be used to discharge or refund any obligation of the Association.

F. **Section 18(1)(g) State Local Debt Officer Notification:** As South Eastern is not a water district or a Special Purpose Governmental Entity as defined in KRS 65A.010, this requirement is not applicable.

G. **Section 18(2)(a) Financial Exhibit:** See paragraph 35 of this Application for South Eastern's Financial Exhibit.

J. **Section 18(2)(b) Trust Deeds or Mortgages:** South Eastern has five mortgages in effect as of the date of this Application. Each mortgage secures one or more notes executed by the Association and held by RD. Copies of these RD mortgages are attached as **Exhibit 17**.

H. **Section 18(2)(c) USoA Account Number:** Attached as **Exhibit**

20 is a table arranged by USoA account number, which sets forth the book value of the water lines to be constructed with the proceeds of KIA Loan B26-002.

Wherefore, South Eastern Water Association, Inc. requests that the Commission:

1. Place this Application at the head of the Commission's docket, pursuant to KRS 278.300(2), and issue a decision in this matter within 60 days of the filing of this Application.
2. Grant South Eastern a CPCN to construct the U.S. 27 Water Line Replacement Project.
3. Authorize South Eastern to enter into and execute an Assistance Agreement with KIA to borrow a sum no greater than \$617,823.
4. Grant any and all such other relief to which South Eastern may be entitled.

Dated: November 25, 2025

Respectfully submitted

/s/ Tina C. Frederick

Tina C. Frederick

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*Counsel for South Eastern Water
Association*

CERTIFICATE OF SERVICE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on November 25, 2025; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

/s/ Tina C. Frederick
Tina Frederick

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF PULASKI)

The undersigned, **Morris Vaughn**, being duly sworn, deposes and states that he is the General Manager of South Eastern Water Association, Inc., a Kentucky non-profit corporation and the Applicant in the above proceedings; that the Applicant is in good standing in the Commonwealth of Kentucky; that he has read the Application and has noted its contents; that the same is true and correct to the best of his information, knowledge, and belief.


MORRIS VAUGHN

Subscribed, sworn to, and acknowledged before me, a Notary Public in and
for said County and State, this 24th day of November 2025.




Notary Public

Commission Number: KYNP49998

My Commission Expires: Apr. 29, 2026

Table of Exhibits
Case No. 2025-00375

<u>Exhibit No.</u>	<u>Description</u>
1	Filings Requirements
2	1993 Articles of Consolidation & 1996 Articles of Merger
3	Certificate of Existence
4	Resolution Authorizing Application
5	Final Engineering Report
6	Project Location Map
7	Project Engineering Plans & Drawings
8	U.S. 27 Water Line Service Area Map
9	U.S. 27 Water Line Repair Photos
10	Contract Specifications (filed separately)
11	Estimated Annual Cost to Operate
12	Division of Water Approval Letter
13	Kentucky Department of Highways Encroachment Permit
14	Amortization Schedule for KIA Loan B26-002
15	Conditional Commitment Letter for KIA Loan B26-002
16	Cleaner Water Program Grant 22CWW362 Documents
17	Mortgages
18	Outstanding Long-Term Debt & Interest Paid in FY 2024
19	Income Statement & Balance Sheet for 12-Months Ending September 30, 2025
20	Property to Be Constructed by USoA Account Number
21	Audited Financial Statement for 2024

Exhibit 1

Filing Requirements Checklists

FILING REQUIREMENTS
FILING REQUIREMENTS FOR AN APPLICATION FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

U.S. 27 Water Line Replacement Project

2025-00375

Source Authority	Requirement	Location
807 KAR 5:001, § 14(1)	Applicant's name, mailing address and e-mail address	Page 2, Para 1
807 KAR 5:001, § 14(1)	Statutory Reference – KRS 278.020	Page 1
807 KAR 5:001, § 4(3)	Signature of Applicant's Attorney	Page 19
807 KAR 5:001, § 4(3)	Name, Address, Telephone Number, Fax Number, and e-mail address of Applicant's Attorney	Page 2-3, Para 2
807 KAR 5:001, § 14(2)	If Applicant is corporation: State and date of incorporation, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Pages 3-4, Paras 3-7, Page V-1 (Following Page 19), Exhibit 3
807 KAR 5:001, § 14(3)	If Applicant is a limited liability company: State and date of organization, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Page 3, Para 3 Not Applicable
807 KAR 5:001, § 14(4)	If the Applicant is a limited partnership: a certified copy of limited partnership agreement and all amendments or statement identifying prior Commission proceedings in which limited partnership agreement and all amendments filed	Page 3, Para 3 Not Applicable
807 KAR 5:001, § 15(2)(a)	The facts relied upon to show that the public convenience and necessity requires the proposed construction	Pages 6-11, Paras 14-23
807 KAR 5:001, § 15(2)(b)	Copies of franchises or permits for the proposed construction or extension	Page 13, Paras 28 & 29 Exhibits 12 & 13
807 KAR 5:001, § 15(2)(c)	A full description of the proposed location, route, or routes of the proposed construction or extension, including a description of the manner in which same will be constructed, and the names of all public utilities, corporations, or persons with whom the proposed construction or extension is likely to compete	Page 5-6, Paras 12-13 Page 12, Para 27 Exhibits 5, 6, 10

Source Authority	Requirement	Location
807 KAR 5:001, § 15(2)(d)(1)	Maps to suitable scale showing the location or route of the proposed construction or extension, as well as the location to scale of like facilities owned by others located anywhere within the map area with adequate identification as to the ownership of the other facilities (Only one copy submitted pursuant to Commission order of July 28, 2017)	Exhibits 5, 6, & 10
807 KAR 5:001, § 15(2)(d)(2)	Plans and specifications and drawings of the proposed plant, equipment, and facilities	Exhibit 7
807 KAR 5:001, § 15(2)(e)	The manner in detail in which the Applicant proposes to finance the proposed construction or extension.	Pages 13 Paras 31-34 Exhibits 14, 15, 16
807 KAR 5:001, § 15(2)(f)	An estimated annual cost of operation after the proposed facilities are placed into service	Pages 11-12, Paras 25&26 Exhibit 11
KRS 322.340	Engineering plans, specifications, drawings, plats and reports for the proposed construction or extension prepared by a registered engineer, must be signed, sealed, and dated by an engineer registered in Kentucky	Pages 5&6, Paras 12&13 Page 11, Para 24 Exhibits 5, 7, 10

**FILING REQUIREMENTS
FILING REQUIREMENTS FOR AN APPLICATION FOR
AUTHORITY TO ISSUE EVIDENCE OF INDEBTEDNESS**

**KIA Loan B26-002
U.S. 27 Water Line Replacement Project**

Source Authority	Requirement	Location
807 KAR 5:001, § 14(1)	Applicant's name, mailing address and e-mail address	Page 2, Para 1
807 KAR 5:001, § 14(1)	Statutory Reference – KRS 278.300	Page 1
807 KAR 5:001, § 4(3)	Signature of Applicant's Attorney	Page 19
807 KAR 5:001, § 4(3)	Name, Address, Telephone Number, Fax Number, and e-mail address of Applicant's Attorney	Page 2-3, Para 2
807 KAR 5:001, § 14(2)	If Applicant is corporation: State and date of incorporation, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Pages 3-4, Paras 3-7, Page V-1 (Following Page 19), Exhibit 3
807 KAR 5:001, § 14(3)	If Applicant is a limited liability company: State and date of organization, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Page 3, Para 3 Not Applicable
807 KAR 5:001, § 14(4)	If the Applicant is a limited partnership: a certified copy of limited partnership agreement and all amendments or statement identifying prior Commission proceedings in which limited partnership agreement and all amendments filed	Page 3, Para 3 Not Applicable
KRS 278.300(2)	Application is made under oath and signed on utility's behalf by its president, or by a vice president, auditor, comptroller or other executive officer having knowledge of the matters set forth and duly designated by the utility	Page V-1, (Following Page 19)
807 KAR 5:001, § 18(1)(a)	Information required by 807 KAR 5:001, § 14	See Above
807 KAR 5:001, § 18(1)(b)	Description of Applicant's property and the field of its operation	Page 4, Para 8 Page 17, Para 41A
807 KAR 5:001, § 18(1)(c)	Description of amount and kinds of stock to be issued	Page 18, Para 41B
807 KAR 5:001, § 18(1)(c)	Description of amount, terms and interest rate of bond or note	Pages 13-14, Para 32 Page 18, Para 41B
807 KAR 5:001, § 18(1)(c)	Description of how bond or note will be secured	Page 14, Para 32 Page 18, Para 41B Exhibit 15

Source Authority	Requirement	Location
807 KAR 5:001, § 18(1)(d)	Statement of how proceeds are to be used	Pages 5&6, Paras 12-13 Exhibit 5 Page 18, Para 42C
807 KAR 5:001, § 18(1)(e)	If proceeds will be used to acquire, construct, improve, or extend property: a detailed description of property and all contracts	Page 1 Pages 5&6 Paras 12-13 Exhibits 5,10,15,16
807 KAR 5:001, § 18(1)(f)	Requirements if proceeds are to refund outstanding obligations	Page 18 Para 41E Not Applicable
807 KAR 5:001, § 18(1)(g)	Applicant's written notification to state local debt officer regarding proposed issuance	Page 18, Para 41F Not Applicable
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(1)(b)	Financial Exhibit	Pages 15-16, Paras 35A-35I Exhibits 17, 18, 19
807 KAR 5:001, § 18(2)(b)	Copies of trust deeds or mortgages	Page 16, Para 35D Exhibit 17
807 KAR 5:001, § 18(2)(c)	If property acquired: maps and plans of property	Exhibits 5 & 6
807 KAR 5:001, § 18(2)(c)	If property acquired: detailed estimates by USOA account number	Page 18, Para 41H Exhibit 20

Exhibit 2

1993 Articles of Consolidation & 1996 Articles of Merger

324021-H
037641-I
285181-I

ARTICLES OF CONSOLIDATION

RECEIVED & FILED
285181
\$ 8.00
2 07 PM '93
DEC 17
CLERK OF DISTRICT COURT
SOMERSET, KENTUCKY

ELIJAH TATEVILLE WATER ASSOCIATION P.O. BOX 722

NAME

ADDRESS

SOMERSET, KENTUCKY 42502

CITY/STATE/ZIP

AND

NELSON VALLEY WATER ASSOCIATION P.O. BOX 910

37641

NAME

ADDRESS

SOMERSET, KENTUCKY 42502

CITY/STATE/ZIP

735863

KNOWN ALL MEN BY THESE PRESENTS:

That we, whose names are to subscribed, acting as incorporators for the purpose of forming a non profit corporation under the provisions of Chapter 273 of the Kentucky Revised Statutes, assuming and claiming all powers, rights, privileges and immunities granted or permitted bodies corporation under said laws, and do hereby adopt the following Articles of Consolidation and set forth the following plan of consolidation.

ARTICLE I

PLAN OF CONSOLIDATION

Pursuant to KRS 74.361, 273.281 and an Order of the Public Service Commission of Kentucky dated February 22, 1988 in Case NO. 9967, the boards of the directors of the corporations enumerated below do hereby set forth their plan of consolidation as required by KRS 273.281 and affirmatively state as follows:

1. The identities of the corporations to be consolidated are: Elihu Tateville Water Association, P.O. Box 722, Somerset, Kentucky 42502, and Nelson Valley Water Association, P.O. Box 910, Somerset, Kentucky 42502.

2. The name and address of the new corporation is to be Southeastern Water Association, P.O. Box 722, Somerset, Kentucky 42502.

3. Pursuant to an Order of the Public Service Commission and after an affirmative vote by the membership of each consolidating corporation, the consolidating corporations shall cease to exist and the new corporation will assume and claim all powers, rights, privileges and immunities granted or permitted by law, and previously held and adopted by the consolidating corporations and subject to all the duties and liabilities of a corporation organized under the provisions of KRS Chapter 273.

4. The assets and liabilities of the consolidating corporations shall be merged to the extent allowed by law with the exception that outstanding obligations of the consolidating corporations which are secured by a pledge of the income and revenues of the systems operated by each of them shall continue to be retired from such money and funds as shall be collected from the users of facilities operated by such consolidated corporations in the original area served in accordance with the terms and provisions of KRS 74.361(5) and the authorizing resolutions or indentures under which the outstanding obligations were issued, until all such obligations have been retired by payment, debt consolidation or re-issuance.

5. The existing board of directors of each consolidating

corporations shall serve on the board of the new corporation until such time as the first annual election of directors to be held no later than 120 days from the filing of these articles. Thereafter, the number and terms of directors shall be governed by the provisions of Articles IX herein.

6. On April 12, 1993, at a annual meeting of the members of Elihu Tateville Water Association, duly held in accordance with KRS Chapter 273 and the Articles of Incorporation and Bylaws of Elihu Tateville Water Association, a quorum having been present and the plan of consolidation receiving two thirds votes of those present or by proxy voting, the above Plan of Consolidation was duly adopted.

7. On March 1, 1993, at a annual meeting of the members of Nelson Valley Water Association, duly held in accordance with KRS Chapter 273 and the Articles of Incorporation and Bylaws of Nelson Valley Water Association, a quorum having been present and the plan of consolidation receiving two thirds votes of those present or by proxy voting, the above Plan of Consolidation was duly adopted.

ARTICLE II

NAME

The name of this corporation shall be SOUTH EASTERN WATER ASSOCIATION INC..

ARTICLE III

REGISTERED OFFICE AND AGENT

The registered office of the corporation shall be at Somerset, County of Pulaski, State of Kentucky; the registered agent at such address is Kenneth D. Morrow Manager

NAME

TITLE

1851 West Hwy. 80 Somerset, Kentucky 42501.

ADDRESS

CITY/STATE/ZIP

ARTICLE IV

PURPOSE

The purpose of said corporation shall be to establish, develop and operate a complete water supply and distribution system by purchase, development, or otherwise to construct reservoirs or water towers, erect pumping machinery lay water mains, pipes and hydrants; to furnish and sell water to members of the corporation, public bodies and local businesses, for fire protection, drinking and general farm and domestic use and collect payment for rental or sale of same and doing all things necessary, convenient and incidental thereto.

ARTICLE V

SEAL

This corporation shall have a seal, which shall contain the corporate name, Kentucky, and the words "corporate seal."

ARTICLE VI

POWERS

The corporation shall have all powers provided by law.

ARTICLE VII

MEMBERSHIP

Persons may become members of the corporation as provided in the By-Laws.

ARTICLES VIII

DURATION

The corporation shall be of perpetual duration.

ARTICLE IX

BOARD OF DIRECTORS

1. The affairs of this corporation shall be managed by a board of seven directors to be elected by and from the members thereof and shall serve for three years and until their successors are elected. The size of the Board may not be changed except by amendment to these articles. At the first annual election, two directors shall be elected for a term of one year; two directors shall be elected for a term of two years; three directors shall be elected for a term of three years. Thereafter, directors shall be elected for a term of three years.

2. If the office of any director become vacant by reason of death, resignation, retirement, disqualification or otherwise, except removal from office, a majority of the remaining directors thought not less than a quorum shall, by a majority vote, choose a successor who shall hold office until the next annual meeting of the members of the corporation, at which time the members shall elect a director for the unexpired term, or terms.

3. A majority of the Directors must be present at a meeting to conduct the business of the corporation.

4. Until the first annual election and as specified in Article I, paragraph 5, the following persons shall be Directors:

<u>NAME</u>	<u>ADDRESS</u>
Keith Dinsmore	180 Strawberry Rd. Somerset, Ky. 42501
Sam Davis	Box 84 S. Hwy. 27, Tateville, Ky. 42558
Joe Richards II	401 Pole Ridge Rd. Somerset, Ky. 42501
Earnest Stout	1466 Stout Hill Tateville, Ky. 42558
V.C. Wallace	Route 7 Box 96 Somerset, Ky. 42501
Valando Taylor	3572 Hwy. 39 Somerset, Ky. 42501
Leamon Colyer	4765 Hwy. 39 Somerset, Ky. 42501
Joe Crawford	777 Stilesville Rd. Science Hill, Ky. 42553
Bobby Crow	3821 East Coleman Rd. Somerset, Ky. 42501

5. The Board of Directors shall have their annual meeting after the annual meeting of members hereinafter provided for, at a time and place to be designated by the President, and will elected from their own number a President, Vice-President, Secretary and Treasurer.

6. The Board of Directors shall have other meetings as provided in the By-Laws.

ARTICLES X

MEETINGS

1. The annual meeting of the members of this corporation for the purpose of electing directors and transacting such other business as may properly come before it at such time, shall be held on the 2nd Monday in April, of each year at the time and place specified by the Board of Directors, notice of meeting may be by letter sent to each member or published in paper as per notice for special meeting.

2. Special meetings of the members of this corporation may be called by the President at any time or place within the county upon publishing in the newspaper of general circulation for three

consecutive weeks. With the first issue to run not more than 35 days prior to the meeting and the last issue to run not less than 10 days prior to the meeting, and such meeting shall be called by him at any time upon written demand of majority of the directors or of any ten (10) members and in case of his neglect or refusal to call such meeting, which shall be the same as though called by the President. If the purpose of the meeting is to amend the articles then the notice of meetings signed by the Secretary shall set forth the proposed amendment in substance. Articles may be amended by a two thirds vote of the members present at such meeting or voting by proxy.

ARTICLE XI INCORPORATORS

The names and addresses of the incorporators are:

<u>NAME</u>	<u>ADDRESS</u>
Keith Dinsmore	180 Strawberry Rd. Somerset, Ky. 42501
Sam Davis	Box 84 S. Hwy. 27 Tateville, Ky. 42558
Joe Richards II	401 Pole Ridge Rd. Somerset, Ky. 42501
Earnest Stout	1466 Stout Hill, Tateville, Ky. 42558
V.C. Wallace	Route 7 Box 96 Somerset, Ky. 42501
Joe Crawford	777 Stilesville Rd, Science Hill, Ky. 4255
Bobby Crow	3821 East Coleman Rd, Somerset, Ky. 42501

ARTICLES XII

BY-LAWS

The corporation may make and amend By-Laws at its pleasure through its Board of Directors.

IN WITNESS WHEREOF, we have hereto subscribed our names this the

12th day of December, 1993.

Keith Dinsmore

KEITH DINSMORE PRESIDENT

Joe Richards II

JOE RICHARDS II SECRETARY

STATE OF KENTUCKY

COUNTY OF Pulaski

On this the 12th day of December, 1993.

before me the undersigned Notary Public, in and for the said County,
personally appeared Keith Dinsmore and Joe Richards II,
to me know to be the persons named in and who executed the foregoing
instrument and acknowledge that they executed the same as their
voluntary act and deed.

Shirley J. Davis

NOTARY PUBLIC

My commission expires: 4-13-96

IN WITNESS WHEREOF, we have hereunto subscribed our names this the

5 day of March, 1973.

Valando Taylor

VALANDO TAYLOR

PRESIDENT

Joe Crawford

JOE CRAWFORD

SECRETARY

STATE OF KENTUCKY.

COUNTY OF Madison

On this the 12 day of March, 1973.

before me the undersigned Notary Public, in and for said County,

personally appeared Valando Taylor and Joe Crawford.

to me know to be the persons named in and who executed the foregoing instrument and acknowledged that they executed the same as their voluntary act and deed.

W. H. J. Davis

NOTARY PUBLIC

My Commission expires: 7-13-76

SOUTHEASTERN WATER ASSOCIATION
P.O. BOX 722
SOMESET, KENTUCKY 42502-0722
(606)678-5501

December 15, 1993

Secretary of State
P.O. Box 1150
Frankfort, Kentucky 40602-1150

The Elihu Tateville Water Association and the
Nelson Valley Water Association has merged by order of
Public Service Commission into a new association
Southeastern Water Association.

Please find enclosed 4 originals of our Articles of
Consolidation and a check in the amount of fifteen (\$15)
dollars for filing fee.


Kenneth Morrow, Manager

#0003103 - 5
0324021 - A
Ch \$ 800

**ARTICLES OF MERGER OF
SOUTH EASTERN WATER ASSOCIATION, INC. #0324021-
AND
BARNESBURG WATER ASSOCIATION, INC.
#0003103-**

**** ** ***

Handwritten signature

Nov 26 9 17 AM '96

A. 4/92

RECEIVED & FILED

This is a Plan of Merger of South Eastern Water Association, Inc., a Kentucky non-profit corporation, and Barnesburg Water Association, Inc., a Kentucky non-profit corporation, prepared pursuant to the provisions of KRS 273.287. Barnesburg Water Association, Inc., is sometimes herein referred to as the "acquired corporation." South Eastern Water Association is sometimes hereinafter referred to as the "surviving corporation."

Neither the surviving corporation nor acquired corporation has members entitled to vote of the merger. The plan of merger as contained in these articles of merger were approved at a meeting of the board of directors of Barnesburg Water Association, Inc., held October 14, 1996 and the merger was approved by the Board of Directors of South Eastern Water Association, Inc., at a board of directors meeting held on October 14, 1996. The plan received the unanimous vote of the directors of both corporations in attendance at the meeting and a quorum of each board was present at the respective meetings.

A. THE PLAN OF MERGER:

1. Names: The names of the corporations proposing to be merged are South Eastern Water Association, Inc. and Barnesburg Water Association, Inc. Barnesburg Water Association, Inc., the acquired corporation, proposes to merge into South Eastern Water Association, Inc., the surviving corporation.

B. TERMS AND CONDITIONS:

The terms and conditions of the proposed merger and the mode of carrying it into effect are as follows:

1. The acquired corporation shall merge into the surviving corporation in a manner and with the effect provided by the statutes of Kentucky.
2. The merger shall be effective as of the date of filing of the Articles of Merger with the Kentucky Secretary of State.
3. On the effective date, the acquired corporation shall merge into the surviving corporation, the separate corporate existence of the acquired corporation shall cease, and South Eastern Water Association, Inc., shall continue as the surviving corporation. The address of the surviving corporation of the South Eastern Water Association, Inc., 147 East Somerset Church Road, Somerset, Kentucky 42503.
4. The surviving corporation shall assume all powers, rights, privileges and immunities granted or permitted by law, previously held and adopted by the acquired corporation and subject to the duties and liabilities of the corporation organized under the provisions of KRS Chapter 273.
5. The assets and liabilities of the acquired corporation shall be merge to the extent allowed by law, with the exception that outstanding obligations of the acquired corporation and the surviving corporation shall continue to be retired from such money and funds as shall be collected from the facilities operated by each such corporation in the original area served in accordance with the terms and provisions of KRS 74.361(5) as made applicable by KRS 74.361(9) and the authorizing resolution or indenture under which the outstanding obligations

were issued, until all of the obligations had been retired by payment, debt consolidation or reissuance.

6. The existing Board of Directors of South Eastern Water Association, Inc., along with two (2) directors of Barnesburg Water Association, Inc., being the president and vice president, shall serve on the board of the surviving corporation until such time as the annual election of directors to be held no more than two hundred (200) days from the filing of these articles. Thereafter, the number and term of the directors shall be governed by the provisions of Article VIII of the bylaws upon proper notice as indicated in the bylaws. The bylaws of South Eastern Water Association, Inc. shall be amended accordingly and said amended bylaws shall be the bylaws of the surviving corporation.

C. BOARD OF DIRECTORS:

Until the first annual election of the board of directors as specified herein, the following persons shall serve as directors:

Joe Richards, Sr.,	3735 Rush Branch Road, Somerset, Kentucky 42501
Sam Davis,	P. O. Box 320, Tateville, Kentucky 42558
Ernest Stout,	230 Stout Hill, Burnside, Kentucky 42519
Joe Richards, II,	401 Poleridge Road, Somerset, Kentucky 42503
Virgil C. Wallace,	2780 Rush Branch Road, Somerset, Kentucky 42503
Joe Crawford,	751 Stylesville Road, Science Hill, Kentucky 42553
Bobbie Crowe,	209 E. Coleman Road, Somerset, Kentucky 42503
Harvey Phelps,	1271 Old Mt. Vernon Road, Somerset, Kentucky 42503
Wade Bumgardner,	861 Old Mt. Vernon Road, Somerset, Kentucky 42503

Done under our hands on this the 14 day of October, 1996.

BARNESBURG WATER ASSOCIATION, INC.

BY: Harvey Phelps
Harvey Phelps, President

SOUTH EASTERN WATER ASSOCIATION, INC.

BY: Joe Richards, Pres.
Joe Richards, President

Exhibit 3

Certificate of Existence

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 350887

Visit <https://web.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

SOUTH EASTERN WATER ASSOCIATION INC.

SOUTH EASTERN WATER ASSOCIATION INC. is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 273, whose date of incorporation is December 17, 1993 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 16th day of November, 2025, in the 234th year of the Commonwealth.



Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
350887/0324021

Exhibit 4

Resolution Authorizing Application

**UNANIMOUS CONSENT RESOLUTION
OF
SOUTH EASTERN WATER ASSOCIATION, INC.**

* * * * *

THE UNDERSIGNED, being the President and Chairman of the Board of Directors for South Eastern Water Association, Inc., (the “Company”), do hereby take the following actions by this writing and hereby consent to the adoption of the following resolutions, to-wit:

WHEREAS, the Company desires to take action pursuant to this writing and indicates its desire to do so by the signatures, below;

WHEREAS, after due consideration and deliberation, the Company, by and through its Board of Directors, has unanimously voted and approved the submission of an application to the Public Service Commission (PSC) for financing approval and a Certificate of Public Convenience and Necessity (CPCN) to construct the U.S. 27 Water Line Replacement Project;

IT IS HEREBY RESOLVED:

That Morris Vaughn, as General Manager of the Company, is hereby granted the authority to prepare, verify, sign, and submit an application to the PSC for financing approval and a CPCN to construct the U.S. 27 Water Line Replacement Project and to otherwise acknowledge and consent to the matters set forth in this Resolution;

That Morris Vaughn, as General Manager of the Company, is hereby authorized and empowered to sign, execute, and deliver, on behalf of the Company, any and all documents, including but not limited to application for financing approval and a CPCN, and any other documents necessary to fulfill the transactions contemplated by this Resolution and to take any and all other actions necessary and convenient to give effect to this Resolution.

