

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**APPLICATION OF HARDIN COUNTY )**  
**WATER DISTRICT NO. 2 FOR )**  
**AUTHORIZATION TO ISSUE SECURITIES IN )**  
**THE APPROXIMATE AMOUNT OF \$5,020,000 ) CASE NO. 2016-00198**  
**FOR THE PURPOSED OF REFUNDING )**  
**CERTAIN OUTSTANDING REVENUE BONDS )**  
**PURSUANT TO KRS 278.300 AND 807 KAR )**  
**5:001 )**

**APPLICATION**

Pursuant to KRS 278.300 and 807 KAR 5:001, Hardin County Water District No. 2 (“Hardin District”) applies for an Order from the Public Service Commission authorizing Hardin District’s issuance of certain securities in the approximate principal amount of \$5,020,000 for the purpose of refunding certain outstanding water system revenue bonds.

In support of its application,<sup>1</sup> Hardin District states:

1. The full name and post office address of Hardin District is: Hardin County Water District No. 2, P.O. Box 970, Elizabethtown, Kentucky 42702-0970.
2. Hardin District’s electronic mail address is: [jjeffries@hardincountywater2.org](mailto:jjeffries@hardincountywater2.org).
3. Hardin District not a corporation, limited liability company or limited partnership.

It has no articles of incorporation or partnership agreements.

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<sup>1</sup> To facilitate the Public Service Commission’s initial review of this Application, Hardin District has attached to this Application a “Filings Requirements List” that consists of three pages, lists each statutory and regulatory requirement for an application for authorization to issue securities, and identifies the exhibit or paragraph that satisfies the requirement. In the electronic version of this Application, the listed exhibit or paragraph is linked to the page location or exhibit and can be immediately accessed and viewed by clicking on the listed page or exhibit number.

4. Hardin District is a water district organized pursuant to KRS Chapter 74 and was created by an Order of the Hardin County Court entered on June 23, 1965.

5. Hardin District's territory includes all of Hardin County, Kentucky, except for the City of Radcliff and the northern portion of Hardin County, and portions of Larue and Hart Counties. As of December 31, 2015, it provided water service to approximately 27,200 customers.

6. Pursuant to KRS 278.380, Hardin District waives any right to service of Commission orders by mail for purposes of this proceeding only.<sup>2</sup> Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

James R. Jeffries  
General Manager  
P.O. Box 970  
360 Ring Road  
Elizabethtown, KY 42702  
(270) 737-1056  
jjeffries@hardincountywater2.org

Damon R. Talley  
Stoll Keenon Ogden PLLC  
P.O. Box 150  
Hodgenville, KY 42748-0150  
(270) 358-3187  
damon.talley@skofirm.com

Gerald E. Wuetcher  
Stoll Keenon Ogden PLLC  
2100 West Vine Street, Ste 2100  
Lexington, KY 40507-1801  
(859) 231-3017  
gerald.wuetcher@skofirm.com

7. A description of Hardin District's water system and its property, stated at original cost by accounts, is contained in "Annual Report of Hardin County Water District No. 2 to the

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<sup>2</sup> On June 7, 2016, Hardin District gave notice pursuant to 807 KAR 5:001, Section 8, of its intent to file this application and of its use of electronic filing procedures.

Public Service Commission for the Year Ending December 31, 2014” (“2014 Annual Report”), a copy of which Hardin District has previously filed with the Public Service Commission and which is incorporated by reference into this Application.<sup>3</sup>

8. Hardin District’s audited financial statements for the years ended December 31, 2014 and 2013 have previously been filed with the Public Service Commission and are incorporated by reference into this Application.

9. Hardin District proposes to issue securities in the aggregate principal amount of \$5,020,000.

a. Hardin District does not propose to issue any stock.

b. It proposes to issue securities, to be designated as Water System Refunding Revenue Bonds, Series 2016B (“2016B Bonds”), in the approximate principal amount of \$2,320,000 for the purpose of currently refunding Water System Revenue Bonds, Series 2007A (“2007 Bonds”), in the outstanding principal amount of \$2,294,000. The 2007 Bonds bear interest at a fixed rate of 4.0 percent per annum.

c. It proposes to issue new securities, to be designated as Water System Refunding Revenue Bonds, Series 2016C (“2016C Bonds”), in the approximate principal amount of \$2,700,000 for the purpose of currently refunding Water System Revenue Bonds, Series 2004A (“2004 Bonds”), in the outstanding principal amount of \$1,630,000 and Series 2005B (“2005 Bonds”), in the outstanding principal amount of \$1,040,000. The 2004 Bonds bear interest at rates ranging from 3.7 to 4.0 percent per annum. The 2005 Bonds bear interest at a fixed rate of 4.1 percent per annum.

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<sup>3</sup> Pursuant to 807 KAR 5:006, Section 4(2)(e), Hardin District has requested and received an extension of time in which to file its annual report for the year ending December 31, 2015. It expects to file this report with the Public Service Commission no later than June 30, 2016.

d. The 2016B Bonds and 2016 C Bonds will be secured by a pledge of Hardin District's revenues.

10. **2016B Bonds.** The following information is provided regarding the proposed 2016B Bonds:

a. The estimated Debt Service Schedule for the proposed 2016B Bonds is set forth at **Exhibit 1** of this Application. **Exhibit 1** also shows the estimated coupon rate for each maturity and the estimated average coupon rate.

b. The proposed 2016B Bonds are expected to bear interest at rates ranging from 2.0 percent to 3.0 percent and will have a term of 9.5 years.

c. The issuance of the 2016B Bonds will provide Hardin District with the funds necessary: (a) to currently refund the 2007 Bonds and (b) to pay the fees and expenses incident to the issuance of the 2016B Bonds.

d. The Sources and Uses of the funds obtained from the issuance of the 2016B Bonds are set forth in **Exhibit 2** to this Application.

e. The proposed refinancing of the 2007 bonds will result in total gross savings of approximately \$1,492,622 and a net present value savings of approximately \$801,464. These savings are shown in the Gross Debt Service Comparison Schedule set forth at **Exhibit 3** of this Application.

f. The debt service schedules and estimated interest rates for the 2016B Bonds are subject to change because of market conditions. The final terms and details may vary from the present assumptions based upon market conditions and other business judgment factors.

g. The Debt Service Schedule of the 2007 Bonds that are being currently refunded is found at **Exhibit 4** of this Application

11. **2016C Bonds.** The following information is provided regarding the proposed 2016C Bonds:

a. The estimated Debt Service Schedule for the proposed 2016C Bonds is set forth at **Exhibit 5** of this Application. **Exhibit 5** also shows the estimated coupon rate for each maturity and the estimated average coupon rate.

b. The proposed 2016C Bonds are expected to bear interest at a fixed rate of 2.0 percent and will have a term of 8.5 years.

c. The issuance of the 2016C Bonds will provide Hardin District with the funds necessary: (a) to currently refund the 2004 Bonds and 2005 Bonds and (b) to pay the fees and expenses incident to the issuance of the 2016C Bonds.

d. The Sources and Uses of the funds obtained from the issuance of the 2016C Bonds are set forth in **Exhibit 6** to this Application.

e. The proposed refinancing of the 2004 Bonds and 2005 Bonds will result in total gross savings of approximately \$243,087 and a net present value savings of approximately \$197,781. These savings are shown in the Gross Debt Service Comparison Schedule set forth at **Exhibit 7** of this Application.

f. The debt service schedules and estimated interest rates for the 2016C Bonds are subject to change because of market conditions. The final terms and details may vary from the present assumptions based upon market conditions and other business judgment factors.

g. The Debt Service Schedules of the 2004 Bonds and 2005 Bonds that are being currently refunded are found at **Exhibits 8 and 9** respectively of this Application.

