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Water Treatment Plant:

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Talina R. Mathews
Executive Director
211 Sower Blvd
P.O. Box 615
Frankfort, KY 40601

RECEIVED

NOV 10 2016

PUBLIC SERVICE
COMMISSION

Re: Kentucky Public Service Commission
Case No. 2016-003377

Enclosed you will find the necessary documents to fulfill the deficiencies that were filed in Case No. 2016-003377.

(1) 807 KAR 5:076: Section 4 (1)(b) There is a copy of all outstanding evidences of indebtedness which includes the following: KRWFC Flexible Term Program Series 2013 B, Kentucky infrastructure Authority Loan-Loan Number F13-039, Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program) Series 2010B, and the most recent Kentucky Infrastructure Authority Loan dated as of April 1, 2016

(2) 807 KAR 5:076: Section 4(1) (f) Enclosed you will find a completed form that shows the breakdown of class using the 2015 test year. This form also shows what the revenue that will be generated by the proposed rate increase. The data used in this equation is based on a one month average over the 2015 year.

(3) 807 KAR 5:076: Section 4(1)(h) Enclosed you will find the completed ARF Form-3 for each Board Member and CEO.

On January 1st 2017 I will become the new Chief Operating Officer of the Henry County Water District #2. James T. Simpson will be retiring after 36 years of service. I appreciate your time and effort on this matter and hope that these documents will fulfill the requirements for the application to become complete. If you have any questions or comments please contact me at anytime.

Sincerely,

Keith Morris
Deputy Chief Operating Officer
Kmorris@HCWD2.com
(502) 532-6279

COPY

TRANSCRIPT OF PROCEEDINGS
HENRY COUNTY WATER DISTRICT NO. 2

**FEBRUARY 27, 2013 AMENDMENT OF THE
SERIES 2001D LOAN AND THE SERIES 2003A LOAN FROM THE
KENTUCKY RURAL WATER FINANCE CORPORATION
FLEXIBLE TERM PROGRAM**

APPROVING LEGAL OPINION

By

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

RESOLUTION

RESOLUTION OF THE HENRY COUNTY WATER DISTRICT NO. 2 APPROVING AND AUTHORIZING AN AMENDED ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF AMENDING LOANS TO THE DISTRICT.

WHEREAS, the Board of Commissioners of the Henry County Water District No. 2 (the "District") previously obtained loans:

(1) dated September 25, 2002, in the original principal amount of \$900,000 (the "Series 2001D Loan") from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001D (the "Series 2001D Bonds") the proceeds of which were used to finance improvements to raw water supply, storage, and transmission and distribution of treated water, for the benefit of the District's waterworks system;

(2) dated March 25, 2003, in the combined original principal amount of \$2,978,000 (the "Series 2003A Loan") from the proceeds of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2003A (the "Series 2003A Bonds") the proceeds of which were used to refund the District's Series 1996 Bonds; and

WHEREAS, the Kentucky Rural Water Finance Corporation (the "Corporation") has determined that if the Corporation refunds the outstanding Series 2001D and 2003A Bonds that the District can obtain debt service savings on its Series 2001D Loan and the Series 2003A Loan (collectively, the "Prior Loans"); and

WHEREAS, the Board of Commissioners has determined that it is in the public interest to amend the outstanding Prior Loans, in order for the District to obtain substantial debt service savings; and

WHEREAS, the District desires the Corporation to act as its agency and instrumentality for the purpose of issuing bonds to refund the Series 2001D and 2003A Bonds for the purpose of amending the outstanding Prior Loans and has made an application to the Corporation therefore; and

WHEREAS, in order to obtain such debt service savings, the District is required to enter into an Amended Assistance Agreement with the Corporation;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Henry County Water District No. 2 as follows:

1. Authorization of Amended Assistance Agreement and the Prior Loans Thereunder. The District hereby authorizes and approves an Amended Assistance Agreement

for the Prior Loans for the purpose of achieving debt service savings on its Prior Loans all as agreed upon by the District and the Corporation.

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

3. Disbursement of Proceeds of Prior Loans. The District's officers, employees and agents are authorized to carry out the procedures specified in the Amended Assistance Agreement for the amendment of the Prior Loans and for the payment from time to time of the costs and related expenses associated therewith.

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

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

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

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

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

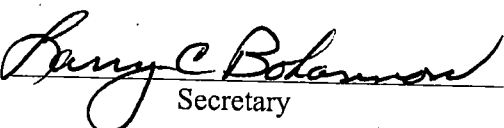
9. Effective Date of Resolution. This Resolution shall take effect from and after its adoption and approval.

Adopted on December 11, 2012.

HENRY COUNTY WATER DISTRICT
NO. 2

By 
Chairman

Attest:

By 
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of the District at a meeting duly held on December 11, 2012; that said official action appears as a matter of public record in the official records or Journal of the Board of Commissioners; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this December 11, 2012.


Secretary

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

February 27, 2013

Kentucky Rural Water Finance Corporation
P.O. Box 1424
3251 Springhollow Avenue
Bowling Green, Kentucky 42102-1424

Regions Bank
Corporate Trust Department
315 Deaderick Street, 4th Floor
Mail Code: NA0408
Nashville Tennessee 37237

Re: Amendment dated February 27, 2013 to the loans to the Henry County Water District, No. 2 (i) in the amount of \$900,000, dated September 25, 2002 from the Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program), Series 2001D (the "Series 2001D Loan") and (ii) in the amount of \$2,978,000, dated March 25, 2003 from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2003A (the "Series 2003A Loan").

