

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)
HARDIN COUNTY WATER DISTRICT)
NO. 2 FOR AUTHORIZATION TO)
ISSUE SECURITIES IN THE) CASE NO. 2021-00428
APPROXIMATE AMOUNT OF)
\$2,320,000 FOR THE PURPOSE 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 Kentucky Public Service Commission (“Commission”) authorizing Hardin District’s issuance of certain securities in the approximate principal amount of \$2,320,000 for the purpose of refunding certain outstanding water system revenue bonds.

In support of its application,¹ Hardin District states:

¹ 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.

GENERAL INFORMATION

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: psmailbox@hcwd2.org.
3. Hardin District is not a corporation, limited liability company, or limited partnership. It has no articles of incorporation or partnership agreements.
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, 2020, it provided water service to approximately 28,820 customers.
6. On November 17, 2021, 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. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Shaun Youravich, General Manager
P.O. Box 970
360 Ring Road
Elizabethtown, KY 42702
(270) 737-1056
syouravich@hcwd2.org

Damon R. Talley
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KY 42748-0150
(270) 358-3187
damon.talley@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 Public Service Commission for the Year Ending December 31, 2020" ("2020 Annual Report"), a copy of which Hardin District has previously filed with the Commission and which is incorporated by reference into this Application.

8. Hardin District's audited financial statements for the years ended December 31, 2019 and 2020 have previously been filed with the Commission and are incorporated by reference into this Application.

9. Hardin District proposes to issue securities in the approximate principal amount of \$2,320,000.

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 2022A ("2022A Bonds"), in the approximate principal amount of \$2,320,000 for the purpose of currently refunding Water System Refunding Revenue Bonds, Series 2010A ("2010A Bonds"), in the outstanding principal amount of \$3,190,000. The remaining maturities of the 2010A Bonds bear

interest at fixed rates ranging from 3.5% for the bonds maturing in 2023 to 4.125% for the bonds maturing in 2031.²

c. The 2022A Bonds will be secured by a pledge of Hardin District's revenues.

10. **2022A Bonds.** The following information is provided regarding the proposed 2022A Bonds:

a. The estimated Debt Service Schedule for the proposed 2022A 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 2022A Bonds are expected to bear interest at a fixed rate of 1.75% and will have a term of nine (9) years.

c. The issuance of the 2022A Bonds will provide Hardin District with the funds necessary: (a) to currently refund the 2010A Bonds and (b) to pay the fees and expenses incident to the issuance of the 2022A Bonds.

d. The Sources and Uses of the funds obtained from the issuance of the 2022A Bonds are set forth in **Exhibit 2** to this Application. The Cost of Issuance is also itemized in **Exhibit 2**.

² See Application of Hardin County Water District No. 2 to Issue Securities in the Approximate Principal Amount of \$5,625,000 for the Purpose of Advance Refunding of Certain Outstanding Revenue Bonds of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001, Case No. 2010-00256, Order (Ky. PSC July 23, 2010) (granting Hardin District authority to issue its 2010A Bonds).

e. The proposed refinancing of the 2010A Bonds will result in total gross savings of approximately **\$1,010,329** and a net present value (“NPV”) savings of approximately **\$929,747**. 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 2022A 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. Hardin District will not complete the proposed bond issuance and refinancing if changing conditions eliminate all NPV savings.

g. The Debt Service Schedule of the 2010A Bonds is found at **Exhibit 4** of this Application

11. Although the current outstanding principal amount of the 2010A Bonds is \$3,190,000, there is a regularly scheduled principal payment of \$265,000 due to be paid on January 1, 2022. This amount, plus accrued interest, will be made by Hardin District on January 1, 2022 from its Sinking Fund. This will leave an outstanding principal amount of \$2,925,000 still owed on the 2010A Bonds on the date that the 2022A Bonds will be issued. Approximately \$700,000 will be released from Hardin District’s Debt Service Reserve Fund upon the refunding of the 2010A Bonds. Utilizing this amount, plus the net proceeds after payment of the Cost of

Issue of the 2022A bonds, will enable Hardin District to refund the 2010A Bonds by issuing only approximately \$2,320,000 in 2022A Bonds.

12. Hardin District will sell the 2022A Bonds through a public, competitive sale, which is tentatively scheduled for December 15, 2021.

13. No real property will be acquired with the proceeds of the sale of the 2022A Bonds.

14. A copy of Hardin District's written notification to the state local debt officer is found at **Exhibit 5** of this Application.

