

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

JOINT APPLICATION OF EDMONSON COUNTY  
WATER DISTRICT AND CAVELAND  
SANITATION AUTHORITY, INC., D/B/A  
CAVELAND ENVIRONMENTAL AUTHORITY  
FOR APPROVAL OF THE TRANSFER OF THE  
SEWER SYSTEM IN THE HILLTOP AREA

CASE NO. 2026-00136

**JOINT APPLICATION**

Edmonson County Water District (“Edmonson”) and Caveland Sanitation Authority, Inc. d/b/a Caveland Environmental Authority (“Caveland”) (collectively, “Joint Applicants”) hereby file this Joint Application, pursuant to KRS 278.020(6) and 807 KAR 5:001, and all other applicable laws and regulations.<sup>1</sup> Joint Applicants respectfully request that the Public Service Commission of Kentucky (“Commission”) enter an Order: (1) authorizing Caveland to acquire from Edmonson the sewer system that serves 57 residential customers in the Hilltop area in the northern portion of the Brownsville city limits in Edmonson County (the “Edmonson Sewer System”), pursuant to the Asset Purchase Agreement (the “Agreement”) executed by Joint Applicants, which is attached hereto as **Exhibit B**, and (2) approving the Agreement between Edmonson and Caveland.

In support of the Joint Application, and in compliance with the rules and regulations of the Commission, Edmonson and Caveland state as follows:

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<sup>1</sup> To facilitate the Commission’s review of this Joint Application, the Joint Applicants have attached hereto as **Exhibit A** a “Filing Requirements List” regarding the proposed asset transfer from Edmonson to Caveland. The list sets out each relevant regulatory or statutory requirement and identifies the portion of the Joint Application that satisfies the requirement.

### General Information

1. The full name and post office address of Edmonson is Edmonson County Water District, P.O. Box 208, Brownsville, KY 42210. Its email address is kevin.shaw@ecwdwater.com.

2. The full name and address of Caveland is Caveland Sanitation Authority, Inc. d/b/a Caveland Environmental Authority, P.O. Box 463, Cave City, KY 42127. Its email address is david@ceawater.com.

3. Edmonson is a water district organized pursuant to KRS Chapter 74 and is a governmental agency within the meaning of KRS 67.0802(4)(a). Edmonson is regulated by the Commission. All records and proceedings of the Commission with reference to Edmonson are incorporated in this Joint Application by reference.

4. Edmonson is not a corporation, limited liability company, or limited partnership. It has no articles of incorporation, articles of organization, or partnership agreements.

5. The governing body of Edmonson is its Board of Commissioners. The Board of Commissioners is a public body corporate, with power to make contracts in furtherance of its lawful and proper purposes as provided in KRS 74.070 and all other applicable laws. Edmonson's Board of Commissioners approved the transfer of the Edmonson Sewer System on the terms set out in the Agreement pursuant to the Resolution attached hereto as **Exhibit C**. Darren Dennison is the Chair of Edmonson's Board of Commissioners and has been duly authorized to execute the Agreement and this Joint Application pursuant to that resolution. In addition, the Edmonson Fiscal Court has approved the Agreement and the transfer of the Edmonson Sewer System to Caveland pursuant to the Resolution attached hereto as **Exhibit D**.

6. A general description of Edmonson’s sewer system property, together with a statement of its original cost, is contained in Edmonson’s Annual Report (Sewer) for 2024 which is on file with the Commission and incorporated by reference.

7. Caveland is a Kentucky non-profit, non-stock corporation organized on May 27, 1987 pursuant to KRS 58.180, KRS 65.210 *et seq.* and KRS 273.161 *et seq.*, under an Amended Interlocal Cooperation Agreement by and between the cities of Horse Cave, Cave City and Park City, Kentucky. Caveland is in good standing and is a governmental agency within the meaning of KRS 67.0802(4)(a).

8. A copy of Caveland’s Articles of Incorporation are attached hereto as **Exhibit E**. Caveland’s purpose is “to assist and cooperate ... in the planning, development, acquisition, construction, installation, operation, management, financing and refinancing of sewer system projects ....” *Id.*, Article III.

9. The governing body of Caveland is its Board of Directors. Caveland’s Board of Directors approved the purchase of the Edmonson Sewer System on the terms set out in the Agreement pursuant to the Resolution attached hereto as **Exhibit F**. Joe Gardner was the President of Caveland at that time and was duly authorized to execute the Agreement pursuant to that resolution. Mr. Gardner is now deceased. David Houk is now Caveland’s President and is duly authorized to execute this Joint Application pursuant to that resolution.

10. A copy of Caveland’s independently audited Financial Statements as of June 30, 2025 is attached hereto as **Exhibit G**.

11. As an incorporated sanitation authority, Caveland is not subject to the Commission’s jurisdiction over rates and service.

12. Pursuant to 807 KAR 5:001, Section 4(8), copies of all orders, pleadings and other communications related to this proceeding should be directed to:<sup>2</sup>

Edmonson: Kevin Shaw  
Edmonson County Water District  
1128 Hwy 259 North  
P.O. Box 208  
Brownsville, KY 42210  
Tel.: (270) 597-2165  
Fax: (270) 597-2166  
kevin.shaw@ecwdwater.com

Caveland: David Peterson  
Caveland Sanitation Authority, Inc.  
508 South Dixie Highway  
P.O. Box 426  
Cave City, KY 42127  
Tel: (270) 773-2887  
Fax: (270) 773-2283  
david@ceawater.com

Counsel for Joint

Applicants: E. Kenly Ames  
English, Lucas, Priest & Owsley, LLP  
1101 College Street  
P.O. Box 770  
Bowling Green, KY 42102  
Tel.: (270) 781-6500  
Fax: (270) 782-7782  
kames@elpolaw.com

### **Background**

13. In 2018, Edmonson transferred to Caveland the assets associated with Edmonson's prior operation of sewer lines in the Chalybeate area of Edmonson County on the east side of the Green River. The Commission entered an order approving that transfer on July 20, 2018 in Case No. 2018-00127. That order is incorporated by reference.

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<sup>2</sup> On May 21, 2026, the Joint Applicants' Notice of Election of Use of Electronic Filing Procedures, pursuant to 807 KAR 5:001, Section 8, was filed on the Commission's website.

14. Currently, Edmonson continues to provide sewer service to approximately 57 residential customers located in the northern portion of the Brownsville city limits in Edmonson County, in the Hilltop area.

15. The assets associated with Edmonson's remaining sewer system are referred to in this Joint Application as the "Edmonson Sewer System."

16. The Edmonson Sewer System is adjacent to and interconnected with sewer facilities owned and operated by Caveland, including the sewer lines that Caveland acquired from Edmonson in 2018.

17. Edmonson and Caveland executed a Statement of Intent dated January 27, 2026, pursuant to which Caveland expressed its intent to purchase and acquire the Edmonson Sewer System from Edmonson and Edmonson expressed its intent to sell and transfer the Edmonson Sewer System to Caveland. A copy of the Statement of Intent is attached here to as **Exhibit H**.

18. Under the authority granted to water districts by KRS 74.414, Edmonson and Caveland executed an Operating Agreement for the Edmonson Sewer System dated January 27, 2026, a copy of which is attached hereto as **Exhibit I**. Pursuant to the terms of the Operating Agreement, Caveland began managing, operating, repairing and maintaining the Edmonson Sewer System on or about March 2, 2026.

19. Edmonson's Board of Commissioners and Caveland's Board of Directors approved the Statement of Intent and Operating Agreement pursuant to the Resolutions attached hereto as **Exhibit J** and **Exhibit K**.

20. As of March 24, 2026, Edmonson and Caveland entered into the Agreement, pursuant to which Edmonson will transfer to Caveland all assets associated with the Edmonson Sewer System, subject to approval by the Commission. The assets purchased by Caveland are

described more fully in the Agreement and include easements and rights of way, along with all associated structures, improvements, fixtures and fittings (except for Edmonson's SCADA equipment, which has already been removed, returned to Edmonson and replaced with Caveland's SCADA equipment).

21. As consideration for the transfer of the Edmonson Sewer System, Caveland will pay Edmonson an amount in immediately available funds equal to the total outstanding principal and accrued interest of the debt obligations incurred by Edmonson for the purpose of constructing the Edmonson Sewer System. The debt obligations consist of one series of revenue bonds (the "Outstanding RD Sewer Bond") issued by Edmonson, purchased by the United States Department of Agriculture, Rural Development ("RD") and held by RD, which currently have an outstanding principal balance of \$68,900. The details regarding the Outstanding RD Sewer Bond are set out in Schedule 4 of the Agreement. Because Edmonson will continue making payments on the bond until Closing, the final purchase price will be determined as of the date of Closing in accordance with the Agreement.

22. The closing of the proposed transaction will take place at a mutually agreed date, time and place within thirty (30) days following receipt of the Commission's approval, or at such other time, date or place as Edmonson and Caveland may agree, subject to satisfaction of the conditions to closing set out in the Agreement.

23. As set out above, Edmonson's Board of Commissioners, the Edmonson County Fiscal Court, and Caveland's Board of Directors have all adopted resolutions authorizing the transfer of the Edmonson Sewer System and approving the Agreement. *See Exhibits C, D and F.*

24. Caveland is familiar with the condition of the Edmonson Sewer System because Caveland has been managing, operating, repairing and maintaining the Edmonson Sewer System since about March 2, 2026.

25. Caveland has the requisite financial, technical and managerial ability to operate Edmonson Sewer System and to provide adequate and reliable service to the Edmonson Sewer System's existing sewer customers without adversely affecting the quality of service presently afforded Caveland's existing customers.

26. Edmonson's Board of Commissioners and Caveland's Board of Directors have both determined that transferring the Edmonson Sewer System to Caveland will result in economies of scale.

27. Caveland has been operating sewer systems in southcentral Kentucky since 1987, including owning and operating the sewer facilities it purchased from Edmonson in 2018. Caveland also currently owns and operates the wastewater treatment plant located in the City of Brownsville, where the wastewater from the Edmonson Sewer System is currently treated. Caveland will continue to treat the wastewater from the Edmonson Sewer System at the Brownsville plant after ownership of the Edmonson Sewer System is transferred to Caveland.

28. Caveland can operate and maintain the Edmonson Sewer System more efficiently than Edmonson.

29. Caveland is not under the jurisdiction of the Commission and therefore has not filed a Notice of Adoption as described in 807 KRS 5:011.

30. Caveland's current rates for residential customers are set out in Schedule 6 to the Agreement and are currently \$14.28 for the first 2,000 gallons of water used and \$7.14 for each 1,000 gallons of water used thereafter.

31. Edmonson's current rates for residential customers are set out in Schedule 5 to the Agreement and are currently \$38.82 for the first 1,500 gallons of water used and \$0.01463 per gallon of water used for each gallon thereafter.

32. Following the closing, the Edmonson Sewer System's customers will be charged Caveland's rates and will therefore realize cost savings as a result of the transfer of the Edmonson Sewer System to Caveland.

33. As a result of this transaction, Edmonson will pay off the Existing RD Sewer Bond and will have no debt obligations relating to sewer facilities.

34. Following the closing, Edmonson will no longer own or operate any sewer facilities, which will permit it to focus entirely on serving the customers of its water system.

35. The public policy of the Commonwealth, as declared in KRS 224A.300(1), is to encourage regionalization, consolidation, and partnerships among governmental agencies, and private parties where appropriate, with the goal of making public water and wastewater treatment secure for all Kentuckians. The transfer of the Edmonson Sewer System to Caveland is consistent with and furthers this public policy, as it will result in consolidation of sewer service in Edmonson County.

36. All exhibits attached to this Joint Application are incorporated herein by reference.

WHEREFORE, the undersigned Joint Applicants respectfully request that the Commission issue an order finding that:

- Caveland has the financial, technical and managerial ability to provide reasonable sewer service to the residents of the Hilltop area in the northern portion of the Brownsville city limits in Edmonson County;
- The proposed transaction is in accordance with law, is for a proper purpose, and is consistent with the public interest; and
- The proposed transfer of the Edmonson Sewer System assets by Edmonson to Caveland is authorized and approved;

and granting the Joint Applicants any and all other appropriate relief.

Dated: May 28, 2026

Respectfully submitted,

/s/ E. Kenly Ames

E. Kenly Ames

English, Lucas, Priest & Owsley, LLP

1101 College Street; P.O. Box. 770

Bowling Green, KY 42102

Tel.: (270) 781-6500

Fax: (270) 782-7782

kames@elpolaw.com

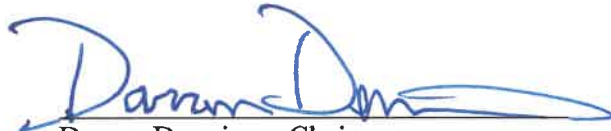
*Counsel for Joint Applicants*

**EDMONSON COUNTY WATER DISTRICT'S VERIFICATION**

COMMONWEALTH OF KENTUCKY  
COUNTY OF EDMONSON

The undersigned, Darren Dennison, being duly sworn, deposes and states that he is the Chairman of the Edmonson County Water District, one of the Joint Applicants in the above proceeding; that he has read this Joint Application and has noted its contents; that the same regarding the Edmonson County Water District are true to the best of his own knowledge, except as to any matters which are stated on information and belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, with the signature of the undersigned on this 7 th day of May, 2026.



Darren Dennison, Chairman  
Edmonson County Water District

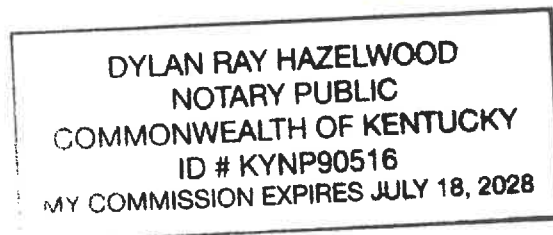
Subscribed and sworn to before me, a Notary Public in and for said County and State by Darren Dennison, in his capacity as Chairman of Edmonson County Water District, on this 7th day of May, 2026.

  
\_\_\_\_\_

NOTARY PUBLIC

Notary ID: KYNP90516

My commission expires: July 18, 2028

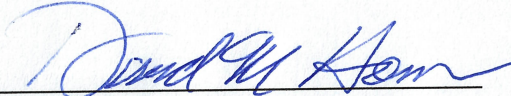


CAVELAND SANITATION AUTHORITY, INC.'S VERIFICATION

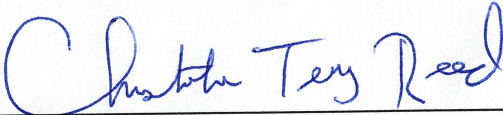
COMMONWEALTH OF KENTUCKY  
COUNTY OF BARREN

The undersigned, David Houk, being duly sworn, deposes and states that he is the President of Caveland Sanitation Authority, Inc., one of the Joint Applicants in the above proceeding; that he has read this Joint Application and has noted its contents; that the same regarding the Caveland Sanitation Authority, Inc. are true to the best of his own knowledge, except as to any matters which are stated on information and belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, with the signature of the undersigned on this 19<sup>th</sup> day of May, 2026.

  
\_\_\_\_\_  
David Houk, President  
Caveland Sanitation Authority, Inc.

Subscribed and sworn to before me, a Notary Public in and for said County and State by David Houk, in his capacity as President of Caveland Sanitation Authority, Inc., on this 19<sup>th</sup> day of May, 2026.

  
\_\_\_\_\_  
NOTARY PUBLIC

Notary ID: KYNP 68036

My commission expires: 3-13-2027



**CERTIFICATE OF SERVICE**

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-0085 (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 May 28, 2026, and that there are currently no parties to this proceeding that the Commission has excused from participation by electronic means.

