



Andy Beshear
Governor

Commonwealth of Kentucky
FINANCE AND ADMINISTRATION CABINET
Office of Financial Management
702 Capital Avenue
Suite 76
Frankfort, Kentucky 40601
(502) 564-2924
(502) 564-7416 Facsimile

Holly M. Johnson
Secretary

Ryan Barrow
Executive Director

October 06, 2020

The Honorable Senator Rick Girdler, Co-Chair
The Honorable Representative Walker Thomas, Co-Chair
Capital Projects and Bond Oversight Committee
Legislative Research Commission
Capitol Annex Building
Frankfort, Kentucky 40601

Dear Senator Girdler and Representative Thomas:

Listed below is information regarding various projects and reports that will be presented to the Capital Projects and Bond Oversight Committee (“CPBOC”) at the October 21, 2020, meeting. Included pursuant to KRS 56.863(11) is the Asset/Liability Commission (ALCo) Semi-Annual Report as of June 30, 2020. Also included is the Annual Report of Outstanding Bonds as of Fiscal Year ending June 30, 2020.

The Kentucky Infrastructure Authority (“KIA”) will present the following loans for the Committee’s approval:

<u>Fund A Loans</u>	
City of Bardstown (Increase)	\$1,071,088
<u>Fund B Loan</u>	
Western Pulaski County Water District	\$1,146,000
<u>Fund C Loan</u>	
City of Lewisport (Increase)	\$49,350

The Cabinet for Economic Development will present one (1) Economic Development Fund (EDF) grant for the Committee’s approval:

Lexington-Fayette Urban County Government on behalf of the University of Kentucky Coldstream Research Campus	\$500,000
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Senator Girdler
Representative Thomas
October 06, 2020
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The Office of Financial Management will present one (1) new bond issue report for the Committee's approval:

Kentucky Asset/Liability Commission Project Notes, 2020 Federal Highway Trust Fund First Refunding Series A in one or more Series	\$191,000,000+
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+Not to Exceed

The Office of Financial Management will present two (2) informational items for the Committee's review:

Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Donerail Run Apartments Project), Series 2020	\$48,000,000
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Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Abel Court and Dudley Court Apartments Project), Series 2020A and Series 2020B	\$15,000,000
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The School Facilities Construction Commission is submitting the following additional information for the Committee's approval:

Campbell County	\$900,000*
Nicholas County	\$1,840,000*
Raceland Independent	\$1,365,000*
Southgate Independent	\$905,000*

*Estimated

An OFM staff member will attend the CPBO meeting to answer any questions regarding this information. Please contact me if there are any questions or should your staff require additional information.

Sincerely,



Sandy Williams,
Deputy Executive Director

Attachments

COMMONWEALTH OF KENTUCKY
KENTUCKY ASSET/LIABILITY COMMISSION
SEMI-ANNUAL REPORT

For the period ending June 30, 2020

47th Edition



Andy Beshear, Governor of the Commonwealth of Kentucky

Holly M. Johnson, Secretary of the Finance and Administration Cabinet

Ryan Barrow, Executive Director, Office of Financial Management



An electronic copy of this report
may be viewed at:

<http://finance.ky.gov/services/ofm/Pages/semi-annualreports.aspx>

The Commonwealth's Comprehensive Annual Financial Report (CAFR)
may be viewed at:

<http://finance.ky.gov/services/statewideacct/Pages/ReportsandPublications.aspx>

The Municipal Securities Rulemaking Board (MSRB)
Electronic Municipal Market Access (EMMA)

may be viewed at:

<http://emma.msrb.org/>



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INTRODUCTION

The Kentucky Asset/Liability Commission (“ALCo” or the “Commission”) presents its 47th semi-annual report to the Capital Projects and Bond Oversight Committee and the Interim Joint Committee on Appropriations and Revenue pursuant to KRS 56.863 (11) for the period beginning January 1, 2020 through June 30, 2020.

Provided in the report is the current structure of the Commonwealth’s investment and debt portfolios and the strategy used to reduce both the impact of variable revenue receipts on the budget of the Commonwealth and fluctuating interest rates on the interest-sensitive assets and interest-sensitive liabilities of the Commonwealth. Additionally, an analysis of the Commonwealth’s outstanding debt is provided as well as a description of all financial agreements entered into during the reporting period. And finally, the report makes available a summary of gains and losses associated with outstanding financial agreements

Several factors on both the state and national level had an impact on activity during the reporting period. The most significant factors were:

On the national level

- The Federal Reserve Board of Governors reduced the federal funds rate from 1.50% - 1.75% in December 2019 to 0.00% - 0.25% ending June 2020.
- The unemployment rate elevated to 11.1% ending June 2020 from 3.5% in December 2019.
- The annual rate of economic growth as measured by gross domestic product (GDP) progressively fell over the first two quarters of 2020. The seasonally adjusted rate for the first quarter was -5.0% and second quarter reporting -32.9%.
- Inflation finished the first half of 2020 in a declining trend with the core rate (ex-energy and food) ending at 0.9% as of June 2020.

On the international level

- The emergence of the global pandemic COVID -19 in the first quarter of 2020 caused worldwide severe economic and capital markets shocks as the effects of the shut-down of economic activity and in some cases partial or complete re-openings were weighed against public health.

- Futures for gold topped \$1,800 an ounce for the first time since 2012, as the ongoing global pandemic boosted demand for assets perceived as safe havens.

On the state level

- There was solid revenue growth during the first nine months of the Fiscal Year 2020, followed by significant declines in the last three months of the year due to the COVID-19 pandemic.
- General Fund receipts totaled \$11.567 billion for Fiscal Year (FY) 2020. General Fund receipts increased 1.5% over FY 2019 collections.
- Road Fund receipts for FY 2020 totaled \$1.5 billion which represented a 4.8% decrease over the previous fiscal year.
- The COVID-19 pandemic has clearly impacted the employment and income of Kentuckians and Kentucky businesses.
- Large unfunded pension liabilities continue to put stress on the Commonwealth’s credit rating.
- Implementation of bond authorizations from prior-year sessions of the General Assembly continued. Bond issues for the period are discussed later in the report.

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Market Overview

The COVID-19 outbreak is causing tremendous human and economic hardship across the United States and around the world. The virus and the measures taken to protect public health have induced a sharp decline in economic activity and a surge in job losses, with the unemployment rate, which had been at a 50-year low, soaring to a postwar record high. Weaker demand and significantly lower oil prices are holding down consumer price inflation. The disruptions to economic activity here and abroad significantly affected financial conditions and impaired the flow of credit to U.S. households and businesses. In response to these developments, the Federal Reserve quickly lowered its policy rate to close to zero in March to support economic activity and took extraordinary measures to stabilize markets and bolster the flow of credit to households, businesses, and communities. Financial conditions have improved, in part reflecting policy measures to support the economy and the flow of credit.

Employment

The severe economic repercussions of the pandemic have been especially visible in the labor market. Since February, employers have shed nearly 20 million jobs from payrolls, reversing almost 10 years of job gains. The unemployment rate jumped from a 50-year low of 3.5% in February to a post World War II high of 14.7% in April and then moved down to a still very elevated 11.1% in June.

Inflation

Consumer price inflation has slowed abruptly. The 12-month measure of personal consumption expenditures (PCE) inflation that excludes food and energy items (so-called core inflation), which historically has been a better indicator of where overall inflation will be in the future than the total figure, fell from 1.8% in February to 0.9% in June. This slowing reflected monthly readings for March and April that were especially low because of large price declines in some categories most directly affected by social distancing. Overall inflation also has been held down by substantially lower energy prices, which more than offset the effects of surging prices for food. Despite the sharp slowing in inflation, survey-based measures of longer-run inflation expectations have generally been stable at relatively low levels. However, market-based measures of inflation compensation have moved down to some of the lowest readings ever seen.

Economic Growth

After posting a moderate gain in 2019, GDP fell at an annual rate of 5% in the first quarter, with that decline likely all occurring in the final weeks of the quarter. In the second quarter, real GDP plummeted at a breathtaking pace with the final reported number of -32.9%. This severe contraction reflects a steep drop in consumer spending associated with measures to contain the spreading virus. Uncertainty about the economic outlook also likely has pushed down business fixed investment, and events abroad

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have led to a steep drop in exports. In the manufacturing sector, output fell sharply in March and posted its largest decline on record in April as many factories closed temporarily for all or most of both months. This decrease in factory output included nearly all motor vehicle and civilian aircraft manufacturers. However, amid some easing of restrictions, manufacturing activity moved up in May, partly as a result of the ramp-up in automotive production.

