SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

APPLICATION FOR RATE ADJUSTMENT BEFORE THE PUBLIC SERVICE COMMISSION

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

Barkley Lake Water District
(Name of Utility)

1420 Canton Rd
(Business Mailing Address - Number and Street, or P.O. Box)

Cadiz, Ky 42211
(Business Mailing Address - City, State, and Zip)

270-522-8425
(Telephone Number)

BASIC INFORMATION

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

John Herring
(Name)

1420 Canton Rd
(Address - Number and Street or P.O. Box)

Cadiz, Ky 42211
(Address - City, State, Zip)

270-522-8425
(Telephone Number)

blwd@att.net
(Email Address)

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

		YES	NO	N/A
1. a.	In its immediate past calendar year of operation, Applicant had $5,000,000 or less in gross annual revenue.	☑	☐	
b.	Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had $5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought.	☐	☑	
2. a.	Applicant has filed an annual report with the Public Service Commission for the past year.	☑	☐	
b.	Applicant has filed an annual report with the Public Service Commission for the two previous years.	☑	☐	
3.	Applicant's records are kept separate from other commonly-owned enterprises.	☑	☐	

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

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)** ☑ ☐

9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2025. ☑ ☐

10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)** ☑ ☐

11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of $ $268,710 and total revenues from service rates of $ $3,653,254 . The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)** ☑ ☐

12. As of the **date of the filing of this application**, Applicant had 6,554 +/- customers. ☑ ☐

13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)** ☑ ☐

14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)** ☑ ☐

15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds. ☑ ☐

b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution). ☑ ☐ ☐

c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness. ☑ ☐ ☐

		YES	NO	N/A
16. a.	Applicant is not required to file state and federal tax returns.	☑	☐	
b.	Applicant is required to file state and federal tax returns.	☐	☑	
c.	Applicant's most recent state and federal tax returns are attached to this Application. **(Attach a copy of returns.)**	☐	☐	☑
17.	Approximately 0 **(Insert dollar amount or percentage of total utility plant)** of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.	☑	☐	
18.	Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.	☑	☐	

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

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

Signed _____
Officer of the Company/Authorized Representative

Title General Manager

Date 10-23-26

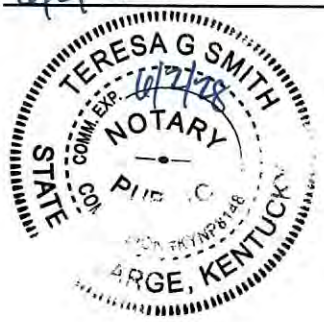
COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

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

_____ KYNP8148
Notary Public

My commission expires: 1/2/28



LIST OF ATTACHMENTS
(Indicate all documents submitted by checking box)

☑ Customer Notice of Proposed Rate Adjustment

☑ "Reasons for Application" Attachment"

☑ Current and Proposed Rates" Attachment

☑ "Statement of Adjusted Operations" Attachment

☑ "Revenue Requirements Calculation" Attachment

☑ Attachment Billing Analysis" Attachment

☑ Depreciation Schedules

☑ Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)

☐ State Tax Return

☐ Federal Tax Return

☑ Statement of Disclosure of Related Party Transactions - ARF Form 3

LIST OF ATTACHMENTS

BARKLEY LAKE WATER DISTRICT

1. Customer Notice of Proposed Rates Adjustments.
2. Reasons for Application (Attachment SR – Reasons for Application).
3. Current and Proposed Rates.
4. Statement of Adjusted Operations (Attachment SAO-W – Schedule of Adjusted Operations).
5. Revenue Requirements Calculation (Attachment RR-DC – Revenue Requirement Calculation Form – Debt Coverage).
6. Billing Analysis (Attachment BA_DB – Billing Analysis Form – Declining Block Rates).
7. Depreciation Schedule.
8. Outstanding Debt Instruments
9. Statement of Disclosure of Related Party Transactions (ARF FORM-3).
10. Board Resolution.

Attachment #1

NOTICE

On or about August 31, 2026, Barkley Lake Water District will file an application with the Kentucky Public Service Commission to adjust its monthly rates for water service. Barkley Lake Water District is making this application to comply with the Kentucky Public Service Commission's Order of October 22, 2024, in Case No. 2024-00052. Barkley Lake Water District's application will be filed pursuant to the procedures set forth in 807 KAR 5:076. Under those procedures, the proposed rates may not be placed into effect until the Kentucky Public Service Commission has issued an order approving the proposed rates or six (6) months from the date of the filing of the application, whichever occurs first.

Barkley Lake Water District proposes the following rates for water service:

CURRENT AND PROPOSED RATES
Barkley Lake Water District

Current Rates				Proposed Rates				Change ($)	Change (%)
5/8" x 3/4" Meter				**5/8" x 3/4" Meter**					
First	2,000	$ 24.94	Minimum Bill	First	2,000	$ 26.92	Minimum Bill	$ 1.98	7.94%
Next	98,000	0.00840	per gallon	Next	98,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
1" Meter				**1" Meter**					
First	4,000	$ 41.74	per gallon	First	4,000	$ 45.05	per gallon	$ 3.31	7.94%
Next	96,000	0.00840	per gallon	Next	96,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
1 1/2" Meter				**1 1/2" Meter**					
First	8,000	$ 75.36	per gallon	First	8,000	$ 81.34	per gallon	$ 5.98	7.94%
Next	92,000	0.00840	per gallon	Next	92,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
2" Meter				**2" Meter**					
First	15,000	$ 134.18	per gallon	First	15,000	$ 144.83	per gallon	$ 10.65	7.94%
Next	85,000	0.00840	per gallon	Next	85,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
4" Meter				**4" Meter**					
First	25,000	$ 218.24	per gallon	First	25,000	$ 235.57	per gallon	$ 17.33	7.94%
Next	75,000	0.00840	per gallon	Next	75,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
Wholesale Rates				**Wholesale Rates**					
All Water Purchased		$ 0.00281	per gallon	All Water Purchased		$ 0.00303	per gallon	$ 0.00022	7.83%

If the Public Service Commission approves the proposed water rate, the increase in a customer's monthly bill will be:

Customer	Average Usage (gals)	Monthly Bill at Current Rates	Monthly Bill at Proposed Rates	Monthly Bill Increase (%)	$ Increase
5/8" x 3/4" meter	3,194	$ 34.97	$ 37.75	7.95%	$ 2.78
1" meter	12,950	$ 116.92	$ 126.23	7.96%	$ 9.31
1-1/2" meter	37,068	$ 319.53	$ 344.99	7.97%	$ 25.46
2" meter	43,816	$ 376.23	$ 406.19	7.96%	$ 29.96
4" meter	1,485,667	$ 6,007.72	$ 6,485.56	7.95%	$ 477.84
Wholesale Rates	-	$ 0.00281	$ 0.00303	7.83%	$ 0.00

Any person may examine this application at Barkley Lake Water District's office, 1420 Canton Road, Cadiz, Kentucky 42211, Monday through Friday, 8:00 a.m. to 4:00 p.m., or at the Kentucky Public Service Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's Web site at https://psc.ky.gov.

Comments regarding the application may be submitted to the Kentucky Public Service Commission through the Commission's Web Site at https://psc.ky.gov/Case/SearchCasesPublicComments or by e-mail to psced@ky.gov or by mail to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602.

The rates contained in this notice are the rates proposed by Barkley Lake Water District. However, the Kentucky Public Service Commission may order rates to be charged that differ from the proposed rates. Such action may result in rates for consumers other than the rates in this notice.

A person may submit a timely written request for intervention to the Kentucky Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the person's status and interest. If the Kentucky Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of notice, it may take final action on the proposed rates.

Barkley Lake Water District

Attachment #2

REASONS FOR APPLICATION

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

Barkley Lake Water District files this application to comply with the Kentucky Public Service Commission's Order of October 22, 2024, in Case No. 2024-00052, which directed it to file an application by October 31, 2026.

Attachment #3

CURRENT AND PROPOSED RATES
Barkley Lake Water District

Current Rates				Proposed Rates				Change ($)	Change (%)
5/8" x 3/4" Meter				**5/8" x 3/4" Meter**					
First	2,000	$ 24.94	Minimum Bill	First	2,000	$ 26.92	Minimum Bill	$ 1.98	7.94%
Next	98,000	0.00840	per gallon	Next	98,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
1" Meter				**1" Meter**					
First	4,000	$ 41.74	per gallon	First	4,000	$ 45.05	per gallon	$ 3.31	7.94%
Next	96,000	0.00840	per gallon	Next	96,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
1 1/2" Meter				**1 1/2" Meter**					
First	8,000	$ 75.36	per gallon	First	8,000	$ 81.34	per gallon	$ 5.98	7.94%
Next	92,000	0.00840	per gallon	Next	92,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
2" Meter				**2" Meter**					
First	15,000	$ 134.18	per gallon	First	15,000	$ 144.83	per gallon	$ 10.65	7.94%
Next	85,000	0.00840	per gallon	Next	85,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
4" Meter				**4" Meter**					
First	25,000	$ 218.24	per gallon	First	25,000	$ 235.57	per gallon	$ 17.33	7.94%
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Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
Wholesale Rates				**Wholesale Rates**					
All Water Purchased		$0.00281	per gallon	All Water Purchased		$ 0.00303	per gallon	$ 0.00022	7.83%

Attachment #4

SCHEDULE OF ADJUSTED OPERATIONS - WATER UTILITY

TYE 12/31/20 25

	Test Year	Adjustment	Ref.	Pro Forma
Operating Revenues				
Sales of Water				
Unmetered Water Sales				0.00
Metered Water Sales	3,369,099.00	15,445.00	(A)	3,384,544.00
Bulk Loading Stations				0.00
Fire Protection Revenue				0.00
Sales for Resale				0.00
Total Sales of Water	3,369,099.00	15,445.00		3,384,544.00
Other Water Revenues				
Forfeited Discounts	39,748.00			39,748.00
Miscellaneous Service Revenues	15,252.00			15,252.00
Rents from Water Property				0.00
Other Water Revenues	102,624.00	-102,624.00	(F)	0.00
Total Other Water Revenues	157,624.00	-102,624.00		55,000.00
Total Operating Revenues	3,526,723.00	-87,179.00		3,439,544.00
Operating Expenses				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	914,213.00	27,792.00	(B)	942,005.00
Salaries and Wages - Officers	9,000.00			9,000.00
Employee Pensions and Benefits	288,489.00	27,389.00	(C,D)	315,878.00
Purchased Water				0.00
Purchased Power	189,191.00			189,191.00
Fuel for Power Production				0.00
Chemicals	213,288.00			213,288.00
Materials and Supplies	374,322.00			374,322.00
Contractual Services	102,441.00			102,441.00
Water Testing				0.00
Rents				0.00
Transportation Expenses	74,730.00			74,730.00
Insurance	50,177.00			50,177.00
Regulatory Commission Expenses				0.00
Bad Debt Expense	12,370.00			12,370.00

Miscellaneous Expenses	12,175.00			12,175.00
Total Operation and Maintenance Expenses	2,240,396.00	55,181.00		2,295,577.00
Depreciation Expense	678,933.00	-97,578.00	(E)	581,355.00
Amortization Expense				0.00
Taxes Other Than Income	74,829.00	2,815.00	(B)	77,644.00
Income Tax Expense				0.00
Total Operating Expenses	2,994,158.00	-39,582.00		2,954,576.00
Utility Operating Income	532,565.00	-47,597.00		484,968.00

References

A. Increase revenues to match test year billing analysis.

B. Subsequent to the test year there were staffing changes and increase in wage rates resulting in an increase of $27,792 in salary expense.
Additionally, an increase to payroll taxes of, $2,815, as a result of payroll increases.

C. Increase in CERS contribution due to salary and wage increases of $4,844.

D. Increase in employee benefits due to increased annual health insurance premiums.

E. Adjustment of $97,578 to depreciation expense. Adjustments are included to bring asset lives to the midpoint of the recommended ranges to reflect PSC recommendations.

F. Barkley Lake received funds as a result of a class action lawsuit involving the treatment of PFAS chemicals. The funds are intended for reimbursement for treatment and remediation of forever chemicals and does not constitute revenue for Barkley Lake's operations. Barkley Lake removed the $102,624 from "Other Water Revenues".

Attachment #5

REVENUE REQUIREMENT CALCULATION - DEBT COVERAGE METHOD

(This method is used commonly by non-profits that have long-term debts outstanding.)

Pro forma Operating Expenses	$2,954,575.00
Plus: Average Annual Debt Principal and Interest Payments*	692,229.00
Debt Coverage Requirement**	138,446.00
Total Revenue Requirement	3,785,250.00
Less: Other Operating Revenue	-55,000.00
Non-operating Revenue	-11,292.00
Interest Income	-65,705.00
Revenue Required from Rates	3,653,253.00
Less: Revenue from Sales at Present Rates	-3,384,544.00
Required Revenue Increase	$268,709.00

Required Revenue Increase stated as a Percentage of Revenue at Present Rates	7.94%

* This should be a 3 year average calculated using the debt principal and interest payments for the three years following the test year.

** This amount is calculated by multiplying the average annual debt principal and interest payments by the debt service requirement of the utility's lending agency.

Attachment #6

CURRENT BILLING ANALYSIS - 2025 USAGE & EXISTING RATES.
BARKLEY LAKE WATER DISTRICT

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	68,508	218,839,600	$ 2,745,907
1" Meters	1,269	16,433,700	158,621
1 1/2" Meters	147	5,449,000	45,456
2" Meter	243	10,647,200	94,242
4" Meter	12	17,828,000	123,914
Wholesale	96	92,463,200	259,822
Totals	70,179	361,660,700	$ 3,427,962

Less: Billing Adjustments	(43,418)
Pro Forma Retail Sales Revenue	$ 3,384,544
Les: Retail Sales per PSC Annual Report	$ (3,369,099)
Difference	$ 15,445

5/8" X 3/4" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	2,000	98,000	400,000	500,000	Total
First	2,000	34,024	25,324,100	25,324,100				25,324,100
Next	98,000	34,444	184,058,500	68,888,000	115,170,500			184,058,500
Next	400,000	32	5,258,000	64,000	3,136,000	2,058,000		5,258,000
Over	500,000	8	4,199,000	16,000	784,000	3,200,000	199,000	4,199,000
Totals		68,508	218,839,600	94,292,100	119,090,500	5,258,000	199,000	218,839,600

5/8" X 3/4" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rates	Revenue
First	2,000	68,508	94,292,100	$ 24.94	$ 1,708,589.52
Next	98,000		119,090,500	8.40	1,000,360.20
Next	400,000		5,258,000	6.84	35,964.72
Next	500,000		199,000	4.99	993.01
Totals		68,508	218,839,600		$ 2,745,907

1" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	4,000	96,000	400,000	500,000	Total
First	4,000	658	1,126,400	1,126,400				1,126,400
Next	96,000	590	11,669,500	2,360,000	9,309,500			11,669,500
Next	400,000	21	3,637,800	84,000	2,016,000	1,537,800		3,637,800
Over	500,000	0	-					
Totals		1,269	16,433,700	3,570,400	11,325,500	1,537,800		16,433,700

1" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
Firxt	4,000	1,269	3,570,400	$ 41.74	$ 52,968.06
Next	96,000		11,325,500	8.40	95,134.20
Next	400,000		1,537,800	6.84	10,518.55
Over	500,000			4.99	-
Totals		1,269	16,433,700		$ 158,620.81

1 1/2" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	8,000	92,000	400,000	500,000	Total
First	8,000	58	186,400	186,400				186,400
Next	92,000	81	1,996,400	648,000	1,348,400			1,996,400
Next	400,000	7	1,561,000	56,000	644,000	861,000		1,561,000
Over	500,000	1	1,705,200	8,000	92,000	1,605,200		1,705,200
Totals		147	5,449,000	898,400	2,084,400	2,466,200		5,449,000

1 1/2" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	8,000	147	898,400	$ 75.36	$ 11,077.92
Next	92,000		2,084,400	8.40	17,508.96
Next	400,000		2,466,200	6.84	16,868.81
Over	500,000			4.99	-
Totals		147	5,449,000		$ 45,455.69

2" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	15,000	85,000	400,000	500,000	Total
First	15,000	139	691,000	691,000				691,000
Next	85,000	88	3,565,300	1,320,000	2,245,300			3,565,300
Next	400,000	16	2,526,900	240,000	1,360,000	926,900		2,526,900
Over	500,000	6	3,864,000	90,000	510,000	2,400,000	864,000	3,864,000
Totals		243	10,647,200	2,341,000	4,115,300	3,326,900	864,000	10,647,200

2" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	15,000	243	2,341,000	$ 134.18	$ 32,605.74
Next	85,000		4,115,300	8.40	34,568.52
Next	400,000		3,326,900	6.84	22,756.00
Over	500,000		864,000	4.99	4,311.36
Totals		243	10,647,200		$ 94,241.62

4" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	25,000	75,000	400,000	500,000	Total
First	25,000							0
Next	75,000			-	-			-
Next	400,000	12	17,828,000	300,000	900,000	16,628,000		17,828,000
Over	500,000			-	-	-	-	-
Totals		12	17,828,000	300,000	900,000	16,628,000	-	17,828,000

4" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	25,000	12	300,000	$ 218.24	$ 2,618.88
Next	75,000		900,000	8.40	7,560.00
Next	400,000		16,628,000	6.84	113,735.52
Over	500,000		-	4.99	-
Totals		12	17,828,000		$ 123,914.40

Wholesale

	Usage	Bills	Gallons	First 25,000	Over 25,000	Total
First	25,000					0
Over	25,000					0
Totals		0	0	0	0	

Wholesale

	Usage	Bills	Gallons	Rate	Revenue
Per Gallon	92,463,200	96		$ 2.81	$ 259,822
Totals		96	0		$ 259,821.59

CURRENT BILLING ANALYSIS - 2025 USAGE & PROPOSED RATES.
BARKLEY LAKE WATER DISTRICT

SUMMARY

	No. of Bills	Gallons Sold	Revenue
5/8" X 3/4" Meters	68,508	218,839,600	$ 2,964,263
1" Meters	1,269	16,433,700	171,240
1 1/2" Meters	147	5,449,000	49,063
2" Meter	243	10,647,200	101,729
4" Meter	12	17,828,000	133,704
Wholesale	96	92,463,200	280,163
Totals	70,179	361,660,700	$ 3,700,163
Less: Billing Adjustments			(43,418)
Pro Forma Retail Sales Revenue			$ 3,656,745

5/8" X 3/4" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	2,000	98,000	400,000	500,000	Total
First	2,000	34,024	25,324,100	25,324,100				25,324,100
Next	98,000	34,444	184,058,500	68,888,000	115,170,500			184,058,500
Next	400,000	32	5,258,000	64,000	3,136,000	2,058,000		5,258,000
Over	500,000	8	4,199,000	16,000	784,000	3,200,000	199,000	4,199,000
Totals		68,508	218,839,600	94,292,100	119,090,500	5,258,000	199,000	218,839,600

5/8" X 3/4" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rates	Revenue
First	2,000	68,508	94,292,100	$ 26.92	$ 1,844,235.36
Next	98,000		119,090,500	9.07	1,080,150.84
Next	400,000		5,258,000	7.38	38,804.04
Next	500,000		199,000	5.39	1,072.61
Totals		68,508	218,839,600		$ 2,964,263

1" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	4,000	96,000	400,000	500,000	Total
First	4,000	658	1,126,400	1,126,400				1,126,400
Next	96,000	590	11,669,500	2,360,000	9,309,500			11,669,500
Next	400,000	21	3,637,800	84,000	2,016,000	1,537,800		3,637,800
Over	500,000	0	-					
Totals		1,269	16,433,700	3,570,400	11,325,500	1,537,800		16,433,700

1" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
Firxt	4,000	1,269	3,570,400	$ 45.05	$ 57,168.45
Next	96,000		11,325,500	9.07	102,722.29
Next	400,000		1,537,800	7.38	11,348.96
Over	500,000			5.39	-
Totals		1,269	16,433,700		$ 171,239.70

1 1/2" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	8,000	92,000	400,000	500,000	Total
First	8,000	58	186,400	186,400				186,400
Next	92,000	81	1,996,400	648,000	1,348,400			1,996,400
Next	400,000	7	1,561,000	56,000	644,000	861,000		1,561,000
Over	500,000	1	1,705,200	8,000	92,000	1,605,200		1,705,200
Totals		147	5,449,000	898,400	2,084,400	2,466,200		5,449,000

1 1/2" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	8,000	147	898,400	$ 81.34	$ 11,956.98
Next	92,000		2,084,400	9.07	18,905.51
Next	400,000		2,466,200	7.38	18,200.56
Over	500,000			5.39	-
Totals		147	5,449,000		$ 49,063.04

2" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	15,000	85,000	400,000	500,000	Total
First	15,000	139	691,000	691,000				691,000
Next	85,000	88	3,565,300	1,320,000	2,245,300			3,565,300
Next	400,000	16	2,526,900	240,000	1,360,000	926,900		2,526,900
Over	500,000	6	3,864,000	90,000	510,000	2,400,000	864,000	3,864,000
Totals		243	10,647,200	2,341,000	4,115,300	3,326,900	864,000	10,647,200

2" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	15,000	243	2,341,000	$ 144.83	$ 35,193.69
Next	85,000		4,115,300	9.07	37,325.77
Next	400,000		3,326,900	7.38	24,552.52
Over	500,000		864,000	5.39	4,656.96
Totals		243	10,647,200		$ 101,728.94

4" METERS

				First	Next	Next	Over	
	Usage	Bills	Gallons	25,000	75,000	400,000	500,000	Total
First	25,000							0
Next	75,000			-	-			-
Next	400,000	12	17,828,000	300,000	900,000	16,628,000		17,828,000
Over	500,000			-	-	-	-	-
Totals		12	17,828,000	300,000	900,000	16,628,000	-	17,828,000

4" REVENUE BY RATE INCREMENT

	Usage	Bills	Gallons	Rate	Revenue
First	25,000	12	300,000	$ 235.57	$ 2,826.84
Next	75,000		900,000	9.07	8,163.00
Next	400,000		16,628,000	7.38	122,714.64
Over	500,000		-	5.39	-
Totals		12	17,828,000		$ 133,704.48

Wholesale

	Usage	Bills	Gallons	First 25,000	Over 25,000	Total
First	25,000					0
Over	25,000					0
Totals		0	0	0	0	

Wholesale

	Usage	Bills	Gallons	Rate	Revenue
Per Gallon	92,463,200	96		$ 3.03	$ 280,163
Totals		96	0		$ 280,163.50

Attachment #7

Barkley Lake Water District

Depreciation Schedule by Category — Federal Basis

For the 12 Months Ended 12/31/25 (revised — straight-line, mid-month convention)

Fiscal year begins 01/01/25

Fiscal year ends 12/31/25

Yellow cells are inputs. Shaded rows were changed from the original report — see the Changes & Reconciliation tab.

Asset No.	Asset Description	Date Acquired	Method	Life (Yrs)	Sold?	— Cost — Cost 01/01/25	Additions	Disposals	Cost 12/31/25	— Accumulated Depreciation — Accum Depr 01/01/25	Current Depreciation	Accum Depr Disposals	Accum Depr 12/31/25
Land													
1	Land	01/01/70	LAND	-	N	2,800.00	-	-	2,800.00	-	-	-	-
2	Land	01/01/80	LAND	-	N	8,437.50	-	-	8,437.50	-	-	-	-
3	Land-Office Building	01/01/84	LAND	-	N	2,000.00	-	-	2,000.00	-	-	-	-
4	Land-102 E Canton Heights	01/01/86	LAND	-	N	1,000.00	-	-	1,000.00	-	-	-	-
5	Land	01/01/87	LAND	-	N	9,000.00	-	-	9,000.00	-	-	-	-
6	Land	01/01/89	LAND	-	N	2,892.50	-	-	2,892.50	-	-	-	-
7	Land	01/01/94	LAND	-	N	2,200.00	-	-	2,200.00	-	-	-	-
218	Calhoun Land 139' X 150'	04/25/03	LAND	-	N	2,000.00	-	-	2,000.00	-	-	-	-
221	Lots 74 & 75 @ Plant	08/01/04	LAND	-	N	10,184.44	-	-	10,184.44	-	-	-	-
222	Land fm David Kyelr for Tank Site	07/01/04	LAND	-	N	1,000.00	-	-	1,000.00	-	-	-	-
249	Land @ Canton Plant	02/01/07	LAND	-	N	43,767.87	-	-	43,767.87	-	-	-	-
255	95 E Canton Heights Area III	06/30/09	LAND	-	N	24,789.90	-	-	24,789.90	-	-	-	-
298	Land - Pump Station	01/22/14	LAND	-	N	1,975.00	-	-	1,975.00	-	-	-	-
299	Land - Tank Site	01/22/14	LAND	-	N	5,475.00	-	-	5,475.00	-	-	-	-
330	Donated Land	12/11/18	LAND	-	N	10,000.00	-	-	10,000.00	-	-	-	-
354	Lakeside Project - WIP	12/31/25	LAND	-	N	-	3,889,773.88	-	3,889,773.88	-	-	-	-
366	Kamstrup Lot Purchases	06/01/25	LAND	-	N	-	14,000.00	-	14,000.00	-	-	-	-
367	Christian Co - WIP	12/31/25	LAND	-	N	-	6,000.00	-	6,000.00	-	-	-	-
	Total for (Land)					**127,522.21**	**3,909,773.88**	**-**	**4,037,296.09**	**-**	**-**	**-**	**-**
Structure													
8	Plant	06/30/70	ST LINE	50	N	1,989,897.02	-	-	1,989,897.02	1,989,897.02	-	-	1,989,897.02
10	Parking Lot	06/30/88	ST LINE	10	N	3,435.00	-	-	3,435.00	3,435.00	-	-	3,435.00
11	1993-94 Plant Expansion	10/01/94	ST LINE	40	N	1,605,869.04	-	-	1,605,869.04	1,214,464.94	40,146.73	-	1,254,611.67
179	Office Building	03/01/01	ST LINE	50	N	179,296.00	-	-	179,296.00	85,464.43	3,585.92	-	89,050.35
180	Parking Lot	06/01/01	ST LINE	20	N	9,040.00	-	-	9,040.00	9,040.00	-	-	9,040.00
181	Landscape	09/01/01	ST LINE	15	N	2,800.00	-	-	2,800.00	2,800.00	-	-	2,800.00
182	Sign	03/01/01	ST LINE	15	N	886.98	-	-	886.98	886.98	-	-	886.98
210	10' X 16' Bldg @ Plant	06/01/02	ST LINE	15	N	2,110.00	-	-	2,110.00	2,110.00	-	-	2,110.00
211	10" X 16" Bldg @ Office	08/01/02	ST LINE	15	N	2,110.00	-	-	2,110.00	2,110.00	-	-	2,110.00
253	Maintenance Bldg @ Canton Plant	07/01/08	ST LINE	50	N	101,385.05	-	-	101,385.05	33,457.05	2,027.70	-	35,484.75
285	Plant Renovation	11/19/12	ST LINE	40	N	6,577,249.44	-	-	6,577,249.44	1,985,329.80	164,431.24	-	2,149,761.04
	Total for (Structure)					**10,474,078.53**	**-**	**-**	**10,474,078.53**	**5,328,995.22**	**210,191.59**	**-**	**5,539,186.81**
Structure General													
270	I-beams for Bldg	11/30/10	ST LINE	15	N	4,743.00	-	-	4,743.00	4,453.15	289.85	-	4,743.00
316	Office Porch	06/13/16	ST LINE	15	N	3,755.00	-	-	3,755.00	2,148.67	250.33	-	2,399.00
318	HVAC	04/06/17	ST LINE	10	N	8,900.00	-	-	8,900.00	6,897.50	890.00	-	7,787.50
331	Roof	10/25/19	ST LINE	39	N	17,657.00	-	-	17,657.00	2,339.16	452.74	-	2,791.90
361	Plant Mini-Split	06/18/25	ST LINE	15	N	-	8,600.00	-	8,600.00	-	310.56	-	310.56
	Total for (Structure General)					**35,055.00**	**8,600.00**	**-**	**43,655.00**	**15,838.48**	**2,193.48**	**-**	**18,031.96**
Pumping Equipment													
341	Enviropax - Mixer Gearbox	05/13/22	ST LINE	5	N	14,385.00	-	-	14,385.00	7,672.00	2,877.00	-	10,549.00
348	McUpton Pump Station	08/31/21	ST LINE	40	N	745,769.30	-	-	745,769.30	62,924.28	18,644.23	-	81,568.51
	Total for (Pumping Equipment)					**760,154.30**	**-**	**-**	**760,154.30**	**70,596.28**	**21,521.23**	**-**	**92,117.51**
Transmission Lines													
20	Line	06/30/71	ST LINE	50	N	32,508.14	-	-	32,508.14	32,508.14	-	-	32,508.14
21	Line	06/30/73	ST LINE	50	N	39,674.50	-	-	39,674.50	39,410.21	-	-	39,410.21
22	Line	06/30/74	ST LINE	50	N	90,353.12	-	-	90,353.12	89,750.77	-	-	89,750.77
23	Line	06/30/75	ST LINE	50	N	68,770.46	-	-	68,770.46	67,624.52	687.67	-	68,312.19
24	Line	06/30/76	ST LINE	50	N	20,376.86	-	-	20,376.86	19,629.85	407.54	-	20,037.39
25	Line	06/30/77	ST LINE	50	N	40,006.24	-	-	40,006.24	37,605.64	800.12	-	38,405.76
26	Line	06/30/78	ST LINE	50	N	775,832.46	-	-	775,832.46	713,765.90	15,516.65	-	729,282.55
27	Line	06/30/79	ST LINE	50	N	116,430.59	-	-	116,430.59	104,787.45	2,328.61	-	107,116.06
28	Line	06/30/80	ST LINE	50	N	52,052.09	-	-	52,052.09	45,805.76	1,041.04	-	46,846.80
29	Line	06/30/81	ST LINE	50	N	24,608.64	-	-	24,608.64	21,163.31	492.17	-	21,655.48
30	Line	06/30/82	ST LINE	50	N	23,584.96	-	-	23,584.96	19,811.40	471.70	-	20,283.10
31	Line	06/30/83	ST LINE	50	N	100,269.30	-	-	100,269.30	82,220.99	2,005.39	-	84,226.38
32	Line	06/30/84	ST LINE	50	N	36,213.36	-	-	36,213.36	29,340.46	724.27	-	30,064.73
33	Water Tank	06/30/85	ST LINE	40	N	317,941.97	-	-	317,941.97	313,967.63	3,974.34	-	317,941.97
34	Line	06/30/85	ST LINE	40	N	48,346.54	-	-	48,346.54	47,742.08	604.46	-	48,346.54
35	Line	06/30/86	ST LINE	40	N	51,232.44	-	-	51,232.44	49,311.19	1,280.81	-	50,592.00
37	Linton Line	06/30/87	ST LINE	40	N	97,126.51	-	-	97,126.51	91,056.00	2,428.16	-	93,484.16
38	Bush Line	06/30/87	ST LINE	40	N	8,503.98	-	-	8,503.98	7,972.50	212.60	-	8,185.10
39	Lakeview Line	06/30/87	ST LINE	40	N	6,597.99	-	-	6,597.99	6,185.63	164.95	-	6,350.58
40	Perry/Thomas Line	06/30/87	ST LINE	40	N	1,534.57	-	-	1,534.57	1,438.50	38.36	-	1,476.86
41	Lines	06/30/89	ST LINE	40	N	552,110.30	-	-	552,110.30	489,997.93	13,802.76	-	503,800.69
42	Lines	06/30/89	ST LINE	40	N	1,149,410.49	-	-	1,149,410.49	1,020,101.74	28,735.26	-	1,048,837.00
43	Lines	06/30/89	ST LINE	40	N	303,000.78	-	-	303,000.78	268,913.15	7,575.02	-	276,488.17
44	Lines	06/30/90	ST LINE	40	N	83,617.54	-	-	83,617.54	72,118.41	2,090.44	-	74,208.85
45	Lines	06/30/91	ST LINE	40	N	54,292.57	-	-	54,292.57	45,469.27	1,357.31	-	46,826.58
46	Paint Water Tank	06/30/91	ST LINE	40	N	45,713.00	-	-	45,713.00	38,285.14	1,142.83	-	39,427.97
51	Lines	06/30/92	ST LINE	40	N	7,965.00	-	-	7,965.00	6,469.40	199.13	-	6,668.53
52	Bypass Line	06/30/92	ST LINE	40	N	71,986.90	-	-	71,986.90	58,489.94	1,799.67	-	60,289.61
53	Bush/Wines Line	06/30/92	ST LINE	40	N	15,577.88	-	-	15,577.88	12,656.22	389.45	-	13,045.67
54	Lines	06/30/92	ST LINE	40	N	7,125.95	-	-	7,125.95	5,789.50	178.15	-	5,967.65
55	Lines	06/30/93	ST LINE	40	N	42,091.36	-	-	42,091.36	33,146.40	1,052.28	-	34,198.68
56	Donaldson Shores Line	06/28/94	ST LINE	40	N	11,603.00	-	-	11,603.00	8,847.40	290.08	-	9,137.48

57	Lines	09/01/94	ST LINE	40	N	63,672.35	-	-	63,672.35	48,151.65	1,591.81	-	49,743.46
58	U S Hgwy 68 Line Relocated	10/01/94	ST LINE	35	N	89,692.77	-	-	89,692.77	77,520.27	2,562.65	-	80,082.92
59	Lines	06/01/95	ST LINE	50	N	280,978.28	-	-	280,978.28	166,262.17	5,619.57	-	171,881.74
60	Siloam Project #2	03/31/96	ST LINE	40	N	119,417.76	-	-	119,417.76	85,843.64	2,985.44	-	88,829.08
61	Paul Statler Line	06/30/96	ST LINE	40	N	7,556.00	-	-	7,556.00	5,384.68	188.90	-	5,573.58
62	Airport/Lakes Line	06/30/96	ST LINE	40	N	24,939.30	-	-	24,939.30	17,772.59	623.48	-	18,396.07
63	Eastland, Inc. Line	06/30/96	ST LINE	40	N	1,555.96	-	-	1,555.96	1,108.86	38.90	-	1,147.76
64	Tripp Williams Line	06/30/96	ST LINE	40	N	1,216.57	-	-	1,216.57	866.85	30.41	-	897.26
65	J. R. Freeman Line	06/30/96	ST LINE	40	N	2,284.56	-	-	2,284.56	1,627.95	57.11	-	1,685.06
66	Woodruff Line	06/30/96	ST LINE	40	N	8,884.03	-	-	8,884.03	6,331.06	222.10	-	6,553.16
67	Layton Lawrence Line	06/30/96	ST LINE	40	N	10,354.81	-	-	10,354.81	7,379.21	258.87	-	7,638.08
68	Waterford Line	06/30/96	ST LINE	40	N	38,402.37	-	-	38,402.37	27,366.96	960.06	-	28,327.02
69	Rivers End Qtrs Line	06/30/96	ST LINE	40	N	3,106.58	-	-	3,106.58	2,213.74	77.66	-	2,291.40
70	Autumn Heights Line	06/30/96	ST LINE	40	N	22,478.48	-	-	22,478.48	16,018.93	561.96	-	16,580.89
71	Roaring Springs Line	06/30/96	ST LINE	40	N	5,826.48	-	-	5,826.48	4,152.11	145.66	-	4,297.77
72	Steve Oliver Line	06/30/96	ST LINE	40	N	596.15	-	-	596.15	424.73	14.90	-	439.63
73	Jerry Mitchell Line	06/30/96	ST LINE	40	N	7,736.25	-	-	7,736.25	5,513.24	193.41	-	5,706.65
74	Bennett/Shine Road Line	02/01/97	ST LINE	40	N	7,335.15	-	-	7,335.15	5,119.06	183.38	-	5,302.44
75	Pleasure Ridge Unit #2	05/01/97	ST LINE	40	N	4,173.20	-	-	4,173.20	2,886.94	104.33	-	2,991.27
76	Bob Bourque Line	06/01/97	ST LINE	40	N	828.00	-	-	828.00	571.04	20.70	-	591.74
77	Whippooril Estates Line	08/01/97	ST LINE	40	N	9,831.98	-	-	9,831.98	6,739.63	245.80	-	6,985.43
78	Calhoun/Forest Ridge Line	08/01/97	ST LINE	40	N	2,661.05	-	-	2,661.05	1,824.20	66.53	-	1,890.73
79	Wadlington Line	11/01/97	ST LINE	40	N	1,643.40	-	-	1,643.40	1,116.30	41.09	-	1,157.39
80	Norman Cotton Line	11/01/97	ST LINE	40	N	3,225.06	-	-	3,225.06	2,190.48	80.63	-	2,271.11
81	Frankin/Deer Run Line	12/01/97	ST LINE	40	N	4,161.98	-	-	4,161.98	2,818.19	104.05	-	2,922.24
82	Handcock Line	05/01/98	ST LINE	40	N	2,416.00	-	-	2,416.00	1,610.94	60.40	-	1,671.34
83	U S 68 E Line Relocated	07/01/98	ST LINE	40	N	81,161.95	-	-	81,161.95	53,778.16	2,029.05	-	55,807.21
84	Mitchell Line	09/01/98	ST LINE	40	N	7,128.06	-	-	7,128.06	4,692.76	178.20	-	4,870.96
85	Weaver Line	09/01/98	ST LINE	40	N	25,000.00	-	-	25,000.00	16,458.90	625.00	-	17,083.90
86	Butterfly Hills Line	07/01/99	ST LINE	40	N	8,559.34	-	-	8,559.34	5,457.37	213.98	-	5,671.35
87	Heaton Hills Line	07/01/99	ST LINE	40	N	11,589.42	-	-	11,589.42	7,389.56	289.74	-	7,679.30
88	Goose Creek Line	07/01/99	ST LINE	40	N	6,693.30	-	-	6,693.30	4,267.60	167.33	-	4,434.93
89	Cornith Church Line	07/01/99	ST LINE	40	N	6,057.56	-	-	6,057.56	3,862.34	151.44	-	4,013.78
90	Clyde Hite Line	07/01/99	ST LINE	40	N	2,105.90	-	-	2,105.90	1,342.79	52.65	-	1,395.44
166	Hardy Road Line	01/01/00	ST LINE	40	N	39,461.37	-	-	39,461.37	24,663.25	986.53	-	25,649.78
167	Tinsley/Rocky Ridge Line	08/01/00	ST LINE	40	N	6,859.00	-	-	6,859.00	4,186.97	171.48	-	4,358.45
168	Rocky Ridge	05/01/00	ST LINE	40	N	13,039.36	-	-	13,039.36	8,040.84	325.98	-	8,366.82
169	Jeff Choate Line	06/01/00	ST LINE	40	N	6,420.50	-	-	6,420.50	3,945.87	160.51	-	4,106.38
170	Mike Williams Line	06/01/00	ST LINE	40	N	5,862.80	-	-	5,862.80	3,603.18	146.57	-	3,749.75
171	McAtee Line	06/01/00	ST LINE	40	N	6,382.60	-	-	6,382.60	3,922.76	159.57	-	4,082.33
172	Quinn MIracle Line	09/01/00	ST LINE	40	N	2,509.82	-	-	2,509.82	1,526.92	62.75	-	1,589.67
173	Frankie Underhill Line	11/01/00	ST LINE	40	N	1,761.12	-	-	1,761.12	1,064.06	44.03	-	1,108.09
174	Layton Lawerence Line	03/01/00	ST LINE	40	N	11,416.75	-	-	11,416.75	7,087.93	285.42	-	7,373.35
175	McNichols Line	06/01/00	ST LINE	40	N	7,524.50	-	-	7,524.50	4,624.37	188.11	-	4,812.48
190	Reddick Pond Road Line	12/01/01	ST LINE	40	N	22,431.62	-	-	22,431.62	12,944.90	560.79	-	13,505.69
191	Hgwy 164 Shotgun Line	12/01/01	ST LINE	40	N	13,269.99	-	-	13,269.99	7,657.90	331.75	-	7,989.65
192	Hgwy 164 Hill Top	08/01/01	ST LINE	40	N	5,668.88	-	-	5,668.88	3,318.61	141.72	-	3,460.33
193	Countryside Restaurant	06/01/01	ST LINE	40	N	2,537.00	-	-	2,537.00	1,495.89	63.43	-	1,559.32
194	Billy Allen Line	06/01/01	ST LINE	40	N	3,616.90	-	-	3,616.90	2,132.41	90.42	-	2,222.83
195	R. C. Stallins Line	02/01/01	ST LINE	40	N	4,133.70	-	-	4,133.70	2,471.55	103.34	-	2,574.89
196	John Williams Line	02/01/01	ST LINE	40	N	1,911.76	-	-	1,911.76	1,142.98	47.79	-	1,190.77
197	David McGraw Line	06/01/01	ST LINE	40	N	3,214.02	-	-	3,214.02	1,894.92	80.35	-	1,975.27
198	Sherwood Shores Line	07/01/01	ST LINE	40	N	1,475.86	-	-	1,475.86	867.15	36.90	-	904.05
199	Stan Humphries Line	06/01/01	ST LINE	40	N	4,324.95	-	-	4,324.95	2,549.83	108.12	-	2,657.95
200	Freeman Line	06/01/01	ST LINE	40	N	7,264.66	-	-	7,264.66	4,283.20	181.62	-	4,464.82
201	Joey Ricks Line	04/01/01	ST LINE	40	N	3,473.85	-	-	3,473.85	2,062.68	86.85	-	2,149.53
202	Hgwy 164 to Mallard Shore	12/01/01	ST LINE	40	N	21,387.83	-	-	21,387.83	12,342.66	534.70	-	12,877.36
203	Floyd Sumner Line	07/01/01	ST LINE	40	N	41,341.80	-	-	41,341.80	24,288.42	1,033.55	-	25,321.97
212	Engineer Fee - Old projects	01/01/02	ST LINE	40	N	17,330.26	-	-	17,330.26	9,964.98	433.26	-	10,398.24
213	Mallard Shores Subdivision	10/01/02	ST LINE	40	N	80,084.68	-	-	80,084.68	44,547.17	2,002.12	-	46,549.29
214	Mallard Shores 6" Line Extension	09/30/02	ST LINE	40	N	12,625.00	-	-	12,625.00	7,022.77	315.63	-	7,338.40
219	Hgwy 164 Line Extension	11/01/03	ST LINE	40	N	71,128.77	-	-	71,128.77	37,638.99	1,778.22	-	39,417.21
223	Woods Point Line	08/15/04	ST LINE	40	N	16,379.77	-	-	16,379.77	8,360.42	409.49	-	8,769.91
224	New Hope Chruch Line	08/01/04	ST LINE	40	N	10,225.97	-	-	10,225.97	5,219.52	255.65	-	5,475.17
225	Additional Line Hgwy 164	07/01/04	ST LINE	40	N	16,925.97	-	-	16,925.97	8,674.57	423.15	-	9,097.72
229	Gentry/Gray Line	04/01/05	ST LINE	40	N	8,548.19	-	-	8,548.19	4,220.58	213.70	-	4,434.28
230	Crossroad School Line	12/29/05	ST LINE	40	N	19,560.95	-	-	19,560.95	9,291.38	489.02	-	9,780.40
239	South Road Line	07/01/06	ST LINE	40	N	1,549,585.48	-	-	1,549,585.48	716,683.34	38,739.64	-	755,422.98
240	South Road Tank	07/01/06	ST LINE	50	N	369,004.00	-	-	369,004.00	136,531.48	7,380.08	-	143,911.56
242	Cross Road School Line	03/01/06	ST LINE	40	N	16,540.12	-	-	16,540.12	7,787.59	413.50	-	8,201.09
243	Dover Road - Howell	04/01/06	ST LINE	40	N	8,885.65	-	-	8,885.65	4,165.13	222.14	-	4,387.27
244	Rockcastle Springs Road	07/01/06	ST LINE	40	N	11,449.46	-	-	11,449.46	5,295.44	286.24	-	5,581.68
245	Highway 164 Line	07/01/07	ST LINE	40	N	42,886.95	-	-	42,886.95	18,762.98	1,072.17	-	19,835.15
246	S. Montgomry Rd. Line	07/01/07	ST LINE	40	N	17,332.41	-	-	17,332.41	7,582.93	433.31	-	8,016.24
256	Pete Light Tank	12/15/09	ST LINE	40	N	1,723,925.00	-	-	1,723,925.00	650,063.46	43,098.13	-	693,161.59
269	Meter	12/10/10	ST LINE	40	N	6,915.14	-	-	6,915.14	2,434.73	172.88	-	2,607.61
274	HWY 68 Line extension	08/01/11	ST LINE	40	N	1,384,982.10	-	-	1,384,982.10	464,546.05	34,624.55	-	499,170.60
304	Pete Light Hill Transmission Line	06/30/15	ST LINE	40	N	299,804.30	-	-	299,804.30	71,203.54	7,495.11	-	78,698.65
305	Cerulean Water Tank	03/31/15	ST LINE	40	N	936,539.87	-	-	936,539.87	228,154.65	23,413.50	-	251,568.15
308	McAtee Road Line Ext	01/29/15	ST LINE	50	N	22,459.44	-	-	22,459.44	4,454.47	449.19	-	4,903.66
313	Hwy 68/80 Relocation - Phase I 1	01/01/16	ST LINE	40	N	210,723.00	-	-	210,723.00	47,412.72	5,268.08	-	52,680.80
315	1585 Bridge Replacement	10/15/16	ST LINE	40	N	34,478.00	-	-	34,478.00	7,101.16	861.95	-	7,963.11
321	Standpipe Tanks Improvements	10/09/17	ST LINE	3	N	192,400.00	-	-	192,400.00	192,400.00	-	-	192,400.00
324	Stone Rd. Line	07/01/17	ST LINE	40	N	9,590.05	-	-	9,590.05	1,798.13	239.75	-	2,037.88
347	68/80 Relocation Project Bal (Cont	12/31/20	ST LINE	40	N	563,892.00	-	-	563,892.00	56,976.59	14,097.30	-	71,073.89
350	Heather Hills Project	01/01/24	ST LINE	40	N	53,970.40	-	-	53,970.40	1,293.04	1,349.26	-	2,642.30
363	S Montgomery Extension	01/31/25	ST LINE	40	N	-	8,745.00	-	8,745.00	-	209.52	-	209.52
364	Bobby Allen Extension	03/31/25	ST LINE	40	N	-	17,550.36	-	17,550.36	-	347.35	-	347.35