*/s/ E. Kenly Ames* \_\_\_\_\_  
E. Kenly Ames  
*Counsel for Joint Applicants*

4898-3017-1548

## TABLE OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
A	Filing Requirements List for an Application for Authority to Transfer Ownership or Control
B	Asset Purchase Agreement
C	Resolution of Edmonson’s Board of Commissioners approving the Asset Purchase Agreement
D	Resolution of the Edmonson County Fiscal Court approving the Asset Purchase Agreement
E	Caveland’s Articles of Incorporation
F	Resolution of Caveland’s Board of Directors approving the Asset Purchase Agreement
G	Caveland’s Independently Audited Financial Statements as of June 30, 2025
H	Statement of Intent dated January 27, 2026
I	Operating Agreement dated January 27, 2026
J	Resolution of Edmonson’s Board of Commissioners approving the Statement of Intent and Operating Agreement
K	Resolution of Caveland’s Board of Directors approving the Statement of Intent and Operating Agreement

# **EXHIBIT A**

**FILING REQUIREMENTS LIST FOR AN APPLICATION  
FOR AUTHORITY TO TRANSFER OWNERSHIP OR CONTROL**

<b>Source</b>	<b>Requirement</b>	<b>Location</b>
807 KAR 5:001 §4(3)	Signature of Joint Applicants' attorney	Page 9
807 KAR 5:001 §4(3)	Name, address, telephone number, fax number, and email address of Joint Applicants' attorney	Paragraph 12
807 KAR 5:001 §4(3)	Application verified by oath or affirmation	Pages 10, 11
807 KAR 5:001 §14(1)	Joint Applicants' full name, mailing address and email address	Paragraphs 1, 2
807 KAR 5:001 §14(1)	Statutory reference – KRS 278.020(6)	Page 1
807 KAR 5:001 §14(2)	If Applicant is a corporation: State and date of incorporation, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Paragraphs 4, 7-8 Partially applicable
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 organization, statement regarding authorization to transact business in Kentucky	Paragraphs 4, 7-8 Not applicable
807 KAR 5:001 §14(4)	If Applicant is a limited partnership: Certified copy of limited partnership agreement and all amendments or statement identifying prior Commission proceedings in which limited partnership agreement and all amendments filed	Paragraphs 4, 7-8 Not applicable
Not required but recommended	Signed Purchase/Sale Agreement, or other writing memorializing terms of transfer	Exhibit B
KRS 278.020(6)	Evidence to show new owner has financial, technical and managerial abilities to operate system, e.g., financial statements, etc.	E.g., Paragraphs 7-10, 24-28

# **EXHIBIT B**

**ASSET PURCHASE AGREEMENT**

This **ASSET PURCHASE AGREEMENT** (“Agreement”), effective this 24<sup>th</sup> day of March, 2026, is made and entered into by and between **EDMONSON COUNTY WATER DISTRICT** (“Seller”) and **CAVELAND SANITATION AUTHORITY, INC. d/b/a CAVELAND ENVIRONMENTAL AUTHORITY** (“Buyer”);

**WHEREAS**, Seller is a water district organized under the provisions of KRS Chapter 74 and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Buyer is a Kentucky non-profit corporation organized on May 27, 1987 pursuant to KRS 58.180, KRS 65.210 *et seq.* and KRS 273.161 *et seq.*, under an Amended Interlocal Cooperation Agreement by and between the cities of Horse Cave, Cave City and Park City, Kentucky;

**WHEREAS**, Buyer is in good standing and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Seller currently provides sewer service to approximately 57 residential customers located in the northern portion of the Brownsville city limits in Edmonson County, in the Hilltop area;

**WHEREAS**, Seller owns certain assets associated with that sewer service (the “Edmonson Sewer System”);

**WHEREAS**, the Edmonson Sewer System is adjacent to and interconnected with other sewer facilities owned and operated by Buyer;

**WHEREAS**, it appears that transferring Seller’s Sewer System assets to Buyer will result in economies of scale;

**WHEREAS**, Buyer has the financial, technical, and managerial abilities to provide adequate and reliable sewer service to Seller's existing sewer customers without adversely affecting the quality of service presently afforded Buyer's existing customers;

**WHEREAS**, Seller desires to sell and transfer assets comprising the Edmonson Sewer System and Buyer desires to purchase and acquire such assets in accordance with and subject to the terms and conditions of this Agreement; and

**WHEREAS**, Buyer agrees to purchase and acquire the Edmonson Sewer System and continue to operate same for the benefit of the sewer service customers;

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants, representations and warranties herein contained, and intending to be legally bound, Seller and Buyer agree as follows:

1. **PURCHASE AND SALE OF ASSETS**

On and subject to the terms and conditions of this Agreement, Buyer agrees to purchase from Seller and Seller agrees to sell, transfer, convey, and deliver to Buyer, all right, title and interest in the following assets of Seller (the "Assets"):

a. All real property and interests in real property, including, but not limited to all easements and rights of way, together with all structures, improvements, fixtures and fittings thereon and other appurtenances thereto, consisting of the Edmonson Sewer System, all as more particularly described on **SCHEDULE 1** to this Agreement;

b. All tangible and intangible personal property used exclusively in conjunction with the Edmonson Sewer System, including but not limited to items more particularly described on **SCHEDULE 2** to this Agreement, subject to disposal and consumption thereof in the ordinary course of business between the date of this Agreement and the Closing Date or replacements thereof

and alterations thereto in the ordinary course of business between the date of this Agreement and the Closing Date. Provided, however, that Seller's SCADA equipment used in conjunction with the Edmonson Sewer System is expressly excluded from the Assets and will not be sold, transferred, conveyed, or delivered to Buyer. All such SCADA equipment will be removed by Buyer and returned to Seller following the Closing Date, if it has not already been removed and returned before the Closing Date in accordance with the Operating Agreement effective January 27, 2026 (the "Operating Agreement") between the parties pursuant to which Buyer commenced operating the Edmonson Sewer System on March 2, 2026 (the "Operation Commencement Date");

c. All contracts, agreements, leases and other similar arrangements and rights thereunder, whether written or oral, relating exclusively to the Edmonson Sewer System, including, but not limited to those listed on **SCHEDULE 3** to this Agreement (collectively, the "Contracts");

d. All customer accounts of the Edmonson Sewer System;

e. All manufacturers', vendors' and suppliers' warranties, if any, to the extent assignable, in respect of any item of property falling within the scope of the Assets, as of the Closing Date;

f. To the extent transferable, all governmental authorizations, permits and licenses held by Seller pertaining exclusively to the Edmonson Sewer System together with any renewals, extensions, or modifications thereof and applications therefore as of the Closing Date; and

g. All operating records, including, but not limited to, books, ledgers, files, documents, correspondence, written contracts, agreements, commitments, understandings, financial information, lists and records, including specifically all applicable customer records, of Seller relating to the Edmonson Sewer System that are in Seller's possession. Provided however, Seller

may provide copies of any documents which applicable statutes or regulations require that Seller retain originals of same.

## 2. ASSUMPTION OF LIABILITIES

a. Buyer shall not be obligated to pay, perform, assume or discharge any liability or obligation of Seller other than (i) the obligation to perform all contracts, agreements, equipment leases or other similar arrangements and rights thereto, whether written or oral, which have been assigned to or assumed by Buyer pursuant to the terms of this Agreement; and (ii) customer accounts incurred in the ordinary course of business as of the Closing Date.

b. Buyer shall not be obligated to pay, perform, assume or discharge any other liability or obligation of Seller including, but not limited to, bonds, bank lines of credit, promissory notes, guaranties, or taxes, including all employee or payroll withholding taxes, through the Closing Date, and any and all other taxes.

## 3. INDEMNIFICATION

a. **Seller's Indemnification.** Seller shall indemnify, defend and hold Buyer, and its successors and assigns, harmless from and against and with respect to any claim, liability, obligation, loss, damage, assessment, judgment, cost and expense of any kind or character asserted by any third party arising out of or in any manner incident, relating or attributable to:

i. liabilities, obligations, or claims against Buyer, whether absolute, accrued, contingent, or otherwise, relating to or arising out of the operation of the Edmonson Sewer System prior to the Operation Commencement Date whether or not such liabilities, obligations or claims were known on such date, except as same have been assigned to or assumed by Buyer pursuant to the terms of this Agreement, as of the Closing Date, in accordance with Section 2 above; and

ii. any breach or noncompliance of Seller with any covenant or agreement of Seller contained in this Agreement.

b. **Buyer's Indemnification.** Buyer shall indemnify, defend and hold Seller, and its successors and assigns, harmless from and against and with respect to any claim, liability, obligation, loss, damage, assessment, judgment, cost and expense of any kind or character asserted by any third party arising out of or in any manner incident, relating or attributable to:

i. liabilities or obligations of or claims against Seller, whether absolute, accrued, contingent, or otherwise, relating to or arising out of the operation of the Edmonson Sewer System on or after the Operation Commencement Date whether or not such liabilities or obligations were known on such date;

ii. any breach or noncompliance of Buyer with any covenant or agreement of Buyer contained in this Agreement; and

iii. the obligations which have been assigned to or assumed by Buyer pursuant to the terms of this Agreement, as of the Closing Date, in accordance with Section 2 above.

#### 4. **ACQUISITION PRICE/ALLOCATION**

As consideration for the transfer of Seller's Edmonson Sewer System, at Closing, Buyer shall pay Seller a sum equal to the total outstanding principal and accrued interest of the debt obligations incurred by Edmonson for the purpose of constructing extensions and improvements to the Edmonson Sewer System. This debt obligation is evidenced by one series of revenue bonds issued by Edmonson, purchased by United States Department of Agriculture, Rural Development ("RD"), and held by RD (the "Outstanding RD Sewer Bond"), which has an approximate outstanding principal balance of **\$68,900**, as more particularly described on **SCHEDULE 4** to this Agreement. Because Seller will continue making payments on the Outstanding RD Sewer Bond until

the Closing, the final purchase price shall be determined as of the Closing Date in accordance with the terms of this Agreement.

5. **CLOSING; BEST EFFORTS**

The closing of the transactions contemplated by this Agreement (the “Closing”) shall take place at the law offices of English, Lucas, Priest and Owsley, LLP, 1101 College Street, Bowling Green, Kentucky, within thirty (30) days following receipt of approval by the Kentucky Public Service Commission (“PSC”) of the transfer of ownership of the Edmonson Sewer System from Seller to Buyer, or at such other time, date, or place upon which Buyer and Seller shall agree in writing (the “Closing Date”).

6. **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller hereby represents and warrants to Buyer as follows:

a. **Power and Authority of Seller; Authorization.** Seller has obtained, or will obtain prior to the Closing Date, all requisite power and authority to enter into and to consummate the transactions contemplated by this Agreement from the Edmonson County Fiscal Court, which, at a regular or special meeting and when a legal quorum was present, approved this Agreement.

b. **Property.**

i. Seller (i) has good, valid and marketable title to all the real, personal and mixed, tangible and intangible properties and assets which it purports to own as reflected on **SCHEDULE 1** and **SCHEDULE 2** (except for inventory sold in the ordinary course of business consistent with past practice and supplies consumed in the ordinary course of business), (ii) except for Permitted Liens (as hereinafter defined), owns such property free and clear of all title defects or objections, liens, restrictions, claims, charges, security interests, easements or other encumbrances of any nature whatsoever, including any leases, chattel mortgages, conditional sales contracts, collateral

security arrangements and other title or interest retention arrangements. “Permitted Liens” shall mean (i) liens associated with the RD Sewer Bond; (ii) liens for taxes not yet due and payable; and (iii) statutory liens of landlords and liens of carriers, warehousemen, mechanics, materialmen and repairmen incurred in the ordinary course of business for sums not yet delinquent. All properties and assets of Seller are in the possession or control of Seller, and no other person is entitled to possession of any such properties and assets.

ii. The rights, properties and other assets presently owned, leased or licensed by Seller include all rights, properties and other assets necessary to permit Seller to operate the Edmonson Sewer System.

c. **Authority to Operate Edmonson Sewer System.** Seller is duly authorized to operate the Edmonson Sewer System and, the best of Seller’s knowledge, prior to the Operation Commencement Date, was in compliance with all applicable provisions of laws, including any rule, regulation, policy or procedure of any governmental authority relating to the provision of sanitary sewer services.

d. **Legal Proceedings.** To the best of Seller’s knowledge, there are no claims of any kind or any actions, suits, proceedings, arbitrations or investigations pending or threatened against or affecting the Edmonson Sewer System or against any asset, interest or right of the Edmonson Sewer System. Further, there are no judgments, orders, injunctions, decrees, stipulations or awards (whether rendered by a court, administrative agency, or by arbitration, pursuant to a grievance or other procedure) against or relating to the Edmonson Sewer System.

e. **Condition of the Edmonson Sewer System.** All Assets are sold “as is” and “where is.”

f. **Environmental Matters.** To the best of Seller's knowledge, prior to the Operation Commencement Date, the Edmonson Sewer System was in material compliance with all applicable federal, state and local laws, rules, regulations, ordinances and requirements relating to the environment on any properties owned by Seller which are to be transferred to Buyer hereunder. Seller expressly warrants that if any violations of any applicable federal, state and local laws, rules, regulations, ordinances and requirements relating to the environment are discovered to have existed on any properties to be transferred under this Agreement prior to the Operation Commencement Date, that same will be remediated at the cost of Seller.

g. **Good Standing of Contracts.** To the best of Seller's knowledge, prior to the Operation Commencement Date, no event or condition had occurred or existed, or was alleged by any of the other parties thereto to have occurred or existed, which constitutes, or with lapse of time or giving of notice or both might constitute, a default or breach under any of the leases, contracts or agreements, whether written or oral, to which the Edmonson Sewer System is a party, which default is reasonably likely to result in a material adverse change in the financial condition, results of operation or business of the Edmonson Sewer System on a consolidated basis.

h. **Tax Matters.** Seller has withheld and paid all taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party relating to the Edmonson Sewer System. No material deficiencies for any taxes have been proposed, asserted or assessed against the Edmonson Sewer System that are not adequately reserved for. No audit, examination or investigation is presently being conducted or, to the knowledge of Seller, threatened by any taxing authority; no unpaid tax deficiencies or additional liabilities of any sort have been proposed by any governmental

representative; and no agreements for the extension of time for the assessment of any amounts of tax have been entered into by or on behalf of the Edmonson Sewer System.

i. **Full Disclosure.** To the best of Seller's knowledge, no representation or warranty of Seller contained in this Agreement and no statement contained in this Agreement or in any certificate or other instrument furnished or to be furnished to Buyer hereunder contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein not misleading.

j. **Brokers and Finders' Fees.** Seller represents that it has employed no broker in this transaction and Buyer shall in no event be liable for any fees or commissions payable to any broker or agent in connection with the negotiations relating to or the transactions contemplated by this Agreement.

k. **Required Approvals.** Seller, at a duly called meeting of Seller's governing body, with a legal quorum being present, approved this Agreement and the transfer of assets to Buyer. The Edmonson County Fiscal Court has approved the transfer of the service area and Seller's assets. Seller shall fully cooperate with and assist Buyer in jointly applying to the PSC for approval of the transfer of ownership of the Edmonson Sewer System from Seller to Buyer in accordance with the terms of this Agreement.

l. **Rates.** Seller's current rates for residential sewer service are set out in **SCHEDULE 5.**

m. **Limitation of Representations and Warranties.** Provided however, Seller's representations and warranties are limited to the period of time prior to the Operating Commencement Date and are also limited to such matters of which Seller has actual knowledge.

## **7. REPRESENTATIONS AND WARRANTIES OF BUYER**

a. Buyer hereby represents and warrants to Seller that it will at all times, for so long as it remains owner of the Edmonson Sewer System, provide to customers of the Edmonson Sewer System continued operation of the system in the ordinary course of business.

b. Upon completion of the asset transfer, Seller shall send appropriate notification to the Kentucky Division of Water of the ownership change requesting that the Edmonson Sewer System be transferred to Buyer's permit.

c. Buyer, at a duly called meeting of buyer's governing body, with a legal quorum being present, approved this Agreement and the purchase of the assets from Seller. Buyer shall fully cooperate with and assist Seller in jointly applying to the Kentucky Public Service Commission ("PSC") for approval of the transfer of ownership of the Edmonson Sewer System from Seller to Buyer in accordance with the terms of this Agreement.

d. To the best of Buyer's knowledge, on and after the Operation Commencement Date, Buyer has operated the Edmonson Sewer System in material compliance with all applicable federal, state and local laws, rules, regulations, ordinances and requirements relating to the environment. Buyer expressly warrants that if any violations of any applicable federal, state and local laws, rules, regulations, ordinances and requirements relating to the environment are discovered to have occurred on or after the Operation Commencement Date and as a direct result of Buyer's actions or failures to act, that same will be remediated at the cost of Buyer.

e. Buyer's current rates for residential sewer service are set out in **SCHEDULE 6.**

## 8. **CIRCUMSTANCES PRIOR TO CLOSING**

a. **Operating Agreement.** The parties have entered into the Operating Agreement pursuant to which Buyer commenced on the Operation Commencement Date managing,

operating, and maintaining the Edmonson Sewer System and, until the Closing Date, Buyer will continue to provide those services, and Seller will continue to collect the revenue from the sewer charges from all customers of the Edmonson Sewer System, will transfer the amounts so collected to Buyer on a monthly basis (less the sum of \$444.02 per month for debt Service and a \$1.00 per customer monthly collection fee), and will pay all amounts due under the Outstanding RD Sewer Bond. Provided however, that in the event no Closing occurs before January 31, 2028, the Operating Agreement will expire unless the parties agree to extend the current Operating Agreement or negotiate a new Operating Agreement.

b. **No Transfer of Ownership or Control Prior to Closing.** The Operating Agreement does not transfer ownership of the Edmonson Sewer System and does not grant Buyer the right to control Seller, as “control” is defined in KRS 278.020(6) and (7). Upon approval from the parties’ respective governing bodies and execution of this Agreement, the parties shall file a Joint Application with the PSC seeking approval of the transfer of ownership of the Edmonson Sewer System to Buyer.

c. **Regulatory Agency Approval.** Both Seller and Buyer shall be jointly responsible for the following: (a) obtaining all the necessary approvals from regulatory agencies, including the PSC and the Kentucky Division of Water; (b) obtaining the transfer of all other necessary permits and licenses from Seller to Buyer; and (c) taking other necessary actions to facilitate the transfer of the Edmonson Sewer System to Buyer. The parties shall fully cooperate and assist one another to expedite these matters and to facilitate a smooth transition.

d. **Condition to Parties' Obligation to Close.** The obligations of Buyer and Seller to consummate on the Closing Date the transactions contemplated by this Agreement are expressly conditioned on the PSC having entered a final order approving the transfer of Seller's Edmonson Sewer System to Buyer without the addition of any requirement or condition that either Buyer or Seller deems objectionable.

e. **Conditions to Buyer's Obligation to Close.** The obligation of Buyer to consummate on the Closing Date the transactions contemplated by this Agreement will be subject to the satisfaction of each of the following conditions on or prior to the Closing Date, unless expressly waived, in writing, by Buyer:

i. The representations and warranties of Seller contained in Section 6 of this Agreement shall be true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date, except for changes contemplated by this Agreement. Seller shall give Buyer prompt written notification upon receipt or knowledge of any fact which would make any representation or warranty contained in this Agreement untrue in any material respect.

ii. Seller shall have performed and observed in all material respects its covenants and obligations as set forth in this Agreement prior to or on the Closing Date.