Interest Rates

After moving lower over the second half of 2019, nominal Treasury yields fell sharply in late February and early March as investors' concerns regarding the implications of the COVID-19 outbreak for the economic outlook led to both falling policy expectations and flight-to-safety flows, with longer-term Treasury security yields dropping to historically low levels. Longer term yields increased moderately and realized volatility spiked for a period in March as selling pressures grew, leading to dealer balance sheet capacity constraints and impaired trading conditions, before falling back again after the Federal Reserve's actions helped restore smooth market functioning. More recently, yields on longer-term Treasury securities rose somewhat, linked at least partially to the expected increase in the issuance of longer-term Treasury securities as well as some improvement in investor sentiment.

Yields on 30-year agency MBS an important determinant of mortgage interest rates, decreased somewhat, on balance though less than the yields on nominal Treasury securities, since the start of the year and remained very low by historical standards.

Early in the year, yields on both investment and speculative grade corporate bonds as well as primary and secondary market municipal bonds were near record lows. Spreads on corporate bond yields over comparable maturity Treasury yields were in the lower end of their historical distribution. Since mid-February, corporate spreads have increased appreciably as market functioning deteriorated and credit quality declined. In March, spreads to comparable maturity Treasury securities increased sharply for corporate debt but remained below those observed during the 2008 Global Financial Crisis. Spreads started to normalize following the Federal Reserve announcements of corporate bond facilities in late March, particularly for investment-grade corporate debt, but remain higher than at the end of 2019. Similarly, yields and spreads for municipal debt rose strikingly in March, with spreads to comparable-maturity Treasury securities spiking to their highest level since the Global Financial Crisis as market functioning declined and concerns about municipal credit quality arose. Yields on municipal debt partially recovered following

INVESTMENT MANAGEMENT

Federal Reserve announcements in late March and April of support to municipal debt markets through municipal liquidity facility (MLF).

Equities

Equity prices continued to increase early in the year before tumbling in March, dropping as much as 34% from peak to trough. Prices have mostly recovered against a background of unprecedented, forceful, and rapid monetary and fiscal policy responses as well as recent tentative signs of economic revival associated with the easing of restrictions and in the face of bleak forecasts for U.S. firms' earnings in 2020. The decline in stock prices was widespread across all sectors, with the largest declines in the energy and banking sectors. Measures of implied and realized stock price volatility for the S&P 500 index, the VIX and the 20-day realized volatility, spiked to levels that were most recently observed during the financial crisis. They have since retraced much of that increase but remain at elevated levels.

Outlook

The path ahead is extraordinarily uncertain. First and foremost, the pace of recovery will ultimately depend on the evolution of the COVID-19 outbreak in the United States and abroad and the measures undertaken to contain it. Importantly, some small businesses and highly leveraged firms might have to shut down permanently or declare bankruptcy, which could have longer lasting repercussions on productive capacity. In addition, there is uncertainty about future labor demand and productivity as firms

shift their production processes to increase worker safety, realign their supply chains, or move services online. Furthermore, if employees are not called back to their former jobs, their period of unemployment could increase, potentially leading to lower wages when they do eventually find a job. Finally, applications for employer identification numbers, which are an early indicator of new business formations, are tracking well below levels from recent years and may suggest a slower pace of future job creation.

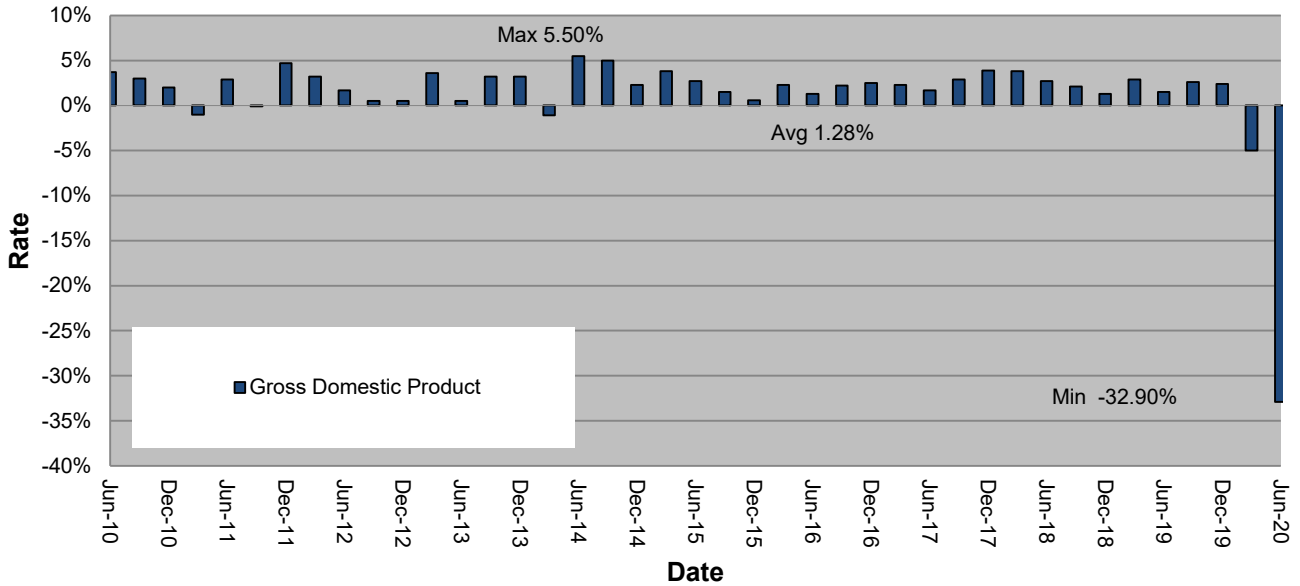
The expected path of the federal funds rate over the next several years has declined since early January and is now flat at the effective lower bound for the next few years. Before the Federal Reserve lowered the target range for the federal funds rate to 0.00 - 0.25% in March, policy expectations dropped substantially in late February and early March as COVID-19 concerns intensified. Market based measures suggest that the expected federal funds rate remains below 0.25% through mid 2023. Survey based measures of the expected path of the policy rate also moved down from the levels observed at the end of 2019. According to the results of the Survey of Primary Dealers and Survey of Market Participants (both conducted by the Federal Reserve Bank of New York in April) the median of respondents' modal projections implies a flat trajectory for the target range of the federal funds rate at the effective lower bound for the next few years.