12. Hardin District will sell the 2016B Bonds and 2016C Bonds through public, competitive sales, which are tentatively scheduled for July 7, 2016.

13. No real property will be acquired with proceeds from the sale of the 2016B Bonds or 2016C Bonds.

14. A copy of Hardin District's written notification to the state local debt officer is found at **Exhibit 10** of this Application.

15. Pursuant to 807 KAR 5:001, Section 18(2)(a), the following information is provided:

a. Hardin District is not authorized to issue any stock nor has it issued any stock.

b. Hardin District has no trust deeds or mortgages.

c. A schedule setting forth all bonds that Hardin District has authorized and issued and that are still outstanding is found at **Exhibit 11** of this Application.

d. Hardin District has one outstanding note in the amount of \$8,000,000 issued to the City of Elizabethtown, Kentucky ("Elizabethtown") on October 31, 2014 as consideration of its acquisition of Elizabethtown's water system. This Note is a non-interest bearing note payable in 20 annual installments of \$400,000. The final payment is to be made on or before October 31, 2034. In Case No. 2014-00289,<sup>4</sup> the Public Service Commission directed Hardin District to report the note as having a principal amount of \$6,093,748 and bearing an interest rate of 2.745 percent per annum. Under the Note's actual terms, Hardin District has paid \$400,000 of principal and no interest and has a remaining principal balance of \$7,600,000. Applying the reporting requirements established in Case No. 2014-00289, Hardin District has paid \$232,727 of principal and \$167,273 of interest and has a remaining principal balance of \$5,861,021.

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<sup>4</sup> Case No. 2014-00289, *Application of Hardin County Water District No. 2 For Authority To Execute A Promissory Note In the Principal Amount of \$8,000,000 Pursuant To The Provisions of KRS278.300 and 807 KAR 5:001* (Ky. PSC Oct. 23, 2014) at 2.

e. Hardin District has no other indebtedness as defined in 807 KAR 5:001, Section 12(1)(g).

f. Hardin District has not issued any stock and has paid no dividends since its creation.

g. A detailed Income Statement and Balance Sheet for Hardin District's operations for the 12-month period ending May 31, 2016 are found at **Exhibits 12 and 13** to this Application.

16. The proposed bond issuance will not require Hardin District to seek an adjustment of its rates for water service.

17. Hardin District's proposed issuance of the 2016B and 2016C Bonds is in the public interest and will strengthen Hardin District's financial condition by producing substantial debt savings. It is for a lawful objective within Hardin District's corporate purposes, is necessary, appropriate for and consistent with Hardin District's proper performance of its service to the public and will not impair Hardin District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

18. As soon as reasonably possible after the issuance of the 2016B and 2016C Bonds, Hardin District will file with the Public Service Commission for each issuance a statement setting forth its date of issuance, the price paid, the fees incurred in its issuance and its terms and interest rates.

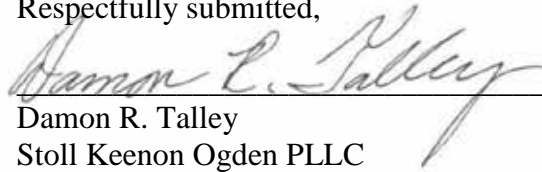
**19.** The proposed Closing Date for the issuance of each bond series is **August 9, 2016**. To ensure an orderly closing, Hardin District requires a final decision on this application no later than **August 8, 2016**.

WHEREFORE, Hardin District requests that the Public Service Commission:

1. Place this Application at the head of the Public Service Commission's docket as KRS 278.300(2) requires;
2. Complete its review of and issue a final order on the Application without conducting an evidentiary hearing in this matter; and,
3. Authorize the issuance of the 2016B and 2016C Bonds on or before August 8, 2016 to ensure adequate time to effect the Closing for each issuance.

Dated: June 27, 2015

Respectfully submitted,



Damon R. Talley  
Stoll Keenon Ogden PLLC  
P.O. Box 150  
Hodgenville, KY 42748-0150  
Telephone: (270) 358-3187  
Fax: (270) 358-9560  
damon.talley@skofirm.com

Gerald E. Wuetcher  
Stoll Keenon Ogden PLLC  
300 West Vine Street, Suite 2100  
Lexington, Kentucky 40507-1801  
Telephone: (859) 231-3017  
Fax: (859) 259-3517  
gerald.wuetcher@skofirm.com

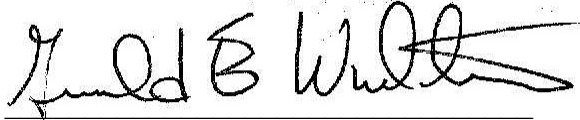
*Counsel for Hardin County Water District No. 2*





CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Hardin County Water District No. 2's electronic filing of this Application is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on June 27, 2016; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of this Application will be delivered to the Public Service Commission on or before June 29, 2016.

A handwritten signature in black ink, appearing to read "Gerald E. Wuetcher", written over a horizontal line.

Gerald E. Wuetcher

## FILING REQUIREMENTS LIST

### FILING REQUIREMENTS FOR AN APPLICATION FOR A AUTHORITY TO ISSUE SECURITIES OR EVIDENCES OF INDEBTEDNESS

Source Authority	Requirement	Location
807 KAR 5:001, § 14(1)	Applicant's name, mailing address and e-mail address	<a href="#">Page 1</a> , Paras 1 and 2
807 KAR 5:001, § 14(1)	Statutory Reference – KRS 278.300	<a href="#">Page 1</a>
807 KAR 5:001, § 4(3)	Signature of Applicant's Attorney	<a href="#">Page 8</a>
807 KAR 5:001, § 4(3)	Name, Address, Telephone Number, Fax Number, and e-mail address of Applicant's Attorney	<a href="#">Page 8</a>
807 KAR 5:001, § 14(2)	If Applicant is corporation: State and date of incorporation, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	<a href="#">Page 1</a> , Para 3 <b>Not Applicable</b>
807 KAR 5:001, § 14(3)	If Applicant is a limited liability company: State and date of organization, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	<a href="#">Page 1</a> , Para 3 <b>Not Applicable</b>
807 KAR 5:001, § 14(4)	If the Applicant is a limited partnership: a certified copy of limited partnership agreement and all amendments or statement identifying prior Commission proceedings in which limited partnership agreement and all amendments filed	<a href="#">Page 1</a> , Para 3 <b>Not Applicable</b>
KRS 278.300(2)	Application is made under oath and signed on utility's behalf by its president, or by a vice president, auditor, comptroller or other executive officer having knowledge of the matters set forth and duly designated by the utility	<a href="#">Page 9</a>
807 KAR 5:001, § 18(1)(a)	Information required by 807 KAR 5:001, § 14	See Above
807 KAR 5:001, § 18(1)(b)	Description of Applicant's property and the field of its operation	<a href="#">Page 2</a> , Paras 5 and 7
807 KAR 5:001, § 18(1)(b)	Statement of original cost of Applicant's property and the cost to the Applicant, if different	<a href="#">Page 2</a> , Para 7
807 KAR 5:001, § 18(1)(c)	Description of amount and kinds of stock to be issued	<a href="#">Page 3</a> , Para 9(a) <b>Not Applicable</b>
807 KAR 5:001, § 18(1)(c)	Description of amount, terms and interest rate of bond or note	<a href="#">Pages 3-5</a> Paras 9 - 11
807 KAR 5:001, § 18(1)(c)	Description of how bond or note will be secured	<a href="#">Page 4</a> , Para 9(d)
807 KAR 5:001, § 18(1)(d)	Statement of how proceeds are to be used	<a href="#">Page 3</a> , Paras 9(b) and 9(c) <a href="#">Page 4</a> , Para 10 <a href="#">Page 5</a> , Para 11 Exhibits 2 and 6