iii. A material portion of the Assets shall not have been damaged or destroyed by fire, flood, or other casualty which is not covered by Seller's insurance. In the event of a hazard loss or other destruction or damage to a material portion of the Assets prior to the Closing Date, Buyer shall have the election to either terminate this Agreement or close the transaction and thereby be entitled to receive all insurance proceeds payable by reason of such damages.

iv. There shall not have been any material and adverse change in the financial condition of the Edmonson Sewer System or Assets of Seller, considered as a whole from the date of Seller's most recent financial statements provided to Buyer to the Closing Date.

v. Seller shall not incur any new liability relating to the Edmonson Sewer System without Buyer's prior approval and shall take all action and do all things necessary, proper, or advisable in order to consummate and make effective the transactions contemplated by this Agreement.

vi. Seller shall continue in force until the Closing Date each of the policies of insurance which insure the Assets and the Edmonson Sewer System with such amounts of coverage as are reasonably available, and continue in force all bonds, surety contracts, or guaranties relating to the Edmonson Sewer System set forth in any Schedule to this Agreement.

vii. Seller shall not knowingly take any action or omit to take any action which will result in the violation by Seller of any law applicable to this transaction or cause a material breach by Seller of any of the representations and warranties of Seller set forth in this Agreement or any lease, agreement, contract, or commitment to which Seller is a party.

viii. Seller shall give Buyer prompt written notification of any material changes taking place after the delivery of any Schedules and other documents which would have been reflected in such documents had such changes occurred prior to the time such documents were first delivered. Seller agrees not to enter into any other contracts or leases relating to the Edmonson Sewer System except in the ordinary course of business until Closing Date.

ix. Seller shall pay, perform, assume or discharge any other liability or obligation of Seller including, but not limited to, bonds, bank lines of credit, promissory notes,

guaranties, or taxes, including all employee or payroll withholding taxes, through the Closing Date, and any and all other taxes.

x. Seller shall afford Buyer and its representatives free and reasonable access during normal business hours to enter any property to be transferred pursuant to this Agreement to conduct such investigations, tests and surveys, including environmental assessments, to determine suitability of the Property for the intended use by Buyer. Seller shall further provide to Buyer and its representatives free and reasonable access during normal business hours to observe the operations of Seller and to inspect the assets to be purchased pursuant to the terms of this Agreement and the books and records of Seller related to the business transaction utilizing said assets.

xi. Buyer's obligations to consummate the transactions contemplated hereby are subject to a satisfactory review of the books, records and operations of the Edmonson Sewer System by Buyer. In order to facilitate Buyer's review, Seller shall provide access to Buyer during normal business hours from date of execution of this Agreement until date of closing in order that Buyer can complete its due diligence evaluation. Should Buyer, in its sole discretion, determine after the review of the books, records and operation of the Business by Buyer that Buyer does not wish to go forward to consummate the transaction contemplated by this Agreement, then, and in that event, it shall give Seller notice of same, and this Agreement shall terminate upon the giving of such notice. If Buyer does not give such notice to Seller on or before the close of business the day prior to closing, then, and in that event, Buyer shall be deemed to have waived this contingency.

xii. Seller shall have duly adopted all resolutions required and otherwise met all statutory requirements for sale of the Assets to Buyer.

xiii. Approval of the transfer of the Edmonson Sewer System by the PSC or any other approval required by any governmental agency.

f. **Conditions to Seller's Obligation to Close.** The obligation of Seller to consummate, on the Closing Date, the transactions contemplated by this Agreement will be subject to the satisfaction of each of the following conditions on or prior to the Closing Date, unless expressly waived, in writing, by Seller:

i. The representations and warranties of Buyer contained in Section 7 of this Agreement shall be true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date, except for changes contemplated by this Agreement. Buyer shall give Seller prompt written notification upon receipt or knowledge of any fact which would make any representation or warranty contained in this Agreement untrue in any material respect.

ii. Buyer shall have performed and observed in all material respects his covenants and obligations under this Agreement prior to or on the Closing Date.

ii. There shall be no injunction, decree, or order issued by any court, governmental agency, or authority, or any litigation instituted by any governmental agency or authority, challenging or seeking to prohibit or enjoin any of the transactions contemplated by this Agreement.

iii. Buyer shall have duly adopted all resolutions required and otherwise met all statutory requirements for purchase of the Assets from Seller.

iv. Approval of the transfer of the Edmonson Sewer System by the PSC or any other approval required by any governmental agency.

## **9. CONTINUED OPERATION OF SYSTEM AFTER CLOSING**

Following Closing and transfer of the Assets, Buyer and Seller agree to the following continued operations, terms and conditions:

a. Seller agrees to collect sewer charges from all sewer system customers on Seller's monthly water bill and transfer all amounts so collected to Buyer on a monthly basis. Buyer agrees to pay Seller a \$1.00 per customer monthly collection fee. Following six months from the effective date of this Agreement, Buyer and Seller shall confer and mutually agree to any adjustment in the monthly collection fee that may be equitable.

b. Seller agrees that all residential Edmonson Sewer System customers shall pay the same sewer rates, no matter where located, in accordance with Buyer's then-current rates.

c. Edmonson Sewer System customers shall be subject to all then current Buyer requirements, charges, rules and regulations.

## **10. CLOSING DELIVERIES**

### **a. Seller's Obligations**

At the Closing, Seller shall deliver to Buyer the following:

i. Bills of sale and assignments, duly executed by Seller, in form and substance reasonably satisfactory to Buyer and, such other documents as Buyer may reasonably request in order to accomplish the sale of the Assets to Buyer;

ii. Deeds and assignments of Seller's real property and easements and rights of way owned and used in the operation of the Edmonson Sewer System duly executed by Seller in favor of Buyer;

iii. Attornment and non-disturbance agreements executed by any mortgage holder on the any of the properties to be transferred to Buyer under this Agreement;

iv. Appropriate releases or other documentation eliminating the existence of any mortgages, liens or security interests asserted against any of the assets of the Edmonson Sewer System to be conveyed to Buyer; and

v. Such other documents as are reasonably requested by counsel for Buyer.

b. **Buyer's Obligations**

At the Closing, Buyer shall deliver to Seller the following:

- i. A certified or cashier's check for the amount of the final purchase price as determined as of the Closing Date in accordance with the terms of this Agreement; and
- ii. All documents as are reasonably requested by counsel for Seller.

**11. TAX**

Seller shall pay all applicable transfer taxes and sales and use taxes, if any, related to the consummation of the transactions contemplated hereby.

**12. SURVIVAL OF REPRESENTATIONS, WARRANTIES, AND COVENANTS**

All representations, warranties, covenants, and agreements contained herein shall survive without limitation as to time, provided, however, that Seller's covenant and warranty regarding environmental matters shall survive the closing for a period of five years.

**13. PRORATIONS AND ADJUSTMENTS**

a. **Expenses.** All property taxes, assessments, advance payments, payroll taxes, insurance premiums, and any other prepaid or deferred expenses relating to the operation of the Edmonson Sewer System shall be prorated or reimbursed, as the case may be, as of the Closing Date or, if otherwise provided in the Operating Agreement, as of the Operation Commencement Date.

b. **Time of Prorations and Adjustments.** The prorations and adjustments contemplated by this Section, to the extent practicable, shall be made on the Closing Date. As to those prorations and adjustments not capable of being ascertained on the Closing Date, any adjustment and proration shall be made within thirty (30) calendar days of the Closing Date.

#### **14. RECORDS**

After the Closing, Seller and Buyer shall make available to the other on reasonable request such books and records of that party as may be appropriate for use in connection with their respective tax returns, including any review thereof, and for any other reasonable purpose. Such books and records shall be retained for a period of ten (10) years; provided, however, that after five (5) years any portion of such books and records may be destroyed in whole or in part, by the party in possession thereof upon thirty (30) days' notice to the other party, unless the party to whom such notice is given shall object, in which event the objecting party shall be given such records in lieu of destruction thereof.

#### **15. CONFIDENTIALITY**

Unless and until the Closing of the transactions contemplated by this Agreement shall have occurred, and except as may be otherwise required by applicable law, Buyer shall, and shall cause its employees, agents, and representatives to, maintain in confidence and not otherwise use information, documents, and data furnished to it, or to any person or entity on its behalf, by Seller in connection herewith.

#### **16. FAILURE TO CLOSE**

If the Closing of the transactions contemplated by this Agreement does not occur on the Closing Date, Buyer shall return all written information, documents, and data furnished to Buyer or to any person or entity on his behalf and all copies thereof. Notwithstanding anything else in this Agreement to the contrary, if the transactions contemplated by this Agreement are not closed, Buyer's agreement to maintain in confidence all information received by it shall continue in perpetuity and none of such information shall be used by Buyer, its employees, agents, or representatives in the business operations of any such person, except to the extent that such

information was: (i) possessed by Buyer prior to the disclosure thereof by Seller; (ii) disclosed to Buyer by an independent third party without a violation of any obligation of confidentiality on the part of such third party to Seller; or (iii) ascertainable from public or published information or trade sources.

**17. SELLER'S FAILURE TO CLOSE**

- a. **Specific Performance.** Buyer shall in all events have the right of specific performance.
- b. **Damages in the Event of Seller's Breach.** In the event that the sale provided for hereunder does not take place by reason of a default by Seller under this Agreement and provided Buyer has complied with the terms and conditions of this Agreement, then, in such event, all rights and obligations of the parties under this Agreement shall terminate. In addition to all of his other legal remedies, Buyer shall be entitled to recover from Seller any and all actual, consequential, and incidental damages suffered by Buyer arising from such default by Seller including, but not limited to, lost profits, any and all fees, costs and expenses associated with the transactions contemplated hereby and attorneys' fees. Default shall be defined as Seller's failure to consummate the purchase contemplated by this Agreement to the extent such failure is not excused by another provision of this Agreement.

**18. NOTICES**

All notices, requests, consents, and other communications under this Agreement shall be in writing and shall be mailed by first class, registered, or certified mail, postage prepaid, or sent via overnight courier service, or delivered personally:

If to **Buyer**, to:

Mr. David Peterson  
Caveland Environmental Authority

508 South Dixie Highway  
P.O. Box 463  
Cave City, Kentucky 42127

If to **Seller**, to:

Board Chair  
Edmonson County Water District  
P.O. Box 208  
Brownsville, KY 42210

or to such other address of which the addressee shall have notified the sender in writing. Notices mailed in accordance with this section shall be deemed given when mailed, and notices sent by overnight courier service shall be deemed given when placed in the hands of a representative of such service.

**19. THIRD PARTY RIGHTS**

It is the intention of the parties that nothing in this Agreement shall be deemed to create any right with respect to any person or entity not a party to this Agreement.

**20. CONSTRUCTION; GOVERNING LAW**

The section headings contained in this Agreement are inserted as a matter of convenience and shall not affect in any way the construction of the terms of this Agreement. This Agreement shall be governed by and interpreted in accordance with the laws of the Commonwealth of Kentucky.

**21. ENTIRE AGREEMENT; AMENDMENT AND WAIVER**

This Agreement, including the schedules hereto, and the Operating Agreement constitute and contain the entire Agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes any prior writing by the parties. The parties may, by mutual agreement in writing, amend this Agreement in any respect, and any party, as to such party, may in writing (a) extend the time for the performance of any obligations of any other party;

(b) waive any inaccuracies in representations and warranties by any other party; (c) waive performance of any obligations by any other party; and (d) waive the fulfillment of any condition that is precedent to the performance by such party or any of its obligations hereunder. No such waiver shall be deemed to constitute the waiver of any other breach of the same or of any other term or condition of this Agreement. Any such amendment or waiver must be signed by an officer of the parties or party to such amendment or waiver.

**22. SEVERABILITY**

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the remaining provisions.

**23. SCHEDULES**

The schedules attached to this Agreement constitute a part of this Agreement and are incorporated herein by reference in their entirety as if fully set forth in this Agreement at the point where first mentioned.

**24. TIME OF ESSENCE**

Time is of the essence to the performance of the obligations set forth in this Agreement.

**25. TERMINATION**

Anything contained in this Agreement to the contrary notwithstanding, this Agreement may be terminated at any time prior to the Closing Date:

- a. By the mutual written consent of Seller and Buyer;
- b. By Seller or Buyer if the other party to this Agreement shall have materially breached any of his representations and warranties set forth in this Agreement and such other party shall have failed to cure such breach within a cure time mutually agreeable to the parties.

c. Hazard loss or destruction or damage to a material portion of the Assets and an election by Buyer to terminate this Agreement.

**26. DISCLOSURE AND WAIVER OF CONFLICTS.** The parties acknowledge and agree that the attorney who prepared this Agreement represented them jointly pursuant to executed, written waivers of any conflict of interest, executed by the parties after full disclosure of the benefits and risks of joint representation, and that the attorney served as the scrivener for terms negotiated by the parties. Each party has been advised by the attorney that the interests of the parties may differ and they have the right to retain separate legal counsel. Notwithstanding the foregoing, the parties (i) desire the attorney to represent them jointly; (ii) acknowledge that they have been advised of their right to retain separate counsel and have either done so or have waived their right to do so; and (iii) jointly and severally forever waive any claim that the attorney's representation of them jointly constitutes a conflict of interest.

**27. COUNTERPARTS.** This Agreement may be executed in multiple counterparts, each of which is deemed to be an original.

**IN WITNESS WHEREOF,** this Agreement has been executed by the duly authorized officers and officials of the Parties, as of its effective date.

**EDMONSON COUNTY WATER DISTRICT**

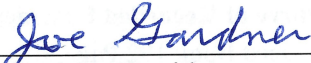
By:   
Darren Dennison, Chairman

Date: 3-24-26

Attest:

  
\_\_\_\_\_  
Josh Brooks, Secretary

**CAVELAND SANITATION AUTHORITY, INC.**

By:   
\_\_\_\_\_  
Joe Gardner, President

Date: 3-27-2026

Attest:

  
\_\_\_\_\_  
Joe Bailey, Secretary

4902-1099-1238

## **SCHEDULE 1**

### **Real Property**

To the best of Seller's knowledge, none.

### **Easements and Rights of Way**

<b>Name</b>	<b>Date Recorded</b>	<b>Source of Recorded Easement</b>
Billy & Glenda G. Gibson	June 23, 2006	Deed Book 192 Page 513
Edmonson County Fiscal Court	February 24, 2006	Deed Book 191 Page 60
Edmonson Co. Ambulance Service	June 23, 2006	Deed Book 192 Page 514
Brently Stice	February 24, 2006	Deed Book 191 Page 79
Edmonson County Water District	February 24, 2006	Deed Book 191 Page 80
Hilltop Quick Stop c/o Kyle White	February 24, 2006	Deed Book 191 Page 81
Riverhill Shopping Center	February 24, 2006	Deed Book 191 Page 82
Bob Pearson & Roy Richards	February 24, 2006	Deed Book 191 Page 83
James P. Alexander	February 24, 2006	Deed Book 191 Page 84
Jeanette Luttrell	February 24, 2006	Deed Book 191 Page 85
Daniel Kiernan	February 24, 2006	Deed Book 191 Page 86
Della Sue Jones	February 24, 2006	Deed Book 191 Page 87
Dallis L & Nell Meredith	February 24, 2006	Deed Book 191 Page 88
Jane Vincent	February 24, 2006	Deed Book 191 Page 89
Wall to Wall Carpet	February 24, 2006	Deed Book 191 Page 90
Bobby Kerr	February 24, 2006	Deed Book 191 Page 91
Chilanges	February 24, 2006	Deed Book 191 Page 92
Green River Hardware/Wanda Kinser	February 24, 2006	Deed Book 191 Page 93
Martha Durbin	February 24, 2006	Deed Book 191 Page 94
Jones Builders	February 24, 2006	Deed Book 191 Page 95
Jones Builders	February 24, 2006	Deed Book 191 Page 96
Carlos Johnson	February 24, 2006	Deed Book 191 Page 137
Hesson House, Inc	February 24, 2006	Deed Book 191 Page 77
Thomas E. Gibson	February 24, 2006	Deed Book 191 Page 71
Associates in Physician Services	February 24, 2006	Deed Book 191 Page 72
Danny Hayes or Patsy Hayes	February 24, 2006	Deed Book 191 Page 73
Laura's Hilltop Restaurant	February 24, 2006	Deed Book 191 Page 74
Bob Pearson	February 24, 2006	Deed Book 191 Page 75
Bob Pearson and Roy Richards	February 24, 2006	Deed Book 191 Page 76
Hesson House, Inc	February 24, 2006	Deed Book 191 Page 78
Ronald L Vincent	February 24, 2006	Deed Book 191 Page 115

<b>Name</b>	<b>Date Recorded</b>	<b>Source of Recorded Easement</b>
Betty Skaggs c/o Betty Basham	February 24, 2006	Deed Book 191 Page 116
Ellen Pelfrey	February 24, 2006	Deed Book 191 Page 117
Carolyn Kinser	February 24, 2006	Deed Book 191 Page 118
Valor, LLC	February 24, 2006	Deed Book 191 Page 119
Wanda A. Minton	February 24, 2006	Deed Book 191 Page 120
Johnny G Vincent	February 24, 2006	Deed Book 191 Page 134
Scottie Woodcock	February 24, 2006	Deed Book 191 Page 135
Larry Skaggs	February 24, 2006	Deed Book 191 Page 136
Anthony Madison	February 24, 2006	Deed Book 191 Page 110
Anthony Madison	February 24, 2006	Deed Book 191 Page 111
Roy and Peggy Richards	February 24, 2006	Deed Book 191 Page 104
Arthur L. Raymer	February 24, 2006	Deed Book 191 Page 105
Robert Lee or Cecilia Steen	February 24, 2006	Deed Book 191 Page 106
Laverne Alexander	February 24, 2006	Deed Book 191 Page 107
Jeanne Patton	February 24, 2006	Deed Book 191 Page 108
Bob Pearson	February 24, 2006	Deed Book 191 Page 109
Mr. & Mrs. Kermit Cales	February 24, 2006	Deed Book 191 Page 97
Arnold & Alma Luttrell	February 24, 2006	Deed Book 191 Page 98
Mark & Becky Ashley	February 24, 2006	Deed Book 191 Page 99
Mark & Becky Ashley	February 24, 2006	Deed Book 191 Page 100
Jerry Hogan	February 24, 2006	Deed Book 191 Page 101
Edith Skaggs	February 24, 2006	Deed Book 191 Page 102
William F Ashley	February 24, 2006	Deed Book 191 Page 103
Jerry Hogan & Mark Ashley	February 24, 2006	Deed Book 191 Page 65
Martha Beckner	February 24, 2006	Deed Book 191 Page 66
Jan (Skaggs Bardin) Hensley	February 24, 2006	Deed Book 191 Page 66
Emo Meredith	February 24, 2006	Deed Book 191 Page 67
Jerry L. Meredith and Peggy M. Meredith	February 24, 2006	Deed Book 191 Page 68
Jerry L. Meredith and Peggy M. Meredith	February 24, 2006	Deed Book 191 Page 69
Jerry L. Meredith and Peggy M. Meredith	February 24, 2006	Deed Book 191 Page 70
Emo Meredith	February 24, 2006	Deed Book 191 Page 140
Sonny Prunty	February 24, 2006	Deed Book 191 Page 141
Edmonson County Water District	February 24, 2006	Deed Book 191 Page 142
Malcolm Basham	February 24, 2006	Deed Book 191 Page 143
Malcolm Basham	February 24, 2006	Deed Book 191 Page 144
Malcolm Basham	February 24, 2006	Deed Book 191 Page 145
Ted Kinser	February 24, 2006	Deed Book 191 Page 62
Jimmy Alexander	February 24, 2006	Deed Book 191 Page 63
Bob Pearson and Roy Richards	February 24, 2006	Deed Book 191 Page 61

<b>Name</b>	<b>Date Recorded</b>	<b>Source of Recorded Easement</b>
Pleasant Union Ch. c/o Jim & Brenda Duvall	February 24, 2006	Deed Book 191 Page 112

**SCHEDULE 2**

**Personal Property**

- Two lift stations, which have wet wells, pumps , motors, panels and controls
- Flow measuring equipment
- Service connections from the main sewer trunk line to customer properties
- Main sewer trunk lines
- Collection system consisting of 6” and 8” PVC piping and concrete precast manholes, gravity flowing to the two lift stations.