INVESTMENT MANAGEMENT

Real Gross Domestic Product & Standard & Poor's 500

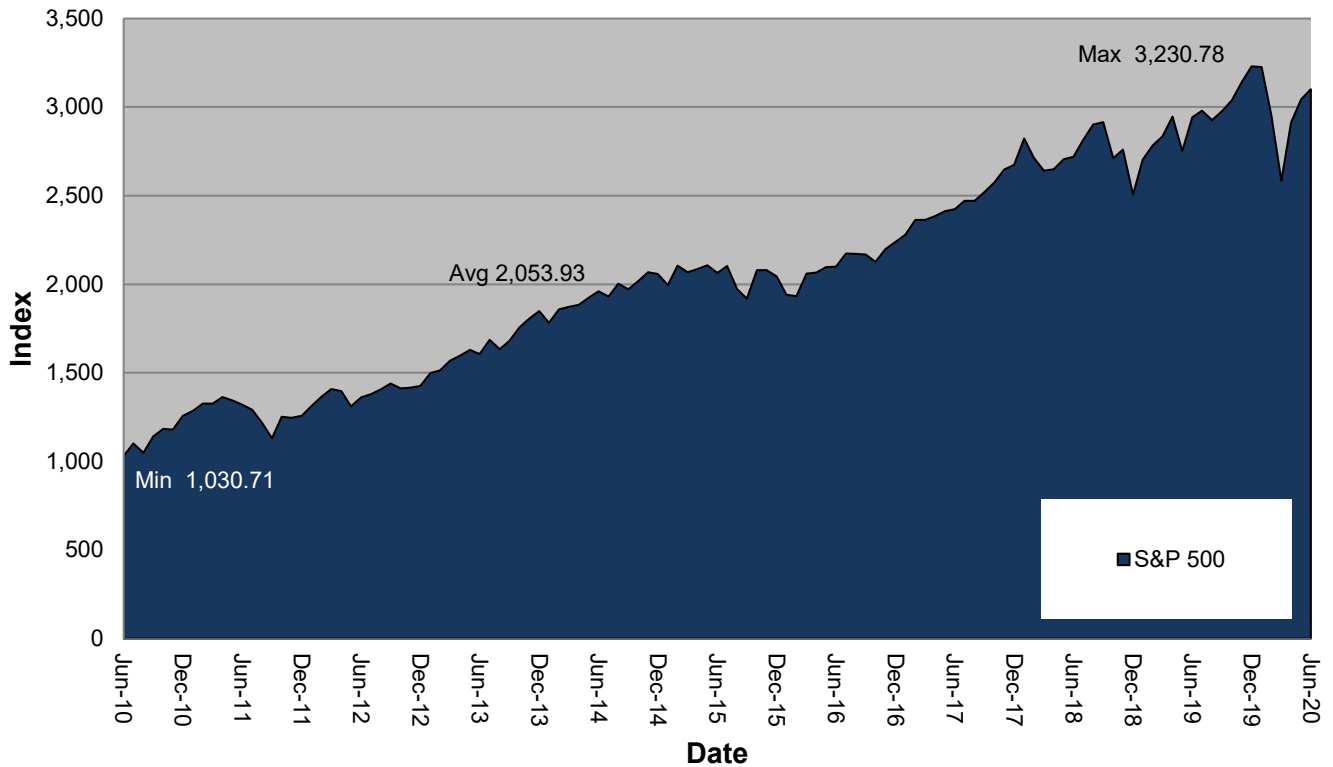
Real Gross Domestic Product

Quarter Over Quarter
Range 07/01/2010-6/30/2020
GDP CQOQ Index



Standard & Poor's 500

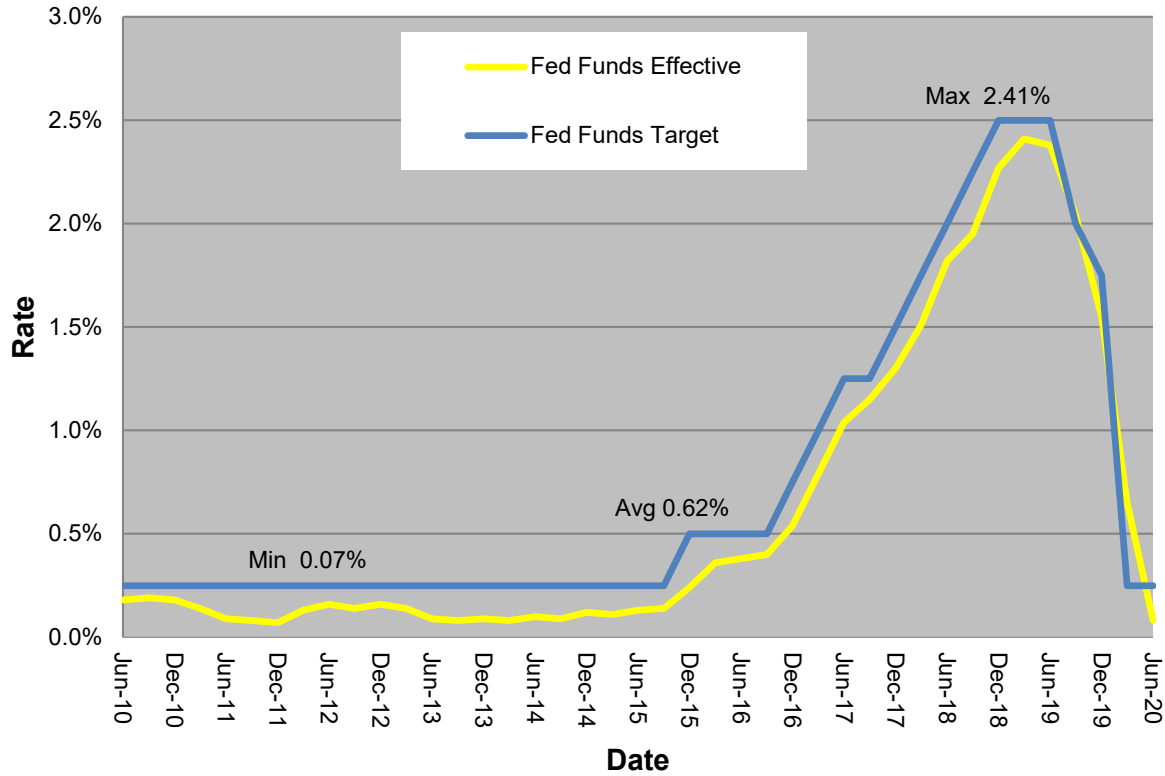
Range 07/01/2010-6/30/2020
SPX Index



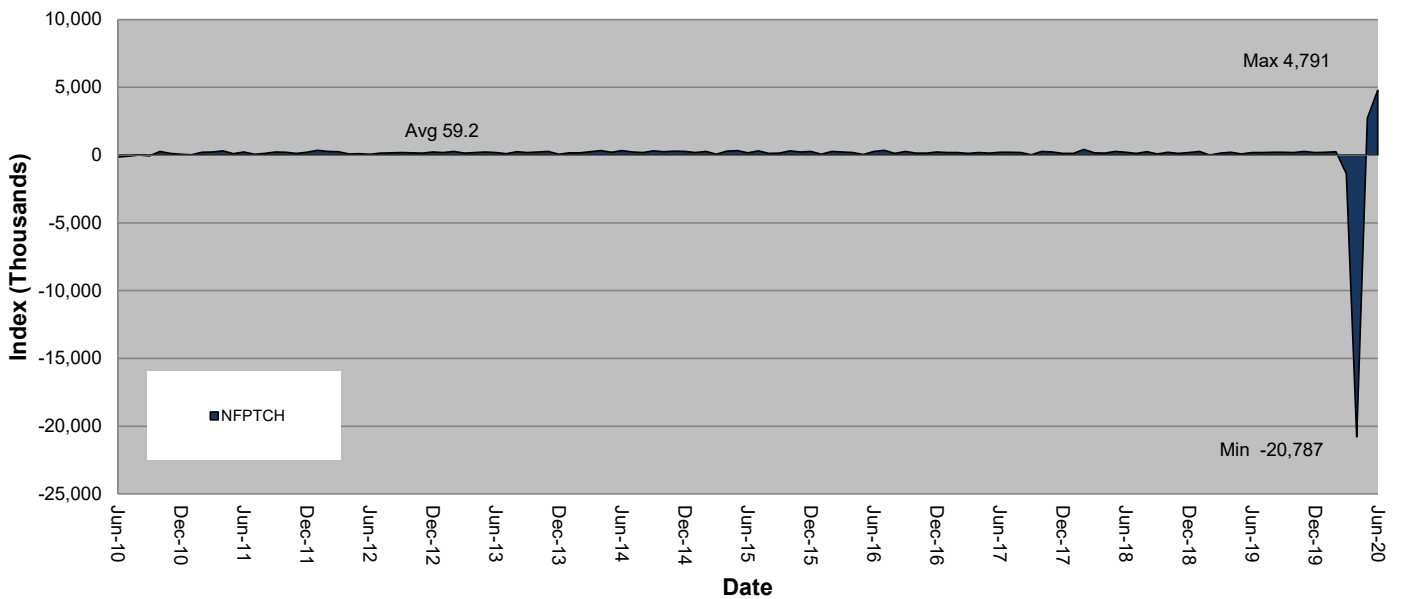
INVESTMENT MANAGEMENT

Federal Funds Target Rate & NonFarm Payrolls

Federal Funds Target Rate
 Range 07/01/2010-6/30/2020
 FEDL01 Index/FDTR Index



Nonfarm Payrolls
 Range 07/01/2010-6/30/2020
 NFPTCH Index



INVESTMENT MANAGEMENT

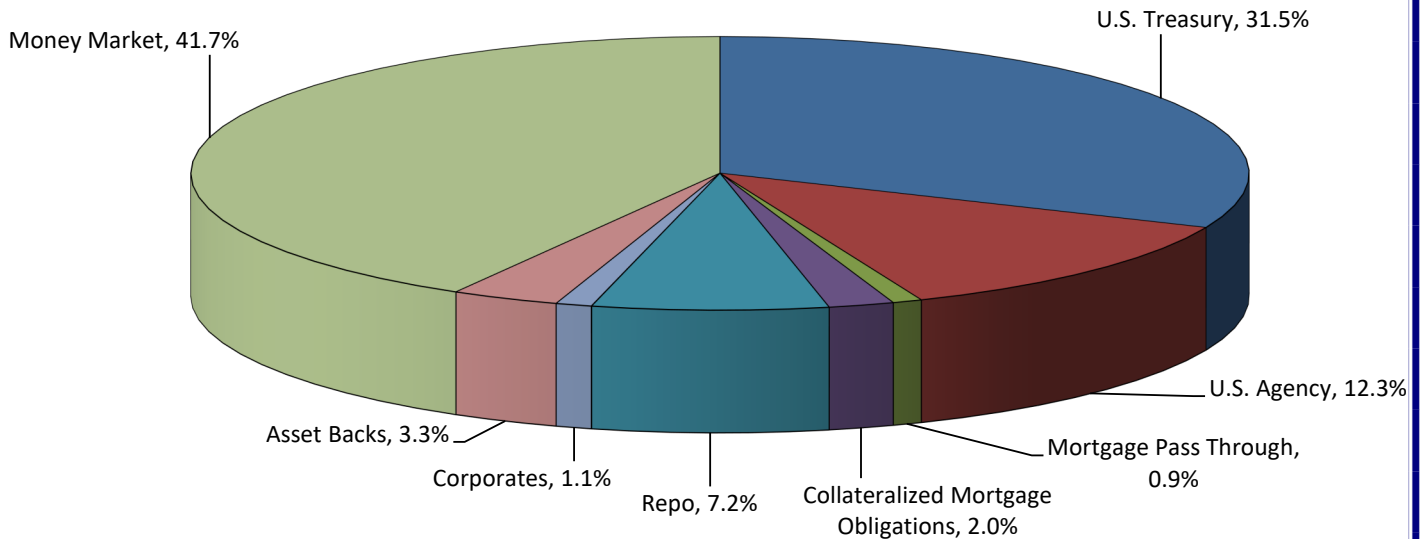
Portfolio Management

For six months ending June 30, 2020, the Commonwealth’s investment portfolio was approximately \$6.0 billion , a increase spurred by the receipt of federal stimulus funds as a direct result of COVID-19. The portfolio was invested in U. S. Treasury Securities (31.5%), U. S. Agency Securities (12.3%), Mortgage-Backed Securities (2.9%), Repurchase Agreements (Repo) (7.2%), Corporate Securities (1.1%),

Asset-Backed Securities (3.3%), and Money Market Securities (41.7%). The portfolio had a market yield of 0.17% and an effective duration of 0.34 of a year.