Ladies and Gentlemen:

In connection with the Loan in the original principal amount of \$900,000, dated September 25, 2002, to the Henry County Water District, No. 2 (the "Borrower") from the Kentucky Rural Water Finance Corporation (the "Issuer"), we have examined and relied upon originals, or copies certified or otherwise identified to our satisfaction, of such records, documents, certificates and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below, including the following:

(a) the Trust Indenture dated as of April 4, 2001, as supplemented from time to time (collectively, the "Indenture") between the Issuer and Regions Bank, Nashville, Tennessee, as trustee, under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Public Projects Revenue Bonds (Flexible Term Program);

(b) the Assistance Agreements between the Issuer and the Borrower, dated September 25, 2002 authorizing the Series 2001D Loan, and dated March 25, 2003 authorizing the Series 2003A Loan, both as amended by a First Amendment and Supplement to Assistance Agreement supplementing and amending the Assistance Agreements, dated as of February 27, 2013 (collectively, the "Assistance Agreement"); and

(c) the Resolution authorizing the Assistance Agreement adopted by the Board on December 11, 2012 (the "Resolution"); and

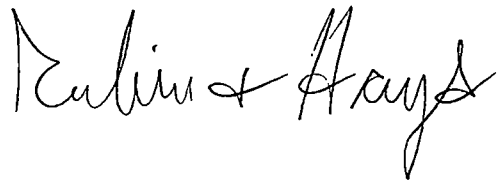
(d) the Certificate of Officers of the Henry County Water District, No. 2, dated as of February 27, 2013.

Terms not defined herein are defined in the Indenture and Assistance Agreement shall have the same meanings herein, unless the context otherwise requires.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof and we disclaim any obligation to update this letter. We have neither undertaken to determine, nor to inform any person, whether any such actions are taken or omitted or events do occur or whether any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us, the conformity to original documents and certificates of all documents and certificates submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents and certificates. Furthermore, we have assumed compliance with the agreements and covenants contained in the Indenture, Assistance Agreement, and Resolution.

Based upon the foregoing, it is our opinion, under the law existing on the date of this opinion, that the Assistance Agreement, as amended and supplemented, has been duly authorized, executed and delivered by the Borrower and is a valid and binding obligation of the Borrower enforceable in accordance with its terms.

Our opinion set forth above is subject to the qualification that the enforceability of the Assistance Agreement, the Loan and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

A handwritten signature in cursive script, appearing to read "Rubin & Hayes".

KRWFC Flexible Term Program Series 2013 B
Sinking Fund Payment Schedule

Borrower: Henry County Water District #2
Closing Date: 02/27/13

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
4/13-7/13	18,500.00	8,262.66	26,762.66
8/13-1/14	18,500.00	6,438.44	24,938.44
2/14-8/14	15,000.00	6,083.86	21,083.86
8/14-1/15	15,000.00	6,083.86	21,083.86
2/15-7/15	15,416.67	5,738.86	21,155.52
8/15-1/16	15,416.67	5,738.86	21,155.52
2/16-7/16	15,833.33	5,384.27	21,217.61
8/16-1/17	15,833.33	5,384.27	21,217.61
2/17-7/17	15,833.33	5,020.11	20,853.44
8/17-1/18	15,833.33	5,020.11	20,853.44
2/18-7/18	8,750.00	4,655.94	13,405.94
8/18-1/19	8,750.00	4,655.94	13,405.94
2/19-7/19	9,583.33	4,454.69	14,038.02
8/19-1-20	9,583.33	4,454.69	14,038.02
2/20-7/20	9,583.33	4,234.27	13,817.61
8/20-1/21	9,583.33	4,234.27	13,817.61
2/21-7/21	10,000.00	3,965.94	13,965.94
8/21-1/22	10,000.00	3,965.94	13,965.94
2/22-7/22	10,000.00	3,685.94	13,685.94
8/22-1/23	10,000.00	3,685.94	13,685.94
2/23-7/23	10,416.67	3,405.94	13,822.61
8/23-1/24	10,416.67	3,405.94	13,822.61
2/24-7/24	10,833.33	3,101.25	13,934.58
8/24-1/25	10,833.33	3,101.25	13,934.58
2/25-7/25	10,833.33	2,770.83	13,604.17
8/25-1/26	10,833.33	2,770.83	13,604.17
2/26-7/26	11,250.00	2,440.42	13,690.42
8/26-1/27	11,250.00	2,440.42	13,690.42
2/27-7/27	11,666.67	2,069.17	13,735.83
8/27-1/28	11,666.67	2,069.17	13,735.83
2/28-7/28	12,083.33	1,684.17	13,767.50
8/28-1/29	12,083.33	1,684.17	13,767.50
2/29-7/29	12,083.33	1,285.42	13,368.75
8/29-1/30	12,083.33	1,285.42	13,368.75
2/30-7/30	12,500.00	886.67	13,386.67
8/30-2/31	12,500.00	886.67	13,386.67
2/31-7/31	12,916.67	458.54	13,375.21
8/31-1/32	12,916.67	458.54	13,375.21
2/32-7/32	-	-	-
	<u>2,760,000.00</u>	<u>807,596.38</u>	<u>3,567,596.38</u>

BERRY, FLOYD & BAXTER, P.S.C.

ATTORNEYS AND COUNSELORS AT LAW

117 WEST MAIN STREET
LAGRANGE, KENTUCKY 40031

(502) 225-0050

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E-MAIL: baxterlaw@icloud.com

ESTABLISHED IN 1927

D. Berry Baxter

John M. Berry (1900-1991)

Of Counsel: John M. Berry, Jr.

November 15, 2013

Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between
Kentucky Infrastructure Authority and
Henry County Water District #2,
dated as of November 1, 2013

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Henry County Water District #2, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally, I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.