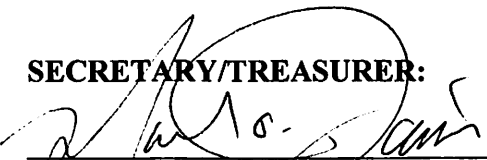
IN WITNESS WHEREOF, this Resolution of South Eastern Water Association, Inc., has been executed by Officers of the Company effective as of November 17th 2025.

**PRESIDENT and
CHAIRMAN OF THE BOARD OF DIRECTORS:**



JOE D. CRAWFORD

SECRETARY/TREASURER:



MARK DAVIS

Exhibit 5

Final Engineering Report



FINAL ENGINEERING REPORT

FOR THE

SOUTHEASTERN WATER ASSOCIATION

US 27 WATERLINE REPLACEMENT

PREPARED BY

KENVIRONS
770 WILKINSON BLVD.
FRANKFORT, KY 40601

PROJECT No. 2022062

NOVEMBER 2025



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2. NEED FOR PROJECT	2
3. BIDS RECEIVED	3
4. PROJECT BUDGET	3
5. RECOMMENDATIONS	4

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APPENDIX B – CLEANER WATER PROGRAM ASSISTANCE AGREEMENT	6
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1. INTRODUCTION

Southeastern Water Association (SWA) made applications for financial assistance to Kentucky Infrastructure Authority through their Fund B loan program, in conjunction with Cleaner Water Program Grant funds and local funds for the US 27 Waterline Replacement project. This project will consist of the replacement of 5,400 linear foot (L.F.) of existing 6" PVC waterline with 8" D.I. waterline along US 27 and all necessary appurtenances.

2. NEED FOR PROJECT

The area of the water system referenced above contributes immensely to the Association's water loss. The waterline has given SWA many issues in the past due to the weaknesses in the pipe classifications. The deteriorating waterlines will be replaced with higher classification pipe, 8" ductile iron rather than PVC, to keep SWA from returning to these areas in the future.

The waterline along US 27 is the main artery for the entire southern portion of Southeastern's system south of Lake Cumberland & Burnside. It also feeds the existing Tateville pump station, and due to the constriction in diameter from 8" down to 6", the existing waterline causes tremendous friction losses on the suction side of the pump station. With the upgrade to an 8" waterline, the pump station will gain over 100 GPM in pumping capacity and allow the pumps to operate more efficiently. This area feeds nearly 2,000 existing customers, 3 additional tanks and pump stations past the Tateville pump station and continues to grow as development along Lake Cumberland expands.

3. ALTERNATIVES CONSIDERED

After consulting with the Association and discussing multiple alternatives, there were three that were ultimately considered, other than the original project as described in Section 1. There were two technically feasible alternatives and one technically infeasible alternative considered and they are described below.

The first alternative was to break the project into phases and acquire funding accordingly. The southern half of the project for a constructability standpoint is more straightforward due to more area for working conditions and construction, while the northern half runs along a rock highwall and includes temporary bypass waterlines, traffic control plans and cramped working conditions. Ultimately, it was decided that current pricing to construct the entire project will only continue to increase and this alternative was dismissed.

The second alternative considered involved re-using the temporary bypass HDPE waterline as the permanent waterline. This would have required the contractor to do the same work as the current project; laying temporary HDPE waterline and remove existing PVC waterline; but instead of laying a ductile iron waterline in place of the PVC waterline, the HDPE temporary waterline would be relocated from above ground to the existing ditch. Upon further discussions between contractors and suppliers though, the

constructability was called into question as there would be no feasible option to move the temporary waterline into the ditch without interrupting water service to all customers in the Tateville service area. SWA also was wary about the durability of the HDPE waterline if this option was chosen due to the excessive amount of rock in the project area. Due to these factors, this alternative was also dismissed.

The final alternative that could be chosen is not technical in nature but is an option that SWA was facing. The alternative was to simply not construct the project and continue the current practice of repairing leaks when they occur, otherwise known as reactive maintenance. This has been a substantial cost for SWA due in part to both the intense labor needed to repair lines, as well as in the physical water losses. This option also does not allow the community to grow and maximize its potential.

4. BIDS RECEIVED

Bids for the US 27 Waterline Replacement project were opened and read aloud at 10:00 A.M. on May 6, 2025 at the Southeastern Water Association Office. Three (3) bids were received with the low bidder determined based on the Total Base Bid. The low bidder was Seven Earthmovers, LLC of East Bernstadt, Kentucky for an amount of \$919,240.14. The percent difference between the two lowest bids was 21.39%. Certified bid tabulations are contained in Appendix A.

5. PROJECT BUDGET

Southeastern Water Association actively pursued funding for the proposed project. Table 1 shown below provides a summary of the funding that was secured in August 2024.

TABLE 1 – ORIGINAL PROJECT FUNDING

Cleaner Water Program Grant Funding (22CWW362)	457,823
Total Project Funds	\$457,823

Table 2 on the following page outlines the project budget as outlined in the conditional commitment letter from the Cleaner Water Program Grant (CWP).

TABLE 2 – ORIGINAL PROJECT BUDGET

<u>Budget Item</u>	<u>Estimated Cost</u>
Construction	\$345,000
Engineering Fees - Design	45,000
Engineering Fees – Inspection	33,300
Contingency	34,523
Total Funding Available	\$457,823

Other minor waterline projects were completed with a portion of the CWP funds above, which left \$107,059 on hand. US 27 Waterline Replacement was then bid to determine the final amount of funds necessary for construction. Due to a variety of factors, SWA actively pursued additional funding for the proposed project. Table 3 shown on the following page provides a revised summary of the funding that is secured and anticipated as of November 2025. The Assistance Agreement and conditional commitment letter for the Fiscal Year 2022 Cleaner Water Program funds are contained in Appendix B. The conditional commitment letter for the KIA Fund B loan is contained in Appendix C. The Association also will be contributing \$380,282 of their own funds from their unrestricted reserve funds to complete this project.

TABLE 3 – REVISED PROJECT FUNDING

Kentucky Infrastructure Authority (KIA) Fund B Loan	617,823
Cleaner Water Program Grant Funding (22CWW362)	107,059
Local Funds	380,282
Total Project Funds	<u>\$1,105,164</u>

Table 4 outlines the project budget as estimated with all funding sources included, and a revised budget based upon the bids as received.

TABLE 4 – REVISED PROJECT BUDGET

<u>Budget Item</u>	<u>Estimated Cost</u>	<u>Revised Cost</u>
Construction	\$1,007,750	\$919,240
Engineering Fees - Design	41,000	41,000
Engineering Fees – Inspection	53,000	53,000
Contingency	100,775	91,924
Total Funding Available	<u>\$1,202,525</u>	<u>\$1,105,164</u>

5. RECOMMENDATIONS

1. It is recommended that the Base Project for US 27 Waterline Replacement be awarded to Seven Earthmovers, LLC in the amount of \$919,240.14 contingent upon David W. Gibson being the superintendent on this project. Kenvirons has checked references supplied by the Contractor and with David W. Gibson being the superintendent on this project, Seven Earthmovers, LLC now has the experience to do the work with a level of quality and timeliness that will meet the expectations of the Association and Kenvirons.
2. It is recommended that all funding remaining after the substantial completion of the original contract be utilized as set forth and described in this report.

APPENDIX A
CERTIFIED BID TABULATIONS

BID TABULATIONS

Sheet 1 of 2

KENVIRONS
770 Wilkinson Blvd.
Frankfort, KY 40601

Owner: Southeastern Water Association
Project: US 27 Waterline Replacements
Bid Date: May 6, 2025 at 10:00 A.M.

Project No. 2022062

Base Bid				Seven Earthmovers, LLC P.O. Box 188 East Bernstadt, KY 40729		SBE, Inc. 4130 Simpson Lane Richmond, KY 40475		Norris Brothers Excavating 22 Northside Lane Crossville, TN 38571	
Item No.	Item Description	Unit	Quantity	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost
1	8" DI CL 350 Pipe	LF	1,545	\$86.72	\$133,982.40	\$115.00	\$177,675.00	\$176.00	\$271,920.00
2	8" DI CL 350 Pipe w/ Nitrile Gaskets	LF	3,900	92.77	361,803.00	125.00	487,500.00	180.00	702,000.00
3	6" DI CL 350 Pipe	LF	40	85.60	3,424.00	200.00	8,000.00	120.00	4,800.00
4	6" HDPE DR 11 Temporary Waterline	LF	2,900	34.93	101,297.00	39.00	113,100.00	30.00	87,000.00
5	4" DI CL 350 Pipe	LF	160	98.79	15,806.40	110.00	17,600.00	155.00	24,800.00
6	2" PE DR 9 Pipe	LF	150	47.49	7,123.50	65.00	9,750.00	60.00	9,000.00
7	3/4" HDPE DR 9 Service Line	LF	500	28.24	14,120.00	59.00	29,500.00	125.00	62,500.00
8	Bored Encasement for 8" Pipe (16" Steel)	LF	115	540.26	62,129.90	575.00	66,125.00	420.00	48,300.00
9	Bored Encasement for 2" Pipe (3" PE)	LF	45	182.00	8,190.00	300.00	13,500.00	125.00	5,625.00
10	Open Cut Encasement for 8" Pipe (16" Steel)	EA	190	216.02	41,043.80	175.00	33,250.00	320.00	60,800.00
11	8" Gate Valve	EA	5	3,627.04	18,135.20	5,700.00	28,500.00	2,500.00	12,500.00
12	4" Gate Valve	EA	1	2,173.01	2,173.01	3,500.00	3,500.00	2,000.00	2,000.00
13	2" Gate Valve	EA	1	1,643.46	1,643.46	3,500.00	3,500.00	1,800.00	1,800.00
14	8"x8" Tapping Sleeve & Valve	EA	1	9,183.34	9,183.34	7,500.00	7,500.00	8,000.00	8,000.00
15	6" x 6" Tapping Sleeve & Valve	EA	5	7,669.27	38,346.35	5,100.00	25,500.00	6,000.00	30,000.00
16	3" Tie-In	EA	1	3,829.77	3,829.77	4,300.00	4,300.00	6,000.00	6,000.00
17	2" Tie-In	EA	1	5,081.11	5,081.11	4,000.00	4,000.00	4,500.00	4,500.00
18	3" Blow Off Assembly	EA	2	4,887.48	9,774.96	5,800.00	11,600.00	6,000.00	12,000.00
19	Cut & Cap Existing Waterline	LS	6	3,928.69	23,572.14	2,200.00	13,200.00	4,500.00	27,000.00
20	Meter Reconnect	EA	5	4,576.16	22,880.80	2,900.00	14,500.00	1,200.00	6,000.00
21	Light Duty Bituminous Pavement Replacement	LF	350	102.00 *	35,700.00	125.00	43,750.00	125.00	43,750.00
TOTAL BASE BID					* \$919,240.14		\$1,115,850.00		\$1,430,295.00

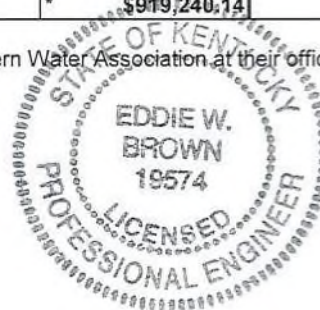
The above is a true and complete tabulation of the Bids received by Southeastern Water Association at their office located at 6615 KY 914, Somerset, KY on May 6, 2025 at 10:00 A.M. Local Time.

*mathematical error.

By:


Eddie Brown, P.E.

5-8-2025



BID TABULATIONS

Sheet 2 of 2

KENVIRONS
770 Wilkinson Blvd.
Frankfort, KY 40601

Owner: Southeastern Water Association
 Project: US 27 Waterline Replacements
 Bid Date: May 6, 2025 at 10:00 A.M.

Project No. 2022062

Base Bid				Weddle Enterprises, Inc. 25 Shanes Lane Somerset, KY 42501		Todd Johnson Contracting 497 Dillehay Street Danville, KY 40422	
Item No.	Item Description	Unit	Quantity	Unit Cost	Cost	Unit Cost	Cost
1	8" DI CL 350 Pipe	LF	1,545	\$210.00	\$324,450.00	\$215.45	\$332,870.25
2	8" DI CL 350 Pipe w/ Nitrile Gaskets	LF	3,900	238.00	928,200.00	219.63	856,557.00
3	6" DI CL 350 Pipe	LF	40	220.00	8,800.00	246.54	9,861.60
4	6" HDPE DR 11 Temporary Waterline	LF	2,900	46.50	134,850.00	26.54	76,966.00
5	4" DI CL 350 Pipe	LF	160	156.00	24,960.00	209.38	33,500.80
6	2" PE DR 9 Pipe	LF	150	22.00	3,300.00	125.55	18,832.50
7	3/4" HDPE DR 9 Service Line	LF	500	24.00	12,000.00	72.96	36,480.00
8	Bored Encasement for 8" Pipe (16" Steel)	LF	115	865.00	99,475.00	420.00	48,300.00
9	Bored Encasement for 2" Pipe (3" PE)	LF	45	100.00	4,500.00	383.33	17,249.85
10	Open Cut Encasement for 8" Pipe (16" Steel)	EA	190	181.00	34,390.00	460.67	87,527.30
11	8" Gate Valve	EA	5	3,250.00	16,250.00	4,220.73	21,103.65
12	4" Gate Valve	EA	1	2,025.00	2,025.00	3,294.75	3,294.75
13	2" Gate Valve	EA	1	1,660.00	1,660.00	2,811.75	2,811.75
14	8"x8" Tapping Sleeve & Valve	EA	1	10,660.00	10,660.00	6,244.50	6,244.50
15	6" x 6" Tapping Sleeve & Valve	EA	5	9,540.00	47,700.00	4,850.70	24,253.50
16	3" Tie-In	EA	1	2,030.00	2,030.00	2,346.00	2,346.00
17	2" Tie-In	EA	1	2,170.00	2,170.00	2,604.75	2,604.75
18	3" Blow Off Assembly	EA	2	2,900.00	5,800.00	4,105.50	8,211.00
19	Cut & Cap Existing Waterline	LS	6	3,500.00	21,000.00	2,091.08	12,546.48
20	Meter Reconnect	EA	5	730.00	3,650.00	3,205.05	16,025.25
21	Light Duty Bituminous Pavement Replacement	LF	350	30.00	10,500.00	300.65	105,227.50
TOTAL BASE BID					\$1,698,370.00		\$1,722,814.43

APPENDIX B
CLEANER WATER PROGRAM FY 2022 ASSISTANCE AGREEMENT

GRANT ASSISTANCE AGREEMENT

This Grant Assistance Agreement (the "Agreement") is made and entered into by and between the Kentucky Infrastructure Authority (the "Authority"), a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky, and the South Eastern Water Association Inc (the "Grantee"), acting herein through its Authorized Official, each a party to this Agreement, which shall be effective upon the date of signing by the Executive Director of the Authority,

W I T N E S S E T H:

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, attached to the Governor's Office, is charged pursuant to Section 224A.300 of the Act with coordinating the funding and implementation of infrastructure projects and to this end maintains the Water Resource Information System (the "WRIS") a comprehensive database of community water and wastewater projects across Kentucky; and

WHEREAS, House Bill 1 of the 2022 Regular Session of the Kentucky General Assembly approved a \$250,000,000 allocation in Federal Funds for Fiscal Year 2023 from the American Rescue Plan Act of 2021/Coronavirus State Fiscal Recovery Fund to the Authority for the Drinking Water and Wastewater Grant Program, known as the Kentucky Cleaner Water Program (the "CWP"), a portion of which funds are the subject of this Agreement; and

WHEREAS, the Grantee now seeks to acquire and construct a project as described in the Grantee's Project Profile in the WRIS (the "Project") and the Authority has determined that the Project meets the guidelines of the Cleaner Water Program and the directives of the General Assembly; and

WHEREAS, the Grantee and the Authority desire to enter into this Agreement which sets forth their respective duties, rights, covenants, and obligations with respect to the acquisition and construction of the Project and the application of the proceeds of a grant from the Cleaner Water Program as administered by the Authority.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, the grant hereby effected, and for other good and valuable consideration, the receipt, mutuality and sufficiency of which is hereby acknowledged by the parties hereto, the Authority and the Grantee each agree as follows:

SECTION 1 – DEFINITIONS

All terms utilized herein shall have the same definitions and meaning as ascribed to them in the Act, which Act is hereby incorporated in this Agreement by reference, the same as if set forth herein verbatim; provided, however, that those definitions utilized in the Act having general application are hereby modified in certain instances to apply specifically to the Grantee and its Project.

Act shall mean Chapter 224A of the Kentucky Revised Statutes, as amended (the “KRS”).

Agreement shall mean this Grant Assistance Agreement made and entered into by and between the Grantee and the Authority, as authorized by the Act, providing for a Grant to be made to the Grantee or its approved agent, subject to approval by the Authority.

Area Water Management Council shall mean the entity designated as the regional planning body for the respective counties within an Area Development District in Kentucky, which shall prepare and maintain an **Area Water Management Plan**, listing and prioritizing Project Profiles for water and wastewater projects within that region.

Engineer(s) shall mean the professional engineer or firm of professional engineers properly procured in accord with KRS Chapter 45A and 2 CFR 200.317 through 2 CFR 200.327 (where applicable), as amended, by the Grantee in connection with the Project, as identified in the WRIS Cleaner Water Program Database.

Exhibit shall refer to a specific document, or to the completion of a process or procedure to be accomplished as a prerequisite to release of funds to the Grantee by the Authority.

Grant shall mean that portion of the Kentucky CWP funds made available to the Commonwealth by the American Recovery Program Act and allocated by the Kentucky General Assembly in its 2022 Regular Session, which shall be incrementally transferred under this Agreement from the Commonwealth to the Grantee through Grant Number 22CWW362 in the principal amount of \$416,203 for the purpose of defraying the costs incidental to the Project.

Grantee shall mean any unit of local government, or its designated agent, as approved by the Authority, or any special purpose governmental entity within the Commonwealth eligible for funds under the CWP in accordance with the Act, now having been or hereafter being granted the funds for the Project; and for the purposes of this Agreement shall mean the Grantee identified on the front page of this Agreement.

Project shall mean, when used generally, a water, wastewater or other infrastructure project authorized pursuant to the Act, and when used in specific reference to the Grantee’s Project funded by the Authority through the CWP, it shall refer to that

project as described in the Grantee's Project Profile in the WRIS, which has an 8 digit number following the designation WX or SX.

Project Administrator shall mean that individual designated in the Project Profile by that title, who has the capacity and responsibility of supervising the Project and coordinating the preparation of all related documentation on behalf of the Grantee with respect to the Project.

Project Budget shall mean a list of Project expenses and funding sources, in the form set forth in the current Project Profile as set forth in the WRIS.

Project Profile shall mean those specific details of the Project, presented by the Grantee to the respective Area Water Management Council for review and incorporation into the Area Water Management Plan and the WRIS.

System shall mean the utility system owned and operated by the Grantee or the agent of the Grantee, as approved by the Authority, to which the Project shall become a part, and any revenues generated by the Project, which are used to operate and maintain the utility system in the typical manner of a local public utility in Kentucky.

SECTION 2 - OBLIGATIONS OF THE AUTHORITY

The Authority covenants and agrees, conditioned upon the timely performance by the Grantee of its respective obligations, to undertake the following obligations:

- A. The Authority shall review and approve Project related documentation provided by the Grantee. Once the Project is under construction, the Authority shall review requests for payment submitted for payment of costs of the Project. Any deficiencies found in said requests will be reported immediately to the Grantee. If there are no deficiencies in said requests or deficiencies have been resolved satisfactorily by the Grantee, the Authority will approve the requests and disburse grant funds to the Grantee in an amount not to exceed, cumulatively, the approved grant amount for the Project.
- B. The Authority will communicate and cooperate with the Grantee to best assist the Grantee in meeting its obligations set out in this Agreement.

SECTION 3 - OBLIGATIONS OF THE GRANTEE

The Grantee covenants and agrees to undertake the following obligations:

- A. The Grantee shall complete and submit executed copies of all required Exhibits to the Authority, in accordance with the Conditional Commitment Letter instructions.

- B. The Grantee may consider utilizing the option for partial funding set out in Section 6, below. Over the course of the acquisition and construction of the Project, the Grantee shall provide such status reports as may be requested by the Authority, and once the Project is under construction submit periodic requests for payment to the Authority accompanied by copies of invoices for costs incurred in accordance with the Authority's standard draw-down request format.
- C. The Grantee shall perform and/or cause to be performed all necessary acts consistent with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project, including: the proper procurement of land, easements and rights of way; professional services, including but not limited to architectural and engineering services; construction contractor(s) services; and the acquisition of necessary equipment and/or materials.
- D. The Grantee shall obtain and keep on file all required permits, licenses and approvals from the appropriate federal, state, and/or local governmental agencies prior to starting construction of the Project.
- E. The Grantee shall comply with all applicable federal and state statutes, executive orders, regulatory requirements, and policies relating to the planning and construction of the Project.
- F. The Grantee shall cooperate fully with the Authority and provide any documentation requested by the Authority in order to facilitate completing the obligations set out in this Agreement.
- G. The Grantee will proceed expeditiously to complete the Project in accordance with the approved final engineering plans and specifications or amendments thereto, prepared by the Project Engineer for the Grantee, if required and as approved by the Authority and other state and federal agencies, as appropriate.
- H. The Grantee agrees that throughout the reasonable life of the infrastructure facilities developed under the Project it will retain ownership of, operate, and maintain these facilities, and all appurtenances thereto, keeping them in good and sound repair and good operating condition at its own expense so that the completed Project will continue to provide the services for which it was designed. Change of ownership or disposal of the Project facilities during their useful life may occur only with written approval of the Authority.
- I. If the Grantee is a local unit of government, city or county, and determines that it is in the best interest of its citizens, it may enter into a memorandum of agreement with a Kentucky corporation to serve as its agent for the implementation and long-term operation and management of the Project, subject to the Agreement. The form and content of such a memorandum of agreement is subject to the prior approval of the Authority.

- J. General Compliance with all Duties. The Grantee shall faithfully and punctually perform all duties with reference to the System required by the American Rescue Plan Act of 2021, and by the terms and provisions of the Act, and this Assistance Agreement.
- K. Further Covenants under the American Rescue Plan Act of 2021. The Grantee shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the American Rescue Plan Act of 2021, including but not limited to the following:
1. Records Retention. The Grantee shall provide to the Authority access to all records related to the Project for review in determining compliance with this Agreement and all applicable laws and regulations, including the American Rescue Plan Act of 2021/Coronavirus State Fiscal Recovery Fund. The Grantee shall retain all records, including all invoices, relating to the Project for five (5) years after full execution of the Certificate of Completion.
 2. Single Audit Requirements. Grantees that expend more than \$750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements. Grantees may also refer to the Office of Management and Budget (OMB) Compliance Supplements for audits of federal funds and related guidance and the Federal Audit Clearinghouse to see examples and single audit submissions.
 3. Civil Rights Compliance. The Grantee is required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds. Those requirements include ensuring that entities receiving Federal financial assistance from the U.S. Department of the Treasury do not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI) Public Law 88-352, 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 CFR part 28; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23.
- L. General. The Grantee shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Grantee under the provisions of the American Rescue Plan Act of 2021 and this Assistance Agreement in accordance with the terms of such provisions.

SECTION 4 - MUTUALITY OF OBLIGATIONS

- A. The parties agree that the funds granted by the Commonwealth to the Grantee are to be used solely for the purposes of the acquisition and construction of the Project. Further, the parties agree that the obligations imposed upon them are for their respective benefit and the timely fulfillment of the obligations set herein are necessary for the Project.
- B. Except as may otherwise be provided herein, the parties to this Agreement shall be solely responsible for any incidental costs incurred in fulfilling their respective obligations under this Agreement and neither party shall have any claim against the other party for reimbursement of incidental costs whether or not a party is in default.

SECTION 5 - TERMS OF AGREEMENT

- A. This Agreement shall be valid only after both parties have duly signed and provided the executed document to the other.
- B. This Agreement may be terminated by either party at any time for cause and may be terminated by either party without cause upon 30 days written notice to the other party. Termination of this Agreement shall not diminish or in any other manner affect any other remedy that may be available to the parties for any breach of the Agreement that occurs prior to the termination.
- C. If, after execution of this Agreement, additional financial assistance is found to be required for the acquisition and construction of the Project and the required additional assistance does or does not become available to the Grantee from any source, the Project may be modified so long as any change in scope and budget is mutually agreed to by the parties to this Agreement, and clearly documented in a revision of the Project Budget within the Project Profile.

SECTION 6 - ADVANCE FUNDING FOR PROJECT PLANNING AND DESIGN

- A. The Grantee may request, in writing, that a portion of the grant funds be disbursed prior to Project bidding to pay up to 50% of the budgeted engineering fee for Project planning and design to the Project Engineer to expedite submission of the Project plans and specifications for review by the Kentucky Division of Water. The balance of the budgeted engineering fee for project planning and design may be paid only after approval of the plans by the Kentucky Division of Water.
- B. It is specifically understood and agreed by the Grantee in the event that the Project has not been advertised for bids within twenty-four (24) months from the date of

signing of this Agreement, for whatever reason, any funds disbursed for Project planning and design are subject to full and immediate repayment by the Grantee to the Authority.

- C. No funds shall be released under this Section until the requirements of Exhibits 1 through 7 of this Agreement have been completed.

SECTION 7. - EVENTS OF DEFAULT AND REMEDIES.

Section 7.1. Events of Default Defined.

The following will be "Events of Default" under this Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Agreement, any one or more of the following events:

- A. Any unauthorized or improper expenditure of funds by the Grantee, or expenditure of funds by the Grantee other than in accordance with the terms of this Agreement.
- B. Failure by the Grantee 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 Grantee 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 Grantee within the applicable period and diligently pursued until such failure is corrected.
- C. The dissolution or liquidation of the Grantee, or the voluntary initiation by the Grantee 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 Grantee of any such proceeding which remain undismissed for sixty (60) days, or the entry by the Grantee into an agreement of composition with creditors or the failure generally by the Grantee to pay its debts as they become due.
- D. A default by the Grantee under the provisions of any agreements relating to its debt obligations.