FINANCIAL EXHIBIT

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 6** 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 (the "Note") 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, the 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.³ Under the Note's actual terms, Hardin District has paid \$2,800,000 (seven (7) payments of \$400,000) of principal and no interest, and the Note has a remaining principal balance of \$5,200,000. Applying the reporting requirements established in Case No. 2014-00289, Hardin District has paid \$1,769,551 of principal and \$1,030,449 of interest, and the Note has a remaining principal balance of \$4,324,197.

e. Hardin District also has one outstanding Bond Anticipation Note ("BAN") in the maximum amount of \$8,000,000. It was issued on January 15, 2021 for the purpose of providing interim financing for its new headquarters facility.⁴ The BAN is held by The Cecilian Bank and bears interest at a rate of 0.575%. It matures on January 1, 2023. As of November 22, 2021, Hardin District had made draws

³ *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, Case No. 2014-00289, Order at 2 (Ky. PSC Oct. 23, 2014).*

⁴ *See Electronic Application of Hardin County Water District No. 2 for a Certificate of Public Convenience and Necessity, Case No. 2020-00207, Order (Ky. PSC Oct. 21, 2020) (granting Hardin District a Certificate of Public Convenience and Necessity to construct its new headquarters facility).*

against the BAN in the amount of \$5,263,738.45 to pay for the costs that it has incurred for its new headquarters facility.

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

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

h. A detailed Income Statement and Balance Sheet for Hardin District's operations for the 12-month period ending October 31, 2021 are found at **Exhibits 7 and 8** to this Application.

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

LEGAL STANDARD

17. Hardin District's proposed issuance of the 2022A Bonds is in the public interest and will strengthen Hardin District's financial condition by producing substantial debt savings. Consistent with the legal standard contained in KRS 278.300(3), the proposed issuance of the 2022A Bonds is for a lawful objective within Hardin District's corporate purposes, namely reducing debt service costs and strengthening its financial position. Furthermore, it 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. Indeed, reducing

Hardin District's debt costs will improve, not impair, its ability to serve its customers because issuing the 2022A Bonds is exclusively for the purpose of refinancing existing debt (the 2010A Bonds) and achieving NPV debt service savings. No aspects of Hardin District's operations or finances will change except those related to refinancing the 2010A Bonds. Therefore, Hardin District's 2022A Bond issuance is a reasonably appropriate option to meet its statutory duty to provide safe, adequate, and reliable service because the current low interest rate environment will allow Hardin District to achieve the NPV savings.

18. As soon as reasonably possible after the issuance of the 2022A Bonds, Hardin District will file with the Commission 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 the 2022A Bonds is January 28, 2022. To ensure an orderly closing, Hardin District requires a final decision on this application no later than **January 24, 2022**.

20. The Board of Hardin District has authorized Chairman Michael L. Bell to sign this Application on Hardin District's behalf, as evidenced by the Board Resolution found at **Exhibit 9**.

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 2022A Bonds on or before **January 24, 2022** to ensure adequate time to effect the Closing of the issuance.

Dated: November 23, 2021

Respectfully submitted,

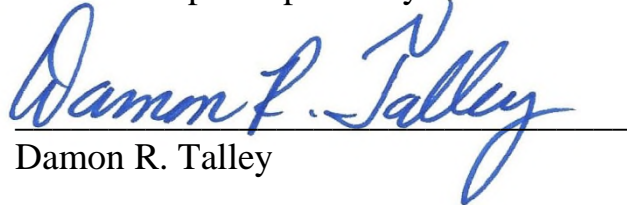


Damon R. Talley
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KY 42748-0150
Telephone: (270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

*Counsel for Hardin County Water District
No. 2*

CERTIFICATE OF COMPLIANCE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on November 23, 2021, and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.


Damon R. Talley

FILING REQUIREMENTS LIST

FILING REQUIREMENTS FOR AN APPLICATION FOR 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	Page 2, Paras 1 and 2
807 KAR 5:001 § 14(1)	Statutory reference – KRS 278.300	Page 1
807 KAR 5:001 § 4(3)	Signature of Applicant's attorney	Page 10
807 KAR 5:001 § 4(3)	Name, address, telephone number, fax number, and e-mail address of Applicant's attorney	Page 10
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	Page 2, Para 3 Not Applicable
807 KAR 5:001 § 14(3)	If Applicant is a limited liability company: State and date of organization, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Page 2, Para 3 Not Applicable
807 KAR 5:001 § 14(4)	If the Applicant is a limited partnership: a certified copy of limited partnership agreement and all amendments or statement identifying prior Commission proceedings in which limited partnership agreement and all amendments filed	Page 2, Para 3 Not Applicable
KRS 278.300(2)	Application is made under oath and signed on utility's behalf by its president, or by a vice president, auditor, comptroller or other executive officer having knowledge of the matters set forth and duly designated by the utility	Page 11
807 KAR 5:001 § 18(1)(a)	Information required by 807 KAR 5:001 § 14	See above