Note: These assets are shown on Seller’s general ledger in GL asset account numbers 35210, 35220, 35400, 35500 and 36300

EIN/SSN: Applied For 01/01/2025 - 12/31/2025						ECWD - Sewer [ecw - sewer]	
Sorted: General - GL asset acct.						Depreciation Expense	
						Financial	
						01/01/2025 - 12/31/2025	
System No.	S	Description	Date In Service	Method / Conv.	Life	Cost / Other Basis	Bus/ Inv. %
							100.0000
<b>35210</b>							
16		Collection Sewe	1/1/2006	SL /N/A	62.5000	78,997.02	100.0000
<b>Subtotal: 35210</b>						<b>78,997.02</b>	
Less dispositions and exchanges:						0.00	
<b>Net for: 35210</b>						<b>78,997.02</b>	
<b>35220</b>							
18		Collection Sewe	1/1/2006	SL /N/A	62.5000	1,293,245.16	100.0000
<b>Subtotal: 35220</b>						<b>1,293,245.16</b>	
Less dispositions and exchanges:						0.00	
<b>Net for: 35220</b>						<b>1,293,245.16</b>	
<b>35400</b>							
19		Services to Cus	1/1/2006	SL /N/A	40.0000	43,545.30	100.0000
20		Audit Adj #2	1/1/2013	SL /N/A	40.0000	1,075.30	100.0000
<b>Subtotal: 35400</b>						<b>44,620.60</b>	
Less dispositions and exchanges:						0.00	
<b>Net for: 35400</b>						<b>44,620.60</b>	
<b>35500</b>							
21		Flow Measuring	1/1/2006	SL /N/A	17.5000	15,834.65	100.0000
22		Flow Measuring	8/5/2019	SL /N/A	17.5000	3,192.86	100.0000
<b>Subtotal: 35500</b>						<b>19,027.51</b>	
Less dispositions and exchanges:						0.00	
<b>Net for: 35500</b>						<b>19,027.51</b>	
<b>36300</b>							
15		Pumping Equipr	1/1/2006	SL /N/A	20.0000	174,506.87	100.0000
23		6 PT Level Cont	12/17/2020	SL /N/A	25.0000	1,074.08	100.0000
<b>Subtotal: 36300</b>						<b>175,580.95</b>	
Less dispositions and exchanges:						0.00	
<b>Net for: 36300</b>						<b>175,580.95</b>	

### **SCHEDULE 3**

#### **Contracts**

1. Wastewater Treatment Contract by and between City of Brownsville and Edmonson County Water District, dated January 5, 2004.

**SCHEDULE 4**

**Existing RD Sewer Bond**

<b><u>Bond Issue</u></b>	<b><u>Bond No.</u></b>	<b><u>Original Principal Amount</u></b>	<b><u>Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Outstanding Principal Balance</u></b>
2005	92-26	\$100,000	6/22/2045	4.25%	\$68,900
Note: Outstanding Principal Balance as of January 2026				<b>TOTAL:</b>	\$68,900

**SCHEDULE 5**

**Seller's Current Rates**

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00037 DATED AUG 08 2023

The following rates and charges are prescribed for the customers in the area served by Edmonson County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Monthly Sewer Rates

PHASE 1 effective for two years as of the date of this Order

Residential

First	1,500	Gallons	\$31.23	Minimum Bill
Over	1,500	Gallons	\$0.01178	Per Gallon

Commercial

First	1,500	Gallons	\$46.85	Minimum Bill
Over	1,500	Gallons	\$0.01766	Per Gallon

PHASE 2 effective two years after date of this Order

Residential

First	1,500	Gallons	\$38.82	Minimum Bill
Over	1,500	Gallons	\$0.01463	Per Gallon

Commercial

First	1,500	Gallons	\$58.22	Minimum Bill
Over	1,500	Gallons	\$0.02195	Per Gallon

Nonrecurring Charges

Reconnection Charge	\$3.00
Meter Test Fee	\$3.00

**SCHEDULE 6**

**Buyer's Current Rates**

Residential

Until March 31, 2026:

\$13.60 for the first 2,000 gallons of water

\$6.80 for each 1,000 gallons used thereafter

Beginning April 1, 2026:

\$14.28 for the first 2,000 gallons of water used

\$7.14 for each 1,000 gallons of water used thereafter

# **EXHIBIT C**

**RESOLUTION NO. 2026-03-24**

**RESOLUTION OF THE EDMONSON COUNTY WATER DISTRICT AUTHORIZING THE SALE OF THE EDMONSON SEWER SYSTEM TO CAVELAND SANITATION AUTHORITY, INC.; APPROVING THE ASSET PURCHASE AGREEMENT BETWEEN EDMONSON COUNTY WATER DISTRICT AS SELLER AND CAVELAND SANITATION AUTHORITY, INC. AS BUYER; AND AUTHORIZING THE CHAIRMAN TO EXECUTE THE ASSET PURCHASE AGREEMENT AND OTHER DOCUMENTS NECESSARY TO CONSUMMATE THE ACQUISITION**

**WHEREAS**, Edmonson County Water District (“Edmonson”) is a water district organized under the provisions of KRS Chapter 74 and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Caveland Sanitation Authority, Inc. (“Caveland”) is a Kentucky non-profit corporation organized on May 27, 1987 pursuant to KRS 58.180, KRS 65.210 *et seq.* and KRS 273.161 *et seq.*, under an Amended Interlocal Cooperation Agreement by and between the cities of Horse Cave, Cave City and Park City, Kentucky;

**WHEREAS**, Caveland is in good standing and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Edmonson currently provides sewer service to approximately 57 residential customers located in the northern portion of the Brownsville city limits in Edmonson County, in the Hilltop area;

**WHEREAS**, Edmonson owns certain assets associated with that sewer service (the “Edmonson Sewer System”);

**WHEREAS**, the Edmonson Sewer System is adjacent to and interconnected with sewer facilities owned and operated by Caveland;

**WHEREAS**, transferring the Edmonson Sewer System assets to Caveland will result in economies of scale;

**WHEREAS**, Caveland has the financial, technical, and managerial abilities to provide adequate and reliable sewer service to Edmonson's existing sewer customers without adversely affecting the quality of service presently afforded Caveland's existing customers;

**WHEREAS**, Caveland and Edmonson have executed a Statement of Intent dated January 27, 2026, in which Caveland expresses its intent to purchase and acquire the Edmonson Sewer System from Edmonson, and Edmonson expresses its intent to sell and transfer the Edmonson Sewer System to Caveland;

**WHEREAS**, certain representatives of Caveland and certain representatives of Edmonson have negotiated the terms of an Asset Purchase Agreement (the "Agreement") whereby Edmonson will sell and transfer to Caveland and Caveland will purchase and acquire from Edmonson certain assets set forth in the Agreement, subject to the approval and execution of the Agreement by Caveland, the approval and execution of the Agreement by Edmonson, and approval by the Kentucky Public Service Commission (the "PSC"); and

**WHEREAS**, Edmonson desires to approve the Agreement.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF EDMONSON AS FOLLOWS:**

**Section 1.** The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

**Section 2.** The Agreement, in substantially the form submitted to Edmonson, with such minor modifications as the Chairman may subsequently approve, as evidenced by his signature

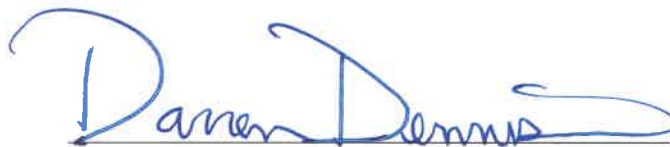
thereon, is hereby approved, and the Chairman is hereby authorized and directed to execute and deliver the Agreement for and on behalf of Edmonson.

**Section 3.** The Chairman is also hereby authorized and directed to file an application with the PSC requesting approval of the Agreement.

**Section 4.** The Chairman and all other appropriate officers, employees or other representatives of Edmonson are hereby authorized and directed to take any further action and to execute and deliver all documents that may be reasonably necessary to effectuate the acquisition and the consummation of the transaction contemplated by the Agreement.

**Section 5.** This Resolution shall take effect upon its adoption.

**Adopted by the Board of Commissioners of Edmonson County Water District at a meeting held on March 24, 2026, signed by the Chairman, and attested by the Secretary.**

  
Darren Dennison, Chairman

**Attest:**

  
Josh Brooks, Secretary

**CERTIFICATION**

The undersigned Secretary of Edmonson County Water District (“Edmonson”) does hereby certify that the foregoing is a true copy of a Resolution duly adopted by Edmonson’s Board of Commissioners at a meeting properly held on March 24<sup>th</sup>, 2026, signed by the Chairman of the Board of Commissioners, attested by the Secretary of the Board of Commissioners, and now in full force and effect.

WITNESS my hand this 24<sup>th</sup> day of March, 2026.

  
\_\_\_\_\_  
**Josh Brooks, Secretary**

4918-2333-2503

# **EXHIBIT D**

3/263

Rec'd \_\_\_\_\_  
Ex. Pg. \_\_\_\_\_  
Date 4/17/26

**COMMONWEALTH OF KENTUCKY  
EDMONSON COUNTY FISCAL COURT  
EDMONSON COUNTY, KENTUCKY**

**RESOLUTION NO. EC 26- 12**

WHEREAS, Edmonson County Water District (the "Water District") currently provides sewer service to approximately 57 customers located in the northern portion of the Brownsville city limits in Edmonson County, in the Hilltop area;

WHEREAS, the Water District owns certain assets associated with that sewer service (the "Edmonson Sewer System");

WHEREAS, the Edmonson Sewer System is adjacent to and interconnected with sewer facilities owned and operated by Caveland Sanitation Authority, Inc. ("Caveland"), and Caveland treats the raw sewage generated by the Edmonson Sewer System;

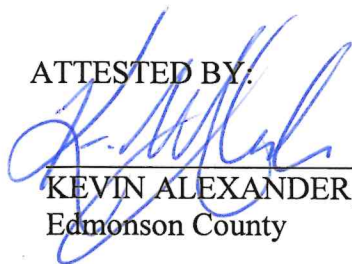
WHEREAS, after careful study and review, the Water District has determined that Caveland can more efficiently operate and maintain the Edmonson Sewer System;

WHEREAS, the customers of the Edmonson Sewer System will realize cost savings if the system is transferred to Caveland;

NOW, THEREFORE, BE IT RESOLVED by the Edmonson County Fiscal Court that the Water District, subject to the approval of the Kentucky Public Service Commission, shall be and hereby is authorized to transfer the service area and the assets associated with the operation of the Edmonson Sewer System to Caveland pursuant to the Asset Purchase Agreement attached hereto and made a part hereof.

Duly made and adopted on the 13<sup>th</sup> day of April, 2026 by the Edmonson County Fiscal Court, Commonwealth of Kentucky.

  
RONALD SCOTT LINDSEY  
EDMONSON COUNTY JUDGE/EXECUTIVE

ATTESTED BY:  
  
KEVIN ALEXANDER, Clerk  
Edmonson County

DOCUMENT NO: 1756264  
RECORDED: April 17, 2026 10:02:00 AM  
TOTAL FEES: \$0.00  
COUNTY CLERK: KEVIN ALEXANDER  
DEPUTY CLERK: JASON ALEXANDER  
COUNTY: EDMONSON COUNTY  
BOOK: R3 PAGES: 263 - 263

# **EXHIBIT E**

# Commonwealth of Kentucky

OFFICE OF  
SECRETARY OF STATE

**DREXELL R. DAVIS**  
Secretary



FRANKFORT,  
KENTUCKY

## CERTIFICATE OF INCORPORATION OF NON-STOCK, NON-PROFIT CORPORATION

*I, DREXELL R. DAVIS, Secretary of State of the Commonwealth of Kentucky, certify that there has been delivered to my office articles of incorporation of*

CAVELAND SANITATION AUTHORITY INC.

*The name and address of the registered agent of this corporation is*

CAROLYN BROWN

NAME

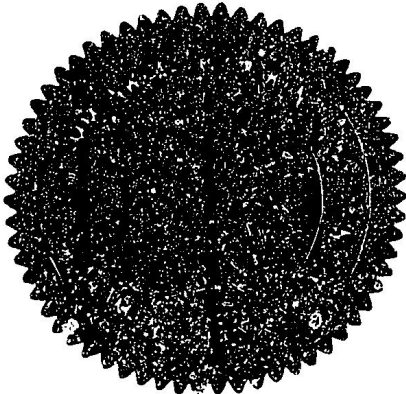
OFFICE OF THE CITY CLERK, CITY HALL, DUKE AND FIRST STREETS

STREET ADDRESS

CAVE CITY, KENTUCKY 42127

CITY, STATE

*NOW, THEREFORE, finding that these articles of incorporation conform to law and that all fees therefore having been paid as prescribed by law, I, DREXELL R. DAVIS, Secretary of State, issue this Certificate of Incorporation.*



SECRETARY OF STATE

Issued this 27TH day of MAY, 19 87,  
at Frankfort, Kentucky.

*Drexell R. Davis*

SECRETARY OF STATE

ASSISTANT SECRETARY OF STATE

ORIGINAL COPY FILED  
SECRETARY OF STATE OF KENTUCKY  
FRANKFORT, KENTUCKY

aw  
MAY 27 1987

A. S. OD  
Daniel R. Davis  
SECRETARY OF STATE

ARTICLES OF INCORPORATION  
OF  
CAVELAND SANITATION AUTHORITY INC.

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned Incorporators, as the Mayors of the Cities of Horse Cave, Cave City and Park City, Kentucky, respectively (the "Cities"), do hereby associate to form a corporation for public, municipal, civic and governmental purposes pursuant to the provisions of Sections 273.161 to 273.390, inclusive, 58.180 and 65.210 to 65.300, inclusive, of the Kentucky Revised Statutes ("KRS"), and do declare and certify as follows:

Article I

479764

The name of the corporation shall be "Caveland Sanitation Authority Inc." (the "Authority"). The Authority shall be at all times a nonprofit, no-stock public corporation pursuant to the provisions of KRS 273.161 to 273.390, inclusive, and KRS 58.180 for the performance of public, municipal, civic and governmental purposes pursuant to Kentucky law. The Authority shall be an agency, instrumentality and constituted authority of the Cities created and organized pursuant to, inter alia, KRS 58.180 and an Amended Interlocal Cooperation Agreement entered into by the Cities under authority of KRS 65.210 to 65.300, inclusive.

Article II

The duration of the Authority shall be perpetual. The Authority may be dissolved at any time by joint action of the

Cities, acting by and through their respective legislative bodies; provided that, if at the time of such dissolution there is outstanding any indebtedness or obligations of the Authority, such indebtedness or obligations shall be properly discharged or proper provision therefor shall be made by the Authority. In the event the Authority is dissolved, title to all of its properties and assets (after provision has first been made for the payment and satisfaction of any indebtedness and liabilities and expenses incident thereto) shall vest in the Cities, automatically and without any necessity for formal conveyance.

