PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 27, 2022

Book-Entry Only | **Rating: S&P "A+"**
New Issue – Not Bank Qualified | **See "Rating" herein**

In the opinion of Bond Counsel for the 2023 Series A Bonds, based upon an analysis of laws, regulations, rulings, and court decisions, and assuming continuing compliance with certain covenants made by the Agency, and subject to the conditions and limitations set forth herein under the heading "TAX TREATMENT," interest on the 2023 Series A Bonds is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax; however, interest on any 2023 Series A Bonds held by an "applicable corporation" is included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022. Interest on the 2023 Series A Bonds is exempt from Kentucky income tax, and the 2023 Series A Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

$74,020,000*
OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY WASTEWATER REVENUE BONDS, 2023 SERIES A

Dated: Date of Delivery | **Due: December 1, as shown below**

Interest on the above-captioned Bonds (the "2023 Series A Bonds") will be payable from the dated date, on June 1 and December 1 of each year, commencing June 1, 2023, and will mature on each December 1, as shown below:

Year	Amount*	Interest Rate	Price	Yield	CUSIP 690882	Year	Amount*	Interest Rate	Price	Yield	CUSIP 690882
2024	$2,585,000					2034	$3,630,000				
2025	2,665,000					2035	3,775,000				
2026	2,750,000					2036	3,930,000				
2027	2,840,000					2037	4,095,000				
2028	2,930,000					2038	4,265,000				
2029	3,030,000					2039	4,450,000				
2030	3,135,000					2040	4,640,000				
2031	3,250,000					2041	4,845,000				
2032	3,370,000					2042	5,055,000				
2033	3,495,000					2043	5,285,000				

The 2023 Series A Bonds are being issued pursuant to a General Bond Resolution adopted by the Board of Directors (the "Board") of the Owensboro-Daviess County Regional Water Resource Agency (the "Agency") on December 18, 1995 (the "General Bond Resolution"), and a 2023 Series A Bond Resolution adopted by the Board of the Agency on December 9, 2022 (the "2023 Series A Bond Resolution" and, together with the General Bond Resolution, the "Resolution"). The holders of the 2023 Series A Bonds shall, on a parity basis with the holders of all bonds and other parity obligations of the Agency outstanding under the Resolution (the "Parity Obligations"), have a priority lien on and security interest in the Pledged Receipts (as defined in the Resolution) of the Agency and any other special funds derived from the operation of the wastewater system of the Agency. The Agency reserves the right to issue additional obligations on a parity with the outstanding Parity Obligations, including the 2023 Series A Bonds, subject to satisfaction of the conditions set forth in the Resolution. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2023 SERIES A BONDS" herein.

The 2023 Series A Bonds will be issued as fully registered bonds in denominations of $5,000 or any integral multiple thereof, without coupons. The 2023 Series A Bonds will be issuable under a book-entry only system, registered in the name of Depository Trust Company or its nominee. There will be no distribution of the 2023 Series A Bonds to the ultimate purchasers. See "BOOK-ENTRY ONLY SYSTEM" herein and APPENDIX F hereto. Principal of the 2023 Series A Bonds is payable at the principal office of U.S. Bank Trust Company, National Association, Louisville, Kentucky as Registrar and Paying Agent. Interest on the 2023 Series A Bonds is payable by check or draft mailed to the registered owners thereof. The 2023 Series A Bonds are subject to optional redemption before maturity as described herein.

The 2023 Series A Bonds are special and limited obligations of the Agency and do not constitute a debt, liability, or general obligation of the Agency within the meaning of the Constitution and laws of the Commonwealth of Kentucky, or a pledge of the full faith and credit of the Agency. The Agency has no taxing power. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2023 SERIES A BONDS" herein.

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

The 2023 Series A Bonds are offered when, as, and if issued, subject to the approval of legality and tax exemption by Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel. Certain legal matters have been passed upon for the Agency by Charles J. Kamuf, Esq., Owensboro, Kentucky, General Counsel to the Agency. The 2023 Series A Bonds are expected to be available for delivery on or about January 26, 2023.

FIRST KENTUCKY SECURITIES CORPORATION
Financial Advisor

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* Preliminary, subject to change.

OWENSBORO-DAVIESS COUNTY REGIONAL WATER RESOURCE AGENCY

Executive Director
Joseph G. Schepers

Director of Finance & Administration
Dwayne Duke

Board of Directors
Tim Allen, Chair
Shawn Patterson, Vice-Chair
Ed Cecil, Secretary
David Johnson, Director
Becky Whitehead, Director
John Cummins, Director
Harry Roberts, Jr., Director
Charles J. Kamuf, Board Attorney

Rate Review Board
Tom Watson, Mayor, City of Owensboro
Mark Castlen, Mayor Pro-Tem, City of Owensboro
Larry Maglinger, City Commissioner
Bob Glenn, City Commissioner
Pam Smith-Wright, City Commissioner
Charlie Castlen, Daviess County Judge-Executive
Larry Conder, County Commissioner
Janie Marksberry, County Commissioner
Christopher Castlen, County Commissioner

BOND COUNSEL
Dinsmore & Shohl LLP
Louisville, Kentucky

FINANCIAL ADVISOR
First Kentucky Securities Corporation
Lexington, Kentucky

REGISTRAR AND PAYING AGENT
U.S. Bank Trust Company, 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 2023 Series A Bonds of the Agency. 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 the 2023 Series A Bonds, nor shall there be any sale of the 2023 Series A 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 2023 Series A 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 2023 Series A 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 operating revenues and other income 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 might be shown by such 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, (i) such statements are made as matters of opinion or estimates and not as representations of fact or certainty, (ii) no representation is made that any such statements have been or will be realized, and (iii) such statements should be regarded as suggesting independent investigation or consultation of other sources before the making investment decisions. Certain information may not be current; however, attempts have been made to date and document sources of information included herein. Neither this Official Statement nor any oral or written representations made by or on behalf of the Agency before the sale of the 2023 Series A Bonds should be regarded as part of the Agency's contract with the successful bidder or the holders from time to time of the 2023 Series A Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to provisions of the Kentucky Constitution or the Agency's 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 the principal of and premium, if any, and interest on the 2023 Series A Bonds; "Agency" means the Owensboro-Daviess County Regional Water Resource Agency; and "Commonwealth" or "Kentucky" means the Commonwealth of Kentucky.

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OFFICIAL STATEMENT

$74,020,000*
OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A

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 $74,020,000* aggregate principal amount of Wastewater Revenue Bonds, 2023 Series A (the "2023 Series A Bonds") of the Owensboro-Daviess County Regional Water Resource Agency, as specified on the cover page 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 2023 Series A Bonds to potential investors is made only by means of this entire Official Statement.

The Agency

The 2023 Series A Bonds are being issued by the Owensboro-Daviess County Regional Water Resource Agency (the "Agency"), a joint sewer agency of the City of Owensboro, Kentucky ("the City") and the County of Daviess, Kentucky (the "County"), established pursuant to (i) Chapter 76 of the Kentucky Revised Statutes ("KRS"), (ii) an ordinance of the City adopted on October 18, 1994, as amended on November 19, 1996, and (iii) an ordinance of the County adopted on October 5, 1994, as amended on October 30, 1996. The Agency is located in Daviess County in West Central Kentucky.

Sources of Payment for the 2023 Series A Bonds

Pursuant to the General Bond Resolution adopted by the Board of Directors (the "Board") of the Agency on December 18, 1995 (the "General Bond Resolution") and a Series Bond Resolution adopted by the Board of the Agency on December 9, 2022 (the "Series Bond Resolution" and, together with the General Bond Resolution, the "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 and premium, if any, and interest on the 2023 Series A Bonds, as and when the same shall become due and payable. THE 2023 SERIES A 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 2023 SERIES A BONDS ARE PAYABLE SOLELY FROM THE REVENUES OF THE SYSTEM AND THE ASSETS AND REVENUES PLEDGED THEREFOR UNDER THE RESOLUTION. NEITHER THE FULL 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 AND PREMIUM, IF ANY, AND INTEREST ON THE 2023 SERIES A BONDS.

Purpose of the 2023 Series A Bonds

The proceeds of the 2023 Series A Bonds, exclusive of accrued interest, if any, will be used to provide funds for deposit to the 2023 Series A Cost of Issuance Account, the 2023 Series A Construction, and Acquisition Account and the Debt Service Reserve established by the Agency under the Resolution. The proceeds of the 2023 Series A Bonds will be used (i) to pay all or a portion of the costs of the acquisition, construction, installation, and equipping of new projects, consisting of (a) revitalization and rehabilitation projects, (b) new system development, and (c) assessment extension projects (collectively, the "Project"); (ii) to fund the Debt Service Reserve in accordance with the Resolution, as described herein; and (iii) to pay the costs of issuance of the 2023 Series A Bonds. The 2023 Series A Bonds are secured by a pledge of the Pledged Receipts, as hereinafter defined.

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* Preliminary, subject to change.

Description of the 2023 Series A Bonds

The 2023 Series A Bonds mature as indicated on the cover page hereof. The 2023 Series A Bonds are being offered in fully registered form in denominations of $5,000 or any integral multiple thereof.

Redemption

The 2023 Series A Bonds maturing on or after December 1, 2031, shall be subject to optional redemption before maturity on any date on or after December 1, 2030, in whole or in part, in any order of maturity as the Agency may determine (if less than all of a single maturity to be selected, then by lot), at the election of the Agency upon thirty-five days' written notice to U.S. Bank Trust Company, National Association, Louisville, Kentucky, as Registrar and Paying Agent for the 2023 Series A Bonds (the "Registrar and Paying Agent"), at a redemption price equal to the par amount of the 2023 Series A Bonds to be redeemed, plus accrued interest to the date of redemption (see "THE 2023 Series A Bonds – Redemption – Optional Redemption" herein).

The 2023 Series A Bonds maturing on December 1, 20[__] are subject to mandatory sinking fund redemption commencing December 1, 20[__] (see "THE 2023 Series A Bonds – Redemption – Mandatory Sinking Fund Redemption" herein).

Book-Entry Only System

The 2023 Series A Bonds are issuable only as fully registered bonds, without coupons. The 2023 Series A Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2023 Series A Bonds. Purchasers of the 2023 Series A Bonds will not receive certificates representing their ownership interest in the 2023 Series A Bonds. So long as DTC or its nominee is the registered owner of the 2023 Series A Bonds, payments of the principal, redemption premium, if any, and interest due on the 2023 Series A Bonds will be made directly to DTC. The principal of and redemption premium, if any, and interest on the 2023 Series A Bonds will be paid directly to DTC by the Registrar and Paying Agent. (See "BOOK-ENTRY ONLY SYSTEM" herein and APPENDIX F hereto.)

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 2023 Series A Bonds will be 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 2023 Series A 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; however, interest on any 2023 Series A Bonds held by an "applicable corporation," as defined in Section 59(k) of the Code, will be included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022. In rendering the opinions in this paragraph, Dinsmore & Shohl LLP, Bond Counsel for the 2023 Series A Bonds 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 or state tax consequences of purchasing, holding, or disposing of the 2023 Series A Bonds. Interest on the 2023 Series A Bonds is also exempt from Kentucky income taxation and the 2023 Series A 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 2023 Series A Bonds as "qualified tax-exempt obligations" with respect to certain financial institutions under Section 265 of the Code.

See "TAX TREATMENT" herein and see APPENDIX E hereto for the form of the opinion Bond Counsel proposes to deliver in connection with the 2023 Series A Bonds.

Parties to the Issuance of the 2023 Series A Bonds

The Registrar and Paying Agent is U.S. Bank Trust Company, National Association, Louisville, Kentucky. Legal matters incident to the issuance of the 2023 Series A Bonds and with regard to the tax status of the interest thereon are subject to the approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel. The Financial Advisor to the Agency is First Kentucky Securities Corporation, Lexington, Kentucky.

Authority for Issuance

Authority for the issuance of the 2023 Series A Bonds is provided by Chapter 76 of the Kentucky Revised Statutes, the Resolution adopted by the Board of the Agency, and a resolution adopted by the Rate Review Board of the Agency (the "Rate Review Board") on December 15, 2022.

COVID-19 Pandemic

In March 2020, the Commonwealth of Kentucky and the United States both declared a state of emergency in response to the outbreak of COVID-19 (the "COVID-19 Pandemic"). In December 2020, the first COVID-19 vaccines became available, and by May 2021, most state mandates and regulations related to the COVID-19 Pandemic expired. The long term effects of the COVID-19 Pandemic may be significant and are undetermined at this time, and thus far, COVID-19 has caused the deaths of over 6,670,000 people worldwide. (See "IMPACT OF THE COVID-19 PANDEMIC" herein.)

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 to the 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. Copies of the basic documentation relating to the 2023 Series A Bonds, including the authorizing ordinance are available from the Agency.

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, 1500 Leestown Road, Suite 330, Kentucky 40511, telephone (859) 425-1100, Attention: Stan Kramer.

THE 2023 SERIES A BONDS

General

The 2023 Series A Bonds are dated the date of delivery and bear interest from such date at the rates set forth on the cover page of this Official Statement. Interest on the 2023 Series A Bonds is payable semiannually on each December 1 and June 1, commencing June 1, 2023.

Registration and Payment

The 2023 Series A Bonds are to be issued only as fully registered bonds in the denomination of $5,000 or any integral multiple thereof.

The 2023 Series A Bonds shall be payable at the principal office of the Registrar and Paying Agent with respect to principal or premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts. All interest payments shall be payable by check or draft mailed to the record date registered Bondholders. The record dates for December 1 and June 1 interest payment dates shall be the preceding November 15 and May 15, respectively.

U.S. Bank Trust Company, National Association, Louisville, Kentucky, has been appointed Registrar and Paying Agent for the 2023 Series A Bonds.

Redemption

Optional Redemption. The 2023 Series A Bonds maturing on or after December 1, 2031, shall be subject to optional redemption before maturity on any date on or after December 1, 2030, in whole or in part, in any order of maturity as the Agency shall determine (if less than all of a single maturity to be selected, then by lot), at the election of the Agency upon thirty-five days' written notice to the Registrar and Paying Agent, at a redemption price equal to the par amount of the 2023 Series A Bonds to be redeemed, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The 2023 Series A Bonds maturing on the dates set forth below are subject to mandatory sinking fund redemption before maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on the dates, in the years, and in the principal amounts as follows:

Maturing December 1, 20[__]

Date	Amount
December 1, 20[__]	$[____]
December 1, 20[__]	$[____]
December 1, 20[__]*	$[____]

* Final Maturity

At the option of the Agency, to be exercised at least forty-five days before the date for application of the mandatory redemption of any term bonds, the Agency may receive a credit against such mandatory redemption requirement for term bonds of the same maturity as the term bonds subject to the application of such mandatory redemption requirement which, before the date for application of such requirement (and of which a credit has not previously been taken) (i) have been redeemed other than through the application of such mandatory redemption procedure, and cancelled by the Registrar and Paying Agent, or (ii) have been delivered to the Registrar and Paying Agent by the Agency for cancellation.

Selection of 2023 Series A Bonds to be Redeemed. Upon the redemption of less than all of the outstanding 2023 Series A Bonds of the same maturity, the Agency shall assign to each such outstanding 2023 Series A Bond a distinctive number for each $5,000 of the principal amount of such 2023 Series A Bond and shall select by lot, using such method of selection as the Agency shall deem proper, in its discretion, as many numbers as, at $5,000 for each number, shall equal the principal amount of such 2023 Series A Bonds to be redeemed. The 2023 Series A Bonds to be redeemed shall be the 2023 Series A Bonds which were assigned the numbers so selected by the Agency; provided, however, that only so much of the principal amount of each such 2023 Series A Bond of a denomination of more than $5,000 shall be redeemed as shall equal $5,000 for each number assigned to it and so selected.

Notice of Redemption. The Agency shall give notice in the name of the Agency of the redemption of 2023 Series A Bonds determined by the Agency to be redeemed, which notice shall specify the maturities of the 2023 Series A Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the 2023 Series A Bonds of the same maturity are to be redeemed, the letters and numbers or other distinguishing marks of such 2023 Series A Bonds so to be redeemed and, in the case of 2023 Series A Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each 2023 Series A Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal thereof of 2023 Series A Bonds to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such Redemption Date interest thereon shall cease to accrue and be payable. The Agency shall provide the Registrar and Paying Agent with notice of such redemption no less than thirty-five days before the date of the redemption. Thereafter, the Registrar and Paying Agent, on behalf of the Agency, shall mail a copy of such redemption notice, postage prepaid, registered mail, not less than thirty days before the Redemption Date to the registered owners of any 2023 Series A Bonds or portions thereof which are to be redeemed, at their last addresses appearing upon the registry books.

BOOK-ENTRY ONLY SYSTEM

The 2023 Series A 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 only system is used, only DTC will receive or have the right to receive physical delivery of 2023 Series A Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, each as hereinafter defined, Beneficial Owners will not be or be considered to be, and will not have any rights as, holders of the 2023 Series A Bonds. For additional information about DTC and the book-entry only system see APPENDIX F hereto.