Source Authority	Requirement	Location
807 KAR 5:001 § 18(1)(b)	Description of Applicant’s property and the field of its operation	Page 3, Para 7 Page 2, Para 5
807 KAR 5:001 § 18(1)(b)	Statement of original cost of Applicant’s property and the cost to the Applicant, if different	Page 3, Para 7
807 KAR 5:001 § 18(1)(c)	Description of amount and kinds of stock to be issued	Page 3, Para 9(a) Not Applicable
807 KAR 5:001 § 18(1)(c)	Description of amount, terms and interest rate of bond or note	Pages 3-6, Paras 9 – 12
807 KAR 5:001 § 18(1)(c)	Description of how bond or note will be secured	Page 4, Para 9(c)
807 KAR 5:001 § 18(1)(d)	Statement of how proceeds are to be used	Page 3, Para 9(b) Pages 4-6, Paras 10-11 Exhibit 2
807 KAR 5:001 § 18(1)(e)	If proceeds will be used to acquire, construct, improve, or extend property: a detailed description of property and all contracts	Page 6, Para 13 Not Applicable
807 KAR 5:001, § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of nature and description of obligation	Pages 3-4, Para 9(b)
807 KAR 5:001 § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of par value of original obligations	Pages 3-4, Para 9(b) Page 5, Para 10(g) Exhibit 4
807 KAR 5:001 § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of the amount for which original obligation sold	Pages 3-4, Para 9(b) Page 5, Para 10(g) Exhibits 4 and 6
807 KAR 5:001 § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of associated expenses	Page 4, Para 10(d) Exhibit 2
807 KAR 5:001 § 18(1)(f)	(If proceeds are to refund outstanding obligations) Statement of the application of proceeds from the sale	Pages 3-4, Para 9(b) Page 4, Para 10(d)

Source Authority	Requirement	Location
807 KAR 5:001 § 18(1)(f)	(If proceeds are to refund outstanding notes) Time the original obligation held	Pages 3-4, Para 9(b) Not Applicable
807 KAR 5:001 § 18(1)(f)	(If proceeds are to refund outstanding notes) Interest rate of original obligation	Pages 3-4, Para 9(b) Not Applicable
807 KAR 5:001 § 18(1)(f)	(If proceeds are to refund outstanding notes) Payee	Pages 3-4, Para 9(b) Not Applicable
807 KAR 5:001 § 18(1)(g)	Applicant's written notification to state local debt officer regarding proposed issuance	Page 6, Para 14 Exhibit 5
807 KAR 5:001 § 18(2)(a) 807 KAR 5:001 § 12(1)	Financial Exhibit	Pages 6-8, Para 15
807 KAR 5:001 § 18(2)(a) 807 KAR 5:001 § 12(2)(a)-(c)	Financial Exhibit – Information regarding stock	Page 6, Para 15(a)
807 KAR 5:001 § 18(2)(a) 807 KAR 5:001 § 12(2)(d)	Financial Exhibit – Description of mortgage	Page 6, Para 15(b)
807 KAR 5:001 § 18(2)(a) 807 KAR 5:001 § 12(2)(e)	Financial Exhibit – Description of bonds	Page 6, Para 15(c) Exhibit 6
807 KAR 5:001 § 18(2)(a) 807 KAR 5:001 § 12(2)(f)	Financial Exhibit – Statement regarding outstanding notes	Pages 6-8, Paras 15(d)-(e)
807 KAR 5:001 § 18(2)(a) 807 KAR 5:001 § 12(2)(g)	Financial Exhibit – Statement regarding other indebtedness	Page 8, Para 15(f)
807 KAR 5:001 § 18(2)(a) 807 KAR 5:001 § 12(2)(h)	Financial Exhibit – Statement regarding dividends	Page 8, Para 15(g)
807 KAR 5:001 § 18(2)(a) 807 KAR 5:001 § 12(2)(i)	Financial Exhibit – Detailed income statement and balance sheet	Page 8, Para 15(h) Exhibits 7 and 8
807 KAR 5:001 § 18(2)(b)	Copies of trust deeds or mortgages	Page 6, Para 15(b) Not Applicable
807 KAR 5:001 § 18(2)(c)	If property acquired: maps and plans of property	Page 6, Para 13 Not Applicable
807 KAR 5:001 § 18(2)(c)	If property acquired: detailed estimates by USOA account number	Page 6, Para 13 Not Applicable