365	McAtee South Extension	07/24/25	ST LINE	40	N	-	7,600.00	-	7,600.00	-	87.08	-	87.08
368	Sammy Gunn Extension	06/16/25	ST LINE	40	N	-	11,380.00	-	11,380.00	-	154.10	-	154.10
	Total for (Transmission Lines)					**13,115,193.11**	**45,275.36**	**-**	**13,160,468.47**	**7,379,154.39**	**305,205.76**	**-**	**7,684,360.15**
Meters													
226	Radio Read Meters	10/01/04	ST LINE	10	N	124,832.00	-	-	124,832.00	124,832.00	-	-	124,832.00
227	Meters	07/01/04	ST LINE	10	N	62,603.35	-	-	62,603.35	62,603.35	-	-	62,603.35
228	137 Meters	07/01/05	ST LINE	10	N	69,494.62	-	-	69,494.62	69,494.62	-	-	69,494.62
234	Meters	07/01/06	ST LINE	10	N	88,172.17	-	-	88,172.17	88,172.17	-	-	88,172.17
247	Meters	07/01/07	ST LINE	10	N	68,669.67	-	-	68,669.67	68,669.67	-	-	68,669.67
254	Meters	07/01/08	ST LINE	10	N	78,328.00	-	-	78,328.00	78,328.00	-	-	78,328.00
257	Meters	07/01/09	ST LINE	10	N	63,007.59	-	-	63,007.59	63,007.59	-	-	63,007.59
271	2010 Meters Set	07/01/10	ST LINE	10	N	84,329.19	-	-	84,329.19	84,329.19	-	-	84,329.19
277	2011 Meter Sets	07/01/11	ST LINE	10	N	42,232.61	-	-	42,232.61	42,232.61	-	-	42,232.61
287	2012 Meters - 50 Set	06/30/12	ST LINE	10	N	43,926.50	-	-	43,926.50	43,926.50	-	-	43,926.50
296	2014 Meters - 38 Set	06/30/14	ST LINE	10	N	35,129.10	-	-	35,129.10	35,129.10	-	-	35,129.10
300	2013 - 5/8" Meters - 47 Set	06/30/13	ST LINE	10	N	41,510.87	-	-	41,510.87	41,510.87	-	-	41,510.87
301	2015 - 5/8" Meters - 59 Set	06/30/15	ST LINE	10	N	58,319.14	-	-	58,319.14	55,403.15	2,915.99	-	58,319.14
302	1 1/2" Meter	06/30/15	ST LINE	10	N	1,881.76	-	-	1,881.76	1,787.71	94.05	-	1,881.76
303	1" Meter	06/30/15	ST LINE	10	N	1,123.96	-	-	1,123.96	1,067.80	56.16	-	1,123.96
311	2016 - 5/8" Meters - 44 set	06/30/16	ST LINE	10	N	49,483.28	-	-	49,483.28	42,060.80	4,948.33	-	47,009.13
312	2016 - 2" Meters - 3 Set	06/30/16	ST LINE	10	N	7,170.03	-	-	7,170.03	6,094.50	717.00	-	6,811.50
322	2017 - Meters	06/30/17	ST LINE	10	N	43,448.68	-	-	43,448.68	32,586.52	4,344.87	-	36,931.39
329	2018 Meters	06/15/18	ST LINE	10	N	55,125.00	-	-	55,125.00	36,290.63	5,512.50	-	41,803.13
333	2019 Meters	06/15/19	ST LINE	10	N	52,408.00	-	-	52,408.00	29,261.13	5,240.80	-	34,501.93
335	2020 Meters	06/15/20	ST LINE	10	N	69,622.00	-	-	69,622.00	31,910.08	6,962.20	-	38,872.28
339	2021 Meters	06/15/21	ST LINE	10	N	84,961.37	-	-	84,961.37	30,444.50	8,496.14	-	38,940.64
342	Meters 2022	12/31/22	ST LINE	10	N	129,093.90	-	-	129,093.90	25,818.78	12,909.39	-	38,728.17
351	2023 New Meters (116)	12/31/23	ST LINE	10	N	144,729.72	-	-	144,729.72	15,076.01	14,472.97	-	29,548.98
355	Kamstrup Tower and Meter Projec	06/01/25	ST LINE	35	N	-	1,087,602.97	-	1,087,602.97	-	16,831.95	-	16,831.95
	Total for (Meters)					**1,499,602.51**	**1,087,602.97**	**-**	**2,587,205.48**	**1,110,037.28**	**83,502.35**	**-**	**1,193,539.63**
Plant Equipment													
104	Hoist	03/01/84	ST LINE	10	N	620.00	-	-	620.00	620.00	-	-	620.00
113	Test Bench	06/30/87	ST LINE	10	N	3,726.38	-	-	3,726.38	3,726.38	-	-	3,726.38
122	Bushhog Mower	06/30/92	ST LINE	10	N	1,175.00	-	-	1,175.00	1,175.00	-	-	1,175.00
123	#5010 Ditch Witch	06/30/92	ST LINE	10	N	30,000.00	-	-	30,000.00	30,000.00	-	-	30,000.00
126	Honey Wagon	03/15/94	ST LINE	10	N	4,000.00	-	-	4,000.00	4,000.00	-	-	4,000.00
130	Hudson Trailer	02/01/95	ST LINE	10	N	4,994.00	-	-	4,994.00	4,994.00	-	-	4,994.00
133	Massey Ferguson Tractor	04/11/97	ST LINE	10	N	8,303.67	-	-	8,303.67	8,303.67	-	-	8,303.67
231	2005 Case 580M Backhoe	02/01/05	ST LINE	10	N	58,939.00	-	-	58,939.00	58,939.00	-	-	58,939.00
235	Ditch Witch road bore machine	07/01/06	ST LINE	10	N	13,724.00	-	-	13,724.00	13,724.00	-	-	13,724.00
248	Air Compressor w/hammer & bits	11/01/07	ST LINE	10	N	12,963.26	-	-	12,963.26	12,963.26	-	-	12,963.26
250	Boring Machine	02/19/08	ST LINE	5	N	4,300.00	-	-	4,300.00	4,300.00	-	-	4,300.00
258	Trencher	01/07/09	ST LINE	15	N	80,000.00	-	-	80,000.00	80,000.00	-	-	80,000.00
260	GPS system - line detector	05/01/09	ST LINE	10	N	16,490.00	-	-	16,490.00	16,490.00	-	-	16,490.00
279	Ranger 225 Kohler Welder	02/01/12	ST LINE	10	N	3,901.50	-	-	3,901.50	3,901.50	-	-	3,901.50
280	Refrigerator	05/03/12	ST LINE	10	N	1,164.99	-	-	1,164.99	1,164.99	-	-	1,164.99
281	Security System	10/03/12	ST LINE	10	N	10,428.00	-	-	10,428.00	10,428.00	-	-	10,428.00
284	Joh Deere Tractor	10/15/12	ST LINE	10	N	16,362.33	-	-	16,362.33	16,362.33	-	-	16,362.33
289	Punching Machine	07/16/13	ST LINE	10	N	11,109.58	-	-	11,109.58	11,109.58	-	-	11,109.58
290	Caterpillar Backhoe	10/16/13	ST LINE	10	N	89,948.36	-	-	89,948.36	89,948.36	-	-	89,948.36
291	Pipe Locator	09/23/13	ST LINE	10	N	3,826.51	-	-	3,826.51	3,826.51	-	-	3,826.51
306	Trailer	09/04/15	ST LINE	10	N	17,890.00	-	-	17,890.00	16,697.33	1,192.67	-	17,890.00
323	Pressure Washer	05/08/17	ST LINE	10	N	3,699.99	-	-	3,699.99	2,836.67	370.00	-	3,206.67
336	GeoSync Cloud Asset Mgmt Mobil	06/03/20	ST LINE	7	N	18,648.00	-	-	18,648.00	12,210.00	2,664.00	-	14,874.00
344	2022 John Deere	08/10/22	ST LINE	7	N	54,950.00	-	-	54,950.00	18,970.83	7,850.00	-	26,820.83
362	Axis Camera	06/30/25	ST LINE	5	N	-	1,180.00	-	1,180.00	-	127.83	-	127.83
	Total for (Plant Equipment)					**471,164.57**	**1,180.00**	**-**	**472,344.57**	**426,691.41**	**12,204.50**	**-**	**438,895.91**
Office Equipment													
137	Filing Cabinet	06/30/77	ST LINE	10	N	68.00	-	-	68.00	68.00	-	-	68.00
146	Desk @ Plant	03/01/95	ST LINE	10	N	175.00	-	-	175.00	175.00	-	-	175.00
147	Table @ Plant	03/01/95	ST LINE	10	N	75.00	-	-	75.00	75.00	-	-	75.00
150	Billings & A R Software	06/01/98	ST LINE	5	N	11,542.50	-	-	11,542.50	11,542.50	-	-	11,542.50
185	Furniture	01/01/01	ST LINE	10	N	4,274.00	-	-	4,274.00	4,274.00	-	-	4,274.00
186	Kitchen appliance & furniture	02/01/01	ST LINE	10	N	12,350.00	-	-	12,350.00	12,350.00	-	-	12,350.00
187	Furniture	02/01/01	ST LINE	10	N	8,215.20	-	-	8,215.20	8,215.20	-	-	8,215.20
188	Furniture	01/01/01	ST LINE	10	N	8,033.00	-	-	8,033.00	8,033.00	-	-	8,033.00
189	Alarm	01/01/01	ST LINE	10	N	1,270.00	-	-	1,270.00	1,270.00	-	-	1,270.00
292	Refrigerator	08/05/13	ST LINE	5	N	1,263.00	-	-	1,263.00	1,263.00	-	-	1,263.00
297	Data Management Software	12/02/13	ST LINE	5	N	9,800.00	-	-	9,800.00	9,800.00	-	-	9,800.00
343	Server - UMS	08/16/22	ST LINE	5	N	5,869.93	-	-	5,869.93	2,739.31	1,173.99	-	3,913.30
345	BM Panasonic Toughbook - Beac	06/15/22	ST LINE	5	N	12,226.39	-	-	12,226.39	6,316.97	2,445.28	-	8,762.25
346	Beacon Software	07/26/22	ST LINE	3	N	23,800.00	-	-	23,800.00	19,172.22	4,627.78	-	23,800.00
358	Canon Copier	06/20/25	ST LINE	5	N	-	2,714.00	-	2,714.00	-	294.02	-	294.02
359	Dell Computers	04/03/25	ST LINE	5	N	-	6,986.50	-	6,986.50	-	989.75	-	989.75
360	Networking UMS	06/04/25	ST LINE	5	N	-	2,250.00	-	2,250.00	-	243.75	-	243.75
	Total for (Office Equipment)					**98,962.02**	**11,950.50**	**-**	**110,912.52**	**85,294.20**	**9,774.57**	**-**	**95,068.77**
Vehicles													
251	2009 Int'l 4300 truck	05/03/08	ST LINE	7	N	61,009.60	-	-	61,009.60	61,009.60	-	-	61,009.60
276	2011 Ford pickup	04/14/11	ST LINE	7	Y	21,811.25	-	(21,811.25)	-	21,811.25	-	(21,811.25)	-
288	2013 Dump Truck	05/13/13	ST LINE	7	N	35,000.00	-	-	35,000.00	35,000.00	-	-	35,000.00
310	2016 Ford F-150	07/18/16	ST LINE	5	N	23,325.38	-	-	23,325.38	23,325.38	-	-	23,325.38
317	2016 F-350	06/07/16	ST LINE	5	N	32,500.00	-	-	32,500.00	32,500.00	-	-	32,500.00
320	2018 Ford F150 XL	12/04/17	ST LINE	5	N	26,638.67	-	-	26,638.67	18,255.48	-	-	18,255.48
328	2018 Sure Trac Trailer	03/13/18	ST LINE	10	N	4,950.00	-	-	4,950.00	3,382.50	495.00	-	3,877.50

332	2019 Ford F150	05/02/19	ST LINE	7	Y	27,176.12	-	(27,176.12)	-	21,999.70	1,779.39	(23,779.09)	-
334	2020 Chevy Silverado	09/15/20	ST LINE	7	N	46,892.00	-	-	46,892.00	29,028.39	6,698.86	-	35,727.25
337	Mapsync	07/21/20	ST LINE	7	N	2,495.00	-	-	2,495.00	1,574.23	356.43	-	1,930.66
338	2021 Ford F150	10/12/21	ST LINE	7	N	25,102.00	-	-	25,102.00	11,654.50	3,586.00	-	15,240.50
349	2023 Chevrolet	04/06/23	ST LINE	5	N	40,874.00	-	-	40,874.00	14,305.90	8,174.80	-	22,480.70
353	2025 Chevy Silverado	11/21/24	ST LINE	5	N	42,264.00	-	-	42,264.00	1,056.60	8,452.80	-	9,509.40
356	2025 Chevy Silverado	06/09/25	ST LINE	5	N	-	40,121.55	-	40,121.55	-	4,346.50	-	4,346.50
357	2026 20' 16' Tilted MAXD Trailer	09/18/25	ST LINE	7	N	-	10,795.00	-	10,795.00	-	449.79	-	449.79
	Total for (Vehicles)					**390,038.02**	**50,916.55**	**(48,987.37)**	**391,967.20**	**274,903.53**	**34,339.57**	**(45,590.34)**	**263,652.76**
	Grand Total					**26,971,770.27**	**5,115,299.26**	**(48,987.37)**	**32,038,082.16**	**14,691,510.79**	**678,933.05**	**(45,590.34)**	**15,324,853.50**

Attachment #8

BOND RESOLUTION

BARKLEY LAKE WATER DISTRICT

AUTHORIZING

BARKLEY LAKE WATER DISTRICT

WATER SYSTEM REVENUE BONDS, SERIES 2010B

IN THE AGGREGATE PRINCIPAL AMOUNT OF

$1,837,000

CONSISTING OF

$1,437,000 OF SERIES 2010B-1 BONDS

AND

$400,000 OF SERIES 2010B-2 BONDS

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BOND RESOLUTION

RESOLUTION OF THE BARKLEY LAKE WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF $1,837,000 PRINCIPAL AMOUNT OF BARKLEY LAKE WATER DISTRICT WATER SYSTEM REVENUE BONDS, SERIES 2010B, CONSISTING OF $1,437,000 OF SERIES 2010B-1 BONDS AND $400,000 OF SERIES 2010B-2 BONDS FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Barkley Lake Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

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

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

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the aggregate principal amount of $1,837,000, consisting of $1,437,000 of Series 2010B-1 Bonds and $400,000 of Series 2010B-2 Bonds (collectively, the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by GRW Engineers, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and that said Current Bonds rank on a parity with the Series 2010A Bonds, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by certain other grant and loan funds,

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

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

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

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

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

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

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

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

"Bonds of 1976" or *"Series 1976 Bonds"* refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976, in the original authorized principal amount of $364,000.

"Bonds of 1993" or *"Series 1993 Bonds"* refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994, in the original authorized principal amount of $1,764,000.

"Bonds of 2005" or *"Series 2005 Bonds"* refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006, in the original authorized principal amount of $1,185,000.

"Bonds of 2010A" or *"Series 2010A Bonds"* refer to the Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated the date of issuance, in the original authorized principal amount of $4,002,000.

"Bond Resolution of 1976" or *"1976 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1976, duly adopted by the Board of Commissioners of the District on July 8, 1976.

"Bond Resolution of 1993" or *"1993 Bond Resolution"* refer to the Resolution authorizing the Bonds of 1993, duly adopted by the Board of Commissioners of the District on October 11, 1993.

"Bond Resolution of 2005" or *"2005 Bond Resolution"* refer to the Resolution authorizing the Bonds of 2005, duly adopted by the Board of Commissioners of the District on April 11, 2005.

"Bond Resolution of 2010A" or *"2010A Bond Resolution"* refer to the Resolution authorizing the Bonds of 2010A, duly adopted by the Board of Commissioners of the District on July 12, 2010.

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

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

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

"Construction Account" refers to the Barkley Lake Water District Water System Construction Account, created in Section 301(B) of this Current Bond Resolution.

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

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

"Current Bonds" refers to the $1,837,000 of Barkley Lake Water District Water System Revenue Bonds, Series 2010B, consisting of $1,437,000 of Series 2010B-1 Bonds and $400,000 of Series 2010B-2 Bonds authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Barkley Lake Water District Water System Sinking Fund of 2010, described in Section 401 of this Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is Integra Bank, Cadiz, Kentucky, or its successor.

"Depreciation Fund" refers to the Barkley Lake Water District Water System Depreciation Fund, described in Section 402 of this Resolution.

"District" refers to the Barkley Lake Water District.

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

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

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

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

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

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

"Grant Proceeds" refers to the proceeds of the RD Grant and the Kentucky State Grants.

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

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

"Kentucky State Grants" refers to the grants to the District from the Commonwealth of Kentucky in the aggregate amount of $1,000,185.

"KRWFC Loan" refers to the outstanding Kentucky Rural Water Finance Corporation Loan to the District, dated May 29, 2008, in the original authorized principal amount of $3,060,000, a portion of the proceeds of which is financing part of the Project.

"KRWFC Resolution" or *"2008 KRWFC Resolution"* refer to the Resolution authorizing the KRWFC Loan.

"Local Counsel" refers to H.B. Quinn, Esq., Cadiz, Kentucky, or any other attorney or firm of attorneys designated by the District.

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

"Note" refers to a single note or any number of notes, in such form as may be prescribed by the Interim Lender, including any revenue bond anticipation notes issued pursuant to Chapter 58 of the Kentucky Revised Statutes, including any renewal or extensions of the Note, issued by the

District evidencing the interim financing for the Project as prescribed in Section 302 of this Resolution.

"Operation and Maintenance Fund" refers to the Barkley Lake Water District Water System Operation and Maintenance Fund described in Section 401 of this Resolution.

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

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

"Prior Bonds" refers collectively to the Series 1976 Bonds, the Series 1993 Bonds, the Series 2005 Bonds and the KRWFC Loan.

"Prior Bond Resolution" refers collectively to the 1976 Bond Resolution, the 1993 Bond Resolution, the 2005 Bond Resolution and the KRWFC Resolution.

"Prior Sinking Fund" refers to the Barkley Lake Water District Water System Sinking Fund, described in Section 401 of this Resolution.

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

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

"RD" refers to the Rural Development of the Department of Agriculture of the United States of America.

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

"Required Signatures" refers to the signatures necessary to be obtained with reference to the approval of the expenditures to be made from the Construction Account, which required signatures shall consist of the signatures of (1) the Chairman; (2) the Engineers; and (3) the Purchaser; provided, however, any expenditures for issuance and administrative costs and the costs of any

equipment which is not permanently affixed to the real estate shall not require the signature or the approval of the Engineers.

"Revenue Fund" refers to the Barkley Lake Water District Water System Revenue Fund, described in Section 401 of this Resolution.

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

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

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

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

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

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

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

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial

deposits required and all incidental expenses, will not exceed $4,656,885. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of $1,837,000 of Current Bonds, based on the following calculation:

Total cost of Project		$4,656,885
Less:		
RD Grant	$ 454,700	
Kentucky State Grants	1,000,185	
KRWFC Loan	1,365,000	
Total Non-Bond Funds:		(2,819,885)
Balance to be financed by Current Bonds		$1,837,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold $1,837,000 principal amount of Barkley Lake Water District Water System Revenue Bonds, Series 2010B, consisting of $1,437,000 of Series 2010B-1 Bonds and $400,000 of Series 2010B-2 Bonds.

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

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

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

Section 107. Current Bonds Shall be Payable Out of Gross Revenues. The Current Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable on a parity with the Series 2010ABonds, out of the gross revenues of the System, after providing for all of the principal and interest requirements of the outstanding Prior Bonds.

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

Section 109. Election to Issue Current Bonds as Build American Bonds - Direct Payment; Covenants. The American Recovery and Reinvestment Act of 2009 (the "Recovery Act") authorizes the District to issue taxable bonds known as "Build America Bonds" to finance capital expenditures for which it could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35% of the amount of each interest payment on such taxable bonds. In accordance with the provisions of the Recovery Act, the District hereby irrevocably elects to have Section 54AA and subsection 54AA(g) of the Code apply to the Current Bonds so that the District will receive a refundable credit under Section 6431 of the Code equal to 35% of the stated interest paid on the Current Bonds.

The District agrees to comply with the requirements of the Code relating to "Build America Bonds", including (i) all of the excess of (a) the available project proceeds (as defined in Section 54A of the Code to mean sale proceeds of the Current Bonds less not more than 2% of such proceeds used to pay costs of issuance plus investment proceeds thereon), over (b) any amounts in a reasonably required reserve fund (within the meaning of Section 150(a)(3) of the Code) with respect to such issue, shall to be used for capital expenditures; (ii) any and all requirements of Section 54AA(g) of the Code to assure eligibility of the District for receipt of the direct pay interest credit; (iii) the issue price (reoffering price) of the Current Bonds of the same maturity cannot exceed the par amount by more than .25% multiplied by the number of complete years to the earlier of the maturity date or the first optional redemption date for the Current Bonds; and (iv) the District will not use or permit the use of any of the funds provided by the Current Bonds in such a manner as to, or take or omit to take any action which would, impair the status of the Current Bonds as "qualified bonds" under Section 54AA of the Code.

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

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

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

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

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

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to November 1, 2020, shall not be subject to prepayment. Principal maturities falling due on and after November 1, 2020, shall be subject to prepayment by the District on any date falling on and after November 1, 2019, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of $100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

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

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

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than $484,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed $484,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

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

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

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

(2) **Construction Account.** If and to the extent that the proceeds of the Current Bonds shall be in excess of the amount necessary to pay the interest, principal and costs referred to in subparagraph B(1) of this Section, such excess amount shall immediately be deposited in the "Barkley Lake Water District Water System Construction Account"

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

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

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

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

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

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at $70,177) during the construction of the Project, as approved by the Engineers and by RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

(5) Investment of Funds in Construction Account. Pending disbursement of amounts on deposit in the Construction Account, all such funds, or such portion of said amounts on deposit in said Construction Account as is designated by the Commission, shall be invested for the benefit of such Construction Account in Certificates of Deposit, savings accounts or U.S. Obligations which may be converted readily into cash, having a maturity date prior to the date when the sums invested will be needed for costs of

the Project (as determined by the Engineers, the Chairman and the RD), provided that to the extent that any amounts on deposit in said Depository Bank shall cause the total deposits of the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed, if the RD has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

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

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

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

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of $1,837,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

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

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

The aggregate of the principal amount of all Notes shall not exceed $1,837,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of $1,837,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

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

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

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

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

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

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

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

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

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

ARTICLE 4. FLOW OF FUNDS.

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

(a) Barkley Lake Water District Water System Revenue Fund
(b) Barkley Lake Water District Water System Sinking Fund
(c) Barkley Lake Water District Water System Depreciation Fund
(d) Barkley Lake Water District Water System Operation and Maintenance Fund

There was created and established in the 2010A Bond Resolution the Barkley Lake Water District Water System Sinking Fund of 2010.

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding.

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

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

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

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

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

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

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at $70,177) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Current Bonds and the Series 2010A Bonds, a sum equal to the total of the following:

(1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Current Bonds and the Series 2010A Bonds then outstanding, plus

(2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds and Series 2010A Bonds maturing on the next succeeding November 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Current Bonds and the Series 2010A Bonds, but subject to the vested rights and priorities of the Prior Bonds.

D. Depreciation Fund. Pursuant to the provisions of the 2010A Bond Resolution which requires that an adjustment be made in the Depreciation Fund upon the issuance of bonds ranking on a parity with the Series 2010A Bonds, it is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least $755 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least $90,600, which amount shall be maintained, and when necessary, restored to said sum of $90,600, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution and the 2010A Bond Resolution.

As further security for the Bondowners and for the benefit of the District, it has been and is hereby provided that in addition to the monthly transfers required to be made from the Revenue Fund into the Depreciation Fund, there shall be deposited into said Depreciation Fund all proceeds of connection fees collected from potential customers (except the amounts necessary to pay the actual costs and service connections applicable to said potential customers) to aid in the financing

of the cost of future extensions, additions and improvements to the System, plus the proceeds of any property damage insurance (not otherwise used to replace damaged or destroyed property); and any such amounts or proceeds so deposited shall be used solely and only for the purposes intended.

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

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

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

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

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

If the RD has purchased any of the Outstanding Bonds, investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed. Any such investments will be a part of the respective Funds from which the proceeds invested are derived, and income from such investments will be credited to such respective Funds. All investments of funds derived from proceeds of the Outstanding Bonds shall be subject to the applicable limitations set out in Section 303 hereof.

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

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

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

Section 403. Current Bonds on a Parity with Series 2010A Bonds, Subject to the Priority of the Prior Bonds. It is hereby certified and declared that prior to the issuance of any of the Current Bonds, there will have been procured and filed with the District (i) a letter from RD to the effect that RD agrees to the issuance of the Current Bonds ranking on a parity as to security and source of payment with the Series 2010A Bonds, all of which are owned by RD, together with (ii) a certification signed by RD to the effect that a legend has been typed, stamped or otherwise affixed on each of the Series 2010A Bonds held by RD, evidencing the agreement of RD as the then Owner of the Series 2010A Bonds, to the issuance of the Current Bonds so as to rank on a parity with the Series 2010A Bonds, such legend to be in substantially the following form:

> The holder of this Bond has consented to the issuance of $1,837,000 of Barkley Lake Water District Water System Revenue Bonds, Series 2010B ranking on a parity as to security and source of payment with this Bond.

Accordingly, it is hereby found and declared that the Current Bonds shall rank and be payable on a parity with said outstanding Series 2010A Bonds from the gross income and revenues of the System, subject to the priority of the Prior Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

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

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

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

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

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

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

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

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

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

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

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

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

(1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;

(2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;

(3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;

(4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;

(5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and

(6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

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

Section 506. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

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

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

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

(a) the consent of the RD if the Government is as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and

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

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

The District further reserves the right to add new waterworks facilities and/or to finance future extensions, additions and improvements to the System by the issuance of one or more

additional series of Parity Bonds to be secured by a parity lien on and ratably payable on a parity with the Current Bonds, from the revenues of the System, provided:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;

(b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions

governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

(c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and

(d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

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

ARTICLE 7. DEFAULT AND CONSEQUENCES

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

(a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the RD, within thirty (30) days thereafter.

(c) The default by the District in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, the Prior Bond Resolution or in this Resolution.

(d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.

(e) The entering of any order or decree with the consent or the acquiescence of the District, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the District, its failure to have the order vacated, discharged or stayed on appeal within sixth (60) days after entry.

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

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

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

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

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

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

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

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

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

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of $454,700 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

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

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

(a) Legal Services Agreement with Bond Counsel.

(b) Legal Services Agreement with Local Counsel.

(c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).

(d) Loan Resolution (RD Form 1780-27).

(e) Agreement for Engineering Services with the Engineers.

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

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

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

ARTICLE 9. SALE OF CURRENT BONDS

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

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

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

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

ARTICLE 10. CONCLUDING PROVISIONS

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

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

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed $30,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

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

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

to be filed with the Government with regard to the liability or non-liability of the District as to any such rebate requirements and to maintain records in regard thereto for the period of time required by applicable Treasury regulations.

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

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

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

Adopted this July 12, 2010.

BARKLEY LAKE WATER DISTRICT

_____
Chairman

(Seal of District)

Attest:

_____
Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Barkley Lake Water District, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on July 12, 2010, as shown by the official records of said District in my custody and under my control.

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

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this July 12, 2010.

_____

Secretary

(Seal of District)

EXHIBIT A-1

Schedule of Principal Payments
Series 2010B-1

Payment Due November 1	Principal Payment	Payment Due November 1	Principal Payment
2012	$17,500	2031	$ 35,500
2013	18,500	2032	37,000
2014	19,000	2033	38,000
2015	19,500	2034	39,500
2016	20,500	2035	41,000
2017	21,000	2036	42,500
2018	22,000	2037	44,500
2019	23,000	2038	46,000
2020	23,500	2039	47,500
2021	24,500	2040	49,500
2022	25,500	2041	51,500
2023	26,500	2042	53,000
2024	27,500	2043	55,000
2025	28,500	2044	57,500
2026	29,500	2045	59,500
2027	30,500	2046	61,500
2028	32,000	2047	64,000
2029	33,000	2048	66,500
2030	34,000	2049	71,500

EXHIBIT A-2

Schedule of Principal Payments
Series 2010B-2

Payment Due November 1	Principal Payment	Payment Due November 1	Principal Payment
2012	$5,500	2031	$10,000
2013	5,500	2032	10,500
2014	6,000	2033	10,500
2015	6,000	2034	11,000
2016	6,000	2035	11,500
2017	6,500	2036	12,000
2018	6,500	2037	12,000
2019	7,000	2038	12,500
2020	7,000	2039	13,000
2021	7,500	2040	13,500
2022	7,500	2041	14,000
2023	8,000	2042	14,500
2024	8,000	2043	15,000
2025	8,500	2044	15,500
2026	8,500	2045	16,000
2027	9,000	2046	16,500
2028	9,000	2047	17,000
2029	9,500	2048	17,500
2030	10,000	2049	16,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
BARKLEY LAKE WATER DISTRICT
WATER SYSTEM REVENUE BONDS, SERIES 2010B-__

No. BR-____ Interest Rate: _____ % $_____

KNOW ALL PERSONS BY THESE PRESENTS:

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

_____

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

_____ DOLLARS ($_____),

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

Year	Principal	Year	Principal	Year	Principal

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

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

This Series 2010 B Bond is issued by the District as part of an issue in the aggregate principal amount of $1,837,000, consisting of $1,437,000 of Series 2010B-1 Bonds and $400,000 of Series 2010B-2 Bonds under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is issued on a parity as to security and source of payment with the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated _____, 2010 (the "2010A Bonds"), authorized by a Resolution adopted by the Commission of the District on July 12, 2010 (the "2010A Bond Resolution"), but subject to the vested rights and priorities in favor of the owners of the outstanding (i) Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976 (the "1976 Bonds"), authorized by a Resolution adopted by the Commission of the District on July 8, 1976 (the "1976 Bond Resolution"); (ii) Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994 (the "1993 Bonds"), authorized by a Resolution adopted by the Commission of the District on October 11, 1993 (the "1993 Bond Resolution"); (iii) Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006 (the "2005 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 11, 2005 (the "2005 Bond Resolution"); and (iv) Kentucky Rural Water Finance Corporation Loan to the District, dated May 29, 2008 (the "KRWFC Loan"), authorized by a Resolution adopted by the Commission of the District (the "KRWFC Bond Resolution"); [hereinafter the 1976 Bonds, the 1993 Bonds, the 2005 Bonds and the KRWFC Loan shall be collectively referred to as the "Prior Bonds", and the 1976 Bond Resolution, the 1993 Bond Resolution, the 2005 Bond Resolution and the KRWFC Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond, the 2010A Bonds, together with any bonds ranking on a parity therewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution and the 2010A Bond Resolution; and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution and the 2010A Bond Resolution, are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Barkley Lake Water District Water System Sinking Fund of 2010", created in the 2010A Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the 2010A Bonds and/or this Bond, are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of the 2010A Bonds and of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on the 2010A Bonds, this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after November 1, 2019, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars ($100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of $100, may be prepaid at any time in inverse chronological order of the installments due.

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

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

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

BARKLEY LAKE WATER DISTRICT
Trigg County, Kentucky

By_____
Chairman

Attest:

_____
Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

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

_____

By:_____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Barkley Lake Water District Water System Revenue Bonds, Series 2010B, in the aggregate principal amount of $1,837,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the Barkley Lake Water District (the "District").

2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of $_____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:

3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "Barkley Lake Water District Water System Construction Account".

4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

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

Barkley Lake Water District

By_____
Chairman

Approved on _____

Rural Development

By_____
Authorized RD Official

Approved on _____

GRW Engineers, Inc.

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Amount expended heretofore $_____

Amount approved herein _____

Total _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person	Amount

Barkley Lake Water District

Taxable Water System Revenue Bonds - Series 2010B-1

(Build America Bonds--Direct Payment)

First Call Date - 11/01/2019

Fixed Rate Bond -- Debt Service Schedule for 8038-B

Date	Outstanding Principal	First Call Date	Coupon	Gross Interest	35% Credit Payment	Net Interest
5/1/2011	1,437,000.00			16,910.55	5,918.69	10,991.86
11/1/2011	1,437,000.00			21,555.00	7,544.25	14,010.75
5/1/2012	1,437,000.00			21,555.00	7,544.25	14,010.75
11/1/2012	1,419,500.00		3.000%	21,555.00	7,544.25	14,010.75
5/1/2013	1,419,500.00			21,292.50	7,452.38	13,840.13
11/1/2013	1,401,000.00		3.000%	21,292.50	7,452.38	13,840.13
5/1/2014	1,401,000.00			21,015.00	7,355.25	13,659.75
11/1/2014	1,382,000.00		3.000%	21,015.00	7,355.25	13,659.75
5/1/2015	1,382,000.00			20,730.00	7,255.50	13,474.50
11/1/2015	1,362,500.00		3.000%	20,730.00	7,255.50	13,474.50
5/1/2016	1,362,500.00			20,437.50	7,153.13	13,284.38
11/1/2016	1,342,000.00		3.000%	20,437.50	7,153.13	13,284.38
5/1/2017	1,342,000.00			20,130.00	7,045.50	13,084.50
11/1/2017	1,321,000.00		3.000%	20,130.00	7,045.50	13,084.50
5/1/2018	1,321,000.00			19,815.00	6,935.25	12,879.75
11/1/2018	1,299,000.00		3.000%	19,815.00	6,935.25	12,879.75
5/1/2019	1,299,000.00			19,485.00	6,819.75	12,665.25
11/1/2019	1,276,000.00		3.000%	19,485.00	6,819.75	12,665.25
5/1/2020	1,276,000.00			19,140.00	6,699.00	12,441.00
11/1/2020	1,252,500.00		3.000%	19,140.00	6,699.00	12,441.00
5/1/2021	1,252,500.00			18,787.50	6,575.63	12,211.88
11/1/2021	1,228,000.00	11/1/2019	3.000%	18,787.50	6,575.63	12,211.88
5/1/2022	1,228,000.00			18,420.00	6,447.00	11,973.00
11/1/2022	1,202,500.00	11/1/2019	3.000%	18,420.00	6,447.00	11,973.00
5/1/2023	1,202,500.00			18,037.50	6,313.13	11,724.38
11/1/2023	1,176,000.00	11/1/2019	3.000%	18,037.50	6,313.13	11,724.38
5/1/2024	1,176,000.00			17,640.00	6,174.00	11,466.00
11/1/2024	1,148,500.00	11/1/2019	3.000%	17,640.00	6,174.00	11,466.00
5/1/2025	1,148,500.00			17,227.50	6,029.63	11,197.88
11/1/2025	1,120,000.00	11/1/2019	3.000%	17,227.50	6,029.63	11,197.88
5/1/2026	1,120,000.00			16,800.00	5,880.00	10,920.00
11/1/2026	1,090,500.00	11/1/2019	3.000%	16,800.00	5,880.00	10,920.00
5/1/2027	1,090,500.00			16,357.50	5,725.13	10,632.38
11/1/2027	1,060,000.00	11/1/2019	3.000%	16,357.50	5,725.13	10,632.38
5/1/2028	1,060,000.00			15,900.00	5,565.00	10,335.00
11/1/2028	1,028,000.00	11/1/2019	3.000%	15,900.00	5,565.00	10,335.00
5/1/2029	1,028,000.00			15,420.00	5,397.00	10,023.00
11/1/2029	995,000.00	11/1/2019	3.000%	15,420.00	5,397.00	10,023.00
5/1/2030	995,000.00			14,925.00	5,223.75	9,701.25
11/1/2030	961,000.00	11/1/2019	3.000%	14,925.00	5,223.75	9,701.25
5/1/2031	961,000.00			14,415.00	5,045.25	9,369.75
11/1/2031	925,500.00	11/1/2019	3.000%	14,415.00	5,045.25	9,369.75
5/1/2032	925,500.00			13,882.50	4,858.88	9,023.63
11/1/2032	888,500.00	11/1/2019	3.000%	13,882.50	4,858.88	9,023.63
5/1/2033	888,500.00			13,327.50	4,664.63	8,662.88
11/1/2033	850,500.00	11/1/2019	3.000%	13,327.50	4,664.63	8,662.88
5/1/2034	850,500.00			12,757.50	4,465.13	8,292.38
11/1/2034	811,000.00	11/1/2019	3.000%	12,757.50	4,465.13	8,292.38
5/1/2035	811,000.00			12,165.00	4,257.75	7,907.25

Barkley Lake Water District

Taxable Water System Revenue Bonds - Series 2010B-1

(Build America Bonds--Direct Payment)

First Call Date - 11/01/2019

Fixed Rate Bond -- Debt Service Schedule for 8038-B

Date	Outstanding Principal	First Call Date	Coupon	Gross Interest	35% Credit Payment	Net Interest
11/1/2035	770,000.00	11/1/2019	3.000%	12,165.00	4,257.75	7,907.25
5/1/2036	770,000.00			11,550.00	4,042.50	7,507.50
11/1/2036	727,500.00	11/1/2019	3.000%	11,550.00	4,042.50	7,507.50
5/1/2037	727,500.00			10,912.50	3,819.38	7,093.13
11/1/2037	683,000.00	11/1/2019	3.000%	10,912.50	3,819.38	7,093.13
5/1/2038	683,000.00			10,245.00	3,585.75	6,659.25
11/1/2038	637,000.00	11/1/2019	3.000%	10,245.00	3,585.75	6,659.25
5/1/2039	637,000.00			9,555.00	3,344.25	6,210.75
11/1/2039	589,500.00	11/1/2019	3.000%	9,555.00	3,344.25	6,210.75
5/1/2040	589,500.00			8,842.50	3,094.88	5,747.63
11/1/2040	540,000.00	11/1/2019	3.000%	8,842.50	3,094.88	5,747.63
5/1/2041	540,000.00			8,100.00	2,835.00	5,265.00
11/1/2041	488,500.00	11/1/2019	3.000%	8,100.00	2,835.00	5,265.00
5/1/2042	488,500.00			7,327.50	2,564.63	4,762.88
11/1/2042	435,500.00	11/1/2019	3.000%	7,327.50	2,564.63	4,762.88
5/1/2043	435,500.00			6,532.50	2,286.38	4,246.13
11/1/2043	380,500.00	11/1/2019	3.000%	6,532.50	2,286.38	4,246.13
5/1/2044	380,500.00			5,707.50	1,997.63	3,709.88
11/1/2044	323,000.00	11/1/2019	3.000%	5,707.50	1,997.63	3,709.88
5/1/2045	323,000.00			4,845.00	1,695.75	3,149.25
11/1/2045	263,500.00	11/1/2019	3.000%	4,845.00	1,695.75	3,149.25
5/1/2046	263,500.00			3,952.50	1,383.38	2,569.13
11/1/2046	202,000.00	11/1/2019	3.000%	3,952.50	1,383.38	2,569.13
5/1/2047	202,000.00			3,030.00	1,060.50	1,969.50
11/1/2047	138,000.00	11/1/2019	3.000%	3,030.00	1,060.50	1,969.50
5/1/2048	138,000.00			2,070.00	724.50	1,345.50
11/1/2048	71,500.00	11/1/2019	3.000%	2,070.00	724.50	1,345.50
5/1/2049	71,500.00			1,072.50	375.38	697.13
11/1/2049		11/1/2019	3.000%	1,072.50	375.38	697.13

Barkley Lake Water District

Taxable Water System Revenue Bonds - Series 2010B-2

(Build America Bonds--Direct Payment)

First Call Date - 11/01/2019

Fixed Rate Bond -- Debt Service Schedule for 8038-B

Date	Outstanding Principal	First Call Date	Coupon	Gross Interest	35% Credit Payment	Net Interest
5/1/2011	400,000.00			4,707.18	1,647.51	3,059.67
11/1/2011	400,000.00			6,000.00	2,100.00	3,900.00
5/1/2012	400,000.00			6,000.00	2,100.00	3,900.00
11/1/2012	394,500.00		3.000%	6,000.00	2,100.00	3,900.00
5/1/2013	394,500.00			5,917.50	2,071.13	3,846.38
11/1/2013	389,000.00		3.000%	5,917.50	2,071.13	3,846.38
5/1/2014	389,000.00			5,835.00	2,042.25	3,792.75
11/1/2014	383,000.00		3.000%	5,835.00	2,042.25	3,792.75
5/1/2015	383,000.00			5,745.00	2,010.75	3,734.25
11/1/2015	377,000.00		3.000%	5,745.00	2,010.75	3,734.25
5/1/2016	377,000.00			5,655.00	1,979.25	3,675.75
11/1/2016	371,000.00		3.000%	5,655.00	1,979.25	3,675.75
5/1/2017	371,000.00			5,565.00	1,947.75	3,617.25
11/1/2017	364,500.00		3.000%	5,565.00	1,947.75	3,617.25
5/1/2018	364,500.00			5,467.50	1,913.63	3,553.88
11/1/2018	358,000.00		3.000%	5,467.50	1,913.63	3,553.88
5/1/2019	358,000.00			5,370.00	1,879.50	3,490.50
11/1/2019	351,000.00		3.000%	5,370.00	1,879.50	3,490.50
5/1/2020	351,000.00			5,265.00	1,842.75	3,422.25
11/1/2020	344,000.00		3.000%	5,265.00	1,842.75	3,422.25
5/1/2021	344,000.00			5,160.00	1,806.00	3,354.00
11/1/2021	336,500.00	11/1/2019	3.000%	5,160.00	1,806.00	3,354.00
5/1/2022	336,500.00			5,047.50	1,766.63	3,280.88
11/1/2022	329,000.00	11/1/2019	3.000%	5,047.50	1,766.63	3,280.88
5/1/2023	329,000.00			4,935.00	1,727.25	3,207.75
11/1/2023	321,000.00	11/1/2019	3.000%	4,935.00	1,727.25	3,207.75
5/1/2024	321,000.00			4,815.00	1,685.25	3,129.75
11/1/2024	313,000.00	11/1/2019	3.000%	4,815.00	1,685.25	3,129.75
5/1/2025	313,000.00			4,695.00	1,643.25	3,051.75
11/1/2025	304,500.00	11/1/2019	3.000%	4,695.00	1,643.25	3,051.75
5/1/2026	304,500.00			4,567.50	1,598.63	2,968.88
11/1/2026	296,000.00	11/1/2019	3.000%	4,567.50	1,598.63	2,968.88
5/1/2027	296,000.00			4,440.00	1,554.00	2,886.00
11/1/2027	287,000.00	11/1/2019	3.000%	4,440.00	1,554.00	2,886.00
5/1/2028	287,000.00			4,305.00	1,506.75	2,798.25
11/1/2028	278,000.00	11/1/2019	3.000%	4,305.00	1,506.75	2,798.25
5/1/2029	278,000.00			4,170.00	1,459.50	2,710.50
11/1/2029	268,500.00	11/1/2019	3.000%	4,170.00	1,459.50	2,710.50
5/1/2030	268,500.00			4,027.50	1,409.63	2,617.88
11/1/2030	258,500.00	11/1/2019	3.000%	4,027.50	1,409.63	2,617.88
5/1/2031	258,500.00			3,877.50	1,357.13	2,520.38
11/1/2031	248,500.00	11/1/2019	3.000%	3,877.50	1,357.13	2,520.38
5/1/2032	248,500.00			3,727.50	1,304.63	2,422.88
11/1/2032	238,000.00	11/1/2019	3.000%	3,727.50	1,304.63	2,422.88
5/1/2033	238,000.00			3,570.00	1,249.50	2,320.50
11/1/2033	227,500.00	11/1/2019	3.000%	3,570.00	1,249.50	2,320.50
5/1/2034	227,500.00			3,412.50	1,194.38	2,218.13
11/1/2034	216,500.00	11/1/2019	3.000%	3,412.50	1,194.38	2,218.13
5/1/2035	216,500.00			3,247.50	1,136.63	2,110.88

Barkley Lake Water District

Taxable Water System Revenue Bonds - Series 2010B-2
(Build America Bonds--Direct Payment)
First Call Date - 11/01/2019

Fixed Rate Bond -- Debt Service Schedule for 8038-B

Date	Outstanding Principal	First Call Date	Coupon	Gross Interest	35% Credit Payment	Net Interest
11/1/2035	205,000.00	11/1/2019	3.000%	3,247.50	1,136.63	2,110.88
5/1/2036	205,000.00			3,075.00	1,076.25	1,998.75
11/1/2036	193,000.00	11/1/2019	3.000%	3,075.00	1,076.25	1,998.75
5/1/2037	193,000.00			2,895.00	1,013.25	1,881.75
11/1/2037	181,000.00	11/1/2019	3.000%	2,895.00	1,013.25	1,881.75
5/1/2038	181,000.00			2,715.00	950.25	1,764.75
11/1/2038	168,500.00	11/1/2019	3.000%	2,715.00	950.25	1,764.75
5/1/2039	168,500.00			2,527.50	884.63	1,642.88
11/1/2039	155,500.00	11/1/2019	3.000%	2,527.50	884.63	1,642.88
5/1/2040	155,500.00			2,332.50	816.38	1,516.13
11/1/2040	142,000.00	11/1/2019	3.000%	2,332.50	816.38	1,516.13
5/1/2041	142,000.00			2,130.00	745.50	1,384.50
11/1/2041	128,000.00	11/1/2019	3.000%	2,130.00	745.50	1,384.50
5/1/2042	128,000.00			1,920.00	672.00	1,248.00
11/1/2042	113,500.00	11/1/2019	3.000%	1,920.00	672.00	1,248.00
5/1/2043	113,500.00			1,702.50	595.88	1,106.63
11/1/2043	98,500.00	11/1/2019	3.000%	1,702.50	595.88	1,106.63
5/1/2044	98,500.00			1,477.50	517.13	960.38
11/1/2044	83,000.00	11/1/2019	3.000%	1,477.50	517.13	960.38
5/1/2045	83,000.00			1,245.00	435.75	809.25
11/1/2045	67,000.00	11/1/2019	3.000%	1,245.00	435.75	809.25
5/1/2046	67,000.00			1,005.00	351.75	653.25
11/1/2046	50,500.00	11/1/2019	3.000%	1,005.00	351.75	653.25
5/1/2047	50,500.00			757.50	265.13	492.38
11/1/2047	33,500.00	11/1/2019	3.000%	757.50	265.13	492.38
5/1/2048	33,500.00			502.50	175.88	326.63
11/1/2048	16,000.00	11/1/2019	3.000%	502.50	175.88	326.63
5/1/2049	16,000.00			240.00	84.00	156.00
11/1/2049	0	11/1/2019	3.000%	240.00	84.00	156.00

RESOLUTION

RESOLUTION OF THE BARKLEY LAKE WATER DISTRICT APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF REFINANCING AND CURRENT REFUNDING CERTAIN OBLIGATIONS OF THE DISTRICT.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Barkley Lake Water District (the "District") has previously determined that it is in the public interest to refinance and currently refund its outstanding:

1) Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976, in the original authorized principal amount of $364,000, and

2) Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994, in the original authorized principal amount of $1,764,000

(hereinafter collectively referred to as the "Prior Bonds"), in order for the District to obtain substantial interest cost savings, which Prior Bonds were issued by the District to make improvements and extensions to the District's waterworks system (the "System"); and

WHEREAS, the District desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to refinance and currently refund the outstanding Prior Bonds and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such monies, the District is required to enter into an Assistance Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Governing Authority of the Barkley Lake Water District as follows:

1. **Authorization of Assistance Agreement and the Obligations Thereunder.** For the purpose of paying the costs, not otherwise provided, of the refinancing and current refunding of the Prior Bonds, the District hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of $1,440,000 (subject to adjustment plus or minus ten percent (10%)) (which aggregate principal amount may be adjusted downward in the event that the Chairman determines it is in the District's best interest to not refund one of the Prior Bonds) [the "Obligations"], which amount as adjusted shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and

shall be payable in such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the District and the Corporation.