SECURITY AND SOURCE OF PAYMENT FOR 2023 SERIES A BONDS

The 2023 Series A Bonds, together with parity bonds which may be issued from time to time, pursuant to the General Bond Resolution (the “Parity Bonds,” and together with the 2023 Series A 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 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 excluded. 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 Bond 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 Bond 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 Bond Resolution, the Agency has covenanted to establish wastewater service rates which are adequate to accumulate and maintain all reserves as provided in the General Bond 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 2.29 times, and the debt service coverage on all debt is 1.7 times. The detailed calculations are shown in APPENDIX B hereto.

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 Bond 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 Bond Resolution.

For the further security of the holders of the Bonds and subordinated debt, the Agency, in the General Bond Resolution, has covenanted and agreed that, pursuant to the provisions of Section 76.090 of the Kentucky Revised Statutes 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 the 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 wastewater treatment facilities with design capabilities of 15.0 MGD and 6.8 MGD. Since the Agency's inception, all expansions or improvements constructed or to be constructed are designed for, and include, capacity for future development within the community.

The Agency currently has nine divisions and employs eighty-five people. The Agency also provides contract stormwater/drainage maintenance services for the City.

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 Rate Review Board.

Outstanding Indebtedness

The Agency has two series of wastewater revenue bonds outstanding, which constitute Bonds under the General Bond Resolution, which, upon the issuance of the 2023 Series A Bonds, will be secured as to security and source of payment by a first-lien pledge of the Pledged Receipts of the System on a parity basis with the 2023 Series A Bonds.

Bonds	Dated Date	Outstanding Principal Amount
Wastewater Revenue Refunding Bonds, 2016 Series A	October 11, 2016	$990,000
Wastewater Revenue Refunding Bonds, 2021 Series A	December 21, 2021	$13,405,000

In addition, the Agency has entered into various assistance agreements (the "Assistance Agreements") with the Kentucky Infrastructure Authority ("KIA"), which are secured by the revenues of its System on a basis subordinate to Bonds issued by the Agency under the General Bond Resolution, including the 2023 Series A Bonds. In addition to the Assistance Agreements, loans from the City of Owensboro, Kentucky and the Daviess County Fiscal Court also constitute subordinated debt under the terms of the General Bond Resolution (collectively, the "Subordinated Debt").

Loan	Principal Balance as of 6/30/22
KIA Loan A99-04	$1,458,770
KIA Loan A06-02	2,130,753
KIA Loan A07-08	494,817
KIA Loan A10-13	3,913,384
KIA Loan A12-14	254,643
KIA Loan A12-15	1,739,984
KIA Loan A13-017	690,579
KIA Loan A13-028	772,004
KIA Loan A14-008	252,119
KIA Loan A15-002	7,500,303
KIA Loan A15-027	895,788
KIA Loan A15-099	2,535,068
KIA Loan A18-007	1,864,102
KIA Loan A18-026	4,809,941

KIA Loan A19-024	1,749,877
KIA Loan B17-014	231,079
KIA Loan B17-015	354,191
Note Payable, City of Owensboro	504,338
Note Payable, Daviess County Fiscal Court	124,102

Board of Directors of the Agency

Name	Term Expires
Tim Allen	6/30/2024
Ed Cecil	6/30/2026
Johnny Cummins	7/01/2026
David Johnson	6/30/2025
Becky Whitehead	6/30/2023
Shawn Patterson	6/30/2024
Harry Roberts, Jr.	6/30/2025

Rate Review Board of the Agency

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 Board of the Agency, and to approve or disapprove any borrowing by the Agency following approval by the Board of the Agency. The Rate Review Board is comprised of the following members:

Name	Appointing Authority
Tom Watson	City
Mark Castlen	City
Larry Maglinger	City
Bob Glenn	City
Pam Smith-Wright	City
Charlie Castlen	County
Larry Conder	County
Janie Marksberry	County
Christopher Castlen	County

For additional information regarding the Agency, see APPENDIX B attached hereto.

THE PLAN OF FINANCING

A portion of the proceeds of the 2023 Series A Bonds will be used to pay the costs related to capital projects of the Agency consisting of (i) revitalization and rehabilitation projects, (ii) new system development and (iii) assessment extension projects. A portion of the proceeds of the 2023 Series A Bonds will be applied to fund a deposit to the Debt Service Reserve established under the General Bond Resolution, so that the balance therein following such deposit will equal the Aggregate Debt Service Reserve Requirement.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	
Principal amount of the 2023 Series A Bonds	$[____]
Original Issue [Discount/Premium]	[____]
Total Sources	$[____]
Uses:	
Construction	$[____]
Costs of Issuance	[____]
Debt Service Reserve Fund	[____]
Total Uses	$[____]

IMPACT OF THE COVID-19 PANDEMIC

General. The outbreak of a novel strain of coronavirus that can cause severe respiratory disease, referred to as COVID-19, was first detected in China in December 2019. Since then, COVID-19 has spread across the world, resulting in the death of more than 6,670,000 people internationally and more than 1,085,000 people in the United States. In March 2020, the outbreak of COVID-19 was declared a pandemic (the "COVID-19 Pandemic") by the World Health Organization, as well as a national emergency in the United States and a statewide emergency in the Commonwealth of Kentucky. The responses of governments, businesses, and individuals to the COVID-19 Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national, and local economies have experienced negative effects due to reduced consumer spending, increased unemployment, and government mandated and voluntary responses to mitigate the COVID-19 Pandemic, including school and business closures, event cancellations, and reduced travel. Unemployment in the United States and in the Commonwealth of Kentucky has increased as a result of the COVID-19 Pandemic.

In March 2020, Congress enacted the "Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), a $2.2 trillion economic stimulus bill aimed at mitigating the economic and health effects of the COVID-19 Pandemic. The CARES Act provided money and support to individuals, in the form of increased unemployment assistance and direct payments, and to various businesses and governmental entities. In March 2021, Congress passed the American Rescue Plan Act, a $1.9 trillion economic stimulus bill that provided additional direct payments to individuals and funding for various businesses and governmental entities, including an additional $350 billion in relief to state, local, and tribal governments.

In December 2020, the first COVID-19 vaccine, developed by Pfizer-BioNTech, and a vaccine developed by Moderna, began distribution in the United States. A third vaccine, developed by Johnson & Johnson, began distribution in February 2021. As of April 2021, all persons age 16 and older are eligible to receive the COVID-19 vaccine, as of November 2021, all persons age 5 and older are eligible to receive the COVID-19 vaccine, and as of June 2022, all persons age 6 months and older are eligible to receive the COVID-19 vaccine. In November 2021, the FDA authorized the use of a booster dose of the COVID-19 vaccine for all persons age 18 or older, and as of January 2022, all persons age 12 and older are eligible to receive a booster dose of the COVID-19 vaccine, and as of May 2022, all persons age 5 and older are eligible to receive a booster dose of the COVID-19 vaccine. On August 31, 2022, the FDA authorized the use of bivalent formulations of the Pfizer-BioNTech and Moderna vaccines as a booster dose for all individuals age 12 and older, and as of October 12, 2022, all individuals age 6 and older are eligible to receive a bivalent booster dose. As of December 20, 2022, over 81% of the United States population had received at least one dose of a vaccine, approximately 69% of the population is considered fully vaccinated, and over 14% of the fully vaccinated population had received the bivalent booster dose.

There can be no assurances as to the continuing materiality, severity, or duration of the negative economic conditions caused by the COVID-19 Pandemic.

Impact on the Commonwealth. In March 2020, pursuant to an executive order issued by Governor Andy Beshear, all businesses in Kentucky that encourage public congregation, such as entertainment, recreational, and sporting event facilities, were required to cease operations. In response to increases in new cases of COVID-19 in late June and early July 2020, Governor Beshear signed an executive order mandating masks in most public places for thirty days, which executive order was renewed and remained in place until June 11, 2021.

In April 2020, Governor Beshear announced the Healthy at Work initiative, a phased plan to reopen Kentucky's economy, based on criteria set by public health experts and advice from industry experts, with progress to be monitored by the Kentucky Department for Public Health. The Healthy at Work initiative sets out minimum requirements for all businesses, such as social distancing, face coverings, hand-washing, proper sanitation, and temperature checks and provides industry-specific guidance with additional rules and requirements for certain types of businesses.

In June 2021, most regulations and mandates (excluding those for certain high-risk activities) in Kentucky related to COVID-19 lapsed. As of December 20, 2022, 59.6% of Kentucky's population is considered fully vaccinated.

COVID-19 Variants.

Delta Variant. The Delta Variant is a mutation of COVID-19 that was first detected in India in December 2020. In July 2021, the Delta Variant became the primary strain of COVID-19 in the United States. Initial research indicates the Delta Variant is more contagious than prior strains of the COVID-19 virus. In June 2021, both the United States and the Commonwealth of Kentucky began seeing an increase in average cases per week, potentially due to the Delta Variant.

Omicron Variant. The Omicron Variant is a mutation of COVID-19 that was first detected in Botswana and South Africa in October 2021. In December 2021, the Omicron Variant became the dominant strain of COVID-19 in the United States. Initial research indicates the Omicron Variant is more contagious than prior strains of the COVID-19 virus but causes less severe illness. In December 2021, both the United States and the Commonwealth of Kentucky began seeing an increase in average cases per week, potentially due to the Omicron Variant.

BA.2 Variant. The BA.2 Variant, a sub-variant of the Omicron Variant, is a mutation of COVID-19 that was first detected in the Philippines in November 2021. In March 2022, the BA.2 Variant became the dominant strain of COVID-19 in the United States. Initial research indicates the BA.2 Variant is more contagious than prior strains of the COVID-19 virus but causes less severe illness. In March 2022, both the United States and the Commonwealth of Kentucky began seeing an increase in average cases per week, potentially due to the BA.2 Variant.

BA.5 Variant. The BA.5 Variant, a sub-variant of the Omicron Variant, is a mutation of COVID-19 that was first detected in South Africa in February 2022. The BA.5 Variant has been the dominant strain of COVID-19 in the United States since July 2022. Initial research indicates the BA.5 Variant is the most contagious strain of COVID-19 thus far, but causes less severe illness. In June 2022, both the United States and the Commonwealth of Kentucky began seeing an increase in average cases per week, potentially due to the BA.5 Variant.

Impact on the Agency. The impact of COVID on the Agency has been manageable and short-lived. The CARES and ARPA funds closed any gaps that may have occurred with revenues. The Agency cannot predict the full economic impact that the COVID-19 Pandemic or the Delta Variant will have on its financial condition or operations. The Agency will continue to monitor the impact on its revenue collections and operations.

SUMMARY OF THE SERIES BOND RESOLUTION

The Series Bond Resolution (i) authorizes and provides for the issuance of the 2023 Series A Bonds, (ii) establishes certain funds and accounts for the deposit of the proceeds of the 2023 Series A 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 2023 Series A Bonds

Debt Service Fund. There shall first be deposited in the Interest Account of the Debt Service Fund, identified in Section 505 of the General Bond Resolution, all sums received from the purchasers of the 2023 Series A 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 Bond Resolution.

Debt Service Reserve. After deposit of amounts required to be deposited in the Debt Service Fund, there shall be deposited in the Debt Service Reserve, identified in Section 506 of the General Bond Resolution, proceeds of the 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 Section 506 of the General Bond Resolution.

2023 Series A Cost of Issuance and 2023 Series A Construction and Acquisition Account. All amounts remaining after deposit of amounts required to be deposited to the Debt Service Fund and the Debt Service Reserve, shall be deposited in the Bond Proceeds Fund established with Independence Bank of Owensboro (the "Bond Proceeds Depository"), pursuant to Section 502 of the General Bond Resolution. The moneys in the Bond Proceeds Fund shall be deposited in a cost of issuance account known as the "2023 Series A Cost of Issuance Account" and a construction and acquisition account known as the "2023 Series A Construction and Acquisition Account" in amounts set forth in an order of an Authorized Officer regarding the delivery of the 2023 Series A Bonds. After all Costs of Issuance payable from the 2023 Series A Cost of Issuance Account have been paid, any balance in the account shall be deposited in the 2023 Series A Construction and Acquisition Account or shall be transferred to the Debt Service Fund, as determined by an Authorized Officer. Any amounts remaining in the 2023 Series A Construction and Acquisition

Account after completion of the Project shall be used to pay other permissible expenses of the Agency or transferred to the Debt Service Fund, as determined by an Authorized Officer.

Moneys credited to the 2023 Series A Construction and Acquisition Account shall be expended only for the payment of construction costs of the Project. Amounts in the 2023 Series A Construction and Acquisition Account shall be expended and applied by the depository upon issuance of a check or other bill of exchange drawn upon such 2023 Series A Construction and Acquisition Account, signed by an Authorized Officer. Such checks shall be issued in connection with the Project work for which the 2023 Series A Bonds are being issued, in order to make disbursements required to be made by the Agency pursuant to the terms and provisions of construction and acquisition contracts to which the Agency is a party relating to the Project. The Agency shall keep and maintain complete and detailed records with respect to the 2023 Series A Construction and Acquisition Account.

Upon the deposit of the proceeds of the 2023 Series A Bonds or other moneys in the manner prescribed in the 2023 Series A Construction and Acquisition Account, the Agency shall invest and reinvest the moneys in the 2023 Series A Construction and Acquisition Account in Investment Obligations so that the maturity date or date of redemption at the option of the holder of such Investment Obligations shall coincide as nearly as practicable with the times at which moneys are required by the Agency to be expended on account of construction and acquisition contracts in respect of the System. All Investment Obligations purchased shall be physically held in the custody of the depository and shall be deemed at all times to be part of such 2023 Series A Construction and Acquisition Account, and the depository shall deliver to the Agency a safekeeping certificate as to the identity and amount of all such investments. The Agency shall, by order signed by an Authorized Officer, sell at the best price obtainable, or present for redemption, any Investment Obligations purchased by it as an investment whenever it shall be necessary in order to provide moneys to meet any authorized payment from such 2023 Series A Construction and Acquisition Account.

The Agency shall from time to time pay out or permit the withdrawal of moneys from the 2023 Series A Construction and Acquisition Account for the purpose of making disbursements and payments to contractors, material suppliers, fabricators, and others rendering services for the Project, pursuant to the terms of contracts between the Agency and such persons upon issuance of a check or other bill of exchange drawn upon such 2023 Series A Construction and Acquisition Account signed by an Authorized Officer, accompanied by a written voucher executed by the Engineers for the Project, which voucher shall contain the following with respect to each payment or disbursement to be made:

(a) the name of the person or party to whom the payment or disbursement is to be made;

(b) the amount to be paid to such person or party;

(c) the applicable construction, acquisition or service contract in respect of which the payment or disbursement is to be made;

(d) that with respect to such requested payment or disbursement there has not been filed with or served upon the Agency notice of any lien or attachment upon, or claim affecting the right to receive, payment of any of the amounts requisitioned and payable to any of the persons, firms, or corporations named in such requisition which has not been released or will not be released simultaneously with such payment;

(e) that such requisition for payment contains no item representing payment on account of any retained percentages of construction cost which the Agency is at the date of such requisition entitled to retain;

(f) that in connection with such requisition for payment, the Agency has received such proofs as are properly required by the Agency to the effect that each obligation set forth in said requisition for payment has been (i) properly incurred, and (ii) is then due and unpaid; and (iii) that insofar as such obligation was incurred for work, services materials, equipment or supplies, such work or services was actually performed, or such materials, equipment or supplies were actually installed in furtherance of the construction of the Project, or were delivered at the site or sites of the Project for such purposes.

All such written checks or bills of exchange (requisitions) of the Agency signed by an Authorized Officer and conforming to the requirements set forth above received by the depository may be relied upon by and shall be retained in the possession of the Bond Proceeds Depository, subject at all times to the inspection of the Agency and its officials.

At such times as all moneys due to be disbursed from the 2023 Series A Construction and Acquisition Account have been so disbursed and paid, and the depository has received (a) a Certificate executed by an Authorized Officer stating that completion of the Project financed with the 2023 Series A Bonds has occurred, which Certificate shall be accompanied by (b) an opinion of legal counsel for the Agency stating that there are no uncalled mechanics', laborers', contractors' or materialmen's liens on file in any public office where the same should be filed in order to be valid liens against any part of the Project constructed by the Agency, and that in the opinion of said legal counsel the time within which such liens can be filed has expired, the balance in such 2023 Series A Construction and Acquisition Account shall thereupon be transferred by the depository to the Bond Payment Fund. Provided, however, that the Agency, by certificate executed by an Authorized Officer, may direct the depository to pay and transfer such remaining balance to any other construction and acquisition account created in connection with the System.

Tax Covenants

The Agency covenants that it will restrict the use of the proceeds of the 2023 Series A 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 Sections 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 BOND RESOLUTION

The General Bond Resolution (i) authorizes and provides for the issuance of Wastewater Revenue Bonds in series from time to time ranking on a parity with the 2023 Series A Bonds ("Parity Bonds," and together with the 2023 Series A Bonds, the "Bonds") pursuant to resolutions (each, 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 Bond Resolution contains various covenants and security provisions, certain of which are summarized below. Reference is made to the General Bond Resolution for a full and complete statement of its provisions.