TABLE OF EXHIBITS

<u>Exhibit</u> <u>No.</u>	<u>Description</u>
1	Estimated Debt Service Schedule - Series 2022A Bonds
2	Sources and Uses of Funds – Series 2022A Bonds
3	Gross Debt Service Comparison Schedule - Series 2022A Bonds
4	Debt Service Schedule – Series 2010A Bonds
5	Written Notice to State Local Debt Officer
6	Hardin County Water District No. 2 Outstanding Bond Issuances
7	Income Statement for Hardin County Water District No. 2 for the Year Ending December 31, 2020
8	Balance Sheet for Hardin County Water District No. 2 as of December 31, 2020
9	Resolution Dated November 16, 2021 Authorizing Chairman to Sign Application

EXHIBIT 1

BOND DEBT SERVICE

Hardin County Water District No. 2
 Refunding of Series 2010 with Bank Loan
 Direct Placement of Water System Refunding Revenue Bonds, Series 2022A
 Illustration: Direct Placement Bank Rate Scenario
 Assumes: 11/15/2021 Bank Rate of 1.75% (US Bank Conservative)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/01/2022			17,255.00	17,255.00	
12/31/2022					17,255.00
01/01/2023	237,300	1.750%	20,300.00	257,600.00	
07/01/2023			18,223.63	18,223.63	
12/31/2023					275,823.63
01/01/2024	246,400	1.750%	18,223.63	264,623.63	
07/01/2024			16,067.63	16,067.63	
12/31/2024					280,691.26
01/01/2025	249,900	1.750%	16,067.63	265,967.63	
07/01/2025			13,881.00	13,881.00	
12/31/2025					279,848.63
01/01/2026	252,700	1.750%	13,881.00	266,581.00	
07/01/2026			11,669.88	11,669.88	
12/31/2026					278,250.88
01/01/2027	259,800	1.750%	11,669.88	271,469.88	
07/01/2027			9,396.63	9,396.63	
12/31/2027					280,866.51
01/01/2028	266,300	1.750%	9,396.63	275,696.63	
07/01/2028			7,066.50	7,066.50	
12/31/2028					282,763.13
01/01/2029	262,300	1.750%	7,066.50	269,366.50	
07/01/2029			4,771.38	4,771.38	
12/31/2029					274,137.88
01/01/2030	267,800	1.750%	4,771.38	272,571.38	
07/01/2030			2,428.13	2,428.13	
12/31/2030					274,999.51
01/01/2031	277,500	1.750%	2,428.13	279,928.13	
12/31/2031					279,928.13
	2,320,000		204,564.56	2,524,564.56	2,524,564.56



EXHIBIT 2

SOURCES AND USES OF FUNDS

Hardin County Water District No. 2
 Refunding of Series 2010 with Bank Loan
 Direct Placement of Water System Refunding Revenue Bonds, Series 2022A
 Illustration: Direct Placement Bank Rate Scenario
 Assumes: 11/15/2021 Bank Rate of 1.75% (US Bank Conservative)

Dated Date 01/28/2022
 Delivery Date 01/28/2022

Sources:

Bond Proceeds:	
Par Amount	2,320,000.00
Other Sources of Funds:	
Interest SF on Hand	
Principal SF on Hand	
Current DSRF Balance	1,207,393.75
	1,207,393.75
	3,527,393.75

Uses:

Refunding Escrow Deposits:	
Cash Deposit	2,944,857.03
Other Fund Deposits:	
Debt Service Reserve Fund	507,421.55
Cost of Issuance:	
Municipal Advisor (Baird)	25,000.00
Bond Counsel (Dinsmore)	18,500.00
Advertising Expenses (Dinsmore)	5,000.00
Local Counsel (Stoll Keenon Ogden)	18,500.00
Parity Certificate Provider (Heartland CPA)	2,500.00
Bank Closing & Legal Fees (Est.)	5,600.00
	75,100.00
Other Uses of Funds:	
Additional Proceeds	15.17
	3,527,393.75

Note: The New DSRF Requirement includes 2012A, 2016B, and 2016C Parity Bonds Outstanding



EXHIBIT 3

SAVINGS

Hardin County Water District No. 2
 Refunding of Series 2010 with Bank Loan
 Direct Placement of Water System Refunding Revenue Bonds, Series 2022A
 Illustration: Direct Placement Bank Rate Scenario
 Assumes: 11/15/2021 Bank Rate of 1.75% (US Bank Conservative)

