

PRELIMINARY OFFICIAL STATEMENT

Dated September 13, 2016

Bonds to be sold September 20, 2016 at 11:00 a.m. E.D.S.T.

ELECTRONIC BIDDING VIA PARITY

BOOK-ENTRY-ONLY-SYSTEM

Not Bank Qualified

Rating: Standard & Poor's " __ " (See "Ratings" herein)

\$2,580,000*

**OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE REFUNDING BONDS
2016 SERIES A
REFUNDING OF SERIES 2007A WASTEWATER REVENUE AND REFUNDING BONDS**

Dated: Date of Delivery (expected October 11, 2016)

Due: January 1, as shown below

The Bonds will be issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2016 Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds. Accordingly, principal, interest and premium, if any, on the Bonds will be paid by U. S. Bank, National Association, Louisville, Kentucky, as Paying Agent and Registrar, directly to DTC or Cede & Co., its nominee. DTC will in turn remit such principal, interest or premium to the DTC Participants (as defined herein) for subsequent distribution to the Beneficial Owners (as defined herein) of the Series 2016 Bonds. The Series 2016 Bonds will be issued in denominations of \$5,000 each or integral multiples thereof. The Series 2016 Bonds will bear interest payable on January 1, 2017 and thereafter semiannually on each January 1 and July 1.

SCHEDULE OF MATURITIES

Due	CUSIP# 690882	Amount	Rate	Yield	Due	CUSIP# 690882	Amount	Rate	Yield
1/1/17		220,000			1/1/23		235,000		
1/1/18		225,000			1/1/24		240,000		
1/1/19		225,000			1/1/25		245,000		
1/1/20		225,000			1/1/26		250,000		
1/1/21		230,000			1/1/27		250,000		
1/1/22		235,000							

Purchaser's Option - The Purchaser of the Series 2016 Bonds may specify to the Financial Advisor that any Bonds may be combined with immediately succeeding sequential maturities into a Term Bond or Term Bonds, bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein being subject to mandatory redemption in such maturities for such Term Bond(s)).

The Series 2016 Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Dinsmore & Shohl LLP, Bond Counsel, Covington, Kentucky. The Series 2016 Bonds are expected to be available for delivery on or about October 11, 2016.

In the opinion of Bond Counsel, under existing law, (i) interest on the Series 2016 Bonds (defined below) will be excludable from gross income of the holders thereof for purposes of federal income taxation and will not be a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (ii) Interest on the Series 2016 Bonds is exempt from income taxation and the Series 2016 Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions, all subject to the qualifications described herein under the heading "TAX TREATMENT."

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

*Preliminary, Subject to Permitted Adjustment

This Preliminary Official Statement and the information contained herein are subject to completion and revision in a final Official Statement. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these Series 2016A Bonds in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration, qualification, or exemption under the securities laws of such jurisdiction.

OWENSBORO-DAVISS COUNTY REGIONAL WATER RESOURCE AGENCY

Executive Director

Joseph G. Schepers

Director of Finance & Administration

Lacey Cunningham

Board of Directors

George Stuart, Chair

Harry Roberts, Jr., Vice-Chair

John Stevenson, Secretary

Ed Cecil, Director

Bob Whitmer, Director

Becky Whitehead, Director

David Johnson, Director

Charles J. Kamuf, Board Attorney

Rate Review Board

Ron Payne, Mayor, City of Owensboro

Jeff Sanford, Mayor Pro-Tem, City of Owensboro

Pam Smith-Wright, City Commissioner

Deborah Nunley, City Commissioner

Bob Glenn, City Commissioner

Al Mattingly, Daviess County Judge-Executive

Charlie Castlen, Deputy Judge-Executive

George Wathen, County Commissioner

Mike Koger, County Commissioner

BOND COUNSEL

Dinsmore & Shohl LLP

Covington, Kentucky

FINANCIAL ADVISOR

First Kentucky Securities Corporation

Lexington, Kentucky

PAYING AGENT/BOND REGISTRAR

U. S. Bank National Association

Louisville, Kentucky

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Series 2016 Bonds of the City. No dealer, broker, salesman or other person has been authorized by the Agency to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Agency. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2016 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency since the date hereof.

Upon issuance, the Series 2016 Bonds will not be registered by the Agency under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the Agency will have, at the request of the Agency, passed upon the accuracy or adequacy of this Official Statement or approved the Series 2016 Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the Agency from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Agency. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources prior to the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the Agency preliminary to sale of the Series 2016 Bonds should be regarded as part of the Agency's contract with the successful bidder or the holders from time to time of the Series 2016 Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the Agency's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "Agency" means the Owensboro-Daviess County Regional Water Resource Agency; and "State" or "Kentucky" means the Commonwealth of Kentucky.

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- Appendix A: Estimated Debt Service Requirements for the Series 2016A Bonds
- Appendix B: Additional Information Regarding the Agency
- Appendix C: General Information Regarding the Owensboro-Daviess County Area
- Appendix D: Agency Audited Financial Report for Fiscal Year Ending June 30, 2015
- Appendix E: Form of Final Approving Legal Opinion of Bond Counsel
- Official Terms and Conditions of Bond Sale
- Official Bid Form

PRELIMINARY OFFICIAL STATEMENT

\$2,580,000*

**OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE REFUNDING BONDS
2016 SERIES A
REFUNDING OF SERIES 2007A REVENUE AND REFUNDING BONDS**

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$2,580,000* aggregate principal amount of Wastewater Revenue Refunding Bonds, 2016 Series A (the "Series 2016 Bonds") of the Owensboro-Daviess County Regional Water Resource Agency (the "Agency") as specified on the cover hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2016 Bonds to potential investors is made only by means of the entire Official Statement.

The Issuer

The Series 2016 Bonds are being issued by the Owensboro-Daviess County Regional Water Resource Agency of Owensboro, Kentucky, a joint sewer agency of the City of Owensboro, Kentucky ("the City") and the County of Daviess, Kentucky (the "County"), created pursuant to Chapter 76 of the Kentucky Revised Statutes, an ordinance of the City adopted on October 18, 1994, as amended on November 19, 1996, and an ordinance of the County adopted on October 5, 1994, as amended on October 30, 1996. The Agency is in Daviess County in West Central Kentucky.

Sources of Payment for the Series 2016 Bonds

Pursuant to the Agency's General Bond Resolution dated December 18, 1995 (the "General Resolution") and a Series Bond Resolution adopted by the Agency Board of Directors on August 15, 2016 (the "Series Bond Resolution"), the Agency has pledged the revenues from the operation of the wastewater system of the Agency (the "System") to the payment of the principal of, premium, if any, and interest on the Series 2016 Bonds as and when same shall become due and payable. **THE SERIES 2016 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE AGENCY, THE CITY OR THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE COMMONWEALTH OF KENTUCKY. THE SERIES 2016 BONDS ARE PAYABLE SOLELY FROM THE REVENUES OF THE SYSTEM AND THE ASSETS AND REVENUES PLEDGED THEREFOR UNDER THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE COMMONWEALTH OF KENTUCKY, OR ANY POLITICAL SUBDIVISION OR TAXING AUTHORITY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2016 BONDS.**

Purpose of the Bonds

The Series 2016 Bonds are being issued for the purpose of currently refunding the Agency's outstanding Wastewater Revenue Refunding and Improvement Bonds, Series 2007A ("the 2007A Bonds"). The proceeds of the Series 2016 Bonds, exclusive of accrued interest, if any, will be used to pay (i) the costs of refunding the 2007A Bonds, and (ii) the costs of issuance of the Series 2016 Bonds. The Series 2016 Bonds are secured by a pledge of the Pledged Receipts, hereinafter defined.

Description of the Bonds

The Series 2016 Bonds mature as indicated on the cover page hereof. The Series 2016 Bonds are being offered in fully registered form in denominations of \$5,000 or any integral multiple thereof (within the same maturity).

*Preliminary, Subject to Adjustment

Redemption

The Series 2016 Bonds are not subject to optional redemption prior to maturity.

Book Entry

Unless the successful purchaser notifies the Agency in writing within twenty-four hours of the award of the Series 2016 Bonds that it has elected (at such purchaser's expense) to take physical delivery of the Series 2016 Bonds, The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016 Bonds and the Series 2016 Bonds initially will be issued solely in book-entry form to be held in the book-entry only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Series 2016 Bonds and, except as otherwise provided herein with respect to Beneficial Owners (as defined below) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Series 2016 Bonds under the Resolution.

The following information about the book-entry only system applicable to the Series 2016 Bonds has been supplied by DTC. Neither the Agency nor the Paying Agent and Registrar make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016 Bond will be issued for in the aggregate principal amount of the Series 2016 Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016

Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2016 Bonds may wish to ascertain that the nominee holding the Series 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent and Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent and Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Series 2016 Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent and Registrar or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Remarketing Agent and shall effect delivery of such Series 2016 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2016 Bonds, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Series 2016 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2016 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2016 Bonds to the Remarketing Agent's DTC account.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable but neither the Agency nor the Paying Agent and Registrar take any responsibility for the accuracy thereof.

NEITHER THE AGENCY NOR THE PAYING AGENT AND REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE PAYING AGENT AND REGISTRAR AS BEING A HOLDER WITH RESPECT TO: (1) THE Series 2016 BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED Series 2016 BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE Series 2016 BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE Series 2016 BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Series 2016 Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption, elections to tender B Series 2016 bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments. Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Series 2016 Bonds.

The Agency and the Paying Agent and Registrar cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Series 2016 Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

DTC may determine to discontinue providing its service as securities depository with respect to the Series 2016 Bonds at any time by giving notice to the Agency and discharging its responsibilities with respect thereto under applicable law.

In such event, the Resolution provides for issuance of fully registered Series 2016 Bonds ("Replacement Bonds") directly to the Beneficial Owners of Series 2016 Bonds, other than DTC or its nominee, only in the event that DTC resigns or is removed as the securities depository for the Series 2016 Bonds. Upon the occurrence of this event, the Agency and the Paying Agent and Registrar may appoint another qualified depository. If the Agency and the Paying Agent and Registrar fail to appoint a successor depository, the Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon the Agency shall execute and the Paying Agent and Registrar, as authenticating agent, shall authenticate and deliver Replacement Bonds in the denomination of \$5,000 or integral multiples thereof. The Agency will pay for all costs and expenses of printing, executing and authenticating the Replacement Bonds. Transfer and exchange of such Replacement Bonds shall be made as provided in the Resolution.

Tax Exemption

Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Series 2016 Bonds is excludable from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Series 2016 Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, Bond counsel has assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. Bond counsel expresses no other opinion as to the federal tax consequences of purchasing, holding or disposing of the Series 2016 Bonds. Interest on the Series 2016 Bonds is also exempt from income taxation and the bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

Neither the City nor the County has designated the Series 2016 Bonds as "qualified tax-exempt obligations" with respect to certain financial institutions under Section 265 of the Internal Revenue Code of 1986, as amended.

See "TAX EXEMPTION" herein and Appendix E for the form of the opinion Bond Counsel proposes to deliver in connection with the Series 2016 Bonds.

Parties to the Issuance of the Series 2016 Bonds

The Registrar and Paying Agent is U. S. Bank National Association, Louisville, Kentucky. Legal matters incident to the issuance of the Series 2016 Bonds and with regard to the tax status of the interest thereon are subject to the approving legal opinion of Dinsmore & Shohl LLP, Covington, Kentucky, Bond Counsel. The Financial Advisor to the Agency is First Kentucky Securities Corporation.

Authority for Issuance

Authority for the issuance of the Series 2016 Bonds is provided by Chapter 76 of the Kentucky Revised Statutes, the General Resolution adopted by the Board of the Agency on December 18, 1995, the Series Bond Resolution adopted by the Board of the Agency on August 15, 2016 and financing resolutions previously adopted by the Owensboro-Daviess County Rate Review Board (the "Rate Review Board") on October 16, 2000 and December 6, 2005.

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the Agency are intended to be made available through one or more repositories. Copies of the basic documentation relating to the Series 2016 Bonds, including the Ordinance and the bond forms, are available from the Agency.

The Agency deems this Preliminary Official Statement to be final for the purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof, and certain pages herein which have been omitted in accordance with the Rule and will be provided with the final Official Statement.

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from First Kentucky Securities Corporation, Financial Advisor to the Agency, 377 East Main Street, Lexington, Kentucky 40507, telephone (859) 425-1100, Attention: Stan Kramer.

THE SERIES 2016 BONDS

The Series 2016 Bonds are dated the date of delivery (expected October 11, 2016) and bear interest from such date at the rates set forth on the cover page of this Official Statement. The Series 2016 Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Series 2016 Bonds is payable semi-annually on January 1 and July 1, commencing January 1, 2017. The record dates for January 1 and July 1 interest payment dates shall be the preceding December 15 and June 15, respectively.

The Series 2016 Bonds shall not be subject to redemption by the Agency prior to maturity.

U.S. Bank National Association, Louisville, Kentucky, has been appointed Paying Agent and Registrar for the Series 2016 Bonds.