The total portfolio is broken down into three investment pools. The pool balances as of June 30, 2020 was \$1.8 billion (Short Term Pool), \$1.8 billion (Limited Term Pool), \$2.4 billion (Intermediate Term Pool)

Distribution of Investments as of June 30, 2020



INVESTMENT MANAGEMENT

Tax-Exempt Interest Rates and Relationships

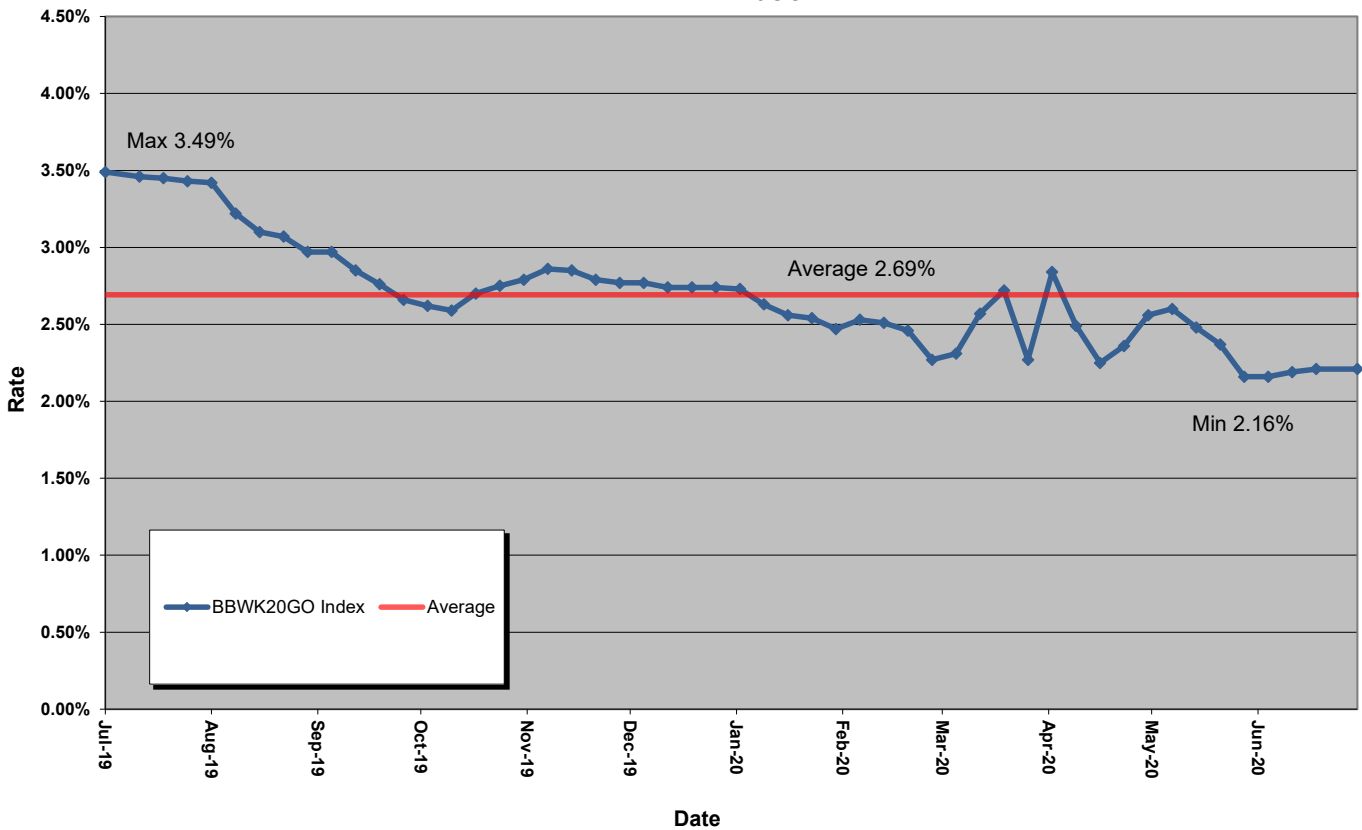
The Bond Buyer 20 General Obligation Index averaged 2.69% for Fiscal Year 2020. The high was 3.49% at the beginning of July 2019 and the low was 2.16% in June 2020.

The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index averaged 1.15% for Fiscal Year 2020. The high

was 5.20% in March 2020 and the low was 0.11% in June 2020. The 30-day USD London Interbank Offered Rate (LIBOR) averaged 1.43% for Fiscal Year 2020. The high was 2.37% in July 2019 and the low was 0.17% in May 2020. During the year, SIFMA traded at a high of 560.04% of the 30-day LIBOR in late March 2020, at a low of 47.63% in April 2020, and at an average of 90.07% for the Fiscal Year.