2. **Approval and Authorization of Execution of Assistance Agreement.** The Assistance Agreement by and between the District and the Corporation in such form as may be approved by the Chairman, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Chairman, or any other officer of the District, is hereby authorized to execute and acknowledge same for and on behalf of the District; and the Secretary is authorized to attest same and to affix thereto the corporate seal of the District. The Assistance Agreement is hereby ordered to be filed in the office of the Secretary with this Resolution in the official records of the District.

3. **Disbursement of Proceeds of Obligations.** The District's officers, employees and agents are authorized to carry out the procedures specified in the Assistance Agreement for the refinancing and current refunding of the Prior Bonds and for the payment from time to time of the costs and related expenses associated therewith.

4. **Revenues of the System.** The revenues of the System are determined to be sufficient to pay the principal of and interest on the Obligations, as the same become due and payable; and said revenues, pursuant to the terms of the Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Assistance Agreement.

5. **Chairman and Other District Officials to Take Any Other Necessary Action.** Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, Treasurer, Secretary and all other appropriate officials of the District are hereby authorized and directed to file any and all applications necessary to obtain approval of the issuance of the Obligations from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Obligations and the Assistance Agreement.

6. **Severability Clause.** If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

7. **Captions of Clauses.** The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

8. **Provisions in Conflict Repealed.** All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed.

9. Effective Date of Resolution. This Resolution shall take effect from and after its adoption and approval.

Adopted on April 9, 2012.

BARKLEY LAKE WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of the District at a meeting duly held on April 9, 2012; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this April 9, 2012.

_____
Secretary

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

AND

BARKLEY LAKE WATER DISTRICT

DATED

AUGUST 29, 2012

IN THE AMOUNT OF $1,465,000

This document was prepared by:

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

By _____

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EXHIBIT A ..... Debt Service Schedule

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of August 29, 2012 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Barkley Lake Water District, P.O. Box 308, Cadiz, Kentucky 42211 (the "Governmental Agency"):

WITNESSETH

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2012E (the "Series 2012E Bonds") in the aggregate principal amount of $14,550,000, pursuant to a Supplemental Trust Indenture No. 47, dated as of August 29, 2012 by and between the Issuer and the Trustee, which Series 2012E Bonds will rank on a parity with the Series 2001 Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the Governmental Agencies and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its (i) Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976, in the original principal amount of $364,000 (the "Series 1976 Bonds"), issued pursuant to a Resolution adopted by the Governing Body of the Governmental Agency on July 8, 1976 (the "1976 Bond Legislation"), which Series 1976 Bonds are now owned by the USDA, acting through Rural Development ("RD"), and (ii) Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994, in the original principal amount of $1,764,000 (the "Series 1993 Bonds"), issued pursuant to a Resolution adopted by the Governing Body of the Governmental Agency on October 11, 1993 (the "1993 Bond Legislation"), which Series 1993 Bonds are now owned by RD (collectively, the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks system (the "System"); and

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

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

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

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

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

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of $1,465,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

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

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

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

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

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

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

"*Bond Legislation of 1976*" or "*1976 Bond Legislation*" refer to the Resolution authorizing the Series 1976 Bonds, duly adopted by the Governing Body of the District on July 8, 1976.

"*Bond Legislation of 1993*" or "*1993 Bond Legislation*" refer to the Resolution authorizing the Series 1993 Bonds, duly adopted by the Governing Body of the Governmental Agency on October 11, 1993.

"*Bond Legislation of 2005*" or "*2005 Bond Legislation*" refer to the Resolution authorizing the Series 2005 Bonds, duly adopted by the Governing Body of the Governmental Agency on April 11, 2005.

"*Bond Legislation of 2010A*" or "*2010A Bond Legislation*" refer to the Resolution authorizing the Series 2010A Bonds, duly adopted by the Governing Body of the Governmental Agency on July 12, 2010.

"*Bond Legislation of 2010B*" or "*2010B Bond Legislation*" refer to the Resolution authorizing the Series 2010B Bonds, duly adopted by the Governing Body of the Governmental Agency on July 12, 2010, which resolution was supplemented by resolution duly adopted by the Governing Body of the Governmental Agency on October 11, 2010.

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

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

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

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

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

"*Current Sinking Fund*" refers to the Barkley Lake Water District Water System Sinking Fund of 2010, created in Section 401 of the 2010A Bond Legislation.

"*Depreciation Fund*" refers to the Barkley Lake Water District Water System Depreciation Fund, described in Section 402 of the 2006 Bond Legislation.

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

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

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

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

"*Governmental Agency*" refers to the Barkley Lake Water District, P.O. Box 308, Cadiz, Kentucky 42211.

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

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

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 47, dated August 29, 2012, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing October 1, 2012 and continuing through and including July 1, 2033 or until the Loan has been paid in full.

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

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of $1,465,000, maturing July 1, 2033.

"*Operation and Maintenance Fund*" refers to the Barkley Lake Water District Water System Operation and Maintenance Fund created and confirmed in the Prior Bond Legislation, which Fund will continue to be maintained for the benefit of the System.

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

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

"*Permitted Investments*" refers to the following:

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

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

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

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

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

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or

similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);

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

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

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

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

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

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

i. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;

ii. The management company of the investment company shall have been in operation for at least five (5) years; and

iii. All of the securities in the mutual fund shall be eligible investments under this section.

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

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

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

"*Prior Bond Legislation*" refers to the 2005 Bond Legislation and Series 2008C Assistance Agreement.

"*Prior Bonds*" refers collectively to the Series 2005 Bonds and Series 2008C Loan.

"Prior Sinking Fund" refers to the Barkley Lake Water District Water System Sinking Fund, described in Section 401 of the 2010A Bond Legislation.

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

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

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

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

"Refunded Bonds" refers to the Series 1976 Bonds and Series 1993 Bonds.

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

"Series 1976 Bonds" refers to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 1976, dated December 9, 1976, in the original authorized principal amount of $364,000.

"Series 1993 Bonds" refers to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 1993, dated July 11, 1994, in the original authorized principal amount of $1,764,000.

"Series 1998 Bonds" refers to the outstanding Barkley Lake Water District Water System Refunding Revenue Bonds, Series 1998, dated February 1, 1998, in the original authorized principal amount of $2,150,000.

"Series 2005 Bonds" refers to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series of 2005, dated July 13, 2006, in the original authorized principal amount of $1,185,000.

"Series 2008C Assistance Agreement" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 29, 2008, authorizing the Series 2008C Loan.

"Series 2008C Loan" refers to the loan in the amount of $3,060,000, dated May 29, 2008, to the Governmental Agency from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Bonds (Flexible Term Program), Series 2008C.

"Series 2010A Bonds" refers to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated May 15, 2012, in the original principal amount of $4,002,000.

"Series 2010B Bonds" refers to the outstanding Barkley Lake Water District Taxable Water System Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), dated December 10, 2010, in the original principal amount of $1,837,000, consisting of $1,437,000 of Series B-1 Bonds and $400,000 of Series B-2 Bonds.

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

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

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

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

Section 2. Reaffirmation of Declaration of Waterworks System. That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a waterworks system are hereby in all respects ratified and confirmed; and so long as any of the Obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

Section 3. Authorization of Obligations; Place of Payment; Manner of Execution. That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of $1,465,000 from the Program, for the purpose of providing funds for the Project.

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

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

Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

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

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

Section 4. Redemption.

(a) Optional Redemption. The Obligations maturing prior to July 1, 2022 shall not be subject to optional redemption prior to maturity. Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after July 1, 2022 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after July 1, 2021 at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

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

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

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

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

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

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

Section 8. Flow of Funds. All proceedings preliminary to and in connection with the issuance of the Outstanding Bonds, including provisions made for (i) the receipt, custody and application of the proceeds of the Outstanding Bonds; (ii) the operation of the System on a revenue-producing basis; (iii) the segregation, allocation and custody of the revenues derived from the operation of the System; (iv) the enforcement and payment of the Outstanding Bonds and (v) the depreciation of the System; and all other covenants for the benefit of Bondowners set out in the Prior Bond Legislation, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the Outstanding Bonds, the same as if such provisions and proceedings were set out in full herein; provided, further, that after the issuance of the Obligations, the income and revenues of the System shall be collected, segregated, accounted for and distributed as follows:

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

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

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

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

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

C. Current Sinking Fund. After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Current Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Series 2010A Bonds and Series 2010B Bonds, a sum equal to the total of the following:

(1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Series 2010A Bonds and Series 2010B Bonds then outstanding, plus

(2) A sum equal to one-twelfth (1/12) of the principal of any Series 2010A Bonds and Series 2010B Bonds maturing on the next succeeding July 1.

The Current Sinking Fund is hereby pledged for the payment of the interest and the principal of the Series 2010A Bonds and Series 2010B Bonds, but subject to the vested rights and priorities of the Obligations and Prior Bonds.

D. Depreciation Fund. Pursuant to the provisions of the Prior Bond Legislation, there shall next be transferred from the Revenue Fund a sum sufficient, each month, to maintain a balance in said Depreciation Fund of at least the sum required by the Prior Bond Legislation, which shall be deposited into the Depreciation Fund.

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

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

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

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

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

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

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

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

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

(2) To redeem on August 31, 2012 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or

otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

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

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

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

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

Section 10. Arbitrage Limitations.

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

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

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

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service

(even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall:

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

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

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

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

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

the issuance of the proposed Parity Bonds and the redemption of the Outstanding Bonds to be refunded.

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

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

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

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

Section 14. Defeasance and/or Refunding of Obligations. The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or U.S. Obligations, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such U.S. Obligations shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.

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

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

Its duties as Trustee shall be as follows:

(a) To register all of the Obligations in the names of the Issuer;

(b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;

(c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;

(d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and

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

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

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

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

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

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax

exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

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

Section 19. Insurance.

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

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

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

(b) Liability Insurance on Facilities. So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than $200,000 for one person and $1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than $200,000

from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

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

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

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

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

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

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

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

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

Section 21. Annual Reports. The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the

fiscal year ended December 31, 2011) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

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

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

(a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;

(b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;

(c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;

(d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;

(e) to effect the issuance of additional Parity Bonds; and/or

(f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

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

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

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

the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

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

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

[Signature page follows]

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By Scott T. Bridges
Chairman

Attest:

By David Lyle
Secretary

KRWFC Flexible Term Program Series 2012 E
Sinking Fund Payment Schedule

Borrower: **Barkley Lake Water District**
Closing Date: **08/29/12**

	Monthly Principal	Monthly Interest	Monthly Admin.Fees	Total Monthly Sinking Fund Payments
10/12-1/13	7,000.00	4,363.40	311.13	11,674.53
2/13-7/13	7,000.00	3,444.79	245.63	10,690.42
8/13-1/14	5,833.33	3,328.13	233.96	9,395.42
2/14-8/14	5,833.33	3,328.13	233.96	9,395.42
8/14-1/15	6,250.00	3,211.46	222.29	9,683.75
2/15-7/15	6,250.00	3,211.46	222.29	9,683.75
8/15-1/16	4,166.67	3,086.46	209.79	7,462.92
2/16-7/16	4,166.67	3,086.46	209.79	7,462.92
8/16-1/17	4,583.33	3,003.13	201.46	7,787.92
2/17-7/17	4,583.33	3,003.13	201.46	7,787.92
8/17-1/18	4,583.33	2,911.46	192.29	7,687.08
2/18-7/18	4,583.33	2,911.46	192.29	7,687.08
8/18-1/19	4,583.33	2,808.33	183.13	7,574.79
2/19-7/19	4,583.33	2,808.33	183.13	7,574.79
8/19-1-20	5,000.00	2,670.83	173.96	7,844.79
2/20-7/20	5,000.00	2,670.83	173.96	7,844.79
8/20-1/21	5,000.00	2,520.83	163.96	7,684.79
2/21-7/21	5,000.00	2,520.83	163.96	7,684.79
8/21-1/22	5,000.00	2,370.83	153.96	7,524.79
2/22-7/22	5,000.00	2,370.83	153.96	7,524.79
8/22-1/23	5,416.67	2,220.83	143.96	7,781.46
2/23-7/23	5,416.67	2,220.83	143.96	7,781.46
8/23-1/24	5,416.67	2,058.33	133.13	7,608.13
2/24-7/24	5,416.67	2,058.33	133.13	7,608.13
8/24-1/25	5,833.33	1,895.83	122.29	7,851.46
2/25-7/25	5,833.33	1,895.83	122.29	7,851.46
8/25-1/26	5,833.33	1,720.83	110.63	7,664.79
2/26-7/26	5,833.33	1,720.83	110.63	7,664.79
8/26-1/27	6,250.00	1,545.83	98.96	7,894.79
2/27-7/27	6,250.00	1,545.83	98.96	7,894.79
8/27-1/28	6,250.00	1,358.33	86.46	7,694.79
2/28-7/28	6,250.00	1,358.33	86.46	7,694.79
8/28-1/29	6,666.67	1,170.83	73.96	7,911.46
2/29-7/29	6,666.67	1,170.83	73.96	7,911.46
8/29-1/30	7,083.33	962.50	58.96	8,104.79
2/30-7/30	7,083.33	962.50	58.96	8,104.79
8/30-2/31	7,083.33	741.15	43.02	7,867.50
2/31-7/31	7,083.33	741.15	43.02	7,867.50
8/31-1/32	7,500.00	510.94	28.85	8,039.79
2/32-7/32	7,500.00	510.94	28.85	8,039.79
8/32-1/33	7,916.67	267.19	13.85	8,197.71
2/33-7/33	7,916.67	267.19	13.85	8,197.71
	1,465,000.00	522,491.14	34,504.47	2,021,995.61

Final

$1,465,000

Barkley Lake Water District

Kentucky Rural Water Finance Corporation

Public Projects Refunding Bonds, Series 2012 E

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/29/2012	-	-	-	-	-
02/01/2013	-	-	18,698.11	18,698.11	-
08/01/2013	70,000.00	2.200%	22,142.50	92,142.50	-
12/30/2013	-	-	-	-	110,840.61
02/01/2014	-	-	21,372.50	21,372.50	-
08/01/2014	70,000.00	2.200%	21,372.50	91,372.50	-
12/30/2014	-	-	-	-	112,745.00
02/01/2015	-	-	20,602.50	20,602.50	-
08/01/2015	75,000.00	2.200%	20,602.50	95,602.50	-
12/30/2015	-	-	-	-	116,205.00
02/01/2016	-	-	19,777.50	19,777.50	-
08/01/2016	50,000.00	2.200%	19,777.50	69,777.50	-
12/30/2016	-	-	-	-	89,555.00
02/01/2017	-	-	19,227.50	19,227.50	-
08/01/2017	55,000.00	2.200%	19,227.50	74,227.50	-
12/30/2017	-	-	-	-	93,455.00
02/01/2018	-	-	18,622.50	18,622.50	-
08/01/2018	55,000.00	2.450%	18,622.50	73,622.50	-
12/30/2018	-	-	-	-	92,245.00
02/01/2019	-	-	17,948.75	17,948.75	-
08/01/2019	55,000.00	3.200%	17,948.75	72,948.75	-
12/30/2019	-	-	-	-	90,897.50
02/01/2020	-	-	17,068.75	17,068.75	-
08/01/2020	60,000.00	3.200%	17,068.75	77,068.75	-
12/30/2020	-	-	-	-	94,137.50
02/01/2021	-	-	16,108.75	16,108.75	-
08/01/2021	60,000.00	3.200%	16,108.75	76,108.75	-
12/30/2021	-	-	-	-	92,217.50
02/01/2022	-	-	15,148.75	15,148.75	-
08/01/2022	60,000.00	3.200%	15,148.75	75,148.75	-
12/30/2022	-	-	-	-	90,297.50
02/01/2023	-	-	14,188.75	14,188.75	-
08/01/2023	65,000.00	3.200%	14,188.75	79,188.75	-
12/30/2023	-	-	-	-	93,377.50
02/01/2024	-	-	13,148.75	13,148.75	-
08/01/2024	65,000.00	3.200%	13,148.75	78,148.75	-
12/30/2024	-	-	-	-	91,297.50
02/01/2025	-	-	12,108.75	12,108.75	-
08/01/2025	70,000.00	3.200%	12,108.75	82,108.75	-
12/30/2025	-	-	-	-	94,217.50
02/01/2026	-	-	10,988.75	10,988.75	-
08/01/2026	70,000.00	3.200%	10,988.75	80,988.75	-
12/30/2026	-	-	-	-	91,977.50
02/01/2027	-	-	9,868.75	9,868.75	-
08/01/2027	75,000.00	3.200%	9,868.75	84,868.75	-
12/30/2027	-	-	-	-	94,737.50
02/01/2028	-	-	8,668.75	8,668.75	-
08/01/2028	75,000.00	3.200%	8,668.75	83,668.75	-
12/30/2028	-	-	-	-	92,337.50
02/01/2029	-	-	7,468.75	7,468.75	-
08/01/2029	80,000.00	3.350%	7,468.75	87,468.75	-
12/30/2029	-	-	-	-	94,937.50
02/01/2030	-	-	6,128.75	6,128.75	-
08/01/2030	85,000.00	3.350%	6,128.75	91,128.75	-
12/30/2030	-	-	-	-	97,257.50
02/01/2031	-	-	4,705.00	4,705.00	-
08/01/2031	85,000.00	3.450%	4,705.00	89,705.00	-
12/30/2031	-	-	-	-	94,410.00
02/01/2032	-	-	3,238.75	3,238.75	-
08/01/2032	90,000.00	3.450%	3,238.75	93,238.75	-
12/30/2032	-	-	-	-	96,477.50
02/01/2033	-	-	1,686.25	1,686.25	-
08/01/2033	95,000.00	3.550%	1,686.25	96,686.25	-
12/30/2033	-	-	-	-	98,372.50
Total	**$1,465,000.00**	-	**$556,995.61**	**$2,021,995.61**	-

Yield Statistics

Bond Year Dollars	$17,141.06
Average Life	11.700 Years
Average Coupon	3.2494826%
Net Interest Cost (NIC)	3.3036386%
True Interest Cost (TIC)	3.2986703%
Bond Yield for Arbitrage Purposes	3.2168739%
All Inclusive Cost (AIC)	3.5525942%

IRS Form 8038

Net Interest Cost	3.1609373%
Weighted Average Maturity	11.577 Years

8/9/2012 | 11:30 AM

Raymond James | Morgan Keegan

Public Finance

BOND RESOLUTION

BARKLEY LAKE WATER DISTRICT

AUTHORIZING

BARKLEY LAKE WATER DISTRICT

WATER SYSTEM REVENUE BONDS, SERIES 2014

IN THE PRINCIPAL AMOUNT OF

$825,000

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BOND RESOLUTION

RESOLUTION OF THE BARKLEY LAKE WATER DISTRICT AUTHORIZING AND PROVIDING FOR THE ISSUANCE AND SALE OF $825,000 PRINCIPAL AMOUNT OF BARKLEY LAKE WATER DISTRICT WATER SYSTEM REVENUE BONDS, SERIES 2014 FOR THE PURPOSE OF FINANCING THE COST (NOT OTHERWISE PROVIDED) OF THE CONSTRUCTION OF EXTENSIONS, ADDITIONS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF SAID DISTRICT; SETTING FORTH TERMS AND CONDITIONS UPON WHICH SAID BONDS MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF THE REVENUES OF SAID WATERWORKS SYSTEM; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF SAID BONDS.

WHEREAS, the waterworks system (the "System") of the Barkley Lake Water District (the "District") is owned and operated by said District pursuant to Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), and

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

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

WHEREAS, it is the desire and intent of the District at this time to authorize and provide for the issuance of revenue bonds in the principal amount of $825,000 (the "Current Bonds"), for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the System of the District, in accordance with plans and specifications prepared by Bell Engineering, Inc. and to prescribe the covenants of the District, the rights of Bondowners and the details of the issuance and sale of the proposed Current Bonds, and

WHEREAS, the District desires and intends that the Current Bonds be issued subject to the vested rights and priorities in favor of the owners of the outstanding Prior Bonds, and

WHEREAS, the Public Service Commission of Kentucky has granted to the District a Certificate of Public Convenience and Necessity, authorizing the construction of said extensions, additions and improvements, and

WHEREAS, the proceeds of the Current Bonds will be supplemented by certain other grant and loan funds,

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

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

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

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

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

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

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

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

"Bonds of 2005" or *"Series 2005 Bonds"* refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006, in the original authorized principal amount of $1,185,000.

"Bonds of 2010A" or *"Series 2010A Bonds"* refer to the Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated the date of issuance, in the original authorized principal amount of $4,002,000.

"Bonds of 2010B" or *"Series 2010B Bonds"* refer to the Barkley Lake Water District District Taxable Water System Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), in the aggregate principal amount of $1,837,000, consisting of $1,437,000 of Series B-1 Bonds and $400,000 of Series B-2 Bonds.

"Bond Resolution of 2005" or *"2005 Bond Resolution"* refer to the Resolution authorizing the Bonds of 2005, duly adopted by the Board of Commissioners of the District on April 11, 2005.

"Bond Resolution of 2010A" or *"2010A Bond Resolution"* refer to the Resolution authorizing the Bonds of 2010A, duly adopted by the Board of Commissioners of the District on July 12, 2010.

"Bond Resolution of 2010B" or *"2010B Bond Resolution"* refer to the Resolution authorizing the Bonds of 2010B, duly adopted by the Board of Commissioners of the District on July 12, 2010.

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

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

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

"Construction Account" refers to the Barkley Lake Water District Water System Construction Account, created in Section 301(B) of this Current Bond Resolution.

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

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

"Current Bonds" refers to the $825,000 of Barkley Lake Water District Water System Revenue Bonds, Series 2014 authorized by this Resolution, to be dated as of the date of issuance thereof.

"Current Sinking Fund" refers to the Barkley Lake Water District Water System Sinking Fund of 2014, described in Section 401 of this Resolution.

"Depository Bank" refers to the bank, which shall be a member of the FDIC, which bank is Integra Bank, Cadiz, Kentucky, or its successor.

"Depreciation Fund" refers to the Barkley Lake Water District Water System Depreciation Fund, described in Section 402 of this Resolution.

"District" refers to the Barkley Lake Water District.

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

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

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

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

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

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

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

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

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

"KRWFC Loan of 2008" refers to the outstanding Kentucky Rural Water Finance Corporation Loan to the District, dated May 29, 2008, in the original principal amount of $3,060,000.

"KRWFC Loan of 2012" refers to the outstanding Kentucky Rural Water Finance Corporation Loan to the District, dated August 29, 2012, in the original principal amount of $1,465,000.

"KRWFC Resolution of 2008" or *"2008 KRWFC Resolution"* refer to the Resolution authorizing the KRWFC Loan of 2008.

"KRWFC Resolution of 2012" or *"2012 KRWFC Resolution"* refer to the Resolution authorizing the KRWFC Loan of 2012.

"Local Counsel" refers to H.B. Quinn, Esq., Cadiz, Kentucky, or any other attorney or firm of attorneys designated by the District.

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

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

"Operation and Maintenance Fund" refers to the Barkley Lake Water District Water System Operation and Maintenance Fund described in Section 401 of this Resolution.

"Outstanding Bonds" refers to the outstanding Bonds, and does not refer to, nor include, any Bonds for the payment of the principal and interest of which sufficient funds will have been

deposited and earmarked for payment of Bonds; provided all Outstanding Bonds of any series held by RD shall be deemed to constitute Outstanding Bonds until paid regardless of the deposit of funds to pay for same.

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

"Prior Bonds" refers collectively to the Series 2005 Bonds, the Series 2010A Bonds, the Series 2010B Bonds, the KRWFC Loan of 2008 and the KRWFC Loan of 2012.

"Prior Bond Resolution" refers collectively to the 2005 Bond Resolution, the 2010A Bond Resolution, the 2010B Bond Resolution, the KRWFC Resolution of 2008 and the KRWFC Resolution of 2012.

"Prior Sinking Fund" refers to the Barkley Lake Water District Water System Sinking Fund, described in Section 401 of this Resolution.

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

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

"RD" refers to the Rural Development of the Department of Agriculture of the United States of America.

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

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

"Revenue Fund" refers to the Barkley Lake Water District Water System Revenue Fund, described in Section 401 of this Resolution.

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

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

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

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

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

Section 102. Purpose. The Current Bonds shall be issued for the purpose of financing the cost (not otherwise provided) of the Project, as set out in the plans and specifications prepared by the Engineers. The Commission hereby declares the System of the District, including the extensions, additions and improvements to be constructed, to constitute a revenue producing public project, and said System shall continue to be owned, controlled, operated and maintained by the District as a revenue producing public project pursuant to the Act, so long as any Bonds remain outstanding.

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

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

Section 105. Authorization of Bonds. The District has heretofore determined that the total cost of the Project, including preliminary expenses, land and rights-of-way, engineering expense, capitalized interest during construction, legal and administrative costs, publication costs, initial deposits required and all incidental expenses, will not exceed $1,100,000. Therefore, it is hereby determined to be necessary in order for the District to finance the cost (not otherwise provided) of the Project that the District issue a total of $825,000 of Current Bonds, based on the following calculation:

Total cost of Project		$1,100,000
Less:		
RD Grant	$275,000	
Total Non-Bond Funds:		(275,000)
Balance to be financed by Current Bonds		$825,000

Accordingly, for the purpose of financing the cost (not otherwise provided) of the Project, under the provisions of the Act, there is hereby authorized to be issued and sold $825,000 principal amount of Barkley Lake Water District Water System Revenue Bonds, Series 2014.

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

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

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

Section 107. Current Bonds Shall be Payable Out of Gross Revenues, Subject to Priority of Prior Bonds. The Current Bonds, and any additional Parity Bonds that may be issued under the conditions and restrictions hereinafter set forth, shall be secured by and payable out of the gross revenues of the System, after providing for all of the principal and interest requirements of the outstanding Prior Bonds.

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

ARTICLE 2. THE BONDS; BOND FORM; PREPAYMENT.

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

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

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

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

Section 204. Provisions as to Prepayment. Except when all of the Current Bonds are held by the Government, principal maturities falling due prior to November 1, 2024, shall not be subject to prepayment. Principal maturities falling due on and after November 1, 2024, shall be subject to prepayment by the District on any date falling on and after November 1, 2023, at par plus accrued interest, without any prepayment penalty.

So long as all of the Current Bonds are owned by the Government, all or any of the Current Bonds, or in a multiple of $100, may be prepaid at any time in inverse chronological order of the principal maturities due, at par plus accrued interest without any prepayment penalty.

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

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

Section 301. Construction Account; Application of Proceeds of Bonds; Other Transfers and Deposits. The Treasurer, or such other District official as shall be designated by the Commission, shall be the custodian of all funds belonging to and associated with the System. All moneys in excess of the amount insured by the FDIC in the Construction Account shall be secured by the Depository Bank in accordance with U. S. Treasury Department Circular No. 176. The officials of the District entrusted with the receipt and disbursement of revenues of the System and the custody of valuable property shall be covered by a fidelity bond in the amount of not less than $361,000 (the "Fidelity Bond"), or such larger amount as the RD may require, which Fidelity Bond shall be effective and secured by a surety company approved by the RD so long as it is owner of any of the Current Bonds. The RD and the District shall be named co-obligees in such Fidelity Bond and the amount thereof shall not be reduced without the written consent of the RD. Whenever sums in the Funds shall exceed $361,000, the Fidelity Bond shall be increased accordingly as requested by and with the approval of the RD.

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

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

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

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

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

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

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

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

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

(4) Transfer of Capitalized Interest to Current Sinking Fund. There shall be transferred from the Construction Account an amount sufficient to provide for capitalized interest (initially estimated at $34,000) during the construction of the Project, as approved by the Engineers and by RD. If and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project, such amount so transferred from the Construction Account shall be deposited in the Current Sinking Fund.

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

the District in said Depository Bank to exceed the amount insured by the FDIC, the same shall be continuously secured by a valid pledge of U.S. Obligations, having an equivalent market value, in conformity with Section 66.480 of the Kentucky Revised Statutes. Investments in Certificates of Deposit may be made only if a separate RD Form 402-4 Agreement is executed, if the RD has purchased any of the Bonds, and investments in Certificates of Deposit or savings accounts may be made only in such Certificates or accounts of an FDIC bank. Any such investments will be a part of the Construction Account, and income from such investments will be credited to the Construction Account. All such investments shall be subject to the limitations set out in Section 303 hereof.

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

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

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

Section 302. Interim Financing Authorization.

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

The borrowing of up to the aggregate sum of $825,000 from the Interim Lender is hereby authorized; and the Chairman is hereby authorized to execute the Note in the name and on behalf of the District. Each advance under the Note shall evidence a loan by the Interim Lender to the District for services rendered and/or materials supplied in connection with the Project, as evidenced by a Requisition Certificate.

Interim financing shall be disbursed as follows:

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

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

The aggregate of the principal amount of all Notes shall not exceed $825,000. Each Note which is renewed or superseded shall be simultaneously cancelled by the Interim Lender and transmitted to the Treasurer. The rate of interest applicable to each Note shall not exceed a reasonable rate, which rate is subject to the approval of the RD.

The total authorized interim financing of $825,000 shall be the maximum indebtedness which the District may owe at any one time to the Interim Lender for the purpose of providing temporary construction financing for the Project; provided, however, that the District may reduce the amount owed by the District to the Interim Lender from time to time as and when funds are available to the District, whether derived from the proceeds of the Grant Proceeds, the proceeds of the sale of the Current Bonds or otherwise, and may reborrow from the Interim Lender additional amounts in anticipation of the further receipt by the District of additional proceeds from the Current Bonds and/or Grant Proceeds.

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

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

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

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

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

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

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

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

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

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

ARTICLE 4. FLOW OF FUNDS.

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

(a) Barkley Lake Water District Water System Revenue Fund
(b) Barkley Lake Water District Water System Sinking Fund
(c) Barkley Lake Water District Water System Depreciation Fund
(d) Barkley Lake Water District Water System Operation and Maintenance Fund

There was created and established the Barkley Lake Water District Water System Sinking Fund of 2014.

All of the Funds shall be maintained with the Depository Bank so long as any Bonds remain outstanding subject to the right of the District to designate a different depository bank.

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

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

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

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

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

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

C. Current Sinking Fund. At or after the time that the Current Bonds have been delivered, there shall be transferred from the Construction Account into the Current Sinking Fund an amount sufficient (currently estimated at $34,000) to provide for capitalized interest during the construction of the Project, if and to the extent not theretofore expended in paying interest on interim financing and if and to the extent then needed to pay interest during the remaining period of construction of the Project.

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

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

(2) A sum equal to one-twelfth (1/12) of the principal of any Current Bonds maturing on the next succeeding November 1.

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

D. Depreciation Fund. It is hereby determined that upon the issuance of the Current Bonds, and upon completion of the Project, as certified by the Engineers and by the RD, there shall next be transferred from the Revenue Fund the sum of at least $295 each month which shall be deposited into the Depreciation Fund until there is accumulated in such Depreciation Fund the sum of at least $35,400, which amount shall be maintained, and when necessary, restored to said sum of $35,400, so long as any of the Current Bonds are outstanding and unpaid. These deposits are in addition to the deposits required by the Prior Bond Resolution.

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

Moneys in the Depreciation Fund may be withdrawn and used by the District, upon appropriate certification of the Commission, for the purpose of paying the cost of unusual or extra-

ordinary maintenance, repairs, renewals and replacements not included in the annual budget of current expenses and/or of paying the costs of constructing future extensions, additions and improvements to the System which will either enhance its revenue-producing capacity or will provide a higher degree of service, and when necessary, for the purpose of making payments of principal and interest on the Bonds if the amount on deposit in the Sinking Fund is not sufficient to make such payments.

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

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

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

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

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

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

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

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

Section 403. Current Bonds Subject to the Priority of the Prior Bonds. It is hereby found and declared that the Current Bonds shall be payable from the gross income and revenues of the System, subject to the priority of the Prior Bonds.

ARTICLE 5. COVENANTS OF DISTRICT

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

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

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

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

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

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

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

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

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

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

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

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

(1) It will faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky;

(2) It will make and collect reasonable and sufficient rates and charges for services and facilities rendered by the System;

(3) It will segregate the revenues and income from the System and make application thereof consistent with and as provided by this Resolution;

(4) Unless the written consent of the Owners of a majority of the principal amount of the Outstanding Bonds has been obtained, the District agrees not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all appurtenances thereto and extensions, additions and improvements that may be made thereto, until all of the Outstanding Bonds shall have been paid or provided for in full, as provided herein; subject to the provisions of Section 607 hereof;

(5) It will maintain in good condition and continuously operate the System and appurtenances thereto and will charge such rates and charges for the services rendered thereby so that the gross income and revenues will be sufficient at all times (i) to pay the interest on and principal of the Outstanding Bonds as same become due; (ii) to pay the cost of operating and maintaining the System; and (iii) to provide for an adequate depreciation account; and

(6) It will carry and maintain insurance on properties of the System subject to loss or damage in amounts and against hazards substantially in accordance with the practices of other districts, cities or corporations which own and maintain waterworks systems under similar conditions; and so long as the Government is the Owner of any of the Outstanding Bonds, the Government will be listed as co-beneficiary on any such policy; and the District shall further comply with the insurance requirements of Section 506 hereof (involving insurance on motors, tanks and structures).

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

Section 506. Insurance on Motors, Tanks and Structures. The District shall (a) immediately after the adoption of this Resolution and (b) at the time of final acceptance of the Project, insure all electric motors, elevated water storage tanks, pumping stations and major structures of the System in an amount recommended by the Engineers and approved by the RD, so long as the RD is the Owner of any of the Bonds, for the hazards usually covered in such area, and shall similarly insure same in an amount recommended by the Engineers, without the necessity of approval by the RD if and whenever the District has Outstanding Bonds against the System and none of such Outstanding Bonds are owned by the RD.

ARTICLE 6. INFERIOR BONDS AND PARITY BONDS

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

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

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

(a) the consent of the RD if the Government is as the Owner of the Prior Bonds at that time or the consent of any other Owners of the Prior Bonds, and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The District is in compliance with all covenants and undertakings in connection with all of the Outstanding Bonds, and the required reserves for such Outstanding Bonds will have been accumulated;

(b) The District will, in the event of any such sale, apply the proceeds to either (1) redemption of Outstanding Bonds in accordance with the provisions governing prepayment of bonds in advance of maturity; or (2) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System, as hereinbefore provided;

(c) The District certifies, in good faith, prior to any abandonment of use, that the facilities to be abandoned are no longer economically feasible of producing net revenues; and

(d) The District certifies, in good faith, that the estimated net revenues of the remaining facilities of the System for the then next succeeding Fiscal Year, plus the estimated net revenues of the facilities, if any, to be added to the System, comply with the earnings requirements hereinbefore provided in the provisions and conditions governing the issuance of Parity Bonds.

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

ARTICLE 7. DEFAULT AND CONSEQUENCES

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

(a) The failure to pay principal of the Bonds as and when same shall become due and payable, either at maturity or by proceedings for redemption.

(b) The failure to pay any installment of interest on the Bonds when the same shall become due and payable or, if any or all of the Outstanding Bonds are owned by the RD, within thirty (30) days thereafter.

(c) The default by the District in the due or punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, or in this Current Bonds Resolution.

(d) The failure to promptly repair, replace or reconstruct facilities of the System that have been damaged and/or destroyed.

(e) The entering of any order or decree with the consent or the acquiescence of the District, appointing a receiver of all or any part of the System or any revenues thereof; or if such order or decree shall be entered without the acquiescence or consent of the District, its failure to have the order vacated, discharged or stayed on appeal within sixth (60) days after entry.

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

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

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

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

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

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

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

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

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

Section 804. Approval and Acceptance of RD Grant Agreement. The RD has agreed to make a grant to the District in the amount of $275,700 (the "RD Grant") to supplement the proceeds of the Current Bonds in order to provide the total cost of the Project, and the RD has requested the District to approve, accept and execute RD Form 1780-12 (the "RD Grant Agreement"), setting out the terms and conditions upon which said RD Grant will be made. Said RD Grant Agreement is hereby approved, and the Chairman and the Secretary are authorized to execute said RD Grant Agreement on behalf of the District. The Chairman and Secretary are also authorized on behalf of the District to accept any and all other RD Grants offered to the District in connection with the Project and to execute any and all RD Grant Agreements and any other documents as may be requested by the RD in connection with RD Grants which have been and/or which may hereafter be approved for such Project.

Section 805. Authorization, Ratification and Confirmation of Approval and Execution of Various Documents. The Commission hereby authorizes, approves, ratifies and confirms the previous action of the officers of the District in approving and executing various documents related to the financing of the Project, including the following:

(a) Legal Services Agreement with Bond Counsel.

(b) Legal Services Agreement with Local Counsel.

(c) Letter of Intent to Meet Conditions of RD Letter of Conditions (RD Form 1942-46).

(d) Loan Resolution (RD Form 1780-27).

(e) Agreement for Engineering Services with the Engineers.

Section 806. Authorization of Condemnation to Acquire Easements and/or Sites. In the event that (a) any necessary deeds of easement to allow construction of the Project over the property of any property owner or (b) any necessary deed to the necessary site of any waterworks facility of the Project shall not be obtained through negotiation within ten (10) days after the date of adoption of this Resolution and in the event that (1) such waterworks lines cannot be located within the right-of-way of the State and/or County road involved; and/or (2) such waterworks facilities cannot be located on a site already owned by the District, Local Counsel is hereby authorized and directed to file condemnation actions to obtain such necessary rights-of-way and/or sites forthwith, without further authorization or direction from the District or the Commission. Local Counsel is further directed to follow the same condemnation procedure in the event that it becomes necessary, through change orders, line extensions and/or errors in the location of property lines and/or property owners, to obtain additional easements, rights-of-way and/or sites for completion of the Project and whenever the necessary deed is not obtained by negotiation at least

ten (10) days prior to the date on which construction is contemplated in the respective easement, right-of-way and/or site.

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

Section 807. Authorization to File Required Financing Statements. In the event that it is determined by Bond Counsel or Local Counsel that the District is required to file any financing statements under the Kentucky Uniform Commercial Code in order to perfect the pledge of the gross revenues of the District's System as security for the Current Bonds, Bond Counsel and/or Local Counsel are hereby authorized to prepare and file with the appropriate officials such financing statements as they deem necessary.

ARTICLE 9. SALE OF CURRENT BONDS

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

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

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

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

ARTICLE 10. CONCLUDING PROVISIONS

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

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

(b) The District hereby certifies that it does not reasonably anticipate that the total principal amount of "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code which the District, or any subordinate entity of the District, will issue during the calendar year during which the Current Bonds are issued, will exceed $30,000,000; and therefore the District hereby designates the Current Bonds and all interim financing obligations, including, but not limited to the Note, issued pursuant to Section 302 hereof as "qualified tax-exempt obligations".

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

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

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

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

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

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

Adopted this July 14, 2014.

BARKLEY LAKE WATER DISTRICT

_____

Chairman

(Seal of District)

Attest:

_____

Secretary

CERTIFICATION

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Barkley Lake Water District, and that the foregoing Resolution is a true copy of a Resolution duly adopted by the Board of Commissioners of said District, signed by the Chairman of said District and attested under Seal by me as Secretary, at a properly convened meeting of said Board of Commissioners held on July 14, 2014, as shown by the official records of said District in my custody and under my control.

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

IN TESTIMONY WHEREOF, witness my signature as Secretary and the official Seal of the District this July 14, 2014.

_____

Secretary

(Seal of District)

EXHIBIT A

Schedule of Principal Payments

Payment Due November 1	Principal Payment	Payment Due November 1	Principal Payment
2017	$12,500	2036	$21,000
2018	13,000	2037	21,500
2019	13,500	2038	22,000
2020	13,500	2039	23,000
2021	14,000	2040	23,500
2022	14,500	2041	24,000
2023	15,000	2042	25,000
2024	15,000	2043	25,500
2025	15,500	2044	26,000
2026	16,000	2045	27,000
2027	16,500	2046	27,500
2028	17,000	2047	28,500
2029	17,500	2048	29,000
2030	18,000	2049	30,000
2031	18,500	2050	31,000
2032	19,000	2051	31,500
2033	19,500	2052	32,500
2034	20,000	2053	33,500
2035	20,500	2054	34,000

EXHIBIT B

(FORM OF FULLY REGISTERED BOND)

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
BARKLEY LAKE WATER DISTRICT
WATER SYSTEM REVENUE BONDS, SERIES 2014

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

KNOW ALL PERSONS BY THESE PRESENTS:

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

_____

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

_____ DOLLARS ($_____),

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

Year	Principal	Year	Principal	Year	Principal

[Here the printer of the Current Bond will print the maturities of the Current Bonds purchased by the registered Owner]

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

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

This Bond is issued subject to the vested rights and priorities in favor of the owners of the outstanding (i) Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006 (the "2005 Bonds"), authorized by a Resolution adopted by the Commission of the District on April 11, 2005 (the "2005 Bond Resolution"); (ii) Kentucky Rural Water Finance Corporation Loan to the District, dated May 29, 2008 (the "2008 KRWFC Loan"), authorized by a Resolution adopted by the Commission of the District (the "2008 KRWFC Bond Resolution"); (iii) Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated May 15, 2012 (the "2010A Bonds"), authorized by a Resolution adopted by the Commission of the District on July 12, 2010 (the "2010A Bond Resolution"); (iv) Barkley Lake Water District Water System Taxable Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), dated December 20, 2010 (the "2010B Bonds"), authorized by a Resolution adopted by the Commission of the District on July 12, 2010 (the "2010B Bond Resolution"); and (v) Kentucky Rural Water Finance Corporation Loan to the District, dated August 29, 2012 (the "2012 KRWFC Loan"), authorized by a Resolution adopted by the Commission of the District (the "2012 KRWFC Bond Resolution")[hereinafter the 2005 Bonds, the 2008 KRWFC Loan, the 2010A Bonds, the 2010B Bonds and the 2012 KRWFC Loan shall be collectively referred to as the "Prior Bonds", and the 2005 Bond Resolution, the 2008 KRWFC Resolution, the 2010A Bond Resolution, the 2010B Bond Resolution and the 2012 KRWFC Bond Resolution shall be collectively referred to as the "Prior Bond Resolution"]. Accordingly, this Bond together with any bonds ranking on a parity therewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds and the requirements of the Prior Bond Resolution.