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 01/28/2022 @ 1.7501022%
12/31/2022	56,734.38	17,255.00	39,479.38	39,188.09
12/31/2023	383,656.26	275,823.63	107,832.63	105,820.87
12/31/2024	388,587.51	280,691.26	107,896.25	104,080.45
12/31/2025	387,706.26	279,848.63	107,857.63	102,274.21
12/31/2026	386,075.01	278,250.88	107,824.13	100,506.99
12/31/2027	388,771.88	280,866.51	107,905.37	98,877.43
12/31/2028	390,675.00	282,763.13	107,911.87	97,210.26
12/31/2029	381,975.00	274,137.88	107,837.12	95,500.20
12/31/2030	382,875.00	274,999.51	107,875.49	93,920.65
12/31/2031	387,837.50	279,928.13	107,909.37	92,367.44
	3,534,893.80	2,524,564.56	1,010,329.24	929,746.60

Savings Summary

PV of savings from cash flow	929,746.60
Less: Prior funds on hand	-1,207,393.75
Plus: Refunding funds on hand	507,436.72
Net PV Savings	229,789.57



EXHIBIT 4

PRIOR BOND DEBT SERVICE

Hardin County Water District No. 2
 Refunding of Series 2010 with Bank Loan
 Direct Placement of Water System Refunding Revenue Bonds, Series 2022A
 Illustration: Direct Placement Bank Rate Scenario
 Assumes: 11/15/2021 Bank Rate of 1.75% (US Bank Conservative)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/01/2022			56,734.38	56,734.38	
12/31/2022					56,734.38
01/01/2023	275,000	3.500%	56,734.38	331,734.38	
07/01/2023			51,921.88	51,921.88	
12/31/2023					383,656.26
01/01/2024	290,000	3.625%	51,921.88	341,921.88	
07/01/2024			46,665.63	46,665.63	
12/31/2024					388,587.51
01/01/2025	300,000	3.750%	46,665.63	346,665.63	
07/01/2025			41,040.63	41,040.63	
12/31/2025					387,706.26
01/01/2026	310,000	3.875%	41,040.63	351,040.63	
07/01/2026			35,034.38	35,034.38	
12/31/2026					386,075.01
01/01/2027	325,000	3.875%	35,034.38	360,034.38	
07/01/2027			28,737.50	28,737.50	
12/31/2027					388,771.88
01/01/2028	340,000	4.000%	28,737.50	368,737.50	
07/01/2028			21,937.50	21,937.50	
12/31/2028					390,675.00
01/01/2029	345,000	4.000%	21,937.50	366,937.50	
07/01/2029			15,037.50	15,037.50	
12/31/2029					381,975.00
01/01/2030	360,000	4.000%	15,037.50	375,037.50	
07/01/2030			7,837.50	7,837.50	
12/31/2030					382,875.00
01/01/2031	380,000	4.125%	7,837.50	387,837.50	
12/31/2031					387,837.50
	2,925,000		609,893.80	3,534,893.80	3,534,893.80



EXHIBIT 5

Page 1	NOTIFICATION OF INTENT TO FINANCE AND APPLICATION OF DEBT APPROVAL 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.

<input checked="" type="checkbox"/> Type of debt to be issued (must check one):	SLDO Approval Required	Complete Sections
<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 checked="" 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, E
<input type="checkbox"/> Other Bonds (True Revenue, Utility Assessment, TIF)	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	
PO Box: Not applicable	City: Elizabethtown
County: Hardin	Zip: 42701
Authorized Official: Chairman and Bond Counsel	

Section B – Terms of Financial Obligation

Please provide all relevant information. Fields in bold are mandatory. Maturity Date(s): See attached schedule	Date of Issue: January 28, 2022 (estimated) Payment Schedule: See attached schedule
Term: Approximately 8.9 Years	Number of Renewal Periods: N/A
Interest Rate(s): 1.75% (estimated)	Type of Interest (fixed or variable): Fixed
Retirement Method: Water system revenues	
Lender's Name: [TBD]	
Lender's Address: [TBD]	
Right of Termination: Not applicable	
Termination Penalties: Not applicable	
Prepayment Provisions: [TBD]	
Trustee or Paying Agent: Not applicable	
AOC Funding Percentage: Not applicable	

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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

Page 3	NOTIFICATION OF INTENT TO FINANCE AND APPLICATION OF DEBT APPROVAL Form # SLDO-1 Revised 1/1/2011
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Section E – Bond Information/Documentation

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

Describe the purpose of the bond: The proceeds of the Bonds will be used to pay to refund in advance of maturity the Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2010A, currently outstanding in an aggregate principal amount of \$3,190,000 and to pay costs of issuance of the Bonds.

Bond Counsel: Dinsmore & Shohl LLP

Counsel Address: 101 South Fifth Street, Suite 2500, Louisville, Kentucky 40202

Financial Advisor: Robert W. Baird & Co., Incorporated

Advisor Address: 500 West Main Street, Louisville, Kentucky 40202

Bond Series: Water System Refunding Revenue Bonds, Series 2022A

Call Date: Not applicable (see prepayment provisions provided earlier).