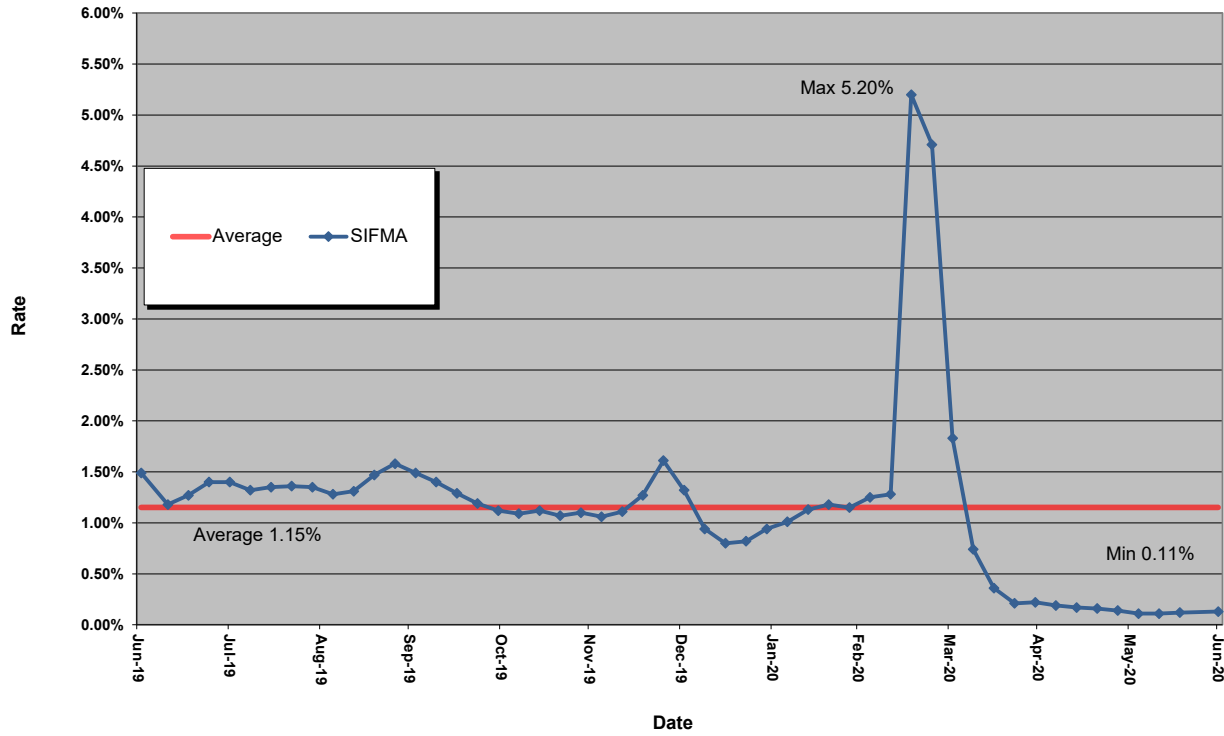
Bond Buyer 20 General Obligation Index

Range 07/01/2019 - 6/30/2020
BBWK20GO Index

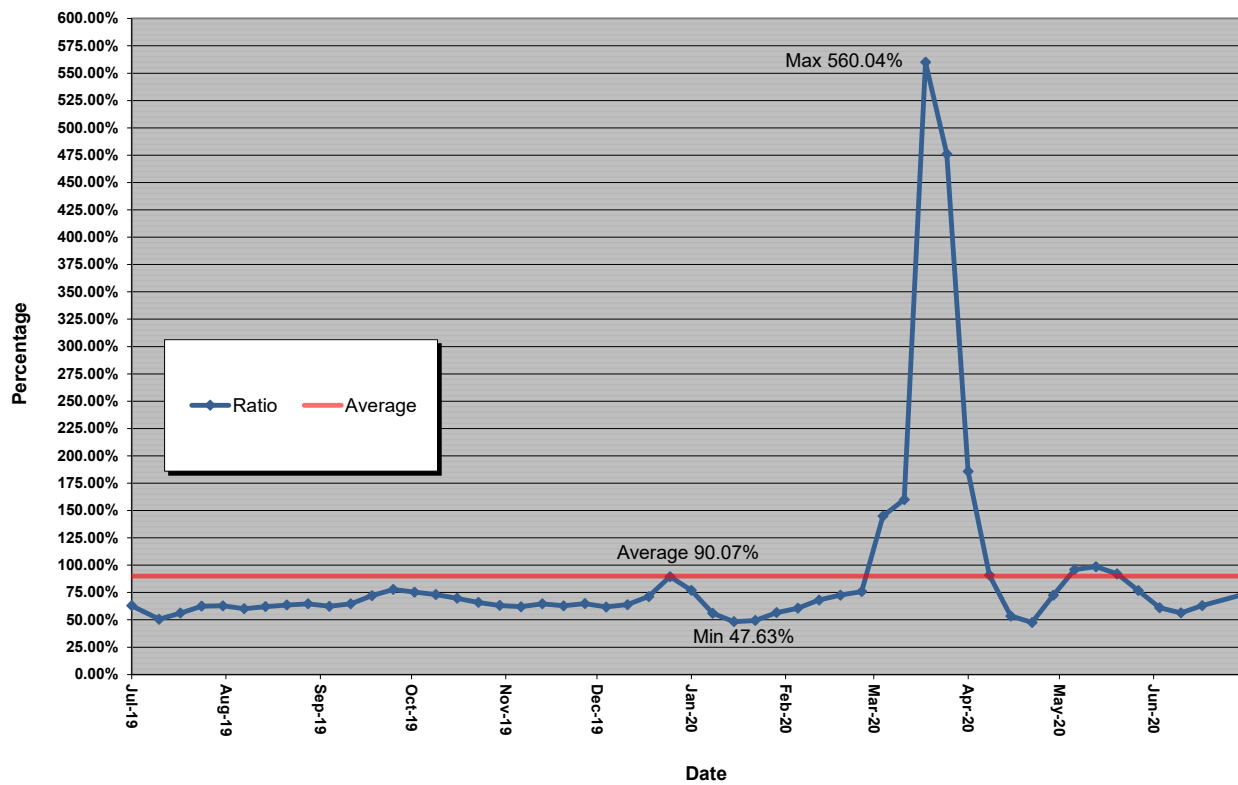


SIFMA & SIFMA/LIBOR Ratio

SIFMA Rate
Range 07/01/2019 - 6/30/2020
MUNIPSA Index



SIFMA / LIBOR Ratio
Range 07/01/2019 - 06/30/2020



CREDIT MANAGEMENT

Mid-Year Reflection

Credit

The dominant storyline of the first half of 2020 was the COVID-19 pandemic and the enormous effect it had on markets as lockdown orders took effect in late March and supply chains faced significant disruptions. Consumer spending plummeted and despite healthy rebounds in May and June as the economy restarted, remains below pre-pandemic levels. After an initial dip, personal income growth skyrocketed as lower paid workers began to receive more from unemployment than they did working previously, in addition to stimulus checks being sent to every qualifying adult. With the supplemental unemployment payment set to expire at the end of July, personal income levels could plummet as millions remain unemployed. Household debt continued to rise and now exceeds \$14 trillion. Mortgage rates fell to a 50-year low, helping keep the housing market afloat while other industries crumbled. Auto loan delinquency rates are skewed by a number of lenders offering forbearance on payments. While this means borrowers have stopped payments, the loans are marked as current on the lenders' books. This has actually caused a drop in delinquency rates, although that's clearly not an accurate picture. Payments on student loans have also been halted, making it difficult to determine the health of that credit market. While new borrowers have been helped by extremely low rates.

As the aggregate amount of corporate debt continues to set new record highs, the overall quality is rapidly decreasing following a wave of credit rating downgrades in the first half of the year. Companies were loading up on cheap debt before the pandemic started and now face the toughest business conditions in at least a decade. Fitch estimates that leveraged loan defaults could nearly double to 6% in 2020 as business struggle to meet their obligations. Spreads on corporate debt initially widened in the first four months of the year before the Fed accelerated its bond purchasing program and drove yields back down. Respondents to the Senior Loan Officer Opinion Survey on Bank Lending Practices, or SLOOS, reported that lending standards for commercial and industrial loans tightened in the first half as banks sought to decrease risk in the face of an economic downturn. Banks cited the need to focus on existing clients instead of adding new ones with so much economic uncertainty ahead. Standards also tightened on credit card and auto loans. Demand for mortgage loans increased as mortgage rates fell to all-time lows.

The first half of 2020 saw four companies removed from the State Investment Commission Corporate Credit Approved list and several downgrades as the economic downturn damaged credit quality. Oracle Corp, Honda Motor Corp, Lloyds Bank, and Walt Disney Co were all dropped from the approved list when their credit rating fell below the minimum standard. In addition, Toyota,

CREDIT MANAGEMENT

HSBC, MUFG, Swedbank, Exxon, and Merck all had their credit rating downgraded but remain on the approved list.

Credit Process

Our strategy is to invest in creditworthy corporate issuers having a long-term rating of A3/A-/A- or better as rated by Moody's, S&P, or Fitch. The strategy focuses on adding value through a disciplined approach in the credit selection process. With independent research and prudent diversification with respect to industries and issuers, our goal is to deliver consistent longer-term investment performance over U.S. Treasuries.

Default Monitoring

The Bloomberg credit risk model is our main tool for default monitoring. The default likelihood model is based on the Merton distance-to-default (DD) measure, along with additional economically and statistically relevant factors. Firms are assigned a default risk measure as a high-level summary of their credit health using an explicit mapping from default likelihood to default risk.

A daily report is generated using the approved list and their peers enabling us to track market activity in selected names including Credit Default Swaps (CDS).

Industry/Company Analysis

We use a combination of top down and bottom up approach for investing. The top-down approach refers to understanding the current

(and future) business cycle or the "big picture" of the economy and financial world in order to identify attractive industries. Once industries are identified, a bottom-up approach is utilized where we focus on specific company fundamentals, picking the strongest companies within a sector.

Fundamental analysis is then performed looking at competitive position, market share, operating history/trends, management strategy/execution, and financial statement ratio analysis.

Approved List

Once analysis has been completed, the State Investment Commission approves the approved list on a quarterly basis. During the first half of 2020, Oracle Corp, Honda Motor Corp, Lloyds Bank and Walt Disney Co. were removed from the Corporate Credits Approved list. The Corporate Credits Approved list as of June 2020 is found in Appendix A.

State Investment Commission

The State Investment Commission (SIC) is responsible for investment oversight with members of the Commission being Governor (Chair), State Treasurer (Vice Chair), Finance and Administration Cabinet Secretary and two Gubernatorial Appointees. The investment objectives are three-fold: preservation of principal, maintain liquidity to meet cash needs and maximization of returns. The Office of Financial Management is staff to the SIC and follows KRS 42.500, 200 KAR 14.011, 14.081, and 14.091 when making investment decisions.

DEBT MANAGEMENT



Authorized But Unissued Debt

As of June 30, 2020, the Commonwealth's 2020-2021 budget includes authorized debt service for over \$1.58 billion of projects supported by the General Fund, Agency Funds, and the Road Fund, which were approved during prior sessions of the General Assembly. This pipeline of projects is anticipated to be financed over a number of future biennia bond transactions. The speed at which this financing takes place is dependent upon factors managed by and between the project sponsors, the Office of the State Budget Director and the Office of Financial Management.