General Application of Bond Proceeds Fund

Under the General Bond Resolution, the Agency is required to establish within the Bond Proceeds Fund established by the General Bond 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 Bond 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 BOND 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 Bond 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 Bond 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 Bond 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 Registrar and Paying Agent 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 BOND 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 before 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 such 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 $1/24^{th}$ 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 Registrar and 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 Registrar and 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 Registrar and 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 Registrar and 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 (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 Bond 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 Bond 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 the 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 Bond 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 Bond Resolution to be set aside and deposited therein, there shall be transferred and deposited to the Improvement, Repair and Replacement Fund any other moneys (i) received by the Agency from any other source and duly ordered to be deposited therein (unless required to be otherwise applied), (ii) for which the Agency has exercised a discretion to so deposit or transfer as permitted in the Resolution, and (iii) 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 (a) making up any deficiency in the Debt Service Fund and the Debt Service Reserve Fund, (b) redemption of Bonds, (c) payments of principal installments of or interest on Bonds when due, (d) transfer to the Wastewater Revenue Fund, or (e) 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: (i) 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; (ii) 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 Bond Resolution or in any Series Resolution adopted pursuant to the Resolution to permit such payment; and (iii) moneys in the Contingency Fund otherwise may be used for any other lawful purpose of the Agency.

Investment of Funds

The General Bond 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 without limitation 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 without limitation:

   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 without limitation:

   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 of the three highest categories by a nationally recognized rating agency;

(f) Bankers' acceptances for banks rated in one of the three 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 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 years; and
   3. All of the securities in the mutual fund shall be eligible investments pursuant to this item (j).

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

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 Bond 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 Bond 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 Bond Resolution. The General Bond Resolution provides that the Agency may issue notes 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 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 Bond 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 Bond Resolution and payable equally therefrom, as herein described.

Issuance of Parity Bonds

The General Bond Resolution provides that from and after the issuance of any Bonds thereunder, the General Bond 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 Bond 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 consecutive months of the eighteen months immediately before 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 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 months immediately before 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.

If 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 Bond 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 Bond Resolution, as described above, and fund from such Parity Bonds the additional Debt Service Reserve Requirement.

Issuance of Subordinated Debt

The General Bond Resolution provides that from and after the issuance of any Bonds thereunder, the General Bond 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 Bond 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 consecutive months of the eighteen months immediately before 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 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.

If 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 Bond 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 Bond Resolution provides procedures whereby the Agency may amend the General Bond 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 Bond 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 Section 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 Sections 103(b)(2) and 148 of the Code to that end, the Agency will comply with all requirements of Sections 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 Bond Resolution, has covenanted that it shall not (i) 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 (i) 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 before 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 Bond Resolution, which are subject at reasonable times to the inspection of the holders of an aggregate of not less than five percent 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 Bond 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 Bond 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 Bond 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 Bond Resolution.

Annual Audit. The Agency has covenanted that it will, within sixty 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 Bond Resolution, the status of required insurance and fidelity bonding as provided by the General Bond 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 Bond Resolution, and to cause each officer or other person having custody of any moneys administered under the provisions of the General Bond 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 Bond 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 Bond 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 Bond Resolution, any Series Resolution, any supplemental Resolution or the Bonds, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the holder of not less than five percent in principal amount of the outstanding Bonds.

The General Bond Resolution provides that upon the happening and continuance of any Event of Default, the holders of not less than twenty-five percent in principal amount of the outstanding Bonds may proceed, in their own name, subject to certain provisions in the General Bond 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 Registrar and Paying Agent 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 in principal amount of the holders of outstanding Bonds, to annul such declaration and its consequences; and

(g) if 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 Bond 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 Bond Resolution against any member, officer, director, or employee of the Agency or any natural person executing the Bonds.

Defeasance

The General Bond 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 before their maturity or redemption date thereof if (i) for Bonds to be redeemed before their maturity the Agency has given notice of redemption and (ii) 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 the Bonds on the redemption date or maturity thereof, have been deposited with the Paying Agents. Upon such defeasance, the General Bond Resolution shall cease, determine, and become null and void and the covenants, agreements, and other obligations of the Agency under the General Bond Resolution and governing Series Resolution 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 2023 Series A 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 2023 Series A Bonds of the Agency to the successful bidder therefor, the 2023 Series A 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 2023 Series A Bonds is attached as “Appendix E - Form of Bond Counsel Opinion.”

Bond Counsel has performed certain functions to assist the Agency in the preparation of this Official Statement. However, Bond Counsel 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 2023 Series A Bonds that may be made available by the Agency or others to the bidders or holders of the 2023 Series A Bonds or others. The engagement of Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings with regard to the 2023 Series A Bonds and an examination of such transcript proceedings incident to rendering its legal opinion. In its capacity as Bond Counsel, Bond Counsel has reviewed the information in this Official Statement under the Sections entitled “INTRODUCTION,” “THE 2023 SERIES A BONDS,” “SECURITY AND SOURCE OF PAYMENT FOR 2023 SERIES A BONDS,” “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 2023 Series A 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 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 2023 Series A Bonds, the security for the 2023 Series A Bonds, or the improvements being refinanced from the proceeds of the 2023 Series A Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the 2023 Series A Bonds.

TAX TREATMENT

General

In the opinion of Bond Counsel for the 2023 Series A Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the 2023 Series A Bonds is excludable from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the 2023 Series A 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 alternative minimum tax; however, interest on any 2023 Series A Bonds held by an "applicable corporation" will be included in annual "adjusted financial statement income" for purposes of calculating the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022. Furthermore, Bond Counsel is of the opinion that interest on the 2023 Series A 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 2023 Series A 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 2023 Series A Bonds. The Agency has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of 2023 Series A 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 2023 Series A Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the 2023 Series A 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 2023 Series A Bonds may adversely affect the tax status of the interest on the 2023 Series A Bonds.

Certain requirements and procedures contained or referred to in the 2023 Series A Bond documents and other relevant documents may be changed and certain actions (including without limitation defeasance of the 2023 Series A 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 2023 Series A Bonds is of the opinion that interest on the 2023 Series A 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 2023 Series A 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 2023 Series A 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 2023 Series A 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 2023 Series A 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 2023 Series A Bonds.

Neither the City nor the County has designated the 2023 Series A 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 2023 Series A 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 2023 Series A 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 2023 Series A 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 2023 Series A 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 duri.ng 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 2023 Series A 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 before enactment. Prospective purchasers of the 2023 Series A 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, S&P Global Ratings ("S&P") has assigned its municipal bond rating of "A+", to this issue of 2023 Series A Bonds. Such rating reflects only the view of S&P. Any explanation of the significance of such rating may only be obtained from S&P, at the following address: S&P Global Ratings, 200 Liberty Street, New York, New York 10281, (212) 235-2500.

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 2023 Series A 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 2023 Series A Bonds are outstanding, the Agency agrees pursuant to an Undertaking (the "Disclosure Undertaking"), to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB"), for each fiscal year of the Agency, (a) the operating data of the Agency for such fiscal year that is included within this Official Statement generally consistent with the information contained in APPENDIX B; and (b) audited financial statements and supplemental information prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in "APPENDIX D" of this Official Statement; all such information shall be provided no later than 210 days following the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2023, 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 Agency;

(ii) to the MSRB through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the 2023 Series A Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) 2023 Series A Bond calls, if material, and tender offers (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, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the Agency (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a

proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency);

(m) The consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) Incurrence of a Financial Obligation of the Agency, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Agency, any of which affect security holders, if material; and

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

(iii) in a timely manner, to the MSRB through EMMA, 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 Agreement.

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Disclosure Undertaking provides bondholders, including beneficial owners of the 2023 Series A Bonds, with certain enforcement rights upon 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, accompanied with an opinion of nationally recognized bond counsel, as more fully described therein.

For purposes of this transaction with respect to events as set forth in the Rule:

(a) there are no credit enhancements applicable to the 2023 Series A Bonds;
(b) there are no liquidity providers applicable to the 2023 Series A Bonds; and
(c) there is no property securing the repayment of the 2023 Series A Bonds.

The Agency has entered into previous disclosure undertakings regarding its general obligation debt under the Rule. To the best of the Agency's knowledge, the Agency has been in compliance with its continuing disclosure undertakings for the past five years.

UNDERWRITING

The 2023 Series A Bonds are being purchased for reoffering by [____] (the "Underwriter"). The Underwriter has agreed to purchase the 2023 Series A Bonds at an aggregate purchase price of $[____] (reflecting the par amount of the 2023 Series A Bonds, [plus/minus original issue premium/original issue discount of $[____]], 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 2023 Series A Bonds to certain dealers (including dealers depositing 2023 Series A 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 2023 Series A 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 2023 Series A 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 2023 Series A Bonds.

[Signature page to follow]

SIGNATURE PAGE TO OFFICIAL STATEMENT

This Official Statement has been duly executed and delivered for and on behalf of the Agency by its Chair as of the date set out below.

OWENSBORO-DAVIESS COUNTY REGIONAL WATER RESOURCE AGENCY

By: /s/________________________________
Chair

Dated January __, 2023

APPENDIX A

OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A

Debt Service Requirements for the 2023 Series A Bonds

OWENSBORO-DAVIESS COUNTY
REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS SERIES 2021A

Estimated Debt Service Requirements

Maturity Date	Principal*	Interest	Total P&I Paymt	Fiscal Yr Total
6/1/23				
12/1/23				
6/1/24				
12/1/24	$2,585,000			
6/1/25				
12/1/25	2,665,000			
6/1/26				
12/1/26	2,750,000			
6/1/27				
12/1/27	2,840,000			
6/1/28				
12/1/28	2,930,000			
6/1/29				
12/1/29	3,030,000			
6/1/30				
12/1/30	3,135,000			
6/1/31				
12/1/31	3,250,000			
6/1/32				
12/1/32	3,370,000			
6/1/33				
12/1/33	3,495,000			
6/1/34				
12/1/34	3,630,000			
6/1/35				
12/1/35	3,775,000			
6/1/36				
12/1/36	3,930,000			
6/1/37				
12/1/37	4,095,000			
6/1/38				
12/1/38	4,265,000			
6/1/39				
12/1/39	4,450,000			
6/1/40				
12/1/40	4,640,000			
6/1/41				
12/1/41	4,845,000			
6/1/42				
12/1/42	5,055,000			
6/1/43				
12/1/43	5,285,000			
Totals	$74,020,000			

Source: First Kentucky Securities Corp.

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* Preliminary, subject to change.

APPENDIX B

OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A

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 nine divisions and employs 85 people. The Agency also provides contract stormwater/drainage maintenance services for the City of Owensboro.

Largest Users of the Sewer System for Fiscal Year 2022

Name	Average Monthly Usage in gallons	Percentage of Use
Mizkan America	22,363,350	10.38%
Dart Polymers	10,638,711	4.94
Specialty Foods Group	7,595,869	3.52
Owensboro Grain	7,218,471	3.35
Sazerac North America-Glenmore	4,955,687	2.30
Owensboro Health Regional Hospital	2,889,125	1.34
Owensboro Housing Authority	2,272,798	1.05
Swedish Match	2,050,594	0.95
Daviess County Fiscal Court	1,447,131	0.67
Metalsa	1,369,214	0.64

Source: Regional Water Resource Agency

Billed Water for Sewer Customers

June 2022		Usage in gallons	
Customers	Number of Customers	Average Monthly (1)	Annual (2)
Residential	29,092	3,590	1,251,416
Non-Residential (3)	3,008	36,038	1,295,690

(1) Based on July 2021 through June 2022 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

B-1

Customer Service Charge

A monthly Customer Service Charge is charged to all RWRA Customers dependent on the size of the meter providing service, with the 1" meter being considered as the base with a charge of $18.45. Customers with a meter larger than 1" are billed based on the comparison of the square of the meter size to a typical 1" meter, with any meters larger than 6" being billed at the rate for a 6" meter.

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 $9.95.

For non-residential customers whose monthly billable volume exceeds 15,000 gallons, a volume surcharge in the amount of $.63 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

A monthly fee charged to all RWRA customers to be used for system capacity improvements as determined by the RWRA Board. A monthly Capacity Fee of $0.53 is charged to all RWRA customers with a 1" meter or less. Those with a meter larger than 1" are billed based on the comparison of the square of the meter size to a typical 1" meter, with any meters larger than 6" being billed at the rate for a 6" meter.

System Development Fee

"System Development" relates to the costs to provide sewer service to a general area. System Development Fees are levied on all properties that receive service-directly or indirectly-through System Development constructed facilities (major interceptors, lift stations, force mains, etc.). 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 $5.46 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 $0.1050 and $0.0735 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 are calculations of estimated coverage of maximum senior and total debt service by estimated net revenues after issuance of the 2023 Series A Bonds, using amounts projected for the fiscal year ended June 30, 2027:

Senior Debt Service Coverage

Gross Revenues		$35,569,271
Operating Expenses	$27,239,128	
Less Depreciation	(6,315,808)	
Net Operating Expenses		$20,923,320
Net Operating Revenues		$14,645,951
Debt Service - Estimated Maximum Principal and Interest		$6,561,733
Debt Service Covered		2.232 x

Total Debt Service Coverage

Gross Revenues		$35,569,271
Operating Expenses	$27,239,128	
Less Depreciation	(6,315,808)	
Net Operating Expenses		$20,923,320
Net Operating Revenues		$14,645,951
Debt Service - Estimated Maximum Principal and Interest		$9,007,473
Debt Service Covered		1.627 x

APPENDIX C

OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A

General Information Regarding the Owensboro-Daviess County Area

City of Owensboro

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 city of warm-hearted and hospitable people. Owensboro ranks as Kentucky's fourth largest city in terms of population and is the industrial and cultural capital of western Kentucky.

In August 2019, 24/7 Wall Street reported Daviess County the best place to retire in Kentucky. In 2015, SmartAsset.com said Kentucky was best state for early retirees to call home.

A 2017 USA Today article ranked Owensboro #11 in the country for percentage of new mortgages being closed by millennials, citing our recent downtown makeover as one of the factors attracting this demographic.

Owensboro received the Great River Cup in 2018 from Site Selection Magazine, based on corporate facility location and expansion activity along the Ohio River Corridor.

In 2017 Owensboro ranked 17th in The Best Places to Work in Manufacturing by SmartAsset.com. This is based on manufacturing as a percent of workforce, job growth, income growth, and income after housing.

In 2016 Milken Institute named Owensboro as one of the **Best-Performing Cities in the U.S.** by how well they are creating and sustaining jobs and economic growth. The components include job, wage and salary, and technology growth.

In 2013, Owensboro was named an All-America City 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 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 connects to the four-lane route north, Interstate 64 in Indiana, where work is continuing on the I-69 spur. The William Natcher Parkway South has recently been redesignated I-165, linking Owensboro to I-65. 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. **Owensboro Riverport Authority is the highest-volume public authority of the eight public ports in Kentucky.**

Education

Quality education is a priority and education facilities in the area abound. The Owensboro Independent and Daviess County public school districts, and the parochial school system 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. In 2018, Owensboro Independent had a graduation rate of 85.7% and an in-state college-going rate of 51%. In 2018, Daviess County had a graduation rate of 92.8% and an in-state college-going rate of 64%.

Brescia University and Kentucky Wesleyan College are four-year education institutions offering Bachelor of Science and Arts degrees. Both schools made the 2020 U.S. News & World Report's Best Regional Colleges in the South list. The University of Louisville School of Nursing facilitates a BSN (Bachelor of Science degree in Nursing) and a MEPN (Master's Entry into Professional Nursing) program locally in conjunction with Owensboro Health System. Owensboro Community and Technical College offers two-year Associate of Arts and Science degrees, and several doctoral degree programs via telecommunications. Graduate programs are offered through Brescia, Western Kentucky University and Murray State University. Western Kentucky University-Owensboro offers a host of undergraduate and graduate degree programs on their recently expanded Owensboro campus. These programs provide area residents with the opportunity to earn post-graduate degrees without leaving the city.

Medical Facilities

Owensboro Health is a nonprofit health system with a mission to heal the sick and to improve the health of the communities it serves in 18 Kentucky and Indiana counties. The system includes Owensboro Health Regional Hospital, nationally recognized for design, architecture and engineering and the only hospital in the world to be designated a Signature Sanctuary by Audubon International; Owensboro Health Muhlenberg Community Hospital; the Owensboro Health Medical Group comprised of over 200 providers at more than 20 locations; three outpatient Healthplex facilities, a certified medical fitness facility, the Healthpark; a surgical weight loss center and program, and the Mitchell Memorial Cancer Center. The $385 million, 477 -bed state-of-the-art hospital facility opened June 1, 2013. OHRH 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. For more information, visit OwensboroHealth.org.

