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*Legal Counsel.*

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February 14, 2017

**RECEIVED**

FEB 15 2017

PUBLIC SERVICE  
COMMISSION

Dr. Talina Mathews  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602-0615

**RE:** *Application of Monroe County Water District for Approval to Enter into a Lease Agreement for tile Purpose of Refinancing Certain Outstanding Obligations- Case No. 2017-00058*

Dear Dr. Mathews:

The purpose of this letter is to provide the Public Service Commission of the Commonwealth of Kentucky (the "Commission") with the information necessary to satisfy the filing deficiency identified in the Commission's letter dated February 8, 2017 with respect to the application referenced above. This application was filed with the Commission on February 1, 2017 by Monroe County Water District.

**Deficiency:** Pursuant to 807 KAR 5:001, Section 18(1)(g) - If the applicant is a water district, a copy of the applicant's written notification to the state local debt officer regarding the proposed issuance.

**Response:** Pursuant to 807 KAR 5:001, Section 18(1)(g) - Monroe County Water District hereby encloses one (1) original and ten (10) copies of its Notification of Intent to Finance and Application of Debt Approval.

We ask that the enclosed documents be included as part of its Application.

If you have any questions with respect to this matter, please call me.

Thank you very much.

Very truly yours,

DINSMORE & SHOHL LLP

R. Brooks Herrick

RBH/kwi

Page 1	<b>NOTIFICATION OF INTENT TO FINANCE AND APPLICATION OF DEBT APPROVAL</b> Form # SLDO-1 Revised 1/1/2011	For DLG staff use only:  File # _____ Received _____
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Completion and delivery of this form to the address below shall satisfy the requirements of KRS 65.117, which prohibits any city, county, urban-county, consolidated local government, charter county, special district, or taxing district from entering into any financing obligation of any nature, except leases under \$200,000, without first notifying the state local debt officer in writing. This form shall also serve as application for approval of debt issuance when applicable. An electronic version of the form is available at [www.dlg.ky.gov](http://www.dlg.ky.gov).

<input checked="" type="checkbox"/> <b>Type of debt to be issued (must check one):</b>	<b>SLDO Approval Required</b>	<b>Complete Sections</b>
<input type="checkbox"/> Short Term Borrowing – KRS 65.7701 et. seq.	No	A,B,C
<input type="checkbox"/> Lease from \$200,000 - \$500,000 – KRS 65.940 et. seq.	No	A,B,D
<input type="checkbox"/> Lease exceeding \$500,000 – KRS 65.940 et. seq.	Yes (Counties only)	A,B,D
<input type="checkbox"/> General Obligation Bond – KRS Chapter 66	Yes (Counties only)	A,B,E
<input type="checkbox"/> Public Project Rev. Bond – KRS Chapter 58	No	A,B,E
<input type="checkbox"/> Public Project Rev. Bonds w/Lease - KRS 665.310(2)	Yes (Counties only)	A,B,D,E
<input type="checkbox"/> Industrial Revenue Bond – KRS Chapter 103	Yes (All Borrowers)	A,B,F
<input checked="" type="checkbox"/> <b>Other Bonds (True Revenue, Utility Assessment, TIF)</b>	No	A,B,E

### Section A – Borrower Information

Agency Name: Monroe County Water District	
Governing Body: Board of Commissioners	
Street Address: 205 Capp Harlan Road	
PO Box #	City: Tompkinsville
County: Kentucky	Zip: 42167
Authorized Official: General Manager and Bond Counsel	

### Section B – Terms of Financial Obligation

Please provide all relevant information. Fields in bold are mandatory.

<b>Principal Amount: \$2,175,000</b>	<b>Date of Issue: 3/30/2017</b>
<b>Maturity Date(s): 02/01/2043</b>	<b>Payment Schedule: (must attach schedule)</b>
<b>Term: 26 years (approximate)</b>	<b>Number of Renewal Periods: N/A</b>
<b>Interest Rate(s): 2.000% -4.250% (estimated)</b>	<b>Type of Interest (fixed or variable): Fixed</b>
<b>Retirement Method: Water Revenue Fund payments</b>	
Lender's Name: To be sold at Advertised, Competitive Sale	
Lender's Address: To be sold at Advertised, Competitive Sale	
Right of Termination: None	
Termination Penalties: None	
Prepayment Provisions: Bonds maturing on February 1, 2028 and thereafter are subject to optional redemption on February 1, 2027.	
Trustee or Paying Agent:	
AOC Funding Percentage: N/A	

**NOTIFICATION OF INTENT TO FINANCE  
AND APPLICATION OF DEBT APPROVAL**

Form # SLDO-1  
Revised 1/1/2011

**Section C – Note (Loan) Information/Documentation**

Purpose – Briefly explain the documented need that necessitates this note (loan) and the public purpose it is intended to address. (Attach additional information if necessary):

Pledge of Taxes/Description:

Pledge of Revenue/Description:

Pledge of Project Revenues (Attach documentation which substantiates the revenue projections):

Have bids been sought by the local governments to determine the financial and programmatic competitiveness of the note (loan) proposal?  Yes  No

If No, explain what steps were taken to ensure adequate competition.