Section 7.2. Remedies on Default.

Whenever any Event of Default referred to in Section 7.1 has occurred and is continuing, the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

- A. Declare this Agreement void from the beginning without further obligation to the Grantee and may commence appropriate legal action to enforce its rights under this Agreement including action for recovery of funds expended hereunder.
- B. Terminate any remaining grant payments to the Grantee.
- C. Exercise all the rights and remedies of the Authority set forth in the Act.
- D. Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement.
- E. Submit a formal referral to the appropriate federal agency.

Section 7.3. 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 7.4. Consent to Powers of Authority Under Act.

The Grantee 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 Grantee hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Grantee 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 Agreement.

Section 7.5. 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 7.6. 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.

SECTION 8 - MISCELLANEOUS PROVISIONS

- A. The Grantee may sign this Agreement electronically via a program subject to the approval by the Authority, or manually on a paper copy that is scanned to the portable document format (.pdf) and emailed to the Authority. Transmittal of all other correspondence or documentation, including the required Exhibits identified in the Attachment shall be scanned and attached as a file to email. The Authority and the Grantee, working through the Project Administrator, shall assist each other in securing and maintaining a complete, current Project document file for reference, records, and audit purposes.
- B. The headings set forth in this Agreement are for convenience and the terms contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.
- C. The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successor and assigns, respectively, of the parties. Except for the limited use of a memorandum of agreement (as provided in Section 3 herein), this provision shall not be construed to permit an assignment by any party of any of its rights and duties under this Agreement which assignment shall be prohibited except with the prior written consent of the parties hereto.
- D. This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof and may be modified only by a written instrument duly executed by each of the parties hereto.
- E. Timely and accurate performance of all actions by the respective parties are mutually recognized by the parties of this Agreement to be of importance to the citizens of the Commonwealth generally, and particularly to those citizens directly affected by the Project.
- F. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.
- G. The Authority may audit or review all documentation and records of the Grantee relating to this Project pursuant to the provisions of Section 45A.150 of the KRS or any other applicable federal or state law.
- H. The Grantee agrees that the Authority, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other documentation or evidence, which are directly pertinent to this Agreement for the purpose of financial audit or program review.

Furthermore, any books, documents, papers records, or other evidence provided to the Commonwealth, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research Commission, which are directly pertinent to this Agreement, shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1)(c) prior to the execution of this Agreement. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information which would otherwise be subject to public release if a state government agency was providing the services.

- I. During the performance of this contract, the Grantee agrees to the following Appendix II to 2 CFR Part 200 contract provisions, as amended:

Equal Employment Opportunity

1. The Grantee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Grantee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:
 - a. Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
 - b. The Grantee will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
 - c. The Grantee will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.

- d. The Grantee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- e. The Grantee will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- f. The Grantee will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- g. In the event of the Grantee's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor may be declared ineligible for further government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- h. The Grantee will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a Grantee becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Contract Work Hours and Safety Standards Act

All contracts that are in excess of \$100,000 and involve the employment of mechanics or laborers must include provisions requiring compliance with the Contract Work Hours and Safety Standards Act as follows:

1. Overtime requirements: No contractor or subcontractor contracting for any part of the Agreement work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such a workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such a workweek.
2. Violation: liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1) of this section, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory) for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.
3. Withholding for unpaid wages and liquidated damages. The Grantee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.
4. Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower-tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower-tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.

Clean Air Act

1. The Grantee agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
2. The Grantee agrees to report each violation to the Authority and understands and agrees that the Authority will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.

3. The Grantee agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with American Rescue Plan Act funding.

Federal Water Pollution Control Act

1. The Grantee agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
2. The Grantee agrees to report each violation to the Authority and understands and agrees that the Authority will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.
3. The Grantee agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with American Rescue Plan Act funds.

Debarment and Suspension

Contracts shall not be awarded to parties listed on the governmentwide exclusions in the System for Award Management (SAM) listed at www.sam.gov.

Byrd Anti-Lobbying Amendment

Contractors who apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier, up to the recipient.

[Signature Page Follows]

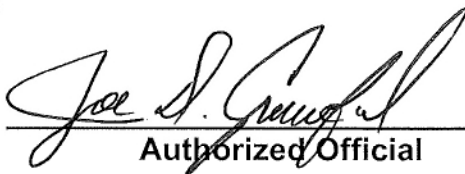
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officials as of the day and year above written.

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By:  For Sandy Williams
Sandy Williams, Executive Director

Date: 06/07/2024

**SOUTH EASTERN WATER ASSOCIATION
INC**

By: 
Authorized Official

Print Name: JOE D. CRAWFORD

**THIS AGREEMENT HAS BEEN EXAMINED
BY:**

By: Natalie Lile
LEGAL COUNSEL TO THE KENTUCKY
INFRASTRUCTURE AUTHORITY

APPENDIX C
KIA FUND B CONDITIONAL COMMITMENT LETTER



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Executive Director

November 7, 2025

Morris Vaughn, Manager
Southeastern Water Association
6615 KY 941
Somerset, KY 42501

KENTUCKY INFRASTRUCTURE AUTHORITY INFRASTRUCTURE REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (B26-002)

Dear Mr. Vaughn:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On November 6, 2025, the Authority approved your loan for the 2023 Various Waterline Upgrades project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$1,455,928, without prior authorization of the Authority, of which the Authority loan shall provide \$617,823, 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 Southeastern Water Association 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 November 7, 2026 (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.



An Equal Opportunity Employer M/F/D

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
Deputy Executive Director

Attachments

cc: Brendan Welch, Kenvirons, LLC

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Complete the attached "Authorization for Electronic Deposit of Vendor Payment Form" and the "ACH Debit Authorization Form" **and return to this office and 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. These forms and an SRF loan checklist guide can be found in Attachment C of this letter.



Accepted

11-18-2025
Date

APPENDIX D
LOCAL FUNDS COMMITMENT LETTER

SOUTHEASTERN WATER ASSOCIATION
6615 HIGHWAY 914
SOMERSET, KENTUCKY 42501
606-678-5501

"This institution is an equal opportunity provider."

October 16, 2025

Kentucky Infrastructure Authority
100 Airport Road, 3rd Floor
Frankfort, KY 40601

ATTN: Jeremy Skinner, Financial Analyst

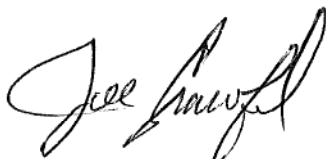
RE: Southeastern Water Association
U.S. 27 Waterline Replacement

Dear Kentucky Infrastructure Authority,

As a part of the funding package applied for under the Fund B Loan program, Southeastern Water Association intends to use \$380,282 of local funds from excess debt reserve accounts for a portion of this project.

If you should have any questions or need additional information, please contact our office at (606) 678-5501.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Crawford", written in a cursive style.

Joe Crawford
President

Exhibit 6

Project Location Map

US 27 Waterline Layout

Hayes Branch

Legend

 Pump Station

 Waterline

Big South Fork of the Cumberland River

Google Earth

Image © 2025 Airbus



Tateville Pump Station

3000 ft



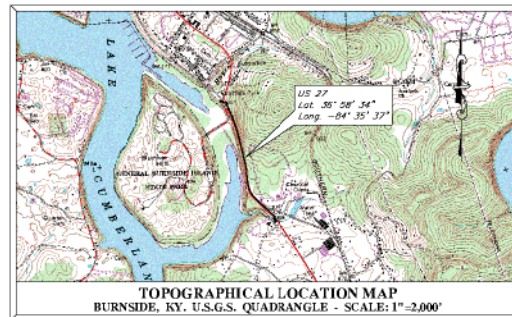
Exhibit 7

Engineering Plans & Drawings

SOUTHEASTERN WATER ASSOCIATION

US 27 WATERLINE REPLACEMENT

PULASKI COUNTY, KENTUCKY



INDEX OF SHEETS

DESCRIPTION	SHEET NO.
GENERAL NOTES	1
US 27	2 & 3
MISCELLANEOUS DETAILS	MD-1 & MD-2

Prepared By:



SA/OC: DATE:

GENERAL NOTES

1. Stations shown in this plan set are for reference only and do not reflect the actual linear lengths of pipe required for construction.
2. The Contractor shall be responsible for coordinating all construction work with local utility companies and other concerned parties.
3. Existing buried utilities are shown on the drawings in their general location utilizing the best available information. Before construction begins near or through existing utilities (i.e. Gas Co., Telephone Co., etc.) each utility company shall be notified, a request for the exact location of the utility shall be made, and permission to proceed with construction. The Contractor shall contact BUD at telephone no. 1-800-752-6007 or 811.
4. Before construction begins through any property, the Contractor shall make himself aware of the exact location of construction through the property and the bounds of the permanent and temporary construction easements.
5. The Contractor shall have on hand at the job site 11 1/4", 22 1/2", 45" and 90" bends for use where necessary for proper installation. All fittings are incidental to project construction. Contractor will NOT be compensated for any fitting necessary to complete the project.
6. Pipe joint deflection shall not exceed 2". Bending of PVC pipe will not be allowed.
7. At some locations, the Contractor may be required to provide extra cover over line. Cost of extra cover is to be included in unit price bid for line installation and no separate payment will be made for such extra cover.
8. Connecting new lines to existing lines or to work in other contracts is subsidiary to the contract unless specifically itemized in the Bid Schedule. It includes fittings, sleeves, etc., but does not include gate valves, which are an extra pay item.
9. All fittings, thrust restraints and appurtenances to construct the pipelines as shown shall be included in the unit cost for the pipe and are not separate pay items.
10. The pipe lengths have been estimated as close as possible. The Contractor shall be responsible for ordering pipe quantities necessary for installation to the limits as shown on the Drawings unless otherwise instructed. Any left-over pipe quantities shall be the property of the Contractor unless other arrangements are made. The Owner shall not be responsible for re-stocking or other charges associated with the left over pipe.
11. Ductile iron pipe shall be installed in accordance with Standard AWWA C150/ANSI A21.50 Laying Condition Type 3 unless otherwise noted.
12. All driveways that are cut shall be backfilled with KYTC #8 or 9-M and shall be included in the unit price for pavement replacement.
13. All open cut streets and roads and trenches cut in existing pavements shall be backfilled with compacted crushed stone or DGA in accordance with the miscellaneous details drawings.
14. Paved driveways shall be free-bored. Free bore unit prices are contained in Bid Schedule. The material in which the free bore is made is unclassified.
15. It is the responsibility of the Contractor to comply with all regulations regarding the effect on the environment from the discharge of chlorinated water. See Technical Specification 15163 Subsection 2 for methods of sterilization and for disposing of heavily chlorinated water.
16. The time period for pressure testing in this project shall be 6 hours.
17. Marking tape and tracer wire shall be installed with all pipe and all service tubing. See Technical Specification 15100, and the miscellaneous details drawings.
18. During the process of tapping asbestos cement mains, the contractor shall conform to OSHA regulations governing the handling of hazardous waste. Pieces of asbestos cement resulting from the tap shall be double bagged, placed in a rigid container and disposed of in an approved landfill.
19. Locations where pipeline is to be installed on state road right of way are approximately delineated on the drawings. The Contractor shall determine the field locations for transitions between private easements, and state and county road rights of way.
20. All pipelines installed in the ditchline on state or county rights of way shall have 42" minimum cover over top of pipe.
21. The pipeline trench width will be strictly enforced. See Technical Specification 15100 for trench width requirements.
22. Rough cleanup must be performed as the pipe is laid or as soon thereafter as possible. Failure to keep rough cleanup current with the pipe laying may be grounds for additional retainage.
23. Do not cut fences except where specifically shown and noted.
24. The Contractor shall obtain and pay for all grading, storm water, etc. permits, if any are required to complete the work. The contractor shall maintain compliance with all conditions, limitations and stipulations of all permits. The contractor shall not commence work, except mobilization, until he has obtained all required permits for said work. The contractor shall supply the owner with copies of all permits within 24 hours of receipt. All work shall be provided in compliance with all applicable local, state and national building codes.
25. All work shall be executed in compliance with the current workplace safety regulations of the U.S. Department of Labor, Occupational Safety and Health Administration (O.S.H.A.).
26. The Contractor shall restrict all construction activities to within the limits of the public right of way and the private easements and fee parcels unless otherwise approved by the Owner in writing. The Contractor shall be solely liable for any and all Work he performs outside of the boundaries of the public road right of way and the private easements and fee parcels provided by the Owner.
27. The Contractor is solely responsible for determination of the existence and location of any and all other buried utilities in the vicinity of his Work. Utilities shown on the Project Drawings are purported to be approximate only and not warranted to be complete nor accurately located. Additional buried utility lines, other than as shown on the Project Drawings, may exist in the vicinity of the Project. The Contractor shall contact local utilities and/or locating service at least 48 hours prior to commencing work on the Project.
28. The Contractor shall be responsible for all traffic control measures necessary for the safe execution of his work, including but not limited to flaggers, traffic signage, barricades, construction fencing and nighttime warning lights. Traffic safety provisions shall be employed by the Contractor in accordance with the Standards of the appropriate State and local public highway authorities.
29. All excavation and all boring shall be considered unclassified excavation and unclassified boring. No additional payment shall be due and payable to the Contractor for dewatering of pipe trenches/excavations or for excavation and removal of rock or for boring casing through rock.
30. All water main fittings shall be ductile iron, restrained mechanical joint compact fittings for water service complying with AWWA Standard C153. Unless otherwise specifically shown or noted, no PVC fitting, other than in-line repair couplings, will be accepted.
31. All water main fittings in addition to joint restraints shall be anchored with poured concrete thrust blocks as shown in the

GENERAL NOTES (CONT.)

- miscellaneous details drawings. Wrap fittings in minimum 5-mil plastic (PVC) wrap prior to forming and pouring the block.
32. Prior to cutting existing driveways, the Contractor shall notify the property owner/occupant at least 24 hours in advance and shall schedule his Work such to restrict access to not more than 2 hours in one (1) day.
 33. The Contractor shall repair/replace any and all existing utility lines and equipment damaged by the Contractor's Work, to the satisfaction of the damaged utility and at no additional cost to the Owner.
 34. The Contractor shall protect all drainage culverts in the vicinity of his work and shall repair or replace all culverts damaged by his Work and at no additional cost to the Owner. All existing culverts may not be shown/noted on the Project Drawings.
 35. Existing utility lines may be cathodically protected. The installation of all ductile iron pipe, fittings and appurtenances within 100' of cathodically protected utility lines shall comply with AWWA Standard C105 (Polyethylene Encasement), latest revision, and at no additional cost to the Owner.
 36. If sewer or other sanitary facilities are encountered, the Engineer shall direct the relocation of the water main to provide separation and/or other protection of the water main in accordance with terms of the Kentucky Department for Environmental Protection, Division of Water Construction Permit. The Contractor shall provide relocation of the water main as directed by the Engineer and the Contract Price adjusted only by/to the number of Bid item units actually provided.
 37. No water service shall be activated until the new work has been completed, sterilized, and tested in accordance with the Contract Documents and accepted in writing by the Owner.

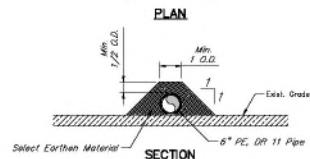
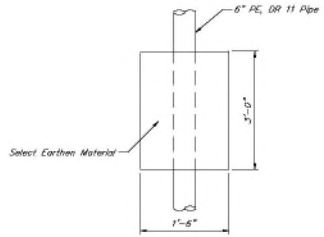
ENVIRONMENTAL NOTES

1. When crossing all streams and ditches, silt barriers, i.e. straw bales or silt fences, shall be put in place to prevent sediment runoff into stream. Conventional stream crossings shall be accomplished during low flow periods. Stream banks shall be reseeded with native vegetation beneficial to wildlife immediately following completion of the stream crossing. Disturbed surfaces shall be restored to original contours and excess materials removed to a properly confined area.
2. Contractor shall not disturb any trees with a diameter at breast height greater than three (3) inches.
3. Any excavation by the Contractor that uncovers a historical or archaeological artifact shall be immediately reported to the Owner and Engineer. Construction shall be temporarily halted pending the notification process and further directions after consultation with the State Historic Preservation Officer (SHPO).

HIGHWAY DEPARTMENT NOTES

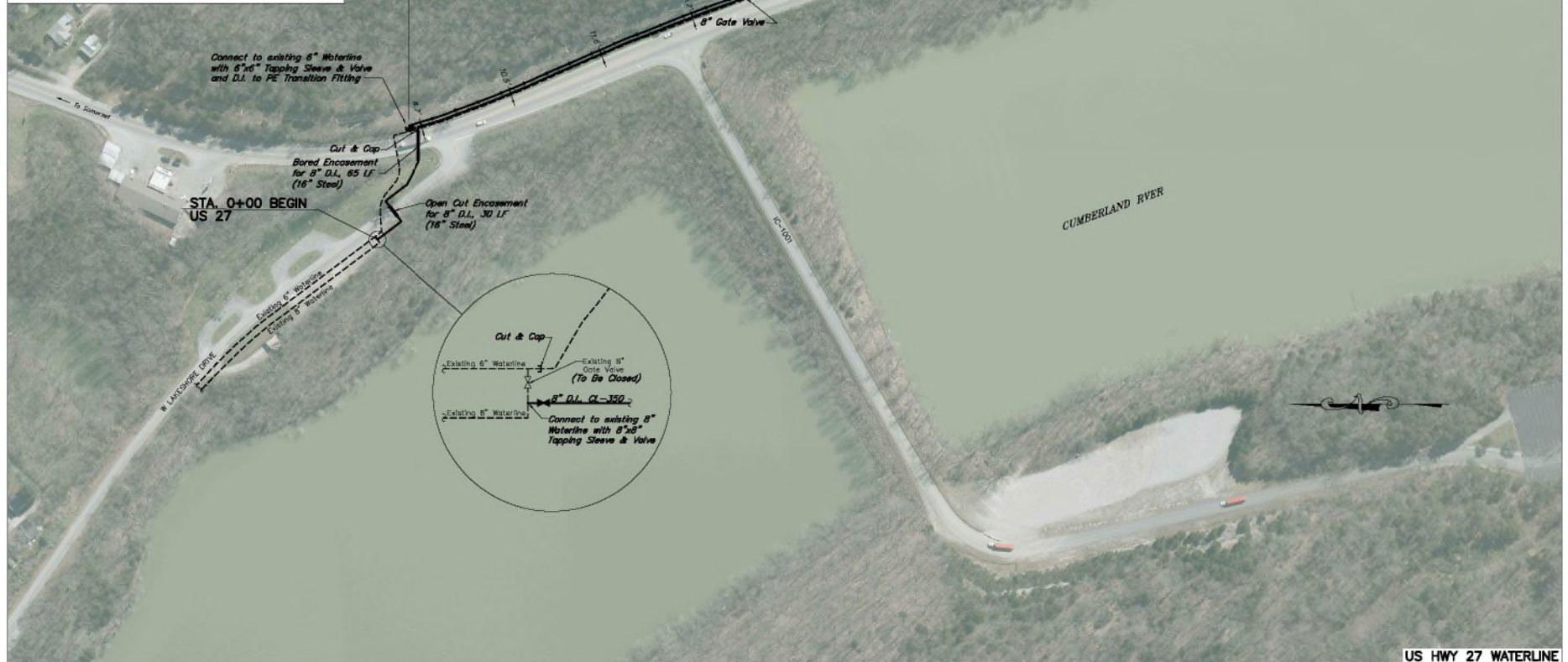
1. Underground utilities installed inside state right of way shall be located within 3-5 feet from the edge of the right of way unless otherwise shown on the plans.
2. Underground utilities on state right of way shall be installed at a minimum depth of 42" (under roadways, ramps, ditch lines and in all other areas within state right of way), as mandated by KYTC District 8.
3. Underground utilities crossing any paved driveway inside state right of way shall be installed by boring unless written permission to open cut is obtained from the property owner.
4. Underground utilities shall not be installed in embankment fills or between edge of pavement and ditchline unless specifically noted on permitted plans.
5. Fire Hydrants or utility service boxes should be located within 2 feet from the edge of right of way line, or off right of way.
6. Contact KYTC-DOH District Office prior to beginning work.
7. All affected KYTC ditchlines shall remain free of excess silt or erosion and constructed to the normal typical section of the roadway with a minimum depth of 18 inches from the shoulder break point.
8. All necessary steps shall be taken to prevent erosion or siltation of the public right of way, adjoining property and waterways.
9. All traffic control for construction and maintenance operations will conform to the *Manual on Uniform Traffic Control Devices*. All construction and maintenance operations must be planned with full regard to safety to keep traffic interference to an absolute minimum. Closure of intersecting streets, road approaches or other access points is to be held to a minimum.
10. All areas disturbed by utility installation should be kept to a minimum and restoration methods should be in accordance with Kentucky Transportation Cabinet's *2012 Standard Specifications for Road and Bridge Construction*.
11. All machinery shall use steel plates to protect the existing pavement of state highways while installing utilities parallel to said state highways.
12. When installing utilities around existing drainage structures, the utility shall be cased along the entire length of the drainage structure to protect the utility and drainage structure.



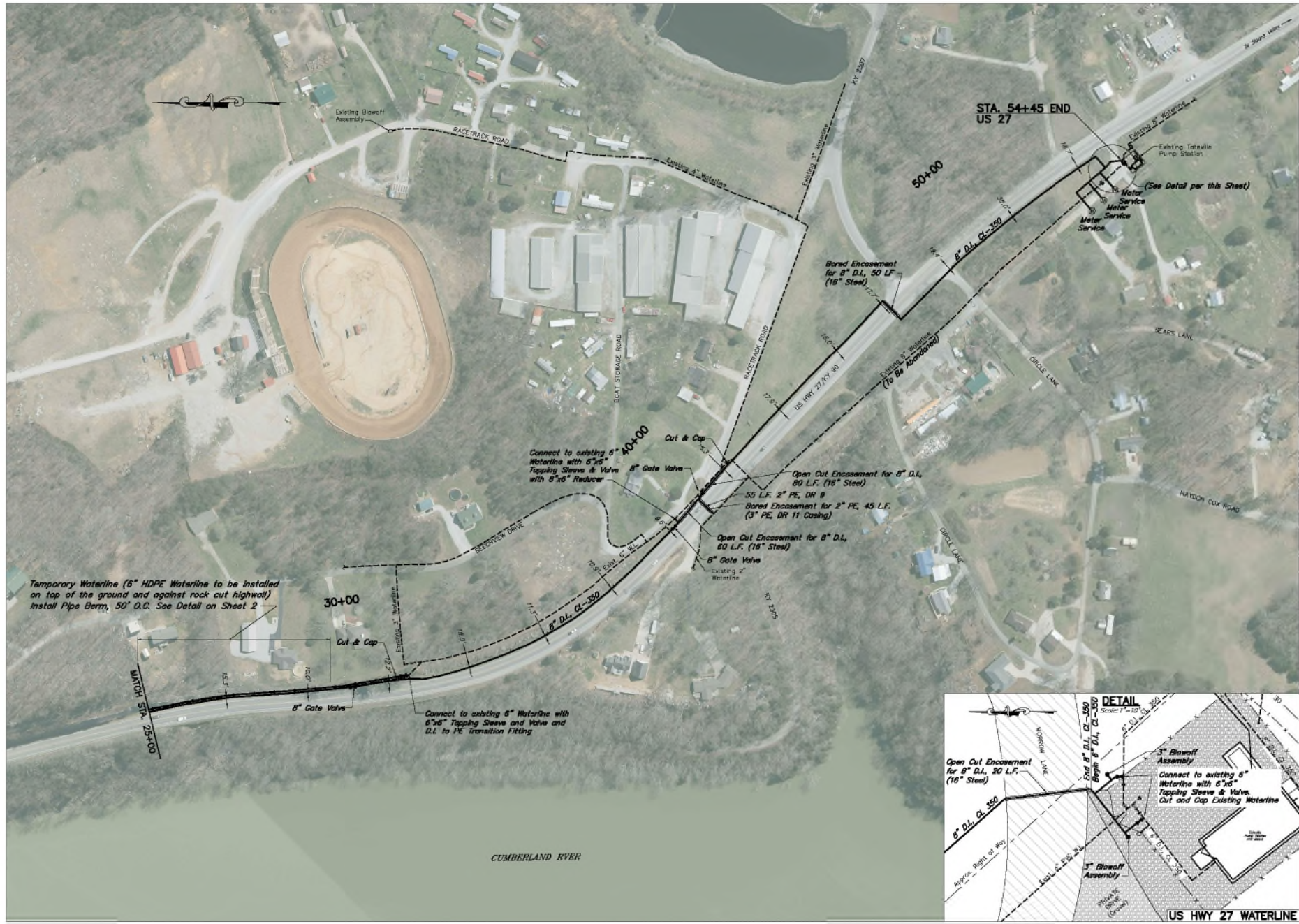


NOTE:
Earthen Berms to be placed 50'
O.C. as shown on Sheet 2 & 3.

EARTHEN BERM
N.T.S.