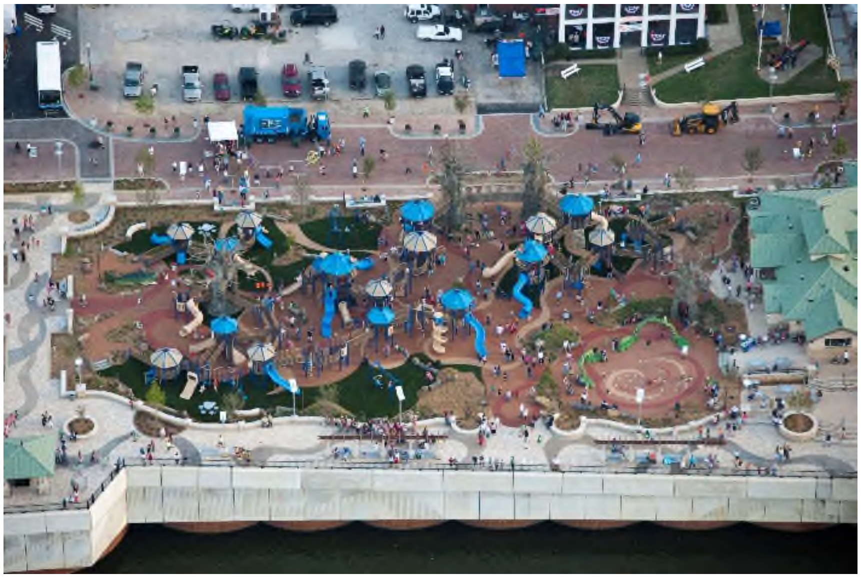
Arts, Entertainment & Recreation

Owensboro offers a wide range of cultural and recreational activities. The City has everything from live performances of the Owensboro Symphony Orchestra to fishing on a nearby lake. Cultural activities play a major role in the everyday lives of Owensboro residents and visitors. The Owensboro RiverPark Center, a performing arts civic center boasts a 1,500 seat multi-purpose auditorium, and experimental theatre, a riverfront plaza, and an open-air courtyard, meeting/reception rooms. 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.

The City, in partnership with the International Bluegrass Music Museum, Inc., constructed a $13.4 million, 47,000 square foot museum and entertainment venue that opened in October 2018 as the **new Bluegrass Music Hall of Fame and Museum.** The City of Owensboro was officially designated the Bluegrass Music Capital of the World on November 12, 2021 after more than a year of effort by the City and the Bluegrass Hall of Fame and Museum. This tourism and educational venue will serve as an iconic tribute to the bluegrass genre along with many other music styles of historic significance. The 485-seat theatre will become the home of the International Bluegrass Opera. Bluegrass is among the fastest growing music interests in the world. This hall of fame and museum will become a focal point of our tourism industry for not only our region but the entire country, for years to come. The debt the City incurred for this project is being reimbursed by the Downtown TIF funds.

The City offers a wide range of recreational activities, including hiking and biking trails, golfing at one of the two municipal golf courses, playing tennis at the City's new Tennis Facility that has indoor and outdoor courts, ice-skating in the only year-round municipal ice arena in Kentucky, softball, football and soccer. The City maintains two swimming pools and 3 sprayparks.

The City has twenty-four parks. Two are especially notable: Smothers Park and Legion Park. Smothers Park was built as part of the City's downtown revitalization and includes the Lazy Dayz Children's Playground, **named the #1 playground in the world by the Landscape Architects Network in 2013.**_Legion Park recently received new playground equipment, a zipline and dog park, enhancements to a beautiful park that features basketball courts, a walking trail, playground equipment, and covered shelters.



Owensboro hosts many local, state, regional and national softball and baseball tournaments at the softball complex located at Jack C. Fisher Park, which was renovated in 2019.

Economic Development

Over the years, the City has been proactive in annexing land into the city corporate boundaries through incentive programs. The city annexed over 338 acres for three large commercial developments that are all performing well. Of recent, an 81-acre residential development has been annexed. The city is currently in the process of executing several smaller annexations.

The City has also has two incentive agreements with the State of Kentucky. The State has approved two Tax Increment Financing Districts (TIFs) for the City; the Gateway Commons TIF on highway 54 and the Downtown Riverfront TIF. A TIF district reallocates funds from property taxes to encourage investment within the district. The State will be reimbursing the City for taxes (sales tax, payroll withholding and property tax) generated in the TIF designated areas. The City is slated to receive up to $20.5 million for the Gateway Commons TIF and up to $24.5 million for the Downtown Riverfront TIF.

Owensboro received national recognition for being the only metropolitan area in the country to have decreased its year-over-year unemployment rate of 4.4% at June 2019 to 4.2% at June 2020 amid the coronavirus pandemic.

Demographics

Total Population

	2014	2016	2017	2020
Daviess County	98,416	99,674	100,374	103,312
Owensboro	58,512	59,273	59,404	60,183

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

Population Projections

	2025	2030	2035	2040
Daviess County	104,517	106,676	108,502	110,129

Source: Kentucky State Data Center, University of Louisville.

Median Household Income 2019

Daviess County	$51,673
Owensboro	$43,369
Kentucky	$50,589

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

Educational Attainment 2019

Daviess County	High School diploma 90.0%	Bachelor's Degree 22.9%
Owensboro	High School diploma 88.4%	Bachelor's Degree 23.0%
Kentucky	High School diploma 86.2%	Bachelor's Degree 24.2%

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

Population in Civilian Labor Force 2019

Daviess County	61.8%
Owensboro	60.0%
Kentucky	59.0%

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

Civilian Labor Force

	Daviess County		**Labor Market Area**	
	2018	**Apr. 2019**	**2018**	**Apr. 2019**
Civilian Labor Force	48,018	47,816	243,650	244,121
Employed	46,121	46,170	234,618	236,415
Unemployed	1,897	1,646	9,032	7,706
Unemployment Rate (%)	4.0	3.4	3.7	3.2

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

Business & Industry

Summary of Recent Locations and Expansions, 2016-2019

	Companies	Jobs	Reported Investment
Manufacturing Location	1	10	$8,100,000
Manufacturing Expansion	18	420	$219,662,271
Service & Technology Location	1	830	$6,400,000
Service & Technology Expansion	4	42	$13,665,000

Note: Totals include announced locations and expansions.
Source: Kentucky Cabinet for Economic Development (September 04, 2019).

Employment by Major Industry by Place of Work, 2017

	Daviess County		Labor Market Area	
	Employment	Percent	Employment	Percent
Total All Industries	49,503	100.0	238,157	100.0
Total Private Industries	41,180	83.2	196,510	82.5
Natural Resources and Mining	317	0.6	2,679	1.1
Construction	2,116	4.3	12,594	5.3
Manufacturing	6,641	13.4	35,047	14.7
Trade, Transportation and Utilities	9,327	18.8	42,583	17.9
Information	297	0.6	1,990	0.8
Financial Activities	3,597	7.3	9,080	3.8
Professional and Business Services	3,913	7.9	22,930	9.6
Education and Health Services	8,839	17.9	39,300	16.5
Leisure and Hospitality	4,910	9.9	23,333	9.8
Other Services and Unclassified	1,223	2.5	6,966	2.9

Source: JobsEQ, Chmura Economics.

Top 20 Firms by Employment

Firm	Number of Employees 2021
Owensboro Health Regional Hospital	4,274
US Bank Home Mortgage	1,499
Owensboro Independent School District	833
Toyotetsu Mid-America	682
Sazerac Distillers	543
Specialty Food Group	513
Mizkan America Inc.	451
City of Owensboro	434
Unifirst Corp	405
Metalsa Structural Products, Inc.	396
Wendell Foster Organization	358
Audubon Area Community Services	349
Independence Bank	220
Texas Gas	210
Kentucky Wesleyan College	201
Yager Material	200
Acumen (RiverValley Behavioral)	184
MPD, Inc.	175
Owensboro Municipal Utilities	171
Owensboro Catholic Schools	146

APPENDIX D

OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A

The Agency's Audited Financial Statements and Supplementary Information
for Fiscal Years Ended June 30, 2022 and 2021

REGIONAL WATER RESOURCE AGENCY

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Years Ended June 30, 2022 and 2021

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Regional Water Resource Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Regional Water Resource Agency (RWRA) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Regional Water Resource Agency as of June 30, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RWRA, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RWRA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Auditor's Responsibilities for the Audit of the Financial Statements, Continued

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RWRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RWRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-9 and the Pension and Other Postemployment Benefits Schedules on pages 35-39 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2022, on our consideration of RWRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RWRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering RWRA's internal control over financial reporting and compliance.

Riney Hancock CPAs PSC

Owensboro, Kentucky
October 4, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Regional Water Resource Agency, (RWRA), we offer readers of our financial statements this narrative overview and analysis of the financial activities of RWRA for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with our financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

- The assets of RWRA exceeded its liabilities at the close of the current fiscal year by $80.32 million (net position). Of this amount, $22 million (unrestricted net position) may be used to meet RWRA's ongoing obligations to customers and creditors.
- RWRA's total net position increased by $4.3 million in 2022. This represents a 6% change from the 2021 balance.
- The operating revenues of RWRA increased by $690,730 to $26.5 million at the close of the current fiscal year. This represents a 2.7% change from 2021.
- The operating expenses excluding depreciation increased by $62,280 to $17.18 million at the close of the current fiscal year. This represents a 0.4% change from 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to RWRA's basic financial statements. RWRA's basic financial statements are comprised of two components: 1) enterprise fund financial statements and 2) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Enterprise Fund Financial Statements are designed to provide readers with a broad overview of RWRA's finances, in a manner similar to a private-sector business.

- **Statement of Net Position** – This financial statement presents information on RWRA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of RWRA is improving or deteriorating.

- **Statement of Revenues, Expenses and Changes in Net Position** – This financial statement identifies the revenues generated and the expenses incurred presenting how RWRA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows; thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g. earned but unused vacation leave).

Overview of the Financial Statements, Continued

- **Statement of Cash Flows** – This financial statement provides information relating to RWRA's cash receipts and cash expenditures during the fiscal year. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the fiscal year.

The enterprise fund financial statements can be found on pages 10 through 14 of this report.

Notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15 through 34 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of RWRA, assets exceeded liabilities by $80,320,439 at the close of the current fiscal year.

The largest portion of RWRA's net position (68%) reflects its investment in capital assets, net of related debt used to acquire those assets that is still outstanding. RWRA uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending. Although RWRA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statements of Net Position

	2022	2021
Current and other assets	$ 44,284,558	$ 35,003,418
Capital assets	102,608,923	95,964,923
Deferred outflows of resources	3,858,898	4,406,463
Total assets and deferred outflows of resources	150,752,379	135,374,804
Long-term liabilities	60,677,095	53,149,448
Other liabilities	6,341,683	5,472,009
Deferred inflows of resources	3,413,162	763,079
Total liabilities and deferred inflows of resources	70,431,940	59,384,536
Net position:		
Net investment in capital assets	54,660,973	58,935,796
Restricted	3,668,398	2,787,567
Unrestricted	21,991,068	14,266,905
Total net position	$ 80,320,439	$ 75,990,268

Financial Analysis, Continued

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2022	2021
Revenues:		
Operating revenues	$ 26,546,491	$ 25,855,761
Investment earnings	(649,023)	354,270
Capital contributions	2,023,499	1,601,867
Other revenues	412,209	333,854
Total revenues	28,333,176	28,145,752
Expenses:		
Operating expenses (excluding depreciation)	17,180,905	17,118,625
Depreciation expense	6,315,808	5,748,243
Interest expense	787,369	658,469
Other	(281,077)	(288,232)
Total expenses	24,003,005	23,237,105
Change in net position	4,330,171	4,908,647
Net position – beginning of year	75,990,268	71,081,621
Net position – end of year	$ 80,320,439	$ 75,990,268

RWRA's net position increased by $4,330,171 during the current year. Operating revenues increased by $690,730 while operating expenses and depreciation increased $629,845 from fiscal year 2021 levels. Key elements of these changes are explained in greater detail under the Review of Operations section.

Capital Asset and Debt Administration

Capital Assets – RWRA's investment in capital assets as of June 30, 2022, amounts to $102,608,923 (net of accumulated depreciation). Investment in capital assets increased by approximately 7% during the year. Below is a comparison of the items that make up capital assets as of June 30, 2022, with that of June 30, 2021.

	2022	2021
Land and Improvements	$ 2,165,678	$ 2,165,678
Sewage Treatment Plants	10,898,984	11,875,649
Sewers	59,642,517	58,535,140
Equipment	20,791,350	22,146,553
Construction in Progress	9,110,394	1,241,903
Total capital assets	$ 102,608,923	$ 95,964,923

Major capital asset activity for the current fiscal year included:

Current Year Projects, begun in a prior year, completed during the fiscal year:	
Lafayette Drive Pump Station Upgrade ($532,320.44 total)	$ 531,908
Cured In Place Pipe Rehab F/Y 21-1 ($468,107 total)	412,817
Towne Square North Manhole Repair 2021-29 ($401,896 total)	399,306
Baybrook Interceptor/Separation Project ($412,590.20 total)	333,175
DHP S. Clarifier Center Pier Rehab & Trough Epoxy ($152,699.21 total)	85,505
Manhole Rehab F/Y21-1 ($115,200 total)	67,880

Current Year Projects, begun and completed during the fiscal year:	
2022 Vactor Truck Mounted Jet Rodders W/ Freightliner 114SD Chassis (2)	$ 846,000
Cured In Place Pipe Rehab F/Y 21-2	517,026
Replacement/Repairs of Various Pumps	262,590
New/Replacement Vehicles - Admin (1) Operations (3) & Env. Compliance (1)	187,139
MRP Clarifier #3 Center Pier Trough Epoxy Coat	98,720
Variable Frequency Drives (VFD #94, #95 & #96)	41,010
2022 John Deere UTV-Gator Model HPX615E	17,662
Main Breaker for Horse Fork Pump Station - 1600 AMP Refurbished	17,450
Cues 2021 Compact Color Push Camera	13,759
Power Technology Portable Generator 90-49 Repair	11,345

Capital Asset and Debt Administration, Continued

DHP MCC HVAC Condenser Replacement		10,947
Microscope - 2020 Axiolab 5		9,684
Spectrophotometer DR3900 with RFIDI DRB200 Digital Reactor Block		8,320
Unit Heater 26 Install - MRP Dumpster Room HVAC		7,455
Hydraulic Quick Connect for 90-98 Bobcat Excavator Mini		7,151
Flowmeter - 2150 Flow Module w/ Area Velocity Sensor		7,036
Konica Minolta Bizhub C450i Color Copier/Printer/Scanner		5,753
Dell Smart Board		5,144
Current Year Projects, begun during the fiscal year, not completed at year end:		
Southtown Force Main Repair	$	354,572
Pump Station Ethernet-Barron, Mall & Warehouse		74,798
DHP Maintenance Shop Renovations		25,072
Parkway Drive Interceptor/Tampa		2,323
Current Year Projects, begun during a prior fiscal year, not completed at year end:		
Southtown Manhole Collapse Repair 2021-26 ($2,741,288 to date)	$	2,202,719
Facilities/Compliance-MRP Design ($2,387,273 to date)		2,192,160
Ravine Sewer Upgrade ($1,833,091 to date)		1,818,841
Facilities/Compliance-DHP Design ($1,688,288 to date)		1,450,228
Central Tunnel Sewer Manhole Rehab ($3,750 to date)		0

More detailed information on RWRA's capital assets is presented in Note 4 of the notes to the financial statements.

Long-Term Debt - At the end of the current fiscal year, RWRA had $47,340,842 in bonds, loans, and notes payable outstanding versus $37,067,792 last year, an increase of 28%.

RWRA has two bond issues outstanding, one note payable to the City of Owensboro, and one note payable to the Daviess County Fiscal Court. Other long-term obligations of RWRA include net pension and OPEB liabilities, accrued compensated absences and loans from the Kentucky Infrastructure Authority. Note 6 of the notes to the financial statements include additional information regarding RWRA's pension and OPEB plan. More detailed information on RWRA's long-term liabilities is presented in Note 5 of the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Review of Operations

Operational Revenues – Sewer Service Charges include six elements: the Wastewater User Charge, the Customer Service Charge, an Environmental Improvement Monthly Fee, an Environmental Improvement Volume Charge, a Capacity Fee, and Transported Waste.

Effective July 1, 2021, the Customer Service Charge which is dependent on the size of the meter providing service, with the 1" meter being considered as the base, increased to $18.45. Customers with a meter larger than 1" were billed based on the comparison of the square of the meter size to a typical 1" meter, with any meters larger than 6" being billed at the rate for a 6" meter. The Customer Service Charge saw a $529,306 increase from fiscal year 2021 to 2022. The Wastewater User Charge remained at $4.39 per 1,000 gallons per month. Revenue received from the Wastewater User Charge, the primary operational revenue source, saw a $196,938 decrease from the previous year from $11,349,318 in fiscal year 2021 to $11,152,380 in fiscal year 2022, a 2% decrease.