Source Authority	Requirement	Location
807 KAR 5:001, § 18(1)(e)	If proceeds will be used to acquire, construct, improve, or extend property: a detailed description of property and all contracts	<a href="#">Page 6</a> , Para 13 <b>Not Applicable</b>
807 KAR 5:001, § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of nature and description of obligation	<a href="#">Page 3</a> Paras 9(b) and 9(c)
807 KAR 5:001, § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of par value of original obligations	<a href="#">Page 3</a> , Paras 9(b) and 9(c) <a href="#">Page 4</a> , Para 10(g) <a href="#">Page 5</a> , Para 11(g) Exhibits 4, 8, and 9
807 KAR 5:001, § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of the amount for which original obligation sold	<a href="#">Page 3</a> , Paras 9(b) and 9(c) <a href="#">Page 4</a> , Para 10(g) <a href="#">Page 5</a> , Para 11(g) Exhibits 4, 8, 9, and 11
807 KAR 5:001, § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of associated expenses	<a href="#">Page 4</a> , Para 10(d) <a href="#">Page 5</a> , Para 11(d) Exhibits 2 and 6
807 KAR 5:001, § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of the application of proceeds from the sale	<a href="#">Page 3</a> , Paras 9(b) and 9(c) <a href="#">Page 4</a> , Para 10(c) and (d) <a href="#">Page 5</a> , Para 11(c) and (d)
807 KAR 5:001, § 18(1)(f)	(If proceeds are to refund outstanding notes) Time the original obligation held	<a href="#">Page 3</a> , Paras 9(b) and 9(c) <b>Not Applicable</b>
807 KAR 5:001, § 18(1)(f)	(If proceeds are to refund outstanding notes) Interest rate of original obligation	<a href="#">Page 3</a> , Paras 9(b) and 9(c) <b>Not Applicable</b>
807 KAR 5:001, § 18(1)(f)	(If proceeds are to refund outstanding notes) Payee	<a href="#">Page 3</a> , Paras 9(b) and 9(c) <b>Not Applicable</b>
807 KAR 5:001, § 18(1)(g)	Applicant's written notification to state local debt officer regarding proposed issuance	<a href="#">Page 6</a> , Para 14 <a href="#">Exhibit 10</a>
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(1)	Financial Exhibit	<a href="#">Pages 6-7</a> , Para 15
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(2)(a)-(c)	Financial Exhibit – Information regarding stock	<a href="#">Page 6</a> , Para 15(a)
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(2)(d)	Financial Exhibit – Description of mortgage	<a href="#">Page 6</a> , Para 15(b)
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(2)(e)	Financial Exhibit – Description of bonds	<a href="#">Page 6</a> , Para 15(c) <a href="#">Exhibit 11</a>
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(2)(f)	Financial Exhibit – Statement regarding outstanding notes	<a href="#">Page 6</a> , Para 15(d) <a href="#">Exhibit 11</a>
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(2)(g)	Financial Exhibit – Statement regarding other indebtedness	<a href="#">Page 7</a> , Para 15(e) <a href="#">Exhibit 11</a>
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(2)(h)	Financial Exhibit – Statement regarding dividends	<a href="#">Page 7</a> , Para 15(f)
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(2)(i)	Financial Exhibit – Detailed income statement and balance sheet	<a href="#">Page 7</a> , Para 15(g) Exhibits 12 and 13
807 KAR 5:001, § 18(2)(b)	Copies of trust deeds or mortgages	<a href="#">Page 6</a> , Para 15(b) <b>Not Applicable</b>

Source Authority	Requirement	Location
807 KAR 5:001, § 18(2)(c)	If property acquired: maps and plans of property	<a href="#">Page 6</a> , Para 13 <b>Not Applicable</b>
807 KAR 5:001, § 18(2)(c)	If property acquired: detailed estimates by USOA account number	<a href="#">Page 6</a> , Para 13 <b>Not Applicable</b>

# **EXHIBITS**

## TABLE OF EXHIBITS

<b><u>Exhibit</u></b> <b><u>No.</u></b>	<b><u>Description</u></b>
1	Estimated Debt Service Schedule - Series 2016B Bonds
2	Sources and Uses of Funds – Series 2016B Bonds
3	Gross Debt Service Comparison Schedule - Series 2016B Bonds
4	Debt Service Schedule – Series 2007A Bonds
5	Estimated Debt Service Schedule - Series 2016C Bonds
6	Sources and Uses of Funds – Series 2016C Bonds
7	Gross Debt Service Comparison Schedule - Series 2016C Bonds
8	Debt Service Schedule – Series 2004A Bonds
9	Debt Service Schedule – Series 2005B Bonds
10	Written Notice to State Local Debt Officer
11	Hardin County Water District No. 2 Outstanding Bond Issuances
12	Income Statement for Hardin County Water District No. 2 for the Year Ending May 31, 2016
13	Balance Sheet for Hardin County Water District No. 2 as of May 31, 2016

# **EXHIBIT 1**



**BOND PRICING**

Hardin County Water District #2 Water Revenue Bonds  
 Refunding Revenue Bonds, Series 2016 (Refunding of 04A, 05B and 07A RD)  
 Payoff of RD Loan in 10 Years Scenario

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Bond Component:						
<b>2016B Bonds</b>	01/01/2017	215,000	2.000%	0.810%	100.467	1,004.05
	01/01/2018	215,000	2.000%	0.890%	101.534	3,298.10
	01/01/2019	220,000	2.000%	1.040%	102.264	4,980.80
	01/01/2020	225,000	2.000%	1.180%	102.720	6,120.00
	01/01/2021	230,000	2.000%	1.350%	102.763	6,354.90
	01/01/2022	235,000	2.000%	1.490%	102.633	6,187.55
	01/01/2023	240,000	2.000%	1.610%	102.360	5,664.00
	01/01/2024	240,000	2.000%	1.740%	101.795	4,308.00
	01/01/2025	245,000	2.000%	1.810%	101.472	3,606.40
	01/01/2026	255,000	3.000%	1.930%	109.152	23,337.60
		<u>2,320,000</u>				<u>64,861.40</u>
Bond Component:						
<b>2016C Bonds</b>	01/01/2017	265,000	2.000%	0.810%	100.467	1,237.55
	01/01/2018	270,000	2.000%	0.890%	101.534	4,141.80
	01/01/2019	280,000	2.000%	1.040%	102.264	6,339.20
	01/01/2020	285,000	2.000%	1.180%	102.720	7,752.00
	01/01/2021	295,000	2.000%	1.350%	102.763	8,150.85
	01/01/2022	310,000	2.000%	1.490%	102.633	8,162.30
	01/01/2023	320,000	2.000%	1.610%	102.360	7,552.00
	01/01/2024	335,000	2.000%	1.740%	101.795	6,013.25
	01/01/2025	340,000	2.000%	1.810%	101.472	5,004.80
			<u>2,700,000</u>			
		<u>5,020,000</u>				<u>119,215.15</u>