### Article III

The purposes for which the Authority is organized are exclusively to assist and cooperate with, and to act on behalf of, at the direction of and as the agency, instrumentality and constituted authority of, the Cities in the planning, development, acquisition, construction, installation, operation, management, financing and refinancing of sewer system projects for and on behalf of, and as joint and cooperative undertakings of, the Cities pursuant to the provisions of Kentucky law and thus accomplish public and municipal purposes of the Cities. As used herein the term "sewer system project" or "sewer system projects" means and includes municipal or public sanitary (or storm) sewers, sewage treatment works, sewage collection or conveyance lines, pumping stations and appurtenant or related buildings, structures, improvements, equipment and other facilities, together with the

sites thereof and easements and rights-of-way therefor. In carrying out its corporate purposes, the Authority shall have all the powers enumerated in KRS 273.171, KRS 58.010 to 58.210, inclusive, and KRS 65.210 to 65.300, inclusive, and in the Amended Interlocal Cooperation Agreement referred to in Article I hereof, and shall specifically have power to contract and be contracted with, to sue and be sued, to acquire, own, hold and use real and personal property by purchase, lease, gift or in any other manner whatsoever, with power to deal with any and all such property in any manner consistent with the aforesaid purposes of the Authority, specifically including, but not by way of limitation, the power to sell and dispose of the same and to mortgage, lease or otherwise encumber the same, subject to the provisions hereof, and generally to have and treat such property in any way not inconsistent with the provisions of the previously cited statutory provisions and other applicable provisions of Kentucky law. The Authority shall have such additional powers as have been or may be delegated to it by the Cities.

The Authority shall have the power, on behalf of and at the specific direction of the Cities, to borrow money, incur indebtedness and to issue its bonds, notes or other obligations in evidence of the same for the acquisition, construction, installation and financing or refinancing of one or more sewer system projects on behalf of the Cities, and may pledge for the amortization of such bonds, notes or other obligations such sewer system project or sewer

system projects and the revenues derived from the operation thereof, including specifically all revenues derived from making available such sewer system project or sewer system projects directly to the Cities, on whose behalf and on whose directions such bonds, notes or other obligations are issued. In compliance with KRS 58.180, it shall be provided in any such financing or refinancing (i) that upon the retirement and discharge of the bonds, notes or other obligations issued by the Authority at the direction of and on behalf of the Cities, full legal title to the sewer system project or sewer system projects so acquired shall be conveyed to or shall otherwise vest in the Cities; (ii) that in the event of default with respect to any such bonds, notes or other obligations the Cities shall have the exclusive option to acquire the sewer system project or sewer system projects for the amount required to discharge such bonds, notes or other obligations, and shall be provided a reasonable time to exercise such option; (iii) that the issuance of any such bonds, notes or other obligations shall be directed by and approved by the Cities not more than sixty (60) days prior to the date of issue of such obligations; and (iv) no bonds, notes or other obligations shall be issued by the Authority for and on behalf of the Cities except upon express direction of the Cities.

Additionally, during the time any such bonds, notes or other obligations are outstanding, the Cities shall have a beneficial interest in the sewer system project or sewer system projects financed or refinanced thereby to such extent as may be necessary in

order to comply with requirements of the federal and state governments in respect of the tax-exempt status of interest received on such bonds, notes or other obligations.

#### Article IV

In compliance with KRS 58.180, the Cities shall exercise either (i) organizational control over the Authority, at all times retaining the authority to alter or change the structure, organization, programs or activities of the Authority, including termination of the Authority, subject to the rights of the holders of any notes, bonds or other obligations of the Authority, or (ii) supervisory control over the Authority, as may be deemed proper by the Cities in the administration of the Authority's activities as an agency, instrumentality and constituted authority of the Cities and as may be required from time to time by federal law in order to continue to qualify the Authority, as a statutory public corporation and constituted authority of the Cities, for the issuance of tax-exempt notes, bonds or other obligations on behalf of the Cities.

#### Article V

The Authority is organized solely to accomplish one or more of the public, civic and governmental purposes, as aforesaid, and as an agency and instrumentality and constituted authority of the Cities. The Authority is not organized for the making of any profit, and no private pecuniary profit shall at any time be derived by any officers or Directors of the Authority. Any net revenues of the Authority beyond those necessary for the retirement of indebtedness or obligations of the Authority or the implementation

of the public purposes of the Authority and the Cities shall not inure to the benefit of any person other than the Cities. The Authority shall not engage in propoganda or in any manner attempt to affect legislation.

#### Article VI

The address of the registered office and the principal office of the Authority in Kentucky shall be the Office of the City Clerk of the City of Cave City, Kentucky, Cave City, Kentucky, the present address being City Hall, Duke and First Streets, Cave City, Kentucky 42127.

The resident agent of the Authority shall be the holder from time to time of the public office of City Clerk of the City of Cave City, Kentucky, the present incumbent and present resident agent of the Authority being Carolyn Brown, whose address as such resident agent and City Clerk is City Hall, Duke and First Streets, Cave City, Kentucky 42127.

#### Article VII

Pursuant to authority of KRS 273.187, the Authority shall not have any members. The Authority shall have no capital stock.

The number of Directors constituting the Authority's Board of Directors shall be nine (9), consisting of the three (3) Directors appointed by the Mayor, with the approval of the legislative body, of each of the Cities, and each Director to serve a three-year term, provided that the members of the initial Board of Directors as set out below, all duly appointed by the respective Mayors, with the approvals of the respective legislative bodies, of the Cities, shall serve initial terms as indicated below. Each

member of the Board of Directors of the Authority shall continue to be a Director upon the expiration of his term in office unless and until his successor is duly appointed. Any Director appointed by any one of the Cities may be removed from such office by action of the Mayor, with the approval of the legislative body, or such City. A change in the number of Directors shall be made only by amendment of the Articles of Incorporation. The Superintendent of the Mammoth Cave National Park, or his designated representative, shall be entitled to serve as an advisory director of the Authority, without voting power.

The names and addresses of the nine (9) Directors who shall initially serve in accordance with these Articles of Incorporation, the respective Cities appointing them and their respective initial terms, are as follows:

<u>Name</u>	<u>Initial Term in Years</u>	<u>Address</u>	<u>Appointing City</u>
Daniel Trigg Curd III	3	Greenview Drive Cave City, KY 42127	Cave City
Joe Gardner	3	Route #2, Box 43 Cave City, KY 42127	Cave City
Roger B. Profititt	3	Route #3, Box 47 Cave City, KY 42127	Cave City

<u>Name</u>	<u>Initial Term in Years</u>	<u>Address</u>	<u>Appointing City</u>
W. T. Austin	3	P. O. Box 527 Horse Cave, KY 42749	Horse Cave
Gerald P. Matera	3	P. O. Box 73 Horse Cave, KY 42749	Horse Cave
Dr. John Branstetter	3	106 Guthrie Street Horse Cave, KY 42749	Horse Cave
Joseph Kulesza	3	P. O. Box 215 Park City, KY 42160	Park City
Hollis Johnson	3	Route #1 Park City, KY 42160	Park City
Robert L. King	3	P. O. Box 113 Park City, KY 42160	Park City

The Mayors of the respective Cities are the Incorporators and their names and addresses are as follows:

<u>Name</u>	<u>Address</u>	<u>Mayor, City of</u>
Robert Strickland	City Hall Horse Cave, KY 42749	Horse Cave
Leo E. Esters	City Hall Cave City, KY 42127	Cave City
S. C. Denton, Jr.	City Hall Park City, KY 42160	Park City

#### Article VIII

Unless the Board of Directors of the Authority shall make express provision to the contrary by resolution, motion or other corporate action, the signature, or any authorized facsimile of the signature, of any Director or officer of the Authority appearing upon any contract, note, bond, mortgage, certificate or other

document of the Authority shall remain valid, binding and effective for all purposes, notwithstanding the fact that at the delivery or other intended effective date thereof such Director or officer shall have ceased to be a Director or shall have ceased to hold such office of the Authority. It is the intent of these Articles that the Authority shall be a legal corporate entity in its own right, separate and apart from the Cities but, nevertheless, as aforesaid, shall be and constitute the agency, instrumentality and constituted authority of the Cities in the performance of public, civic and governmental purposes. The undertakings, promises, commitments, notes, bonds, mortgages, conveyances and contracts of the Authority shall not in any manner or to any extent be deemed or construed to be binding upon the Cities, notwithstanding that it is the purpose of the Authority to serve as the agency, instrumentality and constituted authority of the Cities and to serve and promote public, civic and governmental purposes and objectives of the Cities.

#### Article IX

The private property of the Incorporators and Directors shall not be subject to or in any way liable for any debt, obligation or contract of the Authority or any judgment against the Authority.

#### Article X

The Authority shall have as its officers a President, Vice President, Secretary and Treasurer (which Secretary and Treasurer need not be a Director and may be the same person), each of whom

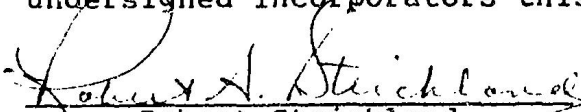
shall be elected or appointed by the Board of Directors at such times, in such manner and for such terms not exceeding three (3) years as may be prescribed in the By-Laws or by other official action of the Board of Directors, and such officers shall have such powers and duties as may be prescribed from time to time by the Board of Directors. The Board of Directors shall have power to make and adopt By-Laws and to alter or repeal the same pursuant to KRS 273.191.

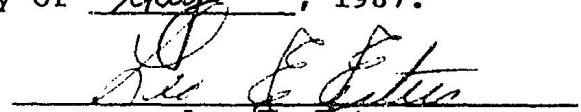
Article XI


The corporate existence of the Authority shall commence immediately upon the recording of these Articles of Incorporation in the office of the Secretary of State of Kentucky and the issuance by the Secretary of State of a Certificate of Incorporation, as provided by law.

\* \* \*

IN TESTIMONY WHEREOF, witness the signatures of the undersigned Incorporators this 14th day of May, 1987.

  
Robert Strickland

  
Leo E. Esters

  
S. C. Denton, Jr.

STATE OF KENTUCKY)

COUNTY OF Hart ) SS

The undersigned, a Notary Public in and for the State and County aforesaid, does hereby certify that on this day the foregoing Articles of Incorporation were produced before me in my said County and State by Robert Strickland, Leo E. Esters and S. C. Denton, Jr., and they thereupon acknowledged to me that they executed the same as their voluntary act for the purposes therein expressed.

WITNESS my hand this 14th day of May, 1987. My commission expires 1-29-88.

William G. Reed  
Notary Public  
~~My Commission Expires January 29, 1988~~  
~~RENEWED STATE OF KENTUCKY~~

The foregoing instrument was prepared by the following Attorney at Law:

William W. Davis  
William W. Davis  
Harper, Ferguson & Davis  
310 West Liberty Street  
Louisville, Kentucky 40202

# **EXHIBIT F**

**RESOLUTION OF THE BOARD OF DIRECTORS OF CAVELAND SANITATION AUTHORITY, INC. AUTHORIZING THE ACQUISITION OF THE EDMONSON SEWER SYSTEM FROM EDMONSON COUNTY WATER DISTRICT; APPROVING THE ASSET PURCHASE AGREEMENT BETWEEN EDMONSON COUNTY WATER DISTRICT AS SELLER AND CAVELAND SANITATION AUTHORITY, INC. AS BUYER; AND AUTHORIZING THE PRESIDENT TO EXECUTE THE ASSET PURCHASE AGREEMENT AND OTHER DOCUMENTS NECESSARY TO CONSUMMATE THE ACQUISITION**

WHEREAS, Edmonson County Water District ("Edmonson") is a water district organized under the provisions of KRS Chapter 74 and is a governmental agency within the meaning of KRS 67.0802(4)(a);

WHEREAS, Caveland Sanitation Authority, Inc. ("Caveland") is a Kentucky non-profit corporation organized on May 27, 1987 pursuant to KRS 58.180, KRS 65.210 *et seq.* and KRS 273.161 *et seq.*, under an Amended Interlocal Cooperation Agreement by and between the cities of Horse Cave, Cave City and Park City, Kentucky;

WHEREAS, Caveland is in good standing and is a governmental agency within the meaning of KRS 67.0802(4)(a);

WHEREAS, Edmonson currently provides sewer service to approximately 57 residential customers located in the northern portion of the Brownsville city limits in Edmonson County, in the Hilltop area;

WHEREAS, Edmonson owns certain assets associated with that sewer service (the "Edmonson Sewer System");

WHEREAS, the Edmonson Sewer System is adjacent to and interconnected with sewer facilities owned and operated by Caveland;

**WHEREAS**, transferring the Edmonson Sewer System assets to Caveland will result in economies of scale;

**WHEREAS**, Caveland has the financial, technical, and managerial abilities to provide adequate and reliable sewer service to Edmonson's existing sewer customers without adversely affecting the quality of service presently afforded Caveland's existing customers;

**WHEREAS**, Caveland and Edmonson have executed a Statement of Intent dated January 27, 2026, in which Caveland expresses its intent to purchase and acquire the Edmonson Sewer System from Edmonson, and Edmonson expresses its intent to sell and transfer the Edmonson Sewer System to Caveland;

**WHEREAS**, certain representatives of Caveland and certain representatives of Edmonson have negotiated the terms of an Asset Purchase Agreement (the "Agreement") whereby Edmonson will sell and transfer to Caveland and Caveland will purchase and acquire from Edmonson certain assets set forth in the Agreement, subject to the approval and execution of the Agreement by Caveland, the approval and execution of the Agreement by Edmonson, and approval by the Kentucky Public Service Commission (the "PSC"); and

**WHEREAS**, Caveland desires to approve the Agreement.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CAVELAND AS FOLLOWS:**

**Section 1.** The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

**Section 2.** The Agreement, in substantially the form submitted to Caveland, with such minor modifications as the President may subsequently approve, as evidenced by his signature

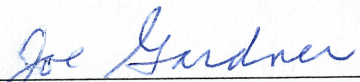
thereon, is hereby approved, and the President is hereby authorized and directed to execute and deliver the Agreement for and on behalf of Caveland.

**Section 3.** The President is also hereby authorized and directed to file an application with the PSC requesting approval of the Agreement.

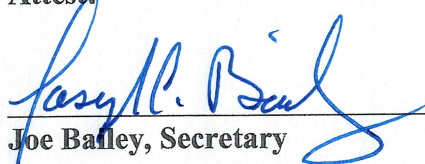
**Section 4.** The President and all other appropriate officers, employees or other representatives of Caveland are hereby authorized and directed to take any further action and to execute and deliver all documents that may be reasonably necessary to effectuate the acquisition and the consummation of the transaction contemplated by the Agreement.

**Section 5.** This Resolution shall take effect upon its adoption.

**Adopted by the Board of Directors of Caveland Sanitation Authority, Inc. at a meeting held on March 19, 2026, signed by the President, and attested by the Secretary.**

  
\_\_\_\_\_  
**Joe Gardner, President**

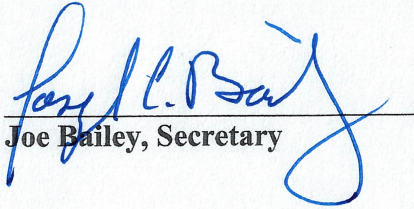
**Attest:**

  
\_\_\_\_\_  
**Joe Bailey, Secretary**

**CERTIFICATION**

The undersigned Secretary of Caveland Sanitation Authority, Inc. ("Caveland") does hereby certify that the foregoing is a true copy of a Resolution duly adopted by Caveland's Board of Directors at a meeting properly held on March 19, 2026, signed by the President, attested by the Secretary, and now in full force and effect.

WITNESS my hand this 19 day of March, 2026.

  
\_\_\_\_\_  
**Joe Bailey, Secretary**

4901-4390-6199

# **EXHIBIT G**

**Caveland Sanitation Authority, Inc.**  
**dba Caveland Environmental Authority**  
**Financial Statements**  
**June 30, 2025**

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CAMPBELL, MYERS AND RUTLEDGE, PLLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Caveland Sanitation Authority, Inc.  
dba Caveland Environmental Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities of the Caveland Sanitation Authority Inc, dba Caveland Environmental Authority as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority, as of June 30, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our 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 our opinions. 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*, we:

- 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 the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial

statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority's basic financial statements. The Schedule of Operations and Maintenance Expenses and the Schedule of General and Administrative Expenses are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025, on our consideration of the Caveland Sanitation Authority Inc, dba Caveland Environmental Authority's internal control over financial reporting and on our 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 our 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 the Caveland Sanitation Authority Inc, dba Caveland Environmental Authority'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 the Caveland Sanitation Authority Inc, dba Caveland Environmental Authority's internal control over financial reporting and compliance.

*Campbell, Myers & Rutledge, PLLC*

Certified Public Accountants

Glasgow, Kentucky  
September 29, 2025

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Management's Discussion and Analysis**  
**June 30, 2025**

Our discussion and analysis of the Caveland Environmental Authority's, financial performance provides an overview of the Authority's financial activities for the year ended June 30, 2025. This information is presented in conjunction with the audited financial statements that follow this section.

**Financial Highlights**

For the year ending June 30, 2025, total operating and non-operating revenues (including capital contributions) totaled \$5,663,218 and expenses amounted to \$6,648,221 creating a decrease in net position of \$985,003. At year end, net position totaled \$17,648,858, of which \$15,669,360 was invested in capital assets (net of related debt) and \$1,570,903 was restricted for debt retirement. This left \$408,595 of unrestricted assets.

**Overview of the Financial Statements**

This report consists of Management's Discussion and Analysis, Financial Statements and Supplementary Information. The Financial Statements include notes which explain in detail some of the information included in the Financial Statements.