The Environmental Improvement Monthly Charge increased from $8.75/month to $9.95/month flat amount charged to all metered customers, effective July 1, 2021. In fiscal year 2022, this amounted to $3,782,074; a $492,726 or 15% increase from the prior year. A Volume Charge for all non-residential customers was charged for usage in excess of 15,000 gallons/month; the charge increased from $0.56/1,000 gallons to $0.63/1,000 gallons, effective July 1, 2021. In fiscal year 2022, revenue from this source was $699,912; a $83,839 or 14% increase from the prior year.

The Capacity Fee is charged to every customer of RWRA that is connected to the system. A monthly Capacity Fee of $0.53 was charged to all RWRA customers with a 1" water meter or less. Those with a meter larger than 1" were billed based on the comparison of the square of the meter size to a typical 1" meter. Revenue from this source was $219,529 in fiscal year 2022.

Also included in the Sewer Service Charge total is Transported Waste, which is wastewater brought to the treatment plants from various domestic and commercial sources. Revenue from Transported Waste decreased from $962,262 in fiscal year 2021 to $803,687 in fiscal year 2022, a decrease of $158,575, or 16%.

The total revenue from the six components of Sewer Service Charge increased from $23,475,161 in fiscal year 2021 to $24,234,829 in fiscal year 2022, an increase of 3%.

Operational Expenses – Total operational expenses, excluding depreciation, increased from $17,118,625 in fiscal year 2021 to $17,180,905 in fiscal year 2022, an increase of $62,280.

Long-Term Trends

Capital Program – RWRA is undertaking several projects in the approved Long-Term Control Plan (LTCP) which is associated with the Clean Water Act's Combined Sewer Overflow (CSO) initiative. Projects continuing for this coming year include a key component for environmental improvement which is the Parkway Drive Interceptor Project, the Williamsburg Square Pump Station and Force Main Project, and the Ravine Sewer Upgrades.

RWRA remains committed to maintaining and upgrading the existing infrastructure. Major capital rehabilitation projects include Manhole Rehabilitations, Pump Station Upgrades, and Cured-in-Place-Pipe Lining.

RWRA also remains committed to investing in technological and communication improvements in order to more efficiently monitor and control the treatment plants and the various lift stations in the RWRA collection system. The Pump Station Ethernet Project - Barron, Mall & Warehouse is scheduled for completion this year.

Long-Term Debt – Projects budgeted for plant upgrades and Clean Water Act improvements in the amount of approximately $70,000,000 will be financed by borrowing. We will continue to look for opportunities that offer savings on restructuring RWRA's debt in the future.

Cash and Reserves – The RWRA Board has maintained designated reserves for a number of years. As a part of the Kentucky Infrastructure Authority (KIA) loan agreements, $2,500,000 has been designated as a reserve. RWRA's two bond issues outstanding also maintains designated reserves in the amount of $1,168,398 in fiscal year 2022. In previous years, the Board had also designated $2,000,000 as an emergency capital reserve, $1,000,000 as an operating reserve, and $500,000 for renewal and replacement. It is intended to stay at or above these levels of reserve.

Requests for Information

This financial report is designed to provide readers with a general overview of RWRA's finances and to show RWRA's accountability for the receipts and uses of funds. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, at 1722 Pleasant Valley Road, Owensboro, Kentucky, 42303.

REGIONAL WATER RESOURCE AGENCY

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2022	2021
Current assets:		
Cash	$ 350	$ 350
Equity in external investment pool	36,332,295	26,862,765
Due from Owensboro Municipal Utilities	2,385,901	2,821,519
Due from related party	8,713	4,473
Accounts receivable	1,539,728	1,960,212
Prepaid supplies	298,662	300,527
Other current assets	50,511	266,005
Total current assets	40,616,160	32,215,851
Noncurrent assets:		
Restricted assets	3,668,398	2,787,567
Capital assets, net	102,608,923	95,964,923
Total noncurrent assets	106,277,321	98,752,490
Total assets	146,893,481	130,968,341
Deferred outflows of resources:		
Deferred charges on refunding	41,950	49,940
Pension deferred outflows	1,818,872	2,376,530
Other postemployment benefits deferred outflows	1,998,076	1,979,993
Total deferred outflows of resources	3,858,898	4,406,463
Total assets and deferred outflows of resources	$ 150,752,379	$ 135,374,804

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2022	2021
Current liabilities:		
Accounts payable	$ 1,637,632	$ 1,558,818
Accrued liabilities	296,728	227,873
Compensated absences	78,312	48,314
Current maturities of long-term debt	4,149,771	3,617,671
Contracts and retainage payable	179,240	19,333
Total current liabilities	6,341,683	5,472,009
Noncurrent liabilities:		
Compensated absences	1,024,104	1,083,725
Net pension liability	12,161,872	14,150,614
Net other postemployment benefits liability	3,650,990	4,453,713
Long-term debt	43,840,129	33,461,396
Total noncurrent liabilities	60,677,095	53,149,448
Total liabilities	67,018,778	58,621,457
Deferred inflows of resources:		
Pension deferred inflows	1,739,012	-
Other postemployment benefits deferred inflows	1,674,150	763,079
Total deferred inflows of resources	3,413,162	763,079
Net position:		
Net investment in capital assets	54,660,973	58,935,796
Restricted for maintenance and equipment replacement	2,500,000	2,500,000
Restricted for debt service	1,168,398	287,567
Unrestricted	21,991,068	14,266,905
Total net position	80,320,439	75,990,268
Total liabilities, deferred inflows of resources, and net position	$ 150,752,379	$ 135,374,804

See Notes to Financial Statements

REGIONAL WATER RESOURCE AGENCY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years Ended June 30, 2022 and 2021

	2022	2021
Operating revenues:		
Sewer service charges	$ 24,234,829	$ 23,475,161
Industrial surcharge	1,444,056	1,218,506
Sewer taps	109,872	132,675
Storm water	679,280	710,851
Other	78,454	318,568
Total operating revenues	26,546,491	25,855,761
Operating expenses:		
Field operations:		
Salaries, wages and benefits	3,138,283	3,242,613
Maintenance	1,246,275	1,110,174
Utilities	11,834	11,242
Supplies	144,850	90,250
Other	118,238	90,205
	4,659,480	4,544,484
Treatment plant operations:		
Salaries, wages and benefits	1,100,690	1,168,687
Maintenance	7,470	7,220
Utilities	1,532,422	1,591,046
Supplies	394,952	187,995
Other	746,314	797,087
	3,781,848	3,752,035
Maintenance operations:		
Salaries, wages and benefits	1,387,830	1,519,903
Maintenance	187,663	140,349
Utilities	472,311	519,760
Supplies	102,597	61,306
Other	32,600	31,165
	2,183,001	2,272,483
Agency administration:		
Salaries, wages and benefits	1,188,415	1,524,731
Maintenance	20,459	24,862
Utilities	47,748	25,869
Supplies	52,868	53,215
Other	1,081,568	1,111,256
	2,391,058	2,739,933
Operations administration:		
Salaries, wages and benefits	442,457	511,999
Maintenance	37,469	56,073
Utilities	40,586	38,397
Supplies	13,952	50,284
Other	84	-
	534,548	656,753

See Notes to Financial Statements

REGIONAL WATER RESOURCE AGENCY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, Concluded

Years Ended June 30, 2022 and 2021

	2022	2021
Operating expenses, Continued:		
Engineering:		
Salaries, wages and benefits	1,555,269	1,677,283
Maintenance	29,882	25,477
Utilities	9,615	9,637
Supplies	38,293	41,291
Other	253,236	285,453
	1,886,295	2,039,141
Environmental Compliance:		
Salaries, wages and benefits	466,238	-
Maintenance	7,035	-
Utilities	1,707	-
Supplies	19,583	-
Other	66,975	-
	561,538	-
Contractual services:		
Salaries, wages and benefits	382,938	410,937
Maintenance	42,107	36,367
Utilities	1,502	1,439
Supplies	53,325	40,589
Other	703,265	624,464
	1,183,137	1,113,796
Depreciation	6,315,808	5,748,243
Total operating expenses	23,496,713	22,866,868
Operating income	3,049,778	2,988,893
Nonoperating revenues (expenses):		
Gain (loss) on sale of capital assets	183,684	250,625
Investment earnings	(649,023)	354,270
Miscellaneous revenue	15,134	27,065
Tax increment financing revenue	213,391	56,164
Interest expense	(787,369)	(658,469)
Other income (expense)	281,077	288,232
Total nonoperating revenues (expenses)	(743,106)	317,887
Income before capital contributions	2,306,672	3,306,780
Capital contributions	2,023,499	1,601,867
Change in net position	4,330,171	4,908,647
Net position, beginning of year	75,990,268	71,081,621
Net position, end of year	$ 80,320,439	$ 75,990,268

See Notes to Financial Statements

REGIONAL WATER RESOURCE AGENCY

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Receipts from customers	$ 27,398,353	$ 26,004,945
Other receipts (payments)	296,211	315,297
Payments to suppliers for goods or services	(7,062,705)	(7,043,183)
Payments to or on behalf of employees	(9,224,695)	(8,164,051)
Net cash provided by operating activities	11,407,164	11,113,008
Cash flows from capital and related financing activities:		
Principal payments on long-term debt	(3,616,950)	(3,371,032)
Proceeds from issuance of long-term debt	14,545,987	1,448,506
Interest paid	(797,583)	(652,282)
Change in restricted assets	(880,831)	(18)
Gain (loss) on disposal of capital assets	183,684	250,625
Acquisition and construction of capital assets	(11,787,053)	(9,332,150)
Tax increment financing revenue	213,391	56,164
Capital contributions	850,744	1,123,830
Net cash used in capital and related financing activities	(1,288,611)	(10,476,357)
Cash flows from investing activities:		
Investment earnings	(649,023)	354,270
Net cash provided (used) by investing activities	(649,023)	354,270
Net increase in cash and cash equivalents	9,469,530	990,921
Cash and cash equivalents, beginning of year	26,863,115	25,872,194
Cash and cash equivalents, end of year	$ 36,332,645	$ 26,863,115
Included in the following statement of net position captions:		
Reconciliation to cash and cash equivalents:		
Cash	$ 350	$ 350
Equity in external investment pool	36,332,295	26,862,765
	$ 36,332,645	$ 26,863,115

See Notes to Financial Statements

REGIONAL WATER RESOURCE AGENCY

STATEMENTS OF CASH FLOWS, Concluded

Years Ended June 30, 2022 and 2021

		2022		2021
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$	3,049,778	$	2,988,893
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		6,315,808		5,748,243
Other nonoperating income (expense)		296,211		315,297
Change in assets and liabilities:				
Decrease (increase) in assets and deferred outflows:				
Due from Owensboro Municipal Utilities		435,618		(679,274)
Due from related party		(4,240)		2,129
Accounts receivable		420,484		752,259
Grant receivable		-		75,000
Prepaid supplies		1,865		(71,304)
Other current assets		215,494		8,801
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable		78,814		512,991
Accrued liabilities		68,855		50,548
Compensated absences		(29,623)		167,604
Contracts and retainage payable		159,907		(431,199)
Unearned revenue		-		(930)
Net pension liability and deferrals		307,928		1,378,206
Net other postemployment benefits liability and deferrals		90,265		295,744
Net cash provided by operating activities	$	11,407,164	$	11,113,008
Noncash investing and capital activities:				
Unrealized gain (loss) on equity in external investment pool and the revenue bond debt service reserve	$	(1,198,143)	$	(123,789)
Contributed sewers	$	1,172,755	$	478,037

See Notes to Financial Statements

1. Organization and Summary of Significant Accounting Policies

The Financial Reporting Entity

The Regional Water Resource Agency (RWRA) was created by the enactment of identical ordinances by the City of Owensboro (City) and Daviess County Fiscal Court (County) in 1994 for the purpose of managing, controlling and operating regional comprehensive wastewater facilities within Daviess County.

In 1995, the City of Owensboro Municipal Sewer System transferred all existing assets, liabilities, easements, personnel, control, management, and authority to RWRA. RWRA is a related organization of the City and the County.

The financial statements of RWRA have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

To determine the appropriate reporting entity for RWRA, its relationship with the City and County was considered in terms of financial accountability as defined in GASB Statement No. 61, *The Financial Reporting Entity*. Based on the application of these criteria, RWRA is not a component unit of the City or County and all governmental entities operating within the City and County are excluded from RWRA's financial statements. Although four of the seven members of RWRA's Board of Directors are appointed by the City of Owensboro, the City is not financially accountable for RWRA. In addition, there is no potential for RWRA to provide specific financial benefit to, or impose specific financial burdens on, the City or County, and RWRA is not fiscally dependent on the City or County.

Basis of Accounting

RWRA is accounted for as a proprietary (enterprise) fund and uses a flow of economic resources measurement focus and the full accrual basis of accounting.

RWRA considers wastewater treatment and sewer construction/engineering revenues and costs that are directly related to these services to be operating revenues and expenses. Revenues and expenses related to financing and other activities are reflected as nonoperating.

Revenue Recognition

RWRA recognizes revenues as services are rendered to customers.

Cash and Cash Equivalents

RWRA's cash and cash equivalents are considered to be cash on hand and the unrestricted equity in the external investment pool.

1. Organization and Summary of Significant Accounting Policies, Continued

Customer Accounts Receivable

Customer accounts receivable included in Due from Owensboro Municipal Utilities and other receivables on the statements of net position are stated at face value, less an allowance for uncollectible accounts of $2,750 at June 30, 2022 and 2021.

Prepaid Supplies

Prepaid supplies consist of expendable supplies held for consumption and are valued at the lower of cost (first-in, first-out) or net realizable value. The cost is recorded as an asset at the time individual inventory items are purchased and as an expenditure when used (consumption method).

Restricted Assets

Certain assets are restricted as required by long-term debt agreements.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. RWRA has established a threshold of $5,000 for capitalization of depreciable assets.

Maintenance and repairs of property are charged to maintenance expense when incurred; replacements and betterments are capitalized.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	30 years
New sewers	50 years
Equipment	3-10 years

Bonds and Related Premiums, Discounts, and Issuance Costs

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, as are deferred charges on refunding. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

1. Organization and Summary of Significant Accounting Policies, Continued

Pension and Other Postemployment Benefits

For purposes of measuring the net liabilities, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other postemployment benefits (OPEB), information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from the pension/OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s), and so will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Compensated absences obligations arise from amounts due to RWRA employees for vested amounts of vacation pay and sick pay, which will be payable in the future.

Net Position

RWRA classifies net position in the financial statements as follows:

Net investment in capital assets includes RWRA's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. RWRA typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

1. Organization and Summary of Significant Accounting Policies, Continued

Net Position, Continued

Unrestricted net position typically includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could vary from those estimates.

2. Deposits and Investments

External Investment Pool

RWRA participates in an external investment pool sponsored by the City. The equity position of RWRA in the pool is determined by the fair value per share of the pool's underlying portfolio. The pool is not registered with the SEC and is not subject to regulatory oversight. Investments are valued at the market quotation on the last business day of the fiscal year, obtained from brokers or available published services. Investment income is allocated to RWRA by the City based on RWRA's average equity position. Participants' shares sold and redeemed are determined using specific identification of the participants' cost basis equity position in the investment pool.

RWRA follows the investment policies of the City. Information regarding the authorized investments, deposit and investment policies, investment classifications, average interest rates and maturities, interest rate risk, credit risk, custodial credit risk, fair values, and collateralizations of the City's external investment pool may be obtained from the City's Comprehensive Annual Financial Report for the years ended June 30, 2022 and 2021.

RWRA's equity in the pool is reflected in the statements of net position as follows at June 30:

	2022	2021
Current assets:		
Equity in external investment pool	$ 36,332,295	$ 26,862,765
Noncurrent assets:		
Restricted assets	2,500,000	2,500,000
	$ 38,832,295	$ 29,362,765

2. Deposits and Investments, Continued

External Investment Pool, Continued

Investment earnings consisted of the following for the years ended June 30:

	External Investment Pool	Revenue Bond Debt Service Reserve	Total
		2022	
Interest and dividends	$ 548,294	$ 826	$ 549,120
Unrealized gain (loss)	(1,198,144)	1	(1,198,143)
	$ (649,850)	$ 827	$ (649,023)
		2021	
Interest and dividends	$ 478,041	$ 18	$ 478,059
Unrealized gain (loss)	(123,790)	1	(123,789)
	$ 354,251	$ 19	$ 354,270

3. Restricted Assets

Assets are restricted for the following purposes at June 30:

	2022	2021
Revenue bond debt service reserve:		
Cash with trustee	$ 1,168,398	$ 287,567
Maintenance and replacement reserve - KIA:		
Equity in external investment pool	2,500,000	2,500,000
	$ 3,668,398	$ 2,787,567

4. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Increase	Decrease	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	$ 704,647	$ -	$ -	$ 704,647
Construction in progress	1,241,903	8,120,712	(252,221)	9,110,394
Total capital assets, not being depreciated	1,946,550	8,120,712	(252,221)	9,815,041
Capital assets, being depreciated:				
Land improvements	1,461,031	-	-	1,461,031
Sewers	93,624,897	3,619,894	-	97,244,791
Equipment	33,597,343	1,458,445	(995,669)	34,060,119
Sewage treatment plant	50,367,750	251,419	(11,235)	50,607,934
Total capital assets, being depreciated	179,051,021	5,329,758	(1,006,904)	183,373,875
Less accumulated depreciation:				
Sewers	(35,089,757)	(2,512,517)	-	(37,602,274)
Equipment	(11,450,790)	(2,575,206)	757,227	(13,268,769)
Sewage treatment plant	(38,492,101)	(1,228,085)	11,236	(39,708,950)
Total accumulated depreciation	(85,032,648)	(6,315,808)	768,463	(90,579,993)
Total capital assets, being depreciated, net	94,018,373	(986,050)	(238,441)	92,793,882
Capital assets, net	$ 95,964,923	$ 7,134,662	$ (490,662)	$ 102,608,923

Depreciation expense totaled $6,315,808 and $5,748,243 for the years ended June 30, 2022 and 2021, respectively.