DESIGNED BY: J.E.	DATE: 11/10/2021
CHECKED BY: J.E.	DATE: 11/10/2021
APPROVED BY: J.E.	DATE: 11/10/2021



SOUTHEASTERN WATER ASSOCIATION
US 27 WATERLINE REPLACEMENT
PULASKI COUNTY, KENTUCKY

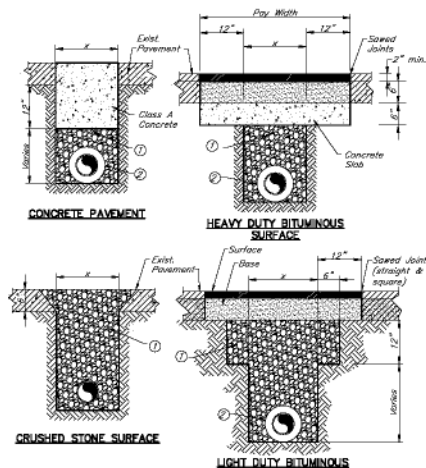


DESIGNED BY	PE
CHECKED BY	PE
DATE	11/1/2022
PROJECT NO.	2022062
SHEET NO.	3

KENVIRONS
Civil & Environmental Engineers



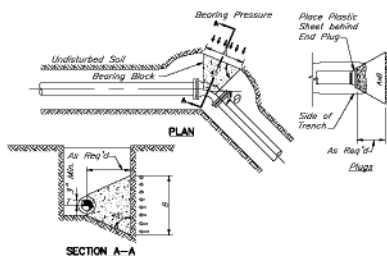
PROJECT NO.
2022062
SHEET NO.
3



- NOTES:**
1. The max. allowable distance for diversion "S" shall be calculated as follows: $S = 24' + \text{Pipe Dia.}$
 2. Concrete slab under bituminous surface to extend 12'-0" to each side to trench.
 3. Restore Concrete or Bit. Pavement with the pavement course thickness as existing pavement.
 4. Casing pipe is not required under private driveways.

- ① Mechanically tapered #5 crushed stone aggregate in layers not to exceed 6".
- ② Casing pipe to be 4" in diameter greater than the greatest dimension of the corner pipe.

PAVEMENT REPLACEMENT
Scale: $\frac{1}{8}" = 1'-0"$



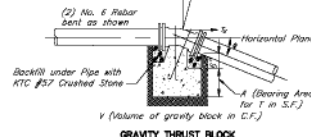
NOTES:

1. Thrust restraint table is based on ultimate pressure of 200 psi and earth bearing capacity of 1500 psf. During construction, the specific soil type may be evaluated and concrete thrust block size revised at the discretion of the Engineer.
2. On large diameter pipes where space limitations or construction difficulties render concrete thrust blocks not feasible or impractical, a post-tensioned system may be used. This restrained joint system must be approved by the Engineer.
3. Concrete shall be 3000 psi minimum conforming to KTC Specifications 601.
4. Accessibility to fittings and bolts must be maintained.
5. Wrap fittings in plastic prior to placing concrete.

HORIZONTAL THRUST BLOCK SCHEDULE

PIPE SIZE (INCHES)	90° BEND		45° BEND		22 1/2° BEND		11 1/4° BEND		TEE, DEAD END	
	A	B	A	B	A	B	A	B	A	B
3 & 4	3'-3"	1'-8"	2'-4"	1'-2"	1'-8"	1'-0"	1'-0"	1'-0"	2'-8"	1'-4"
6	4'-8"	2'-4"	3'-5"	1'-8"	2'-6"	1'-2"	1'-8"	1'-0"	3'-10"	2'-0"
8	6'-0"	3'-0"	4'-5"	2'-3"	3'-2"	1'-7"	2'-3"	1'-0"	5'-0"	2'-8"
10	7'-4"	3'-8"	5'-5"	2'-8"	3'-10"	2'-0"	2'-9"	1'-2"	6'-3"	3'-3"
12	8'-10"	4'-5"	6'-4"	3'-3"	4'-6"	2'-4"	3'-4"	1'-8"	7'-0"	3'-9"
14	10'-3"	5'-2"	7'-8"	3'-5"	5'-4"	2'-8"	3'-10"	2'-0"	8'-6"	4'-4"
16	11'-8"	5'-10"	8'-7"	4'-4"	6'-1"	3'-0"	4'-4"	2'-2"	9'-8"	4'-11"
18	13'-0"	6'-8"	9'-7"	4'-6"	6'-10"	3'-2"	4'-10"	2'-2"	11'-0"	5'-8"
20	14'-0"	7'-3"	10'-7"	5'-4"	7'-7"	3'-8"	5'-4"	2'-8"	12'-0"	6'-1"
24	17'-3"	8'-8"	12'-8"	6'-4"	9'-0"	4'-8"	6'-0"	3'-2"	14'-8"	7'-3"

HORIZONTAL THRUST BLOCK
Scale: $\frac{1}{8}" = 1'-0"$



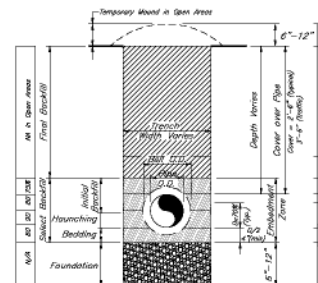
NOTES:

1. Thrust restraint table is based on ultimate pressure of 200 psi and earth bearing capacity of 1500 psf. During construction, the specific soil type may be evaluated and concrete thrust block size revised at the discretion of the Engineer.
2. On large diameter pipes where space limitations or construction difficulties render concrete thrust blocks not feasible or impractical, a post-tensioned system may be used. This restrained joint system must be approved by the Engineer.
3. Concrete shall be 3000 psi minimum conforming to KTC Specifications 601.
4. Accessibility to fittings and bolts must be maintained.
5. Wrap fittings in plastic prior to placing concrete.

VERTICAL THRUST BLOCK SCHEDULE

PIPE SIZE (INCHES)	90° BEND		45° BEND		22 1/2° BEND		11 1/4° BEND	
	V	A	V	A	V	A	V	A
3 & 4	29	2	20	1	11	1	6	1
6	84	5	46	2	25	1	13	1
8	114	8	61	4	43	1	23	1
10	174	12	122	5	65	2	35	1
12	248	17	178	8	95	2	50	1
14	332	23	238	10	128	3	67	1
16	439	29	311	13	167	4	88	1
18	555	37	393	16	211	5	111	1
20	685	46	484	20	260	6	137	2
24	885	66	586	28	374	8	187	2

VERTICAL THRUST BLOCK
Scale: $\frac{1}{8}" = 1'-0"$

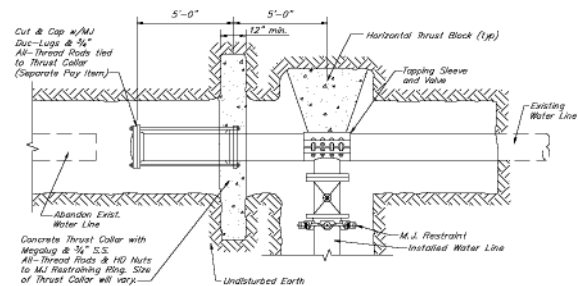


NOTES: No rocks larger than 1-1/2" allowed in embankment zone.

Exposed dashed lines in open areas are depicted above in the boxes to the left of the figure. In other laying situations, more stringent selection, placement and compaction will be required.

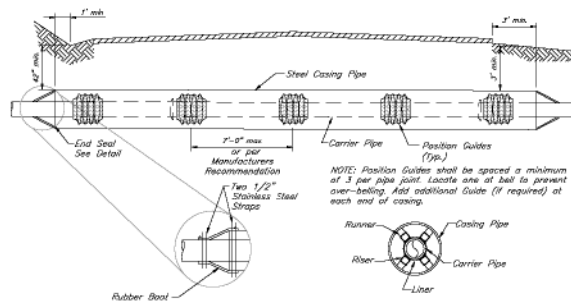
Trench width shall be no wider than necessary for adequate work room and to assure safe working conditions. Horizontal outside diameter (O.D.) pipe plus 6" on each side is typically considered minimal.

TRENCH BACKFILL OPEN AREAS - PLASTIC PIPE
Scale: $\frac{1}{8}" = 1'-0"$

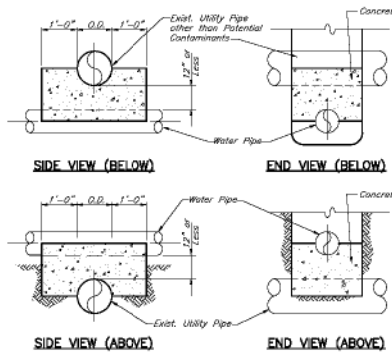


NOTES:

1. Number of All-Thread Rods and type of Duc-Lugs depends on pressure on line.
2. Vertical offsets: All-Thread Rod fitting to fitting and bore if applicable.



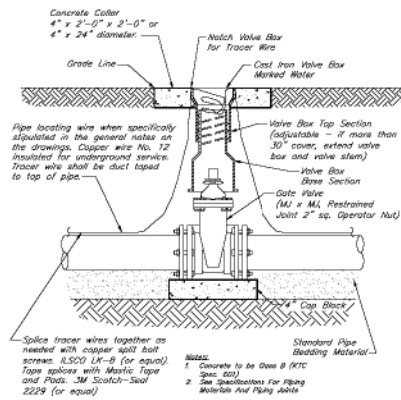
NOTE: Position Guides shall be spaced a minimum of 3 feet pipe joint. Locate one at ball to prevent over-bending. Add additional Guide (if required) at each end of casing.



NOTES:

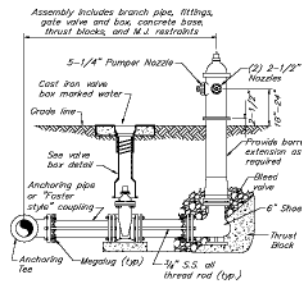
1. Concrete shall be used when clearance between Water Line and Utility Pipe is 12" or less.
2. "Utility Pipe" includes underground Water, Natural Gas, Telephone, Electrical Cables, Storm Sewer, or Special Non-Contaminating Facilities. When crossing Sanitary Sewer or Potential Contaminants, See Detail "WATER/SANITARY SEWER CROSSING".

MISCELLANEOUS DETAILS



VALVE BOX INSTALLATION

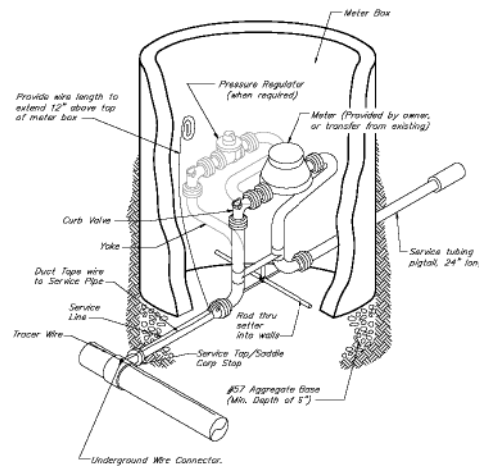
Scale: 1"=1'-0"



Notes: See specifications for piping materials and piping joints. Bleed valve not to be installed in concrete.

FIRE HYDRANT

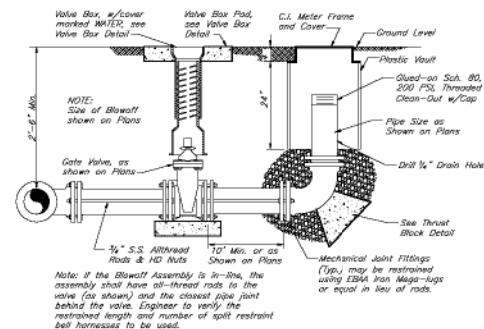
Scale: 1/2"=1'-0"



- NOTES:
1. This drawing typical for meters 1" and smaller (excl. press reg.).
 2. Meter setting shall be placed inside property line as directed by the Engineer.
 3. See Technical Specifications for more detail on meter box, 66, and yoke/saddle requirements.
 4. Service tubing pigtail to be incidental to Meter Setting.

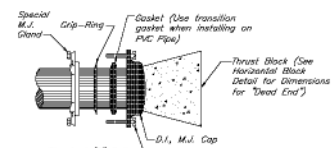
METER SETTING

K.T.E.



BLOWOFF ASSEMBLY DETAIL

Scale: 1/2"=1'-0"



NOTE: Restrain system to be as manufactured by Star Pipe Products, Inc., Alstom Industries, Inc., or equivalent.

END CAP

K.T.E.



DESIGN BY: K.T.E.	DATE: 01/11/2022
CHECKED BY: J.M.H.	DATE: 01/11/2022
DESIGNED BY: J.M.H.	DATE: 01/11/2022
REVISIONS:	



Exhibit 8

U.S. 27 Service Area Map

US 27 Waterline Service Area

Legend

-  Pump Station
-  Tank
-  US 27 Waterline Service Area

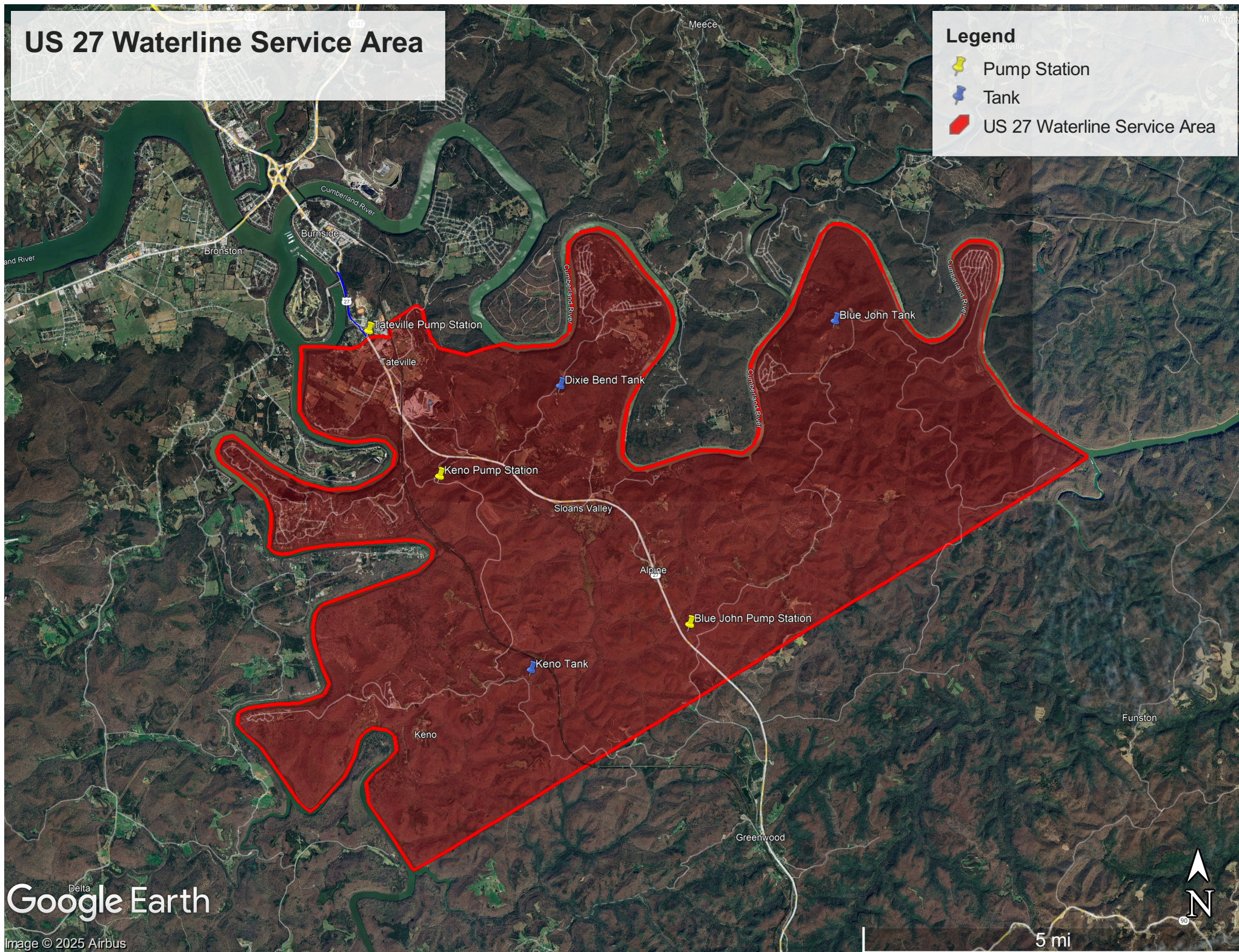


Exhibit 9

Photos

Water Line Repair Along U.S. 27

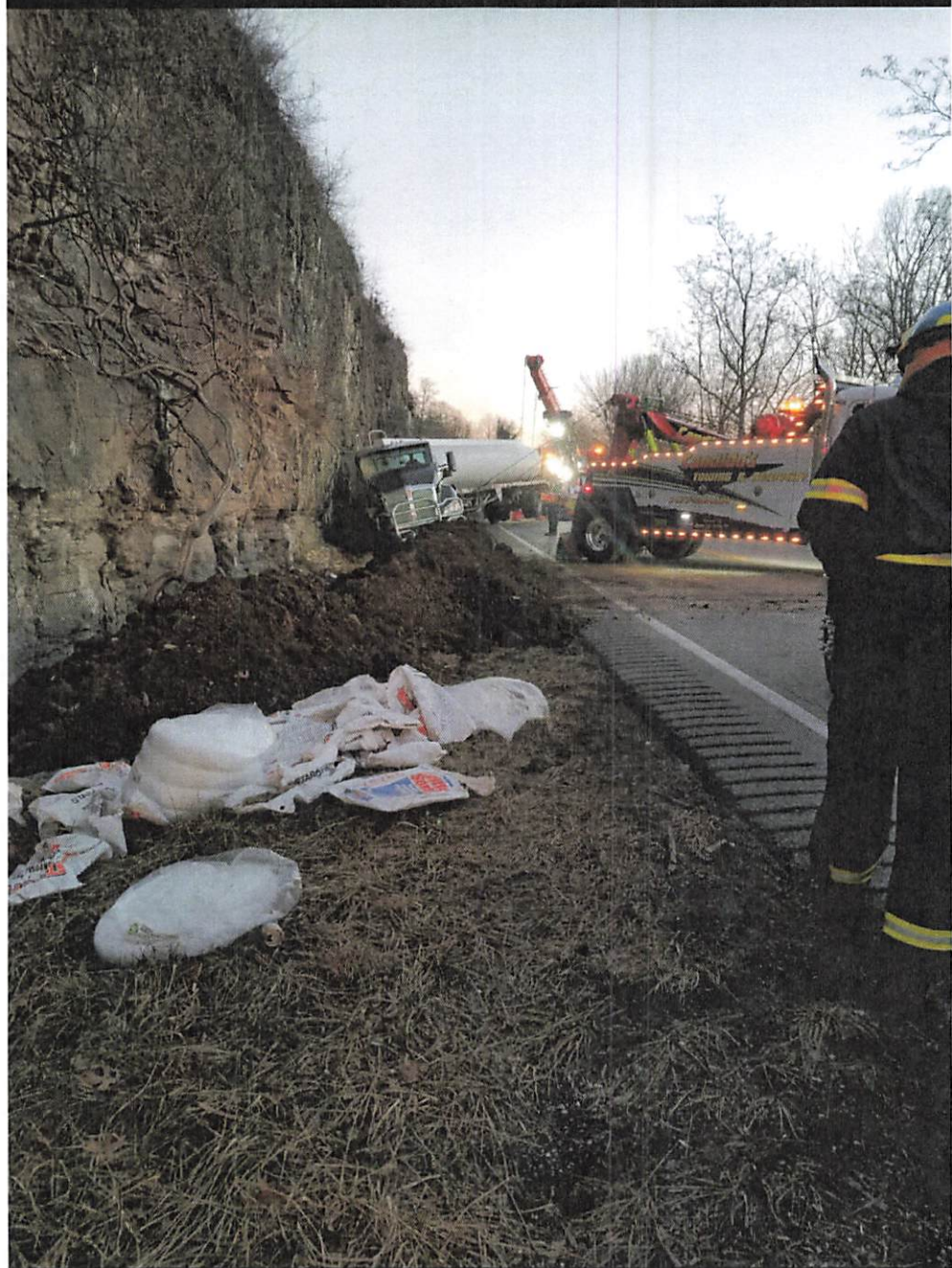






Exhibit 11

Estimated Annual Cost to Operate

Existing O&M Expenses (2025)	
Operating Expenses	Amount
Purchased Power	\$ 25,476.00
Transmission & Distribution*	\$ 5,500.00
Debt Service	\$ -

O&M Total: \$ 30,976.00

Purchased Power Calculations

Average Monthly Bill from July 2025 to November 2025 = \$2,123
Estimated Yearly Power Cost (2025) = \$25,476

Average Daily Pump Runtimes from 9/1/2025 to 11/15/2025 = 14.88 hours
Average Daily Flowrate from 9/1/2025 to 11/15/2025 = 365 GPM

Average Daily Gallons Pumped 325,872 gallons

* Estimated Annual Costs related to line repair

**Includes Principal & Interest of \$36,745 and Annual Loan Servicing Fee of \$1,236

Proposed O&M Expenses (2027)	
Operating Expenses	Amount
Purchased Power	\$ 19,576.00
Transmission & Distribution*	\$ -
Debt Service**	\$ 37,981.00

O&M Total: \$ 57,557.00

Estimated Monthly Bill after Project Completion = \$1,631
Estimated Yearly Power Cost (2027) = \$19,576

Estimated Daily Pump Runtime after Project Completion = 11.43 hours
Estimated Flowrate after Project Completion = 475 GPM

Percent Reduction of Pump Runtime = **23%**

Exhibit 12

Division of Water Approval



Andy Beshear
GOVERNOR

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

300 Sower Boulevard
Frankfort, Kentucky 40601
Phone: (502) 564-2150
Fax: 502-564-4245

Rebecca W. Goodman
SECRETARY

Anthony R. Hatton
COMMISSIONER

July 11, 2024

Morris Vaughn
South Eastern WT Associates - Nelson Valley
147 E Somerset Church Rd
Somerset, KY 42503

RE: US 27 & Eagles Nest WL Replacement
Pulaski County, KY
AI #: 34090, APE20240002
PWSID #: 1000311

Dear Mr. Vaughn:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 3,100 LF of 8-inch PVC waterline and 5,400 LF of 8-inch DI waterline. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

If you have any questions concerning this project, please contact Roxanne Bow at 502-782-0616.

Sincerely,

Terry Humphries, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

TH:RB

Enclosures

c: Kenvirons Inc
Pulaski County Health Department
Division of Plumbing

Exhibit 13

Department of Highways Encroachment Permit



COMMONWEALTH OF KENTUCKY
TRANSPORTATION CABINET

transportation.ky.gov

Andy Beshear
GOVERNOR

Jim Gray
SECRETARY

Southeastern Water Assoc.
147 East Somerset Church Rd
Somerset, KY 42503

Subject: Pulaski County
US 27
MP 100-0027-7.1
Permit: 08-2024-00233

Dear Sir:

The attached is your copy of the approved encroachment permit application. One copy is to be submitted to your contractor. This permit is to remain on the project until the permitted work is complete.

You are to shape and seed any disturbed areas on the State's right of way. All work and materials are to comply with the Department's Standard Specification for Road and Bridge Construction- 2019 Edition. Signs, barricades, lights, etc. if required, are to be installed in accordance with the Manual on Uniform Traffic Control Devices.

Please notify this office when permitted work begins. When work has been completed, the Notice of Completion of Encroachment Permit Work must be completed and returned so an inspection can be made by personnel from this office. If all work has been completed satisfactorily, your indemnity will then be released.

Yours truly,

A handwritten signature in red ink, appearing to read "AD Dixon".