**Required Financial Statements**

The financial statements report information of Caveland Environmental Authority, using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of Caveland Environmental Authority's, assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Caveland Environmental Authority's, creditors (liabilities). It also provides the basis for evaluating the capital structure of Caveland Environmental Authority, and assessing the liquidity and financial flexibility of Caveland Environmental Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of Caveland Environmental Authority's operations over the past year and can be used to determine whether Caveland Environmental Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where cash came from, what was cash used for, and what was the change in the cash balance during the reporting period.

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Management's Discussion and Analysis**  
**June 30, 2025**

**Financial Analysis of Caveland Environmental Authority**

Assets	<u>2025</u>	<u>2024</u>
Total Current Assets	\$ 1,614,494	\$ 1,657,770
Total Restricted Assets	1,647,647	321,116
Net Capital Assets	<u>22,888,711</u>	<u>23,605,087</u>
Total Assets	<u>26,150,852</u>	<u>25,583,973</u>
Liabilities		
Total Current Liabilities	1,205,899	954,994
Total Liabilities Payable from Restricted Assets	858,935	761,990
Total Long-term Liabilities	<u>6,437,160</u>	<u>5,233,128</u>
Total Liabilities	<u>8,501,994</u>	<u>6,950,112</u>
Net Position		
Invested in capital assets, net of related debt	15,669,360	17,693,883
Restricted for debt retirement	1,570,903	237,202
Unrestricted	<u>408,595</u>	<u>702,776</u>
Total Net Position	<u>\$ 17,648,858</u>	<u>\$ 18,633,861</u>

At June 30, 2025 the largest portion of the Authority's net position reflects its investment in capital assets, less any related debt used to acquire those assets still outstanding. The Authority uses these capital assets to provide services to citizens and consumers; consequently, these assets are not available for future spending. Restricted net position represents resources that are subject to external restrictions on how they may be used.

	<u>2025</u>	<u>2024</u>
Total operating revenues	\$ 5,531,575	\$ 5,315,939
Total operating expenses	<u>6,366,771</u>	<u>6,088,862</u>
Operating Income	(835,196)	(772,923)
Total non-operating revenue (expenses)	<u>(149,807)</u>	<u>(38,181)</u>
Income (loss) before capital contributions	(985,003)	(811,104)
Capital contributions	<u>-</u>	<u>111,262</u>
Increase (decrease) in net position	(985,003)	(699,842)
Beginning of year	<u>18,633,861</u>	<u>19,333,703</u>
End of year	<u>\$ 17,648,858</u>	<u>\$ 18,633,861</u>

At June 30, 2025, net position decreased by \$985,003 and consisted of operating revenues of \$5,531,575, operating expenses of \$6,366,771, and net non-operating expenses of \$149,807.

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Management's Discussion and Analysis**  
**June 30, 2025**

Residential wastewater customer base continues to show an increase in revenues with the business and industrial showing a continued growth pattern for wastewater usage. The Pumping and Portable Restroom business continues increasing revenues. CEA staff continues working on reducing the water loss issue with the water system.

**Capital Asset Changes**

At June 30, 2025, the Authority had invested \$22,888,711 in capital assets net of accumulated depreciation. This amount represents a net decrease of \$716,376 from the previous year. This decrease is mainly due to depreciation of completed construction projects placed in service during the fiscal year and a full year of depreciation of assets placed in service late in fiscal year 2024.

**Debt Administration**

At June 30, 2025, the Authority had \$5,560,000 bonds outstanding, net of premiums and discounts, an increase of \$925,000 from the prior year's balance of \$4,635,000.

**Request for Information**

This financial report is designed to provide our customers and creditors with a general overview of Caveland Environmental Authority's, finances and to demonstrate Caveland Environmental Authority's, accountability for the funds it receives. If you have any questions about this report or need any additional information, please contact the Caveland Environmental Authority at P.O. Box 426, Cave City, Kentucky 42127, or by phone (270) 773-2887.

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Statement of Net Position**  
**June 30, 2025**

**Assets**

**Current Assets:**

Accounts receivable	\$	803,835
Inventory		677,371
Prepaid and other assets		<u>133,288</u>
Total Current Assets		<u>1,614,494</u>

**Noncurrent Assets:**

Restricted Assets

Cash - bond and interest redemption fund		<u>1,647,647</u>
Total Restricted Assets		<u>1,647,647</u>

Capital Assets

Utility plant in service		46,390,210
Construction-in-progress		144,541
Right of use asset, net of amortization		492,700
Accumulated depreciation		<u>(24,138,740)</u>
Net Capital Assets		<u>22,888,711</u>
Total Noncurrent Assets		<u>24,536,358</u>

Total Assets	\$	<u>26,150,852</u>
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**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Statement of Net Position, Concluded**  
**June 30, 2025**

**Current Liabilities:**

Accounts payable and accrued liabilities	\$ 521,462
Checks issued in excess of deposits	317,082
Line-of-credit	274,512
Customer deposits	<u>92,843</u>
Total Current Liabilities	<u>1,205,899</u>

**Liabilities Payable from Restricted Assets:**

Current maturities of long-term debt	651,109
Lease liability, current portion	131,082
Accrued interest	<u>76,744</u>
Total Liabilities Payable from Restricted Assets	<u>858,935</u>

**Long-term Liabilities:**

Long-term debt, less current maturities	6,084,170
Lease liability, long-term portion	<u>352,990</u>
Total Long-term Liabilities	<u>6,437,160</u>

Total Liabilities	<u>8,501,994</u>
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**Net Position**

**Net Position:**

Invested in capital assets, net of related debt	15,669,360
Restricted for debt retirement	1,570,903
Unrestricted	<u>408,595</u>

<b>Total Net Position</b>	<b><u>\$ 17,648,858</u></b>
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**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2025**

**Operating revenue:**

Water revenue	\$ 1,569,889
Sewer revenue	2,227,810
Other operating revenue	<u>1,733,876</u>
Total operating revenue	<u>5,531,575</u>

**Operating expenses:**

Operations and maintenance	5,644,994
General and administrative	<u>721,777</u>
Total operating expenses	<u>6,366,771</u>
Operating income (loss)	<u>(835,196)</u>

**Nonoperating revenue (expenses):**

Interest income	14,282
Interest on long-term debt	(242,382)
Gain on sale of surplus property	117,361
Bond issuance costs	<u>(39,068)</u>
Total nonoperating revenue (expenses)	<u>(149,807)</u>

Increase (decrease) in net position	(985,003)
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**Net position:**

Beginning of year	<u>18,633,861</u>
End of year	<u><u>\$ 17,648,858</u></u>

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2025**

<b>Cash flows from operating activities:</b>	
Cash receipts from customers	\$ 5,504,140
Cash payments to suppliers for goods and services	(3,329,907)
Cash payments to employees for services	<u>(1,472,299)</u>
Net cash provided by (used) in operating activities	<u>701,934</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from issuance of long-term debt	1,731,999
Proceeds from line-of-credit	163,200
Payments made on line-of-credit	(149,453)
Principal paid on long-term debt	(645,008)
Interest paid on long-term debt	(249,552)
Bond issuance costs	(39,068)
Purchase of capital assets	<u>(618,690)</u>
Net cash provided by (used) in capital and related financing activities	<u>193,428</u>
<b>Cash flows from investing activities:</b>	
Proceeds from sale of asset	117,361
Investment income	<u>14,282</u>
Net cash provided by (used) in investing activities	<u>131,643</u>
Net increase (decrease) in cash and cash equivalents	1,027,005
Cash and cash equivalents, beginning of year	<u>303,560</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 1,330,565</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ (835,196)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,473,723
Amortization of right of use asset	129,666
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(27,435)
(Increase) decrease in inventory	103,245
(Increase) decrease in right of use asset	(268,323)
(Increase) decrease in prepaid insurance	(32,534)
Increase (decrease) in right of use liability	221,156
Increase (decrease) in accounts payable	(67,568)
Increase (decrease) in customer deposits	<u>5,200</u>
Net cash provided (used) by operating activities	<b><u>\$ 701,934</u></b>

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

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Description of Entity and Summary of Significant Accounting Policies**

Organization

Caveland Sanitation Authority, Inc. was created by an Inter-local Cooperation Agreement under the laws of the Commonwealth of Kentucky pursuant to Kentucky Revised Statutes 65.210 to 65.300 as a quasi-governmental agency. The public agencies which are parties to the amended Inter-local Cooperation Agreement are the cities of Cave City, Horse Cave, Park City and Mammoth Cave National Park Service. These public agencies delegated specific general power to the Authority necessary to apply for grants and other funding to pay for the design and construction of sewage treatment and conveyance facilities necessary to implement the preferred alternative of the Mammoth Cave Area 201 Facilities Plan and Environmental Impact Statement. The Authority, doing business as Caveland Environmental Authority, is primarily engaged in constructing and operating sewage treatment plants to serve the parties to the inter-local agreement.

Measurement Focus and Basis of Accounting

The term *measurement focus* is used to denote what is being measured and reported in the Authority's financial statements. The Authority is accounted for on the flow of economic resources measurement focus. Under this measurement focus, all assets and all liabilities associated with the operations are included in the Statement of Net Position.

The term *basis of accounting* is used to determine when a transaction or event is recognized on the Authority's financial statements. The Authority uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Financial Statement Presentation

The Authority has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Activities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board, or any Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net position, revenues and expenses. Enterprise Funds account for activities; (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Description of Entity and Summary of Significant Accounting Policies, Continued**

Financial Statement Presentation, Concluded

On July 1, 2003, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) No. 34 “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.*” GASB 34 established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net position and a statement of cash flows. It requires the classification of net position into three components: (i) invested in capital assets, net of related debt, (ii) restricted, and (iii) unrestricted.

These classifications are defined as follows:

- *Invested in capital assets, net of related debt* - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted* - This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - This component of net position consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Cash and Investments

The Authority considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Investments are reported at fair market value.

Receivables

The Authority uses the direct write-off method to account for bad debts. No allowance for bad debts has been provided, as no material write-offs are expected for receivables as of June 30, 2025. The direct write-off method does not significantly depart from generally accepted accounting principles.

Capital Assets

The utility plant in service is stated at cost. The cost of additions to the utility plant and major replacements of retired units of property is capitalized. Cost includes direct labor, outside services, materials and transportation, employee fringe benefits, overhead, and interest on funds borrowed to finance construction. The cost and accumulated depreciation of property sold or retired is deducted from capital assets, and any profit or loss resulting from the disposal is credited or charged in the nonoperating section of the statement of revenues, expenses and changes in net position. The cost of current repairs, maintenance, and minor replacements is charged to expense as incurred. Depreciation has been provided over estimated useful lives of the assets using the straight-line method.

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Description of Entity and Summary of Significant Accounting Policies, Continued**

Capital assets, Concluded

The estimated useful lives of capital assets are as follows:

Vehicles	5 years
Office Equipment	10 years
Machinery and Equipment	10 years
Water System Infrastructure	40 years
Plant	40 years
Buildings	40 years

Compensated Absences

Personal time is accrued by years of services as stated in the employee handbook. No personal time may be carried forward from one calendar year to the next. An employee must complete one year of continuous employment before taking personal time leave. Personal time is calculated on straight-time pay rate. Employees are compensated for the current year accrued time when they leave the company.

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities on the statement of net position. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions.

Capital Contributions

Transmission and distribution system assets contributed to the Authority by installers are capitalized at the installers' costs and recorded as capital contributions when received. Also included in capital contributions are various grants received for infrastructure and payments received from customers for tap fees.

Extraordinary and Special Items

Extraordinary items are transactions or other events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or other events within the control of management that are either unusual in nature or infrequent in occurrence. If such items exist during the reporting period, they are reported separately in the statement of revenues, expenses and changes in net position.

Income Taxes

The Authority is exempt from federal and state income taxes.

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 1 – Description of Entity and Summary of Significant Accounting Policies, Concluded**

Bond and Interest Redemption Fund

The ordinances authorizing the various bond issues of the Authority require monthly transfers from the Revenue Fund into a “Bond Fund”. Sums not less than one sixth of the interest due at the next payment, and one twelfth of the principal on all Bonds maturing the next January are required to be deposited.

Use of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Authority has evaluated subsequent events through September 29, 2025, the date which the financial statements were available to be issued. At the start of the 2025 fiscal year, the Authority completed the purchase of the Brownsville Sewer and Water system. The purchase will expand the Authority’s service area in Edmonson County, Kentucky.

**Note 2 – Cash and Investments**

Deposits and Concentration of Risk

At year end, the net carrying amount of the Authority’s cash deposits was \$1,330,565 and the bank balances were \$1,687,295. The difference between book and bank balances primarily represents checks that have been issued but have not cleared the bank as of June 30, 2025.

All cash accounts were fully insured by FDIC at June 30, 2025.

**Note 3 – Capital Assets**

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
<i>Capital assets not being depreciated</i>				
Land and land rights	\$ 311,701	\$ -	\$ -	\$ 311,701
Construction-in-progress	-	325,480	(180,939)	144,541
<i>Total capital assets not being depreciated</i>	<u>311,701</u>	<u>325,480</u>	<u>(180,939)</u>	<u>456,242</u>
<i>Capital assets being depreciated</i>				
Buildings	444,329	6,900	-	451,229
Office furniture and equipment	120,784	37,429	-	158,213
Machinery and equipment	2,887,519	-	-	2,887,519
Vehicles	1,824,354	152,008	-	1,976,362
Water transmission upgrade	391,892	-	-	391,892
Plant	39,935,482	277,812	-	40,213,294
<i>Total capital assets being depreciated</i>	<u>45,604,360</u>	<u>474,149</u>	<u>-</u>	<u>46,078,509</u>
Less: Accumulated Depreciation	<u>(22,665,017)</u>	<u>(1,473,723)</u>	<u>-</u>	<u>(24,138,740)</u>
<i>Total net capital assets</i>	<u>\$ 23,251,044</u>	<u>\$ (674,094)</u>	<u>\$ (180,939)</u>	<u>\$ 22,396,011</u>

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 4 – Long-Term Debt**

Bonds & Notes Payable

Long-term debt consists of the following at June 30, 2025:

Kentucky Infrastructure Authority assistance agreement due in semi-annual payments of \$3,321 (principal and interest). Interest is stated at 0.60% until maturity in December, 2027. The loan is secured by a pledge of a fixed portion of the system revenues. \$ 16,457

Less current portion 6,673

Long-term portion \$ 9,784

Kentucky Rural Water Finance Corporation Series 2011 B due January 2031, bearing annual interest of 2.65-5.275% with monthly sinking fund requirements consisting of monthly deposits in amounts sufficient to pay interest and principal of the current bonds due on the next payment date. The bonds are secured by a pledge of a fixed portion of the system revenues. \$ 345,000

Less current portion 50,000

Long-term portion \$ 295,000

Kentucky Rural Water Finance Corporation Series 2013 C maturing January 2027, bearing annual interest of 2.30%-3.30%. The bonds are secured by a pledge of a fixed portion of the system revenues. \$ 160,000

Less current portion 115,000

Long-term portion \$ 45,000

Kentucky Rural Water Finance Corporation Series 2014 B maturing January 2034, bearing annual interest of 4.01%. The bonds are secured by a pledge of a fixed portion of the system revenues. \$ 295,000

Less current portion 30,000

Long-term portion \$ 265,000

Kentucky Rural Water Finance Corporation Series 2016 D due January 2036, bearing annual interest of 2.65-5.275% with monthly sinking fund requirements consisting of monthly deposits in amounts sufficient to pay interest and principal of the current bonds due on the next payment date. The bonds are secured by a pledge of a fixed portion of the system revenues. \$ 535,000

Less current portion 40,000

Long-term portion \$ 495,000

Kentucky Rural Water Finance Corporation Series 2020 C interim loan in the amount of \$1,420,000 originating in March 2020 with interest rate of 1.25% due monthly. The financing is being used on the Horse Cave Plant Improvements project. \$ 1,215,000

Less current portion 45,000

Long-term portion \$ 1,170,000

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 4 – Long-Term Debt, Continued**

Kentucky Rural Water Finance Corporation interim loan in the amount of \$1,500,000 originating in January 2021 with the interest rate ranging from 2.20-5.20% due monthly. The financing is being used on the Horse Cave Plant Improvements project.	\$ 1,275,000
Less current portion	<u>60,000</u>
Long-term portion	<u>\$ 1,215,000</u>
Kentucky Rural Water Finance Corporation Series 2022 C interim loan in the amount of \$505,000 originating in August 2022 with interest rate of 4.20% due monthly.	\$ 455,000
Less current portion	<u>30,000</u>
Long-term portion	<u>\$ 425,000</u>
Kentucky Rural Water Finance Corporation Series 2025 C interim loan in the amount of \$790,000 originating in June 2025 with interest rate of 4.81% due monthly.	\$ 790,000
Less current portion	<u>-</u>
Long-term portion	<u>\$ 790,000</u>
Kentucky Rural Water Finance Corporation Series 2025 C interim loan in the amount of \$490,000 originating in June 2025 with interest rate of 5.20% due monthly.	\$ 490,000
Less current portion	<u>-</u>
Long-term portion	<u>\$ 490,000</u>
German American loan in the amount of \$60,033 originating in September 2023 with an interest rate of 6.38% due monthly until maturity in November 2028.	\$ 36,914
Less current portion	<u>11,164</u>
Long-term portion	<u>\$ 25,750</u>
German American loan in the amount of \$514,000 originating in February 2024 with an interest rate of 7.50% due monthly until maturity in February 2030.	\$ 419,077
Less current portion	<u>78,361</u>
Long-term portion	<u>\$ 340,716</u>
German American loan in the amount of \$385,000 originating in September 2024 with an interest rate of 6.75% due monthly until maturity in September 2029.	\$ 340,865
Less current portion	<u>75,743</u>
Long-term portion	<u>\$ 265,122</u>
German American loan in the amount of \$460,000 originating in September 2021 with an interest rate of 3.61% due monthly until maturity in September 2026.	\$ 122,986
Less current portion	<u>97,997</u>
Long-term portion	<u>\$ 24,989</u>

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 4 – Long-Term Debt, Continued**

Principal and interest maturities of long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 639,938	\$ 238,446	\$ 878,384
2027	638,781	235,381	874,162
2028	583,192	201,821	785,013
2029	612,738	169,000	781,738
2030	515,072	139,956	655,028
2031-2035	1,666,578	462,330	2,128,908
2036-2040	1,195,000	221,347	1,416,347
2041-2046	645,000	73,512	718,512
Total	<u>\$ 6,496,299</u>	<u>\$ 1,741,793</u>	<u>\$ 8,238,092</u>

Interest incurred and charged to expense for the year ended June 30, 2025 totaled \$242,382.