Dated Date	08/09/2016	
Delivery Date	08/09/2016	
First Coupon	01/01/2017	
Par Amount	5,020,000.00	
Premium	119,215.15	
Production	5,139,215.15	102.374804%
Underwriter's Discount	-75,300.00	-1.500000%
Purchase Price	5,063,915.15	100.874804%
Accrued Interest		
Net Proceeds	5,063,915.15	

# **EXHIBIT 2**

**SOURCES AND USES OF FUNDS**

Hardin County Water District #2 Water Revenue Bonds  
 Refunding Revenue Bonds, Series 2016 (Refunding of 04A, 05B and 07A RD)  
 Payoff of RD Loan in 10 Years Scenario

Dated Date 08/09/2016  
 Delivery Date 08/09/2016

Sources:	Series B (Ref of 2007 RD Loan)	Series C (Ref of 2004 and 2005)	Total
<b>Bond Proceeds:</b>			
Par Amount	2,320,000.00	2,700,000.00	5,020,000.00
Premium	64,861.40	54,353.75	119,215.15
	<u>2,384,861.40</u>	<u>2,754,353.75</u>	<u>5,139,215.15</u>
<b>Other Sources of Funds:</b>			
Transfer from Prior Sinking Fund	10,646.67	28,452.91	39,099.58
	<u>2,395,508.07</u>	<u>2,782,806.66</u>	<u>5,178,314.73</u>
<b>Uses:</b>			
<b>Refunding Escrow Deposits:</b>			
Cash Deposit	2,303,940.67	2,681,530.46	4,985,471.13
<b>Delivery Date Expenses:</b>			
Cost of Issuance	53,493.62	60,506.38	114,000.00
Underwriter's Discount	34,800.00	40,500.00	75,300.00
	<u>88,293.62</u>	<u>101,006.38</u>	<u>189,300.00</u>
<b>Other Uses of Funds:</b>			
Additional Proceeds	3,273.78	269.82	3,543.60
	<u>2,395,508.07</u>	<u>2,782,806.66</u>	<u>5,178,314.73</u>

# **EXHIBIT 3**

**SAVINGS**

Hardin County Water District #2 Water Revenue Bonds  
Series B (Ref of 2007 RD Loan)

**2016B Bonds  
Gross Debt  
Service  
Comparison  
Schedule**

Date	Prior Debt Service	Refunding Debt Service	Savings
12/31/2017	127,040.00	256,633.06	-129,593.06
12/31/2018	126,580.00	257,500.00	-130,920.00
12/31/2019	127,060.00	258,150.00	-131,090.00
12/31/2020	126,480.00	258,700.00	-132,220.00
12/31/2021	126,840.00	259,150.00	-132,310.00
12/31/2022	127,120.00	259,500.00	-132,380.00
12/31/2023	127,320.00	259,750.00	-132,430.00
12/31/2024	126,460.00	254,950.00	-128,490.00
12/31/2025	126,540.00	255,100.00	-128,560.00
12/31/2026	126,540.00	258,825.00	-132,285.00
12/31/2027	127,440.00		127,440.00
12/31/2028	127,240.00		127,240.00
12/31/2029	126,960.00		126,960.00
12/31/2030	126,600.00		126,600.00
12/31/2031	127,140.00		127,140.00
12/31/2032	127,560.00		127,560.00
12/31/2033	126,880.00		126,880.00
12/31/2034	127,100.00		127,100.00
12/31/2035	127,200.00		127,200.00
12/31/2036	127,180.00		127,180.00
12/31/2037	127,040.00		127,040.00
12/31/2038	127,760.00		127,760.00
12/31/2039	127,340.00		127,340.00
12/31/2040	127,780.00		127,780.00
12/31/2041	127,080.00		127,080.00
12/31/2042	127,240.00		127,240.00
12/31/2043	127,240.00		127,240.00
12/31/2044	127,080.00		127,080.00
12/31/2045	127,740.00		127,740.00
12/31/2046	127,220.00		127,220.00
12/31/2047	127,520.00		127,520.00
12/31/2048	130,560.00		130,560.00
	4,070,880.00	2,578,258.06	1,492,621.94

Savings Summary

Savings PV date	08/09/2016
Savings PV rate	1.576904%
PV of savings from cash flow	808,837.19
Less: Prior funds on hand	-10,646.67
Plus: Refunding funds on hand	3,273.78
Net PV Savings	801,464.30

# **EXHIBIT 4**

**PRIOR BOND DEBT SERVICE**  
 Hardin County Water District #2 Water Revenue Bonds  
 Series B (Ref of 2007 RD Loan)

**2007A  
 Bonds**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2017			45,880	81,880	
07/01/2017			45,160	45,160	
12/31/2017					127,040
01/01/2018	37,000	4.000%	45,160	82,160	
07/01/2018			44,420	44,420	
12/31/2018					126,580
01/01/2019	39,000	4.000%	44,420	83,420	
07/01/2019			43,640	43,640	
12/31/2019					127,060
01/01/2020	40,000	4.000%	43,640	83,640	
07/01/2020			42,840	42,840	
12/31/2020					126,480
01/01/2021	42,000	4.000%	42,840	84,840	
07/01/2021			42,000	42,000	
12/31/2021					126,840
01/01/2022	44,000	4.000%	42,000	86,000	
07/01/2022			41,120	41,120	
12/31/2022					127,120
01/01/2023	46,000	4.000%	41,120	87,120	
07/01/2023			40,200	40,200	
12/31/2023					127,320
01/01/2024	47,000	4.000%	40,200	87,200	
07/01/2024			39,260	39,260	
12/31/2024					126,460
01/01/2025	49,000	4.000%	39,260	88,260	
07/01/2025			38,280	38,280	
12/31/2025					126,540
01/01/2026	51,000	4.000%	38,280	89,280	
07/01/2026			37,260	37,260	
12/31/2026					126,540
01/01/2027	54,000	4.000%	37,260	91,260	
07/01/2027			36,180	36,180	
12/31/2027					127,440
01/01/2028	56,000	4.000%	36,180	92,180	
07/01/2028			35,060	35,060	
12/31/2028					127,240
01/01/2029	58,000	4.000%	35,060	93,060	
07/01/2029			33,900	33,900	
12/31/2029					126,960
01/01/2030	60,000	4.000%	33,900	93,900	
07/01/2030			32,700	32,700	
12/31/2030					126,600
01/01/2031	63,000	4.000%	32,700	95,700	
07/01/2031			31,440	31,440	
12/31/2031					127,140
01/01/2032	66,000	4.000%	31,440	97,440	
07/01/2032			30,120	30,120	
12/31/2032					127,560
01/01/2033	68,000	4.000%	30,120	98,120	
07/01/2033			28,760	28,760	
12/31/2033					126,880
01/01/2034	71,000	4.000%	28,760	99,760	
07/01/2034			27,340	27,340	
12/31/2034					127,100
01/01/2035	74,000	4.000%	27,340	101,340	
07/01/2035			25,860	25,860	
12/31/2035					127,200
01/01/2036	77,000	4.000%	25,860	102,860	
07/01/2036			24,320	24,320	
12/31/2036					127,180
01/01/2037	80,000	4.000%	24,320	104,320	
07/01/2037			22,720	22,720	
12/31/2037					127,040
01/01/2038	84,000	4.000%	22,720	106,720	
07/01/2038			21,040	21,040	
12/31/2038					127,760
01/01/2039	87,000	4.000%	21,040	108,040	
07/01/2039			19,300	19,300	
12/31/2039					127,340
01/01/2040	91,000	4.000%	19,300	110,300	
07/01/2040			17,480	17,480	
12/31/2040					127,780
01/01/2041	94,000	4.000%	17,480	111,480	
07/01/2041			15,600	15,600	
12/31/2041					127,080
01/01/2042	98,000	4.000%	15,600	113,600	
07/01/2042			13,640	13,640	
12/31/2042					127,240
01/01/2043	102,000	4.000%	13,640	115,640	
07/01/2043			11,600	11,600	
12/31/2043					127,240
01/01/2044	106,000	4.000%	11,600	117,600	
07/01/2044			9,480	9,480	
12/31/2044					127,080
01/01/2045	111,000	4.000%	9,480	120,480	
07/01/2045			7,260	7,260	
12/31/2045					127,740
01/01/2046	115,000	4.000%	7,260	122,260	
07/01/2046			4,960	4,960	
12/31/2046					127,220
01/01/2047	120,000	4.000%	4,960	124,960	
07/01/2047			2,560	2,560	
12/31/2047					127,520
01/01/2048	128,000	4.000%	2,560	130,560	
12/31/2048					130,560
	2,294,000		1,776,880	4,070,880	4,070,880