Adam Dixon, P.E.
Transportation Engineer Supervisor
District 8- Somerset

8/9/2024
Date

JJ/cm

Exhibit 14

Amortization Schedule KIA Loan B26-002

**KENTUCKY INFRASTRUCTURE AUTHORITY
ANTICIPATED REPAYMENT SCHEDULE
LOAN #B26-002
SOUTHEASTERN WATER ASSOCIATION INC**

Unofficial

**1.75% Interest
\$18,372.70 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
								\$617,823.00		
06/01/26	\$12,966.75	\$5,405.95	1.75%	\$18,372.70	\$617.82	\$0.00	\$18,990.52	\$604,856.25	\$0.00	\$0.00
12/01/26	\$13,080.21	\$5,292.49	1.75%	\$18,372.70	\$604.86	\$0.00	\$18,977.56	\$591,776.04	\$12,100.00	\$12,100.00
06/01/27	\$13,194.66	\$5,178.04	1.75%	\$18,372.70	\$591.78	\$0.00	\$18,964.48	\$578,581.38	\$0.00	\$12,100.00
12/01/27	\$13,310.11	\$5,062.59	1.75%	\$18,372.70	\$578.58	\$0.00	\$18,951.28	\$565,271.27	\$12,100.00	\$24,200.00
06/01/28	\$13,426.58	\$4,946.12	1.75%	\$18,372.70	\$565.27	\$0.00	\$18,937.97	\$551,844.69	\$0.00	\$24,200.00
12/01/28	\$13,544.06	\$4,828.64	1.75%	\$18,372.70	\$551.84	\$0.00	\$18,924.54	\$538,300.63	\$12,100.00	\$36,300.00
06/01/29	\$13,662.57	\$4,710.13	1.75%	\$18,372.70	\$538.30	\$0.00	\$18,911.00	\$524,638.06	\$0.00	\$36,300.00
12/01/29	\$13,782.12	\$4,590.58	1.75%	\$18,372.70	\$524.64	\$0.00	\$18,897.34	\$510,855.94	\$12,100.00	\$48,400.00
06/01/30	\$13,902.71	\$4,469.99	1.75%	\$18,372.70	\$510.86	\$0.00	\$18,883.56	\$496,953.23	\$0.00	\$48,400.00
12/01/30	\$14,024.36	\$4,348.34	1.75%	\$18,372.70	\$496.95	\$0.00	\$18,869.65	\$482,928.87	\$12,100.00	\$60,500.00
06/01/31	\$14,147.07	\$4,225.63	1.75%	\$18,372.70	\$482.93	\$0.00	\$18,855.63	\$468,781.80	\$0.00	\$60,500.00
12/01/31	\$14,270.86	\$4,101.84	1.75%	\$18,372.70	\$468.78	\$0.00	\$18,841.48	\$454,510.94	\$12,100.00	\$72,600.00
06/01/32	\$14,395.73	\$3,976.97	1.75%	\$18,372.70	\$454.51	\$0.00	\$18,827.21	\$440,115.21	\$0.00	\$72,600.00
12/01/32	\$14,521.69	\$3,851.01	1.75%	\$18,372.70	\$440.12	\$0.00	\$18,812.82	\$425,593.52	\$12,100.00	\$84,700.00
06/01/33	\$14,648.76	\$3,723.94	1.75%	\$18,372.70	\$425.59	\$0.00	\$18,798.29	\$410,944.76	\$0.00	\$84,700.00
12/01/33	\$14,776.93	\$3,595.77	1.75%	\$18,372.70	\$410.94	\$0.00	\$18,783.64	\$396,167.83	\$12,100.00	\$96,800.00
06/01/34	\$14,906.23	\$3,466.47	1.75%	\$18,372.70	\$396.17	\$0.00	\$18,768.87	\$381,261.60	\$0.00	\$96,800.00
12/01/34	\$15,036.66	\$3,336.04	1.75%	\$18,372.70	\$381.26	\$0.00	\$18,753.96	\$366,224.94	\$12,100.00	\$108,900.00
06/01/35	\$15,168.23	\$3,204.47	1.75%	\$18,372.70	\$366.22	\$0.00	\$18,738.92	\$351,056.71	\$0.00	\$108,900.00
12/01/35	\$15,300.95	\$3,071.75	1.75%	\$18,372.70	\$351.06	\$0.00	\$18,723.76	\$335,755.76	\$12,100.00	\$121,000.00
06/01/36	\$15,434.84	\$2,937.86	1.75%	\$18,372.70	\$335.76	\$0.00	\$18,708.46	\$320,320.92	\$0.00	\$121,000.00
12/01/36	\$15,569.89	\$2,802.81	1.75%	\$18,372.70	\$320.32	\$0.00	\$18,693.02	\$304,751.03	\$12,100.00	\$133,100.00
06/01/37	\$15,706.13	\$2,666.57	1.75%	\$18,372.70	\$304.75	\$0.00	\$18,677.45	\$289,044.90	\$0.00	\$133,100.00
12/01/37	\$15,843.56	\$2,529.14	1.75%	\$18,372.70	\$289.04	\$0.00	\$18,661.74	\$273,201.34	\$12,100.00	\$145,200.00
06/01/38	\$15,982.19	\$2,390.51	1.75%	\$18,372.70	\$273.20	\$0.00	\$18,645.90	\$257,219.15	\$0.00	\$145,200.00
12/01/38	\$16,122.03	\$2,250.67	1.75%	\$18,372.70	\$257.22	\$0.00	\$18,629.92	\$241,097.12	\$12,100.00	\$157,300.00
06/01/39	\$16,263.10	\$2,109.60	1.75%	\$18,372.70	\$241.10	\$0.00	\$18,613.80	\$224,834.02	\$0.00	\$157,300.00
12/01/39	\$16,405.40	\$1,967.30	1.75%	\$18,372.70	\$224.83	\$0.00	\$18,597.53	\$208,428.62	\$12,100.00	\$169,400.00
06/01/40	\$16,548.95	\$1,823.75	1.75%	\$18,372.70	\$208.43	\$0.00	\$18,581.13	\$191,879.67	\$0.00	\$169,400.00
12/01/40	\$16,693.75	\$1,678.95	1.75%	\$18,372.70	\$191.88	\$0.00	\$18,564.58	\$175,185.92	\$12,100.00	\$181,500.00
06/01/41	\$16,839.82	\$1,532.88	1.75%	\$18,372.70	\$175.19	\$0.00	\$18,547.89	\$158,346.10	\$0.00	\$181,500.00
12/01/41	\$16,987.17	\$1,385.53	1.75%	\$18,372.70	\$158.35	\$0.00	\$18,531.05	\$141,358.93	\$12,100.00	\$193,600.00
06/01/42	\$17,135.81	\$1,236.89	1.75%	\$18,372.70	\$141.36	\$0.00	\$18,514.06	\$124,223.12	\$0.00	\$193,600.00
12/01/42	\$17,285.75	\$1,086.95	1.75%	\$18,372.70	\$124.22	\$0.00	\$18,496.92	\$106,937.37	\$12,100.00	\$205,700.00
06/01/43	\$17,437.00	\$935.70	1.75%	\$18,372.70	\$106.94	\$0.00	\$18,479.64	\$89,500.37	\$0.00	\$205,700.00
12/01/43	\$17,589.57	\$783.13	1.75%	\$18,372.70	\$89.50	\$0.00	\$18,462.20	\$71,910.80	\$12,100.00	\$217,800.00
06/01/44	\$17,743.48	\$629.22	1.75%	\$18,372.70	\$71.91	\$0.00	\$18,444.61	\$54,167.32	\$0.00	\$217,800.00
12/01/44	\$17,898.74	\$473.96	1.75%	\$18,372.70	\$54.17	\$0.00	\$18,426.87	\$36,268.58	\$12,100.00	\$229,900.00
06/01/45	\$18,055.35	\$317.35	1.75%	\$18,372.70	\$36.27	\$0.00	\$18,408.97	\$18,213.23	\$0.00	\$229,900.00
12/01/45	\$18,213.23	\$159.47	1.75%	\$18,372.70	\$18.21	\$0.00	\$18,390.91	\$0.00	\$12,100.00	\$242,000.00
Totals	\$617,823.00	\$117,085.00		\$734,908.00	\$13,381.13	\$0.00	\$748,289.13		\$242,000.00	

Exhibit 15

Conditional Commitment Letter
KIA Loan B26-002



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Executive Director

November 7, 2025

Morris Vaughn, Manager
Southeastern Water Association
6615 KY 941
Somerset, KY 42501

KENTUCKY INFRASTRUCTURE AUTHORITY INFRASTRUCTURE REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (B26-002)

Dear Mr. Vaughn:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On November 6, 2025, the Authority approved your loan for the 2023 Various Waterline Upgrades project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$1,455,928, without prior authorization of the Authority, of which the Authority loan shall provide \$617,823, 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 Southeastern Water Association 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 November 7, 2026 (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.



An Equal Opportunity Employer M/F/D

Mr. Vaughn
November 7, 2025
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,

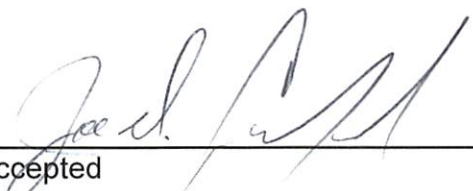
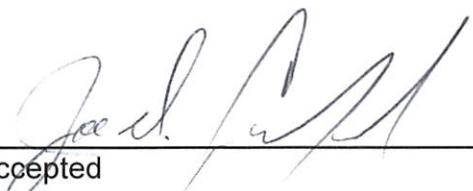


Milward Dedman
Deputy Executive Director

Attachments

cc: Brendan Welch, Kenvirons, LLC

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Complete the attached "Authorization for Electronic Deposit of Vendor Payment Form" and the "ACH Debit Authorization Form" **and return to this office and 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. These forms and an SRF loan checklist guide can be found in Attachment C of this letter.


Accepted
Date

11-18-2025

ATTACHMENT A

Conditions

Southeastern Water Association
B26-002

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$617,823.
2. The loan shall bear interest at the rate of 1.75% per annum commencing with the first draw of funds.
3. The loan shall be repaid over a period not to exceed 20 years from the date of the last draw of funds.
4. Interest shall be payable on the 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 authorization form in Attachment C of this letter to U.S. Bank for processing.
5. Full principal payments will commence on June 1, or December 1, immediately succeeding the date of the last draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the last draw of funds, then the first principal payment date shall be the June 1, or December 1, which is at least six months from the date of the last draw of funds. Full payments will be due each six months thereafter until the loan is repaid.
6. 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.
7. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.

8. The Authority loan funds must be expended within six months of the official date of initiation of operation.
9. The Authority requires that an annual financial audit be provided for the life of the loan.
10. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
11. 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. Upon completion of final design of the facilities in the attached project description, favorable approval shall be obtained of such design by all appropriate parties as required by Kentucky statute or administrative regulation.
2. The Borrower must provide certification from their legal counsel stating 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 state and local procurement laws.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the Attachment B description shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding, or any new funding sources not reflected in Attachment B shall be immediately reported and may cause this loan to be subject to further consideration.
4. Upon receipt of construction bids a tabulation of such bids and engineer's recommendations on compliance with bid specifications and recommendation for award, shall be forwarded to the Authority for final approval and sizing of this loan and the project.

5. 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.
6. 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.
7. 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 your consultant engineer.
8. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Authority.
9. The Borrower must provide documentation of Clearinghouse Endorsement and Clearinghouse Comments.
10. The Borrower must complete and return the "Authorization for Electronic Deposit of Borrower Payment" form in Attachment C of this letter to U.S. Bank.
11. The Borrower will 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.
12. The Borrower will provide Final Design Plans in an AutoCAD Drawing File Format (DWG), referenced to the appropriate (North, South or Single) Kentucky State Plane Coordinate System (NAD83-Survey Feet) on a Compact Disc (CD). The recipient shall provide the Authority a digital copy (pdf) of the record drawings from the project within three months of construction completion.

ATTACHMENT B

Executive Summary and Credit Analysis

Southeastern Water Association
B26-002

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND B, INFRASTRUCTURE REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number		Jeremy Skinner November 6, 2025 B26-002 WX21199153	
BORROWER		SOUTHEASTERN WATER ASSOCIATION PULASKI COUNTY			
BRIEF DESCRIPTION					
The Southeastern Water Association is requesting a Fund B loan in the amount of \$617,823. This loan will be used in conjunction with nearly \$840,000 in combined Cleaner Water Program grants and local funds to fund the 2023 Various Waterline Upgrades project. This project will replace existing undersized waterlines in service areas that are struggling to keep up with customer demand. The project consists of the replacement of existing 6" waterline along US 27 and Heather Way with a combined 8,500 linear feet of 8" waterline. If funds remain following project completion, the Association will replace undersized waterline along KY 769 with 800 LF of 8" waterline and install 2,800 LF of 4" waterline extension along Mayfield School Road, 300 LF of 4" waterline extension along Mark Welborn Road, and 2,600 LF of 3" waterline extension along Broyles Road.					
PROJECT FINANCING		PROJECT BUDGET			
Fund B Loan	\$617,823	Administrative Expenses	\$0		
22CW/W362	457,823	Legal Expenses	-		
Local Funds	380,282	Land, Easements	-		
		Eng - Design / Const	86,000		
		Eng - Insp	84,600		
	-	Construction	1,193,405		
	-	Contingency	91,923		
TOTAL	\$1,455,928	TOTAL	\$1,455,928		
REPAYMENT	Rate	1.75%	Est. Annual Payment	\$37,981	
	Term	20 Years	1st Payment	6 Mo. after first draw	
PROFESSIONAL SERVICES	Engineer	Kenvirons, LLC			
	Bond Counsel	Dinsmore & Shohl, LLP			
PROJECT SCHEDULE	Bid Opening	May-25			
	Construction Start	Oct-25			
	Construction Stop	Feb-26			
DEBT PER CUSTOMER	Existing	\$1,377			
	Proposed	\$1,316			
OTHER DEBT	See Attached				
RESIDENTIAL RATES		Users	Avg. Bill		
	Current	8,041	\$53.41	(for 4,000 gallons)	
	Additional	0	\$53.41	(for 4,000 gallons)	
REGIONAL COORDINATION This project is consistent with regional planning recommendations.					
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio	
Audited 2022	1,510,621	531,568	979,053	2.8	
Audited 2023	1,818,809	699,478	1,119,331	2.6	
Audited 2024	1,790,376	737,601	1,052,775	2.4	
Projected 2025	1,709,489	754,250	955,240	2.3	
Projected 2026	1,672,781	772,493	900,289	2.2	
Projected 2027	1,636,869	789,842	847,028	2.1	
Projected 2028	1,600,239	788,008	812,231	2.0	
Projected 2029	1,562,876	756,559	806,317	2.1	

Exhibit 16

Cleaner Water Program Grant 22CWW362



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
<https://kia.ky.gov>

Sandy Williams
Executive Director

August 28, 2024

Joe Crawford
President
South Eastern Water Association Inc
PO Box 458
Somerset, KY 42502

KENTUCKY INFRASTRUCTURE AUTHORITY
CONDITIONAL SUPPLEMENTAL COMMITMENT LETTER
KIA Grant Number 22CWW362
WRIS Project Number WX21199153

Dear Official,

Congratulations on receiving an increase to your existing Kentucky Cleaner Water Program (the "CWP") grant funds for your Project! The Kentucky Infrastructure Authority (the "Authority") approved the additional grant funds to the South Eastern Water Association Inc (the "Grantee") in the amount of \$41,620 for the 2023 Various Waterline Upgrades project. This brings your total grant award to \$457,823. We look forward to working with you to successfully complete your Project! All terms, conditions, and Exhibits previously provided to the Authority by the Grantee for this Grant are incorporated herein by reference. Note that this Conditional Supplemental Commitment Letter, Attachments and Exhibits hereto do not include certain exhibits that were included in your original Conditional Commitment Letter because updated versions of those exhibits are not needed for this supplemental grant. We have left the original Exhibit numbers in place for clarity.

Please be aware that these CWP Grant Project funds are provided through the American Rescue Plan Act of 2021, Coronavirus State Fiscal Recovery Fund and must be obligated by December 31, 2024 and fully expended by December 31, 2026. Any funds not obligated by December 31, 2024 or expended by December 31, 2026 will be forfeited and will not be available for the project.

TEAM
KENTUCKY

An Equal Opportunity Employer M/F/D

An Assistance Agreement (or Supplemental Assistance Agreement if your Assistance Agreement is already signed) will be executed between the Authority and the Grantee upon satisfactory performance of the conditions set forth in Attachment A. Funds will be available for disbursement only after execution of the Assistance Agreement and / or Supplemental Assistance Agreement.

During the course of implementing your project, please inform the Authority of any changes in the project scope and 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,

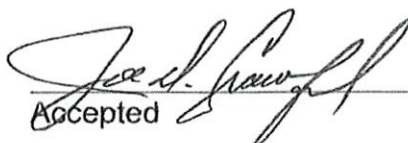


Sandy Williams,
Executive Director

Attachments

cc: Brendan Welch, Project Administrator
Joseph Crawford, South Eastern Water Association
Eddie Wayne Brown, Kenvirons, Inc.
Martina Hadley, ADD Coordinator
Carmen Ignat, KIA Grant Analyst
File

Please sign and return a copy of this letter indicating your acknowledgement and acceptance of the commitment and its terms and conditions incorporated by reference and in the Attachments and Exhibits.


Accepted

9-12-2024
Date

EXHIBIT 1

CERTIFICATION OF PROJECT PROFILE REVIEW & UPDATE

The Project Profile was reviewed and updated in the Water Resource Information System
as of 8/28/2024 by the Grantee's Authorized Official and Project Administrator.

(date)

Project Administrator: Brendan Welch

Grant Number: 22CWW362

GRANT ASSISTANCE AGREEMENT

This Grant Assistance Agreement (the "Agreement") is made and entered into by and between the Kentucky Infrastructure Authority (the "Authority"), a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky, and the South Eastern Water Association Inc (the "Grantee"), acting herein through its Authorized Official, each a party to this Agreement, which shall be effective upon the date of signing by the Executive Director of the Authority,

W I T N E S S E T H:

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, attached to the Governor's Office, is charged pursuant to Section 224A.300 of the Act with coordinating the funding and implementation of infrastructure projects and to this end maintains the Water Resource Information System (the "WRIS") a comprehensive database of community water and wastewater projects across Kentucky; and

WHEREAS, House Bill 1 of the 2022 Regular Session of the Kentucky General Assembly approved a \$250,000,000 allocation in Federal Funds for Fiscal Year 2023 from the American Rescue Plan Act of 2021/Coronavirus State Fiscal Recovery Fund to the Authority for the Drinking Water and Wastewater Grant Program, known as the Kentucky Cleaner Water Program (the "CWP"), a portion of which funds are the subject of this Agreement; and

WHEREAS, the Grantee now seeks to acquire and construct a project as described in the Grantee's Project Profile in the WRIS (the "Project") and the Authority has determined that the Project meets the guidelines of the Cleaner Water Program and the directives of the General Assembly; and

WHEREAS, the Grantee and the Authority desire to enter into this Agreement which sets forth their respective duties, rights, covenants, and obligations with respect to the acquisition and construction of the Project and the application of the proceeds of a grant from the Cleaner Water Program as administered by the Authority.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, the grant hereby effected, and for other good and valuable consideration, the receipt, mutuality and sufficiency of which is hereby acknowledged by the parties hereto, the Authority and the Grantee each agree as follows:

SECTION 1 – DEFINITIONS

All terms utilized herein shall have the same definitions and meaning as ascribed to them in the Act, which Act is hereby incorporated in this Agreement by reference, the same as if set forth herein verbatim; provided, however, that those definitions utilized in the Act having general application are hereby modified in certain instances to apply specifically to the Grantee and its Project.

Act shall mean Chapter 224A of the Kentucky Revised Statutes, as amended (the “KRS”).

Agreement shall mean this Grant Assistance Agreement made and entered into by and between the Grantee and the Authority, as authorized by the Act, providing for a Grant to be made to the Grantee or its approved agent, subject to approval by the Authority.

Area Water Management Council shall mean the entity designated as the regional planning body for the respective counties within an Area Development District in Kentucky, which shall prepare and maintain an **Area Water Management Plan**, listing and prioritizing Project Profiles for water and wastewater projects within that region.

Engineer(s) shall mean the professional engineer or firm of professional engineers properly procured in accord with KRS Chapter 45A and 2 CFR 200.317 through 2 CFR 200.327 (where applicable), as amended, by the Grantee in connection with the Project, as identified in the WRIS Cleaner Water Program Database.

Exhibit shall refer to a specific document, or to the completion of a process or procedure to be accomplished as a prerequisite to release of funds to the Grantee by the Authority.

Grant shall mean that portion of the Kentucky CWP funds made available to the Commonwealth by the American Recovery Program Act and allocated by the Kentucky General Assembly in its 2022 Regular Session, which shall be incrementally transferred under this Agreement from the Commonwealth to the Grantee through Grant Number 22CWW362 in the principal amount of \$416,203 for the purpose of defraying the costs incidental to the Project.

Grantee shall mean any unit of local government, or its designated agent, as approved by the Authority, or any special purpose governmental entity within the Commonwealth eligible for funds under the CWP in accordance with the Act, now having been or hereafter being granted the funds for the Project; and for the purposes of this Agreement shall mean the Grantee identified on the front page of this Agreement.

Project shall mean, when used generally, a water, wastewater or other infrastructure project authorized pursuant to the Act, and when used in specific reference to the Grantee’s Project funded by the Authority through the CWP, it shall refer to that

project as described in the Grantee's Project Profile in the WRIS, which has an 8 digit number following the designation WX or SX.

Project Administrator shall mean that individual designated in the Project Profile by that title, who has the capacity and responsibility of supervising the Project and coordinating the preparation of all related documentation on behalf of the Grantee with respect to the Project.

Project Budget shall mean a list of Project expenses and funding sources, in the form set forth in the current Project Profile as set forth in the WRIS.

Project Profile shall mean those specific details of the Project, presented by the Grantee to the respective Area Water Management Council for review and incorporation into the Area Water Management Plan and the WRIS.

System shall mean the utility system owned and operated by the Grantee or the agent of the Grantee, as approved by the Authority, to which the Project shall become a part, and any revenues generated by the Project, which are used to operate and maintain the utility system in the typical manner of a local public utility in Kentucky.

SECTION 2 - OBLIGATIONS OF THE AUTHORITY

The Authority covenants and agrees, conditioned upon the timely performance by the Grantee of its respective obligations, to undertake the following obligations:

- A. The Authority shall review and approve Project related documentation provided by the Grantee. Once the Project is under construction, the Authority shall review requests for payment submitted for payment of costs of the Project. Any deficiencies found in said requests will be reported immediately to the Grantee. If there are no deficiencies in said requests or deficiencies have been resolved satisfactorily by the Grantee, the Authority will approve the requests and disburse grant funds to the Grantee in an amount not to exceed, cumulatively, the approved grant amount for the Project.
- B. The Authority will communicate and cooperate with the Grantee to best assist the Grantee in meeting its obligations set out in this Agreement.

SECTION 3 - OBLIGATIONS OF THE GRANTEE

The Grantee covenants and agrees to undertake the following obligations:

- A. The Grantee shall complete and submit executed copies of all required Exhibits to the Authority, in accordance with the Conditional Commitment Letter instructions.

- B. The Grantee may consider utilizing the option for partial funding set out in Section 6, below. Over the course of the acquisition and construction of the Project, the Grantee shall provide such status reports as may be requested by the Authority, and once the Project is under construction submit periodic requests for payment to the Authority accompanied by copies of invoices for costs incurred in accordance with the Authority's standard draw-down request format.
- C. The Grantee shall perform and/or cause to be performed all necessary acts consistent with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project, including: the proper procurement of land, easements and rights of way; professional services, including but not limited to architectural and engineering services; construction contractor(s) services; and the acquisition of necessary equipment and/or materials.
- D. The Grantee shall obtain and keep on file all required permits, licenses and approvals from the appropriate federal, state, and/or local governmental agencies prior to starting construction of the Project.
- E. The Grantee shall comply with all applicable federal and state statutes, executive orders, regulatory requirements, and policies relating to the planning and construction of the Project.
- F. The Grantee shall cooperate fully with the Authority and provide any documentation requested by the Authority in order to facilitate completing the obligations set out in this Agreement.
- G. The Grantee will proceed expeditiously to complete the Project in accordance with the approved final engineering plans and specifications or amendments thereto, prepared by the Project Engineer for the Grantee, if required and as approved by the Authority and other state and federal agencies, as appropriate.
- H. The Grantee agrees that throughout the reasonable life of the infrastructure facilities developed under the Project it will retain ownership of, operate, and maintain these facilities, and all appurtenances thereto, keeping them in good and sound repair and good operating condition at its own expense so that the completed Project will continue to provide the services for which it was designed. Change of ownership or disposal of the Project facilities during their useful life may occur only with written approval of the Authority.
- I. If the Grantee is a local unit of government, city or county, and determines that it is in the best interest of its citizens, it may enter into a memorandum of agreement with a Kentucky corporation to serve as its agent for the implementation and long-term operation and management of the Project, subject to the Agreement. The form and content of such a memorandum of agreement is subject to the prior approval of the Authority.

- J. General Compliance with all Duties. The Grantee shall faithfully and punctually perform all duties with reference to the System required by the American Rescue Plan Act of 2021, and by the terms and provisions of the Act, and this Assistance Agreement.
- K. Further Covenants under the American Rescue Plan Act of 2021. The Grantee shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the American Rescue Plan Act of 2021, including but not limited to the following:
1. Records Retention. The Grantee shall provide to the Authority access to all records related to the Project for review in determining compliance with this Agreement and all applicable laws and regulations, including the American Rescue Plan Act of 2021/Coronavirus State Fiscal Recovery Fund. The Grantee shall retain all records, including all invoices, relating to the Project for five (5) years after full execution of the Certificate of Completion.
 2. Single Audit Requirements. Grantees that expend more than \$750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements. Grantees may also refer to the Office of Management and Budget (OMB) Compliance Supplements for audits of federal funds and related guidance and the Federal Audit Clearinghouse to see examples and single audit submissions.
 3. Civil Rights Compliance. The Grantee is required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds. Those requirements include ensuring that entities receiving Federal financial assistance from the U.S. Department of the Treasury do not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI) Public Law 88-352, 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 CFR part 28; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23.
- L. General. The Grantee shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Grantee under the provisions of the American Rescue Plan Act of 2021 and this Assistance Agreement in accordance with the terms of such provisions.

SECTION 4 - MUTUALITY OF OBLIGATIONS

- A. The parties agree that the funds granted by the Commonwealth to the Grantee are to be used solely for the purposes of the acquisition and construction of the Project. Further, the parties agree that the obligations imposed upon them are for their respective benefit and the timely fulfillment of the obligations set herein are necessary for the Project.
- B. Except as may otherwise be provided herein, the parties to this Agreement shall be solely responsible for any incidental costs incurred in fulfilling their respective obligations under this Agreement and neither party shall have any claim against the other party for reimbursement of incidental costs whether or not a party is in default.

SECTION 5 - TERMS OF AGREEMENT

- A. This Agreement shall be valid only after both parties have duly signed and provided the executed document to the other.
- B. This Agreement may be terminated by either party at any time for cause and may be terminated by either party without cause upon 30 days written notice to the other party. Termination of this Agreement shall not diminish or in any other manner affect any other remedy that may be available to the parties for any breach of the Agreement that occurs prior to the termination.
- C. If, after execution of this Agreement, additional financial assistance is found to be required for the acquisition and construction of the Project and the required additional assistance does or does not become available to the Grantee from any source, the Project may be modified so long as any change in scope and budget is mutually agreed to by the parties to this Agreement, and clearly documented in a revision of the Project Budget within the Project Profile.

SECTION 6 - ADVANCE FUNDING FOR PROJECT PLANNING AND DESIGN

- A. The Grantee may request, in writing, that a portion of the grant funds be disbursed prior to Project bidding to pay up to 50% of the budgeted engineering fee for Project planning and design to the Project Engineer to expedite submission of the Project plans and specifications for review by the Kentucky Division of Water. The balance of the budgeted engineering fee for project planning and design may be paid only after approval of the plans by the Kentucky Division of Water.
- B. It is specifically understood and agreed by the Grantee in the event that the Project has not been advertised for bids within twenty-four (24) months from the date of

signing of this Agreement, for whatever reason, any funds disbursed for Project planning and design are subject to full and immediate repayment by the Grantee to the Authority.

- C. No funds shall be released under this Section until the requirements of Exhibits 1 through 7 of this Agreement have been completed.

SECTION 7. - EVENTS OF DEFAULT AND REMEDIES.

Section 7.1. Events of Default Defined.