This Bond has been issued in full compliance with the Current Bond Resolution and this Bond, and any bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions of the Current Bond Resolution are and will continue to be payable from revenues which shall be set aside in a fund for that purpose and identified as the "Barkley Lake Water District Water System Sinking Fund of 2014", created in the Current Bond Resolution.

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Current Bonds are outstanding, the System will be continuously owned and operated by the

District as a revenue producing public undertaking within the meaning of the aforesaid Act for the security and source of payment of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after November 1, 2023, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars ($100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

So long as the registered owner of this Bond is the United States of America, or any agency thereof, the entire principal amount of this Bond, or installments in multiples of $100, may be prepaid at any time in inverse chronological order of the installments due.

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

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

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

BARKLEY LAKE WATER DISTRICT

By_____
Chairman

Attest:

_____
Secretary

(Seal of District)

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar

ASSIGNMENT

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

_____

By:_____

EXHIBIT C

REQUISITION CERTIFICATE

Re: Barkley Lake Water District Water System Revenue Bonds, Series 2014, in the aggregate principal amount of $825,000

The undersigned hereby certify as follows:

1. That they are the signatories required for construction and/or administrative draws pursuant to the Bond Resolution adopted by the Barkley Lake Water District (the "District").

2. That the named firms and/or persons set forth on Exhibit A attached hereto are now entitled to the aggregate sum of $_____, itemized as set forth in said Exhibit A and as per approved invoices attached hereto:

3. That upon said amount being lent to said District and/or obtained by said District from the proceeds of the Current Bonds and/or other sources, the undersigned approve such expenditure and the payment of said amounts to said firms and/or persons, either directly or from amounts deposit in the "Barkley Lake Water District Water System Construction Account".

4. That we hereby certify that we have carefully inspected the work and, as a result of our inspection and to the best of our knowledge and belief, the amounts shown in this Requisition Certificate are correct and the work has been performed in accordance with the agreements between the District and the parties requesting payment.

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

Barkley Lake Water District

By_____
Chairman

Approved on _____

USDA, Rural Development

By_____
Authorized RD Official

Approved on _____

Bell Engineers, Inc.

By _____
Registered Professional Engineer
State of Kentucky No. _____

Approved on _____

Amount expended heretofore $_____

Amount approved herein _____

Total _____

EXHIBIT A TO REQUISITION CERTIFICATE

Name of Entity/Person	Amount

2014 Debt Payment Schedule

There is no amortization schedule for this bond. The interest rate is fixed at 2.75%, principal payments begin on Nov 1, 2017. We have calculated interest based on the known figures. Actual interest expense will vary depending on the date when principal payments are actally made.

	825,000	Principal Pmt	Balance after	Interest May 1	Interest November 1	
2014		-	825,000			
2015		-	825,000	9,900.00	9,900.00	
2016		-	825,000	11,343.75	11,343.75	
2017		12,500	812,500	11,171.88	11,171.88	
2018		13,000	799,500	10,993.13	10,993.13	
2019		13,500	786,000	10,807.50	10,807.50	
2020		13,500	772,500	10,621.88	10,621.88	
2021		14,000	758,500	10,429.38	10,429.38	5200.02
2022		14,500	744,000	10,230.00	10,230.00	
2023		15,000	729,000	10,023.75	10,023.75	
2024		15,000	714,000	9,817.50	9,817.50	
2025		15,500	698,500	9,604.38	9,604.38	
2026		16,000	682,500	9,384.38	9,384.38	
2027		16,500	666,000	9,157.50	9,157.50	
2028		17,000	649,000	8,923.75	8,923.75	
2029		17,500	631,500	8,683.13	8,683.13	
2030		18,000	613,500	8,435.63	8,435.63	
2031		18,500	595,000	8,181.25	8,181.25	
2032		19,000	576,000	7,920.00	7,920.00	
2033		19,500	556,500	7,651.88	7,651.88	
2034		20,000	536,500	7,376.88	7,376.88	
2035		20,500	516,000	7,095.00	7,095.00	
2036		21,000	495,000	6,806.25	6,806.25	
2037		21,500	473,500	6,510.63	6,510.63	
2038		22,000	451,500	6,208.13	6,208.13	
2039		23,000	428,500	5,891.88	5,891.88	
2040		23,500	405,000	5,568.75	5,568.75	
2041		24,000	381,000	5,238.75	5,238.75	
2042		25,000	356,000	4,895.00	4,895.00	
2043		25,500	330,500	4,544.38	4,544.38	
2044		26,000	304,500	4,186.88	4,186.88	
2045		27,000	277,500	3,815.63	3,815.63	
2046		27,500	250,000	3,437.50	3,437.50	
2047		28,500	221,500	3,045.63	3,045.63	
2048		29,000	192,500	2,646.88	2,646.88	
2049		30,000	162,500	2,234.38	2,234.38	
2050		31,000	131,500	1,808.13	1,808.13	
2051		31,500	100,000	1,375.00	1,375.00	
2052		32,500	67,500	928.13	928.13	
2053		33,500	34,000	467.50	467.50	
2054		34,000	-	-	-	
		825,000		267,361.98	267,361.98	

LOAN AGREEMENT

By and Between

KENTUCKY RURAL WATER FINANCE CORPORATION

and

BARKLEY LAKE WATER DISTRICT
Borrower

dated December 5, 2020

LOAN AGREEMENT

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LOAN AGREEMENT

This Loan Agreement made and entered into as of December 5, 2020 (the "Loan Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit corporation and instrumentality of various entities of the Commonwealth of Kentucky (the "Corporation") and the Barkley Lake Water District (the "Borrower"):

WITNESSETH

WHEREAS, the Corporation has established its Public Projects Construction Financing Program (the "Program") to offer interim financing to governmental entities for construction of public projects for the purpose of providing a centralized source of interim construction financing and to reduce interest costs financing expenses of such governmental entities; and

WHEREAS, the Corporation has issued its Public Projects Construction Notes, Series E-2020-1, (the "Notes") pursuant to a Trust Indenture dated as of April 1, 2017, as amended by the First Amendment to Trust Indenture dated as of June 25, 2019 and the Second Amendment to Trust Indenture dated as of December 5, 2019 and as supplemented by Supplemental Trust Indenture No. 4 dated as of December 5, 2019 and as supplemented by Supplemental Trust Indenture No. 5 dated as of December 1, 2020 (collectively, the "Indenture") between the Corporation and Regions Bank, trustee (the "Trustee"), to finance the Program and to make Loans to governmental agencies for construction of their projects; and

WHEREAS, the Borrower has obtained a commitment for Permanent Financing for its Project as hereinafter defined, from the United States Department of Agriculture, acting through Rural Development ("RD"); and

WHEREAS, the Borrower has determined that it is necessary and desirable to acquire, construct, and finance the Project, and the Corporation has determined that the Project is a project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Corporation; and

WHEREAS, pursuant to this Loan Agreement the Borrower will proceed with the construction of the Project; and

WHEREAS, pursuant to this Loan Agreement the Borrower will irrevocably assign to the Trustee, for the benefit of the Corporation, all right, title and interest in and to monies to be received pursuant to the Permanent Financing, which monies will be used by the Trustee to pay principal of and interest on the Notes; and

WHEREAS, the Corporation is willing to cooperate with the Borrower in making available the Loan to be applied to the construction of the Project upon the conditions hereinafter enumerated and the covenants by the Borrower herein contained; and

WHEREAS, the Corporation and the Borrower have determined to enter into this Loan Agreement to set forth their respective duties, rights, covenants, and obligations with respect to the construction and financing of the Project and the repayment of the Loan;

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

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Except as set forth below, all of the capitalized terms utilized in this Loan Agreement will have the same definitions and meaning as ascribed to them in the Indenture. Terms defined in the Indenture and applicable to all borrowers under the Program shall when used in this Loan Agreement relate solely to the Borrower, who is a party hereto, unless otherwise expressly stated.

"*Act*" shall mean Chapter 58 of the Kentucky Revised Statutes, as amended.

"*Application*" shall mean an application in substantially the form attached hereto as Exhibit A.

"*Authorized Officer*" shall mean with respect to the Issuer, its President, Vice-President, Treasurer, Secretary or Assistant Secretary, and any other of its members, officers, agents, or employees duly authorized by resolution of the Issuer to perform the act or sign the document in question; and with respect to any Borrower, its Chairman, Vice Chairman and Secretary, and any other of its members, officers, agents, or employees duly authorized by resolution of the Issuer to perform the act or sign the document in question.

"*Borrower's Account*" shall mean the separate accounts within the Program Fund under the Indenture, established for the Borrower's Project and Loan.

"*Business Day*" means any day other than a Saturday, a Sunday, or a day on which banking institutions in the Commonwealth of Kentucky or the State of New York or the Office of the Trustee is closed as authorized or obligated by law or administrative order or a day on which the New York Stock Exchange is closed.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

"*Commitment Letter*" means the RD Commitment Letter evidencing the approval by RD of Permanent Financing for the Project.

"*Commonwealth*" or "*State*" shall mean the Commonwealth of Kentucky.

"*Corporation*" shall mean the Kentucky Rural Water Finance Corporation, a non-profit corporation and an instrumentality of the Borrower and other governmental entities.

"*Costs*" or "*Project Costs*" shall mean the costs of the Project as approved by RD including interest during the construction of the Project.

"*Engineers*" means the firm of consulting engineers employed by the Borrower in connection with the Project, as identified in the Application.

"*Immediate Notice*" shall mean notice given by telephone, telecopy, telegraph or other electronic means, promptly confirming in writing in accordance with the requirements of the Indenture.

"*Indenture*" shall mean the Trust Indenture dated as of April 1, 2017, between the Corporation and the Trustee, as supplemented and amended from time to time.

"Interest Rate" shall mean 2.65% per annum accruing from the date of this Loan Agreement to the Maturity Date.

"Interest Payment Date" shall mean the first day of each May and November beginning on the date specified by the Corporation.

"*Investment Earnings*" shall mean interest earned on amounts on deposit in the Borrower's Account established for the Borrower.

"*Loan*" shall mean the loan effected pursuant to this Loan Agreement.

"*Loan Agreement*" shall mean this agreement made and entered into by and between the Borrower and the Corporation, providing for a Loan to the Borrower by the Corporation, and for the repayment thereof to the Corporation by the Borrower.

"*Loan Note*" shall mean the notes of the Borrower to the Corporation dated as of their respective dates assigned to the Trustee representing the loan obligations of the Borrower set forth in this Loan Agreement.

"*Loan Payment Date*" shall mean the earlier of (i) the Business Day following the Borrower's receipt of the proceeds of the Permanent Financing or (ii) the Maturity Date.

"*Loan Payments*" shall mean all payments required to be made to the Corporation by the Borrower under this Loan Agreement.

"*Maturity Date*" shall mean November 1, 2021.

"*Note*" or *"Notes*" shall mean any of the Corporation's Public Projects Construction Notes, Series E, issued from time to time in one or more series.

"*Permanent Financing*" shall mean bonds issued by the Borrower and delivered to RD as purchaser.

"*Person*" shall mean any individual, firm, partnership, association, corporation or governmental entity.

"*Project*" shall mean the Project described in the Application.

"*Remarketing Agent*" shall mean the remarketing agent appointed under the Indenture.

"*RD*" means the United States Department of Agriculture acting through Rural Development or its successors or assigns.

"*Requisition for Funds*" shall mean the form attached hereto as Exhibit B to be utilized by the Borrower in obtaining disbursements of the Loan from the Trustee.

"*System*" shall mean the utility system owned and operated by the Borrower of which the Project shall become a part.

"*Trustee*" shall mean Regions Bank, Nashville, Tennessee, and its successor or successors, and any other corporation acting at any time as Trustee under the Indenture.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Corporation. The Corporation represents and warrants for the benefit of the Borrower as follows:

(a) The Corporation is a non-profit corporation and an instrumentality of the Borrower and other governmental entities, has all necessary power and authority to enter into, and perform its obligations under, this Loan Agreement, and has duly authorized the execution and delivery of this Loan Agreement.

(b) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing.

(c) To the knowledge of the Corporation, there is no litigation or proceeding pending or threatened against the Corporation or any other person affecting the right of the Corporation to execute or deliver this Loan Agreement or to comply with its obligations under this Loan Agreement. Neither the execution and delivery of this Loan Agreement by the Corporation, nor compliance by the Corporation with its obligations under this Loan Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

(d) The authorization, execution and delivery of this Loan Agreement and all actions of the Corporation with respect thereto, are in compliance with the Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of Borrower. The Borrower hereby represents and warrants for the benefit of the Corporation as follows:

(a) The Borrower is a duly organized and validly existing governmental agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Loan Agreement and consummate the transactions contemplated hereby.

(b) The negotiation, execution and delivery of this Loan Agreement and the consummation of the transactions contemplated hereby have all been duly authorized by requisite action of the governing body of the Borrower.

(c) This Loan Agreement and the Loan Note has been duly executed and delivered by the Borrower and are valid and binding obligations of the Borrower enforceable in accordance with their terms, except to the extent that the enforceability thereof may be limited by equitable principles

and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(d) There is no litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Borrower or its governing body to make payments under this Loan Agreement or to construct the Project, or to challenge in any manner the authority of the Borrower or its governing body to take any of the actions which have been taken in the authorization or delivery of this Loan Agreement or the construction of the Project, or in any way contesting or affecting the validity of this Loan Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Borrower of this Loan Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Borrower, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Loan Agreement.

(e) The authorization and delivery of this Loan Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Borrower or its governing body.

(f) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Borrower approving and authorizing the execution and delivery of this Loan Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Borrower at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and the meeting at which the resolution or ordinance was duly enacted or adopted was held in full compliance with Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

(g) The Borrower has all licenses, permits and other governmental approvals required to own, occupy, operate and maintain the Project, and to enter into this Loan Agreement; is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project; and has full right, power and authority to perform the acts and things as provided for in this Loan Agreement.

Section 2.3. Representations, Warranties and Covenants Concerning Permanent Financing. The Borrower represents, warrants and covenants as follows:

(a) The Borrower has (i) received all approvals of RD required in connection with the construction of the Project, and (ii) received a commitment for Permanent Financing of its Project with presently obligated funds to be paid on or before the Maturity Date.

The Borrower acknowledges and agrees that, in making this Loan, the Corporation has relied upon the receipt of the Permanent Financing commitment from RD.

(b) The Borrower is not in breach of or in default under any of the provisions of the loan documents or any instruments, proceedings or other documentation authorizing the issuance of or securing the payment of the Permanent Financing (the "Permanent Financing Documents").

(c) The execution and delivery of the Permanent Financing Documents and the compliance with the provisions thereof, do not and will not in any material respect conflict with or constitute on the part of the Borrower a breach of or default under any contract, agreement, instrument, indenture or proceedings or any law, regulation, court order or consent decree to which the Borrower is now subject.

(d) The Permanent Financing Documents have been duly authorized, executed and delivered by the Borrower and are valid and binding obligations of the Borrower.

(e) There is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to be pending or threatened against the Borrower in any way contesting or affecting any authority for the issuance of or the validity of the Permanent Financing or the Permanent Financing Documents or in any way adversely affecting the transactions contemplated thereby.

(f) The Borrower will comply in all respects with the terms and provisions of the Permanent Financing Documents.

(g) The Borrower will promptly remit, in accordance with the provisions of the Permanent Financing Documents, each disbursement from its Borrower's Account to the person or persons to whom payment is then due and owing.

(h) The Borrower will not unilaterally terminate, or enter into any agreement to terminate, any of the Permanent Financing Documents and will give to the Corporation and the Trustee prompt written notice, appropriately documented, of any material amendment to or modification of any of the Permanent Financing Documents.

ARTICLE III

CORPORATION'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. The Corporation has determined that the Borrower's Project is a project eligible for Program financing.

Section 3.2. Loan Amount; Loan Payments and Prepayments; Disbursement of Funds. The principal amount of the Loan shall be $892,990 (the "Loan Amount"). Principal shall be paid in full on or before the Loan Payment Date.

The principal amount of the Loan may be prepaid on any date upon 30 days prior written notice to the Corporation and the Trustee in accordance with the following schedule: (i) if the Loan is prepaid prior to August 1, 2021, a 0.50% prepayment premium may be assessed; and (ii) if the Loan is prepaid on and after August 1, 2021, no prepayment premium will be assessed. The Corporation reserves the right to waive any and all prepayment premiums.

The Loan shall bear interest from the date of this Loan Agreement at the Interest Rate and shall accrue on the outstanding principal amount of the Loan. The principal of and interest on the Loan shall be payable solely on the Loan Payment Date or upon earlier prepayment. The Loan shall be evidenced by the execution by the Borrower of the Loan Note and delivery and assignment by the Corporation thereof to the Trustee. The Loan Note shall be in substantially the same form as that attached to this Loan Agreement as Exhibit C and made a part hereof.

The proceeds of the Loan shall be deposited in a Borrower's Account established for the Borrower. The Corporation shall cause the Trustee to disburse amounts from such Borrower's Account upon the submission by the Borrower of a Requisition for Funds in substantially the same form as Exhibit B hereto. Upon receipt of a properly submitted Requisition for Funds by no later than 12:00 pm Eastern time on Tuesday of any week, the Trustee shall disburse the amounts so requested on the following Thursday. The Corporation does not make any warranty, either express or implied, that the moneys which will be paid into the Borrower's Account and which, under the provisions of this Loan Agreement, will be available for payment of the cost of the Project, will be sufficient to pay all of the cost of the Project.

Payment of principal of the Loan shall be made at the principal corporate trust office of the Trustee on the Loan Payment Date, or upon earlier prepayment. In addition to the payment of principal of and interest on the Loan, the Borrower shall pay to the Corporation all of the expenses and fees, including any share of investment earnings required to be rebated to the United States of America pursuant to the Code, arising from the making of the Loan by the Corporation to the Borrower. The Borrower shall receive a credit against its payment of principal hereunder in an amount equal to (i) amounts remaining in its Borrower's Account on the date the Loan is paid in full and (ii) Investment Earnings.

Section 3.3. Rebate to Borrower. Within ninety (90) days following the payment in full of the Notes of the Corporation issued under the Indenture, the Corporation shall rebate or cause to be rebated to the Borrower a portion of the monies remaining in the accounts held by the Trustee under the Indenture after repayment of or provision for repayment of all necessary fees, costs and expenses of the Trustee and the Administrative Costs of the Program (the "Rebate Amount"), on the following basis:

(a) All interest paid on the Loans of the Program provided that if the remaining Rebate Amount is not sufficient to rebate all interest paid on all Loans of the Program, the rebate will be equal to the remaining Rebate Amount multiplied by a ratio whose numerator is the Borrower's Loan Amount and whose denominator is the total Loan Amounts of all Program Loans.

Section 3.4. Covenant Regarding Permanent Financing. The Borrower does hereby separately covenant that if for any reason RD fails to provide the Permanent Financing by accepting delivery thereof on or before the Maturity Date, the Borrower shall continue to pay interest on the Loan at the rate set forth in Section 3.2 from amounts in its Borrower's Account or its own funds, as determined by the Corporation, and if RD has not purchased the Permanent Financing by the Maturity Date, the Borrower shall pay the Loan in full on such date. Such payment shall be effected from the proceeds of other temporary or Permanent Financing or other borrowing of whatever nature or from any other legally available funds of the Borrower.

The Borrower will give to the Corporation and the Trustee prompt written notice, appropriately documented, of any modification, suspension, termination, annulment or other change in status of the RD commitment for Permanent Financing. In such event the Corporation shall provide express written instructions to the Trustee specifically detailing to the Trustee the manner in which the duties of the Trustee under the Indenture will change as a result of such modification, suspension, annulment or other change.

Section 3.5. Conversion to RD Multiple Advance Loan. This Loan Agreement and the Loan Note may be assigned to RD in the event that the Notes cannot be remarketed, or the Notes are required to be called for redemption, as described in the Indenture. In such event, the Corporation or its designee will notify the Borrower that this Loan Agreement and the Loan Note will be assigned to RD, and the effective date of such assignment, which notification shall be not less than 14 days prior to the assignment date. On or before such assignment date, RD will cause the full amount of the Borrower's Loan Payment (as of such assignment date) to be wired to the Borrower's construction fund, and the Borrower agrees that it will immediately wire such funds to the Trustee, as directed by the Corporation. On such assignment date, and without further action of the Borrower, the Corporation or RD, the Corporation shall be deemed to have assigned to RD, and RD shall be deemed to have assumed, the Corporation's rights under the Loan Note (and this Loan Agreement shall be of no further force or effect). Thereafter, the Loan Note shall bear interest at the then-applicable RD multiple-advance rate in effect for the Borrower.

ARTICLE IV

ASSIGNMENT AND GENERAL COVENANTS OF BORROWER

Section 4.1. Repayment of Loan. The Borrower hereby agrees to pay the principal of and interest on the Loan, as and when due. The obligations of the Borrower to repay the Loan and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Corporation or the Trustee of any obligation to the Borrower, whether hereunder or otherwise, or as a result of the failure of the Borrower to complete the acquisition, construction, improving and equipping of the Project, the failure of RD to provide Permanent Financing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Corporation or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement.

Section 4.2. Security for Repayment of Loan. (a) The Loan and the Loan Note shall be repaid from, and repayment of the Loan and the Loan Note shall be secured by the proceeds of the Permanent Financing. In the event that Permanent Financing is not available on the Loan Payment Date, or insufficient to repay the Loan in full, this Loan and the Loan Note shall be payable from and be secured by a pledge of the revenues of the System, subject to the pledge thereof in favor of any prior lien bonds.

(b) The Borrower does hereby irrevocably assign and pledge to the Corporation and its successors or assigns, for the benefit of the owners of all Notes issued under the Indenture, all right, title and interest of the Borrower in and to the proceeds of the Permanent Financing and all monies to be received from RD, as applicable, pursuant to RD's expressed intention to provide Permanent Financing for the Project. The Borrower acknowledges and agrees that the Corporation pursuant to the Indenture has assigned and pledged to the Trustee for the benefit and security of the owners of the Notes all of its rights under the provisions of this Loan Agreement and the Loan Note. Accordingly, this Loan Agreement shall not be terminated, modified or changed by the Corporation or the Borrower except with the consent of the Trustee in the manner and subject to the conditions permitted by the terms and provisions of the Indenture.

Section 4.3. Further Assurance. At any time and all times the Borrower shall, so far as it maybe authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Borrower may hereafter become bound to pledge or assign.

Section 4.4. Completion of Project. The Borrower hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Borrower so that the Permanent Financing can be delivered on or prior to the Maturity Date.

Section 4.5. Tax Covenant. The Borrower shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Corporation in order to accomplish the foregoing. The Borrower shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the Project any system of which it is a part, or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Corporation. The Borrower will not acquire or pledge any obligations that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

The Borrower covenants and agrees, from time to time, to pay any and all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or actual Treasury Regulations, as may be applicable to the Loan. This covenant shall survive payment in full of the Loan but shall terminate upon the completion of the Permanent Financing.

Section 4.6. Accounts and Reports. The Borrower shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all its transactions relating to the Project, which shall at all reasonable times be subject to the inspection of the Corporation.

Section 4.7. General. The Borrower shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Borrower under the provisions of any agreements regarding the Permanent Financing and this Loan Agreement in accordance with the terms of such provisions.

Section 4.8. Designation of Authorized Officers. The Borrower hereby designates its Chairman, Vice Chairman and Secretary as its Authorized Officers for purposes of this Loan Agreement and the Indenture.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.1. Events of Default Defined. The following will be "Events of Default" under this Loan Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any Loan payments at the times specified herein including the principal and interest due on the Loan Note.

(b) Failure by the Borrower to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (a) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Borrower by the Corporation unless the Corporation agrees in writing to an extension of such time prior to its expiration provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Corporation will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until such failure is corrected.

(c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Borrower into an agreement of composition with creditors or the failure generally by the Borrower to pay its debts as they become due.

Section 5.2. Remedies on Default. Whenever any Event of Default referred to in Section 6.1 has occurred and is continuing, the Corporation may, without any further demand or notice, take one or any combination of the following remedial steps:

(a) Declare all payments due hereunder, as set forth in the Schedule of Payments to be immediately due and payable.

(b) Exercise all the rights and remedies of the Corporation set forth in the Act.

(c) Take whatever action at law or in equity appear necessary or desirable to enforce its rights under this Loan Agreement.

Section 5.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of Judicial proceedings to enforce the rights of the

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

Section 5.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 5.5. Consent to Powers of Corporation Under Act and this Loan Agreement. The Borrower hereby acknowledges to the Corporation its understanding of the provisions of the Act and this Loan Agreement, vesting in the Corporation certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Borrower hereby covenants and agrees that if the Corporation should in the future have recourse to said rights and powers, the Borrower shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Corporation in the due and prompt implementation of this Loan Agreement.

Section 5.6. Non-Waivers by Corporation. No failure by the Corporation or by any assignee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no acceptance of any payment hereunder, in full or in part, during the continuance of such breach, shall constitute waiver of such breach or of such term. No waiver of any breach shall affect or alter this Loan Agreement or constitute a waiver of a then existing or subsequent breach.

Section 5.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto is in default under any of the provisions hereof and the nondefaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the nondefaulting party the fees of such attorneys and such other expenses so incurred by the nondefaulting party.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1. Approval not to be Unreasonably Withheld. Any approval of the Corporation required by this Loan Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Corporation, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Loan Agreement requiring the approval of the Corporation or the satisfaction or the evidence of satisfaction of the Corporation shall be interpreted as requiring action by an authorized officer of the Corporation granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 6.2. Effective Date. This Loan Agreement shall become effective as of the date first set forth herein above and shall continue to full force and effect until the date the obligations of the Borrower pursuant to the provisions of this Loan Agreement have been fully satisfied.

Section 6.3. Binding Effect. This Loan Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Loan Agreement shall not be revocable by either of the parties, nor assignable by either parties without the written consent of the other party.

Section 6.4. Severability. In the event that any provision of this Loan Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 6.5. Execution in Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 6.6. Applicable Law. This Loan Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

Section 6.7. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Loan Agreement.

Section 6.8. Notices. Any notices required hereunder shall be delivered in the manner and to the addresses set forth in the Indenture; provided that the Borrower's address shall be that listed on its Application.

Section 6.9. Discharge of Borrower's Obligations under the Loan Agreement. If, prior to an Interest Payment Date, the Borrower (a) deposits sufficient funds with the Trustee to pay the

principal of and interest due hereunder to such Interest Payment Date (or such lesser amount as shall be identified by the Remarketing Agent); and (b) informs the Corporation, the Remarketing Agent and the Trustee of its intention to prepay its obligations hereunder on such Interest Payment Date; and if the Borrower shall also pay or cause to be paid all other sums payable hereunder by the Borrower with respect to this Loan Agreement, or make adequate provision therefor, then and in that case the indebtedness evidenced by this Loan Agreement and the Loan Note shall be discharged and satisfied and all covenants, agreements and obligations of the Borrower hereunder shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

Section 6.10. No Liability of Corporation's and Borrower's Officers. No recourse under or upon any obligation, covenant or agreement contained in this Agreement shall be had against any incorporator, member, director or officer, as such, past, present or future, of the Corporaiton or the Borrower, either directly or through the Corporation or the Borrower. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer is hereby expressly waived and released by the Borrower and the Corporation against the other's incorporators, members, directors or officers as a condition of and consideration for the execution of this Loan Agreement.

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

Kentucky Rural Water Finance Corporation

By_____

Title_____

Barkley Lake Water District
Borrower

By_____
Chairman

EXHIBIT A

KENTUCKY RURAL WATER FINANCE CORPORATION
PUBLIC PROJECTS INTERIM CONSTRUCTION FINANCING

APPLICATION FOR INTERIM FINANCING FOR RD LOANS

Borrower:

Name: _____

Address: _____

_____

Contact Person: _____

Telephone Number: _____ Fax Number: _____

Project Engineer:

Name: _____

Address: _____

_____

Contact Person: _____

Telephone Number: _____ Fax Number: _____

RD District Loan Officer:

Name: _____

Address: _____

_____

Telephone Number: _____ Fax Number: _____

Bond Counsel:

Name: _____

Address: _____

_____

Contact Person: _____

Telephone Number: _____ Fax Number: _____

Brief Description of Project: _____

_____

_____

Date of RD Letter of Conditions: _____

Amount of Interim Financing Requested: _____

Estimated Date of Construction Commencement (RD Pre-Closing): _____

Estimated Date of Construction Completion: _____

Estimated Date of RD Final Closing: _____

Depository Bank for Construction Account:

Name: _____

Address: _____

_____

Contact Person: _____

Telephone Number: _____ Fax Number: _____

Wire Instructions (if known): _____

Please return application and RD Letter of Conditions to:

Kentucky Rural Water Finance Corporation
1151 Old Porter Pike
Bowling Green, Kentucky 42103

EXHIBIT B

REQUEST FOR PAYMENT WITH RESPECT TO
KENTUCKY RURAL WATER FINANCE CORPORATION
(PUBLIC PROJECTS CONSTRUCTION FINANCING PROGRAM)

Request No. _____ Dated_____

To: Regions Bank
Corporate Trust Administration
150 Fourth Avenue North, Suite 900
Nashville, Tennessee 37219
Fax Number: (615) 770-4350

From: _____ ("Borrower")

Contact Person: _____
Address: _____
_____
Phone: _____
Email: _____

Ladies and Gentlemen:

The above identified Borrower has entered into a Loan Agreement with the Kentucky Rural Water Finance Corporation (the "Corporation") for the acquisition and construction of facilities described in the Loan Agreement as the "Project."

Pursuant to the Loan Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Corporation's funding share of these expenses is in the amount so denoted in this request totaling $ _____ and is set forth in Exhibit A attached hereto.

Respectfully submitted,

_____
Borrower

By _____

Title Chairman

Certificate of Consulting Engineers as to
Payment Request

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Borrower submitting this request and that all expenses represented in this request were duly incurred for the Construction of the "Project," and that such expenses have not been the subject of any request for disbursement previously submitted.

Engineer/Consultant

Firm Name _____

By _____

Title _____

APPROVED:

USDA, Rural Development

By _____

Title _____

EXHIBIT C

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY

_____

_____

REVENUE BOND ANTICIPATION NOTE

Dated: _____ $_____

For value received, the _____ (the "Issuer"), acting by and through its _____ (the "Governing Body"), hereby acknowledges itself indebted to and promises to pay to the order of:

KENTUCKY RURAL WATER FINANCE CORPORATION

the principal sum of

_____ ($_____)

on the Loan Payment Date, with interest thereon payable on the Loan Payment Date (or prior prepayment) accruing from the date hereof at the Interest Rate (hereinafter defined); provided, however, that upon the assignment of this Note to the United States Department of Agriculture acting through Rural Development ("RD"), this Note shall immediately begin accruing interest at the interim financing loan rate then in effect for the Borrower, as published by RD. Capitalized terms not otherwise defined herein shall have the meaning ascribed in that certain Loan Agreement between the Borrower and the Payee, dated as of the date hereof. This Note may be prepaid without penalty on any Interest Payment Date, provided that, until this Note has been assigned to RD, the Borrower gives 30 days written notice thereof to the Corporation and the Trustee.

Both principal hereof and interest hereon are payable in lawful money of the United States of America by electronic fund transfer or by check or draft mailed to the registered owner at the address shown on the Borrower's registration book. Upon final payment, this Note shall be submitted to the Borrower for cancellation.

For the purpose of this Note, the terms set forth below shall be defined as follows:

"*Business Day*" means any day other than a Saturday, a Sunday, or a day on which banking institutions in the State of Kentucky or the State of New York or the Office of the Trustee is closed as authorized or obligated by law or administrative order or a day on which the New York Stock Exchange is closed.

"Interest Rate" shall mean ___% per annum accruing from the date hereof to the Maturity Date.

"Loan Payment Date" shall mean the earlier of (i) the Business Day following the Issuer's receipt of the proceeds of the Permanent Financing (as defined in the Loan Agreement by and between the Issuer and the Payee); or (ii) the Maturity Date.

"Maturity Date" shall mean _____.

This Note is a special obligation of the Issuer, payable solely from the proceeds of the sale of _____ Revenue Bonds, (the "Bonds"), authorized by the Issuer. RD has agreed to purchase said Bonds. The proceeds of the Bonds and the income and revenues to be derived from the operation of the _____ system of the Issuer (the "System") are hereby irrevocably pledged to the payment of this Note.

This Note is issued pursuant to Chapters 58 and _____ of the Kentucky Revised Statutes (collectively the "Act") and in anticipation of the issuance of the aforesaid Bonds and the receipt of the aforesaid revenues.

It is further certified that the undersigned is an Authorized Officer of the Issuer, duly authorized to execute this Note on behalf of said Issuer, and that this Note represents a liability of said Issuer only, payable out of the proceeds and revenues, hereinabove mentioned, and that the undersigned, by executing this Note, does not become personally and/or individually liable hereon as a personal or individual debt.

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed by the Authorized Officer, on the date of this Note, which is _____, 20____.

_____

By _____

Title Chairman

(Seal of Issuer)

EXHIBIT D

RESOLUTION _____

RESOLUTION OF THE _____ APPROVING AND AUTHORIZING A LOAN AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION

WHEREAS, the _____ ("Governing Authority") of _____, ("Borrower") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Borrower's _____ System (the "Project"); and

WHEREAS, the Borrower desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to construct the Project and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such monies, the Borrower is required to enter into a Loan Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Governing Authority of _____, as follows:

Section 1. That the Governing Authority hereby requests to the Corporation to act as its agency and instrumentality in obtaining interim financing and hereby approves and authorizes (i) the Loan Agreement between the Borrower and the Corporation substantially in the form on file with the Borrower for the purpose of providing the necessary financing to the Borrower for the Project and the Loan Note from the Borrower to the Corporation in the amount not to exceed $_____ and (ii) any modifications, extensions or substitutions for the Loan Agreement and the Loan Note in the event needed to refinance the obligations incurred by the Borrower thereunder.

Section 2. That any officer of the Borrower be and hereby is authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Borrower to effect such financing.

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

Adopted on _____.

_____

By _____

Title Chairman

Attest:

By _____

Title _____

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting _____ of _____; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of _____ at a meeting duly held on _____, 20__; that said official action appears as a matter of public record in the official records of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this _____ day of _____, 20__.

_____

Title _____

EXHIBIT E

OPINION OF COUNSEL

[Letterhead of Counsel to Borrower]

Kentucky Rural Water Finance Corporation
Bowling Green, Kentucky

Regions Bank
Nashville, Tennessee

Loan Agreement by and between Kentucky Rural Water Finance Corporation and _____ dated as of _____

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to _____ (the "Borrower"). I am familiar with the organization and existence of the Borrower and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the project (the "Project") with respect to which the Loan Agreement (the "Loan Agreement") by and between the Kentucky Rural Water Finance Corporation ("Corporation") and the Borrower is being authorized, executed and delivered and the Loan Notes (the "Loan Note") from the Borrower to the Corporation is being authorized, and which may be executed and delivered.

I have reviewed the form of Loan Agreement, the Loan Note, the resolution or ordinance of the Borrower authorizing the execution and delivery of said Loan Agreement and Loan Note and the plans, designs and specifications prepared by the Engineers for the Borrower with respect to the Project.

Based upon my review I am of the opinion that:

(1) The Borrower is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

(2) The Loan Agreement and the Loan Note have been duly executed and delivered by the Borrower and is a valid and binding obligation of the Borrower enforceable in accordance with their terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors rights or remedies generally.

(3) The Borrower has all necessary power and authority to enter into, perform and consumate all transactions contemplated by the Loan Agreement and the Loan Note, and to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

(4) The execution and delivery of the Loan Agreement and the Loan Note and the performance by the Borrower of their obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Borrower, or any of its properties or assets. The Borrower has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Borrower of the Loan Agreement and the Loan Note.

(5) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Borrower, (ii) the right or title of the members and officers of the Borrower to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Loan Agreement, the Loan Note or the application of any monies or security therefor, (iv) the construction of the Project, or (v) that would have a material adverse impact on the ability of the Borrower to perform its obligations under the Loan Agreement or the Loan Note.

(6) None of the proceedings taken by the Borrower for the authorization, execution or delivery of the Loan Agreement or the Loan Note has or have been repealed, rescinded, or revoked.

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

Very truly yours,

affecting the rights of creditors generally, and by the application of equitable principles where equitable remedies are sought.

This opinion letter is issued to, and solely for the benefit and reliance of, the Corporation and may not be relied upon by any persons other than the Corporation.

Respectfully Submitted,

EXHIBIT G

RD COMMITMENT LETTER

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
BARKLEY LAKE WATER DISTRICT
WATER SYSTEM REVENUE BONDS, SERIES 2020 A

No. AR-1 Interest Rate: 2.125% $854,890

KNOW ALL PERSONS BY THESE PRESENTS:

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

SPECIMEN

UNITED STATES OF AMERICA
acting by and through the
U.S. DEPARTMENT OF AGRICULTURE
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

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

EIGHT HUNDRED FIFTY-FOUR THOUSAND EIGHT HUNDRED NINETY DOLLARS ($854,890),

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

Year	Principal	Year	Principal	Year	Principal
2021	$14,000	2034	$18,000	2047	$24,000
2022	14,000	2035	18,500	2048	24,500
2023	14,500	2036	19,000	2049	25,000
2024	14,500	2037	19,500	2050	25,500
2025	15,000	2038	19,500	2051	26,000
2026	15,500	2039	20,000	2052	26,500
2027	15,500	2040	20,500	2053	27,000
2028	16,000	2041	21,000	2054	27,500
2029	16,500	2042	21,500	2055	28,000
2030	16,500	2043	22,000	2056	29,000
2031	17,000	2044	22,500	2057	29,500
2032	17,500	2045	23,000	2058	30,000
2033	17,500	2046	23,500	2059	30,500
				2060	29,390

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

This Series A Bond is issued by the District as part of an issue in the aggregate principal amount of $892,990, consisting of $854,890 of Series A Bonds and $38,100 of Series B Bonds, under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

This Bond is subject to the vested rights and priorities in favor of the owners of the outstanding (i) Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006 (the "2005 Bonds"); (ii) Barkley Lake Water District Water System Taxable Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), dated December 20, 2010 (the "2010B Bonds"); (iii) Kentucky Rural Water Finance Corporation Series 2012E Loan to the District, dated August 29, 2012 (the "2012E KRWFC Loan"); (iv) Barkley Lake Water District Water System Revenue Bonds, Series 2014, dated March 11, 2015 (the "2014 Bonds"); and (v) Kentucky Rural Water Finance Corporation Series 2021I Loan to the District, dated December 29, 2020 (the "2021I KRWFC Loan") [hereinafter the 2005 Bonds, the 2010B Bonds, the 2012E KRWFC Loan, the 2014 Bonds and the 2021I KRWFC Loan shall be collectively referred to as the "Prior Bonds"]. Accordingly, this Bond, together with any bonds ranking on a parity therewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds.

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

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Current Bonds are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the

security and source of payment of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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

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

SPECIMEN

The District, at its option, shall have the right to prepay, on any interest payment date on and after November 1, 2029, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars ($100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

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

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

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

IN WITNESS WHEREOF said Barkley Lake Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is October 18, 2021.

BARKLEY LAKE WATER DISTRICT

By_____
Chairman

Attest:

_____
Secretary

(Seal of District) SPECIMEN

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
October 18, 2021	UNITED STATES OF AMERICA acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

_____

By:_____

SPECIMEN

UNITED STATES OF AMERICA
COMMONWEALTH OF KENTUCKY
BARKLEY LAKE WATER DISTRICT
WATER SYSTEM REVENUE BONDS, SERIES 2020 B

No. BR-1 Interest Rate: 1.875% $38,100

KNOW ALL PERSONS BY THESE PRESENTS:

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

UNITED STATES OF AMERICA
acting by and through the
U.S. DEPARTMENT OF AGRICULTURE
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

SPECIMEN

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

THIRTY EIGHT THOUSAND ONE HUNDRED DOLLARS ($38,100),

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

Year	Principal	Year	Principal	Year	Principal
2021	$1,000	2034	$1,000	2047	$1,000
2022	1,000	2035	1,000	2048	1,000
2023	1,000	2036	1,000	2049	1,000
2024	1,000	2037	1,000	2050	1,000
2025	1,000	2038	1,000	2051	1,000
2026	1,000	2039	1,000	2052	1,000
2027	1,000	2040	1,000	2053	1,000
2028	1,000	2041	1,000	2054	1,000
2029	1,000	2042	1,000	2055	1,000
2030	1,000	2043	1,000	2056	1,000
2031	1,000	2044	1,000	2057	1,000
2032	1,000	2045	1,000	2058	1,000
2033	1,000	2046	1,000	2059	100

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

This Series B Bond is issued by the District as part of an issue in the aggregate principal amount of $892,990, consisting of $854,890 of Series A Bonds and $38,100 of Series B Bonds, under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Chapters 58 and 74 of the Kentucky Revised Statutes (collectively the "Act"), and pursuant to a duly adopted Bond Resolution of the District authorizing same (the "Current Bond Resolution"), to which Current Bond Resolution reference is hereby made for a description of the nature and extent of the security thereby created, the rights and limitations of rights of the registered owner of this Bond, and the rights, obligations and duties of the District, for the purpose of financing the cost (not otherwise provided) of the construction of extensions, additions and improvements to the existing waterworks system of the District (said existing waterworks system, together with said extensions, additions and improvements, being hereinafter referred to as the "System").

SPECIMEN

This Bond is subject to the vested rights and priorities in favor of the owners of the outstanding (i) Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006 (the "2005 Bonds"); (ii) Barkley Lake Water District Water System Taxable Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), dated December 20, 2010 (the "2010B Bonds"); (iii) Kentucky Rural Water Finance Corporation Series 2012E Loan to the District, dated August 29, 2012 (the "2012E KRWFC Loan"); (iv) Barkley Lake Water District Water System Revenue Bonds, Series 2014, dated March 11, 2015 (the "2014 Bonds"); and (v) Kentucky Rural Water Finance Corporation Series 2021I Loan to the District, dated December 29, 2020 (the "2021I KRWFC Loan") [hereinafter the 2005 Bonds, the 2010B Bonds, the 2012E KRWFC Loan, the 2014 Bonds and the 2021I KRWFC Loan shall be collectively referred to as the "Prior Bonds"]. Accordingly, this Bond, together with any bonds ranking on a parity therewith, are payable from and secured by a pledge of the gross revenues to be derived from the operation of the System, after providing for the requirements of the Prior Bonds.

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

This Bond does not constitute an indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations and is payable solely out of the revenues of the System. As provided in the Current Bond Resolution, the District covenants that so long as any of the Current Bonds are outstanding, the System will be continuously owned and operated by the District as a revenue producing public undertaking within the meaning of the aforesaid Act for the

security and source of payment of this Bond, and that the District will fix, and if necessary adjust, from time to time, such rates for the services and facilities of the System and will collect and account for the revenues therefrom sufficient to pay promptly the principal of and interest on this Bond and all other bonds ranking on a parity therewith as may be outstanding from time to time, to pay the cost of operation and maintenance of the System and to provide for the depreciation thereof.

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

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

The District, at its option, shall have the right to prepay, on any interest payment date on and after November 1, 2029, in inverse chronological order of the installments due on this Bond, the entire principal amount of this Bond then remaining unpaid, or such lesser portion thereof, in a multiple of One Hundred Dollars ($100), as the District may determine, at a price in an amount equivalent to the principal amount to be prepaid plus accrued interest to the date of prepayment, without any prepayment premium. Notice of such prepayment shall be given by registered mail to the registered owner of this Bond or its assignee, at least 30 days prior to the date fixed for prepayment. Notice of such prepayment may be waived with the written consent of the registered owner of this Bond.

SPECIMEN

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

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

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

IN WITNESS WHEREOF said Barkley Lake Water District, by its Board of Commissioners, has caused this Bond to be executed by its Chairman, its corporate seal to be hereunto affixed, and attested by its Secretary, on the date of this Bond, which is October 18, 2021.