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: Hardin County Water District No. 2, Water System Refunding Revenue Bonds, Series 2010A

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.

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): Mark S. Franklin	Date: January [__], 2022
Title: Bond Counsel/Attorney	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 A

Debt Service Schedule

(See attachment)

BOND DEBT SERVICE

Hardin County Water District No. 2
 Refunding of Series 2010 with Bank Loan
 Direct Placement of Water System Refunding Revenue Bonds, Series 2022A
 Illustration: Direct Placement Bank Rate Scenario
 Assumes: 11/15/2021 Bank Rate of 1.75% (US Bank Conservative)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
07/01/2022			17,255.00	17,255.00	
12/31/2022					17,255.00
01/01/2023	237,300	1.750%	20,300.00	257,600.00	
07/01/2023			18,223.63	18,223.63	
12/31/2023					275,823.63
01/01/2024	246,400	1.750%	18,223.63	264,623.63	
07/01/2024			16,067.63	16,067.63	
12/31/2024					280,691.26
01/01/2025	249,900	1.750%	16,067.63	265,967.63	
07/01/2025			13,881.00	13,881.00	
12/31/2025					279,848.63
01/01/2026	252,700	1.750%	13,881.00	266,581.00	
07/01/2026			11,669.88	11,669.88	
12/31/2026					278,250.88
01/01/2027	259,800	1.750%	11,669.88	271,469.88	
07/01/2027			9,396.63	9,396.63	
12/31/2027					280,866.51
01/01/2028	266,300	1.750%	9,396.63	275,696.63	
07/01/2028			7,066.50	7,066.50	
12/31/2028					282,763.13
01/01/2029	262,300	1.750%	7,066.50	269,366.50	
07/01/2029			4,771.38	4,771.38	
12/31/2029					274,137.88
01/01/2030	267,800	1.750%	4,771.38	272,571.38	
07/01/2030			2,428.13	2,428.13	
12/31/2030					274,999.51
01/01/2031	277,500	1.750%	2,428.13	279,928.13	
12/31/2031					279,928.13
	2,320,000		204,564.56	2,524,564.56	2,524,564.56

EXHIBIT 6

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

Bond Issue*	Date Issued	Original Principal Amount	Maturity	Interest Rate (%)	Interest Paid In 2020	Outstanding Principal Balance **
2010A	07/28/2010	\$ 5,625,000	01/01/2031	2.0 - 4.125	\$ 135,250	\$ 3,190,000
2012A	10/02/2012	\$ 6,070,000	01/01/2040	1.0 - 3.75	\$ 139,347	\$ 4,295,000
2016A	09/21/2018	\$ 3,400,000	01/01/2058	3.875	\$ 131,043	\$ 3,325,500
2016B	08/09/2016	\$ 2,180,000	01/01/2026	2.0 - 3.0	\$ 44,475	\$ 1,165,000
2016C	08/09/2016	\$ 2,430,000	01/01/2025	2.0 - 3.0	\$ 47,850	\$ 1,205,000
Total	N/A	\$ 19,705,000	N/A	N/A	\$ 497,965	\$ 13,180,500

* All bonds are secured by a pledge of revenues.

** Outstanding Principal Balance amounts are as of November 1, 2021.

EXHIBIT 7

Hardin County Water District No 2
Income Statement
November 1, 2020 - October 31, 2021

Operating Revenues

Residential Water Sales	9,037,480
Residential Sewer Sales	10,487
Commercial Water Sales	3,558,869
Commercial Sewer Sales	192,891
Industrial Sales	1,252,923
Wholesale Water	503,274
Bulk Water	3,980
Sewer Billing	227,113
Water Taps	438,701
Miscellaneous Service	316,278
Laboratory Income	17,602
10% Penalty	256,019
Gains from Disposal	1,011,511
Other Income	199,191
Relocation Fees	(8,162)
Sewer Collection Fee	24,000
Total Operating Revenues	17,042,156

Operating Expenses

TREATMENT

Purchased water 1,063,726

White Mills WTP

Salaries	554,516
Pensions & Benefits	382,043
Ins. Workers Comp.	10,064
Contractual Services	41,022
Chemicals	301,801
Transportation Expense - Fuel	3,021
Transportation Expense - Maintenance	1,236
Transportation Expense - Repairs	1,195
Insurance - Vehicle	1,105
Materials & Supplies	56,634
Purchased Power	325,071
Miscellaneous Expense	13,535

Total White Mills WTP 1,691,243

City Springs WTP

Salaries	366,101
Pensions & Benefits	259,524
Ins. Workers Comp	5,655
Contractual Services	14,614
Chemicals	74,996
Materials & Supplies	36,813
Purchased Power	129,600
Purchased Power - Sewer/Gas	198,499
Transportation Expense - Fuel	1,238
Transportation Expense - Maintenance	103
Transportation Expense - Repairs	1,931
Insurance - Vehicle	552
Miscellaneous Expense	8,068