Security and Source of Payment for Series 2016 Bonds

The Series 2016 Bonds, together with parity bonds which may be issued from time to time, pursuant to the General Resolution ("Parity Bonds," and together with the Series 2016 Bonds, the "Bonds"), are secured by and payable solely from the Pledged Receipts derived from the collection of rates, rentals and charges for the services rendered by the Agency.

Pledge of Revenues and Funds

Pledged Receipts include all wastewater service rates, rentals and charges imposed, enforced and collected by the Agency, together with any income or operating subsidies (as distinguished from capital grants) received from any unity of government, either federal or state, by the Agency. Pledged Receipts also include all interest earned and gains realized on investment obligations acquired by any fund or account of the Agency unless the General Resolution specifically requires such interest earned or gains realized to remain in a particular fund or account, provided that any interest or gains on the funds held in escrow by a trustee for the payment of previously outstanding bonds are not included. The Agency has not pledged the revenues of any separately maintained drainage system.

Debt Service Reserve Fund

For the further security of the owners of the Bonds, a Debt Service Reserve fund was created by the General Resolution. The Debt Service Reserve Fund is required to be funded in an amount equal to the Aggregate Debt Service Reserve Requirement, which means the least of: (i) the maximum Annual Debt Service Requirement in any bond fiscal year (July 1-June 30) of the Agency, or (ii) 125% of the average Annual Debt Service Requirement; provided that not more than 10% of the proceeds of any series of bonds shall be required to be deposited in the Debt Service Reserve Fund. The annual Debt Service Requirement is the maximum amount of principal and interest coming due on all bonds outstanding in any bond fiscal year with regard to all outstanding bonds of the Agency issued under the General Resolution. In lieu of deposit of funds in the Debt Service Reserve the Agency may, subject to certain limitations, obtain a letter of credit, surety bond or similar arrangement, in an amount at least equal to the Aggregate Debt Service Reserve Requirement.

Rate Covenant

In the General Resolution, the Agency has covenanted to establish wastewater service rates which are adequate to accumulate and maintain all reserves as provided in the General Resolution, and after payment of all operating and maintenance costs of the facilities of the Agency, are adequate to provide 1.20 times coverage of annual principal, interest and sinking fund requirements on all outstanding bonds and 1.10 times coverage of annual principal interest and sinking fund requirements on all outstanding bonds and subordinated debt. The estimated debt service coverage on senior debt is 25.63 times, and the debt service coverage on all debt is 2.5 times. The detailed calculations are shown in Appendix B. Subject to required approvals by the City and the County, rates, rentals and charges must be adjusted from time to time to comply with the General Resolution. Further, the Agency has covenanted that it will not at any time make any reduction in the prevailing schedule of rates, rentals and charges without first obtaining the written determination of a consulting engineer of national recognition in the field of wastewater engineering to the effect that any such proposed reduction will not materially affect the ability of the Agency to meet all the requirements of the General Resolution.

For the further security of the holders of the Bonds and Subordinated Debt, the Agency, in the General Resolution, has covenanted and agreed that, pursuant to the provisions of KRS 76.090 and any other applicable provisions of law, it will, to the maximum extent authorized by law, enforce and collect the schedule of wastewater service to be terminated and discontinued to any premises where an Agency bill for such wastewater services is not paid in full.

PROFILE OF THE AGENCY

The Agency operates a wastewater treatment and collection system in Daviess County, Kentucky. The Agency operates under Chapter 76 of the Kentucky Revised Statutes, as amended (the "Act").

History

The Agency was established on March 1, 1995 as the successor to the Owensboro Sewer Commission pursuant to ordinances adopted by the City and County in 1994 for the purpose of providing wastewater service to the residents of Owensboro and Daviess County, Kentucky. The Agency's service area includes Owensboro and the unincorporated areas of Daviess County, but does not include the City of Whitesville.

Existing Wastewater System

The Agency has two (2) wastewater treatment facilities with design capabilities of 15.0 MGD and 6.8 MGD. Since the Agency's inception, all expansions and/or improvements constructed (or to be constructed) are designed for, and include, capacity for future development within the community.

The Agency currently has eight divisions and employs 77 people. The Agency also provides contract stormwater/drainage maintenance services for the City of Owensboro.

The Agency has authority under the Act to plan, design, finance, construct, install, operate, replace and maintain wastewater treatment and collection facilities within the service area of the Agency. The Agency's predecessor in interest, the Owensboro Sewer Commission, for many years owned and operated major wastewater treatment and collection facilities, which are used throughout the service area by the Agency for the purpose of treating residential and commercial sewage. The Agency may establish wastewater service rates and charges, subject to the approval of the City and the County. The Agency is in compliance with all regulatory laws governing its operations and has the legal authority to levy, bill and collect a schedule of wastewater service rates, rentals and charges as approved by the City and County Rate Review Board.

Outstanding Indebtedness

Upon issuance of the Series 2016 Bonds, and in addition to the Series 2016 Bonds, the Agency has other financings outstanding ("Assistance Agreements") which are secured by the revenues of its System. These Assistance Agreements with the Kentucky Infrastructure Authority ("KIA"), as well as a loan from the City of Owensboro, constitute Subordinated Debt under the terms of the General Resolution.

<u>Loan</u>	<u>Dated Date</u>	<u>Original Principal Amount</u>	<u>Principal Balance as of Sept. 1, 2016</u>	<u>KIA Committed Amount</u>	<u>Drawn as of Sept. 1, 2016</u>
KIA Loan #A99-04	8/1/2000	\$ 25,963,257	\$ 9,912,311		
KIA Loan #A06-02	9/1/2006	\$ 6,255,810	\$ 4,325,691		
KIA Loan #A07-08	5/1/2008	\$ 1,425,488	\$ 923,954		
KIA Loan #A10-13	8/1/2011	\$ 6,037,387	\$ 5,625,389		
City of Owensboro	1/15/2015	\$ 750,000	\$ 715,947		
KIA Loan #A12-14	8/1/2013	\$ 357,335	\$ 347,633		
KIA Loan #A14-008	11/1/2014	\$ 425,000	\$ 338,997		
KIA Loan #A12-15	10/1/2012	\$ 2,336,875	\$ 2,336,875		
KIA Loan #A13-017	1/1/2014			\$ 905,565	\$ 813,208
KIA Loan #A13-028	9/1/2014			\$ 1,538,750	\$ 279,469
KIA Loan #A15-002	*			\$ 7,282,500	\$ -
KIA Loan #A15-027	*			\$ 1,425,000	\$ -
KIA Loan #A15-099	*			\$ 3,296,951	\$ -
KIA Loan #A16-026	*			\$ 415,000	\$ -
KIA Loan #A16-042	*			\$ 500,000	\$ -
KIA Loan #A16-043	*			\$ 485,000	\$ -
KIA Loan #A16-082	*			\$ 200,000	**

*Conditional Commitment only, no Assistance Agreement & no principal drawn

** KIA Commitment is 95% forgivable. RWRA would repay \$10,000. \$0 has been drawn 9/1/16.

Agency Board of Directors

<u>Name</u>	<u>Term Expires</u>
George Stuart	1/1/2020
Harry Roberts, Jr.	2/1/2017
Ed Cecil	2/1/2018
John Stevenson	2/1/2017
Bob Whitmer	1/31/2020
David Johnson	2/2/2018
Becky Whitehead	3/1/2019

Rate Review Board

The Rate Review Board, acting on behalf of the City and the County, has the responsibility to approve or disapprove the Agency's schedule of rates rentals and charges as approved by the Agency Board of Directors, and to approve or disapprove any borrowing by the Agency following approval by the Agency's Board of Directors. The Rate Review Board is comprised of the following members:

City:

Mayor Ron Payne
 Commissioner Jeff Sanford
 Commissioner Pam Smith-Wright
 Commissioner Deborah Nunley
 Commissioner Bob Glenn

County:

Judge-Executive Al Mattingly
 Commissioner Charlie Castlen
 Commissioner George Wathen
 Commissioner Mike Koger

For additional information regarding the Agency see Appendix B.

THE REFUNDING PLAN

The Series 2016 Bonds are being issued for the purpose of paying (i) the costs of currently refunding the Agency's outstanding Wastewater Revenue Refunding and Improvement Bonds, Series 2007A, and redeeming the 2007A Bonds within ninety days of the date of issuance of the Series 2016 Bonds and (ii) the costs of issuance of the Bonds. A portion of the proceeds of the Series 2007A Bonds were used to finance wastewater treatment system rehabilitation, extension, and upgrade projects, and a portion of the proceeds was used to currently refund and redeem the Agency's previously outstanding Wastewater Revenue Bonds, 1996 Series A. A portion of the existing balance of the Debt Service Reserve, established under the General Resolution, will be applied to the Debt Service Reserve Fund to meet the Aggregate Debt Service Reserve Requirement, and the balance will be transferred, along with the Series 2016 Bond proceeds, to redeem the Series 2007A Bonds.

Estimated Sources and Uses of Funds

Sources of Funds

Par Amount of Bonds	\$2,580,000
Transfer from Debt Service Reserve	<u>711,480</u>
Total	\$3,291,480

Uses of Funds

Deposit to Escrow Fund for 2007A Bonds	\$2,966,834
Underwriter's Discount	25,800
Costs of Issuance	35,320
Debt Service Reserve	259,735
Rounding Amount	<u>3,791</u>
Total	\$3,291,480

INVESTMENT CONSIDERATIONS

The Series 2016 Bonds, like all obligations of state and local government, are subject to changes in value due to changes in the condition of the tax-exempt bond market and/or changes in the financial condition of the Agency.

Prospective purchasers of the Series 2016 Bonds may need to consult their own tax advisors prior to any purchase of the Series 2016 Bonds as to the impact of the Internal Revenue Code of 1986, as amended, upon their acquisition, holding or disposition of the Series 2016 Bonds.

It is possible under certain market conditions, or if the financial condition of the Agency should change, that the market price of the Series 2016 Bonds could be adversely affected.

With regard to the risk involved in a lowering of the Agency's bond rating, see "RATINGS" herein. With regard to creditors' rights, see "SECURITY AND SOURCE OF PAYMENT FOR SERIES 2016 BONDS" herein.

SUMMARY OF THE SERIES BOND RESOLUTION

The Series Bond Resolution (i) authorizes and provides for the issuance of the Series 2016 Bonds, (ii) establishes certain funds and accounts for the deposit of the proceeds of the Series 2016 Bonds, (iii) prescribes and imposes certain duties and obligations of the Agency and (iv) makes covenants with Bondholders. Certain provisions of the Series Bond Resolution are summarized below. Reference is made to the Series Bond Resolution for a full and complete statement of its provisions.

Disposition of Proceeds of Series 2016 Bonds

Refunding of Prior Bonds. There shall be deposited in a special account of the Debt Service Fund, identified in Section 505 of the General Resolution (the "Escrow Fund"), a sufficient principal amount of United States Treasury Obligations - State and Local Government Series, or other United States government obligations bearing such interest rate or rates as shall be adequate to pay, on January 1, 2017, the principal of and interest and redemption premium on, all the Series 2007A Bonds. Such funds held in such special account of the Debt Service Fund together with available balances in the Debt Service Reserve shall be applied to the redemption of the Series 2007A Bonds on January 1, 2017.

Debt Service Fund. After deposit of amounts required to be deposited in the Escrow Fund, there shall be deposited in the Interest Account of the Debt Service Fund, identified in Section 505 of the General Resolution, all sums received from the purchasers of the Series 2016 Bonds as representing accrued interest. Such funds held from time to time in the Debt Service Fund shall be treated, invested, transferred and applied in accordance with the provisions of the General Resolution.

Debt Service Reserve. After deposit of amounts required to be deposited in the Escrow Fund and Debt Service Fund, there shall be deposited in the Debt Service Reserve, identified in Section 506 of the General Resolution, proceeds of the Series 2016 Bonds, if any, such that the amount on deposit in the Debt Service Reserve will equal the Aggregate Debt Service Reserve Requirement. Such funds held from time to time in the Debt Service Reserve shall be treated, invested, transferred and applied in accordance with the provisions of Article V, Section 506 of the General Resolution.

Cost of Issuance Account. All amounts remaining after deposit of amounts required to be deposited to the Escrow Fund, Debt Service Fund and the Debt Service Reserve, shall be deposited in the Bond Proceeds Fund established with Independence Bank (the "Bond Proceeds Depository"), pursuant to Article V, Section 502 of the General Resolution. The moneys in the Bond Proceeds Fund shall be deposited in a cost of issuance account known as the "2016 Series Cost of Issuance Account" in an amount set forth in an order of an Authorized Officer regarding the delivery of the Series 2016 Bonds. After all costs of issuance payable from the 2016 Series Cost of Issuance Account have been paid, any balance in said account shall be transferred to the Debt Service Fund, as determined by an Authorized Officer.

Tax Covenants.