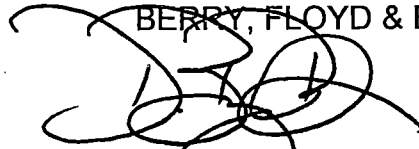
9) All proceedings and actions of the Governmental Agency with respect to which

the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Should you require additional information, please do not hesitate to call.

Very truly yours,

BERRY, FLOYD & BAXTER, P.S.C.



D. BERRY BAXTER

DBB:dbb

cc: James Simpson, COO

C:\Users\Berry\My Dropbox\HCWD #2 KIA Counsel ltr.wpd

FUND F
EXHIBIT F
F13-039
TO ASSISTANCE AGREEMENT BETWEEN
HENRY COUNTY WATER DISTRICT #2
("GOVERNMENTAL AGENCY") AND
THE KENTUCKY INFRASTRUCTURE AUTHORITY

TOTAL LOAN TO BE REPAYED BY
HENRY COUNTY WATER DISTRICT #2 (F13-039)
KENTUCKY INFRASTRUCTURE AUTHORITY \$ 2,153,041.06
PRINCIPAL AND INTEREST PAYABLE
ON EACH JUNE AND DECEMBER

IT IS UNDERSTOOD AND AGREED BY THE PARTIES TO THIS ASSISTANCE AGREEMENT THAT THIS EXHIBIT F IS AN INTEGRAL PART OF THE ASSISTANCE AGREEMENT BETWEEN THE GOVERNMENTAL AGENCY AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THIS EXHIBIT F TO ASSISTANCE AGREEMENT TO BE EXECUTED BY THEIR RESPECTIVE DULY AUTHORIZED OFFICERS AS OF THE DATE OF SAID ASSISTANCE AGREEMENT.

KENTUCKY INFRASTRUCTURE AUTHORITY

BY Mark Dennis Pate

TITLE TREASURER

HENRY COUNTY WATER DISTRICT #2

BY Angie C. Bohannon

TITLE Secy/Treasurer

ATTEST:

Dale Jennings

TITLE Chairman

DATE 10/14/14

**Kentucky Infrastructure Authority - Loan Amortization Schedule
Henry County Water District #2 - Loan Number F13-039**

Loan Summary

Borrower: Henry County Water District #2		Approval Date: 03-07-2013	
Loan ID: 0858	KIA Loan Number: F13-039	Maturity Date: 12-01-2034	
Status: Active	Interest Rate: 1.75%	R & M Reserve: \$71,000.00	
Loan Amount: \$2,153,041.06	Pmt. Frequency: Semi-Annual		
AA Date: 11-01-2013	Supp. AA Date:		