Additions to sewers reflected above includes capital contributions recorded in the statements of revenues, expenses, and changes in net position totaling $1,172,755 and $478,037 for the years ended June 30, 2022 and 2021, respectively.

5. Long-Term Debt

Long-term debt at June 30 consisted of the following:

Wastewater Revenue Bonds:

	Interest Rate	Maturity Date	2022	2021
2016 A Series	2.0 – 2.125%	2027	$ 1,225,000	$ 1,455,000
2021 A Series	2.0 – 2.250%	2042	$ 13,890,000	$ -

Kentucky Infrastructure Authority Federally Assisted Wastewater Revolving Loans for various sewer system improvements due in semi-annual principal and interest payments:

Loan Number	Interest Rate	Maturity Date	2022	2021
A99-04	1.0%	2023	1,458,770	2,903,061
A06-02	1.0%	2028	2,130,753	2,505,759
A07-08	1.0%	2029	494,817	568,135
A10-13	1.0%	2035	3,913,384	4,205,881
A12-14	2.0%	2036	254,643	270,923
A12-15	1.0%	2037	1,739,984	1,850,960
A13-017	1.75%	2038	690,579	729,050
A13-028	1.75%	2038	722,004	760,792
A14-008	1.75%	2036	252,119	268,541
A15-002	1.75%	2041	7,500,303	7,840,156
A15-027	1.75%	2040	895,788	937,790
A15-099	1.75%	2038	2,535,068	2,671,260
A18-007	1.75%	2040	1,864,102	1,951,507
A18-026	1.75%	2040	4,809,941	5,035,472
A19-024	2.00%	2041	1,749,877	1,827,346
B17-014	1.75%	2040	231,079	242,275
B17-015	1.75%	2039	354,191	372,558
Note payable, related party		2040	124,102	130,835
Note payable, related party		2035	504,338	540,491
Total long-term debt			47,340,842	37,067,792
Less current maturities			(4,149,771)	(3,617,671)
Plus unamortized bond premiums			649,058	11,275
			$ 43,840,129	$ 33,461,396

5. Long-Term Debt, Continued

The following is a summary of long-term debt activity for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Revenue Bonds:					
2016 Series A	$ 1,455,000	$ -	$ (230,000)	$ 1,225,000	$ 235,000
2021 Series A	-	13,890,000	-	13,890,000	485,000
KIA Loans:					
A99-04	2,903,061	-	(1,444,291)	1,458,770	1,458,770
A06-02	2,505,759	-	(375,006)	2,130,753	378,766
A07-08	568,135	-	(73,318)	494,817	74,053
A10-13	4,205,881	-	(292,497)	3,913,384	295,429
A12-14	270,923	-	(16,280)	254,643	16,607
A12-15	1,850,960	-	(110,976)	1,739,984	112,088
A13-017	729,050	-	(38,471)	690,579	39,148
A13-028	760,792	-	(38,788)	722,004	39,470
A14-008	268,541	-	(16,422)	252,119	16,710
A15-002	7,840,156	-	(339,853)	7,500,303	346,595
A15-027	937,790	-	(42,002)	895,788	42,741
A15-099	2,671,260	-	(136,192)	2,535,068	138,585
A18-007	1,951,507	-	(87,405)	1,864,102	88,941
A18-026	5,035,472	-	(225,531)	4,809,941	229,495
A19-024	1,827,346	-	(77,469)	1,749,877	79,026
B17-014	242,275	-	(11,196)	231,079	11,392
B17-015	372,558	-	(18,367)	354,191	18,690
Note payable, related party	130,835	-	(6,733)	124,102	6,749
Note payable, related party	540,491	-	(36,153)	504,338	36,516
	37,067,792	13,890,000	(3,616,950)	47,340,842	4,149,771
Deferred amounts:					
For issuance premiums	11,275	655,987	(18,204)	649,058	-
	$ 37,079,067	$ 14,545,987	$ (3,635,154)	$ 47,989,900	$ 4,149,771

The bonds may be called prior to maturity and are secured by and payable solely from the pledged receipts derived from the collection of rates, rentals and charges for the services rendered by RWRA. In addition, RWRA is subject to certain covenants relating to rates, reserves, and debt service coverage. In the event of default, bondholders may take action they deem most effectual as listed in the bond statement.

5. Long-Term Debt, Continued

In fiscal year 2017, RWRA defeased a prior bond issue by placing the proceeds of the 2016 Series A bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability relating to the defeased bonds are not included in RWRA's financial statements. On June 30, 2022, $1,485,000 of bonds outstanding are considered defeased.

In fiscal year 2022, RWRA issued bonds in the amount of $13,890,000 for the purpose of financing multiple capital projects. Payments of principal and interest are due semi-annually through June 1, 2042.

The KIA loans are the primary source of funding for various sewer maintenance, extension and replacement projects. The loans are secured by and payable solely from the pledged receipts derived from the collection of rates, rentals and charges for the services rendered by RWRA. In the event of default, KIA may take whatever legal action necessary to enforce its rights under the agreements.

The note payable, related party totaling $124,102 is due to the Daviess County Fiscal Court for RWRA's contribution towards certain sewer system extensions payable in semi-annual installments of $3,528, including interest at .25%, through June, 2040.

The note payable, related party totaling $504,338 is due to the City of Owensboro for RWRA's contribution towards certain joint sewer system improvements payable in semi-annual installments of $20,734, including interest at 1%, through June, 2035.

Annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2023	$ 4,149,771	$ 893,849	$ 5,043,620
2024	2,749,011	825,264	3,574,275
2025	2,807,451	765,850	3,573,301
2026	2,861,326	704,699	3,566,025
2027	2,935,645	641,418	3,577,063
2028-2032	12,121,565	2,388,377	14,509,942
2033-2037	11,804,751	1,322,670	13,127,421
2038-2042	7,911,322	355,705	8,267,027
Total	$ 47,340,842	$ 7,897,832	$ 55,238,674

The amount of interest expense on long-term debt totaled $787,369 and $658,469, respectively, for the fiscal years ended June 30, 2022 and 2021.

6. Pension and Other Postemployment Benefits

Plan Description

RWRA contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension/OPEB plan administered by the Kentucky Public Pensions Authority (KPPA) that covers members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute (KRS) Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of KPPA (Board). KPPA issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided

CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund.

Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member's final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date, and retirement date; and years of service. Plan members with a participation date prior to September 1, 2008, are eligible to retire with full benefits at any time with 27 or more years of service credit, or at age 65 with at least 4 years of service credit. Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at age 57 if the member's age and years of service equal 87, or at age 65 with at least 5 years of service credit.

Other postemployment benefits provided by CERS consist of prescribed contributions for whole or partial payments of required premiums to purchase hospital and medical insurance.

Contributions

State statute requires active members to contribute 5% of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the KPPA Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565 and KRS 61.752.

RWRA's actuarially determined contribution rates and contribution amounts, based on annual creditable compensation for the year ended June 30, 2021, were as follows:

6. Pension and Other Postemployment Benefits, Continued

Contributions, Continued

	Contribution Rates	Contributions
Pension	21.17%	$ 1,146,151
OPEB	5.78	312,931
Total	26.95%	$ 1,459,082

Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB

The net pension and OPEB liabilities reported as of June 30, 2022, were measured as of June 30, 2021, and the total pension and OPEB liabilities used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. RWRA's proportion of the liabilities was based on a projection of RWRA's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. Changes in RWRA's pension and OPEB proportions as of the measurement dates were as follows:

	Pension	OPEB
June 30, 2020	0.184495%	0.184442%
Increase	0.006256	0.006265
June 30, 2021	0.190751%	0.190707%

RWRA's pension and OPEB liabilities and expense as of and for the year ended June 30, 2022, were as follows:

	Net Pension Liability	Net OPEB Liability
Proportionate Share	$ 12,161,872	$ 3,650,990
Pension/OPEB Expense	$ 1,470,415	$ 407,655

At June 30, 2022, RWRA reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

6. Pension and Other Postemployment Benefits, Continued

Liabilities, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions and OPEB, Continued

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 139,656	$ 118,039	$ 574,119	$ 1,090,064
Changes of assumptions	163,227	-	967,947	3,395
Net difference between projected and actual earnings on plan investments	-	1,620,973	-	571,146
Changes in proportion and differences between contributions and proportionate share of contributions	369,838	-	143,079	9,545
Contributions subsequent to the measurement date	1,146,151	-	312,931	-
Total	$ 1,818,872	$ 1,739,012	$ 1,998,076	$ 1,674,150

The $1,146,151 and $312,931 of deferred outflows of resources resulting from RWRA's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

Year ending June 30,	Pension	OPEB
2023	$ 25,528	$ 130,979
2024	(230,524)	44,121
2025	(353,690)	27,754
2026	(507,605)	(191,859)
	$ (1,066,291)	$ 10,995

Actuarial Assumptions

The total pension/OPEB liabilities in the June 30, 2020, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

6. Pension and Other Postemployment Benefits, Continued

Actuarial Assumptions, Continued

Inflation	2.30%
Healthcare payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Net investment rate	6.25%
Healthcare cost trend rates (OPEB)	Pre-65: Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. Post-65: Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Pension and OPEB: The mortality table used for active members was a Pub-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table.

6. Pension and Other Postemployment Benefits, Continued

Actuarial Assumptions, Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
US equity	21.75%	5.70%
Non US equity	21.75	6.35%
Private equity	10.00	9.70%
Specialty credit/high yield	15.00	2.80%
	68.50	
Liquidity		
Core bonds	10.00	(0.00)%
Cash	1.50	(0.60)%
	11.50	
Diversifying strategies		
Real estate	10.00	5.40%
Real return	10.00	4.55%
	20.00	
Total	100.00%	

Discount Rate

The discount rates used to measure the total pension/OPEB liabilities at the measurement dates and changes since the prior year were as follows:

	Pension	OPEB
Discount rate, June 30, 2020	6.25%	5.34%
Increase (decrease)	-	(0.14)
Discount rate, June 30, 2021	6.25%	5.20%

The discount rate of 6.25% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.20% used to measure the total OPEB liability was based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021.

6. Pension and Other Postemployment Benefits, Continued

Discount Rate, Continued

The projection of cash flows used to determine the pension discount rate assumed that the funds would receive the required employer contributions in each future year, as determined by the current funding policy established in Statute last amended by House Bill 362 (passed in 2018). The projection of cash flows used to determine the OPEB discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation in accordance with the current funding policy, as most recently revised by Kentucky House Bill 8.

Sensitivity of RWRA's Proportionate Share of the Liabilities to Changes in the Discount Rate

The following presents RWRA's proportionate share of the net pension/OPEB liabilities, as well as what RWRA's proportionate share of the net pension/OPEB liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	RWRA's Proportionate Share			
	Discount Rate	Net pension Liability	Discount Rate	Net OPEB Liability
1% decrease	5.25%	$ 15,598,178	4.20%	$ 5,012,782
Current discount rate	6.25%	$ 12,161,872	5.20%	$ 3,650,990
1% increase	7.25%	$ 9,318,410	6.20%	$ 2,533,414

Sensitivity of RWRA's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents RWRA's proportionate share of the net OPEB liability, as well as what RWRA's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Healthcare Cost Trend Rates	RWRA's Proportionate Share of Net OPEB Liability
1% decrease	5.30% Pre-65 and Post-65	$ 2,628,279
Current healthcare cost trend rates	6.30% Pre-65 and Post-65	$ 3,650,990
1% increase	7.30% Pre-65 and Post-65	$ 4,885,418

6. Pension and Other Postemployment Benefits, Continued

Plan Fiduciary Net Position

Detailed information about the CERS fiduciary net position is available in the separately issued KPPA Comprehensive Annual Financial Report.

Payables to the Pension/OPEB Plans

RWRA reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2022.

Pension	OPEB
$ 44,879	$ 12,253

7. Deferred Compensation

RWRA offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 404(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. RWRA makes no contributions to these plans.

8. Rate Structure

RWRA's rate structure is approved by a Rate Review Board comprised of the elected officials of the Owensboro City Commission and the Daviess County Fiscal Court, sitting as a single body. The Rate Review Board was established for the sole purpose of approving any rates, rentals, charges and borrowings recommended to them by the Regional Water Resource Agency Board of Directors. The following rates were effective during fiscal year ending June 30, 2022.

Customer Service Charge

A monthly Customer Service Charge of $18.45 was charged to all RWRA customers with a 1" water meter or less. Those with a meter larger than 1" were billed based on the comparison of the square of the meter size to a typical 1" meter.

Wastewater User Charges

The Wastewater User Charge was $4.39 per 1,000 gallons of water usage for all Agency customers (i.e., industrial, commercial, residential, etc.).

8. Rate Structure, Continued

Environmental Improvement Fee

A monthly fee for community environmental improvements was charged to all RWRA customers in the amount of $9.95.

For non-residential and non-single-family-residential customers whose monthly billable volume exceeded 15,000 gallons, a volume surcharge in the amount of $0.63 per 1,000 gallons was charged on the volume above 15,000 gallons.

Quality Surcharge

Commercial/industrial customers with high-strength waste above RWRA discharge limits were assessed quality surcharges. Biochemical Oxygen Demand (B.O.D.) and Total Suspended Solids (T.S.S.) were $0.220 and $0.212 per pound, respectively, for strength exceeding 265mg/l. Quality surcharges for customers exceeding 100 mg/1 of Fats, Oils and Grease (F.O.G.) was $.221 per pound.

Capacity Fee

The Capacity Fee was revised to be charged to every customer of RWRA that is connected to the system. A monthly Capacity Fee of $0.53 was charged to all RWRA customers with a 1" water meter or less. Those with a meter larger than l" were billed based on the comparison of the square of the meter size to a typical l" meter.

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 and qualified existing users were 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. 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 were 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.

8. Rate Structure, Continued

Connection Fee

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

Disposal of Transported Waste

RWRA assesses a fee for the treatment and proper disposal of acceptable waste transported to an RWRA facility. The applicable wastewater user charges and surcharges are applied to determine the transported waste charge to be used for a specific waste discharged at RWRA facilities. The base fee for domestic waste was $5.46 per 100 gallons, beginning July 1, 2021. 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 were $0.1050 and $0.0735 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 are required to test, or request RWRA to perform a test on a sample of their discharge, reimburses RWRA for the laboratory testing costs.

9. Risk Management

RWRA is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which RWRA carries commercial insurance.

RWRA has established a self-insurance plan through a third-party administrator for its employees' health insurance coverage. The plan provides for specific claims coverage up to $45,000 per employee, lasers at $60,000 and $100,000, and maximum aggregate claims and administrative costs, excluding run-in claims incurred in the prior year, up to $1,946,856 and $1,525,906, for plan years ending October 31, 2022 and 2021, respectively. RWRA purchases reinsurance through the administrator for claims in excess of those limits. Premiums are established by the administrator to cover administrative costs, claims costs, and reinsurance costs. Claims are paid weekly; therefore, a claims liability has not been reflected in the financial statements. Total claims and administrative expenses totaled $1,205,993 and $1,493,091 for the years ended June 30, 2022 and 2021, respectively. Settled claims have not exceeded insurance coverage for 2022 or 2021, nor has there been any reduction in insurance coverage from the prior year.

10. Related Party Transactions

RWRA has entered into an agreement for financial management, IT, sanitation, and GIS services with the City. Fees paid for these services in the normal course of business were $384,241 and $354,642 for the years ended June 30, 2022 and 2021, respectively, of which none was payable at each fiscal year end.

Tax Increment Financing (TIF) has partially funded the David Hawes Plant UV Project and a portion of the Ragu Pump Station upgrades. A Memorandum of Agreement (MOA) was reached between RWRA, the City of Owensboro, and the developers on August 18, 2020. While the MOA specifies the percentage of the TIF Revenue that RWRA shall receive, neither the schedule nor the total amount is guaranteed. The amounts received from the City totaled $213,391 and $56,164 for the years ended June 30, 2022 and 2021, respectively, of which $8,713 and $4,473 was receivable at each fiscal year end.