The Agency covenants that it will restrict the use of the proceeds of the Series 2016 Bonds in such manner and to such extent, if any, and take such other action as may be necessary, after taking into account reasonable expectations at the time the debt is incurred, so that they will not constitute obligations the interest on which is subject to federal income taxation or "arbitrage bonds" under §§ 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder.

SUMMARY OF THE GENERAL RESOLUTION

The General Resolution (i) authorizes and provides for the issuance of wastewater revenue bonds in series from time to time ranking on a parity with the Series 2016 Bonds ("Parity Bonds," and together with the Series 2016 Bonds, the "Bonds") pursuant to resolutions (a "Series Resolution") adopted by the Board of the Agency, (ii) authorizes the issuance of debt, not ranking on basis of equality and parity with the Bonds to pay for additions, betterments, extensions or improvements to the System ("Subordinated Debt") (iii) prescribes and imposes certain duties and obligations of the Agency, (iv) makes covenants with bondholders, and (v) provides generally for the collection and treatment of wastewater revenues of the Agency. Such Parity Bonds or Subordinated Debt may be issued to acquire, construct and improve the System, which consists of the Agency's existing wastewater treatment and collection system and any and all additions and extensions thereto.

The General Resolution contains various covenants and security provisions, certain of which are summarized below. Reference is made to the General Resolution for a full and complete statement of its provisions.

General Application of Bond Proceeds Fund

Under the General Resolution, the Agency is required to establish within the Bond Proceeds Fund established by the General Resolution a Cost of Issuance Account and a Construction and Acquisition Account for each series of Bonds outstanding. In addition, if Bond Proceeds are to be used in whole or in part for the payment or provision therefore of outstanding debt obligations, a Refunding Account may be established. From the proceeds of the sale of a series of Bonds, there will be deposited in the Cost of Issuance Account the costs of issuing the series of Bonds. Moneys received by the Agency from any other source, unless otherwise provided by the General Resolution, may also be deposited in the Cost of Issuance Account. So much of the remainder of the Bond Proceeds as is required by the applicable series resolution (except for accrued and capitalized interest, if any, which shall be deposited in the Interest Account, amounts to be deposited in the Debt Service Reserve Fund, and any premium over the principal amount of the series, which is applied as provided in such series resolution) shall be deposited in the Construction and Acquisition Account. The Cost of Issuance Account and the Construction and Acquisition Account constitute all the Accounts within the Bond Proceeds Fund.

Moneys in the Cost of Issuance Account and the Construction and Acquisition Account shall be applied by the appropriate depository, upon issuance of a check or other bill of exchange signed by the Chairman, Secretary,

Treasurer or Executive Director of the Agency (an "Authorized Officer") only for the making of disbursements and payments required to be made by the Agency for paying issuance costs and pursuant to construction and acquisition contracts relating to the System. Pending their disbursements, the depository, upon direction of the Agency, shall invest moneys in the Construction and Acquisition Account in Investment Obligations (see "SUMMARY OF THE GENERAL RESOLUTION - Investment of Funds" below) having maturities consistent with the anticipated needs for such moneys.

Other Funds and Accounts

In addition to the Bond Proceeds Fund and accounts described above, the General Resolution establishes the following special funds and accounts:

- (1) Wastewater Revenue Fund
- (2) Debt Service Fund
 - (a) Interest Account
 - (b) Principal Account
 - (c) Subordinated Debt Interest Account
 - (d) Subordinated Debt Principal Account
- (3) Debt Service Reserve Fund
- (4) Operation and Maintenance Fund
- (5) Improvement, Repair and Replacement Fund
- (6) Contingency Fund

Wastewater Revenue Fund

All moneys received by the Agency as Pledged Receipts, together with income from the Debt Service Reserve as provided in the General Resolution, are required to be deposited promptly in the Wastewater Revenue Fund. Pledged Receipts are defined as the totality of (i) all wastewater service rates, rentals and charges imposed by the Agency, (ii) all interest earned and gains realized on Investment Obligations, unless the General Resolution specifically requires such interest earned or gains realized to remain in a particular fund or account, provided that any interest or gains on funds held in escrow by a Paying Agent and Registrar for the payment of previously outstanding Bonds shall not be included, and (iii) other income received by the Agency, if any, from any agency of government, both Federal and State, as representing income or operating subsidies, if any, as distinguished from capital grants, to the extent not otherwise required to be treated and applied.

The designated depository is required to make monthly transfers from the moneys in the Wastewater Revenue Fund to the following funds and accounts and in the following amounts and order of priority:

Debt Service Fund-Interest Account. An amount, which when added to the amount then on deposit in the Interest Account, will equal the interest on all outstanding Bonds accrued and unpaid in respect of the next interest payment date.

Debt Service Fund-Principal Account. An amount equal to the amount of the next principal installment on outstanding Bonds, divided by the number of months preceding the next principal installment date.

Debt Service Fund-Subordinated Debt Interest Account. An amount, which when added to the amount then on deposit in the Interest Account, will equal the interest on all outstanding Subordinated Debt accrued and unpaid in respect of the next interest payment date.

Debt Service Fund-Subordinated Debt Principal Account. An amount equal to the amount of the next principal installment on outstanding Subordinated Debt, divided by the number of months preceding the next principal installment date.

Debt Service Reserve Fund. An amount which, when added to sums then on deposit in the Debt Service Reserve Fund, will equal the Aggregate Debt Service Reserve Requirement (See "SUMMARY OF THE GENERAL RESOLUTION-Debt Service Reserve Fund" herein); or if such amount is insufficient, all amounts remaining in the Wastewater Revenue Fund.

Operation and Maintenance Fund. The amount required prior to the tenth day of the next month to pay operating and maintenance costs of the Agency in accordance with its annual budget, together with such proportionate amounts as will, during the twenty-four months following the issuance of any series of Bonds, together with sums on deposit in said fund, equal operation and maintenance requirements for one month. Operation and maintenance costs include salaries, operating expenses and all other expenses of administering the System, fees and expenses of the paying agents and costs of issuance other than those paid from Bond proceeds.

Improvement, Repair and Replacement Fund. If at any time the amount in the Improvement, Repair and Replacement Fund is less than the Depreciation Reserve Requirement, there shall be deposited into the Improvement, Repair and Replacement Fund, on no less than a monthly basis, an amount equal to 1/24th of such deficiency so that the balance in the Improvement, Repair and Replacement Fund will equal the Depreciation Reserve Requirement in the month that is twenty-four months from the month such deficiency first existed. Thereafter such monthly payments may cease for so long as the required balance in the Improvement, Repair and Replacement Fund is maintained and such monthly payments shall resume again if at any time said balance is less than the Depreciation Reserve Requirement and shall continue until said balance is established. The Depreciation Reserve Requirement is an amount determined by a firm of consulting engineers for repairs or replacements.

Contingency Fund. On a periodic basis, but no less frequently than annually, the revenues remaining in the Wastewater Revenue Fund at the end of the month, or, in the case of annual transfers, the preceding calendar year, after making the payments described above, including any balances to be accrued and maintained, may be transferred to the Contingency Fund.

Debt Service Fund

Interest Account. The Agency will cause the Paying Agent to disburse moneys from the Interest Account for the purpose of paying interest on the Bonds when due and payable.

Principal Account. The Agency will cause the Paying Agent to disburse moneys from the Principal Account for the purpose of paying the principal of the Bonds when due and payable. In addition, the Agency may, at its option, apply amounts accumulated in the Principal Account for each sinking fund installment (plus amounts accumulated in the Interest Account for interest on Bonds for which the sinking fund installment was established), before the forty-fifth day preceding the due date of such sinking fund installment.

Subordinated Debt Interest Account. The Agency will cause the Paying Agent to disburse moneys from the Subordinated Debt Interest Account for the purpose of paying interest on Subordinated Debt when due and payable as well as interest on Subordinated Debt to be redeemed to the extent not otherwise provided for.

Subordinated Debt Principal Account. The Agency will cause the Paying Agent to disburse moneys from the Subordinated Debt Principal Account for the purpose of paying the principal of Subordinated Debt when due and payable. In addition, the Agency may, at its option, apply amounts accumulated in the Subordinated Debt Principal Account for each sinking fund installment (plus amounts accumulated in the Interest Account for interest on Subordinated Debt for which the sinking fund installment was established), before the forty-fifth day preceding the due date of such sinking fund installment, to (i) the purchase of Subordinated Debt of the series and maturity for which the sinking fund was established at prices (including brokerage and other charges) not exceeding the redemption price payable from sinking fund installments for such Subordinated Debt when such Subordinated Debt is redeemable by application of such sinking fund installment plus unpaid interest accrued to the date of purchase, or (ii) to the redemption of such Subordinated Debt, if then redeemable by its terms at the redemption price referred to in clause (i). The Agency is required to pay from the Subordinated Debt Principal Account the amount required to redeem such Subordinated Debt as may be necessary (after taking into account Subordinated Debt purchased as aforesaid) to complete the retirement of the principal amounts specified by any resolution of the Agency for the sinking fund installments.

Debt Service Reserve Fund

The Debt Service Reserve Fund is required to be funded in an amount equal to the Aggregate Debt Service Reserve Requirement, which means the least of: (i) the maximum Annual Debt Service Requirement in any bond fiscal year (January 1 – December 31) of the Agency, or (ii) 125% of the average Annual Debt Service Requirement; provided that not more than 10% of the proceeds of any series of Bonds shall be required to be deposited in the Debt Service Reserve Fund. The Annual Debt Service Requirement is the maximum amount of principal and interest coming due on all Bonds outstanding in any bond fiscal year with regard to all outstanding Bonds of the Agency issued under the General Resolution. In lieu of deposit of funds in the Debt Service Reserve the Agency may, subject to certain limitations, obtain a letter of credit, surety bond or similar arrangement, in the amount at least equal to the Aggregate Debt Service Reserve Requirement. Amounts deposited, pursuant to the provisions of the General Resolution, in the Debt Service Reserve Fund are to be used for the payment of principal of and interest on Bonds as to which there would otherwise be a default in payment. Interest earned or sums realized as a result of investment of moneys in the Debt Service Reserve Fund shall accrue to and be a part of the Debt Service Reserve Fund; however, so long as the Debt Service Reserve Fund contains the Aggregate Debt Service Reserve Requirement, any such interest earned or sums realized shall be transferred, as received, to the Wastewater Revenue Fund.

Operation and Maintenance Fund

In addition to the amounts required to be transferred to the Operation and Maintenance Fund from the Wastewater Revenue Fund, there may be paid into said fund any moneys received by the Agency from any other source, unless otherwise provided by the Resolution. The Agency may withdraw moneys from the Operation and Maintenance Fund from time to time for the purpose of paying reasonable and necessary operation and maintenance costs, and moneys so withdrawn and paid are free and clear of the pledge created by the General Resolution for the payment of the principal and redemption price of and interest on the Bonds and sinking fund installments. The Agency may also withdraw moneys from the Operation and Maintenance Fund for deposit to any other fund or account except the Improvement, Repair and Replacement Fund. At the Agency's discretion, amounts in the Operation and Maintenance Fund may be invested in Investment Obligations, as described below, from time to time to provide funds when needed to pay operation and maintenance costs.

Improvement, Repair and Replacement Fund

The Improvement, Repair and Replacement Fund is available and is to be utilized to make repairs and replacements and to pay the cost of construction of additions, extensions, betterments and improvements of the System which will either increase income and revenues or provide a higher degree of service. In addition to any amounts required by any Series Resolution and the General Resolution to be set aside and deposited therein, there shall be transferred and deposited to the Improvement, Repair and Replacement Fund any other moneys (a) received by the Agency from any other source and duly ordered to be deposited therein (unless required to be otherwise applied), (b) for which the Agency has exercised a discretion to so deposit or transfer as permitted in the Resolution, and (c) ordered to be so deposited from the proceeds of any series of Bonds. All amounts in the Improvement, Repair and Replacement Fund may be expended and applied by the depository upon written direction of the Agency only for (i) making up any deficiency in the Debt Service Fund and the Debt Service Reserve Fund, (ii) redemption of Bonds, (iii) payments of principal installments of or interest on Bonds when due, (iv) transfer to the Wastewater Revenue Fund, or (v) investment in Investment Obligations. To the extent that other moneys are not available for payment of Principal Installments or interest on Bonds when due, all Investment Obligations credited to, and Investment Obligations in, the Improvement, Repair and Replacement Fund shall be sold and the proceeds deposited in the Debt Service Fund.

Contingency Fund.

Moneys deposited in the Contingency Fund may be used as follows: (a) to the extent necessary from time to time moneys in the Contingency Fund shall be transferred to the Debt Service Fund to permit payment of all obligations payable from such Fund without drawing on the Debt Service Reserve Fund; (b) moneys in the Contingency Fund shall be used for payment of principal of and interest on any outstanding Bonds and Bonds issued by the Agency to pay for costs of improving or extending the System or may be transferred to the appropriate Fund or Account created under the General Resolution or in any Series Resolution adopted pursuant to the Resolution to permit such payment; and (c) moneys in the Contingency Fund otherwise may be used for any other lawful purpose of the Agency.