Amortization Table

Payment Date	Principal Due	Interest Due	Principal & Interest	Service Fee	Credit Due	Total Payment	Principal Balance	R&M Reserve Due	R&M Reserve Total
06-01-2015	\$45,187.60	\$18,839.11	\$64,026.71	\$2,691.30	\$0.00	\$66,718.01	\$2,107,853.46	\$0.00	\$0.00
12-01-2015	\$45,582.99	\$18,443.72	\$64,026.71	\$2,634.82	\$0.00	\$66,661.53	\$2,062,270.47	\$7,100.00	\$7,100.00
06-01-2016	\$45,981.84	\$18,044.87	\$64,026.71	\$2,577.84	\$0.00	\$66,604.55	\$2,016,288.63	\$0.00	\$7,100.00
12-01-2016	\$46,384.18	\$17,642.53	\$64,026.71	\$2,520.36	\$0.00	\$66,547.07	\$1,969,904.45	\$7,100.00	\$14,200.00
06-01-2017	\$46,790.05	\$17,236.66	\$64,026.71	\$2,462.38	\$0.00	\$66,489.09	\$1,923,114.40	\$0.00	\$14,200.00
12-01-2017	\$47,199.46	\$16,827.25	\$64,026.71	\$2,403.89	\$0.00	\$66,430.60	\$1,875,914.94	\$7,100.00	\$21,300.00
06-01-2018	\$47,612.45	\$16,414.26	\$64,026.71	\$2,344.89	\$0.00	\$66,371.60	\$1,828,302.49	\$0.00	\$21,300.00
12-01-2018	\$48,029.06	\$15,997.65	\$64,026.71	\$2,285.38	\$0.00	\$66,312.09	\$1,780,273.43	\$7,100.00	\$28,400.00
06-01-2019	\$48,449.32	\$15,577.39	\$64,026.71	\$2,225.34	\$0.00	\$66,252.05	\$1,731,824.11	\$0.00	\$28,400.00
12-01-2019	\$48,873.25	\$15,153.46	\$64,026.71	\$2,164.78	\$0.00	\$66,191.49	\$1,682,950.86	\$7,100.00	\$35,500.00
06-01-2020	\$49,300.89	\$14,725.82	\$64,026.71	\$2,103.69	\$0.00	\$66,130.40	\$1,633,649.97	\$0.00	\$35,500.00
12-01-2020	\$49,732.27	\$14,294.44	\$64,026.71	\$2,042.06	\$0.00	\$66,068.77	\$1,583,917.70	\$7,100.00	\$42,600.00
06-01-2021	\$50,167.43	\$13,859.28	\$64,026.71	\$1,979.90	\$0.00	\$66,006.61	\$1,533,750.27	\$0.00	\$42,600.00
12-01-2021	\$50,606.40	\$13,420.31	\$64,026.71	\$1,917.19	\$0.00	\$65,943.90	\$1,483,143.87	\$7,100.00	\$49,700.00
06-01-2022	\$51,049.20	\$12,977.51	\$64,026.71	\$1,853.93	\$0.00	\$65,880.64	\$1,432,094.67	\$0.00	\$49,700.00
12-01-2022	\$51,495.88	\$12,530.83	\$64,026.71	\$1,790.12	\$0.00	\$65,816.83	\$1,380,598.79	\$7,100.00	\$56,800.00
06-01-2023	\$51,946.47	\$12,080.24	\$64,026.71	\$1,725.75	\$0.00	\$65,752.46	\$1,328,652.32	\$0.00	\$56,800.00
12-01-2023	\$52,401.00	\$11,625.71	\$64,026.71	\$1,660.82	\$0.00	\$65,687.53	\$1,276,251.32	\$7,100.00	\$63,900.00
06-01-2024	\$52,859.51	\$11,167.20	\$64,026.71	\$1,595.31	\$0.00	\$65,622.02	\$1,223,391.81	\$0.00	\$63,900.00
12-01-2024	\$53,322.03	\$10,704.68	\$64,026.71	\$1,529.24	\$0.00	\$65,555.95	\$1,170,069.78	\$7,100.00	\$71,000.00
06-01-2025	\$53,788.60	\$10,238.11	\$64,026.71	\$1,462.59	\$0.00	\$65,489.30	\$1,116,281.18	\$0.00	\$71,000.00
12-01-2025	\$54,259.25	\$9,767.46	\$64,026.71	\$1,395.35	\$0.00	\$65,422.06	\$1,062,021.93	\$0.00	\$71,000.00
06-01-2026	\$54,734.02	\$9,292.69	\$64,026.71	\$1,327.53	\$0.00	\$65,354.24	\$1,007,287.91	\$0.00	\$71,000.00
12-01-2026	\$55,212.94	\$8,813.77	\$64,026.71	\$1,259.11	\$0.00	\$65,285.82	\$952,074.97	\$0.00	\$71,000.00
06-01-2027	\$55,696.05	\$8,330.66	\$64,026.71	\$1,190.09	\$0.00	\$65,216.80	\$896,378.92	\$0.00	\$71,000.00
12-01-2027	\$56,183.39	\$7,843.32	\$64,026.71	\$1,120.47	\$0.00	\$65,147.18	\$840,195.53	\$0.00	\$71,000.00
06-01-2028	\$56,675.00	\$7,351.71	\$64,026.71	\$1,050.24	\$0.00	\$65,076.95	\$783,520.53	\$0.00	\$71,000.00
12-01-2028	\$57,170.91	\$6,855.80	\$64,026.71	\$979.40	\$0.00	\$65,006.11	\$726,349.62	\$0.00	\$71,000.00
06-01-2029	\$57,671.15	\$6,355.56	\$64,026.71	\$907.94	\$0.00	\$64,934.65	\$668,678.47	\$0.00	\$71,000.00
12-01-2029	\$58,175.77	\$5,850.94	\$64,026.71	\$835.85	\$0.00	\$64,862.56	\$610,502.70	\$0.00	\$71,000.00
06-01-2030	\$58,684.81	\$5,341.90	\$64,026.71	\$763.13	\$0.00	\$64,789.84	\$551,817.89	\$0.00	\$71,000.00
12-01-2030	\$59,198.30	\$4,828.41	\$64,026.71	\$689.77	\$0.00	\$64,716.48	\$492,619.59	\$0.00	\$71,000.00
06-01-2031	\$59,716.29	\$4,310.42	\$64,026.71	\$615.77	\$0.00	\$64,642.48	\$432,903.30	\$0.00	\$71,000.00
12-01-2031	\$60,238.81	\$3,787.90	\$64,026.71	\$541.13	\$0.00	\$64,567.84	\$372,664.49	\$0.00	\$71,000.00
06-01-2032	\$60,765.90	\$3,260.81	\$64,026.71	\$465.83	\$0.00	\$64,492.54	\$311,898.59	\$0.00	\$71,000.00
12-01-2032	\$61,297.60	\$2,729.11	\$64,026.71	\$389.87	\$0.00	\$64,416.58	\$250,600.99	\$0.00	\$71,000.00
06-01-2033	\$61,833.95	\$2,192.76	\$64,026.71	\$313.25	\$0.00	\$64,339.96	\$188,767.04	\$0.00	\$71,000.00

**Kentucky Infrastructure Authority - Loan Amortization Schedule
Henry County Water District #2 - Loan Number F13-039**

Amortization Table

Payment Date	Principal Due	Interest Due	Principal & Interest	Service Fee	Credit Due	Total Payment	Principal Balance	R&M Reserve Due	R&M Reserve Total
12-01-2033	\$62,375.00	\$1,651.71	\$64,026.71	\$235.96	\$0.00	\$64,262.67	\$126,392.04	\$0.00	\$71,000.00
06-01-2034	\$62,920.78	\$1,105.93	\$64,026.71	\$157.99	\$0.00	\$64,184.70	\$63,471.26	\$0.00	\$71,000.00
12-01-2034	\$63,471.26	\$555.45	\$64,026.71	\$79.34	\$0.00	\$64,106.05	\$0.00	\$0.00	\$71,000.00
Totals:	\$2,153,041.06	\$408,027.34	\$2,561,068.40	\$58,289.60	\$0.00	\$2,619,358.00		\$71,000.00	



COPY

**OFFICE OF THE GOVERNOR
DEPARTMENT FOR LOCAL GOVERNMENT**

Steven L. Beshear
Governor

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-2382
Fax (502) 573-2939
Toll Free (800) 346-5606
www.dlg.ky.gov

Tony Wilder
Commissioner

May 17, 2010

Mr. Christian L. Juckett
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KY 40202-1410

RE: \$5,663,000 Henry County Water District No. 2, Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2010B, dated May 13, 2010

Dear Mr. Juckett:

This will acknowledge receipt of notification of the issuance of the above bonds in conformity with KRS 65.117

The information received complies with the requirements of this office and the above referenced statute.