The following will be "Events of Default" under this Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Agreement, any one or more of the following events:

- A. Any unauthorized or improper expenditure of funds by the Grantee, or expenditure of funds by the Grantee other than in accordance with the terms of this Agreement.
- B. Failure by the Grantee 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 Grantee 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 Grantee within the applicable period and diligently pursued until such failure is corrected.
- C. The dissolution or liquidation of the Grantee, or the voluntary initiation by the Grantee 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 Grantee of any such proceeding which remain undismissed for sixty (60) days, or the entry by the Grantee into an agreement of composition with creditors or the failure generally by the Grantee to pay its debts as they become due.
- D. A default by the Grantee under the provisions of any agreements relating to its debt obligations.

Section 7.2. Remedies on Default.

Whenever any Event of Default referred to in Section 7.1 has occurred and is continuing, the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

- A. Declare this Agreement void from the beginning without further obligation to the Grantee and may commence appropriate legal action to enforce its rights under this Agreement including action for recovery of funds expended hereunder.
- B. Terminate any remaining grant payments to the Grantee.
- C. Exercise all the rights and remedies of the Authority set forth in the Act.
- D. Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement.
- E. Submit a formal referral to the appropriate federal agency.

Section 7.3. 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 7.4. Consent to Powers of Authority Under Act.

The Grantee 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 Grantee hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Grantee 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 Agreement.

Section 7.5. 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 7.6. 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.

SECTION 8 - MISCELLANEOUS PROVISIONS

- A. The Grantee may sign this Agreement electronically via a program subject to the approval by the Authority, or manually on a paper copy that is scanned to the portable document format (.pdf) and emailed to the Authority. Transmittal of all other correspondence or documentation, including the required Exhibits identified in the Attachment shall be scanned and attached as a file to email. The Authority and the Grantee, working through the Project Administrator, shall assist each other in securing and maintaining a complete, current Project document file for reference, records, and audit purposes.
- B. The headings set forth in this Agreement are for convenience and the terms contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.
- C. The terms and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successor and assigns, respectively, of the parties. Except for the limited use of a memorandum of agreement (as provided in Section 3 herein), this provision shall not be construed to permit an assignment by any party of any of its rights and duties under this Agreement which assignment shall be prohibited except with the prior written consent of the parties hereto.
- D. This Agreement sets forth the entire understanding of the parties with respect to the subject matter hereof and may be modified only by a written instrument duly executed by each of the parties hereto.
- E. Timely and accurate performance of all actions by the respective parties are mutually recognized by the parties of this Agreement to be of importance to the citizens of the Commonwealth generally, and particularly to those citizens directly affected by the Project.
- F. This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.
- G. The Authority may audit or review all documentation and records of the Grantee relating to this Project pursuant to the provisions of Section 45A.150 of the KRS or any other applicable federal or state law.
- H. The Grantee agrees that the Authority, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other documentation or evidence, which are directly pertinent to this Agreement for the purpose of financial audit or program review.

Furthermore, any books, documents, papers records, or other evidence provided to the Commonwealth, the Finance and Administration Cabinet, the Auditor of Public Accounts, or the Legislative Research Commission, which are directly pertinent to this Agreement, shall be subject to public disclosure regardless of the proprietary nature of the information, unless specific information is identified and exempted and agreed to by the Secretary of the Finance and Administration Cabinet as meeting the provisions of KRS 61.878(1)(c) prior to the execution of this Agreement. The Secretary of the Finance and Administration Cabinet shall not restrict the public release of any information which would otherwise be subject to public release if a state government agency was providing the services.

- I. During the performance of this contract, the Grantee agrees to the following Appendix II to 2 CFR Part 200 contract provisions, as amended:

Equal Employment Opportunity

1. The Grantee will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The Grantee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following:
 - a. Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.
 - b. The Grantee will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.
 - c. The Grantee will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor's legal duty to furnish information.

- d. The Grantee will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding a notice to be provided advising the said labor union or workers' representatives of the contractor's commitments under this section and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- e. The Grantee will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- f. The Grantee will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- g. In the event of the Grantee's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor may be declared ineligible for further government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- h. The Grantee will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event a Grantee becomes involved in or is threatened with litigation with a subcontractor or vendor as a result of such direction by the administering agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Contract Work Hours and Safety Standards Act

All contracts that are in excess of \$100,000 and involve the employment of mechanics or laborers must include provisions requiring compliance with the Contract Work Hours and Safety Standards Act as follows:

1. Overtime requirements: No contractor or subcontractor contracting for any part of the Agreement work which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such a workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such a workweek.
2. Violation: liability for unpaid wages; liquidated damages. In the event of any violation of the clause set forth in paragraph (1) of this section, the contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory) for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (1) of this section, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (1) of this section.
3. Withholding for unpaid wages and liquidated damages. The Grantee shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (2) of this section.
4. Subcontracts. The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraph (1) through (4) of this section and also a clause requiring the subcontractors to include these clauses in any lower-tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower-tier subcontractor with the clauses set forth in paragraphs (1) through (4) of this section.

Clean Air Act

1. The Grantee agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.
2. The Grantee agrees to report each violation to the Authority and understands and agrees that the Authority will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.

3. The Grantee agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with American Rescue Plan Act funding.

Federal Water Pollution Control Act

1. The Grantee agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 et seq.
2. The Grantee agrees to report each violation to the Authority and understands and agrees that the Authority will, in turn, report each violation as required to assure notification to the Treasury Department and the appropriate Environmental Protection Agency Regional Office.
3. The Grantee agrees to include these requirements in each subcontract exceeding \$100,000 financed in whole or in part with American Rescue Plan Act funds.

Debarment and Suspension

Contracts shall not be awarded to parties listed on the governmentwide exclusions in the System for Award Management (SAM) listed at www.sam.gov.

Byrd Anti-Lobbying Amendment

Contractors who apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-federal funds that takes place in connection with obtaining any federal award. Such disclosures are forwarded from tier to tier, up to the recipient.

[Signature Page Follows]

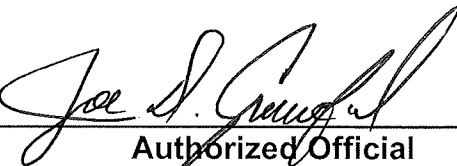
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officials as of the day and year above written.

**KENTUCKY INFRASTRUCTURE
AUTHORITY**

By:  For Sandy Williams
Sandy Williams, Executive Director

Date: 06/07/2024

**SOUTH EASTERN WATER ASSOCIATION
INC**

By: 
Authorized Official

Print Name: JOE D. CRAWFORD

**THIS AGREEMENT HAS BEEN EXAMINED
BY:**

By: Natalie Lile
LEGAL COUNSEL TO THE KENTUCKY
INFRASTRUCTURE AUTHORITY

Exhibit 17

Mortgages Securing RD Debt

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by Southeastern Water Association, Inc.

residing in Pulaski County, Kentucky, whose post office

address is 6615 KY 914, Somerset, KY 42501,

herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<i>Date of Instrument</i>	<i>Principal Amount</i>	<i>Annual Rate of Interest</i>	<i>Due Date of Final Installment</i>
09/17/2004	\$1,833,000	4.5000%	2044
11/08/2006	\$2,754,000	4.3750%	2046
02/02/2011	\$3,995,000	2.3750%	2051
05/14/2020	\$2,196,000	1.8750%	2060
05/14/2020	\$500,000	1.8750%	2060
12/17/2024	\$504,328.16	1.750%	2064

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County or Counties of Pulaski

*See attached Exhibit A attached hereto as a part hereof for legal descriptions and sources of title.

BOOK 1766 PAGE 934 (6)

526096



Being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water' stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with regulations. *

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandman like manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured bolder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government-whether once or often-in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to, USDA Rural Development, 182 Liperote Way, London, KY 40741 and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable. *

Given under the hands and seals of Borrower this 17th Day of December 2024.

Joe Crawford President

Mark Davis Sec./Treasurer

STATE OF KENTUCKY

COUNTY OF Pulaski } ss:

Before me, Molly K. Hardy, a Notary Public in and for

the County of Pulaski personally appeared Joe Crawford

And Mark Davis who acknowledged that they executed the foregoing instrument on the

17th day of December, 2024, as their free act and deed.

WITNESS my hand and official seal this 17th day of December 2024.

(SEAL)

My commission expires: 10-31-26

Commission No. KYNP60234

Molly Hardy
Molly K. Hardy Notary Public

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

Molly Hardy, Attorney at Law
(name),

250 Belmont Avenue, Somerset, KY 42501

(address)

Molly Hardy
(Signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY

COUNTY OF _____

I, _____, Clerk of the County Court for the County aforesaid, do certify

that the foregoing mortgage was on the _____ day of _____, 20____, lodged for record at _____

o'clock __ M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 20____

Clerk of

County Court

Exhibit "A"

All those tracts of real property conveyed unto the Southeastern Water Association, Inc. and the predecessor legal entities of the Southeastern Water Association, Inc. by deed referred to below. Reference is made to those deeds for a more complete description:

Tateville Water Association, Inc.

T-1 Deed Book 484, Page 278
T-2 Deed Book 484, Page 276
T-3 Deed Book 355, Page 455
T-4 Deed Book 355, Page 457

Elihu-Rush Branch Water Association, Inc.

ER-1 Deed Book 518, Page 415
ER-2 Deed Book 412, Page 019
ER-3 Deed Book 534, Page 579
ER-4 Deed Book 324, Page 513

Nelson Valley Water Association, Inc.

NV-1 Deed Book 538, Page 469
NV-3 Deed Book 520, Page 582
NV-4 Deed Book 526, Page 055
NV-5 Deed Book 527, Page 558
NV-6 Deed Book 292, Page 001
NV-7 Deed Book 292, Page 132

Barnesburg Water Association, Inc.

B-1 Deed Book 501, Page 155
B-2 Deed Book 424, Page 215
B-3 Deed Book 424, Page 218
B-4 Deed Book 320, Page 225
B-5 Deed Book 320, Page 162
B-6 Deed Book 320, Page 227

South Eastern Water Association, Inc.

SE-1 Deed Book 677, Page 082
SE -2 Deed Book 780, Page 166
SE -3 Deed Book 847, Page 551
SE -4 Deed Book 847, Page 554
SE -5 Deed Book 857, Page 027
SE-6 Deed Book 963, Page 137
SE-7 Deed Book 672, Page 82
SE-8 Deed Book 963, Page 137
SE-9 Deed Book 865, Page 613
SE-10 Deed Book 905, Page 685
SE-11 Deed Book 857, Page 27
SE-12 Deed Book 847, Page 551
SE-13 Deed Book 847, Page 554
SE-14 Deed Book 607, Page 623
SE-15 Deed Book 607, Page 602
SE-16 Deed Book 963, Page 141
SE-17 Deed Book 1045, Page 420
SE-18 Deed Book 1046, Page 398
SE-19 Deed Book 1048, Page 680

Southeastern Water Association, Inc. was formed by consolidation of Nelson Valley Water Association, Inc. and Elihu Tateville Water Association, Inc. by Articles of Consolidation filed December 27, 1993, and filed of record in Articles of Incorporation Book 17, Page 665, Pulaski County Court Clerk's Office. Elihu Tateville Water Association, Inc. was formed by consolidation of Tateville Water Association, Inc., and Elihu Rush Branch Water Association, Inc., by Articles of Consolidation recorded July 22, 1991, filed of record in Articles of Incorporation Book 16, Page 163, Pulaski County Court Clerk's Office. Barnesburg Water Association, Inc. and South Eastern Water Association, Inc. merged by virtue of Articles of Merger, dated October 14, 1996, and filed of record in Incorporation Book 20, Page 91, Clerk's Office aforesaid.

Filed: 12/17/2024 01:37:40 PM
Tim Price, County Clerk
Pulaski County, KY

Received By: RACHEL LITTERAL

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by SOUTH EASTERN WATER ASSOCIATION, INC.

residing in 147 EAST SOMERSET CHURCH RD., SOMERSET, KY 42403, PULASKI County, Kentucky, whose post office address is 147 EAST SOMERSET CHURCH RD., SOMERSET, KY 42403, PULASKI County, Kentucky,

herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<i>Date of Instrument</i>	<i>Principal Amount</i>	<i>Annual Rate of Interest</i>	<i>Due Date of Final Installment</i>
<i>See Exhibit A</i>			

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County of PULASKI, See Exhibit B

BOOK 1653 PAGE 586 (7)

463000



RD 1927-1 KY (Rev. 1-97)

Being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest therein all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with regulations. *

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1112 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured bolder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government-whether once or often-in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to,

100 FORTRESS PROPERTIES ST., SUITE 3, LONDON, KY 40701 and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Given under the hands and seals of Borrower this 3rd of May, 2020.

Joe D. Crawford
Joe D. Crawford, President

(SEAL)

(SEAL)

STATE OF KENTUCKY

COUNTY OF PULASKI

}

Before me, D. BRUCE ORWIN, a Notary Public in and for the County of PULASKI-----personally
JOE DALE CRAWFORD, PRESIDENT, SOUTH

EASTERN WATER ASSOCIATION, INC. and N.A. _____ his wife,

who acknowledged that they executed the foregoing instrument on the 14TH

day of MAY, 2020, as its authorized act and deed.

WITNESS my hand and official seal this 14TH day of May 2020.

D. Bruce Orwin

Notary Public

(SEAL)

My commission expires:

7/22/2024
KY # 5943

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

D. Bruce Orwin, attorney

(name),

P.O. Box 716, Somerset, KY 42502

(address)

D. Bruce Orwin

(Signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY

}

COUNTY OF _____

I, _____, Clerk of the County Court for the County aforesaid, do certify

that the foregoing mortgage was on the _____ day of _____, 20____, lodged for record at _____

o'clock __M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 20____

Clerk of

County Court

EXHIBIT "A"

- (1) Assumption Agreement dated September 14, 1995, with a final maturity of September 14, 2033m assuming notes totaling \$981,713.42;
- (2) Assumption Agreement dated September 14, 1995, with a final maturity of September 14, 2029, assuming notes totaling \$557,413.09;
- (3) Assumption Agreement dated September 14, 1995, with a final maturity of September 14, 2032, assuming notes totaling \$713,474.70;
- (4) Assumption Agreement dated February 12, 1997, with a final maturity of October 17, 2041, assuming notes totaling \$365,411.33;
- (5) Promissory note dated September 1995, to secure repayment of a note of \$136,000.00, with a final due dated September 14, 2035;
- (6) Promissory note dated September 14, 1995, to secure repayment of a note of \$237,000.00 with a maturity date September 14, 2035;
- (7) Promissory note dated February 12, 1997, to secure repayment of a note of \$165,100.00 with a final repayment dated February 12, 2037;
- (8) Promissory note dated February 12, 1997, to secure repayment of a note of \$250,000.00 with a final repayment date of July 10, 2041;
- (9) Promissory note dated July 10, 2001, to secure repayment of a note of \$1,479,000.00 with a final repayment date of July 10, 2041;
- (10) Promissory note dated September 17, 2004, to secure repayment of a note of \$1,833,000.00 with a final repayment date of September 17 2044.
- (11) Promissory Note dated November 8, 2006 to secure repayment of a note \$2,754,000.00 with a final maturity date of November 8, 2046.
- (12) Promissory note dated February 2, 2011 to secure repayment of a note of \$3,995,000.00 with a final repayment date of February 2, 2051.
- (13) Promissory note dated May 14, 2020, to secure repayment of a note of \$2,196,000 with a final maturity date of May 14, 2060.
- (14) Promissory note dated May 14, 2020, to secure repayment of a note of \$500,000 with a final maturity date of May 14, 2060.

Exhibit "B"

All those tracts of real property conveyed unto the Southeastern Water Association, Inc. and the predecessor legal entities of the Southeastern Water Association, Inc. by deed referred to below. Reference is made to those deeds for a more complete description:

Tateville Water Association, Inc.

T-1 Deed Book 484, Page 278
T-2 Deed Book 484, Page 276
T-3 Deed Book 355, Page 455
T-4 Deed Book 355, Page 457

Elihu-Rush Branch Water Association, Inc.

ER-1 Deed Book 518, Page 415
ER-2 Deed Book 412, Page 019
ER-3 Deed Book 534, Page 579
ER-4 Deed Book 324, Page 513

Nelson Valley Water Association, Inc.

N-1 Deed Book 538, Page 469
N-2 Deed Book 531, Page 397
N-3 Deed Book 520, Page 582
N-4 Deed Book 526, Page 055
N-5 Deed Book 527, Page 558
N-6 Deed Book 292, Page 001
N-7 Deed Book 292, Page 132

Barnesburg Water Association, Inc.

B-1 Deed Book 501, Page 155
B-2 Deed Book 424, Page 215
B-3 Deed Book 424, Page 218
B-4 Deed Book 320, Page 225
B-5 Deed Book 320, Page 162
B-6 Deed Book 320, Page 227

South Eastern Water Association, Inc.

SE-1 Deed Book 677, Page 082
SE -2 Deed Book 780, Page 166
SE -3 Deed Book 847, Page 551
SE -4 Deed Book 847, Page 554
SE -5 Deed Book 857, Page 027
SE-6 Deed Book 963, Page 137
SE-7 Deed Book 672, Page 82
SE-8 Deed Book 963, Page 137
SE-9 Deed Book 865, Page 613
SE-10 Deed Book 905, Page 685
SE-11 Deed Book 857, Page 27
SE-12 Deed Book 847, Page 551

SE-13 Deed Book 847, Page 554
SE-14 Deed Book 607, Page 623
SE-15 Deed Book 607, Page 602

Southeastern Water Association, Inc. was formed by consolidation of Nelson Valley Water Association, Inc. and Elihu Tateville Water Association, Inc. by Articles of Consolidation filed December 27, 1993, and filed of record in Articles of Incorporation Book 17, Page 665, Pulaski County Court Clerk's Office. Elihu Tateville Water Association, Inc. was formed by consolidation of Tateville Water Association, Inc., and Elihu Rush Branch Water Association, Inc., by Articles of Consolidation recorded July 22, 1991, filed of record in Articles of Incorporation Book 16, Page 163, Pulaski County Court Clerk's Office. Barnesburg Water Association, Inc. and South Eastern Water Association, Inc. merged by virtue of Articles of Merger, dated October 14, 1996, and filed of record in Incorporation Book 20, Page 91, Clerk's Office aforesaid.

Filed: 05/14/2020 11:01:55 AM
Linda Burnett, County Clerk
Pulaski County, KY

Received By: JENNIFER HUGHES

316287

USDA
Form RD 1927-1 KY
(Rev. 1-97)

Position 5

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by SOUTH EASTERN WATER ASSOCIATION, INC.

residing in 147 EAST SOMERSET CHURCH RD., SOMERSET, KY 42403 PULASKI
County, Kentucky, whose post office
address is P.O. BOX 778, SOMERSET, KY 42403, Kentucky 42502,
herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
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SEE EXHIBIT "A" ATTACHED

FILED

'11 FEB -2 AIO 58

RALPH TROXTLELL
PULASKI COUNTY CLERK

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County or Counties of PULASKI

SEE EXHIBIT "B" ATTACHED

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to,

100 NAMI PLAZA, STE. 3 LONDON, KY 40741 and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Given under the hands and seals of Borrower this 2 day of FEBRUARY, ~~19~~ 2011
X Joe Richards, I (SEAL)
 _____ (SEAL)

STATE OF KENTUCKY

COUNTY OF PULASKI } ss:

Before me, D. BRUCE ORWIN, a Notary Public in and for
 the County of PULASKI personally appeared JOE RICHARDS, I
PRESIDENT, SOUTH EASTERN WATER ASSOCIATION, INC. N.A., his wife,
 who acknowledged that they executed the foregoing instrument on the 2nd
 day of FEBRUARY, 2011, as their free act and deed.

WITNESS my hand and official seal this 2 day of FEBRUARY, 2011

(SEAL)

My commission expires: 12 APRIL 2012

[Signature]
 Notary Public

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

D. BRUCE ORWIN, ATTORNEY
 (name),

P.O. BOX 716, SOMERSET, KY 42502

(address)

[Signature]

(Signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY

COUNTY OF _____ } ss:

I, _____, Clerk of the County Court for the County aforesaid, do certify
 that the foregoing mortgage was on the _____ day of _____, 19____, lodged for record
 at _____ o'clock _____ M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 19____.

Clerk of _____ County Court
 By _____, D.C.

EXHIBIT "A"

- (1) Assumption Agreement dated September 14, 1995, with a final maturity of September 14, 2033, assuming notes totaling \$981,713.42;
- (2) Assumption Agreement dated September 14, 1995, with a final maturity of September 14, 2029, assuming notes totaling \$557,413.09;
- (3) Assumption Agreement dated September 14, 1995, with a final maturity of September 14, 2032, assuming notes totaling \$713,474.70
- (4) Assumption Agreement dated February 12, 1997, with a final maturity of October 17, 2041, assuming notes totaling \$365,411.33;
- (5) Promissory note dated September 14, 1995, to secure repayment of a note of \$136,000.00 with a final due dated September 14, 2035;
- (6) Promissory note dated September 14, 1995, to secure repayment of a note of \$237,000.00 with a maturity date September 14, 2035;
- (7) Promissory note dated February 12, 1997, to secure repayment of a note of \$165,100.00 with a final repayment dated February 12, 2037
- (8) Promissory note dated February 12, 1997, to secure repayment of a note of \$250,000.00 with a final repayment dated February 12, 2037
- (9) Promissory note dated July 10, 2001, to secure repayment of a note of \$1,479,000.00 with a final repayment date of July 10, 2041;
- (10) Promissory note dated September 17, 2004, to secure repayment of a note of \$1,833,000.00 with a final repayment date of September 17, 2044;
- (11) Promissory note dated November 8, 2006, to secure repayment of a note of \$2,754,000.00 with a final maturity date of November 8, 2046;
- (12) Promissory Note dated February 2, 2011, to secure repayment of a note of \$3,995,000.00 with a final maturity date of February 2, 2051.

EXHIBIT "B"

All those tracts of real property conveyed unto Southeastern Water Association, Inc. and the predecessor legal entities of the South Eastern Water Association, Inc. by deeds referred to below. Reference is made to those deeds for a more complete description:

Tateville Water Association, Inc.

T-1 Deed Book 484, Page 278
T-2 Deed Book 484, Page 276
T-3 Deed Book 355, Page 455
T-4 Deed Book 355, Page 457

Elihu-Rush Branch Water Association, Inc.

ER-1 Deed Book 518, Page 415
ER-2 Deed Book 412, Page 019
ER-3 Deed Book 534, Page 579
ER-4 Deed Book 324, Page 513

Nelson Valley Water Association, Inc.

N-1 Deed Book 538, Page 469
N-2 Deed Book 531, Page 397
N-3 Deed Book 520, Page 582
N-4 Deed Book 526, Page 055
N-5 Deed Book 527, Page 558
N-6 Deed Book 292, Page 001
N-7 Deed Book 292, Page 132

Barnesburg Water Association, Inc.

B-1 Deed Book 501, Page 155
B-2 Deed Book 424, Page 215
B-3 Deed Book 424, Page 218
B-4 Deed Book 320, Page 225

South Eastern Water Association, Inc.

SE-1 Deed Book 677, Page 082
SE-2 Deed Book 780, Page 166
SE-3 Deed Book 847, Page 551
SE-4 Deed Book 847, Page 554
SE-5 Deed Book 857, Page 027

South Eastern Water Association, Inc. was formed by consolidation of Nelson Valley Water Association, Inc. and Elihu Tateville Water Association, Inc. by Articles of consolidation filed December 27, 1993 and filed of record in Articles of Incorporation Book 17, Page 665, Pulaski County Court Clerk's Office. Elihu Tateville Water association, Inc. was formed by consolidation of Tateville Water Association, Inc. and Elihu Rush Branch Water association, Inc. , by Articles of Consolidation recorded July 22, 1991, filed of record in Articles of Incorporation Book 16, Page 163, Pulaski County court clerk's Office. Barnesburg Water Association, Inc. and South Eastern Water Association, Inc. merged by virtue of Articles of Merger dated October 14, 1996, and filed of record in Incorporation Book 20, Page 91, Clerk's office aforesaid.

STATE OF KENTUCKY, COUNTY OF PULASKI, SCT. 1
RALPH TROXTELL, CLERK OF PULASKI COUNTY, DO
CERTIFY THAT THE FOREGOING INSTRUMENT WAS ON
THE 2 DAY OF Feb 20 11, AT 10:59 AM, LODGED FOR
RECORD, AND THAT IT HAS BEEN DULY RECORDED IN MY SAID
OFFICE, TOGETHER WITH THIS AND THE CERTIFICATE THEREON
ENDORSED, GIVEN UNDER MY HAND THIS 2 DAY
OF Feb 20 11 mtg BOOK 1264 PAGE 2
ATTEST RALPH TROXTELL, CLERK
BY Pam S. [signature] D.C.

244451

1043

0566

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by SOUTH EASTERN WATER ASSOCIATION, INC.

residing in 147 EAST SOMERSET CHURCH ROAD, SOMERSET, PULASKI County, Kentucky, whose post office address is P.O. BOX 778, SOMERSET, , Kentucky 42502, herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

<u>Date of Instrument</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>	<u>Due Date of Final Installment</u>
NOVEMBER 8, 2006	\$2,754,000.00	4.375%	NOVEMBER 8, 2046

PULASKI COUNTY CLERK
TRUDY DENHAM
FILED
NOV-8 PM 2:16

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. §1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County or Counties of PULASKI

SEE EXHIBIT "A"

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgagee are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to,

and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

Given under the hands and seals of Borrower this 8th day of NOVEMBER, 192006.
X Joe Richards, T (SEAL)

(SEAL)

STATE OF KENTUCKY

COUNTY OF PULASKI } ss:

Before me, D. BRUCE ORWIN, a Notary Public in and for
the County of PULASKI / STATE AT LARGE personally appeared JOE RICHARDS T, AS PRES.
OR BORROWER and _____, his wife,
who acknowledged that they executed the foregoing instrument on the 8th
day of NOVEMBER, 192006, as their free act and deed.

WITNESS my hand and official seal this 8 day of NOVEMBER, 192006.