Investment of Funds

The General Resolution requires or permits investments of moneys in each fund, consistent with the contemplated uses of such moneys, in Investment Obligations. Investment Obligations is defined as follows:

- (a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;
- (b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including but not limited to:
 - 1. United States Treasury;
 - 2. Export-Import Bank of the United States;
 - 3. Farmers Home Administration;
 - 4. Governmental National Mortgage corporation; and
 - 5. Merchant Marine bonds;
- (c) Obligations of any corporation of the United States government, including but not limited to:

1. Federal Home Loan Mortgage Corporation;
 2. Federal Farm Credit Banks;
 3. Bank for Cooperatives;
 4. Federal Intermediate Credit Banks;
 5. Federal Land Banks;
 6. Federal Home Loan Banks;
 7. Federal National Mortgage Association; and
 8. Tennessee Valley Authority;
- (d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(d);
- (e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- (f) Bankers' acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;
- (g) Commercial paper rated in the highest category by a nationally recognized rating agency;
- (h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;
- (i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three highest categories by a nationally recognized rating agency; and
- (j) Shares of mutual funds, each of which shall have the following characteristics;
1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 2. The management company of the investment company shall have been in operation for at least five (5) years; and
 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section.

All funds and accounts are to be marked to market valuation conducted on a quarterly basis by the Paying Agent and Registrar.

Investment obligations are deemed to be part of the fund or account for which purchased, and income, interest, gains and losses on an Investment Obligation are credited or charged to the fund or account for which such Investment Obligation was purchased, subject, in the case of the Debt Service Reserve Fund, that so long as the Aggregate Debt Service Reserve Requirement is being maintained, income and revenues from such Fund are to be transferred to the Wastewater Revenue Fund.

Issuance of Notes, Additional Bonds and Subordinated Debt

The General Resolution provides that the Agency may issue notes in anticipation of an authorized issuance of a series of bonds in a principal amount not to exceed the principal amount of such series. Notes are payable from any moneys of the Agency available therefor and not pledged under the General Resolution for the benefit of the Bonds and from the proceeds of the sale of any authorized series of Bonds in anticipation of which notes were issued. Such proceeds may be pledged for payment of the principal of the notes and such pledge will have priority over any pledge created by the General Resolution.

The General Resolution provides that the Agency may issue notes, bonds and other obligations having such terms and secured by a pledge of such funds as the resolution authorizing the issue provides, but any pledge to the holders of such notes, bonds or other obligations of a fund or account created under the Series Resolution is required to be subordinated in all respects to the pledge created under the General Resolution for the benefit of the holders of bonds, except that proceeds of the sale of bonds may be pledged for the payment of notes issued in anticipation thereof as aforesaid and additional series of bonds may be issued on a parity with the initially issued Bond and secured equally by the revenues and assets pledged under the General Resolution and payable equally therefrom, as herein described.

Issuance of Parity Bonds

The General Resolution provides that from and after the issuance of any Bonds thereunder, the General Resolution shall constitute the sole and exclusive method for the issuance of any further Bonds by the Agency.

The Agency reserves the right to issue additional series of Bonds payable from the Pledged Receipts of the System on a basis of parity and equality with all other parity Bonds authorized to be issued by the General Resolution in order to (a) reconstruct, repair and improve the System, (b) make, acquire, construct and install additions, extensions, betterments or improvements thereto, (c) acquire existing Wastewater facilities and systems from any person, if said wastewater facilities and systems are revenue-producing, and (d) refund any outstanding Bonds. No such parity Bonds shall be issued unless: (i) the facility or facilities to be acquired, constructed, reconstructed or improved from parity bond proceeds are made an integral part of the System and revenues therefrom are pledged as additional security for all outstanding Bonds and additional parity Bonds, (ii) the Agency is in compliance with all covenants and undertakings in connection with all of its Bonds then outstanding and payable from the Pledged Receipts, (iii) the net annual income and revenues of the System for a period of twelve (12) consecutive months of the eighteen (18) months immediately prior to the issuance of said Parity Bonds are certified in writing by an independent firm of state-licensed certified public accountants to have been equal to at least 1.20 times the maximum annual debt service requirement coming due in any future twelve (12) month period on all outstanding Bonds, together with the Parity Bonds to be issued and (iv) the net annual income and revenues of the System for a period of twelve (12) months immediately prior to the issuance of said Parity Bonds are certified in writing by an independent firm of state-licensed Certified Public Accountants to have been equal to at least 1.10 times the maximum Annual Debt Service Requirement coming due in any future Bond Fiscal Year on all Bonds and Subordinated Debt outstanding payable from Pledged Receipts, together with the Parity Bonds then to be issued.

The net annual income and revenues of the System may be adjusted by a firm of independent certified public accountants to reflect, for the historical period being tested, any revision in the schedule of water rates, rentals and charges being actually imposed and billed by the Agency and approved by the City and the County, at the time of issuance of Parity Bonds. The net annual income and revenues may also be adjusted in writing by a consulting engineer of national recognition to take into account and reflect, for the historical period being tested, the amount of additional net income and revenues to be realized by the Agency (a) by virtue of the acquisition by the Agency of existing and operating wastewater facilities, and (b) by virtue of contractual relationships between the Agency and other municipal corporations or other entities where such income and revenues are historically determinable. A further adjustment to the net annual income and revenues may also be made by adding an estimate of a consulting engineer of the annual increase in operating revenues anticipated to be derived from the extensions, additions, replacements and betterments to be financed by such additional Parity Bonds, less the engineer's estimate of any additional expenses of operation and maintenance.

In the event Parity Bonds are issued in the future, the Agency is required to (i) adjust the monthly deposits into the Debt Service Fund in the manner prescribed by the General Resolution to reflect the annual debt service on the additional parity Bonds, and (ii) adjust the prescribed amount to be accumulated in the Debt Service Reserve in accordance with the provisions of the General Resolution, as described above, and fund from such Parity Bonds said additional Debt Service Reserve Requirement.

Issuance of Subordinated Debt

The General Resolution provides that from and after the issuance of any Bonds thereunder, the General Resolution shall constitute the sole and exclusive method for the issuance of any Subordinated Debt by the Agency.

The Agency reserves the right to issue Subordinated Debt payable from the Pledged Receipts of the System and not ranking on a basis of parity and equality with all other Parity Bonds authorized to be issued by the General Resolution in order to (a) reconstruct, repair and improve the System, (b) make, acquire, construct and install additions, extensions, betterments or improvements thereto and (c) acquire existing wastewater facilities and systems from any person, if said wastewater facilities and systems are revenue-producing. No such Subordinated Debt shall be issued unless: (i) the facility or facilities to be acquired, constructed, reconstructed or improved from Subordinated Debt proceeds are made an integral part of the System and revenues therefrom are pledged as additional security for all Outstanding Bonds and Subordinated Debt, (ii) the Agency is in compliance with all covenants and undertakings in connection with all of its Bonds then outstanding and payable from the Pledged Receipts and (iii) the net annual income and revenues of the System for a period of twelve (12) consecutive months of the eighteen (18) months immediately prior to the issuance of said Subordinated Debt are certified in writing by an independent firm of state-licensed certified public accountants to have been equal to at least 1.00 times the maximum annual debt service requirement coming due in any future twelve (12) month period on all Outstanding Bonds and Subordinated Debt, together with the Subordinated Debt to be issued.

The net annual income and revenues of the System may be adjusted by a firm of independent certified public accountants to reflect, for the historical period being tested, any revision in the schedule of water rates, rentals and charges being actually imposed and billed by the Agency and approved by the City and the County, at the time of issuance of Subordinated Debt. The net annual income and revenues may also be adjusted in writing by a consulting engineer of national recognition to take into account and reflect, for the historical period being tested, the amount of additional net income and revenues to be realized by the Agency (a) by virtue of the acquisition by the Agency of existing and operating wastewater facilities, and (b) by virtue of contractual relationships between the Agency and other municipal corporations or other entities where such income and revenues are historically determinable. A further adjustment to the net annual income and revenues may also be made by adding an estimate of a consulting engineer of the annual increase in operating revenues anticipated to be derived from the extensions, additions, replacements and betterments to be financed by such Subordinated Debt, less the engineer's estimate of any additional expenses of operation and maintenance.

In the event Subordinated Debt is issued in the future, the Agency is required to adjust the monthly deposits into the Debt Service Fund in the manner prescribed by the General Resolution to reflect the annual debt service on the Subordinated Debt.

Modifications of Resolution, Adoption of Series Resolutions and Requirement for Consent of Holders of Outstanding Bonds

The General Resolution provides procedures whereby the Agency may amend the General Resolution by adoption of a supplemental resolution. Amendments that may be made without the consent of the Bondholders must be for purposes of further securing the Bonds, imposing further limitations on or surrendering rights of the Agency or curing ambiguities.

Series Resolutions may be adopted from time to time pursuant to compliance with the conditions of the General Resolution to provide for the issuance of one or more series of Bonds and to prescribe the terms and conditions thereof.

Amendments of the respective rights and obligations of the Agency and the Bondholders may be made with the written consent of the holders of not less than 66-2/3% in principal amount of the outstanding Bonds affected by such amendment. No such amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding bond or any installment of interest thereon or a reduction in the amount of redemption price thereof or the rate of interest thereon, without the consent of the affected holder, or reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect such amendment.

Certain Covenants of the Agency

Among other covenants made by the Agency in the Resolution are those related to the following matters:

Tax Covenant. The Agency has covenanted that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusions from gross income of the interest on the Bonds under § 103(a) of the Code. The Agency shall not permit at any time or times any of the proceeds of the Bonds or other funds of the Agency to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" with the meaning of § 103(b)(2) and 148 of the Code to that end, the Agency will comply with all requirements of § 103(b)(2) and 148 of the Code to the extent applicable to the Bonds.

In order to assure compliance with such covenant, the Agency, from the date of adoption of the General Resolution, has covenanted that it shall not:

- (a) make any investment in connection with the System that produces a yield in excess of such applicable maximum yield as may be permitted by the Code, and
- (b) invest or direct any depository to invest moneys in any such fund or account in Investment Obligations that produce a yield in excess of such applicable maximum yield as may be permitted by the Code.

The Agency further covenants that prior to the issuance of any series of Bonds the Agency shall certify by issuance of a certificate that on the basis of the facts, estimates and circumstances in existence on the date of issue of such series it is not expected that the proceeds thereof will be used in a manner that would cause such obligations to be arbitrage Bonds.

Accounts and Reports. The Agency shall keep complete and accurate books of record and account relating to the System, and all funds and accounts established by the General Resolution, which are subject at reasonable times to the inspection of the holders of an aggregate of not less than five percent (5%) in principal amount of the Bonds then outstanding or their representatives duly authorized in writing.

General Compliance. The Agency has covenanted to faithfully and punctually perform all duties with reference to the System required by the Constitution and laws of the Commonwealth of Kentucky, including Chapter 76, of the Kentucky Revised Statutes, and by the terms and provisions of the General Resolution.

System Not to be Disposed of or Sold. The Agency has covenanted and agreed that so long as any Bonds are outstanding, it will not sell, issue, mortgage or otherwise dispose of or surrender control of any of the facilities of the System, except as provided in the General Resolution.

Budgets. On or before the first day of each fiscal year of the Agency, so long as any Bonds authorized or permitted to be issued by the General Resolution are outstanding, the Agency shall adopt an annual budget of current expenses for the System covering its fiscal operations for the ensuing fiscal year and will promptly file a copy of each such budget, and any amendments thereto, in the office of the secretary of the Agency. Copies of same shall be furnished to any bondholder upon request. The Agency may file amendments of the annual budget for the remainder of the fiscal year. The Agency shall not incur current expenses in excess of the amounts provided therefor in the annual budget as originally prepared or as amended, except upon resolution duly adopted by the Board determining that such expenses are necessary in order to operate and maintain the System.

No Decrease in Rates, Rentals and Charges. The Agency has covenanted that it will not at any time make any reduction in any prevailing schedule of rates, rentals and charges without first obtaining the written determination of a consulting engineer of national recognition that any such proposed reduction will not materially affect the ability of the Agency to meet all the requirements of the General Resolution.

Annual Audit. The Agency has covenanted that it will, within sixty (60) days after the end of each fiscal year cause an audit to be made of the books of record and account pertinent to the System, and a report to be issued by an independent certified public accountant reflecting in reasonable detail the financial condition and results of operations of the System, including the status of the several funds created by the General Resolution, the status of required insurance and fidelity bonding as provided by the General Resolution, all in accordance with generally accepted governmental accounting principles. A copy of such audit must be submitted to the Board of the Agency, and a copy of same shall be filed in the office of the Agency where it will be available for public inspection.

Insurance of Facilities and Fidelity Bonding of Personnel. The Agency has covenanted to keep all buildings, machinery and equipment constituting any part of the System insured as provided in the General Resolution, and to cause each officer or other person having custody of any moneys administered under the provisions of the General Resolution to be bonded at all times in an amount at least equal to \$25,000. The Agency has further covenanted to carry public liability, vehicular insurance and property damage insurance.