# **EXHIBIT 5**



**BOND PRICING**

Hardin County Water District #2 Water Revenue Bonds  
 Refunding Revenue Bonds, Series 2016 (Refunding of 04A, 05B and 07A RD)  
 Payoff of RD Loan in 10 Years Scenario

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Bond Component:						
<b>2016B Bonds</b>	01/01/2017	215,000	2.000%	0.810%	100.467	1,004.05
	01/01/2018	215,000	2.000%	0.890%	101.534	3,298.10
	01/01/2019	220,000	2.000%	1.040%	102.264	4,980.80
	01/01/2020	225,000	2.000%	1.180%	102.720	6,120.00
	01/01/2021	230,000	2.000%	1.350%	102.763	6,354.90
	01/01/2022	235,000	2.000%	1.490%	102.633	6,187.55
	01/01/2023	240,000	2.000%	1.610%	102.360	5,664.00
	01/01/2024	240,000	2.000%	1.740%	101.795	4,308.00
	01/01/2025	245,000	2.000%	1.810%	101.472	3,606.40
	01/01/2026	255,000	3.000%	1.930%	109.152	23,337.60
		<u>2,320,000</u>				<u>64,861.40</u>
Bond Component:						
<b>2016C Bonds</b>	01/01/2017	265,000	2.000%	0.810%	100.467	1,237.55
	01/01/2018	270,000	2.000%	0.890%	101.534	4,141.80
	01/01/2019	280,000	2.000%	1.040%	102.264	6,339.20
	01/01/2020	285,000	2.000%	1.180%	102.720	7,752.00
	01/01/2021	295,000	2.000%	1.350%	102.763	8,150.85
	01/01/2022	310,000	2.000%	1.490%	102.633	8,162.30
	01/01/2023	320,000	2.000%	1.610%	102.360	7,552.00
	01/01/2024	335,000	2.000%	1.740%	101.795	6,013.25
	01/01/2025	340,000	2.000%	1.810%	101.472	5,004.80
			<u>2,700,000</u>			
		5,020,000				119,215.15

Dated Date	08/09/2016	
Delivery Date	08/09/2016	
First Coupon	01/01/2017	
Par Amount	5,020,000.00	
Premium	119,215.15	
Production	5,139,215.15	102.374804%
Underwriter's Discount	-75,300.00	-1.500000%
Purchase Price	5,063,915.15	100.874804%
Accrued Interest		
Net Proceeds	5,063,915.15	

# **EXHIBIT 6**

**SOURCES AND USES OF FUNDS**

Hardin County Water District #2 Water Revenue Bonds  
 Refunding Revenue Bonds, Series 2016 (Refunding of 04A, 05B and 07A RD)  
 Payoff of RD Loan in 10 Years Scenario

Dated Date 08/09/2016  
 Delivery Date 08/09/2016

Sources:	Series B (Ref of 2007 RD Loan)	Series C (Ref of 2004 and 2005)	Total
<b>Bond Proceeds:</b>			
Par Amount	2,320,000.00	2,700,000.00	5,020,000.00
Premium	64,861.40	54,353.75	119,215.15
	<u>2,384,861.40</u>	<u>2,754,353.75</u>	<u>5,139,215.15</u>
<b>Other Sources of Funds:</b>			
Transfer from Prior Sinking Fund	10,646.67	28,452.91	39,099.58
	<u>2,395,508.07</u>	<u>2,782,806.66</u>	<u>5,178,314.73</u>
<b>Uses:</b>			
<b>Refunding Escrow Deposits:</b>			
Cash Deposit	2,303,940.67	2,681,530.46	4,985,471.13
<b>Delivery Date Expenses:</b>			
Cost of Issuance	53,493.62	60,506.38	114,000.00
Underwriter's Discount	34,800.00	40,500.00	75,300.00
	<u>88,293.62</u>	<u>101,006.38</u>	<u>189,300.00</u>
<b>Other Uses of Funds:</b>			
Additional Proceeds	3,273.78	269.82	3,543.60
	<u>2,395,508.07</u>	<u>2,782,806.66</u>	<u>5,178,314.73</u>

# **EXHIBIT 7**

**SAVINGS**

Hardin County Water District #2 Water Revenue Bonds  
Series C (Ref of 2004 and 2005)

Date	Prior Debt Service	Refunding Debt Service	Savings
12/31/2017	336,907.50	310,650.00	26,257.50
12/31/2018	342,565.00	316,000.00	26,565.00
12/31/2019	347,477.50	320,500.00	26,977.50
12/31/2020	346,737.50	319,850.00	26,887.50
12/31/2021	350,500.00	324,050.00	26,450.00
12/31/2022	358,470.00	333,000.00	25,470.00
12/31/2023	365,545.00	336,700.00	28,845.00
12/31/2024	371,812.50	345,150.00	26,662.50
12/31/2025	372,372.50	343,400.00	28,972.50
	3,192,387.50	2,949,300.00	243,087.50

**2016C Bonds  
Gross Debt  
Service  
Comparison  
Schedule**

Savings Summary

Savings PV date	08/09/2016
Savings PV rate	1.576904%
PV of savings from cash flow	225,963.61
Less: Prior funds on hand	-28,452.91
Plus: Refunding funds on hand	269.82
Net PV Savings	197,780.52