(SEAL)

My commission expires: 4 APRIL 2008

[Signature]

Notary Public

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

D. BRUCE ORWIN
[Signature] ATTORNEY
(name),
P.O. BOX 716, SOMERSET, KY 40352
(address)
[Signature]
(Signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY

COUNTY OF _____ } ss:

I, _____, Clerk of the County Court for the County aforesaid, do certify
that the foregoing mortgage was on the _____ day of _____, 19____, lodged for record
at _____ o'clock _____ M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 19____.

Clerk of _____ County Court
By _____, D.C.

EXHIBIT "A"

All those tracts of real property conveyed unto Southeastern Water Association, Inc. and the predecessor legal entities of the South Eastern Water Association, Inc. by deeds referred to below. Reference is made to those deeds for a more complete description:

Tateville Water Association, Inc.

T-1 Deed Book 484, Page 278
T-2 Deed Book 484, Page 276
T-3 Deed Book 355, Page 455
T-4 Deed Book 355, Page 457

Elihu-Rush Branch Water Association, Inc.

ER-1 Deed Book 518, Page 415
ER-2 Deed Book 412, Page 019
ER-3 Deed Book 534, Page 579
ER-4 Deed Book 324, Page 513

Nelson Valley Water Association, Inc.

N-1 Deed Book 538, Page 469
N-2 Deed Book 531, Page 397
N-3 Deed Book 520, Page 582
N-4 Deed Book 526, Page 055
N-5 Deed Book 527, Page 558
N-6 Deed Book 292, Page 001
N-7 Deed Book 292, Page 132

Barnesburg Water Association, Inc.

B-1 Deed Book 501, Page 155
B-2 Deed Book 424, Page 215
B-3 Deed Book 424, Page 218
B-4 Deed Book 320, Page 225
B-5 Deed Book 320, Page 162
B-6 Deed Book 320, Page 227

South Eastern Water Association, Inc.

BOOK	PAGE
1043	0571

SE-1 Deed Book 677, Page 082
SE-2 Deed Book 780, Page 166

South Eastern Water Association, Inc. was formed by consolidation of Nelson Valley Water Association, Inc. and Elihu Tateville Water Association, Inc. by Articles of consolidation filed December 27, 1993 and filed of record in Articles of Incorporation Book 17, Page 665, Pulaski County Court Clerk's Office. Elihu Tateville Water association, Inc. was formed by consolidation of Tateville Water Association, Inc. and Elihu Rush Branch Water association, Inc. , by Articles of Consolidation recorded July 22, 1991, filed of record in Articles of Incorporation Book 16, Page 163, Pulaski County court clerk's Office. Barnesburg Water association, Inc. and South Eastern Water Association, Inc. merged by virtue of Articles of Merger dated October 14, 1996, and filed of record in Incorporation Book 20, Page 91, clerk's office aforesaid.

STATE OF KENTUCKY, COUNTY OF PULASKI, SCT. 1
TRUDY DENHAM, CLERK OF THE PULASKI COUNTY, DO
CERTIFY THAT THE FOREGOING INSTRUMENT WAS ON
THE 8 DAY OF NOV 01, AT 12:16 P.M., LODGED FOR
RECORD, AND THAT IT HAS BEEN DULY RECORDED IN MY SAID
OFFICE, TOGETHER WITH THIS AND THE CERTIFICATE THEREON
ENDORSED, GIVEN UNDER MY HAND THIS 8 DAY
OF NOV 01 M.T.E. BOOK 1043 PAGE 544
ATTEST TRUDY DENHAM, CLERK
BY [Signature]

53

USDA

Position 5

Form RD 1927-1 KY
(Rev. 1-97)

BOOK PAGE
0901 0343

REAL ESTATE MORTGAGE FOR KENTUCKY

THIS MORTGAGE is made and entered into by SOUTH EASTERN WATER ASSOCIATION, INC.

204642

residing in PULASKI COUNTY, KENTUCKY,
whose post office address is P.O. BOX 778, SOMERSET, Kentucky, 42502

herein called "Borrower," and:

WHEREAS Borrower is indebted to the United States of America, acting through the United States Department of Agriculture, herein called the "Government," as evidenced by one or more promissory notes or assumption agreements or any shared appreciation or recapture agreement, herein called "note," which has been executed by Borrower, is payable to the order of the Government, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by Borrower, and is described as follows:

Date of Instrument	Principal Amount	Annual Rate of Interest	Due Date of Final Installment
SEE EXHIBIT "A" ATTACHED			

(The interest rate for limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in the Government regulations or the note.)

And the note evidences a loan to Borrower, and the Government, at any time, may assign the note pursuant to the Consolidated Farm and Rural Development Act, Title V of the Housing Act of 1949 or any other statute administered by the Government;

And it is the purpose and intention of this instrument that, among other things, at all times when the note is held by the Government, or in the event the Government should assign this instrument, this instrument shall secure payment of the note;

And this instrument also secures the recapture of any interest credit or subsidy which may be granted to the Borrower by the Government pursuant to 42 U.S.C. § 1490a, or any amounts due under any Shared Appreciation Agreement/Recapture Agreement entered into pursuant to 7 U.S.C. §2001.

NOW, THEREFORE, in consideration of the loans and (a) at all times when the note is held by the Government, or in the event the Government should assign this instrument, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision and (b) in any event and at all times to secure the prompt payment of all advances and expenditures made by the Government, with interest, as hereinafter described, and the performance of every covenant and agreement of Borrower contained herein or in any supplementary agreement, Borrower does hereby sell, convey, and assign, with general warranty, unto the Government the following property situated in the State of Kentucky,

County or Counties of PULASKI

SEE EXHIBIT "B" ATTACHED

BOOK PAGE
3901 0344

being the same (or part of the same) land conveyed*

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, hereditaments and appurtenances thereunto belonging, the rents, issues and profits thereof and revenues and income therefrom, all improvements, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, conveyance, or condemnation of any part thereof or interest there in all of which are herein called "the property"; All rents, profits and income from the property covered by this mortgage are hereby assigned to the mortgagee for the purpose of discharging the debt hereby secured. Permission is hereby given to the mortgagor, so long as no default exist hereunder, to collect such rents, profits and income for use in accordance with regulations.

TO HAVE AND TO HOLD the property unto the Government and its assigns forever in fee simple.

BORROWER for Borrower's self, Borrower's heirs, executors, administrators, successors and assigns WARRANTS THE TITLE to the property to the Government against all lawful claims and demands whatsoever except any liens, encumbrances, easements, reservations, or conveyances specified hereinabove, and COVENANTS AND AGREES as follows:

(1) To pay promptly when due any indebtedness to the Government hereby secured less the Government against any loss under its insurance of payment of the note by reason of any default by Borrower.

(2) To pay to the Government such fees and other charges as may now or hereafter be required by Government regulations.

(3) If required by the Government, to make additional monthly payments of 1/12 of the estimated annual taxes, assessments, insurance premiums and other charges upon the mortgaged premises.

(4) The Government, may at any time pay any other amounts required herein to be paid by Borrower and not paid by Borrower when due, as well as any costs and expenses for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. All such advances shall bear interest at the rate borne by the note which has the highest interest rate.

(5) All advances by the Government as described in this instrument, with interest, shall be immediately due and payable by Borrower to the Government without demand at the place designated in the latest note and shall be secured hereby. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any indebtedness to the Government secured hereby, in any order the Government determines.

(6) To use the loan evidenced by the note solely for purposes authorized by the Government.

(7) To pay when due all taxes, liens, judgments encumbrances, and assessments lawfully attaching to or assessed against the property, including all charges and assessments in connection with water, water rights and water stock pertaining to or reasonably necessary to the use of the real property described above, and promptly deliver to the Government without demand receipts evidencing such payments.

(8) To keep the property insured as required by and under insurance policies approved by the Government and, at its request, to deliver such policies to the Government.

(9) To maintain improvements in good repair and make repairs required by the Government; operate the property in a good and husbandmanlike manner; comply with such farm conservation practices and farm and home management plans as the Government from time to time may prescribe, and not to abandon the property, or cause or permit waste, lessening or impairment of the security covered hereby, or without the written consent of the Government, cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals except as may be necessary for ordinary domestic purposes.

(10) To comply with all laws, ordinances, and regulations affecting the property.

(11) To pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and priority hereof and to the enforcement of or the compliance with the provisions hereof and of the note and any supplementary agreement (whether before or after default), including but not limited to costs of evidence of title to and survey of the property, costs of recording this and other instruments attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property. Upon termination of this mortgage, after payment in full, the mortgagee, at the mortgagor's expense, shall execute and file or record such instruments of release, satisfaction and termination in proper form pursuant to the requirements contained in KRS 382.365.

(12) Except as otherwise provided by Government regulations, neither the property nor any portion thereof or interest therein shall be leased, assigned, sold transferred, or encumbered voluntarily or otherwise, without the written consent of the Government. The Government shall have the sole and exclusive rights as mortgagee hereunder, including but not limited to the power to grant consents, partial releases, subordinations, and satisfaction, and no insured holder shall have any right, title or interest in or the lien or any benefits hereof.

(13) At all reasonable times the Government and its agents may inspect the property to ascertain whether the covenants and agreements contained herein or in any supplementary agreement are being performed.

(14) The Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on, the debt evidenced by the note or any indebtedness to the Government secured by this instrument, (d) release any party who is liable under the note or for the debt from liability to the Government, (e) release portions of the property and subordinate its lien and (f) waive any other of its rights under this instrument. Any and all this can and will be done without affecting the lien or the priority of this instrument or Borrower's or any other party's liability to the Government for payment of the note or debt secured by this instrument unless the Government says otherwise in writing. HOWEVER, any forbearance by the Government—whether once or often—in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

(15) If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a production credit association, a Federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such loan in sufficient amount to pay the note and any indebtedness secured hereby and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such loan.

(16) Default hereunder shall constitute default under any other real estate, or under any personal property, or other security instrument held by the Government and executed or assumed by Borrower, and default under any such other security instrument shall constitute default hereunder.

(17) SHOULD DEFAULT occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should any one of the parties named as Borrower die or be declared an incompetent, or should any one of the parties named as Borrower be discharged in bankruptcy or declared an insolvent, or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any indebtedness to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument as provided herein or by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

(18) The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions hereof, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all indebtedness to the Government secured hereby, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other indebtedness of Borrower owing to the Government, and (f) any balance to Borrower. At foreclosure or other sale of all or any part of the property, the Government and its agents may bid and purchase as a stranger and may pay the Government's share of the purchase price by crediting such amount on any debts of Borrower owing to the Government, in the order prescribed above.

(19) Borrower agrees that the Government will not be bound by any present or future State laws, (a) providing for valuation, appraisal, homestead or exemption of the property, (b) prohibiting maintenance of an action for a deficiency judgment or limiting the amount thereof or the time within which such action may be brought, (c) prescribing any other statute of limitations, (d) allowing any right of redemption or possession following any foreclosure sale, or (e) limiting the conditions which the Government may by regulation impose, including the interest rate it may charge, as a condition of approving a transfer of the property to a new Borrower. Borrower expressly waives the benefit of any such State law. Borrower hereby relinquishes, waives, and conveys all rights, inchoate or consummate, of descent, dower, and curtesy.

(20) If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, handicap, familial status, age or national origin, and (b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, handicap, familial status, age or national origin.

(21) Borrower further agrees that the loans secured by this instrument will be in default should any loan proceeds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity, as prohibited by 7 C.F.R. part 1940, subpart G.

(22) This instrument shall be subject to the present Government regulations and to its future regulations not inconsistent with the express provisions hereof.

(23) Notices given hereunder shall be sent by certified mail, unless otherwise required by law, and addressed, unless and until some other address is designated in a notice so given, in the case of the Government to,

955 LAUREL RD, ST. 1, LONDON, KY 40344

and in the case of Borrower to the address shown in the Government's Finance Office records (which normally will be the same as the post office shown above).

(24) If any provision of this instrument or application thereof to any person or circumstances is held invalid, such invalidity will not affect other provisions or applications of the instrument which can be given effect without the invalid provision or application, and to that end the provisions hereof are declared to be severable.

BOOK

PAGE

0901

0346

Given under the hands and seals of Borrower this

day of

SEPTEMBER

192008

X Joe Richards, I

(SEAL)

(SEAL)

STATE OF KENTUCKY

COUNTY OF

PULASKI

ss:

Before me,

D. BRUCE ORWIN

, a Notary Public in and for

the County of

PULASKI

personally appeared

JOE RICHARDS I

and

N/A

, his wife,

who acknowledged that they executed the foregoing instrument on the

17

day of

SEPTEMBER

192008

, as their free act and deed.

WITNESS my hand and official seal this

17

day of

SEPTEMBER

192008

(SEAL)

My commission expires:

4 APRIL 2008

Notary Public

PREPARER'S STATEMENT

The form of this instrument was drafted by the Office of the General Counsel of the United States Department of Agriculture, and the material in the blank spaces in the form was inserted by or under the direction of

D. BRUCE
ATTORNEY

(name),

P.O. BOX 716 SOMERSET, KY 42502

(address)

(Signature)

RECORDER'S SIGNATURE

STATE OF KENTUCKY

COUNTY OF

ss:

I, _____

, Clerk of the County Court for the County aforesaid, do certify

that the foregoing mortgage was on the _____ day of _____, 19____, lodged for record

at _____ o'clock _____ M., whereupon the same, with the foregoing and this certificate, have been duly recorded in my office.

Given under my hand this _____ day of _____, 19____.

Clerk of

County Court

By _____, D.C.

BOOK PAGE
0901 0347

EXHIBIT "A"

- (1) Assumption Agreement dated September 14, 1995, with a final maturity of September 14, 2033, assuming notes totaling \$981,713.42;
- (2) Assumption Agreement dated September 14, 1995, with a final maturity of September 14, 2029, assuming notes totaling \$557,413.09;
- (3) Assumption Agreement dated September 14, 1995, with a final maturity of September 14, 2032, assuming notes totaling \$713,474.70
- (4) Assumption Agreement dated February 12, 1997, with a final maturity of October 17, 2041, assuming notes totaling \$365,411.33;
- (5) Promissory note dated September 14, 1995 , to secure repayment of a note of \$136,000.00 with a final due dated September 14, 2035;
- (6) Promissory note dated September 14, 1995 , to secure repayment of a note of \$237,000.00 with a maturity date September 14, 2035;
- (7) Promissory note dated February 12, 1997 , to secure repayment of a note of \$165,100.00 with a final repayment dated February 12, 2037
- (8) Promissory note dated February 12, 1997 , to secure repayment of a note of \$250,000.00 with a final repayment dated February 12, 2037
- (9) Promissory note dated July 10, 2001 , to secure repayment of a note of \$1,479,000.00 with a final repayment date of July 10, 2041;
- (10) Promissory note dated September 17, 2004 , to secure repayment of a note of \$1,833,000.00 with a final repayment date of September 17, 2044;

BOOK PAGE
0901 0348
651 0464

EXHIBIT "B"

All those tracts of real property conveyed unto the Southeastern Water Association, Inc, and the predecessor legal entities of the Southeastern Water Association, Inc., by deeds referred to below. Reference is made to those deeds for a more complete description:

Tateville Water Association, Inc.

T-1 Deed Book 484, Page 278
T-2 Deed Book 484, Page 276
T-3 Deed Book 355, Page 455
T-4 Deed Book 355, Page 457

Elihu-Rush Branch Water Association, Inc.:

ER-1 Deed Book 518, Page 415
ER-2 Deed Book 412, Page 019
ER-3 Deed Book 534, Page 579
ER-4 Deed Book 324, Page 513

Nelson Valley Water Association, Inc.:

N-1 Deed Book 538, Page 469
N-2 Deed Book 531, Page 397
N-3 Deed Book 520, Page 582
N-4 Deed Book 526, Page 055
N-5 Deed Book 527, Page 558
N-6 Deed Book 292, Page 001
N-7 Deed Book 292, Page 132

Barnesburg Water Association, Inc.

B-1 Deed Book 501, Page 155
B-2 Deed Book 424, Page 215
B-3 Deed Book 424, Page 218
B-4 Deed Book 320, Page 225

BOOK PAGE
0901 0349

BOOK PAGE
651 0465

B-5 Deed Book 320, Page 162
B-6 Deed Book 320, Page 227

Southeastern Water Association, Inc.:

SE-1 Deed Book 677, Page 082

Southeastern Water Association, Inc., was formed by consolidation of Nelson Valley Water Association, Inc. and Elihu Tateville Water Association, Inc., by Articles of Consolidation filed December 27, 1993 and filed of record in Articles of Incorporation Book 17, Page 665, Pulaski County Court Clerk's Office. Elihu Tateville Water Association, Inc., was formed by consolidation of Tateville Water Association, Inc., and Elihu Rush Branch Water Association, Inc., by Articles of Consolidation recorded July 22, 1991 filed of record in Articles of Incorporation Book 16, Page 163, Pulaski County Court Clerk's Office. Barnesburg Water Association, Inc., and South Eastern Water Association, Inc., merged by virtue of Articles of Merger dated October 14, 1996 and filed of record in Incorporation Book 20, Page 91, clerk's office aforesaid.

STATE OF KENTUCKY, COUNTY OF PULASKI, SCT. 1.
WILLARD HANSFORD, CLERK OF THE PULASKI COUNTY COURT, DO
CERTIFY THAT THE FOREGOING INSTRUMENT WAS ON
THE 10 DAY OF ~~Sept~~ Oct 2004, AT 11:30 A.M., LODGED FOR
RECORD, AND THAT IT HAS BEEN DULY RECORDED IN MY SAID
OFFICE, TOGETHER WITH THIS AND THE CERTIFICATE THEREON
ENDORSED, GIVEN UNDER MY HAND THIS 10 DAY
OF ~~Sept~~ Oct 2004, BOOK 661 PAGE 458
ATTEST WILLARD HANSFORD, CLERK
BY Janet Howell D.C.

STATE OF KENTUCKY, COUNTY OF PULASKI, SCT. 1
TRUDY DENHAM, CLERK OF THE PULASKI COUNTY, DO
CERTIFY THAT THE FOREGOING INSTRUMENT WAS ON
THE 17 DAY OF Sept 2004, AT 11:29 A.M., LODGED FOR
RECORD, AND THAT IT HAS BEEN DULY RECORDED IN MY SAID
OFFICE, TOGETHER WITH THIS AND THE CERTIFICATE THEREON
ENDORSED, GIVEN UNDER MY HAND THIS 17 DAY
OF Sept 2004, BOOK 901 PAGE 343
ATTEST TRUDY DENHAM, CLERK
BY Betty Ragan D.C.

Exhibit 18

Outstanding Debt
&
Interest Paid Year-Ending December 31, 2024

SOUTH EASTERN WATER ASSOCIATION, INC.

Existing Long-Term Debt

Description of Debt	Lending Agency	Date of Issue	Original Principal Amount	Maturity	Interest Rate	Outstanding Principal Balance
Loan 91-22	RD	09-17-04	\$1,833,000	09-17-44	4.50%	\$1,239,290
Loan 91-24	RD	11-08-06	\$2,754,000	11-08-46	4.375%	\$2,001,611
Loan 91-26	RD	02-02-11	\$3,995,000	02-02-51	2.375%	\$3,007,517
2015C Loan	KRWFC	03-10-15	\$2,980,000	01-01-41	3.00% to 4.25%	\$1,535,000
Loan 91-28	RD	05-14-20	\$2,196,000	05-14-60	1.875%	\$1,943,483
Loan 91-30	RD	05-14-20	\$ 500,000	05-14-61	1.875%	\$ 434,478
Loan 91-32	RD	12-17-24	\$ 504,328	12-17-64	1.75%	\$ 495,528
Note: Outstanding Principal Balances as of October 31, 2025					TOTAL:	\$10,656,907

RD United States Department of Agriculture, Rural Development.

KRWFC Kentucky Rural Water Finance Corporation.
Although the 2015C note was issued by KRWFC, this note is now held by Rural Water Financing Agency, the successor to KRWFC.

SOUTH EASTERN WATER ASSOCIATION, INC.

Interest Paid on Long-Term Debt Fiscal Year Ending December 31, 2024

Description of Debt	Lending Agency	Original Principal Amount	Interest Rate	Interest Paid FY 2024
Loan 91-22	RD	\$1,833,000	4.50%	\$57,598
Loan 91-24	RD	\$2,754,000	4.375%	\$89,106
Loan 91-26	RD	\$3,995,000	2.375%	\$73,397
2015C Loan	KRWFC	\$2,980,000	3.00% to 4.25%	\$67,478
Loan 91-28	RD	\$2,196,000	1.875%	\$37,122
Loan 91-30	RD	\$ 500,000	1.875%	\$ 8,720
Loan 91-32	RD	\$ 504,328	1.75%	\$ 6,327
Interest Paid FY Ending December 31, 2024			Total:	\$339,748

Exhibit 19

Income Statement & Balance Sheet
12-Months Ending September 30, 2025

BARRY D. DAULTON, CPA, PSC
423 E. MOUNT VERNON STREET
POST OFFICE BOX 1424
SOMERSET, KY 42502
phone (606) 679-9344
fax (606) 679-5545

November 25, 2025

To the Board of Directors
Southeastern Water Association, Inc.
Somerset, KY 42503

Management is responsible for the accompanying financial statements of Southeastern Water Association, Inc. (a Non-Profit Corporation), which comprise the Statement of Net Assets as of September 30, 2025 and the related Statement of Activities for the twelve months then ended in accordance with the accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

A statement of cash flows for the year then ended has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present financial position and results of operation.

I am not independent with respect to Southeastern Water Association, Inc.

Barry D. Daulton, CPA, PSC
Certified Public Accountant

Southeastern Water Association, Inc.
Statement of Net Assets
September 30, 2025

	<u>2025</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 404,260
Short-term cash investments	1,598,571
Accounts receivable (net of allowance)	438,769
Inventory	259,296
Prepaid expenses	<u>119,907</u>
Total current assets	2,820,803
Property, Plant and Equipment	
Property, plant and equipment	51,211,161
Accumulated depreciation	<u>(22,102,982)</u>
Net property, plant and equipment	29,108,179
Other Assets	
Restricted cash accounts	<u>1,434,453</u>
Total other assets	<u>1,434,453</u>
Total Assets	<u><u>\$ 33,363,435</u></u>

See accountants' compilation report.

Southeastern Water Association, Inc.
Statement of Net Assets
September 30, 2025

	<u>2025</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 465,278
Accrued payroll liabilities	4,081
Accrued taxes	20,676
Accrued interest payable	27,361
Advance tap-on fees	5,735
Current portion of long-term debt	<u>415,597</u>
 Total current liabilities	 938,728
Long-term Liabilities	
Long-term debt	10,717,731
Net of current portion	<u>(415,597)</u>
 Total long-term liabilities	 <u>10,302,134</u>
 Total Liabilities	 11,240,862
Net Assets	
Reserved by contract	1,242,205
Reserved by board	1,120,000
Membership fees	170,656
Tap-on fees	3,147,083
Contributed equity	9,729,631
Other	<u>6,712,998</u>
 Total net assets	 <u>22,122,573</u>
 Total Liabilities and Net Assets	 <u><u>\$ 33,363,435</u></u>

Southeastern Water Association, Inc.
Statement of Activities
For the twelve months ended September 30, 2025

	<u>9/30/2025</u>
Operating revenues	
Sales	\$ 5,505,562
Cost of Water Sold	(1,740,015)
Other operating costs	<u>(443,648)</u>
	3,321,899
General and administrative	
Depreciation	1,485,435
Wages	702,370
Fuel and oil	57,274
Maintenance	138,865
Insurance	244,633
Other general and administrative	132,728
Customer billing	178,816
Directors' fees	37,000
Office expense	78,026
Bad debt	1,018
Professional services	104,137
Tax and license	<u>63,385</u>
Total cost of general and administrative	<u>3,223,687</u>
Net income (loss) from operations	98,212
Non-operating revenues (expenses)	
Capital contributions - other grants	671,631
Interest income	102,422
Gain on sale of assets	204,732
Miscellaneous income	28,271
Interest expense	<u>(330,926)</u>
Total non-operating revenues (expenses)	<u>676,130</u>
Change in unrestricted net assets	774,342
Net assets beginning of month/year	<u>21,348,231</u>
Net assets end of month/year	<u><u>\$ 22,122,573</u></u>

See accountants' compilation report.

Exhibit 20

Acquired Property by USoA Account Number

**Detailed Estimate of Acquired Property Classified According
To The Uniform System of Accounts for
Class A/B Water Districts and Associations**

**South Eastern Water Association, Inc
U. S. 27 Water Line Replacement Project**

Account No.	Account Description	Estimate
331	Transmission and Distribution Mains	\$1,105,164
	TOTAL	\$1,105,164

Exhibit 21

2024 Audited Financial Statement

Southeastern Water Association, Inc.

**Audited Financial Statements
for the years ended December 31, 2024 and 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southeastern Water Association, Inc.
Somerset, Kentucky

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Southeastern Water Association, Inc. (a non-profit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Southeastern Water Association, Inc., as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Southeastern Water Association, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeastern Water Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southeastern Water Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeastern Water Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 12, 2025, on my consideration of Southeastern Water Association, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southeastern Water Association, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southeastern Water Association, Inc.'s internal control over financial reporting and compliance.