Waiver of Laws. The Agency has covenanted not to insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law nor or at any time hereafter in force which may affect the covenants and agreements contained in the General Resolution or in any series Resolution or supplemental Resolution or in the Bonds, and all benefit or advantage of such law or laws has been expressly waived by the Agency.

Termination of Water Services to Delinquent Users. The Agency has covenanted that pursuant to KRS 76.090 and any other applicable provisions of law, it will, to the maximum extent authorized by law, enforce and collect the schedule of rates, rentals and charges imposed upon users of the Agency's works and facilities constituting the System, and will promptly cause water service to be discontinued to any premises where such Agency bill is not paid in full.

Defaults and Remedies

The General Resolution declares each of the following events to be an "Event of Default":

- (1) default by the Agency in the payment of any principal installment or redemption price, if any, on any Bond when due;
- (2) default by the Agency in the payment of any installment of interest on the Bonds when due;
- (3) failure or refusal by the Agency to comply with the Act pursuant to which the Agency was created, or default in the performance or observance of any other of the covenants, agreements or conditions

contained in the General Resolution, any series Resolution, any supplemental Resolution or the Bonds, and such failure, refusal or default shall continue for a period of forty-five (45) days after written notice thereof by the holder of not less than five percent (5%) in principal amount of the outstanding Bonds.

The General Resolution provides that upon the happening and continuance of any Event of Default, the holders of not less than twenty-five percent (25%) in principal amount of the outstanding Bonds may proceed, in their own name, subject to certain provisions in the General Resolution, to protect and enforce the rights of the Bondholders by such of the following remedies as such Bondholders, being advised by counsel, shall deem most effectual.

- (a) enforce by mandamus or other suit, action or proceedings at law or in equity all rights of the Bondholders, including the right to require the Agency to enforce, collect and receive water rates, rentals and charges adequate to carry out the covenants and agreements of the Agency as to production of income, and to require the Agency to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;
- (b) bring suit upon the Bonds;
- (c) require the Agency by action or suit to account as if it were the Paying Agent and Registrar of an express trust for the holders of the Bonds;
- (d) enjoin by action or suit any act or things which may be unlawful or in violation of the rights of the holders of the Bonds;
- (e) by action or suit in equity, seek the appointment of a receiver who shall take charge of and administer the affairs of the Agency;
- (f) declare all Bonds due and payable, and if all default shall be made good (excepting acceleration provisions), then with the written consent of not less than twenty-five percent (25%) in principal amount of the holders of outstanding Bonds, to annul such declaration and its consequences; and
- (g) in the event that all Bonds are declared due and payable, and a receiver is appointed, to sell all Investment Obligations and all other assets of the Agency (to the extent not theretofore set aside for redemption of Bonds for which call has been made), and to cause the receiver to take over the System and operate same in the name of the Agency for the use and benefit of the Bondholders.

No Individual Liability

All covenants, stipulations, promises, agreements and obligations of the Agency in the General Resolution shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Agency and not of any member, officer, director or employee of the Agency in his individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the Bonds or for any claims based thereon or on the General Resolution against any member, officer, director or employee of the Agency or any natural person executing the Bonds.

Defeasance

The General Resolution provides that the Agency may defease Bonds by paying or causing to be paid to the holders of Bonds all of the principal and interest and redemption price, if any, to become due thereon.

All outstanding Bonds shall be deemed paid prior to their maturity or redemption date thereof if (a) for Bonds to be redeemed prior to their maturity the Agency has given notice of redemption and (b) moneys or direct obligations of or obligations guaranteed by the United States of America sufficient to pay the principal or redemption price and interest on said Bonds on the redemption date or maturity thereof, have been deposited with the Paying Agents.

Upon such defeasance, the General Resolution shall cease, determine and become null and void and the covenants, agreements, and other obligations of the Agency hereunder shall be satisfied and discharged, and the fiduciaries shall pay to the Agency all moneys held by them which are required for the payment or redemption of Bonds.

LEGAL MATTERS

General Information

Legal matters incident to the issuance of the Series 2016 Bonds and with regard to the tax-exempt status thereof are subject to the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel. Upon delivery of the Series 2016 Bonds of the Agency to the successful bidder therefor, the Series 2016 Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Dinsmore & Shohl LLP. A draft of such legal opinion for the Series 2016 Bonds is attached as Appendix E.

Said firm as Bond Counsel has performed certain functions to assist the Agency in the preparation by the Agency of its Official Statement. However, said firm assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the Agency or the Series 2016 Bonds that may be made available by the Agency or others to the bidders or holders of the Series 2016 Bonds or others.

The engagement of said firm as Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings with regard to the Series 2016 Bonds, and an examination of such transcript proceedings incident to rendering its legal opinion. In its capacity as Bond Counsel, said firm has reviewed the information in this Official Statement under the Sections entitled "Introduction," "Sources of Payment for the Series 2016 Bonds," "Tax Exemption," "Authority for Issuance," and "Tax Treatment" as to legal matters, which review did not include any independent verification of financial statements and statistical data included therein, if any.

Transcript and Closing Certificates

A complete transcript of proceedings, a no-litigation certificate and other appropriate closing documents will be delivered by the Agency when the Series 2016 Bonds are delivered to the original purchaser. The Agency will also provide to the original purchaser, at the time of such delivery, a certificate from the Agency's Executive Director and/or Secretary addressed to such purchaser relating to the accuracy and completeness of this Official Statement.

Litigation

To the knowledge of the Agency, no litigation or administrative action or proceeding is pending or threatened directly affecting the Series 2016 Bonds, the security for the Series 2016 Bonds or the improvements being refinanced from the proceeds of the Series 2016 Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the Series 2016 Bonds.

TAX TREATMENT

General

In the opinion of Bond Counsel for the Series 2016 Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Series 2016 Bonds is excludable from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Series 2016 Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 ("the Code") for purposes of the Federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel is of the opinion that interest on the Series 2016 Bonds is exempt from taxation, including personal income taxation by the Commonwealth of Kentucky and its political subdivisions.

A copy of the form of opinion of Bond Counsel for the Series 2016 Bonds is set forth in Appendix E, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Series 2016 Bonds. The Agency has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Series 2016 Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Series 2016 Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Series 2016 Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2016 Bonds may adversely affect the tax status of the interest on the Series 2016 Bonds.

Certain requirements and procedures contained or referred to in the Series 2016 Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series 2016 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Series 2016 Bonds is of the opinion that interest on the Series 2016 Bonds will be excludible from gross income for Federal and Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016 Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity. For example, although Bond Counsel for the Series 2016 Bonds is of the opinion that interest on the Series 2016 Bonds will not be a specific item of tax preference for the alternative minimum tax, corporations are required to include interest on the Series 2016 Bonds in determining "adjusted current earnings" under Section 56(c) of the Code, which may increase the amount of any alternative minimum tax owed.

Receipt of tax-exempt interest, ownership or disposition of the Series 2016 Bonds may result in other collateral Federal, state or local tax consequence for certain taxpayers, including, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or Railroad Retirement benefits under Section 86 of the Code and limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Series 2016 Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of Series 2016 Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Series 2016 Bonds.

Neither the City nor the County has designated the Series 2016 Bonds as "qualified tax-exempt obligations" under Section 265 of the Code.

Original Issue Premium

"Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Series 2016 Bonds that bear an interest rate that is higher than the yield (as shown on the cover page hereof), are being initially offered and sold to the public at an Acquisition Premium (the "Premium Bonds"). For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt bonds") must be amortized and will reduce the bondholder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining bondholder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Series 2016 Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Series 2016 Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Original Issue Discount

The Series 2016 Bonds that bear an interest rate that is lower than the yield (as shown on the cover page hereof) are being offered and sold to the public at an original issue discount ("OID") from the amounts payable at maturity thereon (the "Discount Bonds"). OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond, and for the Discount Bonds, the amount of accretion will be based on a single rate of interest, compounded semiannually (the "yield to maturity"). The amount of OID that accrues during each semi-annual period will do so ratably over that period on a daily basis. With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period that such purchaser owns the Discount Bond is added to such purchaser's tax basis for

purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond and thus, in practical effect, is treated as stated interest, which is excludable from gross income for federal income tax purposes.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

Legislative Proposals

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters described above or affect the market value of the Series 2016 Bonds. It cannot be predicted whether or in what form these proposals might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Series 2016 Bonds should consult their own tax advisors regarding pending or proposed federal tax legislation.

RATING

As noted on the cover page of this Official Statement, Standard and Poor's Rating Services ("S&P") has assigned its municipal bond rating of "___", to this issue of Series 2016 Bonds.

Such rating reflects only the view of said organization. Any explanation of the significance of such rating may only be obtained from S&P, at the following address: Standard & Poor's Rating Services, 130 East Randolph, Suite 2900, Chicago, Illinois 60601, telephone (312)233-7011.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of a rating may have an adverse effect on the marketability and/or market price of the Series 2016 Bonds.

The Agency presently expects to furnish such rating agency with information and material that it may request on future bond issues. However, the Agency assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of the rating agency's ratings on outstanding bonds.

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the "Rule") and so long as the Series 2016 Bonds are outstanding the Agency (the "Obligated Person") will agree pursuant to a Continuing Disclosure Undertaking (the "Disclosure Undertaking"), to be delivered on the date of delivery of the Series 2016 Bonds, to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board (the "MSRB"), certain annual financial information and operating data, including audited financial statements prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in "Appendix B" and "Appendix D" ("Comprehensive Annual Financial Report") of the Official Statement; such information shall be provided within 210 days following the fiscal year ending on the preceding June 30, commencing with the fiscal year ending June 30, 2016, provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditor to the Obligated Person;
- (ii) in a timely manner to the MSRB, notice of a failure (of which the Agency has knowledge) of the Agency to provide the required Annual Financial Information on or before the date specified in the Disclosure Undertaking.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Series 2016 Bonds, with certain enforcement rights in the event of a failure by the Agency to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Resolution. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. For purposes of this transaction with respect to material events as defined under the Rule:

- (a) there are no credit enhancements applicable to the Series 2016 Bonds;

- (b) there are no liquidity providers applicable to the Series 2016 Bonds; and
- (c) there is no property securing the Series 2016 Bonds.

The Agency has entered into previous disclosure undertakings under the Rule. Although the Agency is currently up-to-date in all required continuing disclosure filings, it has in the past been late in making such filings in a timely manner. The Agency has adopted procedures to assure timely and complete filings of required financial reports and notices of material events in the future.

UNDERWRITING

The Series 2016 Bonds are being purchased for reoffering by _____ (the "Underwriter"). The Underwriter has agreed to purchase the Series 2016 Bonds at an aggregate purchase price of \$_____ (reflecting the par amount of the Series 2016 Bonds, less underwriter's discount of \$_____). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Series 2016 Bonds to certain dealers (including dealers depositing Series 2016 Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page.

FINANCIAL ADVISOR

The Series 2016 Bonds will be sold by the solicitation and receipt of competitive bids. First Kentucky Securities Corporation, Lexington, Kentucky, is Financial Advisor to the Agency, and will receive a fee, subject to sale and delivery of the Series 2016 Bonds, for its advisory services.

MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the Agency from official and other sources and is believed by the Agency to be reliable, but such information other than that obtained from official records of the Agency has not been independently confirmed or verified by the Agency and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

This Official Statement has been duly executed and delivered for and on behalf of the Agency by its Chairman.

Owensboro-Daviess County
Regional Water Resource Agency

By: /s/ George Stuart
Chairman

APPENDIX A

Estimated Debt Service Requirements for the Series 2016 Bonds

**OWENSBORO-DAVISS COUNTY
REGIONAL WATER RESOURCE AGENCY
REVENUE REFUNDING BONDS SERIES 2016**

Estimated Debt Service Requirements

Maturity Date	Principal	Interest	Total P&I Paymt	Fiscal Yr Total
<i>1/1/2017</i>	<i>220,000</i>			
<i>7/1/2017</i>				
<i>1/1/2018</i>	<i>225,000</i>			
<i>7/1/2018</i>				
<i>1/1/2019</i>	<i>225,000</i>			
<i>7/1/2019</i>				
<i>1/1/2020</i>	<i>225,000</i>			
<i>7/1/2020</i>				
<i>1/1/2021</i>	<i>230,000</i>			
<i>7/1/2021</i>				
<i>1/1/2022</i>	<i>235,000</i>			
<i>7/1/2022</i>				
<i>1/1/2023</i>	<i>235,000</i>			
<i>7/1/2023</i>				
<i>1/1/2024</i>	<i>240,000</i>			
<i>7/1/2024</i>				
<i>1/1/2025</i>	<i>245,000</i>			
<i>7/1/2025</i>				
<i>1/1/2026</i>	<i>250,000</i>			
<i>7/1/2026</i>				
<i>1/1/2027</i>	<i>250,000</i>			
Totals	2,580,000			

Source: First Kentucky Securities Corp.