# **EXHIBIT 8**

SUMMARY OF BONDS REFUNDED

**Debt Service Schedule 2004A and 2005B Bonds**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2004A Bonds, 2004A:					
BOND	01/01/2017	3.700%	145,000.00	08/10/2016	100.000
	01/01/2018	3.700%	155,000.00	08/10/2016	100.000
	01/01/2019	3.900%	160,000.00	08/10/2016	100.000
	01/01/2020	3.900%	170,000.00	08/10/2016	100.000
	01/01/2021	3.900%	175,000.00	08/10/2016	100.000
	01/01/2022	4.000%	190,000.00	08/10/2016	100.000
	01/01/2023	4.000%	200,000.00	08/10/2016	100.000
	01/01/2024	4.000%	215,000.00	08/10/2016	100.000
	01/01/2025	4.000%	220,000.00	08/10/2016	100.000
			1,630,000.00		
Series 2005B, 2005B:					
BOND	01/01/2025	4.100%	1,040,000.00	08/10/2016	100.000

**Combined Debt Service Schedule 2004A and 2004B Bonds**

PRIOR BOND DEBT SERVICE

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2017	235,000	** %	53,217.50	288,217.50	
07/01/2017			48,690.00	48,690.00	
12/31/2017					336,907.50
01/01/2018	250,000	** %	48,690.00	298,690.00	
07/01/2018			43,875.00	43,875.00	
12/31/2018					342,565.00
01/01/2019	265,000	** %	43,875.00	308,875.00	
07/01/2019			38,602.50	38,602.50	
12/31/2019					347,477.50
01/01/2020	275,000	** %	38,602.50	313,602.50	
07/01/2020			33,135.00	33,135.00	
12/31/2020					346,737.50
01/01/2021	290,000	** %	33,135.00	323,135.00	
07/01/2021			27,365.00	27,365.00	
12/31/2021					350,500.00
01/01/2022	310,000	** %	27,365.00	337,365.00	
07/01/2022			21,105.00	21,105.00	
12/31/2022					358,470.00
01/01/2023	330,000	** %	21,105.00	351,105.00	
07/01/2023			14,440.00	14,440.00	
12/31/2023					365,545.00
01/01/2024	350,000	** %	14,440.00	364,440.00	
07/01/2024			7,372.50	7,372.50	
12/31/2024					371,812.50
01/01/2025	365,000	** %	7,372.50	372,372.50	
12/31/2025					372,372.50
	2,670,000		522,387.50	3,192,387.50	3,192,387.50

# **EXHIBIT 9**



SUMMARY OF BONDS REFUNDED

**Debt Service Schedule 2004A and 2005B Bonds**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Series 2004A Bonds, 2004A:					
BOND	01/01/2017	3.700%	145,000.00	08/10/2016	100.000
	01/01/2018	3.700%	155,000.00	08/10/2016	100.000
	01/01/2019	3.900%	160,000.00	08/10/2016	100.000
	01/01/2020	3.900%	170,000.00	08/10/2016	100.000
	01/01/2021	3.900%	175,000.00	08/10/2016	100.000
	01/01/2022	4.000%	190,000.00	08/10/2016	100.000
	01/01/2023	4.000%	200,000.00	08/10/2016	100.000
	01/01/2024	4.000%	215,000.00	08/10/2016	100.000
	01/01/2025	4.000%	220,000.00	08/10/2016	100.000
			1,630,000.00		
Series 2005B, 2005B:					
BOND	01/01/2025	4.100%	1,040,000.00	08/10/2016	100.000

**Combined Debt Service Schedule 2004A and 2004B Bonds**

PRIOR BOND DEBT SERVICE

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/01/2017	235,000	** %	53,217.50	288,217.50	
07/01/2017			48,690.00	48,690.00	
12/31/2017					336,907.50
01/01/2018	250,000	** %	48,690.00	298,690.00	
07/01/2018			43,875.00	43,875.00	
12/31/2018					342,565.00
01/01/2019	265,000	** %	43,875.00	308,875.00	
07/01/2019			38,602.50	38,602.50	
12/31/2019					347,477.50
01/01/2020	275,000	** %	38,602.50	313,602.50	
07/01/2020			33,135.00	33,135.00	
12/31/2020					346,737.50
01/01/2021	290,000	** %	33,135.00	323,135.00	
07/01/2021			27,365.00	27,365.00	
12/31/2021					350,500.00
01/01/2022	310,000	** %	27,365.00	337,365.00	
07/01/2022			21,105.00	21,105.00	
12/31/2022					358,470.00
01/01/2023	330,000	** %	21,105.00	351,105.00	
07/01/2023			14,440.00	14,440.00	
12/31/2023					365,545.00
01/01/2024	350,000	** %	14,440.00	364,440.00	
07/01/2024			7,372.50	7,372.50	
12/31/2024					371,812.50
01/01/2025	365,000	** %	7,372.50	372,372.50	
12/31/2025					372,372.50
	2,670,000		522,387.50	3,192,387.50	3,192,387.50

# **EXHIBIT 10**



STOLL  
KEENON  
OGDEN  
P L L C

2000 PNC PLAZA  
500 WEST JEFFERSON STREET  
LOUISVILLE, KY 40202-2828  
MAIN: (502) 333-6000  
FAX: (502) 333-6099

MARK S. FRANKLIN  
DIRECT DIAL: (502) 568-5460  
DIRECT FAX: (502) 562-0960  
mark.franklin@skofirm.com

June 14, 2016

Sandra K. Dunahoo  
State and Local Debt Officer  
Department for Local Government  
1024 Capital Center Drive, Suite 340  
Frankfort, KY 40601

**Re: Statutory Notice / Debt Notification For Hardin County Water District No. 2**

Dear Commissioner Dunahoo:

We are providing you this notice pursuant to KRS 65.117 regarding the proposed issuance by Hardin County Water District No. 2 (the “**District**”) of its Water System Refunding Revenue Bonds, Series 2016B in an estimated aggregate principal amount of \$2,320,000 (the “**Series 2016B Bonds**”) and its Water System Refunding Revenue Bonds, Series 2016C in an estimated aggregate principal amount of \$2,700,000 (the “**Series 2016C Bonds**” and, together with the Series 2016B Bonds, the “**Series 2016 Bonds**”). The expected issuance date of the Series 2016 Bonds is August 9, 2016.

The final aggregate principal amounts, principal maturities, interest rates, and issuance dates will be determined upon a public, competitive sale of the Series 2016 Bonds currently scheduled for July 7, 2016.

Enclosed are completed copies of the Notification of Intent to Finance and Application for Debt Approval for each series of the Series 2016 Bonds. Also enclosed are preliminary maturity schedules prepared by J.J.B. Hilliard, W.L. Lyons, LLC, as the financial advisor for the District, showing the currently estimated principal maturities, interest rates, and maturity dates for both series. **We note that the principal amounts and interest rates described therein will likely change upon the successful completion of the sale of the Series 2016 Bonds.** We will provide you updated Notification Forms and a copy of the relevant portions of the final Official Statement for the Series 2016 Bonds shortly after July 7<sup>th</sup>, provided that one or both sales are successful. If one or both of the sales are cancelled or postponed, we will provide you notice of such cancellation or postponement.

Sandra K. Dunahoo

June 14, 2016

Page 2 of 2

We believe the enclosed materials meet the statutory notice requirements and respectfully request that you send your letter evidencing compliance by the District with the required notification procedures.

Sincerely,

Mark

Mark S. Franklin

Enclosures

cc: James R. Jeffries (via electronic mail)  
Damon R. Talley (via electronic mail)

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

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).