BARKLEY LAKE WATER DISTRICT

By_____
Chairman

Attest:

_____
Secretary

(Seal of District)

SPECIMEN

PROVISION FOR REGISTRATION

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

Date of Registration	Name of Registered Owner	Signature of Bond Registrar
October 18, 2021	UNITED STATES OF AMERICA acting by and through the U.S. DEPARTMENT OF AGRICULTURE 771 Corporate Drive, Suite 200 Lexington, Kentucky 40503-5477	

ASSIGNMENT

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

_____

By:_____

SPECIMEN

Final

$5,070,000

Barkley Lake Water District
Kentucky Rural Water Finance Corporation
Public Projects Refunding and Improvement Renvenue Bonds, Series 2020 I

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Trustee	Net New D/S
12/31/2020	-	-	-	-	-	-
12/31/2021	-	-	101,382.38	101,382.38	450.00	101,832.38
12/31/2022	200,000.00	5.200%	166,958.76	366,958.76	450.00	367,408.76
12/31/2023	225,000.00	5.200%	155,908.76	380,908.76	450.00	381,358.76
12/31/2024	235,000.00	5.200%	143,948.76	378,948.76	450.00	379,398.76
12/31/2025	250,000.00	5.200%	131,338.76	381,338.76	450.00	381,788.76
12/31/2026	260,000.00	5.200%	118,078.76	378,078.76	450.00	378,528.76
12/31/2027	275,000.00	5.200%	104,168.76	379,168.76	450.00	379,618.76
12/31/2028	155,000.00	5.200%	92,988.76	247,988.76	450.00	248,438.76
12/31/2029	160,000.00	5.200%	84,798.76	244,798.76	450.00	245,248.76
12/31/2030	170,000.00	5.200%	76,218.76	246,218.76	450.00	246,668.76
12/31/2031	185,000.00	2.200%	69,763.76	254,763.76	450.00	255,213.76
12/31/2032	185,000.00	2.200%	65,693.76	250,693.76	450.00	251,143.76
12/31/2033	190,000.00	2.200%	61,568.76	251,568.76	450.00	252,018.76
12/31/2034	190,000.00	2.200%	57,388.76	247,388.76	450.00	247,838.76
12/31/2035	195,000.00	2.200%	53,153.76	248,153.76	450.00	248,603.76
12/31/2036	200,000.00	2.200%	48,808.76	248,808.76	450.00	249,258.76
12/31/2037	200,000.00	2.200%	44,408.76	244,408.76	450.00	244,858.76
12/31/2038	120,000.00	2.200%	40,888.76	160,888.76	450.00	161,338.76
12/31/2039	125,000.00	2.200%	38,193.76	163,193.76	450.00	163,643.76
12/31/2040	125,000.00	2.200%	35,443.76	160,443.76	450.00	160,893.76
12/31/2041	130,000.00	2.325%	32,557.51	162,557.51	450.00	163,007.51
12/31/2042	130,000.00	2.325%	29,535.01	159,535.01	450.00	159,985.01
12/31/2043	135,000.00	2.325%	26,454.38	161,454.38	450.00	161,904.38
12/31/2044	140,000.00	2.325%	23,257.50	163,257.50	450.00	163,707.50
12/31/2045	140,000.00	2.325%	20,002.50	160,002.50	450.00	160,452.50
12/31/2046	145,000.00	2.450%	16,598.75	161,598.75	450.00	162,048.75
12/31/2047	145,000.00	2.450%	13,046.25	158,046.25	450.00	158,496.25
12/31/2048	150,000.00	2.450%	9,432.50	159,432.50	450.00	159,882.50
12/31/2049	155,000.00	2.450%	5,696.25	160,696.25	450.00	161,146.25
12/31/2050	155,000.00	2.450%	1,898.75	156,898.75	450.00	157,348.75
Total	**$5,070,000.00**	**-**	**$1,869,583.22**	**$6,939,583.22**	**$13,500.00**	**$6,953,083.22**

ASSISTANCE AGREEMENT

BETWEEN

KENTUCKY RURAL WATER FINANCE CORPORATION

AND

BARKLEY LAKE WATER DISTRICT

DATED

DECEMBER 29, 2020

IN THE AMOUNT OF $3,535,000

This document was prepared by:

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

By _____

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EXHIBIT A ..... Debt Service Schedule

ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of December 29, 2020 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Barkley Lake Water District, 1420 Canton Road, Cadiz, Kentucky 42211 (the "Governmental Agency"):

WITNESSETH

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

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2020I (the "Series 2020I Bonds") in the aggregate principal amount of $11,060,000, pursuant to a Supplemental Trust Indenture No. 80, dated as of December 29, 2020 by and between the Issuer and the Trustee, which Series 2020I Bonds will rank on a parity with the other outstanding bonds issued under the terms of the Indenture and the proceeds of which will be used by certain governmental agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental agencies and the Issuer; and

WHEREAS, the Governmental Agency has outstanding its Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated May 15, 2012, in the original authorized principal amount of $4,002,000 (the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks system (the "System"); and

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

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

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

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

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of $3,535,000 for the Refunding Program, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

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

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

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

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

Section 1. Definitions.

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

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

"*Assistance Agreement*" refers to this Assistance Agreement authorizing the Loan and the obligations hereunder.

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

"*Bond Legislation of 2005*" or "*2005 Bond Legislation*" refer to the Resolution authorizing the Series 2005 Bonds, duly adopted by the Governing Body of the Governmental Agency on April 11, 2005.

"*Bond Legislation of 2010A*" or "*2010A Bond Legislation*" refer to the Resolution authorizing the Series 2010A Bonds, duly adopted by the Governing Body of the Governmental Agency on July 12, 2010.

"*Bond Legislation of 2010B*" or "*2010B Bond Legislation*" refer to the Resolution authorizing the Series 2010B Bonds, duly adopted by the Governing Body of the Governmental Agency on July 12, 2010.

"*Bond Legislation of 2014*" or "*2014 Bond Legislation*" refer to the Resolution authorizing the Series 2014 Bonds, duly adopted by the Governing Body of the Governmental Agency on July 11, 2014.

"*Bond Legislation of 2020*" or "*2020 Bond Legislation*" refer to the Resolution authorizing the Series 2020 Bonds, duly adopted by the Governing Body of the Governmental Agency on August 10, 2020.

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

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

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

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

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

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

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

"*Funds*" refers collectively to the Revenue Fund, the Sinking Fund, the Sinking Fund of 2014, the Operation and Maintenance Fund, and the Governmental Agency Account.

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

"*Governmental Agency*" refers to the Barkley Lake Water District, 1420 Canton Road, Cadiz, Kentucky 42211.

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

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

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 80, dated December 29, 2020, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1st day of each month, commencing February 1, 2021 and continuing through and including January 1, 2050 or until the Loan has been paid in full.

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

"*Loan*" refers to the loan authorized by this Assistance Agreement from the Issuer to the Governmental Agency, in the principal amount of $3,535,000, maturing January 1, 2050, to defray the cost of the Refunding Program.

"*Operation and Maintenance Fund*" refers to the Barkley Lake Water District Water System Operation and Maintenance Fund described in Section 401 of the Bond Legislation of 2018 and which Operation and Maintenance Fund will continue to be maintained for the benefit of the System.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

investment agreement provider whose obligations have a current rating at least equal to the rating on the Bonds.

"*Prior Bond Legislation*" refers collectively to the 2005 Bond Resolution, the 2010B Bond Resolution, the Series 2008C Assistance Agreement, and the Series 2012E Assistance Agreement.

"*Prior Bonds*" refers collectively to the Series 2005 Bonds, the Series 2010B Bonds, the Series 2008C Loan, and the Series 2012E Loan.

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

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

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

"*Project*" refers specifically to the construction of the extensions, additions and improvements to the System that were financed with proceeds of the Series 2010A Bonds.

"*Refunded Bonds*" refers to the outstanding Series 2010A Bonds.

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

"*Revenue Fund*" refers to the Barkley Lake Water District Water Revenue Fund created in the Bond Legislation of 2018 and which Revenue Fund will continue to be maintained for the benefit of all of the Bonds.

"*Series 2005 Bonds*" refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2005, dated July 13, 2006, in the original authorized principal amount of $1,185,000.

"*Series 2008C Assistance Agreement*" refers to the Assistance Agreement between the Kentucky Rural Water Finance Corporation and the Governmental Agency, dated May 29, 2008, authorizing the Series 2008C Loan.

"*Series 2008C Loan*" refers to the outstanding loan in the amount of $3,060,000, dated May 29, 2008, to the Barkley Lake Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Bonds (Flexible Term Program), Series 2008C, which loan was reamortized on December 29, 2020 to a revised principal amount of $1,535,000.

"*Series 2010A Bonds*" refer to the Barkley Lake Water District Water System Revenue Bonds, Series 2010A, dated May 15, 2012, in the original authorized principal amount of $4,002,000.

"*Series 2010B Bonds*" refer to the Barkley Lake Water District Taxable Water System Revenue Bonds, Series 2010B (Build America Bonds - Direct Payment), in the aggregate principal amount of $1,837,000, consisting of $1,437,000 of Series B-1 Bonds and $400,000 of Series B-2 Bonds.

"*Series 2014 Bonds*" refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2014, dated March 11, 2015, in the original authorized principal amount of $825,000.

"*Series 2020 Bonds*" refer to the outstanding Barkley Lake Water District Water System Revenue Bonds, Series 2020, in the aggregate principal amount of $892,990, consisting of $854,890 of Series A Bonds and $38,100 of Series B Bonds.

"*Sinking Fund*" refers to the fund created in the Prior Bond Legislation as the Barkley Lake Water District Water System Sinking Fund.

"*Sinking Fund of 2014*" refers to the fund created in the Prior Bond Legislation as the Barkley Lake Water District Water System Sinking Fund of 2014.

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

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

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

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

Section 2. Reaffirmation of Declaration of Waterworks System.

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

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

That pursuant to the Constitution and laws of Kentucky, and particularly the Act, the Governmental Agency hereby authorizes the borrowing of $3,535,000 from the Program, to provide funds for the Refunding Program.

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

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

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

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

Section 4. Redemption.

(a) Optional Redemption. Subject to the prior written approval of the Compliance Group, the Loan payments due on or after January 1, 2031 are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturity, at any time falling on or after January 1, 2030 at a redemption price equal to 100% of the principal amount of the Loan payments called for redemption, plus unpaid interest accrued to the date of redemption.

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

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

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

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

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

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

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

Section 7. Flow of Funds.

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

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

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

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

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

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

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

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

B. Sinking Fund of 2014. After the monthly transfers required in the preceding paragraphs have been paid from the Revenue Fund, there shall next be transferred monthly from said Revenue Fund and deposited into the Sinking Fund of 2014 on or before the 20th day of each month, for payment of interest on and principal of the Series 2014 Bonds and Series 2020 Bonds, a sum equal to the total of the following:

(1) An amount equal to one-sixth (1/6) of the next succeeding six-month interest payment to become due on the Series 2014 Bonds and Series 2020 Bonds, plus

(2) A sum equal to one-twelfth (1/12) of the principal of any Series 2014 Bonds and Series 2020 Bonds maturing on the next succeeding principal payment date.

The Sinking Fund of 2014 is hereby pledged for the payment of the interest and the principal of the Series 2014 Bonds and Series 2020 Bonds, but subject to the vested rights and priorities of the Prior Bonds.

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

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

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

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

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

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

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

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

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

(1) To pay the interest on the Refunded Bonds to and including December 30, 2020; and

(2) To redeem on December 30, 2020 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

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

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

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

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

Section 9. Arbitrage Limitations.

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

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

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

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

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

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

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

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

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

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

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

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

Prior to or at the time of delivery of the Loan, the Governmental Agency Chief Executive and/or the Governmental Agency Treasurer are authorized to execute the appropriate

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

Section 10. Parity Bonds.

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

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

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

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

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

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

allowance for depreciation, payments into a depreciation fund for extensions, improvements and extraordinary repairs and maintenance, and payments into a sinking fund and a debt service reserve;

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

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

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

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

(C) The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this Section, shall be understood to mean bonds or obligations payable from the revenues of the System on a basis of equality and parity with the Loan, and shall not be deemed to include other bonds or obligations, the security and source of payment of which are subordinate and subject to the priority of the Loan and parity bonds herein authorized or permitted to be issued. The Governmental Agency expressly reserves the right to issue the Loan or other obligations payable from the revenues herein pledged, and not ranking on a basis of equality and parity with the Loan and parity bonds herein otherwise referred to, without any proof of previous earnings or net revenues, but only if such bonds or other obligations are issued to provide for additions or extensions or improvements of the System, and only if the same are issued in express recognition of the priorities, liens and rights created and existing for the security, source of payment, and protection of the Loan and parity bonds herein authorized and permitted to be issued. Provided, however, that nothing in this Section is intended or shall be construed as a restriction upon the ordinary refunding of the Loan, and/or of any bonds which may have been issued and are outstanding under any of the provisions of this Assistance Agreement, if such refunding does not operate to increase, in any year until the

final maturity of the refunding bonds, the aggregate of the principal and interest requirements of the bonds to remain outstanding and the bonds proposed to be refunded.

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

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

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

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

Section 12. All Obligations of this Loan Are Equal.

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

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

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

Section 14. Contractual Nature of Assistance Agreement.

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

Section 15. Appointment and Duties of Trustee.

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

Its duties as Trustee shall be as follows:

(a) To register the Loan in the name of the Issuer;

(b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Loan obligations, and to maintain adequate records relevant thereto;

(c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;

(d) To notify the Issuer of any Loan obligations to be redeemed and to redeem the Loan prior to its stated maturity upon receiving sufficient funds; and

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

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

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

Section 16. Provisions in Conflict Repealed.

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

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

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

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel,

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

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

Section 18. Insurance.

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

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

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

(b) Liability Insurance on Facilities. So long as the Loan is outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than $200,000 for one person and $1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than $200,000 from claims for

damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

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

Section 19. Event of Default; Remedies.

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

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

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

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

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

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

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

Section 20. Annual Reports.

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

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

Section 21. Supplemental Assistance Agreement.

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

(a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;

(b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;

(c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;

(d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;

(e) to effect the issuance of additional Parity Bonds; and/or

(f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

Section 22. No Remedy Exclusive.

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

Section 23. Waivers.

In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so

waived and will not be deemed to waive any other breach hereunder.

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

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

Section 25. Signatures of Officers.

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

Section 26. Severability Clause.

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

[*Signature Page Follows*]

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

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

KENTUCKY RURAL WATER FINANCE CORPORATION

By _____
President

Attest:

By _____
Secretary/Treasurer

BARKLEY LAKE WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

EXHIBIT A

Debt Service Schedule

KRWFC Flexible Term Program Series 2020 I
Sinking Fund Payment Schedule

Borrower: **Barkley Lake Water District**
Closing Date: **12/29/20**

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
		-	-
2/21-7/21	5,833.33	11,615.04	17,448.38
8/21-1/22	5,833.33	8,832.40	14,665.73
2/22-7/22	7,083.33	8,529.06	15,612.40
8/22-1/23	7,083.33	8,529.06	15,612.40
2/23-7/23	7,500.00	8,160.73	15,660.73
8/23-1/24	7,500.00	8,160.73	15,660.73
2/24-7/24	7,500.00	7,770.73	15,270.73
8/24-1/25	7,500.00	7,770.73	15,270.73
2/25-7/25	7,916.67	7,380.73	15,297.40
8/25-1/26	7,916.67	7,380.73	15,297.40
2/26-7/26	8,333.33	6,969.06	15,302.40
8/26-1/27	8,333.33	6,969.06	15,302.40
2/27-7/27	8,750.00	6,535.73	15,285.73
8/27-1/28	8,750.00	6,535.73	15,285.73
2/28-7/28	8,750.00	6,080.73	14,830.73
8/28-1/29	8,750.00	6,080.73	14,830.73
2/29-7/29	9,166.67	5,625.73	14,792.40
8/29-1/30	9,166.67	5,625.73	14,792.40
2/30-7/30	10,000.00	5,149.06	15,149.06
8/30-2/31	10,000.00	5,149.06	15,149.06
2/31-7/31	10,416.67	4,929.06	15,345.73
8/31-1/32	10,416.67	4,929.06	15,345.73
2/32-7/32	10,416.67	4,699.90	15,116.56
8/32-1/33	10,416.67	4,699.90	15,116.56
2/33-7/33	10,416.67	4,470.73	14,887.40
8/33-1/34	10,416.67	4,470.73	14,887.40
2/34-7/34	10,833.33	4,241.56	15,074.90
8/34-1/35	10,833.33	4,241.56	15,074.90
2/35-7/35	10,833.33	4,003.23	14,836.56
8/35-1/36	10,833.33	4,003.23	14,836.56
2/36-7/36	11,250.00	3,764.90	15,014.90
8/36-1/37	11,250.00	3,764.90	15,014.90
2/37-7/37	10,000.00	3,517.40	13,517.40
8/37-1/37	10,000.00	3,517.40	13,517.40
2/38-7/38	10,416.67	3,297.40	13,714.06
8/38-1/39	10,416.67	3,297.40	13,714.06
2/39-7/39	10,416.67	3,068.23	13,484.90
8/39-1/40	10,416.67	3,068.23	13,484.90
2/40-7/40	10,833.33	2,839.06	13,672.40
8/40-1/41	10,833.33	2,839.06	13,672.40
2/41-7/41	10,833.33	2,587.19	13,420.52
8/41-1/42	10,833.33	2,587.19	13,420.52
2/42-7/42	11,250.00	2,335.31	13,585.31
8/42-1/43	11,250.00	2,335.31	13,585.31
2/43-7/43	11,666.67	2,073.75	13,740.42
8/43-1/44	11,666.67	2,073.75	13,740.42
2/44-7/44	11,666.67	1,802.50	13,469.17
8/44-1/45	11,666.67	1,802.50	13,469.17
2/45-7/45	12,083.33	1,531.25	13,614.58
8/45-1/46	12,083.33	1,531.25	13,614.58
2/46-7/46	12,083.33	1,235.21	13,318.54
8/46-1/47	12,083.33	1,235.21	13,318.54
2/47-7/47	12,500.00	939.17	13,439.17
8/47-1/48	12,500.00	939.17	13,439.17
2/48-7/48	12,916.67	632.92	13,549.58
8/48-1/49	12,916.67	632.92	13,549.58
2/49-7/49	12,916.67	316.46	13,233.13
8/49-1/50	12,916.67	316.46	13,233.13
	3,535,000.00	1,496,526.09	5,031,526.09

ASSISTANCE AGREEMENT

by and between

THE KENTUCKY INFRASTRUCTURE AUTHORITY

and

BARKLEY LAKE WATER DISTRICT

TRANSCRIPT OF PROCEEDINGS

Prepared by:

Dinsmore & Shohl LLP
101 South Fifth Street
Suite 2500
Louisville, Kentucky 40202

DISTRIBUTION LIST

Scott Bridges
Barkley Lake Water District
1420 Canton Road
Cadiz, Kentucky 42211

Meg Link
James Nelson
Kentucky Infrastructure Authority
100 Airport Road, 3rd Floor
Frankfort, Kentucky 40601

Amber Vaughn
Water Infrastructure Branch
Energy and Environment Cabinet
300 Sower Boulevard
Frankfort, Kentucky 40601

Charles Lush, Jr.
U.S. Bank Trust Company, National Association
Corporate Trust Services
435 North Whittington Parkway
Louisville, Kentucky 40222

Mark Franklin
Dinsmore & Shohl LLP
101 South Fifth Street
Suite 2500
Louisville, Kentucky 40202

TRANSCRIPT INDEX

Re: Assistance Agreement dated as of January 1, 2025, by and between the Kentucky Infrastructure Authority and Barkley Lake Water District

1. Assistance Agreement dated as of January 1, 2025, by and between the Kentucky Infrastructure Authority (the "Authority") and Barkley Lake Water District (the "Borrower")

2. Resolution of the Board of Commissioners of the Borrower

3. Extract of Minutes of the Meeting of the Board of Commissioners of the Borrower adopting the Resolution

4. Extract of Minutes of the Authority authorizing the Assistance Agreement

5. Extract of Minutes of the Capital Projects and Bond Oversight Committee

6. Opinion of Counsel to the Borrower

7. General Closing Certificate of the Borrower

8. Commitment Letter of the Authority

9. PSC Order

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KENTUCKY INFRASTRUCTURE AUTHORITY
ASSISTANCE AGREEMENT

FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND PROGRAM

FUND F

PROJECT NUMBER:	F23-002
BORROWER:	Barkley Lake Water District
BORROWER'S ADDRESS:	1420 Canton Road Cadiz, Kentucky 42211
DATE OF ASSISTANCE AGREEMENT:	January 1, 2025
CFDA NO.:	66.468

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ASSISTANCE AGREEMENT

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ASSISTANCE AGREEMENT

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

WITNESSETH

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session, enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority has established its Program, as hereinafter defined, for the purpose of providing financial assistance to Governmental Agencies, as defined in the Act, in connection with the acquisition and construction of "projects," as defined in the Act, in order to preserve, protect, upgrade, conserve, develop, utilize, and manage the resources of the Commonwealth of Kentucky (the "Commonwealth"), for the protection and preservation of the health, safety, convenience, and welfare of the Commonwealth and its citizens, and in that respect to assist and cooperate with Governmental Agencies in achieving such purposes; and

WHEREAS, the Program is funded in part pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998, as amended, supplemented, or restated from time to time (the "Federal Agreement"), under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds in accordance with a General Trust Indenture dated as of March 1, 2010 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as the successor-in-interest to U.S. Bank Trust Company, National Association (the "Trustee"), in order to provide the "match funding" for the Program; and

WHEREAS, the Borrower has determined that it is necessary and desirable to acquire, construct, and finance the Project, as hereinafter defined, and the Authority has determined that the Project is a "project" within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Authority; and

WHEREAS, the Borrower desires to enter into this Assistance Agreement with the Authority for the purpose of securing from the Authority the repayable Loan hereinafter identified; and

WHEREAS, the Authority is willing to cooperate with the Borrower in making available the Loan in accordance with the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Borrower herein contained to levy,

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collect, enforce, and remit adequate Service Charges, as hereinafter defined, for the services provided by the Borrower's System, as hereinafter defined, and to apply the necessary portion of the Service Charges to the repayment of the Loan and the interest thereon, as hereinafter specifically provided; and

WHEREAS, the Authority and the Borrower have determined to enter into this Assistance Agreement in accordance with the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the acquisition, construction, and financing of the Project and the repayment of the Loan and the interest thereon;

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

ARTICLE I
DEFINITIONS

All of the terms utilized in this Assistance Agreement will have the same definitions and meanings as ascribed to them in the Act and the Indenture, which Act and Indenture are hereby incorporated in this Assistance Agreement by reference, the same as if set forth hereby verbatim; provided, however, that the definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Borrower and its Project.

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

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

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

"Administrative Fee" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Loan Term Schedule.

"American Iron and Steel Requirement" has the meaning provided in Section 4.1(V) hereof.

"Amortization Commencement Date" means the date set forth on the Loan Term Schedule when the first payment of principal of and interest on the Loan is due under the Schedule of Payments.

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

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"Authority" means the Kentucky Infrastructure Authority created by the Act, a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth, or such other designation as may be effected by future amendments to the Act.

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

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

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

"Build America, Buy America Act" means Pub. L. No. 117-58, §§ 70901-52.

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

"Cabinet" means the Energy and Environment Cabinet of the Commonwealth.

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

"Commonwealth" means the Commonwealth of Kentucky.

"Construction" means construction as defined in the Act.

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

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

"Drinking Water Supply Project" shall mean the planning, design, and construction of drinking water treatment and distribution systems, including expenditures to address Federal Act health goals, or to address situations where compliance standards have been exceeded or to prevent future violations of rules, and may further include drinking water treatment plants, including basins for rapid mix, flocculation, coagulation, filtration, pre-treatment disinfection, and disinfection before entry to the distribution system; distribution systems; storage tanks; intake lines and short-term water storage; clearwells; drilled wells and wellhead areas; and any other structure or facility

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considered necessary by the Cabinet to the efficient and sanitary operation of a public water system and complies with the requirements of the Federal Act.

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

"Eligible Project" means a Drinking Water Supply Project as defined in the Act.

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

"Federal Act" means the Federal Safe Drinking Water Act, as amended from time to time, 42 U.S.C. Section 1401, et seq.

"Federal Agreement" means the Capitalization Grant Operating Agreement by and between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998, as amended, supplemented, or restated from time to time, under which the Authority is responsible for providing certain "match funding".

"Governmental Agency" means any agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate an Eligible Project, including specifically but not by way of limitation, incorporated cities, counties, including any counties containing a metropolitan sewer district, sanitation districts, water districts, water associations, public authorities, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another in accordance with any regional or area compact, or multi-municipal agreement), now or hereafter established in accordance with the laws of the Commonwealth having and possessing such described powers.

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

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

"Interagency Agreement" means the Memorandum of Understanding dated as of July 1, 1999, by and between the Authority and the Cabinet, as the same may be amended or supplemented by the parties thereto from time to time.

"Loan" means the loan effected under this Assistance Agreement from the Authority to the Borrower in the principal amount set forth in the Loan Term Schedule, for the purpose of defraying the costs incidental to the Construction of the Project.

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"Loan Payment Date" means the dates principal of, or interest on, or Administrative Fees for the Loan are due as set forth in the Loan Term Schedule.

"Loan Rate" means the rate per annum of interest identified in the Loan Term Schedule that shall apply to the Loan absent the occurrence of an Event of Default hereunder.

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

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

"Program" means the program authorized by KRS 224A.1115 and the Indenture as the "federally assisted drinking water revolving fund" for financing Eligible Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"Project" means the Eligible Project described in the Project Specifics, which constitutes an Eligible Project under the Act.

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

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

"Revenues" means the totality of (i) a service rates, rentals, and charges (including all Service Charges), and all other income of any and all types and varieties imposed, enforced, and collected by the Borrower for any services, products, or items rendered or provided by the Borrower in connection with the System; (ii) any investment income; and (iii) any other income received by the Borrower from any federal or state governmental agency as representing income or operating subsidies of the System, as distinguished from any capital grants, to the extent such income is not otherwise required to be treated and applied.

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

"Schedule of Service Charges" means those general charges to be imposed by the Borrower for services provided by the System, as set forth in Exhibit C hereto, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority before the disbursement of any portion of the Loan hereunder.

"SEC Rule" has the meaning provided in Section 6.12 hereof.

"Service Charges" means any monthly, quarterly, semi-annual, or annual charges, surcharges, or improvement benefit assessments to be imposed by a Governmental Agency, or by the Authority, with respect to the System which Service Charges arise by reason of the existence

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of, and requirement of, any Assistance Agreement; and for the purposes of this Assistance Agreement any such Service Charge shall be no less than those set forth in the Schedule of Service Charges. For purposes of clarity, Services Charges comprise a portion of the Revenues of the System.

"System" means the water system owned and operated by the Borrower of which the Project shall become a part.

"Trustee" means U.S. Bank Trust Company, National Association, as the successor-in-interest to U.S. Bank, National Association, and its successors or assigns.

"2014 Appropriations Act" has the meaning provided in Section 4.1(V) hereof.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Borrower as follows:

(A) The Authority is a body corporate and politic constituting a governmental agency and instrumentality of the Commonwealth, has all necessary power and authority to enter into, and perform its obligations under, this Assistance Agreement, and has duly authorized the execution and delivery of this Assistance Agreement.

(B) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions, and provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Authority, there is no litigation or proceeding pending or threatened against the Authority or any other Person affecting the right of the Authority to execute or deliver this Assistance Agreement or to comply with its obligations under this Assistance Agreement. Neither the execution and delivery of this Assistance Agreement by the Authority, nor compliance by the Authority with its obligations under this Assistance Agreement, require the approval of any regulatory body or any other entity, except such approvals that have been obtained.

(D) The authorization, execution, and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act and the Federal Act and any regulations issued thereunder.

Section 2.2 Representations and Warranties of the Borrower. The Borrower hereby represents and warrants for the benefit of the Authority as follows:

(A) The Borrower is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Assistance Agreement, and consummate the transactions contemplated hereby.

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(B) The negotiation, execution, and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of the governing body of the Borrower.

(C) This Assistance Agreement has been duly executed and delivered by the Borrower and is a valid and binding obligation of the Borrower enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency, or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) To the knowledge of the Borrower, there is no controversy or litigation of any nature pending or threatened in any court or before any board, tribunal, or administrative body to challenge in any manner the authority of the Borrower or its governing body to make payments under this Assistance Agreement or to acquire or construct the Project; or to challenge in any manner the authority of the Borrower or its governing body to take any of the actions that have been taken in the authorization or delivery of this Assistance Agreement or the Construction of the Project; or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Borrower of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor; or in any way questioning the due existence or powers of the Borrower, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, or an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation, or other document or law affecting the Borrower or its governing body.

(F) In accordance with the Authorizing Action of the governing body, the Borrower has approved and authorized the execution and delivery of this Assistance Agreement. The Authorizing Action was duly enacted or adopted at a duly called meeting or meetings held in accordance with the law of the governing body of the Borrower at which a quorum was present and acting throughout; is in full force and effect; and has not been superseded, altered, amended, or repealed as of the date hereof.

(G) All actions taken by the Borrower in connection with this Assistance Agreement, the Loan, and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, Sections 61.805 to 61.850, inclusive, of the Kentucky Revised Statutes.

(H) The Borrower has obtained all licenses, permits, and other governmental approvals (including all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate, and maintain the System and the Project, to charge and collect the Service Charges, and to enter into this Assistance Agreement. The Borrower is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the

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Project and has full right, power, and authority to perform the acts required of the Borrower by this Assistance Agreement.

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

(J) The Borrower is in full compliance with all federal and state labor and procurement laws in connection with the planning, design, acquisition, and Construction of the Project.

ARTICLE III
AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1 Determination of Eligibility. In accordance with the terms of the Act and the Indenture, the Authority has determined that the Borrower's Project is an Eligible Project under the Act and the Borrower is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2 Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Loan Term Schedule, subject to such adjustments as may be established in any amendment or supplement to the Loan Term Schedule. Principal payments shall be made in the amounts and on the Loan Payment Dates established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the repayment term set forth in the Schedule of Payments, commencing on the Amortization Commencement Date.

The outstanding principal balance of the Loan shall bear interest at the Loan Rate as set forth in the Loan Term Schedule. Beginning on the Amortization Commencement Date, principal and interest on the Loan shall be payable in the amounts and on the Loan Payment Dates set forth in the Schedule of Payments.

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

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

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

Interest on the Loan shall be calculated on the actual number of days and an assumed 360-day year.

Payments of principal and interest on the Loan shall be payable in lawful money of the United States of America at the principal office of the Authority or the Trustee, as designated by the Authority. If so requested by the Authority, Loan payments hereunder shall be made by the Borrower in accordance with the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment Authorization Form (the "ACH Authorization Form") as provided by the Authority or the Trustee to the Borrower, which ACH Authorization Form shall be completed, signed, and forwarded to the Authority or the Trustee before the Borrower shall receive any disbursement of the proceeds of the Loan from the Authority.

Section 3.3 Borrower's Right to Prepay Loan. The Borrower shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five Business Days in advance of the prepayment.

Notwithstanding the foregoing, upon the determination by the Authority that it intends to issue Bonds secured by a pledge of the payments on the Loan, the Authority shall advise the Borrower (i) of the Authority's intention to proceed with the authorization of such Bonds; (ii) of the limitation on prepayments applicable to the Bonds as a result of the issuance of such Bonds by the Authority; and (iii) that the Borrower has thirty days from its receipt of the notice to exercise its option to prepay the Loan. Upon the expiration of the thirty-day period, the Borrower's right to prepay the Loan shall be limited to the terms described in the notice.

Section 3.4 Subordination of Loan. The Authority hereby agrees that, subject to compliance by the Borrower with the covenants and conditions set forth in this Assistance Agreement, the source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Borrower payable from the Revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics. Notwithstanding the foregoing, (i) the source of payment for the Loan shall be on a parity with the security interest and source of payment for any Debt Obligations of the Borrower payable from the Revenues of the System outstanding at the time this Assistance Agreement is executed that are not identified in the Project Specifics, unless otherwise consented to in writing by an authorized representative of the Authority; (ii) the source of payment for the Loan shall be on a parity with the security interest and source of payment for any Debt Obligations of the Borrower issued after the Effective Date of this Assistance Agreement; and (iii) the Authority shall receive notice of the additional incurrence of Indebtedness by the Borrower in accordance with Section 5.6(C) hereof.

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ARTICLE IV
CONDITIONS PRECEDENT TO DISBURSEMENT
REQUISITION FOR FUNDS

Section 4.1 Covenants of the Borrower and the Conditions of the Loan. By the execution of this Assistance Agreement, the Borrower agrees that before any requests for the disbursement of all or a portion of the Loan made hereunder, the Borrower shall supply the Authority and the Cabinet appropriate documentation, satisfactory to the Authority, in its sole discretion, indicating the following:

(A) That the Authority, the Cabinet, and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Borrower, to enter upon the Project and its site during Construction of the Project and to examine and inspect same, and the Borrower will assure that any contractor or contractors retained or utilized by the Borrower for the Project will provide facilities for such access and inspection.

(B) All real estate and interests in real estate and all personal property constituting the Project and the Project sites heretofore or hereafter acquired shall at all times be and remain the property of the Borrower and constitute a part of the System.

(C) If the Borrower is required to provide additional financing for the Project from sources other than the Authority (as described in the Project Specifics), the Authority shall have the right to receive such reasonable proof as it may require of the ability of the Borrower to finance the costs of Construction of the Project over and above the Loan, before the disbursement by the Authority of any portion of the Loan.

(D) The Borrower shall do all things necessary to acquire all proposed and necessary sites, easements, and rights of way necessary or required in respect of the Project and demonstrate its ability to construct the Project in accordance with the plans, design, and specifications prepared for the Borrower by the Engineers.

(E) Actual Construction and installation incident to the Project shall be performed by either the lump sum (fixed price) or unit price contract method and adequate legal methods of obtaining public, competitive bidding will be employed before the awarding of the Construction contract for the Project in accordance with Kentucky law.

(F) Unless Construction of the Project has already been initiated as of the Effective Date, in accordance with due compliance with applicable state law and regulations, the Project will not be advertised or placed on the market for Construction bidding by the Borrower until the final plans, designs, and specifications therefor have been approved by such state and federal agencies and authorities as may be legally required, and until written notification of such approvals has been received by the Borrower and furnished to the Authority.

(G) The Construction contract or contracts shall require the contractor to comply with all provisions of federal and Kentucky law legally applicable to such work, and any amendments or modifications thereto, together with all other applicable provisions of law, to cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors

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subject thereto, and to be responsible for the submission of any statements required of subcontractors thereunder.

(H) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared before the institution of Construction in connection with each Construction contract, or, if Construction has already been initiated as of the date of this Assistance Agreement, at the earliest practicable date, to indicate the proposed schedule as to completion of the Project and same shall be maintained monthly thereafter to indicate the actual Construction progress of the Project.

(I) Before the award of the Construction contract and before the commencement of Construction, the Borrower will arrange and conduct a conference regarding the Project; the conference shall include representatives of the Authority, the Borrower, the Cabinet, and any other participating federal or state agency, the Engineers, and all Construction contractors. Such conference shall be held in accordance with guidelines established by the Authority and the Cabinet. A written brief of the conference summarizing the Construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the Construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each party involved, and all Construction contractors and Engineers. Provided, however, that if Construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived by the Authority in its sole discretion.

(J) All Construction contracts will be prepared so that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Borrower may be readily itemized.

(K) The Borrower shall promptly submit any change or changes in a Construction contract to the Authority, the Cabinet, and any required state or federal agencies.

(L) The Construction, including the letting of contracts in connection therewith, will conform in all respects to applicable requirements of federal, state and local laws, ordinances, rules, and regulations.

(M) The Borrower will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans, specifications, and designs or amendments thereto, prepared by the Engineers for the Borrower and approved by state and federal agencies.

(N) If requested, the Borrower will erect at the Project sites, signs satisfactory to the Authority and the United States Environmental Protection Agency noting the participation of the Authority and the U.S. Government in the financing of the Project.

(O) Except as otherwise provided in this Assistance Agreement, the Borrower shall have the sole and exclusive charge of all details of the Construction.

(P) The Borrower shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Borrower shall permit the duly authorized representatives of the Authority, the Cabinet, and any Kentucky or federal agencies to inspect all

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books, documents, papers, and records relating to the Project at any and all reasonable times for the purpose of audit and examination. The Borrower shall submit to the Authority and the Cabinet such documents and information as such may reasonably require in connection with the administration of any federal or state assistance.

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

(R) The Borrower shall require that each of its contractors and all subcontractors maintain during the life of the Construction contract, worker's compensation insurance, public liability insurance, property damage insurance, and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project is completed and accepted by the Borrower, the contractor shall maintain builders risk insurance (fire and extended coverage) on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Borrower, the prime contractor, and all subcontractors, as their interests may appear.

(S) The Borrower shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and Construction of the Project and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications, and designs prepared by the Engineers. The resident engineer shall certify to the Authority, the Cabinet, any involved state or federal agencies, and the Borrower at the completion of Construction that Construction is in accordance with the approved plans, specifications, and designs and approved amendments thereto.

(T) The Borrower shall demonstrate to the satisfaction of the Authority the legal capability of the Borrower to enact, adopt, levy, charge, collect, enforce, and remit to the Authority and the Cabinet the Service Charges of the Borrower described in the Schedule of Service Charges attached hereto as Exhibit C and submit proof satisfactory to the Authority that the Service Charges are in full force and effect as of the submission of the initial Requisition for Funds.

(U) The Borrower shall require all laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code.

(V) The Borrower shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2014 (the "2014 Appropriations Act") and the Build America, Buy America Act ("BABA") and related Program policy guidelines). The Borrower understands that, among other requirements, (i) all of the iron and steel products used in the Project are to be produced in the United States ("American Iron and Steel Requirement") unless (a) the Borrower has requested and obtained a waiver from the Authority and the United States Environmental Protection Agency pertaining to the Project or (b) the Authority has otherwise advised the Borrower in writing that the American Iron and Steel Requirement is not applicable to the Project; or (ii)(1) all iron and steel items used in projects must

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be produced in the United States pursuant to BABA; (2) all manufactured products must be produced in the United States; and (3) all Construction materials must be manufactured in the United States ("BABA Requirements"), unless (y) the Governmental Agency has requested and obtained a waiver from the Authority and the United States Environmental Protection Agency pertaining to the Project; or (z) the Authority has otherwise advised the Governmental Agency in writing that the BABA Requirements are not applicable to the Project.

(W) The Borrower shall comply with all record keeping and reporting requirements under the Federal Act, including any reports required by a Federal agency or the Authority such as performance indicators of program deliverables, information on costs and Project progress. The Borrower understands that (i) each contract and subcontract related to the Project is subject to audit by appropriate federal and state entities and (ii) failure to comply with the Federal Act and this Agreement may be a default hereunder that results in a repayment of the Loan in advance of the maturity and/or other remedial actions.

Notwithstanding anything in this Assistance Agreement to the contrary, if the Borrower fails to comply, at any time, with the provisions of Section 4.1(V) or Section 4.1(W) hereof, the Authority may, at its sole discretion, withhold the disbursements of any proceeds of the Loan to the Borrower or its designee.

Section 4.2 Additional Conditions to Disbursement Required Under the Federal Agreement. The Borrower, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) That the Project shall be completed no later than the Amortization Commencement Date.

(B) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted governmental accounting standards, as required by the Federal Act. The Borrower shall retain such records for no less than three years following the final payment by the Borrower under this Assistance Agreement or if any portion of the Project is disposed of, until at least three years after such disposition; provided that if any litigation, claim, appeal, or audit is commenced before the end of such period such records shall be maintained until the completion of such action or until three years after such commencement, whichever is later.

(C) That it has not and will not apply any other federal funding to the Project in a manner that would cause it to receive "double benefits" as described in Section 603 of the Water Quality Act of 1987.

(D) That all real property or property rights required for the completion of the Project shall be obtained, by easement, purchase, or other means acceptable to the Authority, before commencement of Construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR 24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

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(E) That all Project contractors shall be required to retain Project records for the periods established for the retention of the Borrower's records in Section 4.2(B) hereof.

(F) That no more than fifty percent of the proceeds of the Loan shall be disbursed before the Cabinet has approved the final plan for operation of the Project.

(G) That no more than ninety percent of the proceeds of the Loan shall be disbursed before the Cabinet has approved the draft operations and maintenance manual.

(H) That final disbursement will not be remitted before the Cabinet has approved a final operations and maintenance manual.

(I) That, as required by 40 CFR 35.2218, all engineering services regarding Construction and regarding the first year of operation of the Project shall be provided for, including the following:

(1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience;

(2) The training of operating personnel, including preparation of curricula and training material for operating personnel; and

(3) Advice as to whether the Project is meeting the Project performance standards (including three quarterly reports and one Project performance report).

(J) That it shall advise the Cabinet and the Authority in writing of the date for initiation of operation of the Project.

(K) That within one year after operation is initiated, it shall certify to the Cabinet and the Authority that the Project is capable of meeting the Project performance standards.

(L) That it shall provide that qualified inspectors are present at the Construction site. A summary of such inspector's qualifications and experience shall be submitted to the Cabinet and the Authority.

(M) That it shall notify the Authority and the Cabinet of the completion date of the Project.

(N) That it agrees to the terms and conditions of its application for assistance and the Authority's commitment to provide assistance, the terms of which are incorporated herein by reference.

(O) That all measures required to minimize water pollution to affected waters shall be employed in the Construction of the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

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(P) That it shall enact a water use ordinance complying with the requirements set forth in the Federal Agreement and the Interagency Agreement.

Section 4.3 Disbursements of Loan Funds; Requisition for Funds. The Borrower shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for funds before the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form provided by the Authority to the Borrower from time to time, accompanied by, to the extent requested by the Authority, the following documentation:

(A) A full and complete accounting of the costs of the Project to be obligated by contract or otherwise during the month in question, or already obligated and not included in any previous accounting.

(B) A full and complete accounting of any costs of the Project paid by the Borrower from its own funds with the approval of the Authority and excluded from any previous accounting for which the Borrower seeks reimbursement.

(C) A full and complete accounting of any costs of the Project paid or requisitioned under any other financing, loan, bond, grant, or similar agreement or paid from the Borrower's own funds for which the Borrower does not seek reimbursement and which have not been identified in any previous requisition form.

(D) The contractor's estimate of work performed during the preceding month in accordance with Construction contracts for the Project and payment due thereunder, together with the Engineer and Borrower's approval thereof for disbursement by the Authority.

Upon the Authority's receipt of the Requisition for Funds and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Borrower as a draw upon the Loan. If directed by the Authority, the Borrower shall establish, with the Trustee, an electric fund transfer system, which may be an ACH Payment Method.

The Authority may disburse proceeds of the Loan directly to the Borrower. The Borrower, if so directed by the Authority, shall establish itself as a vendor under the Commonwealth's eMars system.

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

Section 5.1 Imposition of Service Charges; Pledge of Revenues. The Borrower hereby irrevocably covenants and agrees to comply with all of the terms, conditions, and requirements of this Assistance Agreement, in accordance with which the Loan is to be made by the Authority to the Borrower as specified herein, in the Act, and the Indenture. The Borrower hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately

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impose Service Charges upon all Persons to whom or which services are provided by the System; such Service Charges to be no less than as set forth on Exhibit C attached hereto.

There are hereby pledged for the payment of the principal of and interest on the Loan, in accordance with the terms and the provisions hereof, the Authorizing Action, and the Act, (i) the Revenues; and (ii) any disbursements made under the Loan in accordance with Section 4.3 hereof until expended by the Borrower for the Construction of the Project.

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

Section 5.3 Covenant to Adjust Service Charges. If, for any reason, the Schedule of Service Charges shall be insufficient to (i) provide for the required coverage of all debt service payments on obligations payable from the Revenues of the System as set forth in Section 5.4 hereof; (ii) provide for the operation of the System as required under this Assistance Agreement; and (iii) make the required deposits to the Maintenance and Replacement Reserve, the Borrower hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and Kentucky, immediately adjust and increase such Schedule of Service Charges or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities so as to provide funds sufficient to pay the debt service requirements set forth in the Schedule of Payments and the Authority's Administrative Fee, to provide for the operation of the System as required under this Assistance Agreement, and to make required deposits to the Maintenance and Replacement Reserve.

Section 5.4 Adequacy of Service Charges. The Borrower hereby covenants during the term of this Assistance Agreement to impose Service Charges in each of the Borrower's fiscal years adequate to pay at least the sum of the following for each such fiscal year: (i) 110% of the debt service and Administrative Fees coming due during each such fiscal year on this Loan and all other Debt Obligations and other indebtedness secured and payable from the Revenues of the System, in each case computed as of the beginning of each such fiscal year (except to the extent the Borrower has by binding ordinance or resolution committed reserves to the payment of any such debt service); (ii) the amounts required to provide for the operation of the System during each such fiscal year as required by this Assistance Agreement; and (iii) the amounts to be deposited hereunder to the Maintenance and Replacement Reserve for each such fiscal year. The Borrower hereby further covenants that the Service Charges identified on Exhibit C attached hereto are sufficient to permit the Borrower to achieve the foregoing debt service coverage ratio for the fiscal year of the Borrower during which this Assistance Agreement will become effective.

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

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

(A) That the Borrower will furnish to the Authority and the Cabinet not less than annually reports of the operations and Revenues of the System and will permit authorized agents of the Authority to inspect all records, accounts, and data of the System at all reasonable times.

(B) That the Borrower will collect, account for, and promptly remit to the Authority those specific revenues, funds, income, and proceeds derived from the Revenues of the System incident to this Assistance Agreement.

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

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

ARTICLE VI
OTHER COVENANTS OF THE BORROWER

Section 6.1 Further Assurance. At any time and all times the Borrower shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge, and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers, and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning, and confirming all and singular the rights, assets, and Revenues herein pledged or assigned, or intended so to be, or which the Borrower may hereafter become bound to pledge or assign.

Section 6.2 Completion of Project. The Borrower hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs, and specifications prepared by the Engineers for the Borrower.

Section 6.3 Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Borrower stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery, and equipment used in such Construction have been paid for; (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped, and installed and all costs and expenses incurred in connection therewith have been paid, and (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped, and installed to the Borrower's satisfaction.

Section 6.4 Commitment to Operate. The Borrower hereby covenants and agrees to commence operation of the Project immediately on completion of Construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

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Section 6.5 Continue to Operate. The Borrower hereby covenants and agrees to continuously operate and maintain the Project and the System in accordance with applicable provisions of federal and Kentucky law and to maintain adequate records relating to the Project's operation. The Borrower shall make all such records available to the Authority at all reasonable times upon the Authority's request.