2010 Extraordinary (Special) Session

The 2010 Extraordinary (Special) Session of the General Assembly delivered House Bill 1 (Executive Branch Budget other than Transportation Cabinet) and House Bill 3 (Kentucky Transportation Cabinet Budget) to the Governor on May 29, 2010, establishing an Executive Branch Budget for the biennium ending June 30, 2012. The Governor took final action on the bills on June 4, 2010. Together, the bills authorized bond financing for projects totaling \$1,980.2 million to support various capital initiatives of the Commonwealth. Of the total authorization, \$507.4 million is General Fund supported, \$515.3 million is Agency Restricted Fund supported, \$522.5 million is supported by Road Fund appropria-

tions and \$435 million is Federal Highway Trust Fund supported through Grant Anticipation Revenue Vehicle Bonds designated for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project and the Louisville-Southern Indiana Ohio River Bridges Project. A portion of the General Fund, Agency Restricted Fund, Road Fund and Federal Highway Trust Fund authorizations have been permanently financed.

2012 Regular Session

The 2012 Regular Session of the General Assembly delivered House Bill 265 (Executive Branch Budget other than Transportation Cabinet) to the Governor on March 30, 2012 and House Bill 2 (Kentucky Transportation Cabinet Budget) to the Governor on April 20, 2012, establishing an Executive Branch Budget for the biennium ending June 30, 2014. The Governor took final action on House Bill 265 on April 13, 2012 and took final action on House Bill 2 on May 2, 2012. Together, the bills authorized bond financing for projects totaling \$238.86 million to support various capital initiatives of the Commonwealth. Of the total authorization, \$182.86 million is General Fund supported, \$12.5 million is supported by Road Fund appropriations, and \$43.5 million is Agency Restricted Fund supported. A portion of the General Fund authorization and the total Agency Restricted Fund authorizations listed above have been permanently financed.

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2014 Regular Session

The 2014 Regular Session of the General Assembly delivered House Bill 235 (Executive Branch Budget other than Transportation Cabinet) to the Governor on March 31, 2014 and House Bill 236 (Kentucky Transportation Cabinet Budget) to the Governor on April 15, 2014, establishing an Executive Branch Budget for the biennium ending June 30, 2016. The Governor took final action on House Bill 235 on April 11, 2014 and took final action on House Bill 236 on April 25, 2014. Together, the bills authorize bond financing for projects totaling a net amount of \$1,364.05 million to support various capital initiatives of the Commonwealth due to \$105 million in previously authorized debt that was de-authorized in House Bill 235. Of the total authorization, \$742.77 million is General Fund supported, \$721.28 million is supported by Agency Restricted Fund appropriations, and \$5.0 million is Road Fund supported. A portion of the General Fund and Agency Restricted Fund, and all of the Road Fund authorizations listed above have been permanently financed.

2016 Regular Session

The 2016 Regular Session of the General Assembly delivered House Bill 303 (Executive Branch Budget other than the Transportation Cabinet) and House Bill 304 (Kentucky Transportation Cabinet Budget) to the Governor on April 15, 2016, establishing an Executive

Branch Budget for the biennium ending June 30, 2018. The Governor took final action on House Bill 303 and House Bill 304 on April 27, 2016. Together, the bills authorize bond financing for projects totaling a net amount of \$1,251.24 million to support various capital initiatives of the Commonwealth with \$9.0 million of previously authorized debt de-authorized in House Bill 303. Of the total authorization, \$582.99 million is General Fund supported and \$677.25 million is supported by Agency Restricted Fund appropriations. No additional Road Fund supported authorizations were appropriated. A portion of the General Fund and Agency Restricted Fund authorizations listed have been permanently financed.

2017 Regular Session

The 2017 Regular Session of the General Assembly delivered House Bill 13 and House Bill 482 to the Governor on March 30, 2017. House Bill 13 authorized a general fund bond supported project for the Kentucky Department of Veterans' Affairs for the financing of the Bowling Green Veterans Center totaling \$10.5 million. House Bill 482 authorized a general fund bond supported project for the Kentucky Economic Development Finance Authority Loan Pool to support programs administered by the Kentucky Economic Development Finance Authority for the sole purpose of facilitating a private sector investment of not less than \$1

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billion in one or more locations in the Commonwealth. The Governor took final action on House Bill 13 and House Bill 482 on April 11, 2017. The total authorization under House Bill 482 has been permanently financed.

2018 Regular Session

The 2018 Regular Session of the General Assembly delivered House Bill 200 (Executive Branch Budget other than Transportation Cabinet) to the Governor on April 2, 2018 and House Bill 201 (Kentucky Transportation Cabinet Budget) to the Governor on April 14, 2018, establishing an Executive Branch Budget for the biennium ending June 30, 2020. The Governor vetoed House Bill 200 on April 9, 2018 and on April 13, 2018 the General Assembly enacted House Bill 200 over the Governor's veto. On April 14, 2018, the General Assembly delivered House Bill 265 (amending the 2018-2020 Executive Branch Budget Bill) to the Governor. The Governor took final action on House Bill 201 on April 26, 2018. House Bill 265 became law without the Governor's signature on April 27, 2018. Together, the bills authorize bond financing for projects totaling a net amount of \$972.7 million to support various capital initiatives of the Commonwealth whereas \$26.62 million in previously authorized debt was de-authorized in House Bill 200 and House Bill 201. Of the total authorization, \$377.69 million is General Fund supported, \$602.89 million is supported by Agency Fund appropriations, and \$18.75 million is Road Fund supported. A portion of the General Fund and Agency Restricted Fund authorizations have been permanently financed.

2019 Regular Session

The 2019 Regular Session of the General Assembly delivered House Bill 268 to the Governor on March 14, 2019. House Bill 268 authorized general fund bond supported projects totaling \$75 million to support various capital initiatives of the Commonwealth. The Governor took final veto action on House Bill 268 on March 26, 2019. The Legislature partially overrode the Governor's vetoes on March 28, 2019. The total authorization under House Bill 268 is General Fund supported.

2020 Regular Session

The 2020 Regular Session of the General Assembly delivered House Bill 99 to the Governor on March 18, 2020 and delivered House Bill 352 (Executive Branch Budget other than the Transportation Cabinet) and House Bill 353 (Kentucky Transportation Cabinet Budget) to the Governor on April 1, 2020, establishing an Executive Branch Budget for the first year only of the biennium ending June 30, 2022. The Governor signed House Bill 99 on March 25, 2020 and vetoed certain line items in House Bill 352 and House Bill 353 on April 13, 2020. The General Assembly overrode all gubernatorial vetoed line items on April 15, 2020. Together, the bills authorized bond financing for projects totaling a net amount of \$351.67 million to support various capital initiatives of the Commonwealth. The total authorization is General Fund supported. Agency Fund projects totaling \$429.80 million were listed without debt service appropriation. No additional Road Fund supported authorizations were appropriated. A portion of the General Fund authorizations have been permanently financed.

DEBT MANAGEMENT

Authorized but Unissued Debt Summary

The balance of prior bond authorizations of the General Assembly dating from 2010 through 2020 totals \$1,582.62 million. Of these prior authorizations, \$705.80 million is General Fund supported, \$814.32 million is Agency Restricted Fund supported, \$62.50 million is supported by Road Fund appropriations. HB 201 from the

2018 Regular Session de-authorized the remaining \$59.50 million which was authorized for the Federal Highway Trust Fund.

The following table summarizes, in aggregate, the information in connection with authorized but unissued debt of the Commission as described in this section.

Summary of Authorized but Unissued Debt by Fund Type As of June 30, 2020:

Legislative Session (Year)	General Fund (millions)	Agency Fund (millions)	Road Fund (millions)	TOTAL (millions)
2010	\$27.03	\$17.50	\$50.00	\$94.53
2012	8.46		12.50	20.96
2014	42.07			42.07
2016	108.97	20.58		129.55
2018	302.60	354.10		656.70
2019	75.00			75.00
2020*	316.67	422.14		738.81
Bond Pool Proceeds	(175.00)			(175.00)
TOTAL	\$705.80	\$814.32	\$62.50	\$1,582.62

The balance of prior bond authorizations of the General Assembly dating from 2010 through FYE 2020 totals \$1,582.62 million. Of these prior authorizations, \$705.80 million is General Fund supported, \$814.32 million is Agency Restricted Fund supported, and \$62.5 million is supported by Road Fund appropriations.

*General Fund bonds totaling \$316.67 million authorized by the 2020 Legislative session cannot be issued until the fiscal year beginning July 1, 2020. Prior authorization of Agency Restricted bonds totaling \$270.54 million were not reauthorized, are expected to lapse July 1, 2020, and are not included in this chart.

Looking Forward

The Commission continues to monitor the municipal bond interest rate market and uses this information together with other relevant market

data to evaluate whether or not the interim financing program would provide an economic advantage in conjunction with the fixed rate bonds.

DEBT MANAGEMENT

Ratings Update

The rating agencies continually monitor the Commonwealth's budgetary policies and actual performance in areas such as revenue, the economy, pensions, and debt management. Pension unfunded liabilities have continued to put downward pressure on the Commonwealth's credit ratings.