<b>Type Of Debt To Be Issued</b>	<b>SLDO Approval Required</b>	<b>Complete Sections</b>
Public Project Rev. Bond - KRS Chapter 58	No	A, B, E

**Section A - Borrower Information**

**Agency Name** Hardin County Water District No. 2  
**Governing Body** Board of Commissioners  
**Street Address** 360 Ring Road  
**P.O. Box #** Inapplicable  
**City** Elizabethtown  
**County** Hardin  
**Zip** 42701  
**Authorized Official** Michael L. Bell, Chairman

**Section B - Terms Of Financial Obligation**

**Principle Amount** \$2,320,000 (estimated)  
**Maturity Date** January 1, 2026 (estimated)  
**Term** Approximately 9 and ½ years  
**Interest Rate** 2.00% to 3.00% per annum (estimated)  
**Retirement Method** Payable using water system revenues  
**Lender's Name** Underwriter to be chosen through public, competitive sale  
**Lender's Address** To be determined  
**Right of Termination** Inapplicable  
**Termination Penalties** Inapplicable  
**Prepayment Provisions** The Series 2016B Bonds will not be callable for redemption before their stated maturities  
**Trustee or Paying Agent** Cecilian Bank, Elizabethtown, Kentucky



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

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).

<b>Type Of Debt To Be Issued</b>	<b>SLDO Approval Required</b>	<b>Complete Sections</b>
Public Project Rev. Bond - KRS Chapter 58	No	A, B, E

**Section A - Borrower Information**

**Agency Name** Hardin County Water District No. 2  
**Governing Body** Board of Commissioners  
**Street Address** 360 Ring Road  
**P.O. Box #** Inapplicable  
**City** Elizabethtown  
**County** Hardin  
**Zip** 42701  
**Authorized Official** Michael L. Bell, Chairman

**Section B - Terms Of Financial Obligation**

**Principle Amount** \$2,700,000 (estimated)  
**Maturity Date** January 1, 2025 (estimated)  
**Term** Approximately 8 and ½ years  
**Interest Rate** 2.00% per annum (estimated)  
**Retirement Method** Payable using water system revenues  
**Lender's Name** Underwriter to be chosen through public, competitive sale  
**Lender's Address** To be determined  
**Right of Termination** Inapplicable  
**Termination Penalties** Inapplicable  
**Prepayment Provisions** The Series 2016C Bonds will not be callable for redemption before their stated maturities  
**Trustee or Paying Agent** Cecilian Bank, Elizabethtown, Kentucky

**Date of Issue** August 9, 2016 (Estimated)  
**Payment Schedule** See attached schedule  
**Number of Renewal Periods** None  
**Type of Interest (fixed or variable)** Fixed for each annual maturity; the winning underwriter may request term bonds combining consecutive annual maturities  
**AOC Funded Percentage** 0.00%

**Section E - Bond Information/Documentation**

**Purpose of the Bond** (i) to currently refund the Series 2004A Bonds currently outstanding in an aggregate principal amount of \$1,630,000, (ii) to currently refund the Series 2005B Bonds currently outstanding in an aggregate principal amount of \$1,040,000, (iii) to finance a debt service reserve for the Series 2016C Bonds, if needed, and (iv) to pay costs of issuance of the Series 2016C Bonds

**Bond Counsel** Mark S. Franklin  
**Counsel Address** Stoll Keenon Ogden PLLC  
500 West Jefferson Street  
Suite 2000  
Louisville, Kentucky 40202

**Financial Advisor** J.J.B. Hilliard, W.L. Lyons, LLC  
**Advisor Address** 500 West Jefferson Street, Louisville, Kentucky 40202

**Bond Series** Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2016C

**Call Date** Inapplicable

**Refunding Bond?** Yes - (i) Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2004A dated March 15, 2004 and currently outstanding in an aggregate principal amount of \$1,630,000; and (ii) Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2005B dated April 1, 2005 and currently outstanding in an aggregate principal amount of \$1,040,000

[Signature page to follow]



**[SIGNATURE PAGE TO NOTIFICATION OF INTENT TO  
FINANCE AND APPLICATION FOR DEBT APPROVAL]**

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

Dated: June 14, 2016

**HARDIN COUNTY WATER DISTRICT  
NO. 2**

By: \_\_\_\_\_ /s/ Michael L. Bell  
Michael L. Bell  
Chairman

**BOND PRICING**

Hardin County Water District #2 Water Revenue Bonds  
 Refunding Revenue Bonds, Series 2016 (Refunding of 04A, 05B and 07A RD)  
 Payoff of RD Loan in 10 Years Scenario

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Bond Component:						
	01/01/2017	215,000	2.000%	0.810%	100.467	1,004.05
	01/01/2018	215,000	2.000%	0.890%	101.534	3,298.10
	01/01/2019	220,000	2.000%	1.040%	102.264	4,980.80
	01/01/2020	225,000	2.000%	1.180%	102.720	6,120.00
	01/01/2021	230,000	2.000%	1.350%	102.763	6,354.90
	01/01/2022	235,000	2.000%	1.490%	102.633	6,187.55
	01/01/2023	240,000	2.000%	1.610%	102.360	5,664.00
	01/01/2024	240,000	2.000%	1.740%	101.795	4,308.00
	01/01/2025	245,000	2.000%	1.810%	101.472	3,606.40
	01/01/2026	255,000	3.000%	1.930%	109.152	23,337.60
		<u>2,320,000</u>				<u>64,861.40</u>
Bond Component:						
	01/01/2017	265,000	2.000%	0.810%	100.467	1,237.55
	01/01/2018	270,000	2.000%	0.890%	101.534	4,141.80
	01/01/2019	280,000	2.000%	1.040%	102.264	6,339.20
	01/01/2020	285,000	2.000%	1.180%	102.720	7,752.00
	01/01/2021	295,000	2.000%	1.350%	102.763	8,150.85
	01/01/2022	310,000	2.000%	1.490%	102.633	8,162.30
	01/01/2023	320,000	2.000%	1.610%	102.360	7,552.00
	01/01/2024	335,000	2.000%	1.740%	101.795	6,013.25
	01/01/2025	340,000	2.000%	1.810%	101.472	5,004.80
		<u>2,700,000</u>				<u>54,353.75</u>
		5,020,000				119,215.15

Dated Date	08/09/2016	
Delivery Date	08/09/2016	
First Coupon	01/01/2017	
Par Amount	5,020,000.00	
Premium	119,215.15	
Production	5,139,215.15	102.374804%
Underwriter's Discount	-75,300.00	-1.500000%
Purchase Price	5,063,915.15	100.874804%
Accrued Interest		
Net Proceeds	5,063,915.15	

# **EXHIBIT 11**

**WATER REVENUE BONDS ISSUED  
BY HARDIN COUNTY WATER DISTRICT NO. 2**

<b>Bond Issue*</b>	<b>Date Issued</b>	<b>Original Principal Amount</b>	<b>Maturity</b>	<b>Interest Rate (%)</b>	<b>Interest Paid In 2015</b>	<b>Outstanding Principal Balance</b>
2004A	03/15/2004	\$ 2,940,000	01/01/2025	3.7 - 4.0	\$ 70,708	\$1,630,000
2005B	04/01/2005	\$ 1,775,000	01/01/2025	4.10	\$ 47,868	\$ 1,040,000
2007A	07/02/2010	\$ 2,480,000	01/01/2048	4.00	\$ 93,780	\$ 2,294,000
2010A	07/28/2010	\$ 5,625,000	01/01/2031	2.0 - 4.125	\$ 166,994	\$ 4,410,000
2012A	10/02/2012	\$ 6,070,000	01/01/2040	1.0 - 3.75	\$ 158,975	\$ 5,300,000
<b>Total</b>		<b>\$18,890,000</b>			<b>\$ 538,325</b>	<b>\$14,674,000</b>

\*All bonds are secured by a pledge of revenues.