Long-term debt activity for the year ended June 30, 2025 is as follows:

	<u>Balance</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Debt Payments</u> <u>and Reductions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Amount Due</u> <u>within One Year</u>
KIA	\$ 22,971	\$ -	\$ 6,514	\$ 16,457	\$ 6,673
KRWFC 2011 B	395,000	-	50,000	345,000	50,000
KRWFC 2013 C	270,000	-	110,000	160,000	115,000
KRWFC 2014 B	320,000	-	25,000	295,000	30,000
KRWFC 2016 D	575,000	-	40,000	535,000	40,000
KRWFC 2020 C	1,260,000	-	45,000	1,215,000	45,000
EPA Grant payable	20,035	-	20,035	-	-
Revenue Bond 2020 I	1,335,000	-	60,000	1,275,000	60,000
Bond Series 2022 C	480,000	-	25,000	455,000	30,000
KRWFC 2025C	-	790,000	-	790,000	-
KRWFC 2025C	-	490,000	-	490,000	-
German American Bank	48,572	-	11,658	36,914	11,164
German American Bank	491,094	-	72,017	419,077	78,361
German American Bank	30,062	-	30,062	-	-
German American Bank	217,402	-	94,416	122,986	97,997
German American Bank	-	385,000	44,135	340,865	75,743
	<u>5,465,136</u>	<u>1,665,000</u>	<u>633,837</u>	<u>6,496,299</u>	<u>639,938</u>
Bond premiums/discounts	183,152	66,999	11,171	238,980	11,171
Total bonds, net with premium	<u>\$ 5,648,288</u>	<u>\$ 1,731,999</u>	<u>\$ 645,008</u>	<u>\$ 6,735,279</u>	<u>\$ 651,109</u>

**Leases**

The Authority leases fleets of vehicles from Enterprise under various non-cancelable operating leases. The leases expire at various dates depending on delivery of the vehicles and the terms of the leases. As of June 30, 2025, the Authority had a right of use asset with a balance of \$354,043. The interest rate of the lease agreements range from 3.15-8.01% per annum. Also included in the monthly lease payments are various management fees and maintenance charges. Accumulated amortization on the leased vehicles at June 30, 2025 was \$269,015 and amortization expense was \$129,666.

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 4 – Long-Term Debt, Concluded**

Minimum lease payments as of June 30, 2025 were as follows:

<u>Years ended June 30</u>	
2026	\$ 153,326
2027	121,559
2028	126,667
2029	111,763
2030	<u>52,902</u>
Total minimum lease payments	566,217
Less: amount representing interest	<u>(82,145)</u>
Present value of minimum lease payments	<u>\$ 484,072</u>

**Note 5 – Short-Term Debt**

On March 19, 2019, Caveland Environmental Authority, Inc. renewed a line of credit with German American Bank in the amount of \$275,000 to be used for operations. The variable rate interest is due monthly, with the principal balance due at maturity of March 17, 2026. At June 30, 2025 Caveland Environmental Authority, Inc. had a balance of \$274,512 on the line of credit.

**Note 6 – Pension Plan**

The Authority has established a SIMPLE IRA plan for its employees. Under a SIMPLE IRA plan, employees may choose to make salary reduction contributions and the employer makes matching or non-elective contributions. All contributions under the plan are deposited into a SIMPLE individual retirement account or annuity established for each eligible employee. The SIMPLE IRA plan was established to cover all employees who are expected to receive at least \$5,000 in compensation for the calendar year. Employer contributions to the plan were approximately \$38,000, and employee contributions were approximately \$51,000 for the year ended June 30, 2025.

**Note 7 – Deferred Inflows/Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future periods and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Caveland Environmental Authority, Inc. has no items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Caveland Environmental Authority, Inc. has no items that qualify for reporting in this category.

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 8 – Compensated Absences**

The Authority's compensated absences consist of vacation pay based on the employee's length of employment. Upon termination, employees are paid for all unused accrued vacation.

Balance 6/30/2024	Additions	Retirements	Balance 6/30/2025
<u>\$ 85,484</u>	<u>\$ 34,550</u>	<u>\$ (12,145)</u>	<u>\$ 107,889</u>
<u>\$ 85,484</u>	<u>\$ 34,550</u>	<u>\$ (12,145)</u>	<u>\$ 107,889</u>

## **Supplemental Information**

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Schedule of Operations and Maintenance Expenses**  
**For the Year Ended June 30, 2025**

Depreciation	\$ 1,472,001
Amortization	129,666
Labor	1,223,434
Utilities	234,897
Telephone	23,803
Repairs and maintenance	297,836
Employee benefits	250,623
Payroll taxes	97,421
Insurance	132,841
Vehicle expense	154,577
Equipment expense	27,465
Employee training	9,612
Chemicals and supplies	532,023
Water purchased	810,754
Employee uniforms	13,782
Construction expense	5,790
Other	<u>228,469</u>
Total	<u>\$ 5,644,994</u>

**Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority**  
**Schedule of General and Administrative Expenses**  
**For the Year Ended June 30, 2025**

Office salaries	\$ 248,865
Employee benefits	83,087
Legal and accounting	89,350
Billing charges	70,844
Depreciation	1,722
Office expenses	32,591
Travel	53,370
Insurance	54,836
Advertising	8,422
Telephone	6,546
Utilities	4,531
Repairs and maintenance	13,956
Employee training	36,854
Miscellaneous	<u>16,803</u>
Total	<u><u>\$ 721,777</u></u>



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  
Caveland Sanitation Authority, Inc.  
dba Caveland Environmental Authority

We 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 the business-type activities of the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority's basic financial statements, and have issued our report thereon dated September 29, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority'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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Caveland Sanitation Authority, Inc. dba Caveland Environmental Authority's financial statements are free from material misstatement, we 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Campbell, Myers & Rutledge, PLLC*

Certified Public Accountants

Glasgow, Kentucky  
September 29, 2025

# **EXHIBIT H**

## STATEMENT OF INTENT

This Statement of Intent, having an effective date of January 27, 2026, is made and entered into by and between **EDMONSON COUNTY WATER DISTRICT** (“Edmonson”) and **CAVELAND SANITATION AUTHORITY, INC. d/b/a Caveland Environmental Authority** (“Caveland”) (collectively, the “Parties”).

### WITNESSETH

**WHEREAS**, Edmonson is a water district organized under the provisions of KRS Chapter 74 and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Caveland is a Kentucky non-profit corporation organized on May 27, 1987 pursuant to KRS 58.180, KRS 65.210 *et seq.* and KRS 273.161 *et seq.*, under an Amended Interlocal Cooperation Agreement by and between the cities of Horse Cave, Cave City and Park City, Kentucky;

**WHEREAS**, Caveland is in good standing and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Edmonson currently provides sewer service to approximately 57 customers located in the northern portion of the Brownsville city limits in Edmonson County, in the Hilltop area;

**WHEREAS**, Edmonson owns certain assets associated with that sewer service (the “Edmonson Sewer System”);

**WHEREAS**, the Edmonson Sewer System is adjacent to and interconnected with sewer facilities owned and operated by Caveland;

**WHEREAS**, transferring the Edmonson Sewer System to Caveland will result in economies of scale;

**WHEREAS**, Caveland has the financial, technical, and managerial abilities to provide adequate and reliable sewer service to Edmonson's existing sewer customers without adversely affecting the quality of service presently afforded Caveland's existing customers; and

**WHEREAS**, Edmonson desires to state its intention to transfer and convey its Edmonson Sewer System to Caveland, and Caveland desires to state its intention to acquire the Edmonson Sewer System, subject to the terms, conditions, and provisions hereinafter set forth.

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the benefits to their customers and the mutual benefits to be derived from transferring the ownership of the Edmonson Sewer System to Caveland, Edmonson and Caveland state as follows:

1. **Agreement.** Edmonson and Caveland formally declare and state their intent to negotiate the terms of, and enter into, an Asset Purchase Agreement (the "Agreement"). The Agreement will contain the detailed provisions for the transfer of the Edmonson Sewer System to Caveland.

2. **Transfer of Assets.** Subject to the terms and conditions of the Agreement, Edmonson hereby states its intent to transfer and convey to Caveland, and Caveland hereby states its intent to acquire from Edmonson, the Edmonson Sewer System.

3. **Consideration.** As consideration for the transfer of the Edmonson Sewer System, Caveland states its intent to pay at the time of Closing a sum equal to the total outstanding principal and accrued interest of the debt obligations incurred by Edmonson for the purpose of constructing extensions and improvements to the Edmonson Sewer System. This debt obligation is evidenced by one series of revenue bonds issued by Edmonson, purchased by U.S.D.A., Rural Development ("RD"), and held by RD (the "Outstanding RD Sewer Bond"), which has an approximate outstanding principal balance of **\$68,900**.

4. **Closing.** Transfer of ownership of the Edmonson Sewer System and final closing of the transaction contemplated by this Statement of Intent (the “Closing”) cannot take place until: (a) the Parties negotiate and execute an Asset Purchase Agreement; (b) the Kentucky Public Service Commission (the “PSC”) approves the proposed transfer of the Edmonson Sewer System assets; and (c) and certain other Closing requirements have been satisfied.

5. **Operating Agreement.** The Parties have determined that it will be mutually advantageous if Caveland commences managing, operating, repairing, and maintaining the Edmonson Sewer System as soon as practicable and while the Parties are negotiating the terms of the Agreement and awaiting approval of the proposed transfer of the Edmonson Sewer System assets by the PSC. The Parties have entered into a written Operating Agreement with an effective date of January 27, 2026 whereby Caveland will commence managing, operating, repairing, and maintaining the Edmonson Sewer System. The Operating Agreement will specify the scope of services to be performed by Caveland and its compensation for performing these services. The Operating Agreement shall terminate once ownership of the Edmonson Sewer System has been formally transferred to Caveland at the Closing.


6. **Exclusive Negotiations.** Edmonson and Caveland agree to engage in good faith negotiations exclusively with each other, and neither Edmonson nor Caveland shall engage in talks, discussions, communications, or the like with any other water utility or entity concerning the proposed transfer of the Edmonson Sewer System.

7. **Cooperation.** Edmonson and Caveland agree: (a) to cooperate and assist each other with engineering studies and any other evaluations of the Edmonson Sewer System that Caveland may need to conduct, but such cooperation does not require any financial obligation by Edmonson; (b) to facilitate and expedite negotiations which are intended to result in a mutually advantageous

Agreement and the ultimate transfer of the Edmonson Sewer System and its related assets to Caveland as contemplated by this Statement of Intent; (c) to exchange information; and (d) to promptly take all other necessary actions.

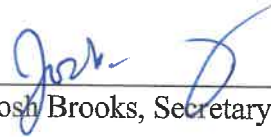
**IN TESTIMONY WHEREOF**, this Statement of Intent has been approved by the Board of Commissioners of Edmonson and the Board of Directors of Caveland. It has been executed by the duly authorized officers of both parties.

**EDMONSON COUNTY WATER DISTRICT**

By:   
Darren Dennison, Chairman

Date: 1-27-2023

Attest:

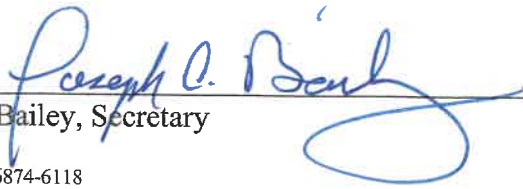
  
Josh Brooks, Secretary

**CAVELAND SANITATION AUTHORITY, INC.**

By:   
Joe Gardner, President

Date: 1-22-26

Attest:

  
Joe Bailey, Secretary

4896-6874-6118

# **EXHIBIT I**

## **OPERATING AGREEMENT**

This is Operating Agreement, having an effective date of January 27, 2026, is made and entered into by and between **EDMONSON COUNTY WATER DISTRICT** (“Edmonson”) and **CAVELAND SANITATION AUTHORITY, INC. d/b/a Caveland Environmental Authority** (“Caveland”) (collectively, the “Parties”).

### **WITNESSETH**

**WHEREAS**, Edmonson is a water district organized under the provisions of KRS Chapter 74 and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Caveland is a Kentucky non-profit corporation organized on May 27, 1987 pursuant to KRS 58.180, KRS 65.210 *et seq.* and KRS 273.161 *et seq.*, under an Amended Interlocal Cooperation Agreement by and between the cities of Horse Cave, Cave City and Park City, Kentucky;

**WHEREAS**, Caveland is in good standing and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Edmonson currently provides sewer service to approximately 57 customers located in the northern portion of the Brownsville city limits in Edmonson County, in the Hilltop area;

**WHEREAS**, Edmonson owns certain assets associated with that sewer service (the “Edmonson Sewer System”);

**WHEREAS**, the Edmonson Sewer System is adjacent to and interconnected with sewer facilities owned and operated by Caveland;

**WHEREAS**, transferring the Edmonson Sewer System assets to Caveland will result in economies of scale;

**WHEREAS**, Caveland has the financial, technical, and managerial abilities to provide adequate and reliable sewer service to Edmonson's existing sewer customers without adversely affecting the quality of service presently afforded Caveland's existing customers;

**WHEREAS**, the Parties executed a Statement of Intent with an effective date of January 27, 2026, whereby Edmonson declared and stated its intent to transfer and convey the Edmonson Sewer System to Caveland and Caveland declared and stated its intent to acquire the Edmonson Sewer System, subject to the terms, conditions, and provisions set forth in the Statement of Intent;

**WHEREAS**, KRS 74.414 authorizes the Board of Commissioners of a water district to contract with any city, water district or sewer construction district, or other incorporated municipality or district, to provide for the operation of all or a portion of that water district's sanitary sewer system regardless of whether the water district has or will acquire any ownership rights in the sanitary sewer system;

**WHEREAS**, subject to the limitations contained in this Operating Agreement, Caveland is willing and has the ability, pursuant to KRS 74.414, to manage, operate, repair, and maintain the Edmonson Sewer System until the assets of the Edmonson Sewer System have been formally transferred to Caveland at the Closing;

**WHEREAS**, as set forth in Paragraph 5 of the Statement of Intent, the Parties have determined it will be mutually advantageous if Caveland commences, as soon as practicable, managing, operating, repairing, and maintaining the Edmonson Sewer System while the Parties are negotiating the terms of the Asset Purchase Agreement and awaiting approval of the proposed transfer of the Edmonson Sewer System by the Kentucky Public Service Commission (the "PSC");

**WHEREAS**, it is uncertain when approval of the proposed transfer by the PSC will be obtained; and

**WHEREAS**, the Parties desire for Caveland to manage, operate, repair, and maintain the Edmonson Sewer System beginning as soon as practicable.

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the mutual promises, covenants, and conditions contained herein and in the Statement of Intent, the Parties agree as follows:

**1. Defined Terms.** The terms used in this Operating Agreement and not defined herein shall have the meanings assigned to them in the Statement of Intent.

**2. Affirmation of Preamble.** The facts, recitals, and statements contained in the foregoing preamble of this Operating Agreement are true and correct and are hereby affirmed and incorporated as a part of this Operating Agreement.

**3. General Benefits.** In accordance with KRS 74.414, Edmonson's Board of Commissioners and the Board of Directors of Caveland have each independently determined, and do hereby declare, that it is necessary, desirable, in the public interest, in the best interests of their customers, and mutually advantageous for Edmonson to contract with Caveland to manage, operate, repair, and maintain the Edmonson Sewer System before the Edmonson Sewer System is transferred and conveyed to the Caveland.

**4. Ownership of Assets.** During the Term of this Operating Agreement, Edmonson shall retain ownership of all of its Sewer System assets, but Caveland shall be the beneficial owner.

**5. Closing.** Transfer of ownership of the Edmonson Sewer System and final closing of the transaction contemplated by the Statement of Intent (the "Closing") cannot take place until: (a) the Parties negotiate and execute an Asset Purchase Agreement; (b) the PSC approves the proposed transfer of the Edmonson Sewer System; and (c) and certain other Closing requirements have been satisfied.

6. **Term.** The Term of this Operating Agreement shall commence on March 1, 2026 or such other date as the Parties may agree in writing (the “Operation Commencement Date”), and shall continue until the Closing as defined in the preceding paragraph of this Operating Agreement; PROVIDED, HOWEVER, that in the event no Closing occurs before January 31, 2028, this Operating Agreement shall expire on that date unless the Parties agree to extend this Operating Agreement or negotiate a new Operating Agreement.

7. **Operation and Maintenance of Assets.** Subject to the provisions of this Operating Agreement, Caveland shall manage, operate, repair, and maintain the Edmonson Sewer System beginning on the Operation Commencement Date, and continuing throughout the Term of this Operating Agreement. Caveland shall be responsible, except as stated below in this Operating Agreement, for all expenses it incurs in the management, operation, repair, and maintenance of the Edmonson Sewer System.