**Required Attachments**

1. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the note and statement as to taxes and revenues to be collected during the term of the note.

**Section D – Lease Information/Documentation**

Describe the real or personal property to be acquired or constructed:

Type of Lease:  General Obligation  Revenue

Is Lease Annually Renewable?  Yes  No

Does Agency seek approval without a hearing?  Yes  No Jurisdiction:  Revenue  Refunding

If yes, please state the name, date and principal amount of original issue(s) being refunded:

**Required Attachments (If lease requires SLDO approval)**

1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing (if hearing is required) and newspaper advertisement tear sheet
3. Copy of lease
4. Executed copy of ordinance/resolution of fiscal court authorizing the lease
5. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the lease and statement as to taxes and revenues to be collected during the term of the lease

**Section E – Bond Information/Documentation**

Please provide all relevant information. Fields in bold are mandatory.

Describe the purpose of the bond:

Refund and retire the District's outstanding debt described in Exhibit 2

Bond Counsel: Dinsmore & Shohl LLP

Counsel Address: 50 E Rivercenter Blvd, Suite 1150, Covington, KY 41011

Financial Advisor: Compass Municipal Advisors

Advisor Address: 360 East Vine Street, Suite 110, Lexington, KY 40507

Bond Series: Monroe County Water District Utility System Refunding Revenue Bonds, Series 2017

Call Date: February 1, 2027

Does this bond refund a prior bond?  Yes  No

If yes, please state the name, date and principal amount of original issue(s) being refunded:

Please see a description of all debt to be refinanced in this issue attached at Exhibit 2.

**Required Attachments (If SLDO Approval is Required)**

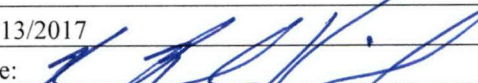
1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing and newspaper advertisement tear sheet
3. Executed copy of ordinance/resolution of fiscal court authorizing financial plan for the issuance of the bonds
4. Proposed plan of financing
5. Preliminary official statement (if applicable)
6. Sources and uses table

**Additional Required Attachments for KRS Chapter 103 Bonds**

1. Documentation in an appropriate form substantiating the project's eligibility under KRS 103.2101(1)(a)-(e).
2. If the project requires approval of the reduction in property taxes, attach any documentation provided to agency responsible for approval.

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**By signing below, the Authorized Official certifies that the foregoing is true and accurate to the best of his or her knowledge.**

Name (please print): R. Brooks Herrick	Date: 2/13/2017
Title: Bond Counsel	Signature: 

**Mail to:**  
**Department for Local Government**  
**Attn: State Local Debt Officer**  
**1024 Capital Center Drive, Suite 340**  
**Frankfort, KY 40601**

Fax to: 502-573-3712

# Exhibit 1

## ESTIMATED DEBT SERVICE SCHEDULE\*

Draft Plan of Finance

### Debt Service Comparison

Part 1 of 2

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/31/2017	33,125.07	-	33,125.07	39,762.50	6,637.43
12/31/2018	194,337.50	5,887.50	200,225.00	202,210.00	1,985.00
12/31/2019	175,187.50	5,575.00	180,762.50	186,403.75	5,641.25
12/31/2020	177,387.50	5,300.00	182,687.50	186,267.50	3,580.00
12/31/2021	180,037.50	5,012.50	185,050.00	187,378.75	2,328.75
12/31/2022	177,037.50	4,712.50	181,750.00	186,250.00	4,500.00
12/31/2023	178,362.50	4,412.50	182,775.00	186,393.75	3,618.75
12/31/2024	179,537.50	4,100.00	183,637.50	186,761.25	3,123.75
12/31/2025	180,562.50	3,775.00	184,337.50	186,352.50	2,015.00
12/31/2026	176,512.50	3,437.50	179,950.00	183,726.25	3,776.25
12/31/2027	177,037.50	3,100.00	180,137.50	184,348.75	4,211.25
12/31/2028	157,400.00	2,750.00	160,150.00	162,697.50	2,547.50
12/31/2029	157,937.50	2,437.50	160,375.00	162,807.50	2,432.50
12/31/2030	153,387.50	2,112.50	155,500.00	162,620.00	7,120.00
12/31/2031	109,537.50	1,787.50	111,325.00	114,856.25	3,531.25
12/31/2032	81,825.00	1,562.50	83,387.50	88,256.25	4,868.75
12/31/2033	79,387.50	1,400.00	80,787.50	87,673.75	6,886.25
12/31/2034	52,287.50	1,237.50	53,525.00	56,198.75	2,673.75
12/31/2035	50,687.50	1,137.50	51,825.00	56,331.25	4,506.25
12/31/2036	49,087.50	1,037.50	50,125.00	55,873.75	5,748.75
12/31/2037	52,331.25	937.50	53,268.75	55,848.75	2,580.00
12/31/2038	50,418.75	825.00	51,243.75	55,733.75	4,490.00
12/31/2039	24,057.50	712.50	24,750.00	28,647.50	3,897.50
12/31/2040	23,187.50	662.50	23,850.00	28,612.50	4,762.50
12/31/2041	22,337.50	612.50	22,950.00	28,532.50	5,582.50
12/31/2042	21,487.50	562.50	22,050.00	28,407.50	6,357.50
12/31/2043	25,531.25	512.50	26,043.75	28,737.50	2,693.75
<b>Total</b>	<b>\$2,939,993.82</b>	<b>\$65,600.00</b>	<b>\$3,005,593.82</b>	<b>\$3,117,690.00</b>	<b>\$112,096.18</b>