Section 6.6 Tax Covenant. If the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Borrower shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority to accomplish the foregoing. The Borrower shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business; (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business; (iii) any management agreement for the operation of the System; or (iv) any federal guarantee of its obligations hereunder, all without the prior written consent of the Authority. The Borrower will not acquire or pledge any obligations that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7 Accounts and Reports. The Borrower shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8 Audit Requirements. Within 180 days after the end of each fiscal year of the Borrower, the Borrower shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, including disclosure of the Maintenance and Replacement Reserve, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Borrower shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending $750,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with 2 CFR Part 200.

Section 6.9 General Compliance with all Duties. The Borrower shall faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of the Act, the Federal Act, BABA, this Assistance Agreement, and any other Debt Obligations.

Section 6.10 System Not to Be Disposed of. The Borrower covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of, any of the facilities of the System

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or any part thereof (except that the Borrower may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 6.11 Further Covenants under the Federal Agreement. The Borrower shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including the following:

(A) The Borrower shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained; (ii) the accounting and auditing procedures required by the Federal Act can be maintained; and (iii) the Authority can furnish the information required of it under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Borrower to operate the System during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the System shall be provided by the Borrower to the Cabinet and the Authority. The System shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the System must be offered the same opportunity to become users of the System regardless of race, religion, color, national origin, sex, disability or level of income.

(D) The Borrower shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth:

(1) Federal Cross-Cutters

Environmental Authorities

(a) 10 CFR 35.3580 (and Appendix A to Subpart L) – NEPA – Like State Environmental Review Process
(b) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
(c) Clean Air Act Conformity, Pub. L. No. 95-95, as amended
(d) Floodplain Management, Executive Order 11988, as amended by Executive Order 12148
(e) Protection of Wetlands, Executive Order 11990, as amended by Executive Order No. 12608
(f) Farmland Protection Policy Act, Pub. L. 97-98
(g) National Historic Preservation Act of 1966, PL 89-665, as amended
(h) Safe Drinking Water Act, Pub. L. 93-523, as amended
(i) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended
(j) Endangered Species Act, Pub. L. No. 93-205, as amended
(k) Essential Fish Habitat Consultation Process under the Magnuson-Stevens Fishery Conservation and Management Act, Pub. L. 94-265, as amended

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Economic and Miscellaneous Authorities

(a) Prohibitions Relating to Violators of the Clean Air Act and the Clean Water Act with Respect to Federal Contracts, Grants, or Loans, including Executive Order No. 11738, Section 306 of the Clean Air Act, 42 U.S.C. § 7606, and Section 508 of the Clean Water Act, 33 U.S.C § 1368
(b) Debarment and Suspension, Executive Order 12549
(c) Demonstration Cities and Metropolitan Development Act, Pub. L. No. 89-754, as amended
(d) Uniform Relocation Assistance and Real Property Acquisition Policies Act Pub. L. No. 91-646 (1971), as amended
(e) Preservation of Open Competition and Government Neutrality Towards Government Contractors' Labor Relations on Federal and Federally Funded Construction Projects, Executive Order No. 13202, as amended by Executive Order No. 13208

Social Policy Authorities

(a) Age Discrimination Act of 1975, 42 U.S.C. § 6102
(b) Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d
(c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, 33 U.S.C. § 1251
(d) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794
(e) Equal Employment Opportunity, Executive Order 11246
(f) Promoting the Use of Small, Minority, and Women-owned Businesses, Executive Orders 11625, 12138, and 12432
(g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590
(h) Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 Pub. L. No. 102-389

(2) State:

(a) KRS 151
(b) KRS 224
(c) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
(d) KRS Chapter 337, Labor Laws
(e) 401 KAR Chapter 8

Section 6.12 Continuing Disclosure Obligations. The Borrower covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides 10% or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Borrower with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Borrower shall provide to the Authority such information as may be required by the SEC Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of

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prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Borrower further understands and agrees that the Authority shall act as the Borrower's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Borrower to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section by an action in mandamus, for specific performance, or similar remedy to compel performance.

Section 6.13 General. The Borrower shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Borrower under the provisions of the Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G attached hereto.

ARTICLE VII
MAINTENANCE, OPERATION, INSURANCE, AND CONDEMNATION

Section 7.1 Maintain the System. The Borrower agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at the Borrower's own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2 Additions and Improvements. The Borrower shall have the privilege of making additions, modifications, and improvements to the sites of the Project, and to the Project itself from time to time provided that the additions, modifications, and improvements do not impair the operation or objectives of the Project. The Borrower shall pay the cost of such additions, modifications, and improvements and the same shall be the property of the Borrower and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Borrower from entering into one or more supplementary Assistance Agreements providing for a reallocation, an increase in the Loan, or an additional Loan or Loans in respect of additional Projects undertaken by the Borrower.

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

Section 7.4 Access to Records. The Borrower shall permit the Authority and any state or federal agency and their respective agents to have access to the records of the Borrower pertaining to the operation and maintenance of the System at any reasonable time following completion of Construction of the Project, and commencement of operations thereof.

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Section 7.5 Covenant to Insure – Casualty. The Borrower agrees to insure the System facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.6 Authority as Named Insured. For so long as any amounts are due and payable under this Assistance Agreement, any insurance policy issued in accordance with Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Borrower, and to the Authority, as their interests may appear.

Section 7.7 Covenant to Insure – Liability. The Borrower agrees that it will carry public liability insurance with reference to the System with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.8 Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Borrower shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.9 Application of Casualty Insurance Proceeds. If, before the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm, or other casualty, there shall be no abatement or reduction in the amount payable by the Borrower in accordance with the terms of this Assistance Agreement and the Borrower will (i) promptly repair, rebuild, or restore the Project damaged or destroyed; and (ii) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional monies of the Borrower necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Borrower and shall be promptly applied as herein provided.

Section 7.10 Eminent Domain. If title to, or the temporary use of, the Project or any part thereof shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Borrower to the Authority in accordance with the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Borrower in a separate condemnation award account and shall be applied by the Borrower in either or both of the following ways, as shall be determined by the Borrower in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as before the exercise of the power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by Construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities taken by eminent domain, without the payment

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of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section, shall be paid to the Borrower upon delivery to the Authority of a certificate signed by an authorized officer of the Borrower to the effect that the Borrower has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of the certificate by an authorized officer of the Authority. The Borrower shall not voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the prior written consent of the Authority.

Section 7.11 Flood Insurance. For so long as any amounts are due and payable under this Assistance Agreement, all structures located in flood prone areas shall be covered by flood insurance carried by the Borrower for an amount equal to the replacement cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

(A) Failure by the Borrower to pay any payments at the times specified herein.

(B) Failure by the Borrower to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty days after written notice specifying such failure and requesting that it be remedied will have been given to the Borrower by the Authority unless the Authority agrees in writing to an extension of such time before its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Borrower within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or Kentucky law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt, or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which remain undismissed for sixty days, or the entry by the Borrower into an agreement of composition with creditors or the failure generally by the Borrower to pay its debts as they become due.

(D) A default by the Borrower under the provisions of any agreements relating to its Debt Obligations.

Section 8.2 Remedies on Default. Whenever any Event of Default referred to in Section 8.1 hereof has occurred and is continuing (other than an event of default arising under Section 6.13

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hereof), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare the principal of and interest on the Loan, and all other payments due hereunder, to be immediately due and payable.

(B) Exercise all the rights and remedies of the Authority set forth in the Act.

(C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

(D) Submit a formal referral to the appropriate federal agency, as required by the Federal Agreement.

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Borrower to comply with the provisions of Section 6.12 hereof shall be those remedies specifically set forth in Section 6.12 hereof.

Section 8.3 Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

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

Section 8.5 Consent to Powers of the Authority under the Act. The Borrower hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights, and privileges in respect of the Project upon the occurrence of an Event of Default, and the Borrower hereby covenants and agrees that if the Authority should in the future have recourse to such rights and powers, the Borrower shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay, or render nugatory such actions of the Authority in the due and prompt implementation or enforcement of this Assistance Agreement.

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

Section 8.7 Agreement to Pay Attorneys' Fees and Expenses. If either party hereto defaults under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or

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agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

ARTICLE IX
MISCELLANEOUS PROVISIONS

Section 9.1 Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing, or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2 Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary of the Finance and Administration Cabinet.

Section 9.3 Effective Date. This Assistance Agreement shall become effective on the Effective Date and shall continue in full force and effect until the date the obligations of the Borrower pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4 Binding Effect. This Assistance Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

Section 9.5 Severability. If any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6 Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Borrower, but none of the rights, duties, or obligations of the Borrower under this Assistance Agreement shall be assignable by the Borrower without the prior written consent of the Authority.

Section 9.7 Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8 Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.9 Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

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

[Signature page to follow]

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IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the Effective Date.

KENTUCKY INFRASTRUCTURE AUTHORITY

By: Matt Sawyers
Chairman

ATTEST:

By: Margaret F. Link
Secretary of
Kentucky Infrastructure Authority

BORROWER:
BARKLEY LAKE WATER DISTRICT

By: Scott Bridges
Chair

ATTEST:

By: William Lawrence
Secretary of
Borrower

APPROVED:

By: Holly M. Johnson
Secretary/Finance and Administration
Cabinet of the Commonwealth of Kentucky

EXAMINED:

By: Natalie Lile
Legal Counsel to the
Kentucky Infrastructure Authority

APPROVED AS TO FORM AND LEGALITY

By: Barbara Dickens
Approved, Finance and
Administration Cabinet

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EXHIBIT A
TO
ASSISTANCE AGREEMENT

PROJECT SPECIFICS

* * * * *

(See attachment)

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EXHIBIT A
BARKLEY LAKE WATER DISTRICT
PROJECT SPECIFICS
F23-002

GOVERNMENTAL AGENCY:

Name: Barkley Lake Water District
PO Box 308
Cadiz, KY 42211

Contact Person: Scott Bridges
Chairman

SYSTEM: Water

PROJECT:

The Barkley Lake Water District is requesting a Fund F loan in the amount of $3,678,453 for the Lakeside Waterline Replacement project. Approximately 70,000 linear feet of 3", 4", and 6" AC waterline in the Lakeside area will be replaced with PVC. The AC lines were installed when the water system was created in 1965 and have continued to deteriorate over the years. The project will address water loss by eliminating leaks and lower operation and maintenance costs.

PROJECT BUDGET:

	Total
Administrative Expenses	$ 50,000
Planning	10,000
Engineering Fees - Design	151,047
Engineering Fees - Construction	43,156
Engineering Fees - Inspection	119,680
Engineering Fees - Other	21,578
Construction	3,361,190
Contingency	298,453
Total	**$ 4,055,104**

FUNDING SOURCES:

	Amount	%
Fund F Loan	$ 3,678,453	91%
CWP	376,651	9%
Total	**$ 4,055,104**	**100%**

KIA DEBT SERVICE:

Construction Loan	$ 3,678,453
Less: Principal Forgiveness	1,001,207
Amortized Loan Amount	$ 2,677,246
Interest Rate	2.25%
Loan Term (Years)	20
Estimated Annual Debt Service	$ 166,972
Administrative Fee (0.25%)	6,693
Total Estimated Annual Debt Service	**$ 173,665**

AMORTIZATION SCHEDULE OF PAYMENTS: June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 12/01/24).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/25). All interest and principal repayments shall be made by Automated Clearing House ""ACH"" transfers.

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IF APPLICABLE:
Principal forgiveness of $1,001,207 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

REPLACEMENT AND MAINTENANCE RESERVE ACCOUNT: $ 9,200 ANNUAL AMOUNT
$ 184,000 TOTAL AMOUNT

The annual maintenance replacement cost is 5% ($184,000) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually ($9,200) each December 1 over 20 years and maintained for the life of the loan.

ADMINISTRATIVE FEE: 0.25%

DEFAULT RATE: 8.00%

DEBT OBLIGATIONS CURRENTLY OUTSTANDING:

	Outstanding	Maturity
2010B Revenue Bonds	$ 1,562,485	2049
2012E Revenue Bonds	915,000	2033
2014 Revenue Bonds	758,500	2055
2020A Revenue Bonds	840,890	2060
2020B Revenue Bonds	37,100	2059
2020I Revenue Bonds	5,070,000	2050
Total	**$ 9,183,975**	

LIABILITY INSURANCE COVERAGE:

Death or Personal Injury (per person)	$1,000,000
Death or Personal Injury (per occurrence)	$1,000,000
Property Damage on System	$3,000,000

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EXHIBIT B
TO
ASSISTANCE AGREEMENT

RESERVED

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EXHIBIT C
TO
ASSISTANCE AGREEMENT

SCHEDULE OF SERVICE CHARGES

* * * * *

Deposit
$75.00

Tap Fees

5/8 inch meter:	$1250.00
1 inch or larger meters:	meter cost at time of application

Water Rates

5/8 inch meters	0-2000 gallons: $25.69 usage >2000 $8.40 per 1000 gallon plus 3% tax
1 inch meters	0-4000 gallons: $42.99 usage >4000 $8.40 per 1000 gallon plus 3% tax
1 1/2 inch meters	0-8000 gallons:$75.36 usage >8000 $8.40 per 1000 gallon plus 3% tax
2 inch meters	0-15000 gallons: $134.18 usage >15000 $8.40 per 1000 gallon plus 3% tax
4 inch meters	0-25000 gallons: $218.24 usage >25000 $8.40 per 1000 gallon plus 3% tax

Effective January 1, 2023 Kentucky State Sales Tax of 6% is charged on water sales for all accounts that do not qualify for an exemption as a primary residence, farm exemption or other recognized Kentucky Sales Tax Exemptions.

Service Fees
Delinquent Lock/Unlock Meter Fee: $16.00
After Hours Service Fee: $64.00
Leak Check if on Customer's Side: $25.00

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EXHIBIT D
TO
ASSISTANCE AGREEMENT

FORM OF AUTHORIZING ACTION

* * * * *

(See attachment)

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RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE BARKLEY LAKE WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO $3,678,453 OF LOAN FUNDS FOR PROJECT NUMBER F23-002.

WHEREAS, the Board of Commissioners (the "Governing Authority") of the Barkley Lake Water District, (the "Borrower") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the "Project") to the Borrower's water system (the "System"); and

WHEREAS, the Borrower has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to construct the Project; and

WHEREAS, in order to obtain such monies, the Borrower is required to enter into an Assistance Agreement with the Authority (the "Assistance Agreement");

NOW, THEREFORE, IT IS RESOLVED by the Barkley Lake Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Borrower and the Authority regarding Project Number F23-002 substantially in the form on file with the Borrower for the purpose of providing the necessary financing to the Borrower for the Project.

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

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

ADOPTED on _____.

_____
Chair

Attest:

_____
Secretary

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CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Barkley Lake Water District (the "Borrower"); that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of the Borrower at a meeting duly held on _____, 20___; that the official action appears as a matter of public record in the official records or journal of the governing authority; that the meeting was held in accordance with all applicable requirements of Kentucky law, including Sections 61.805 to 61.850, inclusive, of the Kentucky Revised Statutes; that a quorum was present at the meeting; that the official action has not been modified, amended, revoked, or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this _____, 20___.

_____
Secretary

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EXHIBIT E
TO
ASSISTANCE AGREEMENT

FORM OF LEGAL OPINION

* * * * *

(See attachment)

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[LETTERHEAD OF COUNSEL TO BORROWER]

January 1, 2025

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

Re: Assistance Agreement by and between Kentucky Infrastructure Authority and Barkley Lake Water District, regarding Project Number F23-002

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Barkley Lake Water District (the "Borrower"). I am familiar with the organization and existence of the BORROWER and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Borrower (the "Assistance Agreement") is being authorized, executed, and delivered. Capitalized but undefined terms utilized herein shall have the meanings provided in the Assistance Agreement.

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

Based upon my review I am of the opinion that:

1. The Borrower is a duly organized and existing municipal corporation and political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2. The Assistance Agreement has been duly executed and delivered by the Borrower and is a valid and binding obligation of the Borrower enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency, or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3. The Borrower has all necessary power and authority (i) to enter into, perform, and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the Construction of the Project.

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4. The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Borrower.

5. The execution and delivery of the Assistance Agreement and the performance by the Borrower of its obligations thereunder does not and will not conflict with, violate, or constitute a default under any court or administrative order, decree, or ruling, or any law, statute, ordinance, or regulation, or any agreement, indenture, mortgage, lease, note, or other obligation or instrument, binding upon the Borrower, or any of its properties or assets. The Borrower has obtained each and every authorization, consent, permit, approval, or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency, or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery, or performance by the Borrower of the Assistance Agreement and the imposition of the Service Charges.

6. To the best of my knowledge after due inquiry there is no action, suit, proceedings, or investigation at law or in equity before any court, public board or body pending or threatened against, affecting, or questioning (i) the valid existence of the Borrower; (ii) the right or title of the members and officers of the Borrower to their respective positions; (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor; (iv) the Construction of the Project; (v) the validity or enforceability of the Service Charges; or (vi) that would have a material adverse impact on the ability of the Borrower to perform its obligations under the Assistance Agreement.

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

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

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

Very truly yours,

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EXHIBIT F
TO
ASSISTANCE AGREEMENT

LOAN TERM SCHEDULE

* * * * *

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

Principal Amount of Loan:	Up to $3,678,453
Loan Interest Rate	2.25%
Default Interest Rate:	8.0%
Authority's Administrative Fee:	.25%
Loan Payment Dates:	June 1 and December 1
Estimated Amortization Commencement Date:	June 1, 2025
Repayment Term:	20 Years

The Loan has been awarded principal forgiveness in the amount of 27% of the principal amount of the Loan, not to exceed $1,001,207, which will be credited to the Loan balance on a pro-rata basis as principal is disbursed during Construction.

It is understood and agreed by the parties to this Assistance Agreement that this Term Loan Schedule (Exhibit F) is an integral part of the Assistance Agreement between the Borrower and the Authority. This Term Loan Schedule may be amended, supplemented, or modified by the mutual agreement of the Borrower and the Authority provided that such amendment, supplement, or modification shall be in writing and executed by the respective duly authorized officers of the Borrower and the Authority. Upon the execution and delivery of any amended, supplemented, or modified Term Loan Schedule, the Assistance Agreement and the Term Loan Schedule shall be, and be deemed to be, amended, supplemented, and modified in accordance therewith, and the respective rights, duties, and obligations under the Assistance Agreement of the Borrower and the Authority shall thereafter be determined, exercised, and enforced under the Assistance Agreement subject in all respects to such amendments, supplements, and modifications.

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KENTUCKY INFRASTRUCTURE AUTHORITY
ANTICIPATED REPAYMENT SCHEDULE
LOAN #F23-002
BARKLEY LAKE WATER DISTRICT

Original Loan Amount	**$ 3,678,453.00**
Principal Forgiveness	**$ (1,001,207.00)**
Repayment Amount	**$ 2,677,246.00**

2.25% Interest
$83,485.87 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								$2,677,246.00		
06/01/25	$53,366.85	$30,119.02	2.25%	$83,485.87	$3,346.56	$0.00	$86,832.43	$2,623,879.15	$0.00	$0.00
12/01/25	$53,967.23	$29,518.64	2.25%	$83,485.87	$3,279.85	$0.00	$86,765.72	$2,569,911.92	$9,200.00	$9,200.00
06/01/26	$54,574.36	$28,911.51	2.25%	$83,485.87	$3,212.39	$0.00	$86,698.26	$2,515,337.56	$0.00	$9,200.00
12/01/26	$55,188.32	$28,297.55	2.25%	$83,485.87	$3,144.17	$0.00	$86,630.04	$2,460,149.24	$9,200.00	$18,400.00
06/01/27	$55,809.19	$27,676.68	2.25%	$83,485.87	$3,075.19	$0.00	$86,561.06	$2,404,340.05	$0.00	$18,400.00
12/01/27	$56,437.04	$27,048.83	2.25%	$83,485.87	$3,005.43	$0.00	$86,491.30	$2,347,903.01	$9,200.00	$27,600.00
06/01/28	$57,071.96	$26,413.91	2.25%	$83,485.87	$2,934.88	$0.00	$86,420.75	$2,290,831.05	$0.00	$27,600.00
12/01/28	$57,714.02	$25,771.85	2.25%	$83,485.87	$2,863.54	$0.00	$86,349.41	$2,233,117.03	$9,200.00	$36,800.00
06/01/29	$58,363.30	$25,122.57	2.25%	$83,485.87	$2,791.40	$0.00	$86,277.27	$2,174,753.73	$0.00	$36,800.00
12/01/29	$59,019.89	$24,465.98	2.25%	$83,485.87	$2,718.44	$0.00	$86,204.31	$2,115,733.84	$9,200.00	$46,000.00
06/01/30	$59,683.86	$23,802.01	2.25%	$83,485.87	$2,644.67	$0.00	$86,130.54	$2,056,049.98	$0.00	$46,000.00
12/01/30	$60,355.31	$23,130.56	2.25%	$83,485.87	$2,570.06	$0.00	$86,055.93	$1,995,694.67	$9,200.00	$55,200.00
06/01/31	$61,034.30	$22,451.57	2.25%	$83,485.87	$2,494.62	$0.00	$85,980.49	$1,934,660.37	$0.00	$55,200.00
12/01/31	$61,720.94	$21,764.93	2.25%	$83,485.87	$2,418.33	$0.00	$85,904.20	$1,872,939.43	$9,200.00	$64,400.00
06/01/32	$62,415.30	$21,070.57	2.25%	$83,485.87	$2,341.17	$0.00	$85,827.04	$1,810,524.13	$0.00	$64,400.00
12/01/32	$63,117.47	$20,368.40	2.25%	$83,485.87	$2,263.16	$0.00	$85,749.03	$1,747,406.66	$9,200.00	$73,600.00
06/01/33	$63,827.55	$19,658.32	2.25%	$83,485.87	$2,184.26	$0.00	$85,670.13	$1,683,579.11	$0.00	$73,600.00
12/01/33	$64,545.61	$18,940.26	2.25%	$83,485.87	$2,104.47	$0.00	$85,590.34	$1,619,033.50	$9,200.00	$82,800.00
06/01/34	$65,271.74	$18,214.13	2.25%	$83,485.87	$2,023.79	$0.00	$85,509.66	$1,553,761.76	$0.00	$82,800.00
12/01/34	$66,006.05	$17,479.82	2.25%	$83,485.87	$1,942.20	$0.00	$85,428.07	$1,487,755.71	$9,200.00	$92,000.00
06/01/35	$66,748.62	$16,737.25	2.25%	$83,485.87	$1,859.69	$0.00	$85,345.56	$1,421,007.09	$0.00	$92,000.00
12/01/35	$67,499.54	$15,986.33	2.25%	$83,485.87	$1,776.26	$0.00	$85,262.13	$1,353,507.55	$9,200.00	$101,200.00
06/01/36	$68,258.91	$15,226.96	2.25%	$83,485.87	$1,691.88	$0.00	$85,177.75	$1,285,248.64	$0.00	$101,200.00
12/01/36	$69,026.82	$14,459.05	2.25%	$83,485.87	$1,606.56	$0.00	$85,092.43	$1,216,221.82	$9,200.00	$110,400.00
06/01/37	$69,803.37	$13,682.50	2.25%	$83,485.87	$1,520.28	$0.00	$85,006.15	$1,146,418.45	$0.00	$110,400.00
12/01/37	$70,588.66	$12,897.21	2.25%	$83,485.87	$1,433.02	$0.00	$84,918.89	$1,075,829.79	$9,200.00	$119,600.00
06/01/38	$71,382.78	$12,103.09	2.25%	$83,485.87	$1,344.79	$0.00	$84,830.66	$1,004,447.01	$0.00	$119,600.00
12/01/38	$72,185.84	$11,300.03	2.25%	$83,485.87	$1,255.56	$0.00	$84,741.43	$932,261.17	$9,200.00	$128,800.00
06/01/39	$72,997.93	$10,487.94	2.25%	$83,485.87	$1,165.33	$0.00	$84,651.20	$859,263.24	$0.00	$128,800.00
12/01/39	$73,819.16	$9,666.71	2.25%	$83,485.87	$1,074.08	$0.00	$84,559.95	$785,444.08	$9,200.00	$138,000.00
06/01/40	$74,649.62	$8,836.25	2.25%	$83,485.87	$981.81	$0.00	$84,467.68	$710,794.46	$0.00	$138,000.00
12/01/40	$75,489.43	$7,996.44	2.25%	$83,485.87	$888.49	$0.00	$84,374.36	$635,305.03	$9,200.00	$147,200.00
06/01/41	$76,338.69	$7,147.18	2.25%	$83,485.87	$794.13	$0.00	$84,280.00	$558,966.34	$0.00	$147,200.00
12/01/41	$77,197.50	$6,288.37	2.25%	$83,485.87	$698.71	$0.00	$84,184.58	$481,768.84	$9,200.00	$156,400.00
06/01/42	$78,065.97	$5,419.90	2.25%	$83,485.87	$602.21	$0.00	$84,088.08	$403,702.87	$0.00	$156,400.00
12/01/42	$78,944.21	$4,541.66	2.25%	$83,485.87	$504.63	$0.00	$83,990.50	$324,758.66	$9,200.00	$165,600.00
06/01/43	$79,832.34	$3,653.53	2.25%	$83,485.87	$405.95	$0.00	$83,891.82	$244,926.32	$0.00	$165,600.00
12/01/43	$80,730.45	$2,755.42	2.25%	$83,485.87	$306.16	$0.00	$83,792.03	$164,195.87	$9,200.00	$174,800.00
06/01/44	$81,638.67	$1,847.20	2.25%	$83,485.87	$205.24	$0.00	$83,691.11	$82,557.20	$0.00	$174,800.00
12/01/44	$82,557.20	$928.67	2.25%	$83,485.87	$103.20	$0.00	$83,589.07	$0.00	$9,200.00	$184,000.00
Totals	**$2,677,246.00**	**$662,188.80**		**$3,339,434.80**	**$73,576.56**	**$0.00**	**$3,413,011.36**		**$184,000.00**	

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EXHIBIT G
TO
ASSISTANCE AGREEMENT

ADDITIONAL COVENANTS AND AGREEMENTS

* * * * *

There is hereby established by the Borrower a maintenance and replacement reserve fund designated as the "KIA Loan # F23-002 Maintenance and Replacement Reserve Fund" (the "Maintenance Fund"). The Borrower shall establish and maintain the Maintenance Fund throughout the term of the Loan governed by this Assistance Agreement. The Maintenance Fund shall be maintained at the primary depository institution utilized by the Borrower from time to time, but a different depository institution may be selected by the Borrower with the prior written consent of the Authority.

The Borrower shall deposit $9,200 in the Maintenance Fund on each December 1st occurring during the term of the Loan, up to a maximum total balance of $184,000, for so long as the Loan is owed and outstanding hereunder.

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

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KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: **July 6, 2023 – 1:00 p.m.**
Kentucky Infrastructure Authority
Via ZOOM Teleconference

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

Members Absent:
Chairman Dennis Keene, Commissioner Department of Local Government

DLG Staff:
Mr. Brandon Gibson, Staff Attorney
Mr. Matt Stephens, General Counsel
Ms. Kim Wooldridge, Executive Assistant to the Commissioner

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

Guests:
Mr. Jory Becker, Division of Water
Ms. Bethany Couch, Office of Financial Management
Mr. Kyle Cunningham, Pennyrile Area Development District
Ms. Liz Dienest, Strand Associates
Mr. Brad Good, Louisville MSD
Ms. Joceyln Gross, Gateway Area Development District
Ms. Alicia Jacobs, Division of Water
Mr. Justin Kuhbander, Strand Associates,

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Ms. Stephanie Loughlin, Louisville MSD
Ms. Holly McGrath-Rosas, Gateway Area Development District
Ms. Cheryl Moore, City of South Shore
Ms. Lisa Napier, Kentucky River Area Development District
Mr. Paul Nesbitt, Nesbitt Engineering
Ms. Melissa Perry, Office of Financial Management
Ms. Laura Thomas, City of Jackson
Mr. Ashley Willoughby, Lincoln Trail Area Development District

I. PROCEEDINGS

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

He also told the group that he had attended a ceremony in Nicholasville earlier in the day for the renaming of the current Main Street-US 27 Business which is now designated the Tom Buford Memorial Highway. It was a very nice tribute to the late State Senator.

A. BUSINESS (Board Action Required)

1. APPROVAL OF MINUTES

For: **KIA Regular Board Meeting of May 4, 2023**

Mayor Les Stapleton moved to approve the minutes of the May 4, 2023, regular board meeting. Mr. Russ Rose seconded, and the motion carried unanimously.

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

Mr. Amato announced that Director Williams would discuss the next four agenda items relating to the Interest Rates and Administrative fees for 2024 for SRF Funds A and F and the state funds Fund B and C. KIA staff met with Morgan-Stanley to discuss the capital markets and determine the interest rates for the upcoming year, beginning August 1, 2023. Based on current market data, staff recommends leaving interest rates unchanged. Staff will re-evaluate in December considering the volatility of the market currently.

KIA also reviewed the administrative fees for three of the four Funds and recommends an increase in the administrative fees of 0.05% for Funds A, F and C. With the additional federal funding, we will need to hire more staff to complete the work and the administrative fees will assist in covering the additional staff. Our administrative fees are based on the outstanding loan balances and some of the new funds will not have balances because we must provide 100% principal forgiveness. KIA would not receive any administrative fees on those loans.

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1. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND A INTEREST RATES AND ADMINSTRATIVE FEES FOR THE PERIOD AUGUST 1, 2023 THROUGH JUNE 30, 2024**

   The interest rate for all Kentucky Infrastructure Authority Fund A loans approved by the approved by the Authority during the period August 1, 2023 through June 30, 2024 shall be as follows:

   One standard interest rate and two nonstandard interest rates will be offered to borrowers. The standard rate shall be 2.25% and the nonstandard rates shall be 1.25% and 0.50% based on the income parameters defined in the 2024 Clean Water State Revolving Fund Intended Use Plan.

   The Kentucky Infrastructure Authority may on a case-by-case basis direct staff to establish an interest rate on the Fund A loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority in cases where Fund C, Governmental Agencies Program, funding is provided as supplemental funding to the Fund A loan.

   The administrative fee for all Kentucky Infrastructure Authority Fund A loans approved by the Authority during the period August 1, 2023 through June 30, 2024. shall be 0.25%

   Mr. Shaun Youravich noted a duplication of wording in the resolution and asked that the error be corrected, prior to the approval. Director Williams said the correction would be made.

   Mr. Russ Rose made the motion to approve the Fund A Interest Resolution with the abovementioned correction. Mayor Les Stapleton seconded, and the motion was unanimously approved.

2. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND F INTEREST RATES AND ADMINISTRATIVE FEES FOR THE PERIOD AUGUST 1, 2023 THROUGH JUNE 30, 2024**

   The interest rate for all Kentucky Infrastructure Authority Fund "F" loans approved by the Authority during the period August 1, 2023 through June 30, 2024, shall be as follows:

   One standard interest rate and two nonstandard interest rates will be offered to borrowers. The standard rate shall be 2.25% and the nonstandard rates shall be 1.25% and 0.50% based on the income parameters defined in the 2024 Drinking Water State Revolving Fund Intended Use Plan.

   The Kentucky Infrastructure Authority may on a case-by-case basis direct staff to establish an interest rate on the Fund F loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority in cases where Fund C,

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Governmental Agencies Program, funding is provided as supplemental funding to the Fund F loan.

The administrative fee for all Kentucky Infrastructure Authority Fund F loans approved by the Authority during the period August 1, 2023 through June 30, 2024. shall be 0.30%

Mr. Shaun Youravich made the motion to approve the Fund F Interest Resolution. Ms. Shelley Porter seconded, and the motion was unanimously approved.

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND C INTEREST RATES AND ADMINISTRATIVE FEES FOR THE PERIOD AUGUST 1, 2023 THROUGH JUNE 30, 2024

The interest rates for all Kentucky Infrastructure Authority Fund C loans approved by the Authority during the period August 1, 2023 through June 30, 2024, shall be as follows:

TERM	RATE
1 - 5 Years	1.75%
6 - 10 Years	2.25%
11 - 20 Years	2.75%
Broadband Projects	4.25%

Les Stapleton made the motion to approve the Fund C Interest Resolution. Carey Johnson seconded, and the motion was unanimously approved.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A23-002) FOR AN AMOUNT UP TO $11,200,000 TO THE LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT, BULLITT COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. John Brady discussed the Louisville and Jefferson County Metropolitan Sewer District's (MSD) request for a Fund A loan in the amount of $11,200,000 for the Bullitt Hills and Hillview Wastewater Treatment Plants (WWTP) and Three Pump Stations Elimination project. The Hillview #1, Hillview #2, and Bullitt Hills WWTP's will be eliminated as part of the project. All are over 25 years old and have received Notices of Violation in recent years. Three associated pump stations will be eliminated as well. A new pump station will be constructed in place of a WWTP and flow will be diverted to a treatment plant in Jefferson County. In order to reroute flows from the eliminated WWTP's and pump stations, approximately 3,000 linear feet of collector sewer and 10,000 linear feet of interceptor sewer will be constructed. Building one centralized pump station to direct flow to a WWTP capable of handling the flow will be more reliable and efficient for the system.

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The overall project is necessary to improve capacity assurance and overflow abatement needs in this area. It will mitigate Sanitary Sewer Overflows in Bullitt County and is required by the County's Agreed Order.

MSD currently serves 224,374 residential customers, 21,843 commercial customers, and 391 industrial customers. 4,723 customers in Bullitt County are currently being served by MSD.

Mr. Carey Johnson noted he would be abstaining from voting on this and several other projects due to working with the borrowers on the projects in his role at the Division of Water.

Mr. Carey Johnson abstained from voting. Ms. Geri Grigsby made the motion to approve the Fund A loan to Louisville MSD for an amount up to $11,200,000 with the standard conditions. Mayor Les Stapleton seconded and the motion was approved.

5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND B INTEREST RATES FOR THE PERIOD AUGUST 1, 2023 THROUGH JUNE 30, 2024

The interest rate for all Kentucky Infrastructure Authority Fund B loans approved by the Authority during the period August 1, 2023 through June 30, 2024, shall be as follows:

One standard interest rate and three nonstandard interest rates will be offered to borrowers. The standard rate shall be 2.25%. Two nonstandard rates shall be 1.25% and 0.50% based on the income parameters defined in the 2024 Clean Water and Drinking Water State Revolving Fund Intended Use Plans. The rate for all broadband projects shall be 4.25% (the third nonstandard rate).

The Kentucky Infrastructure Authority may on a case-by-case basis direct staff to establish an interest rate on the Fund B loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority in cases where Fund C, Governmental Agencies Program, funding is provided as supplemental funding to the Fund B loan.

Mr. Shaun Youravich made the motion to approve the Fund B Interest Resolution. Ms. Shelley Porter seconded, and the motion was unanimously approved.

6. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A23-024S) FOR AN AMOUNT UP TO $2,862,000 TO THE CITY OF RICHMOND, MADISON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. John Brady, KIA, discussed the City of Richmond's request for a Fund A loan in the amount of $2,862,000 for the South

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Point Force Main and Pump Station Improvements project. Approximately 8,000 linear feet of 16" force main will replace the 8" lines to increase capacity to meet future demand in the area. An associated pump station will be rehabilitated, and new pumps and controls will be installed. This project, combined with others in the region, will expand access to a developing part of town and remove multiple septic tank reliant systems.

The City currently serves 12,068 residential customers and 1,290 commercial and industrial customers. Approximately 250 new residential customers are expected to be added once the project is complete.

Mr. Carey Johnson abstained from the vote. Ms. Geri Grigsby made the motion to approve the Fund A loan for an amount up to $2,862,000 with the standard conditions. Les Stapleton seconded and the motion was approved.

7. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A23-025S) FOR AN AMOUNT UP TO $500,000 TO THE CITY OF JACKSON, BREATHITT COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. John Brady discussed the City of Jackson's request for a Fund A loan in the amount of $500,000 for the Sewer Rehabilitation Phase 2 project. Portions of approximately 20,000 linear feet of problematic lines found during an inflow and infiltration study will be rehabbed or replaced in the city's downtown area. The existing sewer system experiences high flows during and after heavy rainfall. The high flows impair the performance of the wastewater treatment plant resulting in frequent KPDES permit violations.

The City currently serves 855 residential customers and 177 commercial customers.

Mr. Carey Johnson abstained from the vote. Mr. Andy Luttner made the motion to approve the Fund A loan to the City of Richmond for an amount up to $500,000 with the standard conditions. Mayor Les Stapleton seconded and the motion was approved.

8. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (C23-001) FOR AN AMOUNT UP TO $7,054,602 TO THE CITY OF MOREHEAD F/B/O MOREHEAD UTILITY PLANT BOARD, ROWAN COUNTY, KENTUCKY

Mr. John Brady, KIA discussed the City of Morehead, for the benefit of the Morehead Utility Plant Board's (MUPB), request a Fund C loan in the amount of $7,054,602 as supplemental funding for the Regional Water Treatment Plant Construction project. The project consists of multiple phases and the bids for each phase have all come in substantially overbudget. A planning and design loan in the amount of $1,297,000 was approved by the KIA Board in December

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2017. Fund F loans totaling $43,700,800 have been approved by the KIA board since then from March 2019 to February 2022. The Fund C loan will bring total KIA funding for the project to $52,052,602. A new 12 million gallon per day (MGD) Water Treatment Plant (WTP) will replace the existing plant with a capacity of8 MGD. The existing WTP was constructed in the 1960's and requires continuous maintenance and costly repairs. The new WTP will include upgraded SCADA, telemetry, and technologies to improve the treatment process. Other work at the WTP will include the construction of a 1.8-million-gallon capacity clear well and 3 lagoons for sludge containment. A new raw water intake will be constructed on Cave Run Lake along with 6,500 linear feet of 24" ductile iron pipe to connect the intake structure to the WTP. Approximately 4,500 linear feet of finished waterline will be installed and extend to a new 1,000,000-gallon ground storage tank.

The MUPB currently serves 3,442 direct customers in Bath, Fleming, and Rowan counties along with 11,977 indirectly served through wholesale water sales.

Mr. Carey Johnson abstained from voting. Ms. Shelley Porter made the motion to approve the Fund C loan for an amount up to $7,054,602 with the standard conditions. Mr. Shaun Youravich seconded and the motion was approved.

9. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F23-002) FOR AN AMOUNT UP TO $3,678,453 TO THE BARKLEY LAKE WATER DISTRICT, TRIGG COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. John Brady, KIA. discussed the Barkley Lake Water District's request for a Fund F loan in the amount of $3,678,453 for the Lakeside Waterline Replacement project. Approximately 70,000 linear feet of 3", 4", and 6" AC waterline in the Lakeside area will be replaced with PVC. The AC lines were installed when the water system was created in 1965 and have continued to deteriorate over the years. The project will address water loss by eliminating leaks and lower operation and maintenance costs.

The Water District currently serves 5,669 residential customers and 91 commercial and industrial customers. They provide wholesale service to Christian County Water District, Cadiz Water and Sewer Commission, and North Stewart Utility District.

Mr. Carey Johnson and Mr. Ron Parritt abstained from voting. Ms. Shelley Porter was unable to vote due to technical issues. Mayor Les Stapleton made the motion to approve the Fund F loan for an amount up to $3,678,453 with the standard conditions. Ms. Geri Grigsby seconded and the motion was approved.

10. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING

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WATER REVOLVING FUND LOAN (F23-138E) FOR AN AMOUNT UP TO $8,590,500 TO THE CITY OF SOUTH SHORE, GREENUP COUNTY, KENTUCKY

Mr. Jory Becker. DOW, and Mr. John Brady, KIA. discussed the City of South Shore's request for a Fund F loan in the amount of $8,590,500 for the South Shore to Portsmouth Permanent Interconnect project. The City's wells have become contaminated with PFAS and some are experiencing failure. The inability to construct a new treatment plant has created the need to connect with an existing system capable of providing the quantity of potable water to serve the City's entire system. Approximately 13,000 linear feet of 20" water line will be constructed underneath the Ohio River bedrock and connect into Portsmouth, Ohio. Two booster pump stations will be built and various line replacements will be made in order to distribute water throughout the system. With no other viable option to provide quality water to the community, an interconnect to Portsmouth is necessary.

The City currently serves 2,325 residential customers and 176 commercial and industrial customers.

Mr. Carey Johnson abstained from the vote. Mayor Les Stapleton made the motion to approve the Fund F loan for an amount up to $8,590,500 with the standard conditions. Judge Mark McKenzie seconded and the motion was approved.

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

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

BORROWER	FUND	AMOUNT	LOAN TOTAL
Louisville MSD	A23-002	$11,200,000	$11,200,000
City of Richmond	A23-024S	$2,862,000	$2,862,000
City of Jackson	A23-025S	$500,000	$500,000
City of Morehead f/b/o Morehead Utility Plant Board	C23-001	$7,054,602	$7,054,602
Barkley Lake Water District	F23-002	$3,678,453	$3,678,453
City of South Shore	F23-138E	$8,590,500	$8,590,500

Mr. Russ Rose made the motion to approve the Capital Reimbursement Resolution. Mayor Les Stapleton seconded, and the motion carried unanimously.

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II. EXECUTIVE DIRECTOR'S REPORT

Director Williams thanked everyone for their participation. She noted that the KIA offices are officially closed for HVAC construction from Monday, July 10 through Monday, August 14th. Staff will be working remotely and is available to attend meetings, but offsite or via teleconference.

KIA will be hosting an EPA 2023 Amended Intended Use Plan (IUP) meeting on Thursday, July 13th at 2:30 via Zoom to update the information on what qualifies as a Disadvantaged Community with additional information on the Median Household Income (MHI) and Affordability Rate Index, for funding for the Lead Service Line Replacement and Emerging Contaminants funding through BIL.

That concluded Director Williams report.

III. ANNOUNCEMENTS/NOTIFICATIONS

Next regularly scheduled KIA board meeting:

Thursday, August 3, 2023, at 1:00 p.m.

There being no further business, Judge Mark McKenzie moved to adjourn. Mayor Les Stapleton seconded, and the motion carried unanimously. The July 6, 2023, meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Margaret F. Link — **July 13, 2023**

Kentucky Infrastructure Authority Secretary — Date

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CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

July 31, 2023

Call to Order and Roll Call

The July meeting of the Capital Projects and Bond Oversight Committee was held on Monday, July 31, 2023, at 3:00 PM, in Room 131 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Deanna Frazier Gordon, Co-Chair; Senators Shelley Funke Frommeyer and Robin L. Webb; Representatives Keturah Herron and Walker Thomas.

Guests: Meg Campbell, Assistant Vice President of University Planning, Design, and Construction, University of Louisville; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Andy Casebier, Assistant Vice President of Facilities, Kentucky Community and Technical College System; Natalie Brawner, Assistant Director, Division of Real Properties, Department for Facilities and Support Services, Finance and Administration Cabinet; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; Kylee Palmer, Director of Programs Administration, Department for Financial Services, Cabinet for Economic Development, and, Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran and Spring Emerson.

Approval of Minutes

Senator Funke Frommeyer moved to approve the June 22, 2023 meeting minutes, Co-Chair Frazier Gordon seconded the motion, and the committee approved without objection.

Information Items

Ms. Halloran referenced four information items. Pursuant to KRS 26A.168(1), KRS 45.793, and KRS 45.818; the Administrative Office of the Courts; the Finance and Administration Cabinet, with the Commonwealth Office of Technology reporting independently; and postsecondary institutions managing their own capital construction under KRS 164A.580 transmitted quarterly capital project status reports. Pursuant to KRS 45.760(5), The University of Kentucky reported three restricted funds purchases of medical equipment for UK Chandler Hospital totaling just over $728,000: a $249,800 biotyper CA

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system; a $231,100 cardiac ultrasound system; and a $247,400 neurosurgical ultrasound system. Pursuant to KRS 45.812(1), through their fiscal agents, four school districts, none of which needed an additional tax levy to pay debt service, reported upcoming debt issues to finance new projects. The school districts were Clay County, Gallatin County, Grant County, and Raceland-Worthington in Greenup County. Pursuant to House Bill 1, five postsecondary institutions reported asset preservation capital projects.

Project Report from the Postsecondary Institutions – University of Louisville

Ms. Campbell submitted a new project, Expand Ekstrom Library, funded with $8 million in donor funds to provide additional archival, student, and office space; renovating 8,000 to 10,000 square feet of space, including the addition. Senator Funke Frommeyer moved to approve the project, Senator Webb seconded the motion, and the committee approved by unanimous roll call vote.