Amounts paid to the County for landfill services for the years ended June 30, 2022 and 2021, totaled $420,025 and $465,630, of which $34,679 and $36,125 was payable at each fiscal year end, respectively.

RWRA also has notes payable to the City and the County as described in Note 5.

11. Commitments and Contingencies

<u>Long-Term Control Plan</u>

On July 22, 2016, the Kentucky Division of Water issued a letter approving RWRA's revised Long-Term Control Plan (LTCP) which, when fully implemented, will cost the community approximately $30 million. On July 28, 2016, the Environmental Protection Agency issued a letter accepting RWRA's revised Long-Term Control Plan and rescinded its previously issued Administrative Order. An Order was entered by the Franklin Circuit Court on September 12, 2016, accepting RWRA's Long-Term Control Plan for attachment to its Consent Judgment.

As required in the approved LTCP, RWRA is currently working on projects to obtain the goals agreed upon.

RWRA neither admits nor denies the alleged violations but acknowledges that CSO discharges occur and accepts the obligations imposed by the Consent Judgment. The enforcement actions initiated by the Cabinet and EPA are typical of communities that have combined sewers and the potential for combined sewer overflows. In the opinion of RWRA, the resolution of any violations and the implementation of the LTCP will not result in a material adverse effect on the operations, property or finances of RWRA.

11. Commitments and Contingencies, Continued

Construction Contracts

RWRA has entered into construction contracts totaling $16,089,366 for various projects. Remaining commitments under these contracts totaled $10,891,612 at June 30, 2022, of which $1,376,005 was included in accounts payable.

12. Accounting Standard Effective in Future Period

The following recently issued accounting standard may impact the financial statements of RWRA in future periods:

GASBS No. 96 *Subscription-Based Information Technology Arrangements*

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. RWRA is currently evaluating the impact that the Statement may have on its financial statements.

REGIONAL WATER RESOURCE AGENCY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
PENSION FUND

Last 10 Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015
RWRA's proportion of the net pension liability	0.190751%	0.184495%	0.184442%	0.179597%	0.175010%	0.178239%	0.173786%	0.168806%
RWRA's proportionate share of the net pension liability	$ 12,161,872	$ 14,150,614	$ 12,971,888	$ 10,938,005	$ 10,243,873	$ 8,775,811	$ 7,471,958	$ 5,477,000
RWRA's covered payroll	$ 4,872,304	$ 4,725,824	$ 4,652,530	$ 4,421,311	$ 4,282,024	$ 4,129,449	$ 4,074,363	$ 3,881,975
RWRA's proportionate share of the net pension liability as a percentage of its covered payroll	249.61%	299.43%	278.81%	247.39%	239.23%	212.52%	183.39%	141.09%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	55.30%	55.50%	59.97%	66.80%

* Presented for those years for which the information is available

REGIONAL WATER RESOURCE AGENCY

SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
PENSION FUND

Last 10 Fiscal Years *

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 1,146,151	$ 940,350	$ 912,084	$ 754,640	$ 640,206	$ 597,297	$ 512,878	$ 519,337
Contributions in relation to the contractually required contributions	(1,146,151)	(940,350)	(912,084)	(754,640)	(640,206)	(597,297)	(512,878)	(519,337)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
RWRA's covered payroll	$ 5,414,032	$ 4,872,304	$ 4,725,824	$ 4,652,530	$ 4,421,311	$ 4,282,024	$ 4,129,449	$ 4,074,363
Contributions as a percentage of covered payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

* Presented for those years for which the information is available.

REGIONAL WATER RESOURCE AGENCY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
INSURANCE FUND

Last 10 Fiscal Years *

	2022	2021	2020	2019	2018
RWRA's proportion of the net OPEB liability	0.190707%	0.184442%	0.184399%	0.179590%	0.175010%
RWRA's proportionate share of the net OPEB liability	$ 3,650,990	$ 4,453,713	$ 3,101,508	$ 3,188,585	$ 3,518,300
RWRA's covered payroll	$ 4,872,304	$ 4,725,824	$ 4,652,530	$ 4,421,311	$ 4,282,024
RWRA's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.93%	94.24%	66.66%	72.12%	82.16%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.4%

* Presented for those years for which the information is available.

REGIONAL WATER RESOURCE AGENCY

SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
INSURANCE FUND

Last 10 Fiscal Years *

	2022	2021	2020	2019	2018
Contractually required contributions	$ 312,931	$ 231,920	$ 224,949	$ 244,723	$ 207,802
Contributions in relation to the contractually required contributions	(312,931)	(231,920)	(224,949)	(244,723)	(207,802)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
RWRA's covered payroll	$ 5,414,032	$ 4,872,304	$ 4,725,824	$ 4,652,530	$ 4,421,311
Contributions as a percentage of covered payroll	5.78%	4.76%	4.76%	5.26%	4.70%

* Presented for those years for which the information is available.

REGIONAL WATER RESOURCE AGENCY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM

Year Ended June 30, 2022

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

2022 OPEB:

The single discount rate changed from 5.34% to 5.20%.

2021 OPEB:

The single discount rate changed from 5.68% to 5.34%.

2020 Pension and OPEB:

The salary increases assumption was changed from 3.05% to 3.30% - 10.30%.

OPEB:

The single discount rate changed from 5.85% to 5.68%.

2019 Pension and OPEB:

The salary increases assumption was changed from 2.00% to 3.05%.

OPEB:

The single discount rate changed from 5.84% to 5.85%.

2018 Pension and OPEB:

The assumed investment return was changed from 7.50% to 6.25%.

The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.

The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

OPEB:

The single discount rate changed from 6.89% to 5.84%.

2017 None

2016 Pension:

The assumed investment rate of return was decreased from 7.75% to 7.50%.

The assumed rate of inflation was reduced from 3.50% to 3.25%.

The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

Payroll growth assumption was reduced from 4.50% to 4.00%.

The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Regional Water Resource Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Regional Water Resource Agency as of and for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Regional Water Resource Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Regional Water Resource Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Regional Water Resource Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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400 Bentee Wes Court - Evansville, Indiana 47715 - 812-423-0300 - Fax: 812-423-6282

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Regional Water Resource Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Riney Hancock CPAs PSC

Owensboro, Kentucky
October 4, 2022

APPENDIX E

OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A

Form of Bond Counsel Opinion

The form of the legal approving opinion of Dinsmore & Shohl LLP, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the 2023 Series A Bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of its delivery. Recirculation of the Final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in the opinion after the date of the opinion.

[Date of Delivery]

Owensboro-Daviess County Regional Water Resource Agency
Owensboro, Kentucky

Ladies and Gentlemen:

We have acted as bond counsel in connection with the authorization, sale, and issuance by the 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 $74,020,000* principal amount of Wastewater Revenue Bonds, Series 2023, dated January 26, 2023 (the "2023 Series A Bonds").

The 2023 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 Bond Resolution") and a certain Series Resolution authorizing the 2023 Series A Bonds adopted on December 9, 2022 (the "Series Resolution" and, together with the General Bond Resolution, the "Resolution"). Pursuant to the Resolution, the Agency has authorized the issuance of the 2023 Series A Bonds for the purpose of (a) paying certain costs of constructing certain facilities and equipment, (b) paying the costs of issuance of the 2023 Series A Bonds, and (c) funding the debt service reserve fund 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 2023 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 2023 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 and limited 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 2023 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 full faith and credit nor the taxing power of the City, the County, the Commonwealth, or any other political subdivision thereof, nor the full faith and credit of the Agency is pledged to the payment of the principal of or interest on the 2023 Series A Bonds, or to the payment of premium, if any. The Agency has no taxing power.

3. Interest on the 2023 Series A Bonds is exempt from income taxation by the Commonwealth of Kentucky, and the 2023 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 2023 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 2023 Series A 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. However, it should be noted that for applicable corporations, as defined in Section 59(k) of the Code (generally, corporations with more than

* Preliminary, subject to change.

$1,000,000,000 in average annual adjusted financial statement income over a period of three tax years), the interest on the 2023 Series A Bonds will be taken into account (a) in determining average annual adjusted financial statement income for the purpose of determining whether a corporation is an applicable corporation and (b) in determining adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations under Section 55 of the Code for tax years beginning after December 31, 2022. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal tax consequences of purchasing, holding, or disposing of the 2023 Series A Bonds.

5. The City and the County have not designated the 2023 Series A Bonds as "qualified tax-exempt obligations" under Section 265 of the Code.

Our opinions set forth above is subject to the qualification that the enforceability of the Resolution, the 2023 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 2023 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.

Very truly yours,

APPENDIX F

**OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A**

Book-Entry Only System

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as 2023 Series A Bonds depository for the 2023 Series A Bonds. The 2023 Series A Bonds will be issued as fully-registered 2023 Series A Bonds 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 Security certificate will be issued for each maturity of the 2023 Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities 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 2023 Series A Bonds Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 a Standard & Poor’s rating of [__]. 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 2023 Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the securities on DTC ‘s records. The ownership interest of each actual purchaser of each 2023 Series A Bond (a “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 2023 Series A 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 2023 Series A Bonds, except if use of the book-entry only system for the 2023 Series A Bonds is discontinued.

To facilitate subsequent transfers, all securities 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 2023 Series A 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 2023 Series A Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2023 Series A 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 2023 Series A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2023 Series A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2023 Series A Bond documents. For example, Beneficial Owners of 2023 Series A Bonds may wish to ascertain that the nominee holding the 2023 Series A 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 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 2023 Series A Bonds within an issue 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 2023 Series A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 2023 Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2023 Series A 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 Agency or Paying Agent, 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 2023 Series A 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, the Paying Agent, 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 dividend 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, 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 2023 Series A Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such 2023 Series A Bonds by causing the Direct Participant to transfer the Participant's interest in the 2023 Series A Bonds, on DTC's records, to Paying Agent. The requirement for physical delivery of 2023 Series A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2023 Series A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2023 Series A Bonds to Paying Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the 2023 Series A Bonds at any time by giving reasonable notice to the Agency or the Paying Agent. Under such circumstances, if a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor 2023 Series A Bonds depository). In that event, 2023 Series A Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

APPENDIX G

OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$74,020,000[*]
OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A

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., Eastern Standard Time on January 5, 2023, (or at such later time and date announced at least forty-eight hours in advance via the BiDCOMP™/PARITY™ system) for the purchase of approximately $74,020,000[*] of the Agency's Wastewater Revenue Bonds, 2023 Series A (the "2023 Series A Bonds"). Alternatively, written sealed or facsimile bids for the 2023 Series A Bonds by the designated time will be received by Executive Director of the Owensboro-Daviess County Regional Water Resource Agency, 1722 Pleasant Valley Road, Owensboro, Kentucky 42303 (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 2023 Series A Bonds are authorized pursuant to Chapter 76 of the Kentucky Revised Statutes and are being issued pursuant to the General Bond Resolution adopted by the Board of Directors (the "Board") of the Agency on December 18, 1995 (the "General Bond Resolution") and a Series Bond Resolution adopted by the Board of Directors (the "Board") of the Agency on December 9, 2022 (the "Series Bond Resolution," and together with the General Bond 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 2023 Series A Bonds are being issued to pay the costs, not otherwise provided, for (i) the construction of new projects, consisting of (a) revitalization and rehabilitation projects, (b) new System development, and (c) assessment extension projects (collectively, the "Project"), (ii) the funding of the Debt Service Reserve Fund, and (iii) the costs of issuing the 2023 Series A Bonds.

The 2023 Series A 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 2023 Series A Bonds will be dated their date of initial issuance and delivery, bearing interest from such date, payable on the first day of each December and June, commencing June 1, 2023.

[Continued on the following page]

[*] Preliminary, subject to change.

The 2023 Series A Bonds are scheduled to mature in each of the years as follows:

Maturities December 1	Amount*	Maturities December 1	Amount*
2024	$2,585,000	2034	$3,630,000
2025	2,665,000	2035	3,775,000
2026	2,750,000	2036	3,930,000
2027	2,840,000	2037	4,095,000
2028	2,930,000	2038	4,265,000
2029	3,030,000	2039	4,450,000
2030	3,135,000	2040	4,640,000
2031	3,250,000	2041	4,845,000
2032	3,370,000	2042	5,055,000
2033	3,495,000	2043	5,285,000

The 2023 Series A Bonds maturing on and after December 1, 2031 are subject to optional redemption on any date on and after December 1, 2030 in whole or in part, in such order of maturity as shall be designated in writing by the Agency and by lot within any maturity, at the election of the Agency at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption.

At least thirty days before the redemption date of any 2023 Series A Bonds, the Registrar and Paying Agent shall cause a notice of such redemption either in whole or in part, signed by the Registrar and Paying Agent, to be mailed, first class, postage prepaid, to all registered owners of the 2023 Series A Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of 2023 Series A 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 2023 Series A 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 2023 Series A Bonds to be redeemed.

U.S. Bank Trust Company, National Association, Louisville, Kentucky, has been appointed Registrar and Paying Agent for the 2023 Series A Bonds.

BIDDING CONDITIONS AND RESTRICTIONS

The terms and conditions of the sale of the 2023 Series A Bonds are as follows:

1. Electronic bids for the 2023 Series A 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 Agency 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 2023 Series A Bond Sale, this Official Terms and Conditions of 2023 Series A 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 2023 Series A Bonds") or facsimile bids for the 2023 Series A Bonds by the designated time will be received by the Executive Director, 1722 Pleasant Valley Road, Owensboro, Kentucky 42303 (Fax: (270) 687-8444).

2. Bidders are required to bid for the entire issue of 2023 Series A Bonds at a minimum price of not less than $72,539,600 (98% of par) and a maximum price of $77,721,000 (105% of par), PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

3. Interest rates for the 2023 Series A Bonds must be in multiples of one-eighth of one percent (0.125%) and/or one-twentieth of one percent (0.05%) and all 2023 Series A Bonds of the same maturity and series shall bear the same and a single interest rate from the date thereof to maturity. There is no limit on the number of different interest rates; however the maximum interest rate on any maturity of the 2023 Series A Bonds shall not exceed 6.0%.

4. The determination of the best purchase bid for the 2023 Series A Bonds shall be made on the basis of all bids submitted for exactly $74,020,000 principal amount of 2023 Series A Bonds offered for sale hereunder; but the Agency may adjust the principal amount of 2023 Series A Bonds which may be awarded to such best bidder upward by $7,400,000 or downward by any amount (the “Permitted Adjustment”). Upon such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of 2023 Series A Bonds will be sold will be the same price per $1,000 of 2023 Series A Bonds as the price per $1,000 for the 2023 Series A Bonds bid.

5. Bidders have the option of specifying that all the 2023 Series A 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 2023 Series A 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 2023 Series A Bonds scheduled in the year of maturity of the term 2023 Series A Bonds, which principal amount shall mature in that year.

6. CUSIP identification numbers will be printed on the 2023 Series A 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 2023 Series A Bonds in accordance with the terms of any accepted proposal for the purchase of the 2023 Series A Bonds.

7. An electronic copy of the Official Statement will be supplied to the Purchaser.

8. 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 2023 Series A Bonds awarded by the close of business on the day following the award. Said good faith amount will be forfeited as liquidated damages upon a failure of the successful bidder to take delivery of such 2023 Series A Bonds when ready. The good-faith amount will be applied (without interest) to the purchase price upon delivery of the 2023 Series A Bonds. The successful bidder shall not be required to take delivery and pay for the 2023 Series A Bonds unless delivery is made within 45 days from the date the bid is accepted.

9. Unless the successful bidder notifies the Agency in writing within twenty-four hours of the award of the 2023 Series A Bonds that it has elected (at such purchaser’s expense) to take physical delivery of the 2023 Series A Bonds, The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the 2023 Series A Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). One fully registered 2023 Series A Bond certificate will be issued for each maturity of the 2023 Series A Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the 2023 Series A 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 2023 Series A Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2023 Series A 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 2023 Series A 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 2023 Series A Bonds, except if that use of the book-entry only system for the 2023 Series A Bonds is discontinued.

10. The Agency reserves the right to reject any and all bids or to waive any informality in any bid. The 2023 Series A 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, Louisville, Kentucky, which opinion will be qualified in accordance with the section hereof on TAX TREATMENT.

11. Bidders are advised that First Kentucky Securities Corporation has been employed as Financial Advisor in connection with the issuance of the 2023 Series A Bonds. Their fee for services rendered with respect to the sale of the 2023 Series A Bonds is contingent upon the issuance and delivery thereof.

12. As required by the Code, the purchasers of the 2023 Series A Bonds will be required to certify to the Agency as to certain of their activities regarding any reoffering to the public of the 2023 Series A Bonds, including any reoffering prices. This information from the purchasers of the 2023 Series A Bonds shall also be made available to the Financial Advisor immediately after the sale of the 2023 Series A Bonds.