\*Preliminary; Final Schedules determined after advertised, competitive sale of Bonds

## **Exhibit 2**

### **Bonds proposed to be refunded as part of the 2017 issue:**

1. \$277,000 Water Revenue Bonds, Series 1978, maturing on January 1, 2018;
2. \$391,000 Water Revenue Bonds, Series 1987, issued pursuant to PSC Order dated January 21, 1987 (Case No. 9589);
3. \$811,000 Water Revenue Bonds, Series 1990, issued pursuant to PSC Order dated June 13, 1990 (Case No. 90-125);
4. \$490,000 Water Revenue Bonds, Series 1992, issued pursuant to PSC Order dated March 24, 1992 (Case No. 92-093);
5. \$570,000 Water Revenue Bonds, Series 1994, issued pursuant to PSC Order dated May 6, 1994 (Case No. 94-148);
6. \$500,000 Water Revenue Bonds, Series 1998, issued pursuant to PSC Order dated May 27, 1998 (Case No. 98-258);
7. \$517,000 Water Revenue Bonds, Series 2003 issued pursuant to PSC Order dated April 4, 2003 (Case No. 2003-00108).

**Total Refunded Debt Service**

DATE	1978	1987	1990	1992	1994	1998	2003	TOTAL P+I
	Revenue USDA-RD Loan	Revenue USDA-RD Loan	Revenue USDA-RD Loan	Revenue USDA-RD Loan	Revenue USDA-RD Loan	Revenue USDA-RD Loan	Revenue USDA-RD Loan	
12/31/2017	375.00	4,425.00	11,250.00	7,175.00	8,145.00	8,392.50	-	39,762.50
12/31/2018	15,375.00	22,500.00	47,850.00	28,487.50	31,930.00	27,537.50	28,530.00	202,210.00
12/31/2019	-	21,775.00	47,525.00	28,737.50	31,210.00	27,531.25	28,625.00	186,403.75
12/31/2020	-	23,000.00	47,150.00	28,450.00	31,467.50	27,502.50	28,697.50	186,267.50
12/31/2021	-	23,175.00	47,700.00	28,625.00	31,680.00	27,451.25	28,747.50	187,378.75
12/31/2022	-	22,325.00	47,175.00	28,750.00	31,847.50	27,377.50	28,775.00	186,250.00
12/31/2023	-	22,450.00	47,575.00	28,337.50	31,970.00	27,281.25	28,780.00	186,393.75
12/31/2024	-	22,525.00	46,900.00	28,875.00	32,047.50	27,651.25	28,762.50	186,761.25
12/31/2025	-	22,550.00	47,150.00	28,362.50	32,080.00	27,487.50	28,722.50	186,352.50
12/31/2026	-	22,550.00	46,325.00	28,800.00	31,090.00	27,301.25	28,660.00	183,726.25
12/31/2027	-	21,525.00	46,425.00	28,187.50	32,055.00	27,581.25	28,575.00	184,348.75
12/31/2028	-	-	46,425.00	28,525.00	31,952.50	27,327.50	28,467.50	162,697.50
12/31/2029	-	-	46,325.00	28,300.00	31,805.00	27,540.00	28,837.50	162,807.50
12/31/2030	-	-	46,125.00	28,512.50	31,612.50	27,707.50	28,662.50	162,620.00
12/31/2031	-	-	-	27,675.00	31,375.00	27,341.25	28,465.00	114,856.25
12/31/2032	-	-	-	-	32,070.00	27,441.25	28,745.00	88,256.25
12/31/2033	-	-	-	-	31,697.50	27,496.25	28,480.00	57,673.75
12/31/2034	-	-	-	-	-	27,506.25	28,692.50	56,198.75
12/31/2035	-	-	-	-	-	27,471.25	28,860.00	56,331.25
12/31/2036	-	-	-	-	-	27,391.25	28,482.50	55,873.75
12/31/2037	-	-	-	-	-	27,266.25	28,582.50	55,848.75
12/31/2038	-	-	-	-	-	27,096.25	28,637.50	55,733.75
12/31/2039	-	-	-	-	-	-	28,647.50	28,647.50
12/31/2040	-	-	-	-	-	-	28,612.50	28,612.50