APPENDIX B



Additional Information Regarding the Agency

Description

The Regional Water Resource Agency (the "Agency") is a joint city-county sewer agency established in February, 1995, pursuant to KRS 76.231.

The Agency is the regional provider of public comprehensive wastewater services for Owensboro and Daviess County, Kentucky; excluding the facilities planning boundary for the City of Whitesville. The Agency was created by identical enabling ordinances of the City of Owensboro and Daviess County Fiscal Court, which incorporated the general powers granted under KRS Chapter 76.

The Agency has two (2) wastewater treatment facilities with design capabilities of 15.0 MGD and 6.8 MGD. Since the Agency's inception, all expansions and/or improvements constructed (or to be constructed) are designed for, and include, capacity for future development within the community.

The Agency currently has eight divisions and employs 77 people. The Agency also provides contract stormwater/drainage maintenance services for the City of Owensboro.

Largest Users of the Sewer System for Fiscal Year 2016

<u>Name</u>	<u>Average Monthly Usage in gallons</u>	<u>Percentage of Use</u>
R&B Foods/Mizkan America	27,837,748	12.33%
Dart Polymers	14,478,974	6.41
Specialty Foods Group	10,173,123	4.50
Owensboro Grain	7,249,884	3.21
Owensboro Health Regional Hospital	3,149,715	1.39
Sazerac North America-Glenmore	2,222,183	0.98
Owensboro Housing Authority	2,216,012	0.98
Daviess County Fiscal Court	1,647,096	0.73
Swedish Match-Pinkerton Tobacco	1,645,101	0.73
Metalsa	1,054,929	0.47

Source: Regional Water Resource Agency

Billed Water for Sewer Customers

<u>Customers</u>	<u>June 2016</u>		<u>Usage in gallons</u>	
	<u>Number of Customers</u>	<u>Average Monthly (1)</u>	<u>Annual (2)</u>	
Residential	27,264	3,903	1,272,931	
Non-Residential (3)	2,785	42,886	1,436,904	

(1) Based on July 2015 through June 2016 data from OMU and Water Districts.

(2) 1,000 gallons

(3) Includes twenty industrial customers which have sewage flow meters.

Source: Regional Water Resource Agency

Customer Service Charge

A monthly Customer Service Charge of \$12.95 is charged to all RWRA Customers.

Wastewater User Charges

The current Wastewater user charge is **\$4.39 per 1,000 gallons of water usage** for all Agency customers (i.e., industrial, commercial, residential, etc.).

Environmental Improvement Fee

A monthly fee for community environmental improvements is charged to all RWRA customers in the amount of \$3.95.

For non-residential customers whose monthly billable volume exceeds 15,000 gallons, a volume surcharge in the amount of \$.28 per 1,000 gallons is charged on the volume above 15,000 gallons.

Quality Surcharge

Commercial/Industrial customers with high-strength waste above the RWRA discharge limits will be assessed quality surcharges. Biochemical Oxygen Demand (B.O.D.) and Total Suspended Solids (T.S.S.) are \$0.220 and \$0.212 per pound, respectively, for strength exceeding 265mg/l. Quality surcharges for customers exceeding 100 mg/l of Fats, Oils and Grease (F.O.G.) are \$.221 per pound.

Capacity Fee

The Capacity fee for each Equivalent Residential Unit (ERU) is \$525.00. Qualified existing users are allowed to pay the \$525.00 in 240 monthly installments of \$3.76/month. ERU calculation methodology will remain unchanged.

System Development Fee

The System Development Fee for each original ERU in the pre-2000 service areas was \$1,053. Qualified existing users are allowed to pay this fee in 240 monthly installments of \$4.95/month. Between 2000 and 2013, users were charged a System Development Fee of \$1,320.00 and qualified existing users are allowed to pay this fee in 240 monthly installments of \$6.21/month. Current developing areas have a System Development Fee per ERU of \$2,178.00. Qualified existing users are allowed to pay this amount in 240 monthly installments of \$13.78/month. All customers requiring a permit for new construction shall be assessed the applicable System Development Fee as a part of the permit application process.

Assessment Fees

When RWRA constructs necessary wastewater facilities in unsewered areas, all costs associated with the capital construction (i.e., construction, engineering, easement acquisition, etc.) are assessed on a pro-rata basis to all benefited properties within an assessment zone. RWRA notifies property owners and they can elect to pay the related costs in a lump sum or may finance the assessment amount over a 20-year period. Owners choosing to finance their assessment shall have an apportionment warrant (lien) filed on the benefited property.

Connection Fee

The Connection Fee is a one-time charge, per connection to the Agency system. This fee may range from \$300 per residential unit up to \$1,000 per unit for commercial, industrial and institutional.

Tap Fee

A Tap fee is a charge assessed by the Agency to recover the cost associated with constructing a physical sewer connection for a facility, from the property line or right-of-way, to the Agency system. The base fee is \$500; but commercial, industrial and institutional may vary based on applicable factors.

Disposal of Transported Waste

The Agency assesses a fee for the treatment and proper disposal of acceptable waste transported to an Agency facility. The applicable wastewater user charges and surcharges will be applied to determine the transported waste charge to be used for a specific waste discharged at RWRA facilities. The base fee for domestic waste is \$5.20 per 100 gallons, and the calculated charge for non-domestic waste (i.e., industrial, commercial, etc.) varies depending on the nature, origin and strength of the waste. The disposal charges for yellow and brown grease are \$0.10 and \$0.07 per gallon, respectively, for waste collected and delivered from within Daviess County. For all waste types collected and delivered to RWRA from outside Daviess County, the disposal charge is doubled. In addition, qualified haulers pay an annual \$200 fee for a disposal permit.

Industrial Monitoring

Industries that require or request RWRA to perform a sample or test on their discharge reimburses the Agency for the laboratory testing costs.

Debt Service Coverage

Following is the calculation of estimated coverage of maximum debt service by net revenues (based on unaudited financials), after issuance of the 2016 Series A Bonds, using amounts for the fiscal year ended June 30, 2016:

Gross Revenues		\$19,743,277
Operating Expenses	\$16,905,577	
Less Depreciation	<u>(4,236,096)</u>	
Net Operating Expenses		\$12,669,481
Net Operating Revenues		\$7,073,796
Series 2016 Est. Maximum Principal and Interest		\$275,978
Debt Service Covered		25.63 x

Total Debt Service Coverage

Gross Revenues		\$19,743,277
Operating Expenses	\$16,905,577	
Less Depreciation	<u>(4,236,096)</u>	
Net Operating Expenses		\$12,669,481
Net Operating Revenues		\$7,073,796
Debt Service - Estimated Maximum Principal and Interest		\$2,835,799
Debt Service Covered		2.5 x

APPENDIX C

*Owensboro and Daviess County Demographic, Economic and
Financial Data*

GENERAL INFORMATION

Owensboro, originally known as "Yellowbanks" in reference to the color of the soil along the Ohio River banks, was first settled in 1797. By 1810, David Morton had opened a general store and population of the settlement grew to 100 by 1815. An 1817 Act of the Kentucky Legislature incorporated the town as "Owensborough", later shortened to "Owensboro." The Owensboro area has grown steadily, while retaining the "small town quality" of a friendly Agency of warm-hearted and hospitable people. Owensboro ranks as Kentucky's third largest city in terms of population and is the industrial and cultural capital of western Kentucky.

In 2013, Owensboro was named an All-American Agency by the National Civic League, one of only ten communities selected nationwide. Forbes Magazine ranked Owensboro #6 on their 2013 "Best Small Cities for Jobs" rankings and #62 "Best Small Places for Business and Careers," including a #24 in job growth and #37 ranking for "Low Cost of Doing Business." Other recent national recognitions include being named Kentucky's representative on Money Magazine #93 ranking on their Top 100 list of "America's Best Places to Live."

Location & Transportation



Owensboro is the county seat of Daviess County, and lies on the southern banks of the Ohio River, one of the nation's major waterways, in the western Kentucky coal field region. It is situated 32 miles southeast of Evansville, IN; 123 miles north of Nashville, TN; and 109 miles southwest of Louisville, KY and has direct access via highway, rail, river and air. The William H. Natcher Bridge provides a route to Interstate 64 in Indiana. Construction has commenced on the I-69 spur and I-64 / I-65 corridor linking Owensboro to the region. The Owensboro–Daviess County Regional Airport serves access to the national air transportation system and has recently positioned itself to receive \$1 million in Federal Aviation Administration funding.

Industry and Economic Development

The Owensboro area has emerged as an industrial hub of western Kentucky, attracting major manufacturing and processors in aluminum, distilling, coal mining, steel and natural gas transmission corporations. Locally produced commodities include electrical products, chewing tobacco, paper products, tubes, office furniture, wire, plastic, small electric motors, spaghetti sauce, truck frames, and many others.

The City is active in promoting economic development, as new developmental job growth is necessary to ensure the continued stability of the City's revenue base. Economic indicators and trends reflect stabilization in the area's economy compared to the previous year. As of May 2016, area employment was approximately the same as during the prior 12-month period and averaged approximately 47,133. The April 1, 2002, unemployment rate was 5.39%, about the same as both state and national rates. Active electric and water meters showed slight growth for the year.

An aggressive annexation policy is being pursued to insure continued growth and development for the City of Owensboro. Much of the City's long-term growth potential lies in the Carter Road/Airport Corridor, anchored by the 400-acre Mid-America Airpark. The City of Owensboro has coordinated with Industry, Inc., to complete Mid-America AirPark, which includes AirPark, Tamarack, and Unifirst Drives. The Mid-America AirPark is a valuable tool for attracting new industry to Owensboro. The Owensboro-Daviess County Regional Airport recently completed a \$40 million expansion. The overall outlook for the area's economy continues to remain bright.

Education

Quality education is a priority and education facilities in the area abound. The Owensboro Independent and Daviess County and parochial school systems provide elementary, middle and secondary school students with a quality education. The average student-teacher ratio for the public schools is 20-and 25-to-1.

Brescia University and Kentucky Wesleyan College are four-year education institutions offering Bachelor of Science and Arts degrees. The University of Louisville School of Nursing facilitates a BSN program locally in conjunction with Owensboro Health System. Owensboro Community and Technical College ("OCTC") offers two-year Associate of Arts and Science degrees, and several doctoral degree programs via telecommunications. Daymar College is a private two-year accredited business school. Graduate programs are offered through Brescia, Western Kentucky University and Murray State University. These programs provide area residents with the opportunity to earn post-graduate degrees without leaving the community. Western Kentucky University offers Junior and Senior level college courses, as well as Graduate programs, at its Owensboro Extended Campus adjacent to the OCTC campus. Each year more than 1,500 students participate in graduate programs for credit hours. Another 500 students utilize short courses or adult education workshops each year.

Medical Facilities

The Owensboro area has an excellent hospital that is rated among the top five percent in the nation: Owensboro Health Regional Hospital. This organization serves eleven counties in Kentucky and southern Indiana. Its new \$385 million state-of-the-art hospital facility opened June 1, 2013. OMHS also leads two key initiatives for cancer research in the Owensboro region, and is accredited by the Commission on Cancer of the American College of Surgeons as a Comprehensive Cancer Center.

Arts, Entertainment & Recreation

Owensboro offers a wide range of recreational and cultural activities. The Agency has everything from fishing on a nearby lake to live performances of the Owensboro Symphony Orchestra, one of the finest in the state. Municipal parks provide areas for picnicking, golf, tennis, softball, football and relaxing. Water sport activities may be enjoyed on the Ohio River.

The City recently opened the only municipal ice arena in Kentucky, Edge Ice Center. The year-round facility features a 42,600 square foot arena and is the home to the Owensboro Youth Hockey Association and the Owensboro Figure Skating Club. During the summer months, the City maintains two swimming pools and a Spraypark. The Spraypark addition to Legion Park was an enhancement to a beautiful park located in the center of Owensboro that already features basketball courts, a walking trail, playground equipment, and covered shelters. Owensboro hosts many local, state, regional and national softball and baseball tournaments at our softball complex located at Jack C. Fisher Park.

Cultural activities play a major role in the everyday lives of Owensboro residents. Owensboro RiverPark Center, a performing arts and civic center, boasts a 1,500 seat multi-purpose auditorium, and experimental theatre, a riverfront plaza, an open-air courtyard, meeting/reception rooms, and the International Bluegrass Museum. Each year the RiverPark Center hosts over 150 performance events and 900 civic events. Many cultural agencies are funded in part by the City of Owensboro. The City is also home to the Owensboro Museum of Fine Arts and the Owensboro Museum of Science and History, as well as the Owensboro Symphony Orchestra.

DEMOGRAPHICS AND WORKFORCE

Total Population

	2011	2012	2013	2014	2015
Labor Market Area	491,586	492,797	494,099	495,127	496,696
Daviess County	97,298	97,847	98,218	98,336	99,259
Owensboro	57,759	58,083	58,416	58,374	58,374

Source: U.S. Department of Commerce, Bureau of the Census, Annual Estimates.