If I can be of further assistance in this matter, please do not hesitate to contact me.

Sincerely,


JUNIOR WRIGHT
State Local Debt Officer

/ld

\$8,245,000

*Henry County Water District No. 2
Waterworks Refundign Revenue Bonds, Series 1998*

Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07/01/2010	-	-	143,903.75	143,903.75
01/01/2011	235,000.00	4.650%	143,903.75	378,903.75
07/01/2011	-	-	138,440.00	138,440.00
01/01/2012	240,000.00	4.650%	138,440.00	378,440.00
07/01/2012	-	-	132,860.00	132,860.00
01/01/2013	250,000.00	4.650%	132,860.00	382,860.00
07/01/2013	-	-	127,047.50	127,047.50
01/01/2014	265,000.00	4.650%	127,047.50	392,047.50
07/01/2014	-	-	120,886.25	120,886.25
01/01/2015	275,000.00	4.650%	120,886.25	395,886.25
07/01/2015	-	-	114,492.50	114,492.50
01/01/2016	290,000.00	4.650%	114,492.50	404,492.50
07/01/2016	-	-	107,750.00	107,750.00
01/01/2017	305,000.00	4.650%	107,750.00	412,750.00
07/01/2017	-	-	100,658.75	100,658.75
01/01/2018	320,000.00	4.650%	100,658.75	420,658.75
07/01/2018	-	-	93,218.75	93,218.75
01/01/2019	335,000.00	4.750%	93,218.75	428,218.75
07/01/2019	-	-	85,262.50	85,262.50
01/01/2020	350,000.00	4.750%	85,262.50	435,262.50
07/01/2020	-	-	76,950.00	76,950.00
01/01/2021	370,000.00	4.750%	76,950.00	446,950.00
07/01/2021	-	-	68,162.50	68,162.50
01/01/2022	390,000.00	4.750%	68,162.50	458,162.50
07/01/2022	-	-	58,900.00	58,900.00
01/01/2023	410,000.00	4.750%	58,900.00	468,900.00
07/01/2023	-	-	49,162.50	49,162.50
01/01/2024	430,000.00	4.750%	49,162.50	479,162.50
07/01/2024	-	-	38,950.00	38,950.00
01/01/2025	455,000.00	4.750%	38,950.00	493,950.00
07/01/2025	-	-	28,143.75	28,143.75
01/01/2026	425,000.00	4.750%	28,143.75	453,143.75
07/01/2026	-	-	18,050.00	18,050.00
01/01/2027	445,000.00	4.750%	18,050.00	463,050.00
07/01/2027	-	-	7,481.25	7,481.25
01/01/2028	315,000.00	4.750%	7,481.25	322,481.25
Total	\$6,105,000.00	-	\$3,020,640.00	\$9,125,640.00

Yield Statistics

Average Life.....	10.085 Years
Weighted Average Maturity (Par Basis).....	10.085 Years
Average Coupon.....	4.7345129%

Refunding Bond Information

Refunding Dated Date.....	5/13/2010
Refunding Delivery Date.....	5/13/2010

4/14/2010 | 1:45 PM

Morgan Keegan & Company, Inc.

\$5,663,000*Henry County Water District #2**Refunding of the Waterworks Refunding Revenue Bonds, Series 1998
through the Kentucky Rural Water Finance Corporation***Net Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Expenses	Net New D/S
06/30/2010	-	-	-	-	-	-
06/30/2011	175,000.00	3.200%	154,166.54	329,166.54	450.00	329,616.54
06/30/2012	253,000.00	3.200%	209,516.10	462,516.10	450.00	462,966.10
06/30/2013	260,000.00	3.200%	201,420.10	461,420.10	450.00	461,870.10
06/30/2014	270,000.00	3.200%	193,100.10	463,100.10	450.00	463,550.10
06/30/2015	275,000.00	3.200%	184,460.10	459,460.10	450.00	459,910.10
06/30/2016	285,000.00	3.200%	175,660.10	460,660.10	450.00	461,110.10
06/30/2017	295,000.00	3.200%	166,540.10	461,540.10	450.00	461,990.10
06/30/2018	305,000.00	3.500%	157,100.10	462,100.10	450.00	462,550.10
06/30/2019	316,000.00	3.700%	146,425.10	462,425.10	450.00	462,875.10
06/30/2020	327,000.00	3.830%	134,733.10	461,733.10	450.00	462,183.10
06/30/2021	343,000.00	4.200%	122,209.00	465,209.00	450.00	465,659.00
06/30/2022	360,000.00	4.200%	107,803.00	467,803.00	450.00	468,253.00
06/30/2023	376,000.00	4.200%	92,683.00	468,683.00	450.00	469,133.00
06/30/2024	393,000.00	4.200%	76,891.00	469,891.00	450.00	470,341.00
06/30/2025	413,000.00	4.200%	60,385.00	473,385.00	450.00	473,835.00
06/30/2026	377,000.00	4.200%	43,039.00	420,039.00	450.00	420,489.00
06/30/2027	390,000.00	4.200%	27,205.00	417,205.00	450.00	417,655.00
06/30/2028	250,000.00	4.330%	10,825.00	260,825.00	450.00	261,275.00
Total	\$5,663,000.00	-	\$2,264,161.44	\$7,927,161.44	\$8,100.00	\$7,935,261.44

COPY

RESOLUTION

RESOLUTION OF THE HENRY COUNTY WATER DISTRICT NO. 2 APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF REFINANCING AND CURRENTLY REFUNDING CERTAIN OBLIGATIONS OF THE DISTRICT