# **EXHIBIT 12**

**Income Statement**  
**June 1, 2015 to May 31, 2016**  
**Hardin County Water District No. 2**

	<b>Amount</b>
<b>Revenues:</b>	
Residential Water Sales	\$ 10,115,638
Commercial Water Sales	\$ 1,582,444
Industrial Water Sales	\$ 503,753
Sewer Billing	\$ 53,882
Bulk Water	\$ 3,049
Water Taps	\$ 183,510
Miscellaneous Services	\$ 432,724
Laboratory Income	\$ 15,077
10% Penalty	\$ 230,613
Other Income	\$ 77,220
<b>Total Revenues</b>	<b>\$ 13,197,911</b>
<b>Expenses:</b>	
<b>White Mills WTP</b>	
Salaries - Plant	\$ 521,050
Benefits - Plant	\$ 231,764
Ins. Workers Comp. - Plant	\$ 5,370
Contractual Services - Plant	\$ 43,968
Chemicals - Water Plant	\$ 267,260
Materials & Supplies - Lab	\$ 24,485
Materials & Supplies - Plant	\$ 68,341
Purchased Power - Plant	\$ 301,131
Miscellaneous Expense - Plant	\$ 26,239
<b>White Mills Total</b>	<b>\$ 1,489,608</b>
<b>City Springs WTP</b>	
Salaries - Plant	\$ 326,809
Benefits - Plant	\$ 135,040
Ins. Workers Comp. - Plant	\$ 1,106
Contractual Services - Plant	\$ 69,586
Chemicals - Water Plant	\$ 62,045
Materials & Supplies - Plant	\$ 34,420
Purchased Power - Electric	\$ 174,253
Purchased Power - Sewer/Gas	\$ 63,235
Miscellaneous Expense - Plant	\$ 47,779
<b>City Springs Total</b>	<b>\$ 914,274</b>

**Transmission & Distribution**

Salaries - T & D	\$	989,123
Benefits - T & D	\$	454,503
Ins. Workers Comp. - T & D	\$	9,381
Contractual Services - T & D	\$	139,115
Materials & Supplies - T & D	\$	101,693
Purchased Power - T & D	\$	190,744
Transp. Expense - Fuel	\$	83,645
Transp. Expense - Maint	\$	30,180
Transp. Expense - Repairs	\$	35,858
Insurance - Vehicles	\$	19,140
Miscellaneous Expense -T & D	\$	54,350
<b>T &amp; D Total</b>	<b>\$</b>	<b>2,107,731</b>

**Customer Service**

Salaries - Customer Accts	\$	756,393
Benefits - Customer Accts	\$	336,137
Ins. Workers Comp. - Cust Accts	\$	7,146
Miscellaneous Exp - Cust Accts	\$	19,034
Billing Services - Cust Accts	\$	197,147
Contract Services - Cust Accts	\$	168,991
Bad Debt Expense - Cust Accts	\$	43,976
Materials & Supplies -Cust Accts	\$	69,953
<b>Customer Service Total</b>	<b>\$</b>	<b>1,598,777</b>

**Administration**

Salaries - Administration	\$	363,965
Salaries - Commissioners	\$	30,292
Benefits - Administration	\$	125,036
Benefits - Commissioners	\$	53,039
Ins. Workers Comp. - Admin.	\$	2,397
Ins. Workers Comp. - Comm.	\$	1,959
Advertising Expense	\$	6,579
Contractual Services - Legal	\$	6,954
Contractual Services - Admin.	\$	25,640
Insurance - General Liability	\$	90,238
Depreciation	\$	2,573,598
Miscellaneous Expense - Admin	\$	99,272
<b>Administration Total</b>	<b>\$</b>	<b>3,378,969</b>

<b>Total Expenses</b>	<b>\$</b>	<b>9,489,359</b>
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<b>Net Operating Income</b>	<b>\$ 3,708,552</b>
<b>Non-Operating Income (Expense)</b>	
Investment Income	\$ 506,177
Unrealized Gain/Loss	\$ 118,258
Realized Gain	\$ 7,915
Leased Land/Tank Space	\$ 82,507
Interest Expenses	\$ (705,598)
Amortized Debt Discount Expense	\$ (68,514)
<b>Non-Operating Income (Expense) Total</b>	<b>\$ (59,255)</b>
<b>Net Income</b>	<b>\$ 3,649,296</b>



# **EXHIBIT 13**

**BALANCE SHEET (Unaudited)**  
**May 31, 2016**  
**Hardin County Water District No. 2**

<b>ASSETS</b>	<b>Current Assets</b>	
	Cash & Cash Equivalents	3,029,183
	Investments	15,537,892
	Accounts Receivable, net	1,360,603
	State Grants Receivable	606,606
	Prepaid Insurance	63,997
	Inventory	611,138
	<b>Total Current Assets</b>	<b>\$21,209,419</b>
	<b>NonCurrent Assets</b>	
	Restricted Cash & Cash Equivalents	3,045,690
	Restricted Investments	978,338
	NonDepreciable Capital Assets	3,971,545
	Capital Assets, net Accumulated Depreciation	58,884,532
	<b>Total NonCurrent Assets</b>	<b>\$66,880,105</b>
	<b>Total Assets</b>	<b>\$88,089,524</b>
<b>Deferred Outflows of Resources</b>		
Deferred amount on debt refundings	237,842	
Deferred amount on CERS pension	1,552,831	
Utility Acquisition Adjustments	184,877	
<b>Total Deferred Outflows of Resources</b>	<b>\$1,975,550</b>	
<b>LIABILITIES</b>	<b>Current Liabilities</b>	
	Accounts Payable	415,529
	Construction Projects Payable	851,328
	Accrued Taxes	64,689
	Accrued Liabilities	66,851
	Accrued Vacations	123,268
	Customer Deposits	58,575
	Customer Advances for Construction	56,632
	Bonds Payable	696,000
	Notes Payable	239,115
	<b>Total Current Liabilities</b>	<b>\$2,571,987</b>
	<b>NonCurrent Liabilities</b>	
	Customer Deposits	527,174
	Net Pension Liability (CERS)	4,495,343
	Bonds Payable	13,978,000
Notes Payable	5,621,906	
<b>Total NonCurrent Liabilities</b>	<b>\$24,622,423</b>	
<b>Total Liabilities</b>	<b>\$27,194,410</b>	
<b>Deferred Inflows of Resources</b>		
Deferred amount on CERS pension	184,877	
<b>Total Deferred Inflows of Resources</b>	<b>\$184,877</b>	
<b>Net Position</b>		
Net Invested in Capital Assets	40,438,050	
Restricted for Debt Service	2,673,733	
Unrestricted	19,574,004	
<b>TOTAL NET POSITION</b>	<b>\$62,685,787</b>	