Total City Springs WTP 1,097,693

Water Quality

Salaries	135,993
Pensions & Benefits	81,564
Insurance - Workers' Comp	2,950
Contractual Services	23,484
Materials & Supplies	32,032
Transportation Expense - Fuel	8,630
Transportation Expense - Maintenance	1,167
Transportation Expense - Repairs	34
Insurance - Vehicle	1,105
Miscellaneous Expense	7,020
Total Water Quality	<u>293,978</u>
TOTAL TREATMENT	<u>4,146,641</u>

FIELD OPERATIONS

Distribution

Salaries	932,103
Pensions & Benefits	606,281
Insurance - Workers' Comp	17,691
Contractual Services	180,273
Materials & Supplies	145,483
Purchased Power	204,465
Transportation Expense - Fuel	60,548
Transportation Expense - Maintenance	23,795
Transportation Expense - Repairs	26,155
Insurance - Vehicle	10,763
Miscellaneous Expense	55,507

Total Distribution 2,263,064

Service

Salaries	373,256
Pensions & Benefits	284,288
Insurance - Workers' Comp	8,843
Contractual Services	18,870
Materials & Supplies	7,057
Purchased Power	772
Transportation Expense - Fuel	25,137
Transportation Expense - Maintenance	6,063
Transportation Expense - Repairs	-
Insurance - Vehicle	4,428
Miscellaneous Expense	17,797

Total Service 746,511

TOTAL FIELD OPERATIONS 3,009,575

MAINTENANCE & PROJECTS

Maintenance

Salaries	402,785
Pensions & Benefits	259,887
Insurance - Workers' Comp	6,877
Contractual Services	17,725
Materials & Supplies	5,779
Purchased Power	3,169
Transportation Expense - Fuel	9,124
Transportation Expense - Maintenance	5,251
Transportation Expense - Repairs	2,158
Insurance - Vehicle	2,762
Miscellaneous Expense	13,766

Total Maintenance 729,282

Projects

Salaries	349,837
Pensions & Benefits	220,725
Insurance - Workers' Comp	6,132
Contractual Services	24,159
Materials & Supplies	1,291
Purchased Power	870
Transportation Expense - Fuel	10,444
Transportation Expense - Maintenance	1,838
Transportation Expense - Repairs	391
Insurance - Vehicle	3,314
Miscellaneous Expense	13,617

Total Projects 632,616

TOTAL MAINTENANCE & PROJECTS 1,361,898

ADMINISTRATION

Accounting

Salaries	160,309
Pensions & Benefits	116,811
Insurance Workers' Comp	206
Contractual Services	72,233
Purchased Power	645
Miscellaneous Expense	13,634

Total Accounting 363,838

Customer Accounts

Salaries	494,177
Pensions & Benefits	378,340
Ins. Workers Comp	597
Contractual Services	91,947
Materials & Supplies	15,262
Purchased Power	3,212
Bad Debt Expense	116,996
Miscellaneous Expense	33,631
Miscellaneous Expense - Billing	170,502

Total Customer Accounts 1,304,664

General Administration

Salaries	332,849
Pensions & Benefits	196,930
Insurance - Workers' Comp	195
Contractual Services	70,041
Materials & Supplies	2,812
Purchased Power	3,392
Transportation Expense - Fuel	1,970
Insurance - General Liability	72,215
Insurance - Vehicle	983
Miscellaneous Expense	32,514
Depreciation	2,773,181

Total General Administration 3,488,600

Commissioners	
Salaries	30,200
Pensions & Benefits	79,731
Insurance - Workers' Comp	254
Contractual Services	651
Miscellaneous Expense	7,470
Total Commissioners	<u>118,307</u>
TOTAL ADMINISTRATION	<u>5,275,409</u>
SEWER COLLECTIONS	
Wholesale Treatment	55,488
Contractual Services	25,070
Materials & Supplies	438
Purchased Power	9,627
Depreciation	268,951
Total Sewer Collections	<u>359,574</u>
Total Operating Expenses	<u>14,153,097</u>
Total Net Operating Income	<u>2,889,059</u>
Non-Operating Gains (Losses)	
Interest Income	35,100
Dividend Income	380,326
Unrealized Gain/Loss	(71,378)
Realized Gains	25,491
Leased Land/Tank Space Income	94,135
Interest Expenses	600,446
Amortized Debt Disc Expense	11,182
Net Income	<u><u>2,741,105</u></u>