13. The Agency has provided information to prospective bond insurance companies in order to qualify the 2023 Series A Bonds under their respective optional bidding programs. If the successful bidder for the 2023 Series A Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the 2023 Series A Bonds, the successful bidder does so at its own risk and expense and the obligation of the successful bidder to pay for the 2023 Series A 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 without limitation the premium for the insurance policy, taxes, if any, and excluding only the fees of S&P Global Ratings that will be paid by the Agency.

14. Unless bids for the 2023 Series A Bonds are rejected, the 2023 Series A Bonds will be awarded on an all or none basis on the sale date to the bidder whose bid result in the lowest true interest rate for the 2023 Series A Bonds 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 2023 Series A Bonds (compounded semi-annually from the date of the 2023 Series A Bonds), produces an amount equal to the purchase price of the 2023 Series A Bonds, exclusive of accrued interest. For purposes of calculating the true interest cost, the principal amount of any term 2023 Series A Bonds scheduled for mandatory sinking fund redemption as part of the term 2023 Series A Bond shall be treated as a serial maturity in such year for the 2023 Series A Bonds. If two or more bidders offer to purchase the 2023 Series A Bonds at the same lowest true interest rate, the Chair, upon the advice of the Agency's Financial Advisor shall determine (in his sole discretion) which of the bidders shall be awarded the 2023 Series A Bonds.

15. The winning bidder for the 2023 Series A Bonds shall assist the Agency in establishing the issue price of the 2023 Series A Bonds and shall execute and deliver to the Agency at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2023 Series A Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A-1, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Agency and 2023 Series A Bond Counsel. All actions to be taken by the Agency under these Official Terms and Conditions of 2023 Series A Bond Sale to establish the issue price of the 2023 Series A Bonds may be taken on behalf of the Agency by the Agency's financial advisor identified herein and any notice or report to be provided to the Agency shall be provided to the Agency's Financial Advisor.

    The Agency intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Series 2023 Series A Bonds) will apply to the initial sale of each of the 2023 Series A Bonds (the "competitive sale requirements") because:

    (1) the Agency shall disseminate these Official Terms and Conditions of 2023 Series A Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

    (2) all bidders shall have an equal opportunity to bid;

(3) the Agency may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the Agency anticipates awarding the 2023 Series A Bonds to the bidder who submits a firm offer to purchase the 2023 Series A Bonds at the lowest true interest cost, as set forth in these Official Terms and Conditions of 2023 Series A Bond Sale.

Any bid submitted pursuant to this these Official Terms and Conditions of 2023 Series A Bond Sale shall be considered a firm offer for the purchase of the 2023 Series A Bonds, as specified in the bid.

If the competitive sale requirements are not satisfied, the Agency shall so advise the applicable winning bidder. The Agency will treat the initial offering price to the public as of the sale date of any maturity of the 2023 Series A Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). Bids will not be subject to cancellation if the Agency determines to apply the hold-the-offering-price rule to any maturity of the 2023 Series A Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the 2023 Series A Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the 2023 Series A Bonds.

If the competitive sale requirements are not satisfied, the winning bidder for the 2023 Series A Bonds shall assist the Agency in establishing the issue price of the 2023 Series A Bonds and shall execute and deliver to the Agency at Closing an "issue price" or similar certificate setting forth the hold-the-offering-price rule as the issue price of that maturity, in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) substantially in the form attached hereto as Exhibit A-2, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Agency and 2023 Series A Bond Counsel.

The Agency acknowledges that, in making the representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) if a selling group has been created in connection with the initial sale of the 2023 Series A Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) if an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the 2023 Series A Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The Agency further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the 2023 Series A Bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the 2023 Series A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the 2023 Series A Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2023 Series A Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

16. At the election and cost of the purchaser of the 2023 Series A Bonds, one or more maturities of the 2023 Series A Bonds may be insured under a municipal bond insurance policy. In such event, the Agency agrees

to cooperate with the purchaser to qualify the 2023 Series A Bonds for bond insurance; however the Agency will not assume any of the expenses incident to the issuance of such a bond insurance policy, other than the costs for securing a rating of the 2023 Series A Bonds.

17. Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of 2023 Series A Bond Sale and the Official Bid Form, may be obtained from the Agency's Financial Advisor, First Kentucky Securities Corporation; 1500 Leestown Road, Suite 330, Lexington, Kentucky 40511, telephone (859) 425-1100, Attention: Stan Kramer. 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 will agree pursuant to a Continuing Disclosure Undertaking dated as of the date of issuance and delivery of the 2023 Series A Bonds (the "Disclosure Undertaking"), to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB"), for each fiscal year of the Agency, (a) the operating data of the Agency for such fiscal year that is included within the Official Statement as APPENDIX B; and (b) audited financial statements and supplemental information prepared in accordance with generally accepted accounting principles as applied to governmental units, generally consistent with the information contained in APPENDIX D of the Official Statement; all such information shall be provided within 210 days after the fiscal year ending on the preceding June 30, commencing with the fiscal year ended June 30, 2023, 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 Agency; and

(ii) to the MSRB, notice of the occurrence of the following events, if material, with respect to the 2023 Series A 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) 2023 Series A 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) Bankruptcy, insolvency, receivership or similar event of the Agency (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Agency in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Agency, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Agency);
(m) The consummation of a merger, consolidation, or acquisition involving the Agency or the sale of all or substantially all of the assets of the Agency, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
(o) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Agency, any of which reflect financial difficulties.

(iii) 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.

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Disclosure Undertaking provides bondholders, including beneficial owners of the 2023 Series A Bonds, with certain enforcement rights upon 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 2023 Series A Bonds;
(b) there are no liquidity providers applicable to the 2023 Series A Bonds; and
(c) there is no property securing the 2023 Series A Bonds.

TAX TREATMENT

In the opinion of 2023 Series A Bond Counsel for the 2023 Series A Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the 2023 Series A Bonds will be excludible from gross income for Federal income tax purposes. 2023 Series A Bond Counsel for the 2023 Series A Bonds is also of the opinion that interest on the 2023 Series A Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the "Code") for purposes of the Federal minimum tax. However, it should be noted that for applicable corporations, as defined in Section 59(k) of the Code (generally, corporations with more than $1,000,000,000 in average annual adjusted financial statement income over a period of three tax years), the interest on the 2023 Series A Bonds will be taken into account (a) in determining average annual adjusted financial statement income for the purpose of determining whether a corporation is an applicable corporation and (b) in determining adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations under Section 55 of the Code for tax years beginning after December 31, 2022. Furthermore, 2023 Series A Bond Counsel for the 2023 Series A Bonds is of the opinion that interest on the 2023 Series A Bonds is exempt from income taxation and the 2023 Series A Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of 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 2023 Series A Bonds. The Agency has covenanted to comply with certain restrictions designed to ensure that interest on the related issues of 2023 Series A 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 2023 Series A Bonds being includable in income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the 2023 Series A Bonds. The opinion of 2023 Series A Bond Counsel assumes compliance with these covenants. However, 2023 Series A 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 2023 Series A Bonds may adversely affect the tax status of the interest on the 2023 Series A Bonds.

Certain requirements and procedures contained or referred to in the 2023 Series A Bond documents and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the 2023 Series A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. 2023 Series A Bond Counsel expresses no opinion as to any 2023 Series A 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 2023 Series A Bond Counsel for the 2023 Series A Bonds is of the opinion that interest on the 2023 Series A Bonds will be excludible from gross income for Federal income tax purposes and that interest on the 2023 Series A 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 2023 Series A Bonds may otherwise affect a 2023 Series 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 2023 Series A Bondholder or the 2023 Series A 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 2023 Series A Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership, or disposition of the 2023 Series A 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 2023 Series A 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 2023 Series A 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 2023 Series A Bonds.

The City and the County have not designated the 2023 Series A Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 of the Code.

/s/ Tim Allen
Chair, Owensboro-Daviess County Regional
Water Resource Agency

EXHIBIT A-1

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of at least three qualified bids for the 2023 Series A Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

$74,020,000*
Owensboro-Daviess County, Kentucky Regional Water Resource Agency
Wastewater Revenue Bonds, 2023 Series A

The undersigned, on behalf of [Name of Underwriter] ("[Short Name of Underwriter]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "2023 Series A Bonds").

1. Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the 2023 Series A Bonds to the Public by [Short Name of Underwriter] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the 2023 Series A Bonds used by [Short Name of Underwriter] in formulating its bid to purchase the 2023 Series A Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [Short Name of Underwriter] to purchase the 2023 Series A Bonds.

(b) [Short Name of Underwriter] was not given the opportunity to review other bids before submitting its bid.

(c) The bid submitted by [Short Name of Underwriter] constituted a firm offer to purchase the 2023 Series A Bonds.

2. CUSIP Number. The CUSIP number assigned to the final maturity of the 2023 Series A Bonds is [CUSIP Number].

3. Yield on the 2023 Series A Bonds. It computed the yield on the 2023 Series A Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the 2023 Series A Bonds is the Expected Offering Prices, determined without taking into account issuance expenses and Underwriter's discount.

4. Weighted Average Maturity. The "weighted average maturity" of the 2023 Series A Bonds has been calculated to be [____] years. The weighted average maturity is the sum of the products of the respective Expected Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Expected Offering Prices of the 2023 Series A Bonds as of the date hereof.

5. Defined Terms.

(a) "Agency" means the Owensboro-Daviess County, Kentucky Regional Water Resource Agency.

(b) "Maturity" means 2023 Series A Bonds with the same credit and payment terms. 2023 Series A Bonds with different maturity dates, or 2023 Series A Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2023 Series A Bonds. The Sale Date of the Bonds is January 5, 2023.

(e) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Agency (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2023 Series A Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2023 Series A Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2023 Series A Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Agency with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the 2023 Series A Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the 2023 Series A Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Agency from time to time relating to the 2023 Series A Bonds.

[NAME OF UNDERWRITER]

By: ____
Name: ____
Dated: January 26, 2023

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

EXPECTED OFFERING PRICES

(Attached)

SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

COPY OF BID

(Attached)

EXHIBIT A-2

FORM OF ISSUE PRICE CERTIFICATE

[In case of receipt of less than three qualified bids for the 2023 Series A Bonds]

* * * * *

ISSUE PRICE CERTIFICATE

**$74,020,000*
Owensboro-Daviess County, Kentucky Regional Water Resource Agency
Wastewater Revenue Bonds, 2023 Series A**

The undersigned, on behalf of [Name of Underwriter] ([“[Short Name of Underwriter]”)][, on behalf of itself and [Names of other Underwriters] (together, the “Underwriting Group”),] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “2023 Series A Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. Initial Offering Price of the Hold-the-Offering-Price Maturities.

(a) [Short Name of Underwriter][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the 2023 Series A Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Official Terms and Conditions of Bond Sale, [Short Name of Underwriter] has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the 2023 Series A Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the 2023 Series A Bonds during the Holding Period.

3. CUSIP Number. The CUSIP number assigned to the final maturity of the 2023 Series A Bonds is [CUSIP Number].

4. Yield on the Bonds. It computed the yield on the 2023 Series A Bonds, [Yield%], as that yield (determined on the basis of semiannual compounding) which, when used in computing the present worth of all payments of principal and interest to be made with respect to particular obligations, produces an amount equal to their purchase price, which, in the case of the 2023 Series A Bonds is the Initial Offering Prices, determined without taking into account issuance expenses and Underwriter’s discount.

5. Weighted Average Maturity. The “weighted average maturity” of the 2023 Series A Bonds has been calculated to be [____] years. The weighted average maturity is the sum of the products of the respective Initial Offering Price of each Maturity and the number of years to maturity (determined separately for each Maturity and by taking into account mandatory redemptions), divided by the aggregate Initial Offering Prices of the 2023 Series A Bonds as of the date hereof.

6. Defined Terms.

(a) “General Rule Maturities” means those Maturities of the 2023 Series A Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) “Hold-the-Offering-Price” Maturities means those Maturities of the 2023 Series A Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) “Holding Period” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([____], 2023), or (ii) the date on which [Short Name of Underwriter][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) “Agency” means the Owensboro-Daviess County, Kentucky Regional Water Resource Agency.

(e) “Maturity” means 2023 Series A Bonds with the same credit and payment terms. 2023 Series A Bonds with different maturity dates, or 2023 Series A Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than fifty percent common ownership, directly or indirectly.

(g) “Sale Date” means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2023 Series A Bonds. The Sale Date of the 2023 Series A Bonds is January 5, 2023.

(h) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Agency (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2023 Series A Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2023 Series A Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2023 Series A Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [Short Name of Underwriter]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Agency with respect to certain of the representations set forth in the foregoing tax certificate and with respect to compliance with the federal income tax rules affecting the 2023 Series A Bonds, and by Dinsmore & Shohl LLP in connection with rendering its opinion that the interest on the 2023 Series A Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the Agency from time to time relating to the 2023 Series A Bonds.

[NAME OF UNDERWRITER][as Representative of the Underwriter Group]

By: ____
Name: ____
Dated: January 26, 2023

APPENDIX H

OWENSBORO-DAVIESS COUNTY, KENTUCKY REGIONAL WATER RESOURCE AGENCY
WASTEWATER REVENUE BONDS
2023 SERIES A

Official Bid Form

OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for $74,020,000* of Wastewater Revenue Bonds, 2023 Series A, dated January 26, 2023 (the "2023 Series A Bonds") offered for sale by the Owensboro-Daviess County Regional Water Resource Agency (the "Agency") in accordance with the Preliminary Official Statement dated December 27, 2022, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the 2023 Series A Bonds.

We hereby bid for the $74,020,000* principal amount of the 2023 Series A Bonds maturing on December 1, 2024, and each December 1 thereafter of the years and in the amounts set forth below, the total sum of $______________ (not less than $72,539,600 (98% of par) and not more than $77,721,000 (105% of par), at the following annual rate(s), payable semiannually, commencing June 1, 2023 (number of interest rates unlimited):

Maturity	Amount*	Interest Rate	Maturity	Amount*	Interest Rate
December 1, 2024	$2,585,000	______%	December 1, 2034	$3,630,000	______%
December 1, 2025	2,665,000	______%	December 1, 2035	3,775,000	______%
December 1, 2026	2,750,000	______%	December 1, 2036	3,930,000	______%
December 1, 2027	2,840,000	______%	December 1, 2037	4,095,000	______%
December 1, 2028	2,930,000	______%	December 1, 2038	4,265,000	______%
December 1, 2029	3,030,000	______%	December 1, 2039	4,450,000	______%
December 1, 2030	3,135,000	______%	December 1, 2040	4,640,000	______%
December 1, 2031	3,250,000	______%	December 1, 2041	4,845,000	______%
December 1, 2032	3,370,000	______%	December 1, 2042	5,055,000	______%
December 1, 2033	3,495,000	______%	December 1, 2043	5,285,000	______%

PURCHASER'S OPTION - The Purchaser of the 2023 Series A Bonds may specify to the Agency that any 2023 Series A 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 such may be adjusted as provided herein) comprising mandatory sinking fund redemption amounts for such term bond(s).

The amounts indicated above maturing in the following years: ______________ are sinking fund redemption amounts for term bonds due _______________.

The amounts indicated above maturing in the following years: ______________ are sinking fund redemption amounts for term bonds due _______________.

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 telephonic transfers of bids before the appointed date and time of sale. Bidders have the sole responsibility of assuring that their bids have been received. Bids must be submitted electronically via PARITY® pursuant to this Notice until the appointed date and time, but no bid will be received after such time.

It is understood that the Agency will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel to the Agency. We understand that no certified or bank cashier's check will be required to accompany the bid, but that if we are the successful bidder, we shall be required to wire transfer an amount equal to two percent (2.0%) of the amount of 2023 Series A Bonds awarded by the close of business on the day following the award. The amount will be applied (without interest) to the purchase price when the 2023 Series A Bonds are tendered to us for delivery.

If we are the successful bidder, we agree to accept and make payment for the 2023 Series A Bonds in immediately available funds within forty-five days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

____
Bidder

____
Address

By: ______________________________
Signature

Total interest cost from January 26, 2023, to final maturity	$________________________
Plus discount or less premium, if any	$________________________
True interest cost (i.e. TIC)	$________________________
True interest rate (%)	________________________%

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

Accepted this January 5, 2023 by the Owensboro-Daviess County Regional Water Resource Agency, as follows:

Maturity	**Amount**	**Interest Rate**	**Maturity**	**Amount**	**Interest Rate**
December 1, 2024	$_______	______%	December 1, 2034	$_______	______%
December 1, 2025	$_______	______%	December 1, 2035	$_______	______%
December 1, 2026	$_______	______%	December 1, 2036	$_______	______%
December 1, 2027	$_______	______%	December 1, 2037	$_______	______%
December 1, 2028	$_______	______%	December 1, 2038	$_______	______%
December 1, 2029	$_______	______%	December 1, 2039	$_______	______%
December 1, 2030	$_______	______%	December 1, 2040	$_______	______%
December 1, 2031	$_______	______%	December 1, 2041	$_______	______%
December 1, 2032	$_______	______%	December 1, 2042	$_______	______%
December 1, 2033	$_______	______%	December 1, 2043	$_______	______%

____
Chair
Owensboro-Daviess County Regional
Water Resource Agency