With the issuance of State Property and Buildings Commission project No. 122 in

October of 2019, (discussed in greater detail later) the determination was made to add Kroll Bond Rating Agency's evaluation to that issuance. The Kroll ratings were General Obligation Issuer Implied Rating of AA-, and General Fund Appropriation Rating of A+.

During the reporting period, the remaining ratings below were either affirmed or remained unchanged from the previous reporting period.

The Ratings Picture at June 30, 2020:

	Moody's	S & P	Fitch	Kroll
General Obligation Issuer Rating (GO)	Aa3	A	AA-	AA-
General Fund Appropriation Rating (GF) ⁱ	A1	A-	A+	A+
Road Fund Appropriation Rating (RF) ⁱ	Aa3	A-	A+	-
Federal Highway Trust Fund Appropriation Rating ⁱ	A2	AA	A+	-

ⁱAll outstanding bonds are rated, but may not carry ratings from all rating agencies.

DEBT MANAGEMENT

Cash Management Strategies

All cash management strategies are market and interest rate dependent. Historical alternatives are listed below:

Tax and Revenue Anticipation Notes (TRAN)

The Commission authorized the FY 2020 TRAN program in a principal amount not to exceed \$400 million. On July 10, 2019 \$400 million was issued to mature on June 25, 2020. The 2019 Series A TRANs were sold by J.P. Morgan Securities LLC on June 25, 2019 and carried a coupon of 3.0% to yield 1.40%. The total net benefit from this transaction to the Commonwealth was \$954,899.73. The General Fund will continue to borrow internally from the state investment pools to provide short-term liquidity, but market conditions provided an opportunity for additional interest earnings through the issuance of a TRAN and restructuring a portion of the investment portfolio.

Inter-Fund Borrowing

Cash in one fund is loaned to another fund which is experiencing a short-term cash flow shortfall. Historically, funds are loaned to the short-term fund (General Fund).

For six months ending June 30, 2020, the Commonwealth's investment portfolio was approximately \$6.0 billion.

Bond Anticipation Notes (BAN)

A short-term interest-bearing security issued in advance of a larger, future bond issue. Bond anticipation notes are smaller short-term bonds that are issued to generate funds for upcoming projects.

No BANs were issued during the reporting period

Notes (Direct Loans)

"Funding notes" means notes issued under the provisions of KRS 56.860 to 56.869 by the commission for the purpose of funding:

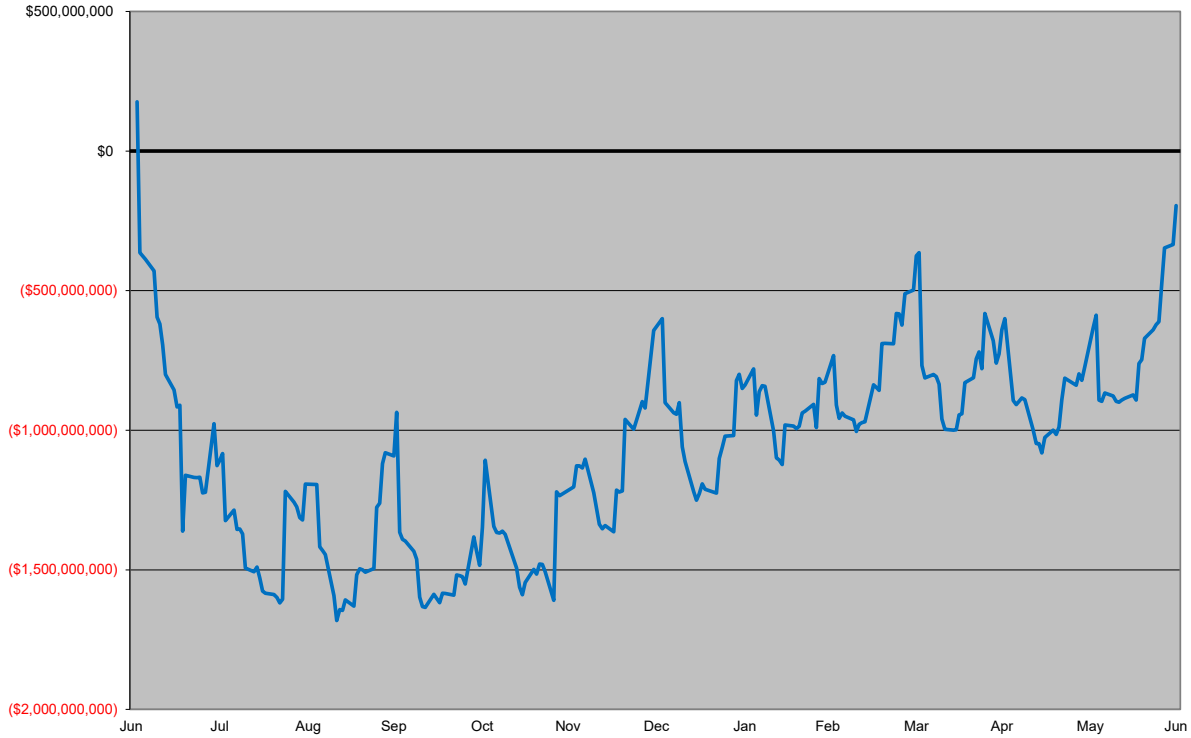
- (a) Judgments, with a final maturity of not more than ten (10) years; and
- (b) The finance or refinance of obligations owed under KRS 161.550(2) or 161.553(2)

"Project notes" means notes issued under the provisions of KRS 56.860 to 56.869 by the commission with a final maturity of not more than twenty (20) years for the purpose of funding authorized projects, which may include bond anticipation notes.

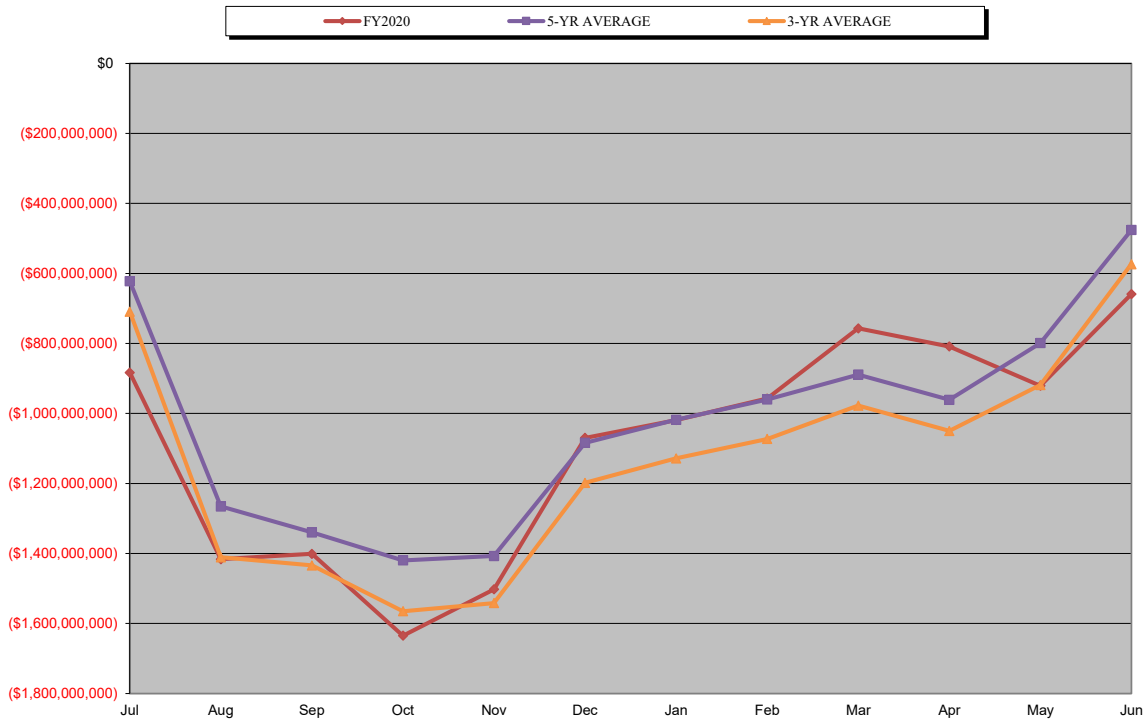
No Notes were issued during the reporting period.

DEBT MANAGEMENT

General Fund Cash Balance
Fiscal Year 2020



GENERAL FUND MONTHLY AVERAGE
(Excluding TRAN Proceeds)



DEBT MANAGEMENT

ALCo Financial Agreements

As of June 30, 2020, ALCo had three financial agreements outstanding, with a net notional exposure amount of \$134,850,000. These financial agreements are described in the section below and the terms of these transactions are detailed in Appendix B. No additional financial agreements were executed during the reporting period.