EXHIBIT 8

Hardin County Water District No 2

Balance Sheet

As of Date: 10/31/2021

ASSETS

CURRENT ASSETS

Cash and cash equivalents	6,218,153
Investments	21,415,263
Accounts Receivable, net	1,468,160
Prepaid Expenses	223,556
Grants Receivable	14,380
Materials and supplies	793,378

TOTAL CURRENT ASSETS 30,132,890

NONCURRENT ASSETS

Restricted cash and cash equivalents	7,264,780
Restricted Investments	1,207,394
Regulatory asset on CERS pension	9,976,445
Non-Depreciable capital assets	4,382,140
Depreciable capital assets, net of depreciation	77,488,459
Notes Receivable	0

TOTAL NONCURRENT ASSETS 100,319,218

TOTAL ASSETS **130,452,108**

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amount on debt refundings	92,990
Deferred amount on CERS Pension	1,802,576
Utility acquisition adjustments	136,255

TOTAL DEFERRED OUTFLOWS OF RESOURCES **2,031,821**

LIABILITIES**CURRENT LIABILITIES**

Accounts Payable	284,625
Accrued Taxes	27,327
Accrued Liabilities	125,752
Accrued Vacation	185,274
Customer Deposit	39,240
Customer Advances for Construction	72,318
Self-Insurance Payable	(29,107)

TOTAL CURRENT LIABILITIES705,429**NONCURRENT LIABILITIES**

Customer Deposit	353,160
Net Pension Liability - CERS	11,567,104
Bonds Payable	13,249,955
Notes Payable	4,203,025

Total NONCURRENT LIABILITIES29,373,244**TOTAL LIABILITIES****30,078,673****NET POSITION**

Net investment in capital assets	64,132,994
Restricted for debt service	2,254,016
Unrestricted	38,254,368

TOTAL NET POSITION**\$ 104,641,378**

EXHIBIT 9

RESOLUTION NO. 2021-11-02

**A RESOLUTION OF HARDIN COUNTY WATER DISTRICT
NO. 2 AUTHORIZING DISTRICT CHAIRMAN TO APPLY TO
THE KENTUCKY PUBLIC SERVICE COMMISSION FOR
AUTHORITY TO ISSUE WATER SYSTEM REFUNDING
REVENUE BONDS, SERIES 2022A**

WHEREAS, Hardin County Water District No. 2 (the “District”) is a water district created pursuant to KRS Chapter 74;

WHEREAS, KRS 278.015 provides that a water district is a utility and is subject to the jurisdiction of the Kentucky Public Service Commission (the “Commission”) in the same manner and to the same extent as any other utility;

WHEREAS, KRS 278.300 prohibits any utility from issuing any securities until it has been authorized to do so by the Commission;

WHEREAS, the District has engaged the services of Robert W. Baird & Co. Incorporated (“Baird”) to serve as municipal advisor for the purpose of reviewing existing debt obligations of the District for refinancing opportunities;

WHEREAS, Baird has advised the District that refunding the District’s Water System Refunding Revenue Bonds, Series 2010A will result in substantial savings; and

WHEREAS, the District proposes to issue its Water System Refunding Revenue Bonds, Series 2022A for the purpose of refunding its outstanding Water System Refunding Revenue Bonds, Series 2010A.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF HARDIN COUNTY WATER DISTRICT NO. 2 AS FOLLOWS:

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

Section 2. The Chairman is authorized and directed to take any and all actions reasonably necessary to prepare, execute, and submit an application to the Commission for authority to issue Water System Refunding Revenue Bonds, Series

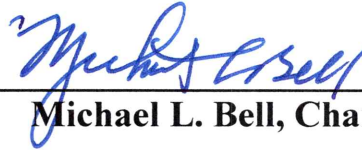
2022A for the purpose of currently refunding the District's outstanding Water System Refunding Revenue Bonds, Series 2010A.

Section 3. This Resolution shall take effect upon its adoption.

Adopted by the Board of Commissioners of Hardin County Water District No. 2 at a meeting held on November 16, 2021, signed by the Chairman, and attested by the Secretary.


HARDIN COUNTY WATER DISTRICT NO. 2

By:



Michael L. Bell, Chairman


ATTEST:


Morris L. Miller, Secretary

CERTIFICATION

The undersigned Secretary of Hardin County Water District No. 2 (the "District") does hereby certify that the foregoing is a true copy of a Resolution duly adopted by the District's Board of Commissioners at a meeting properly held on November 16, 2021, signed by the Chairman of the Board of Commissioners, attested by the Secretary of the Board of Commissioners, and which is now in full force and effect.

WITNESS my hand this 16th day of November, 2021.



Morris L. Miller, Secretary