Project Report from Finance and Administration Cabinet

Ms. Tomes reported seventeen pool allocations requiring no action; the general funded $1.212 million Justice and Public Safety Cabinet, Department of Corrections, Adult Correctional Institutions (Maintenance Pool – 2022-2024), Roofing Design – East project, design and consultant studies for roofs at three correctional complexes (Blackburn Correctional Complex, Northpoint Training Center, and Little Sandy Correctional Complex) and sixteen Postsecondary Education, Kentucky Community and Technical College System (KCTCS) (Asset Preservation Pool – 2022-2024) projects. The KCTCS projects were the $1.598 million Ashland CTC Roof Replacements, replacement of roofs on two buildings (Main Campus Goodpaster and Technology Drive Campus); $4.9 million Big Sandy CTC Roof Replacements, repair and replacement of roofs on six buildings; $2.8 million Gateway CTC Roof Replacements, replacement of roofs on two buildings; $4.5 million Gateway CTC Mechanical Equipment and Controls, upgrade and replacement of boilers, chillers, pumps, and air handlers and upgrade of HVAC controls; $1 million Henderson Community College Student Center Relocation and Demolition, relocation of services in the Student Center to other buildings and demolition of the Student Center; $1.7 million Madisonville Community College Renovate Aviation, renovation of the Aviation Center including roof replacement, internal reconfiguration, HVAC, parking lot, lighting, and drainage upgrades; $2 million Maysville CTC Roof Replacements, replacement of the roofs on two buildings; $1.5 million Maysville CTC Fire Alarms Upgrade, creation of campus-wide interconnected fire alarm system that provides monitoring control from a central location; $4.3 million Somerset Community College Life Safety Upgrades, upgrade of sprinkler, fire alarm, and safety systems; $2.3 million Somerset Community College Upgrade HVAC South Campus, upgrade of the HVAC system at the South Campus; $2.4 million Southeast Kentucky CTC Roof Replacements, replacement of the roofs on three buildings at the Cumberland and Middlesboro campuses; $7 million Southeast Kentucky CTC Mechanical Equipment Upgrades, upgrade and replacement of boilers, chillers, pumps, and air handlers and upgrade of HVAC controls; $5.5 million West Kentucky CTC Renovate Main Campus Buildings, replacement of roofs and switchgear at four main

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campus buildings; $3.4 million West Kentucky CTC Parking Lots and Sidewalks, repair of paving and sidewalks; and Kentucky CTC System West Colleges Fire Alarm Upgrades Groups One and Two, $1.6 million each for the upgrade of fire alarm panels at the colleges in the western and eastern parts of the state. Eighty-five percent of the project costs came from the bond-funded Asset Preservation pool and KCTCS provided its fifteen percent match from restricted funds.

In response to questions from Representative Thomas and Co-Chair Frazier Gordon, Mr. Casebier said that KCTCS was able to execute all capital projects in its biennial budget request with all already bid or to be bid next month. For projects not already under construction, construction should commence by September or October. He said that there was a slight delay as Finance and Administration Cabinet's Division of Contracting and Administration was handling numerous projects.

Lease Report from Finance and Administration Cabinet

Ms. Brawner submitted a lease renewal, three lease modifications of at least $50,000, and a Tenant Improvement Fund request. Representative Thomas moved to roll them into one roll call vote, Co-Chair Frazier Gordon seconded the motion, and the committee approved without objection.

The lease renewal was the Cabinet for Health and Family Services, Department for Community Based Services, Ohio County, PR-4175. The lessor requested a rate increase and based on a competitive bidding process outlined in KRS 56.803, the lease was awarded to the current lessor. The lease is 12,700 square feet at a new rental rate of $15.00 per square foot for a $190,500 annual cost through June 30, 2031.

The first lease modification was for the Cabinet for Health and Family Services, Department for Community Based Services and Office for Children with Special Health Care Needs, Floyd County, PR-4000; to increase the leased space by 13,121 square feet for 23,530 total square feet at the same rental rate of $10.45 per square foot, which will result in a $137,115 annual increase for a new $245,889 annual cost. The additional office and clinic space required extensive demolition and renovation including framing and drywall demolition/installation, electrical services upgrades, interior finishes, plumbing, and HVAC and sprinkler system modifications. The lessor provided one estimate from Alliance Corporation in the amount of $529,060 and agreed to share fifty percent of the total renovation costs. When renovations are completed, the agencies will amortize $264,530 through the newly negotiated lease term ending June 30, 2031. This modification also resulted in a consolidation of space leased under PR-4511.

The second lease modification was for the Transportation Cabinet, Department of Vehicle Regulation, Hardin County, PR-5685; amortization of extensive demolition and renovations of newly leased Driver Licensing Regional Office space of 4,527 square feet at $9.25 per square foot. The necessary renovations include framing and drywall

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demolition/installation, electrical services/HVAC upgrades, interior finishes, and primary entrance. The lessor provided two estimates: $322,350 from David Company and $438,900 from Jenkins-Essex Construction. KYTC recommended acceptance of the low bid. When renovations are completed, KYTC will amortize the $322,350 through the lease term ending June 30, 2031.

The third lease modification was for the General Government Cabinet, Occupational and Professional Boards and Commissions, Board of Nursing, Jefferson County, PR-3791; to decrease the square footage by 5,681 square feet for 16,329 total square feet at the same rental rate of $11.75 per square foot, which will result in a $66,752 annual decrease for a new $191,886 annual cost. The lease is under suspension due to partial water damage from burst sprinkler lines. The lessor is making necessary repairs, including painting and floor coverings, and the agency is temporarily leasing space in an adjacent facility until those repairs are completed, anticipated to be by September 1. The Board requested painting and floor coverings in the undamaged area. Based on the age and condition of the undamaged area, the lessor agreed to split the $59,762 cost; with a cost distribution of 58.33 percent to the lessor and 41.67 percent to the Board. The Board will amortize the $24,903 through the lease term ending June 30, 2029.

The Tenant Improvement Fund request, Energy and Environment Cabinet, 300 Building, Franklin County, PR-5411 was for the installation of two new dual cable pedestal mount electric vehicle (EV) chargers on two new concrete pads. The lessor provided three estimates: $51,146 from Fox Electric; $52,671 from Blue Sky Electric; and $88,963 from Arts Electric. EEC recommended acceptance of the low bid. Including this request, the total amount of 300 Building Tenant Improvement Fund requests is $262,765.

Senator Girdler expressed his best wishes for Scott Aubrey, Director, Division of Real Properties upon his retirement.

Representative Thomas moved to approve the lease transactions, Representative Herron seconded the motion, and the committee approved by unanimous roll call vote.

Report from Office of Financial Management
Kentucky Infrastructure Authority

Ms. Williams submitted three Clean Water State Revolving Fund (Fund A) Program loans, a Governmental Agencies (Fund C) Program loan, two Drinking Water State Revolving Fund (Fund F) Program and sixteen Cleaner Water Program grants. Senator Webb moved to roll them into one roll call vote, Representative Thomas seconded the motion, and the committee approved without objection.

The Louisville and Jefferson County Metropolitan Sewer District (Bullitt County) requested a $11.2 million Fund A loan for its Bullitt Hills and Hillview Wastewater Treatment Plant and Three Pump Stations Elimination project; elimination of three

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wastewater treatment plants (and associated pump stations) that are over twenty-five years old, experienced overflow, and received notices of violation from the Division of Water. A new pump station will be constructed to divert flow to a wastewater treatment plant in Jefferson County. The loan term is twenty years at a one and one quarter percent interest rate. The City of Richmond (Madison County) requested a $2.862 million Fund A loan for its South Point Force Main and Pump Station improvements project; replacement of over 8,000 linear feet of eight-inch lines with sixteen-inch force main and pump station rehabilitation to expand access to approximately 250 new customers. The loan term is twenty years at a half percent interest rate. The City of Jackson (Breathitt County) requested a $500,000 Fund A loan for its $1.98 million Sewer Rehabilitation Phase II project; rehabilitation of 20,0000 linear feet of problematic lines experiencing inflow and infiltration. The loan term is thirty years at a half percent interest rate. The City of Morehead f/b/o Morehead Utility Plant Board (Rowan County) requested a $7,054,602 Fund C loan for its $52,052,602 Regional Water Treatment Plant Construction project. The project consisted of multiple phases and the bids for each phase have come in over budget. The Fund C loan proceeds will be combined with the existing Fund F loan proceeds. The loan term is twenty years at a two and three quarters percent interest rate. The Barkley Lake Water District (Trigg County) requested a $3,678,453 Fund F loan for its $4,055,104 Lakeside Waterline Replacement project; replacement of around 70,000 linear feet of three-inch, four-inch, and six-inch asbestos cement waterlines in the Lakeside area installed in 1965 to eliminate water loss. The loan term is twenty years at a two and a quarter percent interest rate. The City of South Shore (Greenup County) requested a $8,590,500 Fund F loan for its $10,382,805 South Shore to Portsmouth Permanent Interconnect project; construction of approximately 13,000 linear feet of twenty-inch waterline underneath the Ohio River to connect to Portsmouth, Ohio. Two booster pump stations and various line replacements will be made in order to distribute water throughout the system. Monitoring of the city's current drinking water source indicated increasing levels of PFAS. This loan is funded under the new Environmental Protection Agency emerging contaminants capitalization grant as authorized in the federal Bipartisan Infrastructure Law and will receive one hundred percent principal forgiveness as required by the terms of the grant.

Of the sixteen Cleaner Water Program Grants; nine are grants from the Supplemental Funding Pool (ten percent increases from prior grants to accommodate bids coming in over budget); six are County Pool reallocations, and one is a new County Pool grant. There was consensus from the local utilities and elected officials regarding the reallocations.

Senator Funke Frommeyer moved to approve the loans and grants, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Cabinet for Economic Development - Economic Development Fund (EDF) Grants

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Ms. Smith and Ms. Palmer submitted eight Kentucky Product Development Initiative EDF grants. Senator Webb moved to roll them into one roll call vote, Co-Chair Frazier Gordon seconded the motion, and the committee approved without objection.

The Kentucky Product Development Initiative program administered in conjunction with the Kentucky Association for Economic Development and codified in House Bill 745, uses EDF monies for industrial site upgrades. An independent site selection consultant identified the infrastructure projects as having potential for future economic development opportunities. CED disburses funds to the project applicants through the local government entities on a reimbursement basis upon review and approval of supporting documentation including invoices, proof of payment, matching funds, and progress reports. CED is submitting Round One grants and the consultant is evaluating Round Two grant applications.

The Kentucky Economic Development Finance Authority approved a $42,300 KPDI EDF grant to the City of Princeton on behalf of the Princeton-Caldwell County Industrial Development Authority to conduct an in-depth analysis of the karst topography located at the Princeton Industrial Park. Matching funds are local monies for a $84,500 total project cost. KEDFA approved a $700,000 KPDI EDF grant to the Henderson County Fiscal Court on behalf of the West Kentucky Regional Industrial Development Authority to complete a site grading plan with a one million square foot building pad at the Sandy Lee Watkins site. Matching funds are local monies for a $1.4 million total project cost. KEDFA approved a $666,700 KPDI EDF grant to the Logan County Fiscal Court on behalf of the City of Russellville to complete an upgrade to a lift station at the West Industrial Park. Matching funds are a bank loan for a $1.85 million total project cost. KEDFA approved a $34,700 KPDI EDF grant to the Lyon County Fiscal Court on behalf of the Pennyrile Westpark Industrial Development Authority to conduct a floodplain analysis at the Pennyrile WestPark Industrial Park. This was a regional project with support from Caldwell, Crittenden, Livingston, Lyon, and Trigg Counties. Matching funds are local monies for a $69,400 total project cost. KEDFA approved a $675,400 grant to the Nicholas County Fiscal Court on behalf of the Bourbon County-Nicholas County Joint Economic Development Authority to acquire the Finrock property and begin engineering and site improvements. Matching funds are a bank loan and utility grants for a $1,350,800 total project cost. KEDFA approved a $225,000 KPDI EDF grant to the Trigg County Fiscal Court on behalf of the Cadiz–Trigg County Industrial Development Authority to construct a new wastewater pump station at the Interstate 24 Business Park. Matchings funds are a grant for a $450,000 total project cost. KEDFA approved a $100,000 KPDI EDF grant to the Washington County Fiscal Court on behalf of the Springfield–Washington County Economic Development Authority to prepare and improve a new industrial site, Lincoln Business Park, into a shovel-ready site by adding a dedicated entrance and extending existing infrastructure. Matching funds are EDA monies for a $200,000 total project cost., KEDFA approved a second KPDI EDF grant to the Washington County Fiscal Court on behalf of the Springfield–Washington County Economic Development Authority to

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prepare a improve a site in the industrialized zoned Springfield–Washington County Commerce Center. Matching funds are EDA monies for a $200,000 total project cost.

In response to a question from Senator Funke Frommeyer regarding the return on investment, Ms. Smith said that the industrial site upgrades through the KPDI pilot program resulted in $4 billion worth of investment. As an example, the construction of a gas line and other site upgrades in Henderson was a contributing factor in Pratt Industries announcing that it would invest $400 million in a recycled paper mill in Henderson.

Senator Webb moved to approve the KPDI EDF grants, Co-Chair Frazier Gordon seconded the motion, and the committee approved by unanimous roll call vote.

Office of Financial Management – New and Previous Debt Issues

Mr. Barrow submitted the Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Davis Park Station), Series 2023; $9 million net proceeds with an over $22 million estimated project cost for a seventy-three-unit residential complex in Lexington. KHC conduit debt issues affect neither the Commonwealth's nor KHC's financials and are applied towards the state's private activity volume cap.

Representative Herron moved to approve the new debt issue, Senator Webb seconded the motion, and the committee approved by unanimous roll call vote.

Mr. Barrow reported three previous debt issues. The first was the $54.84 million Kentucky Asset/Liability Commission, Project Notes 2023 Federal Highway Trust Fund First Refunding Series A; which redeemed the Series 2013 debt issue. Federal funds, the federal portion of the gas tax, is applied towards debt service and the $1.6 million in net present value savings can be used towards additional programming. The debt issue priced June 6, closed June 22, and has a final maturity of September 1, 2025. The second was the KHC Multifamily Conduit Revenue Bonds (The Prestonian), Series 2023; $55 million net proceeds with an over $129 million project cost for a 343-unit residential complex in Louisville, which priced June 30. The third was the KHC Multifamily Conduit Revenue Bonds (Gateway on Broadway), Series 2023; $25 million net proceeds with an over $63 million project cost for a 116-unit residential complex in Louisville, which priced June 16.

School District Debt Issues with School Facilities Construction Commission Debt Service Participation – New Projects

Mr. Barrow submitted three school district debt issues with SFCC debt service participation totaling $20.89 million for new projects; eighty-nine percent, $18.573 million, with locally supported debt service and eleven percent, $2.317 million, with SFCC debt service participation. Co-Chair Frazier Gordon moved to roll them into one roll call vote, Representative Thomas seconded the motion, and the committee approved without objection.

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The school districts, none of which needed an additional tax levy to pay debt service, were Clay County; Magoffin County, and Wolfe County.

Senator Webb moved to approve the three school district debt issues with SFCC debt service participation, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Adjournment

The next CPBOC meeting is scheduled for Wednesday, August 23, 2023, with Representative Frazier Gordon presiding. Submissions are due on August 9, 2023.

There being no further business before the committee, the meeting was adjourned at 3:52 PM.

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE BARKLEY LAKE WATER DISTRICT AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE UP TO $3,678,453 OF LOAN FUNDS FOR PROJECT NUMBER F23-002.

WHEREAS, the Board of Commissioners (the "Governing Authority") of the Barkley Lake Water District, (the "Borrower") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements (the "Project") to the Borrower's water system (the "System"); and

WHEREAS, the Borrower has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to construct the Project; and

WHEREAS, in order to obtain such monies, the Borrower is required to enter into an Assistance Agreement with the Authority (the "Assistance Agreement");

NOW, THEREFORE, IT IS RESOLVED by the Barkley Lake Water District, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Borrower and the Authority regarding Project Number F23-002 substantially in the form on file with the Borrower for the purpose of providing the necessary financing to the Borrower for the Project.

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

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

ADOPTED on 1/13/25.

Chair

Attest:

Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Barkley Lake Water District (the "Borrower"); that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of the Borrower at a meeting duly held on January 13, 2025; that the official action appears as a matter of public record in the official records or journal of the governing authority; that the meeting was held in accordance with all applicable requirements of Kentucky law, including Sections 61.805 to 61.850, inclusive, of the Kentucky Revised Statutes; that a quorum was present at the meeting; that the official action has not been modified, amended, revoked, or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this Jan 13, 2025.

Secretary

January 13, 2025

IN ATTENDANCE: Scott Bridges, Ted Martin, Dale Henderson, Mason Hyde, Bill Lawrence, John Herring, Brandon Schafer, and Teresa Smith.

Meeting called to order by Chair, Scott Bridges at 1:14 p.m.

Motion was made to approve the Minutes from the December Board Meeting by Bill Lawrence the motion was 2nd by Dale Henderson. All approved motion carried.

Project updates for the Lakeside Replacement Project were given by John Herring. John says Youngbloods plan to start after January 20th. Youngbloods project lead, Keith Kell, says that they have all pipe and fittings coming. John and Brandon will meet with them next week to get details. Youngbloods plan on Grays Hillview start, we will spot with them to begin and then let them go. John hopes by the next board meeting we will hopefully have line in the ground.

Cliff Anderson called John on Cerulean tank sale. He doesn't want it sold out from under him. We have held on to it in case we need for antenna site. Brandon noted that we need to hold on to it or 3 valves + hydrant valve. Discussion on if we could do easement for those and the antenna. John says probably 5-7 years before antenna will be set out there. Commissioners decided to hold on to for now. Discussion turned to the South Road tank that has 25 years of no upkeep needing to be demolished. John said that they would drop south if demolished and would need landowners' approval since that would be off our parcel there. He said that the ladder rungs

were in bad shape and that Chris with Twin Lakes Electric said he won't climb again because of their deterioration.

Resolution for the Kentucky Infrastructure Authority Approval and Authorizing of the Assistance Agreement was presented to be signed. It provides $3,678,453 of loan funds towards project F23-002. John says that there will be forgiveness of approximately $1M. Bill made a motion to pass the resolution as of 1/13/2025, Dale seconded. All approved passing of motion. John said that now the opinion letter to HB Quinn can be sent in since we must include the minutes for his review.

John presented a proposal from Air Evac. The package would be open to employees for $75 a year or at a reduced rate for longer terms. These group rates offer discounts to Barkley Lake Water District customers as well if we become a member. Those rates would be $99 to $79 for water customers. Bill asked about policy for a BLWD. He was concerned this would be perceived as endorsement. Scott says Farm Bureau does this as a 501C3. Bill says MSU was not allowed to do these since perceived as endorsement. Scott asked if BLWD could be a member in case of an employee accident needing air lifted like Jason. John and Dale noted that our Workers' comp would still be hit because of injury, even if we received a break on billing for this policy. There was no objection for employees to take as membership but not public because of endorsement issue. John said he will talk to them and see how these changes affect the proposal or if BLWD could be a member.

The selling of surplus truck was presented by John. Cliff's old truck 2011 Ford with 244xxx miles is running and not leaking per Brandon. Sean's old truck is still in use. Commissioners agreed to take sealed

bids, hopefully by February meeting be able to review those. They agreed that any offer would be taken because the truck is rough, but maybe a $1000 minimum. We will post on Facebook like before. Dale made a motion to go ahead with posting sell of truck, motion was 2nd by Mason. All approved motion carries.

Discussion on buying a new truck for Sean began. His milage just turned over 100,000. John wanted commissioners' insight on if we want to trade in on new purchase? John and Brandon hope for a $20,000 trade in value with the new truck being around $43,000 to buy. Brandon thinks that we can go with a smaller truck like a Maverick or Colorado for Sean and the Meter Readers trucks since those in the $26-$27K price range. Scott suggested we stay with regular size truck and not go midsize. Bill asked if we would do a 4-wheel drive and Brandon assured us yes. Mason says if trade in 5 years, then wouldn't get much for Maverick other midsize since they do not hold value like the full-size trucks do. John will work to get pricing on trade.

The Bad Debt customer list was reviewed. Scott is checking on balances for 2 of them, Cox and Wallace. He says he will pay for Cox and see parents on Wallace but will send that one if not paid. Motion to approve list w/these 2 exceptions was made by Bill, 2nd by Dale. All approved motion carried.

Manager's Report was reviewed. John noted that the last page of packet was for a line extension for Bethesda School Rd requested by Denny Wynn. See attached for details. Scott knew of Kokomo Grain hog barns and Mason knew where the line crossed the Wynn property. John says in 2020 we were offering 1000 feet extension for meter; the cost was $1000 to the Y on Bethesda and the customer at

that time said no. Brandon says the one customer that we serve on the roads service line runs from Hurricane Rd on the Hyde's property to their house on Bethesda. Faughn Rd also comes off Bethesda. It is 7/10ths of a mile (5000 ft total) at $3 a foot so material is $12000 to run to where the Wynn's need a meter set. Bill mentioned that the USDA says 5 meters per mile for extensions. We used to run 500 ft but have backed off to 50 ft due to pricing of pipe. John noted that pressure will be the next issue if we decide to run the extension. It was noted that Charlotte Williamson's did live back there on the left with a house and 2-3 trailers. Brandon noted that the Amish just paid >150 ft with 3 meters bought + 1 moved. It was also noted that there was a quote for 150 ft to Berkley Rd where we would come off the backside of Baker's Court, but they haven't called back. Bill asked about changing the tariff to help with extensions. Brandon and John calculate that 1000 ft of 6-inch pipe would take 10 years to recoup line expense, 500 ft of 3-inch $1500 cost would recoup in 5 years or less with the $38 average bill, versus minimum bill $26. The Amish extension is the first that we have done on the 50 ft limit and may have to reimburse if we extend it to 500 ft. John noted that Jason Parnell at Rural water did not think this tariff change would go over with the PSC when they had previously discussed it. We may need to change the active length of meter in the tariff and paperwork. Bill says that we need to be sure and notify customers and state this on the forms if we make this update. John will let Wynn's know about the 50ft and see if they can get more customers to sign on for meters noting that they will need to stay active for 1 year before we will quote line price/or get tariff change.

Bill asked about us paying for Kirby Leak Detection service at the Lodge and Scott said we were reimbursed by Lodge for that service. The leak is in the retaining wall and that can't turn off because the

Lodge uses all boiler heat. It has been leaking since 23rd 150,000 gallons a day. John noted that the repair has not been made.

Scott asked about Core permit to clean the intake and John noted that has been paused. Scott says it takes so long to get it passed we may need to get back on that. John noted that the Louisville firm would take care of the permitting since they would be doing the actual work, we paused due to pricing and working on the Kam's.

Motion to approve the Manager's Report was made by Bill and 2nd by Ted. All approved so motion passed.

Dale asked about an application being turned in from Norman Cotton for Paul Troup. We have it but no openings now.

Dale made the motion to adjourn the meeting with a second by Mason. All approved so the meeting was adjourned at 3:00 p.m.

Bill Lawrence

Bill Lawrence, Secretary

APPROVAL OF MINUTES
I hereby certify that the foregoing minutes were approved by the board of commissioners at the Barkley Lake Water District meeting held on the above date.

Scott Bridges

Scott Bridges, Chairman

Date approved: 2/10/25

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: **July 6, 2023 – 1:00 p.m.**
Kentucky Infrastructure Authority
Via ZOOM Teleconference

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

Members Absent:
Chairman Dennis Keene, Commissioner Department of Local Government

DLG Staff:
Mr. Brandon Gibson, Staff Attorney
Mr. Matt Stephens, General Counsel
Ms. Kim Wooldridge, Executive Assistant to the Commissioner

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

Guests:
Mr. Jory Becker, Division of Water
Ms. Bethany Couch, Office of Financial Management
Mr. Kyle Cunningham, Pennyrile Area Development District
Ms. Liz Dienest, Strand Associates
Mr. Brad Good, Louisville MSD
Ms. Joceyln Gross, Gateway Area Development District
Ms. Alicia Jacobs, Division of Water
Mr. Justin Kuhbander, Strand Associates,

Ms. Stephanie Loughlin, Louisville MSD
Ms. Holly McGrath-Rosas, Gateway Area Development District
Ms. Cheryl Moore, City of South Shore
Ms. Lisa Napier, Kentucky River Area Development District
Mr. Paul Nesbitt, Nesbitt Engineering
Ms. Melissa Perry, Office of Financial Management
Ms. Laura Thomas, City of Jackson
Mr. Ashley Willoughby, Lincoln Trail Area Development District

I. PROCEEDINGS

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

He also told the group that he had attended a ceremony in Nicholasville earlier in the day for the renaming of the current Main Street-US 27 Business which is now designated the Tom Buford Memorial Highway. It was a very nice tribute to the late State Senator.

A. BUSINESS (Board Action Required)

1. APPROVAL OF MINUTES

For: **KIA Regular Board Meeting of May 4, 2023**

Mayor Les Stapleton moved to approve the minutes of the May 4, 2023, regular board meeting. Mr. Russ Rose seconded, and the motion carried unanimously.

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

Mr. Amato announced that Director Williams would discuss the next four agenda items relating to the Interest Rates and Administrative fees for 2024 for SRF Funds A and F and the state funds Fund B and C. KIA staff met with Morgan-Stanley to discuss the capital markets and determine the interest rates for the upcoming year, beginning August 1, 2023. Based on current market data, staff recommends leaving interest rates unchanged. Staff will re-evaluate in December considering the volatility of the market currently.

KIA also reviewed the administrative fees for three of the four Funds and recommends an increase in the administrative fees of 0.05% for Funds A, F and C. With the additional federal funding, we will need to hire more staff to complete the work and the administrative fees will assist in covering the additional staff. Our administrative fees are based on the outstanding loan balances and some of the new funds will not have balances because we must provide 100% principal forgiveness. KIA would not receive any administrative fees on those loans.

1. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND A INTEREST RATES AND ADMINSTRATIVE FEES FOR THE PERIOD AUGUST 1, 2023 THROUGH JUNE 30, 2024**

   The interest rate for all Kentucky Infrastructure Authority Fund A loans approved by the approved by the Authority during the period August 1, 2023 through June 30, 2024 shall be as follows:

   One standard interest rate and two nonstandard interest rates will be offered to borrowers. The standard rate shall be 2.25% and the nonstandard rates shall be 1.25% and 0.50% based on the income parameters defined in the 2024 Clean Water State Revolving Fund Intended Use Plan.

   The Kentucky Infrastructure Authority may on a case-by-case basis direct staff to establish an interest rate on the Fund A loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority in cases where Fund C, Governmental Agencies Program, funding is provided as supplemental funding to the Fund A loan.

   The administrative fee for all Kentucky Infrastructure Authority Fund A loans approved by the Authority during the period August 1, 2023 through June 30, 2024. shall be 0.25%

   Mr. Shaun Youravich noted a duplication of wording in the resolution and asked that the error be corrected, prior to the approval. Director Williams said the correction would be made.

   Mr. Russ Rose made the motion to approve the Fund A Interest Resolution with the abovementioned correction. Mayor Les Stapleton seconded, and the motion was unanimously approved.

2. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND F INTEREST RATES AND ADMINISTRATIVE FEES FOR THE PERIOD AUGUST 1, 2023 THROUGH JUNE 30, 2024**

   The interest rate for all Kentucky Infrastructure Authority Fund "F" loans approved by the Authority during the period August 1, 2023 through June 30, 2024, shall be as follows:

   One standard interest rate and two nonstandard interest rates will be offered to borrowers. The standard rate shall be 2.25% and the nonstandard rates shall be 1.25% and 0.50% based on the income parameters defined in the 2024 Drinking Water State Revolving Fund Intended Use Plan.

   The Kentucky Infrastructure Authority may on a case-by-case basis direct staff to establish an interest rate on the Fund F loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority in cases where Fund C,

Governmental Agencies Program, funding is provided as supplemental funding to the Fund F loan.

The administrative fee for all Kentucky Infrastructure Authority Fund F loans approved by the Authority during the period August 1, 2023 through June 30, 2024. shall be 0.30%

Mr. Shaun Youravich made the motion to approve the Fund F Interest Resolution. Ms. Shelley Porter seconded, and the motion was unanimously approved.

3. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND C INTEREST RATES AND ADMINISTRATIVE FEES FOR THE PERIOD AUGUST 1, 2023 THROUGH JUNE 30, 2024

The interest rates for all Kentucky Infrastructure Authority Fund C loans approved by the Authority during the period August 1, 2023 through June 30, 2024, shall be as follows:

TERM	**RATE**
1 - 5 Years	1.75%
6 - 10 Years	2.25%
11 - 20 Years	2.75%
Broadband Projects	4.25%

Les Stapleton made the motion to approve the Fund C Interest Resolution. Carey Johnson seconded, and the motion was unanimously approved.

4. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A23-002) FOR AN AMOUNT UP TO $11,200,000 TO THE LOUISVILLE AND JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT, BULLITT COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. John Brady discussed the Louisville and Jefferson County Metropolitan Sewer District's (MSD) request for a Fund A loan in the amount of $11,200,000 for the Bullitt Hills and Hillview Wastewater Treatment Plants (WWTP) and Three Pump Stations Elimination project. The Hillview #1, Hillview #2, and Bullitt Hills WWTP's will be eliminated as part of the project. All are over 25 years old and have received Notices of Violation in recent years. Three associated pump stations will be eliminated as well. A new pump station will be constructed in place of a WWTP and flow will be diverted to a treatment plant in Jefferson County. In order to reroute flows from the eliminated WWTP's and pump stations, approximately 3,000 linear feet of collector sewer and 10,000 linear feet of interceptor sewer will be constructed. Building one centralized pump station to direct flow to a WWTP capable of handling the flow will be more reliable and efficient for the system.

The overall project is necessary to improve capacity assurance and overflow abatement needs in this area. It will mitigate Sanitary Sewer Overflows in Bullitt County and is required by the County's Agreed Order.

MSD currently serves 224,374 residential customers, 21,843 commercial customers, and 391 industrial customers. 4,723 customers in Bullitt County are currently being served by MSD.

Mr. Carey Johnson noted he would be abstaining from voting on this and several other projects due to working with the borrowers on the projects in his role at the Division of Water.

Mr. Carey Johnson abstained from voting. Ms. Geri Grigsby made the motion to approve the Fund A loan to Louisville MSD for an amount up to $11,200,000 with the standard conditions. Mayor Les Stapleton seconded and the motion was approved.

5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND B INTEREST RATES FOR THE PERIOD AUGUST 1, 2023 THROUGH JUNE 30, 2024

The interest rate for all Kentucky Infrastructure Authority Fund B loans approved by the Authority during the period August 1, 2023 through June 30, 2024, shall be as follows:

One standard interest rate and three nonstandard interest rates will be offered to borrowers. The standard rate shall be 2.25%. Two nonstandard rates shall be 1.25% and 0.50% based on the income parameters defined in the 2024 Clean Water and Drinking Water State Revolving Fund Intended Use Plans. The rate for all broadband projects shall be 4.25% (the third nonstandard rate).

The Kentucky Infrastructure Authority may on a case-by-case basis direct staff to establish an interest rate on the Fund B loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority in cases where Fund C, Governmental Agencies Program, funding is provided as supplemental funding to the Fund B loan.

Mr. Shaun Youravich made the motion to approve the Fund B Interest Resolution. Ms. Shelley Porter seconded, and the motion was unanimously approved.

6. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A23-024S) FOR AN AMOUNT UP TO $2,862,000 TO THE CITY OF RICHMOND, MADISON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. John Brady, KIA, discussed the City of Richmond's request for a Fund A loan in the amount of $2,862,000 for the South

Point Force Main and Pump Station Improvements project. Approximately 8,000 linear feet of 16" force main will replace the 8" lines to increase capacity to meet future demand in the area. An associated pump station will be rehabilitated, and new pumps and controls will be installed. This project, combined with others in the region, will expand access to a developing part of town and remove multiple septic tank reliant systems.

The City currently serves 12,068 residential customers and 1,290 commercial and industrial customers. Approximately 250 new residential customers are expected to be added once the project is complete.

Mr. Carey Johnson abstained from the vote. Ms. Geri G*rigsby *made the motion to approve the Fund A loan for an amount up to $2,862,000 with the standard conditions. Les Stapleton seconded and the motion was approved.

7. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A23-025S) FOR AN AMOUNT UP TO $500,000 TO THE CITY OF JACKSON, BREATHITT COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. John Brady discussed the City of Jackson's request for a Fund A loan in the amount of $500,000 for the Sewer Rehabilitation Phase 2 project. Portions of approximately 20,000 linear feet of problematic lines found during an inflow and infiltration study will be rehabbed or replaced in the city's downtown area. The existing sewer system experiences high flows during and after heavy rainfall. The high flows impair the performance of the wastewater treatment plant resulting in frequent KPDES permit violations.

The City currently serves 855 residential customers and 177 commercial customers.

Mr. Carey Johnson abstained from the vote. Mr. Andy Luttner made the motion to approve the Fund A loan to the City of Richmond for an amount up to $500,000 with the standard conditions. Mayor Les Stapleton seconded and the motion was approved.

8. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (C23-001) FOR AN AMOUNT UP TO $7,054,602 TO THE CITY OF MOREHEAD F/B/O MOREHEAD UTILITY PLANT BOARD, ROWAN COUNTY, KENTUCKY

Mr. John Brady, KIA discussed the City of Morehead, for the benefit of the Morehead Utility Plant Board's (MUPB), request a Fund C loan in the amount of $7,054,602 as supplemental funding for the Regional Water Treatment Plant Construction project. The project consists of multiple phases and the bids for each phase have all come in substantially overbudget. A planning and design loan in the amount of $1,297,000 was approved by the KIA Board in December

2017. Fund F loans totaling $43,700,800 have been approved by the KIA board since then from March 2019 to February 2022. The Fund C loan will bring total KIA funding for the project to $52,052,602. A new 12 million gallon per day (MGD) Water Treatment Plant (WTP) will replace the existing plant with a capacity of8 MGD. The existing WTP was constructed in the 1960's and requires continuous maintenance and costly repairs. The new WTP will include upgraded SCADA, telemetry, and technologies to improve the treatment process. Other work at the WTP will include the construction of a 1.8-million-gallon capacity clear well and 3 lagoons for sludge containment. A new raw water intake will be constructed on Cave Run Lake along with 6,500 linear feet of 24" ductile iron pipe to connect the intake structure to the WTP. Approximately 4,500 linear feet of finished waterline will be installed and extend to a new 1,000,000-gallon ground storage tank.

The MUPB currently serves 3,442 direct customers in Bath, Fleming, and Rowan counties along with 11,977 indirectly served through wholesale water sales.

Mr. Carey Johnson abstained from voting. Ms. Shelley Porter made the motion to approve the Fund C loan for an amount up to $7,054,602 with the standard conditions. Mr. Shaun Youravich seconded and the motion was approved.

9. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F23-002) FOR AN AMOUNT UP TO $3,678,453 TO THE BARKLEY LAKE WATER DISTRICT, TRIGG COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. John Brady, KIA. discussed the Barkley Lake Water District's request for a Fund F loan in the amount of $3,678,453 for the Lakeside Waterline Replacement project. Approximately 70,000 linear feet of 3", 4", and 6" AC waterline in the Lakeside area will be replaced with PVC. The AC lines were installed when the water system was created in 1965 and have continued to deteriorate over the years. The project will address water loss by eliminating leaks and lower operation and maintenance costs.

The Water District currently serves 5,669 residential customers and 91 commercial and industrial customers. They provide wholesale service to Christian County Water District, Cadiz Water and Sewer Commission, and North Stewart Utility District.

Mr. Carey Johnson and Mr. Ron Parritt abstained from voting. Ms. Shelley Porter was unable to vote due to technical issues. Mayor Les Stapleton made the motion to approve the Fund F loan for an amount up to $3,678,453 with the standard conditions. Ms. Geri Grigsby seconded and the motion was approved.

10. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING

WATER REVOLVING FUND LOAN (F23-138E) FOR AN AMOUNT UP TO $8,590,500 TO THE CITY OF SOUTH SHORE, GREENUP COUNTY, KENTUCKY

Mr. Jory Becker. DOW, and Mr. John Brady, KIA. discussed the City of South Shore's request for a Fund F loan in the amount of $8,590,500 for the South Shore to Portsmouth Permanent Interconnect project. The City's wells have become contaminated with PFAS and some are experiencing failure. The inability to construct a new treatment plant has created the need to connect with an existing system capable of providing the quantity of potable water to serve the City's entire system. Approximately 13,000 linear feet of 20" water line will be constructed underneath the Ohio River bedrock and connect into Portsmouth, Ohio. Two booster pump stations will be built and various line replacements will be made in order to distribute water throughout the system. With no other viable option to provide quality water to the community, an interconnect to Portsmouth is necessary.

The City currently serves 2,325 residential customers and 176 commercial and industrial customers.

Mr. Carey Johnson abstained from the vote. Mayor Les Stapleton made the motion to approve the Fund F loan for an amount up to $8,590,500 with the standard conditions. Judge Mark McKenzie seconded and the motion was approved.

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

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

BORROWER	FUND	AMOUNT	LOAN TOTAL
Louisville MSD	A23-002	$11,200,000	$11,200,000
City of Richmond	A23-024S	$2,862,000	$2,862,000
City of Jackson	A23-025S	$500,000	$500,000
City of Morehead f/b/o Morehead Utility Plant Board	C23-001	$7,054,602	$7,054,602
Barkley Lake Water District	F23-002	$3,678,453	$3,678,453
City of South Shore	F23-138E	$8,590,500	$8,590,500

Mr. Russ Rose made the motion to approve the Capital Reimbursement Resolution. Mayor Les Stapleton seconded, and the motion carried unanimously.

II. EXECUTIVE DIRECTOR'S REPORT

Director Williams thanked everyone for their participation. She noted that the KIA offices are officially closed for HVAC construction from Monday, July 10 through Monday, August 14th. Staff will be working remotely and is available to attend meetings, but offsite or via teleconference.

KIA will be hosting an EPA 2023 Amended Intended Use Plan (IUP) meeting on Thursday, July 13th at 2:30 via Zoom to update the information on what qualifies as a Disadvantaged Community with additional information on the Median Household Income (MHI) and Affordability Rate Index, for funding for the Lead Service Line Replacement and Emerging Contaminants funding through BIL.

That concluded Director Williams report.

III. ANNOUNCEMENTS/NOTIFICATIONS

Next regularly scheduled KIA board meeting:

Thursday, August 3, 2023, at 1:00 p.m.

There being no further business, Judge Mark McKenzie moved to adjourn. Mayor Les Stapleton seconded, and the motion carried unanimously. The July 6, 2023, meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Margaret F. Link — **July 13, 2023**

Kentucky Infrastructure Authority Secretary — Date

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

July 31, 2023

Call to Order and Roll Call

The July meeting of the Capital Projects and Bond Oversight Committee was held on Monday, July 31, 2023, at 3:00 PM, in Room 131 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Deanna Frazier Gordon, Co-Chair; Senators Shelley Funke Frommeyer and Robin L. Webb; Representatives Keturah Herron and Walker Thomas.

Guests: Meg Campbell, Assistant Vice President of University Planning, Design, and Construction, University of Louisville; Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Andy Casebier, Assistant Vice President of Facilities, Kentucky Community and Technical College System; Natalie Brawner, Assistant Director, Division of Real Properties, Department for Facilities and Support Services, Finance and Administration Cabinet; Sandy Williams, Executive Director, Kentucky Infrastructure Authority; Katie Smith, Deputy Secretary and Commissioner, Department for Financial Services, Cabinet for Economic Development; Kylee Palmer, Director of Programs Administration, Department for Financial Services, Cabinet for Economic Development, and, Ryan Barrow, Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran and Spring Emerson.

Approval of Minutes

Senator Funke Frommeyer moved to approve the June 22, 2023 meeting minutes, Co-Chair Frazier Gordon seconded the motion, and the committee approved without objection.

Information Items

Ms. Halloran referenced four information items. Pursuant to KRS 26A.168(1), KRS 45.793, and KRS 45.818; the Administrative Office of the Courts; the Finance and Administration Cabinet, with the Commonwealth Office of Technology reporting independently; and postsecondary institutions managing their own capital construction under KRS 164A.580 transmitted quarterly capital project status reports. Pursuant to KRS 45.760(5), The University of Kentucky reported three restricted funds purchases of medical equipment for UK Chandler Hospital totaling just over $728,000: a $249,800 biotyper CA

system; a $231,100 cardiac ultrasound system; and a $247,400 neurosurgical ultrasound system. Pursuant to KRS 45.812(1), through their fiscal agents, four school districts, none of which needed an additional tax levy to pay debt service, reported upcoming debt issues to finance new projects. The school districts were Clay County, Gallatin County, Grant County, and Raceland-Worthington in Greenup County. Pursuant to House Bill 1, five postsecondary institutions reported asset preservation capital projects.

Project Report from the Postsecondary Institutions – University of Louisville

Ms. Campbell submitted a new project, Expand Ekstrom Library, funded with $8 million in donor funds to provide additional archival, student, and office space; renovating 8,000 to 10,000 square feet of space, including the addition. Senator Funke Frommeyer moved to approve the project, Senator Webb seconded the motion, and the committee approved by unanimous roll call vote.

Project Report from Finance and Administration Cabinet

Ms. Tomes reported seventeen pool allocations requiring no action; the general funded $1.212 million Justice and Public Safety Cabinet, Department of Corrections, Adult Correctional Institutions (Maintenance Pool – 2022-2024), Roofing Design – East project, design and consultant studies for roofs at three correctional complexes (Blackburn Correctional Complex, Northpoint Training Center, and Little Sandy Correctional Complex) and sixteen Postsecondary Education, Kentucky Community and Technical College System (KCTCS) (Asset Preservation Pool – 2022-2024) projects. The KCTCS projects were the $1.598 million Ashland CTC Roof Replacements, replacement of roofs on two buildings (Main Campus Goodpaster and Technology Drive Campus); $4.9 million Big Sandy CTC Roof Replacements, repair and replacement of roofs on six buildings; $2.8 million Gateway CTC Roof Replacements, replacement of roofs on two buildings; $4.5 million Gateway CTC Mechanical Equipment and Controls, upgrade and replacement of boilers, chillers, pumps, and air handlers and upgrade of HVAC controls; $1 million Henderson Community College Student Center Relocation and Demolition, relocation of services in the Student Center to other buildings and demolition of the Student Center; $1.7 million Madisonville Community College Renovate Aviation, renovation of the Aviation Center including roof replacement, internal reconfiguration, HVAC, parking lot, lighting, and drainage upgrades; $2 million Maysville CTC Roof Replacements, replacement of the roofs on two buildings; $1.5 million Maysville CTC Fire Alarms Upgrade, creation of campus-wide interconnected fire alarm system that provides monitoring control from a central location; $4.3 million Somerset Community College Life Safety Upgrades, upgrade of sprinkler, fire alarm, and safety systems; $2.3 million Somerset Community College Upgrade HVAC South Campus, upgrade of the HVAC system at the South Campus; $2.4 million Southeast Kentucky CTC Roof Replacements, replacement of the roofs on three buildings at the Cumberland and Middlesboro campuses; $7 million Southeast Kentucky CTC Mechanical Equipment Upgrades, upgrade and replacement of boilers, chillers, pumps, and air handlers and upgrade of HVAC controls; $5.5 million West Kentucky CTC Renovate Main Campus Buildings, replacement of roofs and switchgear at four main

campus buildings; $3.4 million West Kentucky CTC Parking Lots and Sidewalks, repair of paving and sidewalks; and Kentucky CTC System West Colleges Fire Alarm Upgrades Groups One and Two, $1.6 million each for the upgrade of fire alarm panels at the colleges in the western and eastern parts of the state. Eighty-five percent of the project costs came from the bond-funded Asset Preservation pool and KCTCS provided its fifteen percent match from restricted funds.

In response to questions from Representative Thomas and Co-Chair Frazier Gordon, Mr. Casebier said that KCTCS was able to execute all capital projects in its biennial budget request with all already bid or to be bid next month. For projects not already under construction, construction should commence by September or October. He said that there was a slight delay as Finance and Administration Cabinet's Division of Contracting and Administration was handling numerous projects.

Lease Report from Finance and Administration Cabinet

Ms. Brawner submitted a lease renewal, three lease modifications of at least $50,000, and a Tenant Improvement Fund request. Representative Thomas moved to roll them into one roll call vote, Co-Chair Frazier Gordon seconded the motion, and the committee approved without objection.

The lease renewal was the Cabinet for Health and Family Services, Department for Community Based Services, Ohio County, PR-4175. The lessor requested a rate increase and based on a competitive bidding process outlined in KRS 56.803, the lease was awarded to the current lessor. The lease is 12,700 square feet at a new rental rate of $15.00 per square foot for a $190,500 annual cost through June 30, 2031.

The first lease modification was for the Cabinet for Health and Family Services, Department for Community Based Services and Office for Children with Special Health Care Needs, Floyd County, PR-4000; to increase the leased space by 13,121 square feet for 23,530 total square feet at the same rental rate of $10.45 per square foot, which will result in a $137,115 annual increase for a new $245,889 annual cost. The additional office and clinic space required extensive demolition and renovation including framing and drywall demolition/installation, electrical services upgrades, interior finishes, plumbing, and HVAC and sprinkler system modifications. The lessor provided one estimate from Alliance Corporation in the amount of $529,060 and agreed to share fifty percent of the total renovation costs. When renovations are completed, the agencies will amortize $264,530 through the newly negotiated lease term ending June 30, 2031. This modification also resulted in a consolidation of space leased under PR-4511.

The second lease modification was for the Transportation Cabinet, Department of Vehicle Regulation, Hardin County, PR-5685; amortization of extensive demolition and renovations of newly leased Driver Licensing Regional Office space of 4,527 square feet at $9.25 per square foot. The necessary renovations include framing and drywall

demolition/installation, electrical services/HVAC upgrades, interior finishes, and primary entrance. The lessor provided two estimates: $322,350 from David Company and $438,900 from Jenkins-Essex Construction. KYTC recommended acceptance of the low bid. When renovations are completed, KYTC will amortize the $322,350 through the lease term ending June 30, 2031.