8. **Compensation.** Caveland shall be compensated for managing, operating, repairing, and maintaining the Edmonson Sewer System during the Term of this Operating Agreement as set forth below:

9. **Revenues.** During the Term of this Agreement, Edmonson will collect sewer charges from all customers of the Edmonson Sewer System and will transfer all amounts so collected to Caveland on a monthly basis. Edmonson will deduct from each payment and will retain (a) the sum of \$444.02 per month for Debt Service and (b) a \$1.00 per customer monthly collection fee.

10. **Edmonson’s Duties and Responsibilities.** During the Term of this Operating Agreement, Edmonson shall:

- a. Remain responsible for making its required Debt Service payments, and payments required by its Bond Resolutions and loan agreements, as set forth

in Paragraph 12 of this Agreement; and

- b. Maintain insurance as set forth in Paragraph 16 of this Agreement; and
- c. Coordinate with Caveland concerning any information necessary to enable a smooth transition from Edmonson to Caveland.

**11. Caveland's Duties and Responsibilities.** During the Term of this Operating Agreement, Caveland shall:

- a. Operate the Edmonson Sewer System;
- c. Open new customer accounts;
- d. Answer customer inquiries and respond to customer complaints;
- e. Perform all other customer service functions;
- f. Perform all routine service work, including, but not limited to making sewer line repairs.
- g. Perform normal system maintenance of facilities appurtenant to the Edmonson Sewer System;
- i. Repair leaks;
- j. Locate sewer lines or other underground facilities in response to 811 Locate Requests; and
- l. Comply with all applicable environmental laws, regulations and permits.

**12. Debt Service.** During the Term of this Operating Agreement, Edmonson shall remain responsible for making: (a) all its required monthly or semi-annual debt service payments and (b) any other transfers or payments required by its Bond Resolutions and loan agreements.

**13. Capital Improvements.** Caveland may commence, at its own expense, to make major repairs and capital improvements (the "Capital Improvements") to the Edmonson Sewer System during the Term of this Operating Agreement. Edmonson hereby consents to, and authorizes Caveland to make, these Capital Improvements. Caveland acknowledges that it will be making these Capital Improvements at its own risk and expense. Caveland shall not seek

reimbursement from Edmonson for the cost of these Capital Improvements.

**14. SCADA Equipment.** The parties acknowledge that Edmonson's SCADA equipment currently in use with the Edmonson Sewer System is not compatible with Caveland's system. Edmonson will retain ownership of the existing SCADA equipment. Subject to Paragraph 13 of this Agreement, Caveland will remove the existing SCADA equipment and will replace it with Caveland's own equipment. Caveland will return Edmonson's SCADA equipment to Edmonson promptly after removing it.

**15. Cooperation.** Edmonson and Caveland agree: (a) to cooperate and assist each other with engineering studies and any other evaluations of the Edmonson Sewer System that Caveland may need to conduct, but such cooperation does not require any financial obligation by Edmonson; (b) to facilitate and expedite negotiations which are intended to result in a mutually advantageous Asset Purchase Agreement and the ultimate transfer of the Edmonson Sewer System and its related assets to Caveland; (c) to exchange information; and (d) to promptly take all other necessary actions.

**16. Insurance.** During the Term of this Operating Agreement, Edmonson shall, at its expense, keep the Edmonson Sewer System insured with an insurance company or companies against fire and such other hazards as are included within extended coverage in an amount at least equal to the amount that Edmonson currently carries on the Edmonson Sewer System. All such insurance policies shall name Caveland as an additional insured or certificate holder. Caveland shall, at its expense, maintain comprehensive public liability insurance in an amount not less than \$1,000,000 combined single limits for each occurrence for claims for bodily injury or death and property damage along with excess liability coverage (umbrella policy) of not less than \$3,000,000. All such insurance policies shall name Edmonson as an additional insured or

certificate holder.

**17. Indemnification by Caveland.** Caveland hereby agrees to indemnify Edmonson for, and hold Edmonson harmless from, any and all losses, liabilities, costs, and expenses (including, but not limited to, regulatory compliance and reasonable attorneys' fees) incurred by Edmonson for claims asserted by third parties as a result of any negligence or willful misconduct by Caveland, its employees, contractors, and agents, arising from Caveland's management, operation, repair, and maintenance of the Edmonson Sewer System pursuant to the provisions of this Operating Agreement. To that end, immediately upon notification by Edmonson, Caveland shall assume, at its own cost, the defense of any such action or suit which may be brought against Edmonson by any third party because of Caveland's negligence or willful misconduct in the management, operation, repair and maintenance of the Edmonson Sewer System.

**18. Indemnification by Edmonson.** Edmonson hereby agrees to indemnify Caveland for, and hold Caveland harmless from, any and all losses, liabilities, costs, and expenses (including, but not limited to, regulatory compliance and reasonable attorneys' fees) incurred by Caveland for claims asserted by third parties as a result of any negligence or willful misconduct by Edmonson, its employees, contractors, and agents, arising from Edmonson's management, operation, repair, and maintenance of the Edmonson Sewer System prior to the Operation Commencement Date. To that end, immediately upon notification by Caveland, Edmonson shall assume, at its own cost, the defense of any such action or suit which may be brought against Caveland by any third party because of Edmonson's negligent or willful misconduct in the management, operation, repair and maintenance of the Edmonson Sewer System prior to the Operation Commencement Date.

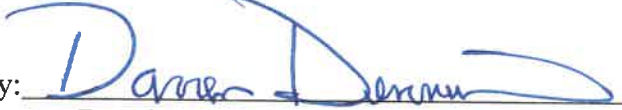
**19. No Transfer of Ownership or Control.** This Operating Agreement does not transfer ownership of any of the Edmonson Sewer System nor does it grant Caveland any right to

control Edmonson as “control” is defined in KRS 278.020(6) and (7). Once the Parties finalize the terms of the Asset Purchase Agreement and it has been approved by their respective governing bodies, the Parties shall file a joint Application with the PSC seeking approval of the transfer of ownership of the Edmonson Sewer System as described in Paragraph 2 of the Statement of Intent.

**20. No Assignment.** Caveland shall not assign this Operating Agreement.

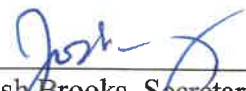
**IN TESTIMONY WHEREOF**, this Operating Agreement has been executed in multiple counterparts, each of which is deemed to be an original, by the duly authorized officers and officials of the Parties, as of its effective date.

**EDMONSON COUNTY WATER DISTRICT**

By:   
Darren Dennison, Chairman

Date: 1-27-2026

Attest:

  
Josh Brooks, Secretary

**CAVELAND SANITATION AUTHORITY, INC.**

By: Joe Gardner  
Joe Gardner, President

Date: 1-27-26

Attest:  
Joseph A. Bailey  
Joe Bailey, Secretary

4921-5380-5190

# **EXHIBIT J**

**RESOLUTION NO. 2026-01- 27**

**RESOLUTION OF THE EDMONSON COUNTY WATER DISTRICT EXPRESSING ITS INTENT TO TRANSFER THE EDMONSON SEWER SYSTEM TO CAVELAND SANITATION AUTHORITY, INC.; APPROVING THE STATEMENT OF INTENT TO TRANSFER THE EDMONSON SEWER SYSTEM; APPROVING THE OPERATING AGREEMENT WITH CAVELAND SANITATION AUTHORITY, INC. CONCERNING THE OPERATION OF THE EDMONSON SEWER SYSTEM; AND AUTHORIZING THE CHAIRMAN TO EXECUTE THE STATEMENT OF INTENT AND THE OPERATING AGREEMENT**

**WHEREAS**, Edmonson County Water District (“Edmonson”) is a water district organized under the provisions of KRS Chapter 74 and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Caveland Sanitation Authority, Inc. (“Caveland”) is a Kentucky non-profit corporation organized on May 27, 1987 pursuant to KRS 58.180, KRS 65.210 *et seq.* and KRS 273.161 *et seq.*, under an Amended Interlocal Cooperation Agreement by and between the cities of Horse Cave, Cave City and Park City, Kentucky;

**WHEREAS**, Caveland is in good standing and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Edmonson currently provides sewer service to approximately 57 customers located in the northern portion of the Brownsville city limits in Edmonson County, in the Hilltop area;

**WHEREAS**, Edmonson owns certain assets associated with that sewer service (the “Edmonson Sewer System”);

**WHEREAS**, the Edmonson Sewer System is adjacent to and interconnected with sewer facilities owned and operated by Caveland;

**WHEREAS**, transferring the Edmonson Sewer System to Caveland will result in economies of scale;

**WHEREAS**, Caveland has the financial, technical, and managerial abilities to provide adequate and reliable sewer service to Edmonson's existing sewer customers without adversely affecting the quality of service presently afforded Caveland's existing customers;

**WHEREAS**, certain representatives of Edmonson and certain representatives of Caveland have negotiated the preliminary terms of a Statement of Intent whereby Edmonson expresses its intent to transfer and convey the Edmonson Sewer System to Caveland and Caveland expresses its intent to acquire the Edmonson Sewer System, subject to the approval and execution of the Statement of Intent by the governing bodies of Edmonson and Caveland;

**WHEREAS**, Edmonson desires to state its intention to transfer and convey its Edmonson Sewer System to Caveland, and Caveland desires to state its intention to acquire the Edmonson Sewer System, subject to the terms, conditions, and provisions set forth in the Statement of Intent;

**WHEREAS**, KRS 74.414 authorizes the Board of Commissioners of a water district to contract with any city, water district or sewer construction district, or other incorporated municipality or district, to provide for the operation of all or a portion of that water district's sanitary sewer system regardless of whether the water district has or will acquire any ownership rights in the sanitary sewer system;

**WHEREAS**, subject to the limitations contained in this Operating Agreement, Caveland is willing and has the ability, pursuant to KRS 74.414, to manage, operate, repair, and maintain the Edmonson Sewer System until the assets of the Edmonson Sewer System have been formally transferred to Caveland at the Closing;

**WHEREAS**, as set forth in Paragraph 5 of the Statement of Intent, the Parties have

determined it will be mutually advantageous if Caveland commences, as soon as practicable, managing, operating, repairing, and maintaining the Edmonson Sewer System while the Parties are negotiating the terms of the Asset Purchase Agreement and awaiting approval of the proposed transfer of Edmonson's Sewer System assets by the Kentucky Public Service Commission (the "PSC");

**WHEREAS**, it is uncertain when approval of the proposed transfer by the PSC will be obtained; and

**WHEREAS**, the Parties desire for Caveland to manage, operate, repair, and maintain the Edmonson Sewer System beginning as soon as practicable.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF EDMONSON AS FOLLOWS:**

**Section 1.** The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

**Section 2.** The Statement of Intent, in substantially the form submitted to Edmonson with such minor modifications as the Chairman may subsequently approve, as evidenced by his signature thereon, is hereby approved, and the Chairman is authorized and directed to execute and deliver the Statement of Intent for and on behalf of Edmonson.

**Section 3.** The Operating Agreement, in substantially the form submitted to Edmonson with such minor modifications as the Chairman may subsequently approve, as evidenced by his signature thereon, is hereby approved, and the Chairman is authorized and directed to execute and deliver the Operating Agreement for and on behalf of Edmonson.

**Section 4.** This Resolution shall take effect upon its adoption.

Adopted by the Board of Commissioners of Edmonson County Water District at a meeting held on January 27, 2026, signed by the Chairman, and attested by the Secretary.



**Darren Dennison, Chairman**

**Attest:**



**Josh Brooks, Secretary**

**CERTIFICATION**

The undersigned Secretary of Edmonson County Water District (“Edmonson”) does hereby certify that the foregoing is a true copy of a Resolution duly adopted by Edmonson’s Board of Commissioners at a meeting properly held on January 27, 2026, signed by the Chairman of the Board of Commissioners, attested by the Secretary of the Board of Commissioners, and now in full force and effect.

WITNESS my hand this 27<sup>th</sup> day of January, 2026.



**Josh Brooks, Secretary**

# **EXHIBIT K**

**RESOLUTION OF THE BOARD OF DIRECTORS OF CAVELAND SANITATION AUTHORITY, INC. EXPRESSING ITS INTENT TO PURCHASE THE EDMONSON SEWER SYSTEM FROM EDMONSON COUNTY WATER DISTRICT; APPROVING THE STATEMENT OF INTENT TO PURCHASE THE EDMONSON SEWER SYSTEM; APPROVING THE OPERATING AGREEMENT WITH EDMONSON COUNTY WATER DISTRICT CONCERNING THE OPERATION OF THE EDMONSON SEWER SYSTEM; AND AUTHORIZING THE PRESIDENT TO EXECUTE THE STATEMENT OF INTENT AND THE OPERATING AGREEMENT**

**WHEREAS**, Edmonson County Water District (“Edmonson”) is a water district organized under the provisions of KRS Chapter 74 and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Caveland Sanitation Authority, Inc. (“Caveland”) is a Kentucky non-profit corporation organized on May 27, 1987 pursuant to KRS 58.180, KRS 65.210 *et seq.* and KRS 273.161 *et seq.*, under an Amended Interlocal Cooperation Agreement by and between the cities of Horse Cave, Cave City and Park City, Kentucky;

**WHEREAS**, Caveland is in good standing and is a governmental agency within the meaning of KRS 67.0802(4)(a);

**WHEREAS**, Edmonson currently provides sewer service to approximately 57 customers located in the northern portion of the Brownsville city limits in Edmonson County, in the Hilltop area;

**WHEREAS**, Edmonson owns certain assets associated with that sewer service (the “Edmonson Sewer System”);

**WHEREAS**, the Edmonson Sewer System is adjacent to and interconnected with sewer facilities owned and operated by Caveland;

**WHEREAS**, transferring the Edmonson Sewer System assets to Caveland will result in economies of scale;

**WHEREAS**, Caveland has the financial, technical, and managerial abilities to provide adequate and reliable sewer service to Edmonson's existing sewer customers without adversely affecting the quality of service presently afforded Caveland's existing customers;

**WHEREAS**, certain representatives of Edmonson and certain representatives of Caveland have negotiated the preliminary terms of a Statement of Intent whereby Edmonson expresses its intent to transfer and convey the Edmonson Sewer System to Caveland and Caveland expresses its intent to acquire the Edmonson Sewer System, subject to the approval and execution of the Statement of Intent by the governing bodies of Edmonson and Caveland;

**WHEREAS**, Edmonson desires to state its intention to transfer and convey its Edmonson Sewer System to Caveland, and Caveland desires to state its intention to acquire the Edmonson Sewer System, subject to the terms, conditions, and provisions set forth in the Statement of Intent;

**WHEREAS**, KRS 74.414 authorizes the Board of Commissioners of a water district to contract with any city, water district or sewer construction district, or other incorporated municipality or district, to provide for the operation of all or a portion of that water district's sanitary sewer system regardless of whether the water district has or will acquire any ownership rights in the sanitary sewer system;

**WHEREAS**, subject to the limitations contained in this Operating Agreement, Caveland is willing and has the ability, pursuant to KRS 74.414, to manage, operate, repair, and maintain the Edmonson Sewer System until the assets of the Edmonson Sewer System have been formally transferred to Caveland at the Closing;

**WHEREAS**, as set forth in Paragraph 5 of the Statement of Intent, the Parties have

determined it will be mutually advantageous if Caveland commences, as soon as practicable, managing, operating, repairing, and maintaining the Edmonson Sewer System while the Parties are negotiating the terms of the Asset Purchase Agreement and awaiting approval of the proposed transfer of Edmonson's Sewer System assets by the Kentucky Public Service Commission (the "PSC");

**WHEREAS**, it is uncertain when approval of the proposed transfer by the PSC will be obtained; and

**WHEREAS**, the Parties desire for Caveland to manage, operate, repair, and maintain the Edmonson Sewer System beginning as soon as practicable.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF CAVELAND AS FOLLOWS:**

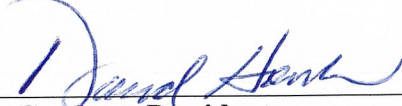
**Section 1.** The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

**Section 2.** The Statement of Intent, in substantially the form submitted to Caveland with such minor modifications as the President may subsequently approve, as evidenced by his signature thereon, is hereby approved, and the President is authorized and directed to execute and deliver the Statement of Intent for and on behalf of Caveland.

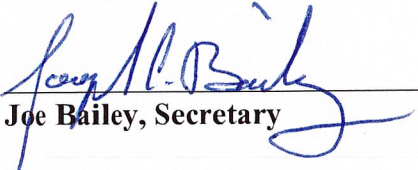
**Section 3.** The Operating Agreement, in substantially the form submitted to Caveland with such minor modifications as the President may subsequently approve, as evidenced by his signature thereon, is hereby approved, and the President is authorized and directed to execute and deliver the Operating Agreement for and on behalf of Caveland.

**Section 4.** This Resolution shall take effect upon its adoption.

Adopted by the Board of Directors of Caveland Sanitation Authority, Inc. at a meeting held on January 22, 2026, signed by the President, and attested by the Secretary.

  
~~Joe Gardner, President~~  
David Hawk Vice President

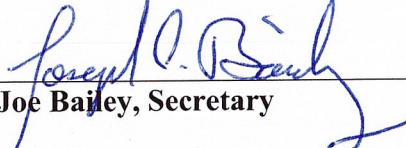
Attest:

  
Joe Bailey, Secretary

**CERTIFICATION**

The undersigned Secretary of Caveland Sanitation Authority, Inc. ("Caveland") does hereby certify that the foregoing is a true copy of a Resolution duly adopted by Caveland's Board of Directors at a meeting properly held on January 22, 2026, signed by the President, attested by the Secretary, and now in full force and effect.

WITNESS my hand this 22 day of January, 2026.

  
Joe Bailey, Secretary