Population by Selected Age Groups, 2014

	Daviess County		Labor Market Area	
	Number	Percent	Number	Percent
Under 16	21,281	21.7	101,738	20.6
16-24	10,888	11.1	56,939	11.5
25-44	23,891	24.3	122,162	24.7
45-64	26,489	27.0	134,853	27.2
65-84	13,565	13.8	68,563	13.9
85 and older	2,161	2.2	10,733	2.2
Median Age	39.1		39.4	

Source: U.S. Department of Commerce, Bureau of the Census.

Population by Race and Hispanic Origin, 2014

	Daviess County		Labor Market Area	
	Number	Percent	Number	Percent
White	90,318	91.9	450,329	91.0
Black	4,903	5.0	28,819	5.8
Am. Indian & Alaska Native	136	0.1	1,269	0.3
Asian	911	0.9	5,053	1.0
Native Hawaiian & other Pacific Islander	132	0.1	391	0.1
Other/Multirace	1,875	1.9	9,127	1.8
Hispanic Origin	2,759	2.8	12,068	2.4

Note: Hispanic is not a race category. A person can be white, black, etc. and be of hispanic origin. Source: U.S. Department of Commerce, Bureau of the Census.

Population Projections

	2015	2020	2025	2030
Daviess County	99,601	102,214	104,393	106,153

Source: Kentucky State Data Center, University of Louisville.

Personal Income

	2009	2014	Pct. Change
Daviess County	\$33,511	\$39,362	17.5 %
Kentucky	\$32,251	\$37,396	16.0 %
U.S.	\$39,376	\$46,049	16.9 %
Labor Market Area Range	\$25,886- \$38,636	\$30,055-\$45,596	

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Households

	2013		2013
	Number of Households	Persons Per Household	Median Household Income
Daviess County	37,677	2.51	\$46,908

Source: U.S. Department of Commerce, Bureau of the Census. (Median Household Income)
Kentucky State Data Center, University of Louisville (Number of Households, Persons Per Household).

Business & Industry

Summary of Recent Locations and Expansions, 2013-Present

	Companies		Reported	Investment
			Jobs	
Manufacturing Location	2	90		\$24,020,000
Manufacturing Expansion	22	262-317		\$101,421,322
Supportive/Service Location	0	0		\$0
Supportive/Service Expansion	0	0		\$0

Click [here](#) for detailed location and expansion information.

Note: Totals include announced locations and expansions.

Source: Kentucky Cabinet for Economic Development (May 03, 2016).

Employment by Major Industry by Place of Work, 2013

	Davieess County		Labor Market Area	
	Employment	Percent	Employment	Percent
All Industries	44,521	100.0	215,262	100.0
Agriculture, Forestry, Fishing and Hunting	213	0.5	778	0.4
Mining	140	0.3	553	0.3
Construction	1,733	3.9	11,376	5.3
Manufacturing	5,536	12.4	32,888	15.3
Trade, Transportation, and Utilities	9,295	20.9	36,738	17.1
Information	0	0.0	2,301	1.1
Financial Activities	3,344	7.5	8,682	4.0
Services	16,179	36.3	80,167	37.2
Public Administration	1,070	2.4	4,393	2.0
Other	0	0.0	N/A	N/A

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Major Business & Industry (Manufacturing & Service & Technology Firms Only)

Firm	Product(s)/Service(s)	Emp.	Year Established
Owensboro			
Bimbo Bakeries USA	Breads & rolls	150	1935
Boardwalk Pipeline Partners	Headquarters; natural gas transmissions company	207	1960
Canteen Service Co	Headquarters: vending services, coffee and food service management	275	1977
Daramic LLC	Automotive deep cycle & Industrial battery separators	158	1959
Dart Polymers Inc	Polystyrene pellets & EPS	140	1983
Glenmore Distillery, The	Whiskey, gin, vodka, wines, brandy & cocktail bottling	400	1869
Kimberly-Clark Corporation	Tissue paper & towels	340	N/A
Messenger-Inquirer	Newspaper publishing, commercial offset printing & typesetting	140	1929
Metalsa Structural Products Inc	Steel pickup truck frames (Tundra and Sequoia) and cradles (Highlanders & Siera)	211	1997
MPD Inc	Commercial tubes & components, microwave & police radar equipment, breath analyzers, ceramics & ceramic to metal seals	210	1987
Owensboro Grain Company LLC	Soybean crude oil & meal; biodiesel	162	1906
R&B Foods Inc	Tomato-based pasta sauces, pizza sauces, dairy-based Alfredo sauces, cheese sauce - All packaged in glass or plastic jars under the Ragu and Bertolli brand names.	400	1975

Southern Star Central Gas Pipeline Inc	Headquarters	468	2004
Specialty Foods Group Inc aka Field Packing Division	Processed meat products	570	1915
Swedish Match North America	Smokeless tobacco products	327	1973
Toyotetsu Mid America LLC	Automotive stampings and welded assemblies	550	2002
Unifirst	Uniform distribution	375	1998
US Bank Home Mortgage	Loan servicing, correspondent lending risk services, data center.	2077	1992
Yager Materials LLC	Ready-mixed concrete, crushed limestone, sand & gravel	192	1914
Philpot			
Premium Allied Tool Inc	Precision metal stampings, deep draw stampings, wire forms & strip forms	146	1966

Source: Kentucky Cabinet for Economic Development (May 03, 2016).

Tax Base Information

Year	Real Estate	Tangible Personal (1)	Real Estate Franchise	Tangible Franchise	Total Assessed Value
15/16	\$2,902,109,087	\$344,568,191	\$23,942,484	\$31,495,873	\$3,302,115,635
14/15	2,835,131,548	326,911,764	23,262,348	47,145,593	3,232,451,253
13/14	2,778,153,246	321,912,768	27,954,015	49,960,972	3,177,981,001
12/13	2,705,000,357	323,853,657	27,954,015	49,960,972	3,106,769,001
11/12	2,654,566,364	304,153,090	25,725,162	50,423,188	3,034,867,804

(1) Does Not Include Motor Vehicles and Watercraft.

Assessment Rates (per \$100.00 assessed valuation)

Year	Real Estate	Tangible Personal	Real Estate Franchise	Tangible Franchise	Motor Vehicles	Watercraft
15/16	.2593	.2631	.2593	.2631	.3030	.3030
14/15	.2593	.2713	.2593	.2713	.3030	.3030
13/14	.2593	.2713	.2593	.2713	.3030	.3030
12/13	.2593	.2713	.2593	.2713	.3030	.3030
11/12	.2593	.2905	.2593	.2905	.3030	.3030

Tax Collections

Year	Total Charges	Collected
15/16(1)	\$10,135,256	\$8,861,491
14/15	9,924,083	9,811,443
13/14	9,757,982	9,576,596
12/13	9,589,865	9,391,239
11/12	9,292,423	9,172,609

(1) As of 4/30/16

Largest Agency Corporate Taxpayers (for fiscal year ended 6/30/15)

<u>Name</u>	<u>Assessed Valuation</u>
Wal-Mart	\$51,597,526
Toyotetsu Mid America	30,397,615
Towne Square Mall, LLC	29,000,000
ATMOS Energy	25,053,490
Unifirst Corporation	20,130,908
Unilever (R&B Foods)	19,808,143
Owensboro Grain	18,735,169
Owensboro Towne Center LLC	17,296,264
Menards	16,437,284
SFG Inc.	15,144,597

APPENDIX D

***Owensboro-Daviess County Regional Water Resource Agency
Comprehensive Annual Financial Report
For Fiscal Year Ending June 30, 2015***

To view this report, please use the following link:

<http://emma.msrb.org/ER923276-ER721080-ER1122439.pdf>

APPENDIX E

Form of Final Approving Legal Opinion of Bond Counsel

[Form of Bond Counsel Opinion]

[Date of Delivery]

Owensboro-Daviess County Regional Water Resource Agency
Owensboro, Kentucky

Gentlemen:

We have acted as bond counsel in connection with the authorization, sale and issuance by Owensboro-Daviess County Regional Water Resource Agency, Owensboro, Kentucky (the "Agency"), a joint sewer agency of the City of Owensboro, Kentucky (the "City") and the County of Daviess, Kentucky (the "County"), acting by and through its Board as its duly authorized governing body, of \$_____ principal amount of Wastewater Revenue Refunding Bonds, 2016 Series A, dated October __, 2016 (the "2016 Series A Bonds").

The 2016 Series A Bonds have been authorized and issued pursuant to Chapter 76 of the Kentucky Revised Statutes (the "Act"), a certain General Bond Resolution adopted by the Agency on December 18, 1995 (the "General Resolution") and a certain Series Resolution authorizing the 2016 Series A Bonds adopted on August 15, 2016 (the "Series Resolution" and together with the General Resolution, the "Resolution"). Pursuant to the General Resolution and the Series Resolution, the Agency has authorized the issuance of the 2016 Series A Bonds for the purpose of paying certain costs of refunding the Agency's outstanding Wastewater Revenue Refunding and Improvement Bonds, 2007 Series A, paying the costs of issuance of the 2016 Series A Bonds and funding the debt service reserve fund, if required, in accordance with the Resolution.

We have examined such portions of the Constitution and Statutes of the United States, the Constitution and Statutes of the Commonwealth of Kentucky, 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 examined records, and the transcript of proceedings relating to the authorization and issuance of the 2016 Series A Bonds, including a specimen bond, and other relevant matters. 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 Agency as to certain factual matters. Based upon the foregoing, we advise you that in our opinion under existing law:

1. The 2016 Series A Bonds have been duly authorized, executed and issued by the Agency in accordance with the Constitution and Statutes of the Commonwealth, including the Act, and in accordance with the Resolution and the Series Resolution, and constitute valid and binding special obligations of the Agency, payable as to principal, interest, and premium, if any, from and secured by a pledge of (i) the Pledged Receipts, as defined in the Resolution, (ii) the proceeds of the sale of the 2016 Series A Bonds, (iii) Investment Obligations, as defined in the Resolution and (iv) all funds established by the Resolution, including accounts thereof and monies and securities therein, subject only to the provisions of the Resolution permitting the use and application thereof for or to the purposes and on the terms and conditions set forth in the Resolution.

2. Neither the faith and credit nor the taxing power of the Agency, the City, the County, the Commonwealth, or any other political subdivision thereof, nor the faith and credit of the Agency is pledged to the payment of the principal of or interest on the 2016 Series A Bonds, or to the payment of premium, if any. The Agency has no taxing power.

3. Interest on the 2016 Series A Bonds is exempt from income taxation by the Commonwealth of Kentucky, and the 2016 Series A Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

4. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the 2016 Series A Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the 2016 Series A Bonds will not be treated as a specific item of tax preference, under § 57(a)(5) of the Code, in computing the alternative minimum tax for individuals and corporations. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of § 103 of the Code. We express no other opinion as to the federal tax consequences of purchasing, holding or disposing of the 2016 Series A Bonds.

5. The City and the County have not designated the 2016 Series A Bonds as "qualified tax-exempt obligations" under § 265 of the Code.

Our opinion set forth above is subject to the qualification that the enforceability of the Resolution, the 2016 Series A Bonds 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 or by general equitable principles.

Without having undertaken to determine independently or to verify the accuracy or completeness of the statements contained in the Official Statement issued with respect to the 2016 Series A Bonds, and expressing no opinion as to the financial statements or any other financial or statistical data contained therein, nothing has come to our attention in the course of our professional engagement as Bond Counsel which would lead us to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

The 2016 Series A Bonds are special and limited obligations of the Agency, payable solely and only from the revenues provided for by the Resolution. The 2016 Series A Bonds do not pledge the general credit or taxing power, if any, of the Agency, the City, the County, the Commonwealth or any other agency or political subdivision of the Commonwealth.

Very truly yours,

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$2,580,000*

**Owensboro-Daviess County Regional Water Resource Agency
Wastewater Revenue Refunding Bonds, 2016 Series A
SALE: September 20, 2016 at 11:00 A.M., E.D.S.T.**

Notice is hereby given that electronic bids will be received by the Owensboro-Daviess County Regional Water Resource Agency (the "Agency"), until 11:00 a.m., E.D.S.T. on September 20, 2016 (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system) for the purchase of \$2,580,000* Wastewater Revenue Refunding Bonds, 2016 Series A (the "Bonds"), all or none. Alternatively, written sealed or facsimile bids for the Bonds by the designated time will be received by the Executive Director, 1722 Pleasant Valley Road, Owensboro, Kentucky 42302 (FAX: (270) 687-8444). Electronic bids must be submitted through BiDCOMP™/PARITY™ as described herein and no other provider of electronic bidding services will be accepted. Bids will be opened and acted upon later that same day.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to Chapter 76 of the Kentucky Revised Statutes and are being issued pursuant to the Agency's General Bond Resolution dated December 18, 1995 (the "General Resolution") and a Series Bond Resolution adopted by the Joint Sewer Agency Board (the "Board") of the Agency on August 15, 2016 (the "Series Bond Resolution," and together with the General Resolution, the "Resolution"). The Agency is a joint sewer agency of the City of Owensboro, Kentucky (the "City") and the County of Daviess, Kentucky (the "County"), created pursuant to Chapter 76 of the Kentucky Revised Statutes, an ordinance of the City adopted on October 18, 1994, as amended on November 19, 1996, and an ordinance of the County adopted on October 5, 1994, as amended on October 30, 1996

The Bonds are being issued to pay the costs, not otherwise provided, for (i) the current refunding of the Agency's outstanding Wastewater Revenue Refunding and Improvement Bonds, 2007 Series A (the "Prior Bonds"), (ii) the funding of the Debt Service Reserve Fund, if necessary, and (iii) the costs of issuing the Bonds.