WHEREAS, the Henry County Water District No. 2 (the "District") previously issued its Henry County Water District No. 2 Waterworks Refunding Revenue Bonds, Series 1998, dated October 1, 1998, in the original principal amount of \$8,245,000 (the "Series 1998 Bonds"); and

WHEREAS, the Series 1998 Bonds were issued by the District for the purpose of refunding the District's: (i) Henry County Water District Waterworks Refunding and Improvement Revenue Bonds, Series B, dated April 1, 1967, in the original authorized principal amount of \$175,000, (ii) Henry County Water District No. 2 Waterworks System Revenue Bonds of 1986, dated June 29, 1987, in the original authorized principal amount of \$500,000, (iii) Henry County Water District No. 2 Waterworks Revenue Bonds of 1987, dated October 28, 1988, in the original authorized principal amount of \$1,999,000, and an interim loan from the Kentucky Infrastructure Authority in the approximate principal amount of \$5,250,000, pursuant to an Assistance Agreement dated October 1, 1996; which bonds and KIA loan were issued for the purpose of making extensions, additions and improvements to the District's waterworks system (the "System"); and.

WHEREAS, the District has determined that it is in the public interest to refinance and currently refund the Series 1998 Bonds; and

WHEREAS, the District desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to refinance and currently refund the outstanding Series 1998 Bonds, pay the accrued interest on the Series 1998 Bonds, if any, and to pay costs of issuance, if necessary (collectively the "Project") and has made an application to the Corporation therefore; and

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

NOW, THEREFORE, BE IT RESOLVED by the Governing Authority of the Henry County Water District No. 2, as follows:

1. Authorization of Assistance Agreement and the Obligations Thereunder. For the purpose of paying the costs, not otherwise provided, of the Project, the District hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$5,700,000 (the "Obligations"), which amount shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance

Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and shall be payable in such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the District and the Corporation.

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

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

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

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

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

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

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

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

Adopted on March 9, 2010.

HENRY COUNTY WATER DISTRICT
NO. 2

By Merle Brewer
Chairman

Attest:

By Dale Jennings
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Henry County Water District No. 2; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of the Henry County Water District No. 2 at a meeting duly held on March 9, 2010; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this March 9, 2010.

Dale Jennings
Secretary

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
RANDALL JONES
CHRISTIAN L. JUCKETT

May 13, 2010

Kentucky Rural Water Finance Corporation
P.O. Box 1424
3251 Springhollow Avenue
Bowling Green, Kentucky 42102-1424

Regions Bank
Corporate Trust Department
315 Deaderick Street, 4th Floor
Mail Code: NA0408
Nashville Tennessee 37237

Re: Loan in the amount of \$5,663,000, dated May 13, 2010, to the Henry County Water District, No. 2 from the Kentucky Rural Water Finance Corporation Public Projects Refunding and Improvement Revenue Bonds (Flexible Term Program), Series 2010B.

We have examined a certified copy of the transcript of proceedings of the Henry County Water District, No. 2, a political subdivision of the Commonwealth of Kentucky (the "District") relating to the authorization and issuance of its Assistance Agreement, dated as of May 13, 2010, (the "Assistance Agreement") by and between the District and the Kentucky Rural Water Finance Corporation, representing a loan in the aggregate principal amount of \$5,663,000 (the "Loan").

The Loan has been authorized and issued pursuant to the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), including particularly Chapter 58 of the Kentucky Revised Statutes (the "Act"), in accordance with the Assistance Agreement.

We have examined such portions of the Constitution, Statutes and laws of the United States, the Constitution, Statutes and laws of the Commonwealth, and such applicable court decisions, regulations, rulings and opinions as we have deemed necessary or relevant for the purposes of the opinions set forth below.

We have also made such investigation as we have deemed necessary for the purposes of such opinions, and relied upon certificates of officials of the Commonwealth and the District as to certain factual matters.

Based upon the foregoing, it is our opinion, under the law existing on the date of this opinion, that:

1. The District is a political subdivision of the Commonwealth, duly organized and validly existing under the laws of the Commonwealth and has the legal right and authority to borrow the Loan.

2. The Assistance Agreement has been duly authorized, executed and delivered by the District and is a valid and binding obligation of the District enforceable in accordance with its terms.

3. The Loan has been duly authorized by the District and is a valid and binding limited and special obligation of the District enforceable in accordance with its terms.

4. The Loan is payable as to principal, premium, if any, and interest from and is secured by a pledge of and a lien on the revenues of the District's System, as defined in the Assistance Agreement.

5. Interest on the Loan is excludable from gross income for federal income tax purposes. In addition, the Loan is not a "private activity bond" as defined in Section 141(a) of the Internal Revenue Code of 1986, as amended (the "Code").

6. Interest on the Loan is exempt from Kentucky income taxation and the Loan is exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

Our opinion set forth above is subject to the qualification that the enforceability of the Assistance Agreement, the Loan and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

Reubin & Hayes

COPY

ASSISTANCE AGREEMENT

BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY

AND

HENRY COUNTY WATER DISTRICT #2

TRANSCRIPT OF PROCEEDINGS

PECK, SHAFFER & WILLIAMS, A DIVISION OF
DINSMORE & SHOHL LLP
COVINGTON, KENTUCKY

BERRY, FLOYD & BAXTER, P.S.C.

ATTORNEYS AND COUNSELORS AT LAW

117 WEST MAIN STREET
LAGRANGE, KENTUCKY 40031

(502) 225-0050

FACSIMILE: (502) 225-0550

E-MAIL: baxterlaw@icloud.com

ESTABLISHED IN 1927

D. Berry Baxter

John M. Berry (1900-1991)
Of Counsel: John M. Berry, Jr.