Rodall D. Z..., CPA, PLLC

August 12, 2025
Somerset, Kentucky

Southeastern Water Association, Inc.
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 401,412	\$ 382,914
Certificates of deposit	1,249,098	1,761,707
Accounts receivable (net of allowance of \$26,970 and \$27,801 at December 31, 2024 and 2023, respectively)	358,310	369,350
Inventory	254,890	370,087
Prepaid expenses	79,933	75,907
Total current assets	<u>2,343,643</u>	<u>2,959,965</u>
Property, Plant and Equipment		
Property, plant and equipment	50,358,506	47,481,195
Accumulated depreciation	(21,055,896)	(20,009,553)
Net property, plant and equipment	<u>29,302,610</u>	<u>27,471,642</u>
Other Assets		
Restricted cash accounts	1,479,527	1,352,881
Total other assets	<u>1,479,527</u>	<u>1,352,881</u>
Total Assets	<u><u>\$ 33,125,780</u></u>	<u><u>\$ 31,784,488</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 176,640	\$ 320,317
Accrued liabilities	23,695	39,840
Accrued interest payable	46,564	47,989
Customer deposits	174,458	157,006
Advance tap-on fees	5,735	8,235
Current portion of long-term debt	415,597	394,387
Total current liabilities	<u>842,689</u>	<u>967,774</u>
Long-term Liabilities		
Long-term debt	11,072,504	10,966,029
Net of current portion	(415,597)	(394,387)
Total long-term liabilities	<u>10,656,907</u>	<u>10,571,642</u>
Total Liabilities	<u>11,499,596</u>	<u>11,539,416</u>
Net Assets, Without Donor Restrictions		
Reserved by contract	1,352,881	1,352,881
Reserved by board	1,120,000	1,120,000
Membership fees	167,386	163,536
Tap-on fees	3,793,863	3,620,703
Unrestricted, other	15,192,054	13,987,952
Total net assets	<u>21,626,184</u>	<u>20,245,072</u>
Total Liabilities and Net Assets	<u><u>\$ 33,125,780</u></u>	<u><u>\$ 31,784,488</u></u>

The accompanying notes are an integral part of the financial statements.

Southeastern Water Association, Inc.
Statements of Activities
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating increases in net assets without donor restrictions		
Water sales	\$ 5,026,345	\$ 4,713,362
Service charges/reconnect fees	27,791	20,211
Other income	1,805	23,526
Total	<u>5,055,941</u>	<u>4,757,099</u>
Operating decreases in net assets without donor restrictions		
Cost of water sold	1,669,955	1,460,185
Depreciation	1,300,498	1,216,498
Wages	660,394	615,025
Maintenance	76,832	69,384
Supplies	158,235	108,892
Insurance	207,415	226,619
Other general and administrative	14,725	14,628
Auto and truck	92,477	74,035
Pension plan expense	25,972	42,670
Bank charges	56	-
PSC fees	7,227	8,007
Utilities	116,932	119,433
Telephone	8,052	8,158
Testing and analysis	15,725	16,530
Customer billing	66,689	47,870
Directors' fees	40,000	42,000
Office expense	77,417	28,275
Bad debt	5,499	21,017
Uniforms/laundry	9,752	10,062
Professional services	84,212	64,285
Tax and license	58,274	55,898
Total	<u>4,696,338</u>	<u>4,249,471</u>
Operating increase in net assets without donor restrictions	<u>359,603</u>	<u>507,628</u>
Non-operating increases (decreases) in net assets without donor restrictions		
Capital contributions - federal grants	805,240	163,131
Gain(Loss) on sale of assets	248,732	21,607
Employee retention credit received	-	260,294
Membership fees collected	3,850	4,460
Tap-on fees collected, net of amounts refunded	173,160	161,400
Interest income	130,275	94,683
Interest expense	(339,748)	(313,960)
Total	<u>1,021,509</u>	<u>391,615</u>
Change in net assets without donor restrictions	<u>\$ 1,381,112</u>	<u>\$ 899,243</u>

The accompanying notes are an integral part of the financial statements.

Southeastern Water Association, Inc.
Statements of Changes in Net Assets
For the years ended December 31, 2024 and 2023

	Without Donor Restrictions					
	Reserved by Contract	Reserved by board	Membership Fees	Tap-on Fees	Other	Total
Balances, January 1, 2023	\$ 1,321,955	\$ 1,120,000	\$ 159,076	\$ 3,459,303	\$ 13,285,495	\$ 19,345,829
2023 change in net assets	-	-	4,460	161,400	733,383	899,243
Transfers	30,926	-	-	-	(30,926)	-
Balances, December 31, 2023	\$ 1,352,881	\$ 1,120,000	\$ 163,536	\$ 3,620,703	\$ 13,987,952	\$ 20,245,072
2024 change in net assets	-	-	3,850	173,160	1,204,102	1,381,112
Transfers	126,646	-	-	-	(126,646)	-
Balances, December 31, 2024	<u>\$ 1,479,527</u>	<u>\$ 1,120,000</u>	<u>\$ 167,386</u>	<u>\$ 3,793,863</u>	<u>\$ 15,065,408</u>	<u>\$ 21,626,184</u>

The accompanying notes are an integral part of the financial statements.

Southeastern Water Association, Inc.
Statement of Functional Expenses
For the year ended December 31, 2024

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Cost of water sold	\$ 1,669,955	\$ -	\$ 1,669,955
Depreciation	1,237,891	62,607	1,300,498
Wages	521,209	139,185	660,394
Maintenance	76,832	-	76,832
Supplies	158,235	-	158,235
Insurance	179,875	27,540	207,415
Other general and administrative	-	14,725	14,725
Auto and truck	92,477	-	92,477
Pension plan expense	20,498	5,474	25,972
Bank charges	-	56	56
PSC fees	7,227	-	7,227
Utilities	104,377	12,555	116,932
Telephone	-	8,052	8,052
Testing and analysis	15,725	-	15,725
Customer billing	81,434	-	81,434
Directors' fees	-	40,000	40,000
Office expense	-	62,672	62,672
Bad debt	5,499	-	5,499
Uniforms/laundry	9,752	-	9,752
Professional services	-	84,212	84,212
Tax and license	47,229	11,045	58,274
	<u>\$ 4,228,215</u>	<u>\$ 468,123</u>	<u>\$ 4,696,338</u>

The accompanying notes are an integral part of the financial statements.

Southeastern Water Association, Inc.
Statement of Functional Expenses
For the year ended December 31, 2023

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Cost of water sold	\$ 1,460,185	\$ -	\$ 1,460,185
Depreciation	1,198,990	17,508	1,216,498
Wages	491,430	123,595	615,025
Maintenance	69,384	-	69,384
Supplies	108,892	-	108,892
Insurance	203,484	23,135	226,619
Other general and administrative	-	14,628	14,628
Auto and truck	74,035	-	74,035
Pension plan expense	34,095	8,575	42,670
Bank charges	-	-	-
PSC fees	8,007	-	8,007
Utilities	110,849	8,584	119,433
Telephone	-	8,158	8,158
Testing and analysis	16,530	-	16,530
Customer billing	47,870	-	47,870
Directors' fees	-	42,000	42,000
Office expense	-	28,275	28,275
Bad debt	21,017	-	21,017
Uniforms/laundry	10,062	-	10,062
Professional services	-	64,285	64,285
Tax and license	45,907	9,991	55,898
	<u>\$ 3,900,737</u>	<u>\$ 348,734</u>	<u>\$ 4,249,471</u>

The accompanying notes are an integral part of the financial statements.

Southeastern Water Association, Inc.
Statements of Cash Flows
For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Operating income/loss	\$ 359,603	\$ 507,628
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,300,498	1,216,498
Bad debts	5,499	21,017
(Increase) decrease in operating assets		
Inventory	115,197	(225,258)
Accounts receivable	5,541	(42,133)
Prepaid expenses	(4,026)	5,060
Increase (decrease) in operating liabilities		
Accounts payable	(143,677)	(29,363)
Accrued liabilities	(16,144)	17,587
Accrued interest	(1,425)	(10,709)
Advance tap on fees	(2,500)	-
Net cash provided by operating activities	1,618,566	1,460,327
Cash flows from investing activities		
Interest income	130,275	94,683
Redemption of (investment in) certificates of deposits	512,609	(734,399)
Proceeds from sale of assets	272,625	25,000
Cash payments for the purchase and construction of fixed assets	(3,155,360)	(2,250,341)
Net cash used by investing activities	(2,239,851)	(2,865,057)
Cash flows from financing activities		
Interest expense	(339,748)	(313,960)
Proceeds from federal grants	805,240	163,131
Employee retention credit received	-	260,294
Increase in customer deposits	17,452	21,881
Proceeds from tap-on and membership fees	177,010	165,860
Proceeds from issuance of long-term debt	504,328	-
Principal payment on long-term debt	(397,853)	(385,518)
Net cash provided by financing activities	766,429	(88,312)
Net increase (decrease) in cash, cash equivalents, and restricted cash	145,144	(1,493,042)
Cash, cash equivalents, and restricted cash beginning of year	1,735,795	3,228,837
Cash, cash equivalents, and restricted cash end of year	<u>\$ 1,880,939</u>	<u>\$ 1,735,795</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	<u>\$ 341,173</u>	<u>\$ 348,149</u>

The accompanying notes are an integral part of the financial statements.

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Southeastern Water Association, Inc. (the Association) was formed as a result of an order by the Public Service Commission of Kentucky which required the merger of Nelson Valley Water Association, Inc., Tateville Water Association, Inc., Elihu-Rush Branch Water Association, Inc., and Barnesburg Water Association, Inc. The Association purchases water from the City of Somerset Water Service and distributes the water to residents of the Nelson Valley, Tateville, Elihu-Rush Branch, and Barnesburg areas of Pulaski County, Kentucky. The Association falls under the oversight and regulations of the Kentucky Public Service commission and accordingly follows their prescribed uniform System of Accounts.

Method of Accounting

The Association prepares its financial statements on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when earned, rather than when received and expenses are recognized when incurred rather than when paid.

Financial Statement Presentation

The Association prepares its financial statements in accordance with FASB ASC 958, *Not for Profit Entities*. Under FASB ASC 958, the Association is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed stipulation, even though their use may be limited in other respects, such as by contract or by board designation.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no donor-imposed restrictions of a temporary or perpetual nature at December 31, 2024 or 2023. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

1. Summary of Significant Accounting Policies, continued

Revenue Recognition

Revenues from sales of water, service charges/reconnect fees, and tap-on fees for new service addresses are exchange transactions and are recognized in the period in which the water is provided to the customer or meters installed. The Association's sales are delivered daily as customers use water at which time ownership, risks, and rewards transfer. At the end of the month, customer usage is measured and billed. Control of water transfers to the customer as they consume it. In 2024 and 2023, the Association recognized revenue from sales to customers, net of sales and utility taxes and refunds/adjustments, totaling \$5,026,3451 and \$4,713,362, respectively. Grant income is recognized as revenues as various conditions are met, and then reflected as contributed capital in the Statement of Net Assets.

Credit risk

Financial instruments which potentially subject the Association to concentrations of credit risk consist principally of cash, cash equivalents and trade receivables. The Association places its cash deposits with high credit quality financial institutions and generally limits the amount of credit exposure by using multiple institutions and requiring collateral pledges. Concentrations of credit risk with respect to trade receivables are limited due to the Association's large number of customers with individually small, immaterial balances.

Cash, Cash Equivalents, and Restricted Cash

The statement of cash flows classifies changes in cash, cash equivalents and restricted cash according to operating, investing or financing activities. The Association considers cash on hand, cash in banks and certificates of deposit with an original maturity of three months or less, both restricted and unrestricted, to be cash and cash equivalents. Cash and cash equivalents on the statement of cash flows includes amounts classified as cash and cash equivalents and restricted cash on the statement of financial position.

Contract Accounts Receivable

The Association extends credit to substantially all of its customers. Accounts receivable are stated at the face amount of the water bills, which approximates fair market value. The timing of revenue recognition, billings, and cash collections results in billed accounts receivable on the statement of financial position. Amounts are billed at the end of every month based on customer usage. Total usage determines the rate at which a customer is billed per unit. Payment is due within 10 days. Penalties are imposed 10 days after the payment due date on unpaid balances.

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

1. Summary of Significant Accounting Policies, continued

Contract Accounts Receivable, continued

Customers may request adjustment for leaks, up to a maximum of 90 days, once per year, or to correct errors from meter reading. The Association recognizes revenue sales in the amount it expects to be entitled, that is, net of estimated adjustments. Based on past experience, the Association does not anticipate a significant amount of adjustments and, therefore, has not accrued an adjustment liability.

Allowance for Credit Losses

The Association operates in the water utility industry and its accounts receivables are primarily derived from individual and commercial customers. At each balance sheet date, the Association recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance estimate is derived from a review of the Association's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Association. The Association believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Association's portfolio segments have remained constant since the Association's inception.

The Association writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in accordance with the entity's accounting policy election. The total amount of write offs was \$5,499 and \$21,017 for the years ended December 31, 2024 and 2023, respectively.

Inventory

Inventory of the Association consists of supplies and materials for Association use. This inventory is valued at first-in, first-out cost, which approximates market.

Property and Equipment

Property and equipment with useful lives of more than one year are stated at historical cost. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Depreciation is computed using straight line over estimated useful lives ranging from 5 to 40 years. Depreciation is calculated on construction projects once completed and placed in service.

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

1. Summary of Significant Accounting Policies, continued

Advance Tap-On Fees

The Association allows potential customers to pay tap-on fees in advance of construction of lines. Amounts paid in advance remain payable back to the customer until they receive water service. Upon receipt of water service, the tap-on fee is reclassified to Net Assets – Tap-On-Fees.

Membership Fees

The Association requires all customers to be members of the Association by paying a one-time nonrefundable fee of \$10.

Grants

Grants received by the Association that are used to offset the acquisition, improvement or construction costs of the Association's property, facilities, water distribution system, or equipment used to provide utility services to the public are recorded as non-operating revenue. Grant revenues are transferred at year end to the equity account Net Assets, Without Donor Restrictions – Other.

Functional Expenses

The Association's functional expense policy is to allocate all direct costs of providing water as well as a portion of salaries and related payroll expenses to program services. The salaries and related payroll costs attributed to program services are allocated using a percentage based on the relative time spent by the affected employees on each function. The Association incurs no fund raising expense.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect reported amount of assets, liabilities, net position and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Comparability

Certain prior year amounts have been restated to conform to current year presentation. The restatements had no effect on the change in net assets for either period.

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

1. Summary of Significant Accounting Policies, concluded

Income Tax Status

The Association is a nonprofit organization, exempt under Internal Revenue Section 501(c)(12). No income tax is applicable due to the Association's tax exempt status. The Association is not aware of any uncertain income tax positions as of December 31, 2024 for any open tax years.

2. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows:

Cash and cash equivalents	\$ 401,412
Restricted cash accounts included in other assets	<u>1,479,527</u>
Total cash, cash equivalents and restricted cash	<u>\$ 1,880,939</u>

Amounts included in restricted cash represent those required to be set aside by covenants of various debt agreements with Rural Development as well as customer deposits held.

3. Concentration of Credit Risk

The Association held deposits at multiple banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at three institutions exceeded FDIC insured limits. The amounts in excess of the FDIC limit totaled \$1,258,347 and \$550,911 at December 31, 2024 and 2023 respectively. At December 31, 2024, all of the excess amount, except for \$618,406 was collateralized with securities held in the name of the financial institution and pledged to the Association. At December 31, 2023, all of the excess amount was collateralized with securities held in the name of the financial institution and pledged to the Association. Securities cannot be moved or redeemed without prior approval of the Association.

4. Contract Balances

The contract balances were as follows:

	<u>12/31/2024</u>	<u>12/31/2023</u>	<u>1/1/2023</u>
Accounts receivable	<u>\$358,310</u>	<u>\$369,350</u>	<u>\$348,234</u>

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

5. Property and Equipment

The cost of property and equipment at December 31, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Transmission and distribution system	\$ 45,446,002	\$ 42,855,285
Construction work in process	145,743	2,451,089
Buildings and equipment	4,535,689	1,943,749
Land and land rights (nondepreciable)	<u>231,072</u>	<u>231,072</u>
Property and equipment	50,358,506	47,481,195
Less accumulated depreciation	<u>(21,055,896)</u>	<u>(20,009,553)</u>
Property and equipment, net	<u>\$ 29,302,610</u>	<u>\$ 27,471,642</u>

During the year ended December 31, 2023, the Association completed a project to replace and extend water lines and construct/rehab pump stations in the KY192/KY1003 area. The project was funded by two Rural Development loans at a total of \$2,696,000 and two Rural Development grants at a total of \$659,000. \$3,459,699 was expended on the project in total, including capitalized interest.

During the year ended December 31, 2024, the Association completed a project to replace pump stations in the Rush Branch and Tateville areas. The project was funded in house with funds available. \$800,800 was expended on the project in total.

During the year ended December 31, 2024, the Association completed a project to build a new office for the Association/s operations. The project was funded in house with funds available. \$2,655,603 was expended on the project in total.

During the year ended December 31, 2024, the Association completed a project to build a new water storage tank in the Dixie Bend area. The project was funded by a \$504,328 Rural Development Loan and \$659,497 of United States Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds through the Kentucky Infrastructure Authority Cleaner Water Program. \$1,172,277 was expended on the project in total.

During the year ended December 31, 2024, the Association began a project to replace water lines in the Eagle's Nest area. The total expected project cost is \$457,823. This project is to be funded by \$416,203 of United States Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds through the Kentucky Infrastructure Authority Cleaner Water Program and the remainder with funds on hand. As of December, 31, 2024, \$145,743 had been expended on the project.

6. Line of Credit

The Association obtained a line of credit from a local bank for the Dixie Bend Tank Replacement Project. The total amount of the line of credit is \$622,000. The line of credit matures in November, 2025 and bears interest at 6.5% which can vary depending on fluctuations in the prime rate. The line of credit is secured by a certificate of deposit. The balance on the line was \$0 at December 31, 2024.

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

7. Long-Term Liabilities

Loans from Rural Development (RD) financed installation of distribution mains and water lines. Real estate and revenue sufficient to fund the annual debt service secure the loans. During 2015, a group of these loans were refinanced through Kentucky Rural Water Finance Corporation into a 2015 Series Revenue Bonds at an interest savings.

The balances on the Association's loans/bonds are as follows:

	<u>2024</u>	<u>2023</u>
Interest variable revenue bonds dated March 8, 2015, payable in annual installments, including interest through February, 2041.	\$ 1,700,000	\$ 1,860,000
2.375% loan dated February 2, 2011 payable in annual installments of \$160,799, including interest, through February 2, 2051.	3,094,917	3,181,102
4.375% loan dated November 8, 2006, payable in annual installments of \$149,956, including interest through November 8, 2046.	2,062,611	2,120,948
4.5% loan dated September 17, 2004, payable in annual installments of \$101,567, including interest, through September 17, 2044.	1,283,290	1,326,227
1.875% loan dated May 14, 2020, payable in annual installments of \$78,529, including interest, through May 14, 2060.	1,983,718	2,024,647
1.875% loan dated May 14, 2020, payable in annual installments of \$17,880, including interest, through May 14, 2060.	443,640	453,105
1.75% loan dated December 17, 2024, payable in monthly installments of \$17,556, including interest, through December 17, 2064.	504,328 \$ 11,072,504	- \$ 10,966,029
Less current portion	(415,597) <u>\$ 10,656,907</u>	(394,387) <u>\$ 10,571,642</u>

The Association executed a supplementary agreement with RD in which payments are made in monthly installments at an amount that is adequate to cover the annual requirements of all outstanding loans.

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

7. Long-Term Liabilities, continued

The following table shows estimated maturities of all long-term debt at December 31, 2024:

2025	\$ 415,597
2026	428,379
2027	441,480
2028	454,802
2029	438,445
Later years	<u>8,893,801</u>
	<u>\$11,072,504</u>

The Association capitalizes interest incurred during construction projects as a component on construction costs at the end of the construction project. Interest in the amount of \$0 and \$23,480 was capitalized during the years ended December 31, 2024 and December 31, 2023, respectively.

Interest incurred on all debt during the years ended December 31, 2024 and 2023 totaled \$339,748 and \$348,149, respectively.

8. Special Funds and Restrictions

The debt agreements with Rural Development require the following accounts be maintained by the Association as long as any outstanding debt remains;

General account – All operating funds received shall be deposited in this account. Funds will be used for operating and maintenance expenses and will be transferred to other accounts as needed.

Depreciation reserve account – The Association is required to make monthly deposits into this account as provided by the letter of conditions from RD. Ten percent of each loan is required to be deposited into this account over a period of ten years. These funds may be used for debt service or for unusual repairs or improvements if proper approvals are obtained and no funds are available in the general account. The balance as of December 31, 2024 and 2023 was \$911,007 and \$845,412, respectively, which met all required RD covenants for the full amount for all outstanding debt issues.

Debt service reserve account – Monthly deposits are required to be made into this account. Funds are to be used to make payments on Rural Development loans. The account was established per Rural Development loan requirements. The balance as of December 31, 2024 and 2023 was \$4,336 and \$4,714, respectively.

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

8. Special Funds and Restrictions, concluded

Short lived assets reserve account – Monthly deposits are required to commence in January 2014 into this account as provided by the letter of conditions for loan 26. These funds may be used to replace short lived assets used in the normal course of business at the discretion of the Association. The balance as of December 31, 2024 and 2023 was \$150,419 and \$133,848, respectively, which met all required RD covenants.

The bond agreement with Regions Bank requires monthly deposits to be made into a sinking account. These deposits are to set aside funds for the semi-annual payments on the 2015 bond issue. The balance as of December 31, 2024 and 2023 was \$220,756 and \$211,439, respectively.

Customer deposits received by the Association are required to be set aside in an account to be used for final billing amounts with any excess, including interest earned, returned to customers when they terminate service. The balance as of December 31, 2024 and 2023 was \$186,274 and \$156,969, respectively.

9. Related-Party Transactions

The Association paid \$40,000 and \$42,000 in 2024 and 2023, respectively, for board of director's fees. The Association purchases insurance from a company in which a board member's brother is a stockholder.

10. Retirement Plan

The Association adopted a simple employee pension plan (SEP) in 1999. This discretionary plan covers substantially all employees. The Association contributes 3% of gross wages for qualifying employees, plus additional amounts as periodically approved by the Board. During 2024 and 2023 the Association made plan contributions of \$25,972 and \$42,670, respectively.

Southeastern Water Association, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2024 and 2023

11. Liquidity and Availability

The Association has not adopted a formal liquidity management plan. The Association continually reviews its financial assets and assesses if these assets are sufficient to meet cash needs for general expenditures. Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

	<u>2024</u>	<u>2023</u>
Financial assets, at December 31,		
Cash and cash equivalents	\$ 1,880,939	\$1,735,795
Certificates of deposit	1,249,098	1,761,707
Accounts receivable, net	<u>358,310</u>	<u>369,350</u>
 Total financial assets	 3,488,347	 3,866,852
Less: amounts restricted for certain purposes	<u>(1,479,527)</u>	<u>(1,352,881)</u>
 Total	 <u>\$ 2,008,820</u>	 <u>\$2,513,971</u>

Normal operating expenses per month are, on average, approximately \$390,000 to \$360,000 for the years ended December 31, 2024 and December 31, 2023.

12. Legal Contingencies

The Association is involved in legal proceedings regarding property damage claims. These matters are subject to inherent uncertainties, and the ultimate outcome or any possible range of loss are not determinable at this time. The Association intends to contest these matters vigorously.

13. Subsequent Events

The Association has evaluated and considered the need to recognize or disclose subsequent events through August 12, 2025, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended December 31, 2024, have not been evaluated by the Association.

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Southeastern Water Association, Inc.
Somerset, Kentucky

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Southeastern Water Association, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated August 12, 2025.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Southeastern Water Association, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeastern Water Association, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Association's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors
Southeastern Water Association, Inc.
Page 2

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeastern Water Association, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 Russell D. Ziegler, CPA, PLLC

August 12, 2025
Somerset, Kentucky

Randall D. Turpin, CPA, PLLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Southeastern Water Association, Inc.
Somerset, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Southeastern Water Association, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeastern Water Association, Inc.'s major federal programs for the year ended December 31, 2024. Southeastern Water Association, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Southeastern Water Association, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of Southeastern Water Association, Inc. and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Southeastern Water Association, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Southeastern Water Association, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Southeastern Water Association, Inc.'s compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Southeastern Water Association, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southeastern Water Association, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Southeastern Water Association, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Southeastern Water Association, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



August 12, 2025
Somerset, Kentucky

Southeastern Water Association, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Program or Award Amount</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture					
Passed through Rural Economic and Community Development					
Water and Waste Disposal Systems for Rural Communities					
RUS Loan	10.760	99934	\$622,000	\$ -	\$ 504,328
Total U.S. Department of Agriculture				\$ -	\$ 504,328
U.S. Department of the Treasury					
Passed through Kentucky Infrastructure Authority					
Kentucky Cleaner Water Program					
Coronavirus State and Local Fiscal Recovery Funds	21.027	22CWW306	\$285,606	\$ -	\$ 285,606
Coronavirus State and Local Fiscal Recovery Funds	21.027	22CWW348	\$373,891	\$ -	\$ 373,891
Coronavirus State and Local Fiscal Recovery Funds	21.027	22CWW362	\$416,203	\$ -	\$ 145,743
Total U.S. Department of the Treasury				\$ -	\$ 805,240
Total federal awards expended				\$ -	\$1,309,568

Southeastern Water Association, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2024

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southeastern Water Association, Inc. under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Southeastern Water Association, Inc., it is not intended to and does not present the financial position, changes in net position, or cash flows of Southeastern Water Association, Inc.

2. Summary of Significant Accounting Policies

Expenditures are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rates

The Association did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

4. Outstanding Loan Balance

Southeastern Water Association, Inc.'s federal awards consist of grant and loan funds which were used for construction projects. Current year expenditures are included in the federal expenditures presented in the schedule as required by the Compliance Supplement issued by the Office of Management and Budget. As of December 31, 2024, the outstanding balance of the loans associated with the projects was \$9,372,504.

Southeastern Water Association, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2024

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Southeastern Water Association, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses in internal control over financial reporting were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Southeastern Water Association, Inc. were disclosed during the audit of the financial statements.
4. No significant deficiencies or material weaknesses in internal control over major federal awards programs were identified during the audit.
5. The auditor's report on compliance for the major federal award programs for Southeastern Water Association, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major are as follows:

<u>Name of Federal Program</u>	<u>Federal Assistance Listing Number</u>
U.S. Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. Southeastern Water Association, Inc. was determined not to be a low-risk auditee.

B. Findings Related to the Financial Statements

1. None

C. Findings and Questioned Costs for Federal Awards

1. None

D. Prior Audit Findings

1. None