The Bonds are secured by a pledge of the Pledged Receipts, defined to include all wastewater service rates, rentals and charges imposed, enforced and collected by the Agency, together with any income or operating subsidies (as distinguished from capital grants) received from any unit of government, either federal or state, by the Agency. Pledged Receipts also include all interest earned and gains realized on investment obligations acquired by any fund or account of the Agency unless the General Resolution specifically requires such interest earned or gains realized to remain in a particular fund or account, provided that any interest or gains on the funds held in escrow by a trustee for the payment of previously outstanding bonds are not included. The Agency has not pledged the revenues of any separately maintained drainage system.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds will be dated their date of initial issuance and delivery, bearing interest from such date, payable on the first day of each January and July, commencing January 1, 2017.

*Preliminary; subject to Permitted Adjustment.

The Bonds are scheduled to mature in each of the years as follows:

Maturities		Maturities	
<u>January 1</u>	<u>Amount*</u>	<u>January 1</u>	<u>Amount*</u>
2017	\$220,000	2023	\$235,000
2018	225,000	2024	240,000
2019	225,000	2025	245,000
2020	225,000	2026	250,000
2021	230,000	2027	250,000
2022	235,000		

The Bonds are not subject to optional redemption prior to their stated maturities.

At least thirty (30) days before the mandatory sinking fund redemption date of any Bonds that constitute term bonds, the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Bonds to be redeemed.

U.S. Bank National Association, Louisville, Kentucky, has been appointed Paying Agent and Registrar for the Bonds.

BIDDING CONDITIONS AND RESTRICTIONS

The terms and conditions of the sale of the Bonds are as follows:

- (A) Electronic bids for the Bonds must be submitted through **BiDCOMP™/PARITY™** system and no other provider of electronic bidding services will be accepted. Subscription to the **BiDCOMP™/PARITY™** Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by **BiDCOMP™/PARITY™** shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in **BiDCOMP™/PARITY™** conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Bond Sale shall prevail. Electronic bids made through the facilities of **BiDCOMP™/PARITY™** shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Agency. The Agency shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by **BiDCOMP™/PARITY™**. The use of **BiDCOMP™/PARITY™** facilities are at the sole risk of the prospective bidders. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form. Written sealed bids (in a sealed envelope marked “Official Bid for Bonds”) or facsimile bids for the Bonds by the designated time will be received by the Executive Director, 1722 Pleasant Valley Road, Owensboro, Kentucky 42302 (FAX: (270) 687-8444).
- (B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$2,554,200 (99.0% of par) nor more than \$2,709,000 (105.0% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

- (C) Interest rates for the Bonds must be in multiples of one-eighth of one percent (.125%) and/or one-hundredth of one percent (.01%) and all Bonds of the same maturity and series shall bear the same and a single interest rate from the date thereof to maturity.
- (D) The determination of the best bid will be made on the basis of the lowest true interest rate to be calculated as that rate (or yield) that, when used in computing the present worth of all payments of principal and interest on the applicable series of Bonds (compounded semi-annually from the date of the applicable series of Bonds), produces an amount equal to the purchase price of the applicable series of Bonds, as set forth in the Official Bid Form, for exactly \$2,580,000 principal amount of Bonds offered for sale hereunder; but the Agency may adjust (i) the principal amount of Bonds which may be awarded to the best bidder upward by up to \$255,000 or downward by such amount as may be deemed necessary by the Agency (the "Permitted Adjustment") up to a maximum of \$2,835,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted.

While it is the Agency's intention to sell and issue the approximate par amount of the Bonds as set forth herein, there is no guarantee that adjustments and/or revisions may not be necessary in order to properly size the Bonds. Accordingly, the Agency reserves the right in its sole discretion to adjust up or down the original par amount of the Series Bonds by up to \$25,000. Among other factors the Agency may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds, is the size of individual maturities or sinking fund installments, assuring level debt service, and/or other preferences of the Agency.

In the event that the principal amount of any maturity of the Bonds is revised after the award, the interest rate and reoffering price for each maturity and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

The successful bidder for the Bonds will be notified by no later than 4:00 p.m. (Central Time), on the sale date of the exact revisions and/or adjustment required, if any.

- (E) Bidders have the option of specifying that all the Bonds maturing in any two or more consecutive years may, in lieu of maturing in each of such years, be combined to comprise one or more maturities of Bonds scheduled to mature in the latest of such year and be subject to mandatory sinking fund redemption at par in each of the years and in the principal amounts of such term Bonds scheduled in the year of maturity of the term Bonds, which principal amount shall mature in that year.
- (F) CUSIP identification numbers will be printed on the Bonds at the expense of the Agency. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.
- (G) The Agency will provide to the successful purchasers a Final Official Statement in accordance with SEC Rule 15c2-12. A final Official Statement will be provided in Electronic Form to the successful bidders, in sufficient time to meet the delivery requirements of the successful bidders under SEC and Municipal Securities Rulemaking Board Delivery Requirements.
- (H) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer to the order of the Agency an amount equal to 2% of the amount of the principal amount of Bonds awarded by the close of

business on the day following the award. Said good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take delivery and pay for the Bonds unless delivery is made within 45 days from the date the bid is accepted.

- (I) The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.
- (J) The Agency reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, in accordance with the final approving legal opinion of Dinsmore & Shohl LLP, Covington, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX TREATMENT.
- (K) Bidders are advised that First Kentucky Securities Corporation has been employed as Financial Advisor in connection with the issuance of the Bonds. Their fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof.
- (L) As required by the Code, the purchasers of the Bonds will be required to certify to the Agency as to certain of their activities regarding any reoffering to the public of the Bonds, including any reoffering prices. This information from the purchasers of the Bonds shall also be made available to the Financial Advisor immediately after the sale of the Bonds.
- (M) The Agency has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder does so at its own risk and expense and the obligation of the successful bidder to pay for the Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The Agency will cooperate with the successful bidder in obtaining such insurance, but the Agency will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, taxes, if any,

and excluding only the fees of Standard & Poor's Ratings Services that will be paid by the Agency.

- (N) For purposes of calculating the true interest cost, the principal amount of any Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the respective series of Bonds at the same lowest true interest rate, the Chairman of the Agency, upon the advice of the Financial Advisor, shall determine (in his sole discretion) which of the bidders shall be awarded such Bonds.
- (O) Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the Agency's Financial Advisor, First Kentucky Securities Corporation; 377 East Main Street; Lexington, Kentucky 40507; Telephone: (859) 425-1100. Further information regarding BiDCOMP™/PARITY™ may be obtained from BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the Agency (the "Obligated Person") will agree pursuant to a Continuing Disclosure Undertaking (the "Disclosure Undertaking"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

- (i) to the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in "Appendix B" and "Appendix D" of the Official Statement ("Financial Data"); such information shall be provided within 210 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2016; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Obligated Person;
- (ii) to each nationally recognized municipal securities information repository or to the Municipal Securities Rulemaking Board and to the SID, if any, notice of the occurrence of the following events, if material, with respect to the Bonds:
 - (a) Principal and interest payment delinquencies;
 - (b) Non-payment related defaults;
 - (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (e) Substitution of credit or liquidity providers, or their failure to perform;
 - (f) Adverse tax opinions or events affecting the tax-exempt status of the security;
 - (g) Modifications to rights of security holders;
 - (h) Bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event;
 - (i) Defeasances;
 - (j) Release, substitution or sale of property securing repayment of the securities;
 - (k) Rating changes; and
 - (l) The cure of any payment or nonpayment related default.

- (iii) in a timely manner, to each NRMSIR or to the MSRB and to the SID, notice of a failure (of which the Obligated Persons have knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

The Disclosure Agreement provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Person to comply with the terms thereof; however, a default under the Disclosure Agreement does not constitute an event of default under the Bond Resolution. The Disclosure Agreement may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to material events as defined under the Rule:

- (a) there are no credit enhancements applicable to the Bonds;
- (b) there are no liquidity providers applicable to the Bonds; and
- (c) there is no property securing the Bonds.

The Agency has entered into previous disclosure undertakings under the Rule. Although the Agency is currently up-to-date in all required continuing disclosure filings, it has in the past been late in making such filings in a timely manner. The Agency has adopted procedures to assure timely and complete filings of required financial reports and notices of material events in the future.

TAX TREATMENT

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is excludible from gross income for Federal income tax purposes and interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal individual or corporate alternative minimum taxes. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from taxation, including personal income taxation, by the Commonwealth of Kentucky and its political subdivisions.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The Agency has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludible from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral federal, state or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

Neither the City nor the County has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

/s/ George Stuart

Chairman, Owensboro-Daviess County Regional Water
Resource Agency

OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$2,580,000* of Wastewater Revenue Refunding Bonds, 2016 Series A, dated their date of initial issuance and delivery (the "Bonds"), offered for sale by the Owensboro-Daviess County Regional Water Resource Agency (the "Agency") in accordance with the Preliminary Official Statement dated September 13, 2016 and the Notice of Bond Sale, as advertised in The Courier-Journal, published in Louisville, Kentucky and the Owensboro Messenger-Inquirer, published in Owensboro, Kentucky, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$2,580,000* principal amount of the Bonds, the total sum of \$_____ (not less than \$2,554,200 (99.0% of par) nor more than \$2,709,000 (105.0% of par), at the following annual rate(s), interest being payable semiannually, commencing January 1, 2017:

<u>MATURING</u> <u>JANUARY 1</u>	<u>AMOUNT*</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURING</u> <u>JANUARY 1</u>	<u>AMOUNT*</u>	<u>INTEREST</u> <u>RATE</u>
2017	\$220,000	_____%	2023	\$235,000	_____%
2018	225,000	_____%	2024	240,000	_____%
2019	225,000	_____%	2025	245,000	_____%
2020	225,000	_____%	2026	250,000	_____%
2021	230,000	_____%	2027	250,000	_____%
2022	235,000	_____%			

*Subject to Permitted Adjustment.

The Bonds maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____. The Bonds maturing in the following years: _____ are sinking fund redemption amounts for term bonds due _____.

Bids may be submitted electronically via the BiDCOMP™/PARITY™ system until the appointed date and time, but no bid will be received after such time. Notwithstanding the foregoing, completed bid forms may be submitted until the appointed date and time (i) in a sealed envelope marked "Official Bid for Bonds" or (ii) by facsimile transmission, in each case delivered to the office of the Executive Director of the Owensboro-Daviess County Regional Water Resource Agency, 1722 Pleasant Valley Road, Owensboro, Kentucky 42302 (FAX: (270) 687-8444). Neither the Agency nor the Financial Advisor assumes any responsibility whatsoever with regard to the receipt of bids, or that adequate personnel and/or equipment are available to accept all facsimile transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received via facsimile or delivered before the appointed date and time of sale. Any bids in progress by facsimile at the appointed time will be considered as received by the appointed time. No bids will be received via telephone.

We understand this bid may be accepted with variations in maturing amounts as provided in the Official Terms and Conditions of Bond Sale.

It is understood that the City will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel, of Covington, Kentucky.

No certified or bank cashier's check will be required to accompany the bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount will be applied (without interest) to the purchase price when said Bonds are tendered for delivery.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within forty-five (45) days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

Bidder

Address

By: _____
Signature

Total interest cost from date of delivery (estimated October 11, 2016) to final maturity \$ _____

Less premium bid or plus discount, if any \$ _____

Aggregate interest cost \$ _____

True interest rate (i.e. TIC) _____ %

The above computation of net interest cost is submitted for information only and is not a part of this Bid.

Accepted by the Chairman of the Owensboro-Daviess County Regional Water Resource Agency for \$ _____ principal amount of Bonds at the price of \$ _____ as follows:

<u>MATURING</u> <u>JANUARY 1</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURING</u> <u>JANUARY 1</u>	<u>AMOUNT</u>	<u>INTEREST</u> <u>RATE</u>
2017	_____	_____ %	2023	_____	_____ %
2018	_____	_____ %	2024	_____	_____ %
2019	_____	_____ %	2025	_____	_____ %
2020	_____	_____ %	2026	_____	_____ %
2021	_____	_____ %	2027	_____	_____ %
2022	_____	_____ %			

Dated: September 20, 2016

Chairman, Owensboro-Daviess County Regional
Water Resource Agency