April 1, 2016

Kentucky Infrastructure Authority
1024 Capital Center Drive
Suite 340
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority
and Henry County Water District #2, dated as of April 1, 2016

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Henry County Water District #2, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

1. The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.
2. The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the

enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3. The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4. The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5. The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6. To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7. None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

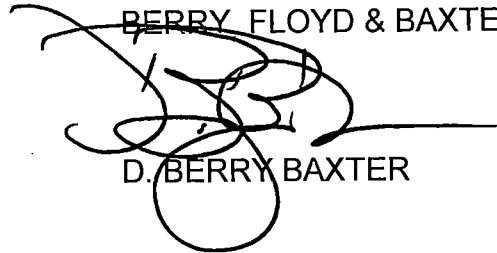
8. To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.

9. All proceedings and actions of the Governmental Agency with respect to which

the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

BERRY FLOYD & BAXTER, P.S.C.

A handwritten signature in black ink, appearing to be "D. BERRY BAXTER", written over a horizontal line. The signature is stylized and somewhat illegible.

D. BERRY BAXTER

DBB:dbb

cc: James T. Simpson, COO

C:\Users\Berry\My Dropbox\HCWD #2\KIA Opinion of Counsel 040116.wpd



KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340

Frankfort, Kentucky 40601

Phone (502) 573-0260

Fax (502) 573-0157

<http://kia.ky.gov>

Ivan L. Beshear
Governor

October 2, 2014

James T. Simpson, Chief Operating Officer
Henry County Water District #2
P.O. Box 219
Campbellsburg, KY 40011

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F15-014)

Dear Mr. Simpson:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On October 2, 2014, the Authority approved your loan for the U.S Highway 42 Storage Tank project subject to the conditions stated below. The total cost of the project shall not exceed \$3,254,000 of which the Authority loan shall provide \$2,800,000 of the funding. Other anticipated funding for the project is reflected in the following attachments. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachments incorporated herein by reference fully describe the project.

An Assistance Agreement will be executed between the Authority and the Henry County Water District #2 upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (October 2, 2015), will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$2,800,000.

2. Principal forgiveness does not apply for this loan.
3. The loan shall bear interest at the rate of 1.75 percent per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements will change for calendar or fiscal years beginning after December 26, 2014. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.

11. The Authority requires an annual financial audit to be performed for the life of the loan.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return to the Authority the attached "Authorization for Electronic Deposit of Vendor Payment" Form.
7. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.
8. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.

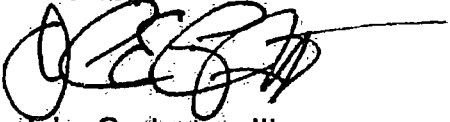
9. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
10. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.
11. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
12. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
13. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
14. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.
15. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions stated in the Project Review attachment must be resolved.

James T. Simpson
October 2, 2014
Page 5

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,



John Covington, III
Executive Director

2015 JAN 13 AM 9 42
RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

Attachments

cc: James T Simpson, Henry Co Water District #2
Herbert Lemaster, P.E., Tetra Tech, Inc
Division of Water
Dirk Bedarff, Peck, Shaffer & Williams LLP
State Local Debt Office, DLG
Borrower File - Henry County Water District #2 - F15-014

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization for Electronic Deposit of Vendor Payment" Form.


Accepted

12/30/14
Date

COPY

RESOLUTION

A RESOLUTION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT BETWEEN THE HENRY COUNTY WATER DISTRICT 2 AND THE KENTUCKY INFRASTRUCTURE AUTHORITY TO PROVIDE \$2,800,000 OF LOAN FUNDS FOR WATER SYSTEM IMPROVEMENTS.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Henry County Water District 2, ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an Assistance Agreement with the Authority;


NOW, THEREFORE, IT IS RESOLVED by the Henry County Water District 2, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority dated as of March 1, 2016 substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on March 8, 2016.


Chairman


Attest:


Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Henry County Water District 2; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said Agency at a meeting duly held on March 8, 2016; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this 8th day of MARCH, 2016.



Secretary

10199396v1

**Revenue from Present Rates
Test Period from 1-01-2015 to 12-31-2015**

Usage Table									
Rate Increment	Bills	Gallons/Mcf	First 1500	Next 3500	Next 5000	Next 10,000	Next 30,000	Over 50K	Total
<i>First 1500 Min. Bill</i>	976	802,757	802,757						802,757
<i>Next 3,500</i>	3,487	10,324,569	5,230,500	5,094,069					10,324,569
<i>Next 5,000</i>	1,385	9,311,033	2,077,500	4,847,500	2,386,033				9,311,033
<i>Next 10,000</i>	366	5,599,878	549,000	128,100	1,830,000	3,092,778			5,599,878
<i>Next 30,000</i>	36	1,456,476	54,000	126,000	180,000	360,000	736,476		1,456,476
<i>Over 50,000</i>	45	12,431,943	67,500	157,500	225,000	450,000	1,350,000	10,181,943	12,431,943
	6,295	39,926,656	8,781,257	10,353,169	4,621,033	3,902,778	2,086,476	10,181,943	
Revenue Table									
Rate Increment	Bills	Gallons/Mcf	Current Rates	Rate Increase	Revenue				
<i>First 1500 Min. Bill</i>	6295	8,781,257	18.76	0.98	\$ 6,169.10				
<i>Next 3,500</i>		10,353,169	6.74	0.35	\$ 3,623.61				
<i>Next 5,000</i>		4,621,033	6.15	0.32	\$ 1,478.73				
<i>Next 10,000</i>		3,902,778	4.98	0.26	\$ 1,014.73				
<i>Next 30,000</i>		2,086,476	3.81	0.2	\$ 417.30				
<i>Over 50,000</i>		10,181,943	2.58	0.14	\$ 1,425.47				
<i>totals</i>	6295	39,926,656			\$ 14,128.94	monthly			
					\$169,547.28	annualy			

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between October 2014 to October 2016 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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Dave Jennings
(Print Name)

Dave Jennings
(Signed)

Chairman
(Position/Office)

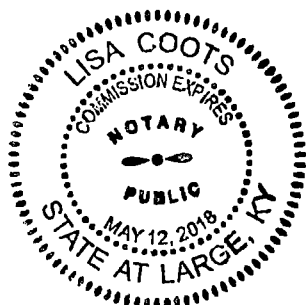
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COMMONWEALTH OF KENTUCKY

COUNTY OF Heaven

Subscribed and sworn to before me by Dale Jennings
(Name)

this 9th day of November, 2016.