The third lease modification was for the General Government Cabinet, Occupational and Professional Boards and Commissions, Board of Nursing, Jefferson County, PR-3791; to decrease the square footage by 5,681 square feet for 16,329 total square feet at the same rental rate of $11.75 per square foot, which will result in a $66,752 annual decrease for a new $191,886 annual cost. The lease is under suspension due to partial water damage from burst sprinkler lines. The lessor is making necessary repairs, including painting and floor coverings, and the agency is temporarily leasing space in an adjacent facility until those repairs are completed, anticipated to be by September 1. The Board requested painting and floor coverings in the undamaged area. Based on the age and condition of the undamaged area, the lessor agreed to split the $59,762 cost; with a cost distribution of 58.33 percent to the lessor and 41.67 percent to the Board. The Board will amortize the $24,903 through the lease term ending June 30, 2029.

The Tenant Improvement Fund request, Energy and Environment Cabinet, 300 Building, Franklin County, PR-5411 was for the installation of two new dual cable pedestal mount electric vehicle (EV) chargers on two new concrete pads. The lessor provided three estimates: $51,146 from Fox Electric; $52,671 from Blue Sky Electric; and $88,963 from Arts Electric. EEC recommended acceptance of the low bid. Including this request, the total amount of 300 Building Tenant Improvement Fund requests is $262,765.

Senator Girdler expressed his best wishes for Scott Aubrey, Director, Division of Real Properties upon his retirement.

Representative Thomas moved to approve the lease transactions, Representative Herron seconded the motion, and the committee approved by unanimous roll call vote.

Report from Office of Financial Management
Kentucky Infrastructure Authority

Ms. Williams submitted three Clean Water State Revolving Fund (Fund A) Program loans, a Governmental Agencies (Fund C) Program loan, two Drinking Water State Revolving Fund (Fund F) Program and sixteen Cleaner Water Program grants. Senator Webb moved to roll them into one roll call vote, Representative Thomas seconded the motion, and the committee approved without objection.

The Louisville and Jefferson County Metropolitan Sewer District (Bullitt County) requested a $11.2 million Fund A loan for its Bullitt Hills and Hillview Wastewater Treatment Plant and Three Pump Stations Elimination project; elimination of three

wastewater treatment plants (and associated pump stations) that are over twenty-five years old, experienced overflow, and received notices of violation from the Division of Water. A new pump station will be constructed to divert flow to a wastewater treatment plant in Jefferson County. The loan term is twenty years at a one and one quarter percent interest rate. The City of Richmond (Madison County) requested a $2.862 million Fund A loan for its South Point Force Main and Pump Station improvements project; replacement of over 8,000 linear feet of eight-inch lines with sixteen-inch force main and pump station rehabilitation to expand access to approximately 250 new customers. The loan term is twenty years at a half percent interest rate. The City of Jackson (Breathitt County) requested a $500,000 Fund A loan for its $1.98 million Sewer Rehabilitation Phase II project; rehabilitation of 20,0000 linear feet of problematic lines experiencing inflow and infiltration. The loan term is thirty years at a half percent interest rate. The City of Morehead f/b/o Morehead Utility Plant Board (Rowan County) requested a $7,054,602 Fund C loan for its $52,052,602 Regional Water Treatment Plant Construction project. The project consisted of multiple phases and the bids for each phase have come in over budget. The Fund C loan proceeds will be combined with the existing Fund F loan proceeds. The loan term is twenty years at a two and three quarters percent interest rate. The Barkley Lake Water District (Trigg County) requested a $3,678,453 Fund F loan for its $4,055,104 Lakeside Waterline Replacement project; replacement of around 70,000 linear feet of three-inch, four-inch, and six-inch asbestos cement waterlines in the Lakeside area installed in 1965 to eliminate water loss. The loan term is twenty years at a two and a quarter percent interest rate. The City of South Shore (Greenup County) requested a $8,590,500 Fund F loan for its $10,382,805 South Shore to Portsmouth Permanent Interconnect project; construction of approximately 13,000 linear feet of twenty-inch waterline underneath the Ohio River to connect to Portsmouth, Ohio. Two booster pump stations and various line replacements will be made in order to distribute water throughout the system. Monitoring of the city's current drinking water source indicated increasing levels of PFAS. This loan is funded under the new Environmental Protection Agency emerging contaminants capitalization grant as authorized in the federal Bipartisan Infrastructure Law and will receive one hundred percent principal forgiveness as required by the terms of the grant.

Of the sixteen Cleaner Water Program Grants; nine are grants from the Supplemental Funding Pool (ten percent increases from prior grants to accommodate bids coming in over budget); six are County Pool reallocations, and one is a new County Pool grant. There was consensus from the local utilities and elected officials regarding the reallocations.

Senator Funke Frommeyer moved to approve the loans and grants, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Cabinet for Economic Development - Economic Development Fund (EDF) Grants

Ms. Smith and Ms. Palmer submitted eight Kentucky Product Development Initiative EDF grants. Senator Webb moved to roll them into one roll call vote, Co-Chair Frazier Gordon seconded the motion, and the committee approved without objection.

The Kentucky Product Development Initiative program administered in conjunction with the Kentucky Association for Economic Development and codified in House Bill 745, uses EDF monies for industrial site upgrades. An independent site selection consultant identified the infrastructure projects as having potential for future economic development opportunities. CED disburses funds to the project applicants through the local government entities on a reimbursement basis upon review and approval of supporting documentation including invoices, proof of payment, matching funds, and progress reports. CED is submitting Round One grants and the consultant is evaluating Round Two grant applications.

The Kentucky Economic Development Finance Authority approved a $42,300 KPDI EDF grant to the City of Princeton on behalf of the Princeton-Caldwell County Industrial Development Authority to conduct an in-depth analysis of the karst topography located at the Princeton Industrial Park. Matching funds are local monies for a $84,500 total project cost. KEDFA approved a $700,000 KPDI EDF grant to the Henderson County Fiscal Court on behalf of the West Kentucky Regional Industrial Development Authority to complete a site grading plan with a one million square foot building pad at the Sandy Lee Watkins site. Matching funds are local monies for a $1.4 million total project cost. KEDFA approved a $666,700 KPDI EDF grant to the Logan County Fiscal Court on behalf of the City of Russellville to complete an upgrade to a lift station at the West Industrial Park. Matching funds are a bank loan for a $1.85 million total project cost. KEDFA approved a $34,700 KPDI EDF grant to the Lyon County Fiscal Court on behalf of the Pennyrile Westpark Industrial Development Authority to conduct a floodplain analysis at the Pennyrile WestPark Industrial Park. This was a regional project with support from Caldwell, Crittenden, Livingston, Lyon, and Trigg Counties. Matching funds are local monies for a $69,400 total project cost. KEDFA approved a $675,400 grant to the Nicholas County Fiscal Court on behalf of the Bourbon County-Nicholas County Joint Economic Development Authority to acquire the Finrock property and begin engineering and site improvements. Matching funds are a bank loan and utility grants for a $1,350,800 total project cost. KEDFA approved a $225,000 KPDI EDF grant to the Trigg County Fiscal Court on behalf of the Cadiz–Trigg County Industrial Development Authority to construct a new wastewater pump station at the Interstate 24 Business Park. Matchings funds are a grant for a $450,000 total project cost. KEDFA approved a $100,000 KPDI EDF grant to the Washington County Fiscal Court on behalf of the Springfield–Washington County Economic Development Authority to prepare and improve a new industrial site, Lincoln Business Park, into a shovel-ready site by adding a dedicated entrance and extending existing infrastructure. Matching funds are EDA monies for a $200,000 total project cost., KEDFA approved a second KPDI EDF grant to the Washington County Fiscal Court on behalf of the Springfield–Washington County Economic Development Authority to

prepare a improve a site in the industrialized zoned Springfield–Washington County Commerce Center. Matching funds are EDA monies for a $200,000 total project cost.

In response to a question from Senator Funke Frommeyer regarding the return on investment, Ms. Smith said that the industrial site upgrades through the KPDI pilot program resulted in $4 billion worth of investment. As an example, the construction of a gas line and other site upgrades in Henderson was a contributing factor in Pratt Industries announcing that it would invest $400 million in a recycled paper mill in Henderson.

Senator Webb moved to approve the KPDI EDF grants, Co-Chair Frazier Gordon seconded the motion, and the committee approved by unanimous roll call vote.

Office of Financial Management – New and Previous Debt Issues

Mr. Barrow submitted the Kentucky Housing Corporation Multifamily Conduit Revenue Bonds (Davis Park Station), Series 2023; $9 million net proceeds with an over $22 million estimated project cost for a seventy-three-unit residential complex in Lexington. KHC conduit debt issues affect neither the Commonwealth's nor KHC's financials and are applied towards the state's private activity volume cap.

Representative Herron moved to approve the new debt issue, Senator Webb seconded the motion, and the committee approved by unanimous roll call vote.

Mr. Barrow reported three previous debt issues. The first was the $54.84 million Kentucky Asset/Liability Commission, Project Notes 2023 Federal Highway Trust Fund First Refunding Series A; which redeemed the Series 2013 debt issue. Federal funds, the federal portion of the gas tax, is applied towards debt service and the $1.6 million in net present value savings can be used towards additional programming. The debt issue priced June 6, closed June 22, and has a final maturity of September 1, 2025. The second was the KHC Multifamily Conduit Revenue Bonds (The Prestonian), Series 2023; $55 million net proceeds with an over $129 million project cost for a 343-unit residential complex in Louisville, which priced June 30. The third was the KHC Multifamily Conduit Revenue Bonds (Gateway on Broadway), Series 2023; $25 million net proceeds with an over $63 million project cost for a 116-unit residential complex in Louisville, which priced June 16.

School District Debt Issues with School Facilities Construction Commission Debt Service Participation – New Projects

Mr. Barrow submitted three school district debt issues with SFCC debt service participation totaling $20.89 million for new projects; eighty-nine percent, $18.573 million, with locally supported debt service and eleven percent, $2.317 million, with SFCC debt service participation. Co-Chair Frazier Gordon moved to roll them into one roll call vote, Representative Thomas seconded the motion, and the committee approved without objection.

The school districts, none of which needed an additional tax levy to pay debt service, were Clay County; Magoffin County, and Wolfe County.

Senator Webb moved to approve the three school district debt issues with SFCC debt service participation, Representative Thomas seconded the motion, and the committee approved by unanimous roll call vote.

Adjournment

The next CPBOC meeting is scheduled for Wednesday, August 23, 2023, with Representative Frazier Gordon presiding. Submissions are due on August 9, 2023.

There being no further business before the committee, the meeting was adjourned at 3:52 PM.

H.B. QUINN

ATTORNEY AT LAW
POST OFFICE BOX 1549
CADIZ, KENTUCKY 42211

H.B. QUINN
hbquinn@bellsouth.net

14 COURT STREET
PHONE: 270-522-3481
FAX: 270-522-3483
quinnlawoffice@bellsouth.net

January 15, 2025

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

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Barkley Lake Water District, regarding Project Number F23-002

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Barkley Lake Water District (the "Borrower"). I am familiar with the organization and existence of the Borrower and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Borrower (the "Assistance Agreement") is being authorized, executed, and delivered. Capitalized but undefined terms utilized herein shall have the meanings provided in the Assistance Agreement.

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

Based upon my review I am of the opinion that:

1. The Borrower is a duly organized and existing municipal corporation and political subdivision of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2. The Assistance Agreement has been duly executed and delivered by the Borrower and is a valid and binding obligation of the Borrower enforceable in accordance with its terms, except to the extent that the enforceability

thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency, or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3. The Borrower has all necessary power and authority (I) to enter into, perform, and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the Construction of the Project.

4. The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Borrower.

5. The execution and delivery of the Assistance Agreement and the performance by the Borrower of its obligations thereunder does not and will not conflict with, violate, or constitute a default under any court or administrative order, decree, or ruling, or any law, statute, ordinance, or regulation, or any agreement, indenture, mortgage, lease, note, or other obligation or instrument, binding upon the Borrower, or any of its properties or assets. The Borrower has obtained each and every authorization, consent, permit, approval, or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency, or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery, or performance by the Borrower of the Assistance Agreement and the imposition of the Service Charges.

6. To the best of my knowledge after due inquiry there is no action, suit, proceedings, or investigation at law or in equity before any court, public board or body pending or threatened against, affecting, or questioning (I) the valid existence of the Borrower; (ii) the right or title of the members and officers of the Borrower to their respective positions; (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor; (iv) the Construction of the Project; (v) the validity or enforceability of the Service Charges; or (vi) that would

have a material adverse impact on the ability of the Borrower to perform its obligations under the Assistance Agreement.

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

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

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

Sincerely,

H. B. QUINN

HBQ/lmh

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GENERAL CLOSING CERTIFICATE OF THE BORROWER

Dated January 1, 2025

Re: Assistance Agreement dated as of January 1, 2025, by and between the Kentucky Infrastructure Authority and Barkley Lake Water District

In connection with the above-identified Assistance Agreement (the "Assistance Agreement"), the Barkley Lake Water District (the "Borrower"), through its undersigned duly-authorized officer hereby certifies, represents, warrants, and covenants as follows:

1. No event of default exists, or with the passage of time will exist, under the Assistance Agreement and the representations and warranties set forth in the Assistance Agreement are true and correct as of the date hereof.

2. The Borrower has examined and is familiar with proceedings of the governing body of the Borrower approving the Assistance Agreement and authorizing its negotiation, execution, and delivery and such proceedings were duly enacted or adopted at a meeting or meetings of the governing body of the Borrower at which a quorum was present and acting throughout; such proceedings are in full force and effect and have not been superseded, altered, amended, or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

3. The Borrower is a duly organized and validly existing political subdivision of the Commonwealth of Kentucky with full power to own its properties, conduct its affairs, enter into the Assistance Agreement, and to consummate the transactions contemplated thereby.

4. The negotiation, execution, and delivery of the Assistance Agreement by the Borrower and the consummation of the transactions contemplated thereby by the Borrower have been duly authorized by all requisite action of the governing body of the Borrower.

5. The Assistance Agreement has been duly executed and delivered by the Borrower and is a valid and binding obligation of the Borrower enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency, or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

6. There is no controversy or litigation of any nature pending, or to the knowledge of the Borrower after diligent inquiry, threatened, in any court or before any board, tribunal, or administrative body, to challenge in any manner the authority of the Borrower or its governing body to make payments under the Assistance Agreement or to acquire or construct the project identified therein (the "Project"), or to challenge in any manner the authority of the Borrower or its governing body to take any of the actions which have been taken in the authorization or delivery of the Assistance Agreement or the acquisition or construction of the Project, or in any way contesting or affecting the validity of the Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Borrower of the Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the

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Borrower, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with the Assistance Agreement.

7. The authorization and delivery of the Assistance Agreement and the consummation of the transactions contemplated thereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule, or regulation or other document or law affecting the Borrower or its governing body.

8. All actions taken by the Borrower in connection with the Assistance Agreement and the loan described therein have been in full compliance with the provisions of the Kentucky Open Meetings Law, KRS 61.805 to 61.850.

9. The Borrower has all licenses, permits, and other governmental approvals required to construct, own, occupy, operate, and maintain the Project and to enter into the Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power, and authority to perform the acts and things as provided for in the Assistance Agreement.

10. The individuals named below are the duly elected or appointed qualified and acting incumbents in the office of the Borrower indicated after their respective names and the signatures subscribed above their names are their genuine signatures.

IN WITNESS WHEREOF, I have set my hand as of the date first set out above.

BARKLEY LAKE WATER DISTRICT

By: Scott Bridges
Chair

Attest:

By: William Lawrence
Secretary

KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

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

Sandy Williams
Executive Director

October 5, 2023

Scott Bridges, Chairman
Barkley Lake Water District
PO Box 308
Cadiz, KY 42211

KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F23-002)

Dear Chairman Bridges:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On July 6, 2023, the Authority approved your loan for the BLWD Lakeside Waterline Replacement project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed $4,055,104, without prior authorization of the Authority, of which the Authority loan shall provide $3,678,453 of the funding. Other anticipated funding for the project is reflected in Attachment B. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Barkley Lake Water District upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by October 5, 2024 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

TEAM KENTUCKY

An Equal Opportunity Employer M/F/D

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,

Milward Dedman
Deputy Executive Director

Attachments

cc: Kyle Cunningham, PEADD
Bell Engineering, Bob Pickerill

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms along with the completed "Transparency Act Reporting Information Form". Complete the attached "Authorization for Electronic Deposit of Vendor Payment Form" and the "ACH Debit Authorization Form" **and return to the US Bank address at the bottom of each form.** Also included are the "Legal Counsel Certification Letter" sample and the "Statement of Approval of Projections of Revenue and Expenses" for you to complete at the appropriate time. These forms and an SRF loan checklist guide can be found in Attachment C of this letter.

Accepted

Date 10/9/23

ATTACHMENT A

Conditions

Barkley Lake Water District
F23-002

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

1. The Authority project loan shall not exceed $3,678,453 without prior authorization.

2. Principal forgiveness of 27% of the assistance amount, not to exceed $1,001,207 will be credited to the loan balance upon the advance of the loan funds from time to time from the Authority to the Borrower.

3. The loan shall bear interest at the rate of 2.25 % per annum commencing with the first draw of funds.

4. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day. Please complete and return the “ACH Debit Authorization” form in Attachment C of this letter to U.S. Bank for processing.

5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.

6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.

7. A loan servicing fee of 0.25% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.

8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.

9. The Authority loan funds must be expended within six months of the official date of initiation of operation.

10. Fund “F” loan funds may be considered to be federal funds. If more than $750,000 of federal funds is disbursed during any one of Borrower’s fiscal years, the Borrower is required to have a single or program-specific audit conducted for that year in accordance with 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

11. The Authority requires that an annual financial audit be provided for the life of the loan.

12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

13. The Borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.

2. The Assistance Agreement must be executed within six (6) months from bid opening.

3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.

4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly. Any special conditions listed in Attachment B must be satisfied before the project is presented before the Committee.

5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the

adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.

6. The Borrower must complete and return the "Authorization for Electronic Deposit of Borrower Payment" form in Attachment C of this letter to U.S. Bank.

7. The Borrower must provide documentation of Eclearinghouse Endorsement and Eclearinghouse Comments.

8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving State Revolving Funds ("SRF") money.

9. Technical plans and specifications and a complete SRF specifications checklist shall be approved by the Division of Water prior to project bid.

10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.

11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the SRF loan project.

12. The Borrower must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.

13. The Borrower shall implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.

14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates for all work relating to the subject Project.

15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the Transparency Act Reporting

Information Form in Attachment C of this letter and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.

16. Based on the final “as-bid” project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The “as bid” project budget shall be reviewed and approved by the consulting engineer.

17. The Project shall comply with all federal requirements applicable to the Loan (including those imposed by P.L. 113-76, Consolidated Appropriations Act, 2014 (the “2014 Appropriations Act”) and / or the Build America, Buy America Act (“BABA”)) and related Program policy guidelines). The Borrower understands that, among other requirements, (a) all of the iron and steel products used in the Project are to be produced in the United States (“American Iron and Steel Requirement”) unless (i) the Borrower has requested and obtained a waiver from the Authority and the United States Environmental Protection Agency pertaining to the Project or (ii) the Authority has otherwise advised the Borrower in writing that the American Iron and Steel Requirement is not applicable to the Project; and / or (b) (i) all iron and steel items used in projects must be produced in the United States pursuant to BABA, (ii) all manufactured products must be produced in the United States, and (iii) all construction materials must be manufactured in the United States (“BABA Requirements”); unless (y) the Borrower has requested and obtained a waiver from the Authority and the United States Environmental Protection Agency pertaining to the Project or (z) the Authority has otherwise advised the Borrower in writing that the BABA Requirements are not applicable to the Project.

18. If the Project includes a private-side lead pipe replacement component, the Borrower must obtain a final inspection from the Division of Plumbing of the Department of Housing, Building and Construction.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BARKLEY LAKE WATER DISTRICT FOR APPROVAL TO ISSUE EVIDENCE OF INDEBTEDNESS AND A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY	)))))	CASE NO. 2024-00052

O R D E R

On August 23, 2024, Barkley Lake Water District (Barkley Lake District) filed an application pursuant to KRS 278.020, KRS 278.300, and 807 KAR 5:007. Section 15, seeking financing approval and a Certificate of Public Convenience and Necessity (CPCN) to replace Asbestos Cement (AC) water lines with polyvinylchloride (PVC) pipe (Pipe Replacement Project).[1] The Commission established a procedural schedule by Order dated September 6, 2024. No party requested intervention or a hearing. Barkley Lake District responded to one request for information.[2] This matter now stands submitted for decision by the Commission.

BACKGROUND

Barkley Lake District is a water district organized pursuant to KRS Chapter 74. It owns and operates a water distribution system through which it provides water service to

[1] Application (filed Aug. 23, 2024) at 1.

[2] Barkley Lake District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Sept. 24, 2024).

approximately 6,405 customers in Caldwell, Christian, and Trigg counties, Kentucky.[3] Barkley Lake District is engaged in the production, distribution, and sale of water.[4] Barkley Lake District also provides water for resale to Christian County Water District, Lyon County Water District, Stewart County (Tennessee) Water District, and the city of Cadiz, Kentucky.[5] Barkley Lake District also owns and operates a water treatment plant, five pumping stations, nine water storage tanks, and 2,621,902 feet of distribution lines across six pressure zones.[6] A rate increase was approved for Barkley Lake District on September 13, 2022, in Case No. 2021-00454.[7] Barkley Lake District's water loss in 2023 was 13.5485 percent.[8]

CPCN

Barkley Lake District requested a CPCN to replace approximately 98,865 linear AC water lines with PVC pipe.[9] The AC lines proposed to be replaced are 1,410 linear feet of three-inch, 85,311 linear feet of four-inch, and 12,144 linear feet of six-inch diameter distribution lines.[10] These lines were installed when Barkley Lake District was created in 1965 and are fully depreciated.[11] According to the application, PVC pipes will

[3] *Annual Report of Barkley Lake Water District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 12 and 49.

[4] Application at 3, paragraph 6.

[5] Application at 3, paragraph 5.

[6] Application at 3, paragraph 6.

[7] Case No. 2021-00454, Electronic Application of Barkley Lake Water District for a Rate Adjustment Pursuant to 807 KAR 5:076 (Ky. PSC Sep. 13, 2022), Order.

[8] 2023 Annual Report at 58.

[9] Application at 1.

[10] Application at 4, paragraph 8.

[11] Barkley Lake District's Response to Staff's First Request, Item 5.

be installed to replace leaking AC lines of the same diameter.[12] The AC lines will be abandoned in place.[13] Barkley Lake District stated that no new easements would be required as all construction would take place in areas where it already has easements.[14]

Barkley Lake District stated that the Pipe Replacement Project was divided into eight divisions (Division A through Division H).[15] Barkley Lake District stated that there is a variation in elevation in the area which results in some low-lying areas having high pressure, causing the AC lines to be more vulnerable to breakage and leaks.[16] Barkley Lake District stated that from January 2021 through May 2024, 31 of the 207 line breaks were in the Pipe Replacement Project area[17] and the repair of each break resulted in a customer outage of approximately three hours duration.[18] The Pipe Replacement Project represents approximately three percent of the pipe in Barkley Lake District's system but was responsible for approximately 15 percent of the line breaks.[19] Barkley Lake District explained that replacing AC lines will improve the reliability of its water service by eliminating one source of line breaks and leaks and reducing the likelihood of customer outages.[20]

[12] Application at 4, paragraph 8.

[13] Application at 4, paragraph 8.

[14] Application at 4, paragraph 8.

[15] Application at 4, paragraph 9.

[16] Application at 4-5, paragraph 9.

[17] Application at 5, paragraph 9.

[18] Barkley Lake District's Response to Staff's First Request, Item 7.

[19] Application at 5, paragraph 9.

[20] Application at 5, paragraph 9.

Barkley Lake District also argued that the Pipe Replacement Project would eliminate hazards associated with asbestos.[21] Barkley Lake District stated that the maintenance and repair of AC pipes is more labor intensive and dangerous to its personnel than maintaining PVC pipes because exposing AC lines and repairing them can disturb the asbestos pipe material which is a known carcinogen.[22] Barkley Lake District argued that replacing the AC lines with PVC pipe will make future maintenance of water lines much less labor intensive.[23] Barkley Lake District also stated that the new lines will be laid adjacent to the existing lines and the AC lines will be replaced with PVC lines of the same diameter, with the AC lines being taken out of service and abandoned in place.[24] Additionally, Barkley Lake District stated that it will not need to obtain any new easements for the Pipe Replacement Project as it already holds easements on the property for which the construction will take place.[25]

Barkley Lake District considered two alternatives to replacing the AC lines with PVC pipe.[26] The first alternative was to keep the AC lines and repair or replace them as the lines broke.[27] Barkley Lake District stated that, given the increase time and money spent on repairing leaks and maintaining AC waterlines, it thought it was a better decision

[21] Application at 6, paragraph 10.

[22] Application at 6, paragraph 10.

[23] Application at 6, paragraph 10.

[24] Application at 6, paragraph 10.

[25] Application at 6, paragraph 10

[26] Application at 6, paragraph 11.

[27] Application at 7, paragraph 11.

to pursue orderly and systematic replacement of the AC lines.[28] Barkley Lake District explained that planned replacement permits it to communicate with customers when the construction will occur and regarding any inconveniences that might occur.[29] Additionally, Barkley Lake District argued that when an AC line breaks, it cannot prepare ahead of time by obtaining appropriate pipe and any necessary repair or replacement materials to make the repair or replacement.[30] Barkley Lake District stated that planned and orderly replacement is better use of its resources and would result in a stronger more reliable water distribution system than a piecemeal approach to replacement.[31]

The second alternative that Barkley Lake District considered was replacing the AC lines with ductile iron pipe.[32] Barkley Lake District stated that ductile iron pipe and PVC generally has a useful life of at least 100 years, with some ductile iron pipe in service in excess of 150 years. However, the cost of small-diameter ductile iron pipe is higher than PVC pipe of the same diameter.[33] Barkley Lake District stated that ductile iron pipe would cost an additional $3,495,530 in material costs for the entire project than the PVC pipe of the same diameter[34] and an estimated cost of $9,331,767 to complete Divisions A through

[28] Application at 7, paragraph 11.

[29] Application at 7, paragraph 11.

[30] Application at 7, paragraph 11.

[31] Application at 8, paragraph 11.

[32] Application at 8, paragraph 11.

[33] Application at 8, paragraph 11.

[34] Application at 8, paragraph 11.

Divisions F[35] as compared to the PVC estimated cost of $6,334,767 to complete those same divisions.[36]

Barkley Lake District stated that it advertised for bids for construction of the Pipe Replacement Project in the June 13, 2024 editions of the *Kentucky New Era* and the *Cadiz Record*.[37] Barkley Lake District stated that it received three bids to complete the Pipe Replacement Project and all three bids exceeded the funds available for the project.[38] Since all the bids exceeded the funds available, the amounts for each division were removed in reverse alphabetical order and the bids retabulated until the low bidder came within the funds available.[39] Barkley Lake District stated that Youngblood Excavating and Contracting, LLC (Youngblood) of Mayfield, Kentucky was selected as the lowest bid.[40] Youngblood's bid was $5,089,181 for Divisions A through E.[41]

Barkley Lake District stated that the estimated cost to construct Divisions A through E is $5,484,642 which included administration costs and contingencies.[42] Barkley Lake District further stated that the estimated cost to construct Division F was $847,125,[43]

[35] Barkley Lake District's Response to Staff's First Request, Item 3.

[36] Application at 11, Paragraph 21.

[37] Application at 10, paragraph 18.

[38] Application at 10, paragraph 19.

[39] Application at 10, paragraph 19.

[40] Application at 11, paragraph 19.

[41] Application at 10, paragraph 19.

[42] Application at 11, paragraph 21.

[43] Application at 11, paragraph 21.

Division G was $815,539,[44] and Division H was $1,027,855.[45] Barkley Lake District stated that no increase in the cost to operate the system is anticipated[46] and that the Pipe Replacement Project will not require it to seek an immediate rate adjustment.[47] Barkley Lake District further stated the no additional pumping stations would be needed and since the lines would be replaced with the same size lines, there would be no increase in the use of electricity or chemicals.[48] Barkley Lake District argued that the construction will not result in wasteful duplication of utility facilities or inefficient investment.[49]

Financing

Barkley Lake District proposed to finance the Pipe Replacement Project by entering into an Assistance Agreement with the Kentucky Infrastructure Authority (KIA) for KIA Loan F23-002 to borrow an amount not to exceed $3,678,453 from the Drinking Water State Revolving Fund (Fund F).[50] Barkley Lake District stated that the proposed loan would have a 2.25 percent per annum interest rate to be repaid over a period not to exceed 20 years from the date of the last draw of funds.[51] Barkley Lake District further stated that the proposed loan would be subject to principal forgiveness of 27 percent of the assistance amount, not to exceed $1,001,207 resulting in the net loan amount to be

[44] Barkley Lake District's Response to Staff's First Request, Item 8.

[45] Barkley Lake District's Response to Staff's First Request, Item 8.

[46] Application at 11, paragraph 22.

[47] Application at 14, paragraph 27.

[48] Application at 12, paragraph 22.

[49] Application at 12, paragraph 23.

[50] Application at 12, paragraph 24.

[51] Application at 12, paragraph 24.

repaid of $2,677,246.[52] Barkley Lake District also stated that the proposed loan would be secured by a pledge of Barkly Lake District's revenues and a loan servicing fee of 0.25 percent of the outstanding loan balance would be assessed semi-annually.[53] Additionally, Barkley Lake District stated that payments on the proposed loan would begin six months after funds are first drawn.[54]

Barkley Lake District stated that no proceeds from the proposed Assistance Agreement would be used to refund any outstanding obligation.[55] Barkley Lake District further stated that the proposed loan would not require it to seek an immediate rate adjustment, and it did not propose to issue any stock or bonds.[56]

Barkley Lake District also stated that portions of the Pipe Replacement Project would also be financed using $376,651 of Clean Water Program (CWP) grant funds from Grant 21CWW205 and $1,113,760 of CWP grant funds from 22CW357.[57] According to Barkley Lake District, it was originally awarded $427,065 in CWP grant funds for Grant 22CWW357, however, when the bids to complete the Pipe Replacement Project were higher than expected, KIA increase the grant award by $686,695.[58] This resulted in a total grant of $1,113,760 for Grant 22CWW357.[59]

[52] Application at 12, paragraph 24.

[53] Application at 13, paragraph 24.

[54] Application at 13, paragraph 24.

[55] Application at 14, paragraph 29.

[56] Application at 14, paragraphs 27–28.

[57] Application at 14, paragraph 26.

[58] Application at 14, paragraph 26.

[59] Application at 14, paragraph 26.

Barkley Lake District stated that currently funds cover the expenses to complete Division A through Division E, but it expects grant funds may become available to complete Division F.[60] Additionally, Barkley Lake District stated that it is seeking additional state and federal grant funds to complete Divisions G and H, and it would have no issue beginning construction on the remaining Divisions within one year of obtaining a CPCN.[61]

LEGAL STANDARD

The Commission's standard of review regarding a CPCN is well settled. No utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from this Commission.[62] To obtain a CPCN, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.[63]

"Need" requires:

> [A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated. [T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management, or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.[64]

[60] Application at 4, paragraph 9.

[61] Barkley Lake District's Response to Staff's First Request, Item 2.

[62] KRS 278.020(1). Although the statute exempts certain types of projects from the requirement to obtain a CPCN, the exemptions are not applicable.

[63] *Kentucky Utilities Co. v. Pub. Serv. Comm 'n*, 252 S.W.2d 885 (Ky. 1952).

[64] *Kentucky Utilities Co.*, 252 S.W.2d at 890.

"Wasteful duplication" is defined as "an excess of capacity over need" and "an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties."[65] To demonstrate that a proposed facility does not result in wasteful duplication, the Commission has held that the applicant must demonstrate that a thorough review of all reasonable alternatives has been performed.[66] Although cost is a factor, selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.[67] All relevant factors must be balanced.[68]

KRS 278.300 requires Commission authorization before a utility may "issue any securities or evidence of indebtedness or assume any obligation or liability in respect to the securities or evidence of indebtedness of any other person."[69] KRS 278.300(3) establishes the legal standard and clarifies the scope of Commission review, stating:

> The commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform

[65] *Kentucky Utilities Co*., 252 S.W.2d at 890.

[66] Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005), Order at 11.

[67] *See Kentucky Utilities Co. v. Pub. Serv. Comm'n, 390 S.W.2d 168, 175 (Ky. 1965). See also* Case No. 2005-00089, *Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of a 138 kV Electric Transmission Line in Rowan County, Kentucky* (Ky. PSC Aug. 19, 2005), Order.at 6.

[68] Case No. 2005-00089, Aug. 19, 2005 Order at 6.

[69] KRS 278.300(1).

that service, and is reasonably necessary and appropriate for such purpose.

DISCUSSION AND FINDINGS

CPCN

Need

Having considered the application and all evidence in the record, the Commission finds that Barkley Lake District has demonstrated a need for the pipe replacement project. Barkley Lake District needs to replace the AC pipes to help reduce leaks. As noted above, the area of the Pipe Replacement Project consists of AC pipes that were installed in the 1960s and are currently responsible for approximately 15 percent of the breaks in Barkley Lake District's system, even though it only comprises three percent of the total system. In addition, the Commission notes that leaks increase overall utility water loss and at approximately 13 percent water loss, Barkley Lake District should take the appropriate steps, such as this project, to address leaks.

Wasteful Duplication

The Commission also finds that the Pipe Replacement Project will not result in wasteful duplication. As noted above, the Pipe Replacement Project is intended to replace existing systems that are fully depreciated and need replacement with PVC lines of the same size. The Pipe Replacement Project was also competitively bid with the lowest bid for Divisions A-E being accepted. Barkley Lake District also considered two alternatives: maintain current AC pipes and repair when breaks occur or replace with ductile iron pipe. While maintaining its current AC pipes would result in the lowest current cost for Barkley Lake District, the Commission finds that it would be unreasonable to require Barkley Lake District to continue to maintain those pipes as they have been

responsible for approximately 15 percent of Barkley Lake District's line breaks. The pipe had also exceeded its useful life and has no remaining depreciable value. Additionally, the cost of ductile iron pipe would cost approximately $3,000,000 more than the cost of the PVC lines.

For these reasons, the Commission finds that Barkley Lake District's decision to replace the AC lines with PVC lines is reasonable. Since Barkley Lake District established a need for the Pipe Replacement Project and that it will not result in wasteful duplication, the Commission further finds that Barkley Lake District's request for a CPCN should be granted.

Financing

The Commission finds that the requested financing is necessary for the completion of the Pipe Replacement Project discussed above and will not impair Barkley Lake District's ability to provide service. In fact, as noted above, the Commission finds that the Pipe Replacement Project at issue is necessary and will not result in wasteful duplication. Further, the Commission finds that the financing for which Barkley Lake District requests approval is for the lawful object within the corporate purposes of Barkley Lake District's utility operations.

Additionally, the Pipe Replacement Project and associated financing are necessary, appropriate for, and consistent with the proper performance of Barkley Lake District's service to the public. The financing will not impair Barkley Lake District's ability to perform that service, and is reasonably necessary and appropriate for such purposes, and therefore, the Commission finds that the approval of the financing should be granted. The financing does include principal forgiveness which provides the utility with an

opportunity to pay less than the district otherwise would, and the Commission encourages Barkley Lake District to monitor and take steps to comply with all portions of the funding related to loan forgiveness.

The Commission reminds Barkley Lake District that, if it borrows any funds pursuant to KRS 278.300, to complete Divisions F through H, it must get approval from the Commission. The Commission also reminds Barkley Lake District that if it does not begin construction on any Division within one year from the date the CPCN is granted, it will need to seek a new CPCN.

Commission Staff performed a limited review of Barkley Lake District's financial records on file for the immediately preceding five years. Barkley Lake District's last rate increase pursuant to the alternative rate filing procedure was in Case No. 2021-00454.[70] In its review, Commission noted that rate-based income (adjusted net income minus principal payments) while improving, was negative each year. Based on the financial analysis conducted in this proceeding,[71] the Commission finds that Barkley Lake District should file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076 no later than October 31, 2026, to ensure its revenue is sufficient to support adequate and reliable service.

[70] Case No. 2021-00454, *Electronic Application of Barkley Lake Water District for a Rate Adjustment Pursuant to 807 KAR 5:076,* (Ky. PSC Sept. 13, 2022).

[71] The financial analysis was conducted using the following: *Annual Report of Barkley Lake Water District to the Public Service Commission for the Calendar Year Ended December 31, 2019*, *Annual Report of Barkley Lake Water District to the Public Service Commission for the Calendar Year Ended December 31, 2020*, *Annual Report of Barkley Lake Water District to the Public Service Commission for the Calendar Year Ended December 31, 2021, Annual Report of Barkley Lake Water District to the Public Service Commission for the Calendar Year Ended December 31, 2022*, and 2023 Annual Report.

IT IS THEREFORE ORDERED that:

1. Barkley Lake District is granted a CPCN for Divisions A-H of the Pipe Replacement Project.

2. Barkley Lake District shall immediately notify the Commission upon knowledge of any material changes to the project, including, but not limited to, increase in costs and any significant delays in construction.

3. Any material deviation from the construction approved by this Order shall be undertaken only with the prior approval of the Commission.

4. Barkley Lake District shall file with the Commission documentation of the total costs of the projects, including the cost of construction and all other capitalized costs, (e.g. engineering, legal, administrative, etc.) within 60 days of the date the construction authorized under this CPCN is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. Barkley Lake District shall file a copy of the as-built drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

6. Barkley Lake District is authorized to issue the evidence of debt in a principal amount not to exceed $3,678,453 subject to the conditions discussed herein.

7. The proceeds from the issuance of the evidence of debt authorized shall be used only for the lawful purposes set out in the application.

8. Barkley Lake District shall only execute the KIA loan documents to the extent their terms and conditions are consistent with the loan described in its application, except as otherwise authorized herein.

9. Barkley Lake District shall file the loan documents in this matter within ten days of executing them.

10. Barkley Lake Notice shall file notice of the start of construction within 30 days of such action.

11. Barkley Lake District shall file notice of 50 percent completion within 30 days of such action.

12. Any documents filed in the future pursuant to ordering paragraphs 4, 5 9, 10 and 11 shall reference this case number and shall be retained in the post-case correspondence file.

13. The Executive Director is delegated authority to grant reasonable extensions of time for filing any documents required by this Order upon Barkley Lake District's showing of good cause for such extension.

14. Barkley Lake District shall file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076 no later than October 31, 2026, to ensure its revenue is sufficient to support adequate and reliable service.

15. This case is closed and removed from the Commission's docket.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

ENTERED

OCT 22 2024

rcs

KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:

Executive Director

*John Herring
Barkley Lake Water District
1420 Canton Road
P. O. Box 308
Cadiz, KY 42211

*Barkley Lake Water District
1420 Canton Road
P. O. Box 308
Cadiz, KY 42211

*Honorable Damon R Talley
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Scott Bridges
Chairman
Barkley Lake Water District
1420 Canton Road
P. O. Box 308
Cadiz, KY 42211

*Tina C. Frederick
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

Attachment #9

STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Berkley Lake Water District ("Utility") and related parties that exceed $25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of $25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

☑ Check this box if the Utility has no related party transactions.

☐ Check box if additional transactions are listed on the supplemental page.

☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

John M. Herring
(Print Name)

(Signed)

General Manager
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by John M. Herring
(Name)

this 23rd day of October, 2024.

Teresa G Smith
NOTARY PUBLIC
State-at-Large

TERESA G SMITH
NOTARY PUBLIC
STATE AT LARGE, KENTUCKY
COMM. EXP. 12/7/26
COMMISSION #KYNP8148

STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Barkley Lake Water District ("Utility") and related parties that exceed $25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of $25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

☑ Check this box if the Utility has no related party transactions.

☐ Check box if additional transactions are listed on the supplemental page.

☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Scott T. Bridges
(Print Name)

Scott T Bridges
(Signed)

Chairman
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by Scott T. Bridges
(Name)

this 23rd day of October, 2026.

Teresa Smith
NOTARY PUBLIC
State-at-Large

TERESA G SMITH
NOTARY PUBLIC
STATE AT LARGE, KENTUCKY
COMM. EXP. 12/7/28
COMMISSION #KYNP81148

STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Barkley Lake Water District ("Utility") and related parties that exceed $25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of $25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

☑ Check this box if the Utility has no related party transactions.

☐ Check box if additional transactions are listed on the supplemental page.

☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

Mason Hyde
(Print Name)

Mason Hyde
(Signed)

Treasurer
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by Mason Hyde
(Name)

this 23rd day of October, 2026.

Teresa G Smith
NOTARY PUBLIC
State-at-Large

TERESA G SMITH NOTARY PUBLIC COMMISSION #KYNP8148 COMM. EXP. 12/4/28 STATE AT LARGE, KENTUCKY

STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Barkley Lake Water District ("Utility") and related parties that exceed $25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of $25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

☒ Check this box if the Utility has no related party transactions.

☐ Check box if additional transactions are listed on the supplemental page.

☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

William G. Lawrence Jr
(Print Name)

William G. Lawrence
(Signed)

Board Member/Secretary
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by William G Lawrence Jr
(Name)

this 23rd day of October, 2026.

Teresa G Smith
NOTARY PUBLIC
State-at-Large

TERESA G SMITH NOTARY PUBLIC COMM. EXP. 10/1/26 COMMISSION #KYNP61148 STATE AT LARGE, KENTUCKY

STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Barkley Lake Water District ("Utility") and related parties that exceed $25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of $25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

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☐ Check box if additional transactions are listed on the supplemental page.

☐ Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

DALE HENDERSON
(Print Name)

Dale Henderson
(Signed)

BOARD MEMBER
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by Dale Henderson
(Name)

this 23rd day of October, 2024.

NOTARY PUBLIC
State-at-Large

TERESA G SMITH
NOTARY PUBLIC
COMM. EXP. 6/7/28
COMMISSION #KYNP8148
STATE AT LARGE, KENTUCKY

STATEMENT OF DISCLOSURE OF RELATED PARTY TRANSACTIONS

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Barkley Lake Water District ("Utility") and related parties that exceed $25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of $25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

☑ Check this box if the Utility has no related party transactions.

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Ted Martin
(Print Name)

(Signed)

Board Member
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Trigg

Subscribed and sworn to before me by Ted Martin
(Name)

this 23rd day of October, 2026.

NOTARY PUBLIC
State-at-Large

TERESA G SMITH
NOTARY PUBLIC
COMMISSION #KYNP61468
STATE AT LARGE, KENTUCKY
COMM. EXP. tf

Attachment #10

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE BARKLEY LAKE WATER DISTRICT PROPSING ADJUSTMENTS TO ITS WATER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENT

WHEREAS, the Barkley Lake Water District ("District") is a water district created and organized under the provisions of KRS Chapter 74. The District is subject to the jurisdiction of the Kentucky Public Service Commission ("PSC");

WHEREAS, prudent financial management dictates that the District take appropriate action to adjust its water rates and charges; and

WHEREAS, KRS 278.180 and KAR 5:076 provide the legal mechanism for the District to propose adjustments to its water rates and charges;

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

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

Section2. The District proposes to adjust its monthly water rates and charges as set forth in **Appendix A,** which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

Section 3. The Chairman is hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing ("ARF") Application, Tariff Sheets, and all other documents that may be required by the PSC.

Section 4. The Chairman, Manager, and all others to whom the Chairman may delegate certain responsibilities are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

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

ADOPTED BY THE COMMISSION OF THE BARKLEY LAKE WATER DISTRICT at a meeting held on October 23, 2026, signed by the Chairman, and attested by the Secretary.

CHAIRMAN

ATTEST:

SECRETARY

CERTIFICATION

I, Secretary of the Barkley Lake Water District (the "District"), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District at a meeting properly held on October 23, 2026, signed by the Chairman of the District, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 23th day of October 2026.

SECRETARY

APPENDIX A

CURRENT AND PROPOSED RATES
Barkley Lake Water District

Current Rates				Proposed Rates				Change ($)	Change (%)
5/8" x 3/4" Meter				**5/8" x 3/4" Meter**					
First	2,000	$ 24.94	Minimum Bill	First	2,000	$ 26.92	Minimum Bill	$ 1.98	7.94%
Next	98,000	0.00840	per gallon	Next	98,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
1" Meter				**1" Meter**					
First	4,000	$ 41.74	per gallon	First	4,000	$ 45.05	per gallon	$ 3.31	7.94%
Next	96,000	0.00840	per gallon	Next	96,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
1 1/2" Meter				**1 1/2" Meter**					
First	8,000	$ 75.36	per gallon	First	8,000	$ 81.34	per gallon	$ 5.98	7.94%
Next	92,000	0.00840	per gallon	Next	92,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
2" Meter				**2" Meter**					
First	15,000	$ 134.18	per gallon	First	15,000	$ 144.83	per gallon	$ 10.65	7.94%
Next	85,000	0.00840	per gallon	Next	85,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
4" Meter				**4" Meter**					
First	25,000	$ 218.24	per gallon	First	25,000	$ 235.57	per gallon	$ 17.33	7.94%
Next	75,000	0.00840	per gallon	Next	75,000	$ 0.00907	per gallon	$ 0.00067	7.98%
Next	400,000	0.00684	per gallon	Next	400,000	$ 0.00738	per gallon	$ 0.00054	7.89%
Over	500,000	0.00499	per gallon	Over	500,000	$ 0.00539	per gallon	$ 0.00040	8.02%
Wholesale Rates				**Wholesale Rates**					
All Water Purchased		$ 0.00281	per gallon	All Water Purchased		$ 0.00303	per gallon	$ 0.00022	7.83%