Lisa Coats
NOTARY PUBLIC
State-at-Large

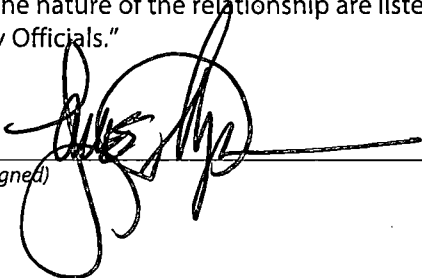
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JAMES T. SIMPSON
(Print Name)


(Signed)

CHIEF OPERATING OFFICER
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Henry

Subscribed and sworn to before me by James T Simpson
(Name)

this 9th day of November, 2016.



Lisa Coats
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Ricky Jones
(Print Name)

Ricky Jones
(Signed)

Board Member
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Henry

Subscribed and sworn to before me by Ricky Jones
(Name)

this 9th day of November, 2016.



Lisa Coats
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Deise Coombs
(Print Name)

Deise Coombs
(Signed)

Board Member
(Position/Office)

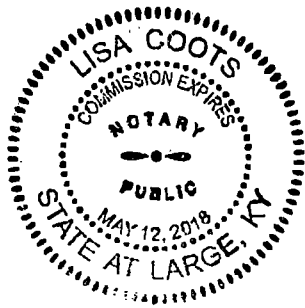
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COMMONWEALTH OF KENTUCKY

COUNTY OF Henry

Subscribed and sworn to before me by Denise Coombs
(Name)

this 9th day of November, 20 16.



Lisa Coats
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Donald R St. Clair
(Print Name)

Donald R St. Clair
(Signed)

Board Member
(Position/Office)

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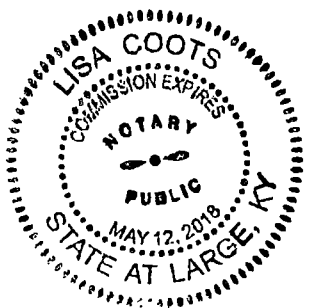
COMMONWEALTH OF KENTUCKY

COUNTY OF Henry

Subscribed and sworn to before me by Dou St. Clair
(Name)

this 9th day of November, 2016.

Lisa Coats
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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RONNIE BARRICKMAN
(Print Name)


(Signed)

Board Member
(Position/Office)

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COMMONWEALTH OF KENTUCKY

COUNTY OF Henry

Subscribed and sworn to before me by Rowie Barrickman
(Name)

this 9th day of November, 20 16.



Lisa Coats
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Charles A. Richardson
(Print Name)

Charles A. Richardson
(Signed)

Board Member
(Position/Office)

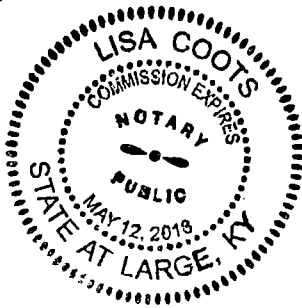
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COMMONWEALTH OF KENTUCKY

COUNTY OF Henry

Subscribed and sworn to before me by Charles Richardson
(Name)

this 9th day of November, 2016.



Lisa Coats
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Ray Nelson
(Print Name)

Ray Nelson
(Signed)

Board Member
(Position/Office)

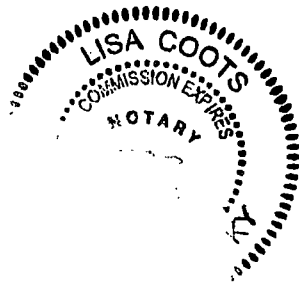
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COMMONWEALTH OF KENTUCKY

COUNTY OF Henry

Subscribed and sworn to before me by Ray Nelson
(Name)

this 9th day of November, 20 16.



Lisa Coats
NOTARY PUBLIC
State-at-Large

**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

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Wendell Hawkins
(Print Name)

Wendell Hawkins
(Signed)

Board Member
(Position/Office)

* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Henry

Subscribed and sworn to before me by Wendell Hawkins
(Name)

this 9th day of November, 2016.

Lisa Coats
NOTARY PUBLIC
State-at-Large



**STATEMENT OF DISCLOSURE OF
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between October 2014 through October 2016 ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility's chief executive officer, a Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled "Employees Related to Utility Officials."

LARRY C BOHANNON
(Print Name)

Larry C Bohannon
(Signed)

BOARD MEMBER
(Position/Office)

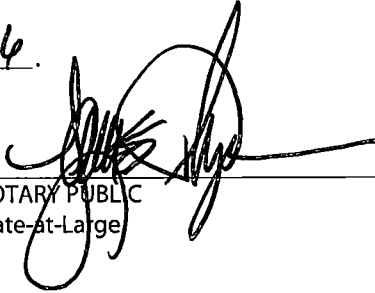
* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF HENRY

Subscribed and sworn to before me by LARRY BOHANNON
(Name)

this 9 day of NOVEMBER, 20 14.


NOTARY PUBLIC
State-At-Large