General Fund – Floating Rate Note Hedges

In May, 2007, ALCo issued \$243.08 million of Floating Rate Notes (FRNs) to permanently finance \$100 million of General Fund bond supported projects and to advance refund certain outstanding State Property and Buildings Commission (SPBC) bonds for present value savings. The transaction entailed ALCo issuing four FRNs, each paying a rate of interest indexed to 3-Month LIBOR plus a fixed spread. Integrated into the transaction were four separate interest rate swaps which perfectly hedge the floating rates on the FRNs and lock in a fixed rate payable by ALCo on the transaction. The terms of the four interest rate swaps exactly match the notional amount, interest rate, and amortization schedule of the four FRNs and allowed ALCo to elect “super-integrated” tax status on the transaction, whereby it receives similar tax treatment as a fixed rate bond issue under IRS rules.

Under the FRN transaction, the Notes and interest rate swaps were each insured under

separate policies by FGIC, which maintained an Aaa/AAA credit rating at the time from Moody’s and S&P. Under the terms of the original interest rate swaps, the counterparty (Citibank) could optionally terminate the agreements if the insurer’s claims paying rating fell below an A3/A- level. Subsequent to the transaction, FGIC was downgraded multiple times by the credit rating agencies and currently are no longer rated. In December 2008, MBIA (rated A2 by Moody’s at the time) reinsured FGIC’s municipal insurance portfolio providing additional coverage on the transaction. However, MBIA Insurance Corporation’s credit rating was also subsequently downgraded on multiple occasions and is currently rated Caa1 by Moody’s and is no longer rated by S&P. In February of 2009, MBIA established a new U.S. public finance financial guaranty insurance company known as National Guaranty Public Finance Corporation (National). National, at no additional charge, provided reinsurance on the FRNs and related swaps. However, on December 22, 2010, S&P downgraded National from A to BBB leaving both of National’s claims paying ratings below the required A3/A- level.

In early 2011, ALCo spent considerable time working with Citibank and other parties analyzing a variety of remedies that would prevent the potential early termination of the interest rate swaps. After much consideration, ALCo determined the preferred remedy was

DEBT MANAGEMENT

one offered by Citibank whereby the remaining notional amount of each interest rate swap would be assigned to a new counterparty under the existing financial terms and at no cost to ALCo or the Commonwealth. On February 14, 2011, ALCo, Citibank and the new counterparty, Deutsche Bank AG, executed the assignment of the remaining notional balances of each swap to Deutsche Bank. The terms of the new interest rate swaps with Deutsche Bank were identical to the original swaps, with two exceptions; 1) the new swaps were not insured and there were no insurer provisions contained in the new agreements, and 2) the credit rating triggers under the automatic termination provisions were now symmetrical for both counterparties (ALCo and Deutsche Bank) at A3/A-. Under the original swaps, ALCo's credit rating triggers were Baa2/BBB, but rating recalibrations by the rating agencies caused municipal issuers to be rated on the same scale as corporations and other debt issuing entities, which facilitated the need for equal credit rating triggers for both parties. On July 10, 2014, the credit rating triggers were lowered to Baa3/BBB- for both counterparties. On January 25 2016, Moody's downgraded Deutsche Bank from A3 to Baa1 reflecting changes in Germany's insolvency legislation which took effect in January 2017. The changes resulted in protection from the subordination of certain senior unsecured debt obligations relative to other senior liabilities, including deposits. Moody's downgraded Deutsche Bank once again on May 23, 2016 from Baa1 to Baa2

reflecting "the increased execution challenges Deutsche Bank faces in achieving its strategic plan." Even with two downgrades, Deutsche Bank continues to be in compliance with the swap agreement credit rating threshold of not falling below Baa3. ALCo continues to monitor the credit of our counterparty for compliance with terms of the agreement. Fitch downgraded Deutsche Bank on June 7, 2019 from BBB+ to BBB, but the ratings termination triggers are only related to Moody's and S&P.

Details related to the interest rate swaps as of June 30, 2020 are presented in Appendix B.

Asset/Liability Model

General Fund

The total SPBC debt portfolio as of June 30, 2020 had \$3.331 billion of bonds outstanding with a weighted average coupon of 4.93% and a weighted average life of 6.19 years. The average coupon reflects an amount of taxable bonds issued under the Build America Bond Program during 2009 and 2010 as well as continued investor preference for tax-exempt callable premium bonds in the current market at a yield lower than par or discount coupon bonds. The \$542.853 million callable portion had a weighted average coupon of 4.63%.

The SPBC debt structure has 45% of principal maturing in 5 years and 71% of principal maturing in 10 years. The ratios are above the rating agencies' proposed target of 27-30% due in 5 years and 55-60% maturing within 10 years, primarily influenced by debt restructuring and

DEBT MANAGEMENT

the minimal amount of long-term new money permanent financings within the last several years.

For the Fiscal Year 2020 the General Fund had a maximum balance of \$175.985 million on July 1, 2019, and a low of negative \$1.681 billion on September 9, 2019.

The average and median balances were negative \$1.064 billion and negative \$1.004 billion, respectively. Since the General Fund continued to have a negative available cash balance for the fiscal year, there is little, if anything, that can be done from an asset management point of view beyond current actions.

From a liability management perspective, total Commonwealth General Fund debt service, net of credits was \$1.101 billion for Fiscal Year 2020. This number is significantly higher than the prior year because of the TRAN debt service repayment that was paid in Fiscal Year 2020. In addition to the Commonwealth General Fund debt service, General Fund debt service of \$11.256 million was provided for the Eastern State Hospital financing that was issued through the Lexington-Fayette Urban County Government in 2011. Also, General Fund debt service of \$3.938 million was provided for the 2015 and 2018 Certificates of Participation (related to the two Commonwealth State office Building projects). These projects are separately identified because they are not obligations of the Commonwealth, but they are General Fund supported. Net interest margin will continue to be negative due to low cash balances versus outstanding fixed rate debt, low level of interest

rates, and the callability of the debt portfolio.

SPBC 123

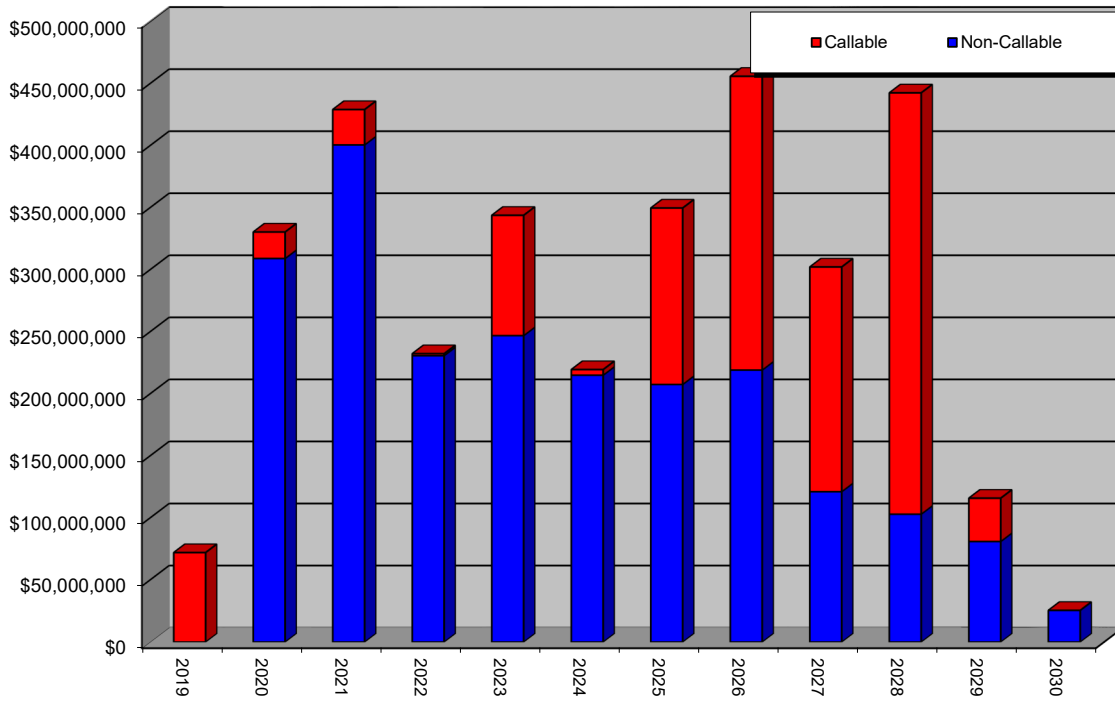
On June 10, 2020, SPBC closed \$35,245,000 par of General Fund Revenue bonds, federally taxable Project No. 123 Series A. The Project No. 123 bond proceeds provided permanent financing for a \$35 million economic development project for the Kentucky Economic Development Finance Authority. The transaction achieved an All-In True Interest Cost of 3.534%. The project 123 bonds were issued via negotiated sale with Citigroup serving as senior managing underwriter and Kutak Rock LLP as bond counsel. The bonds achieve ratings of A1/A+ from Moody's, and Fitch, respectively.

Looking Forward

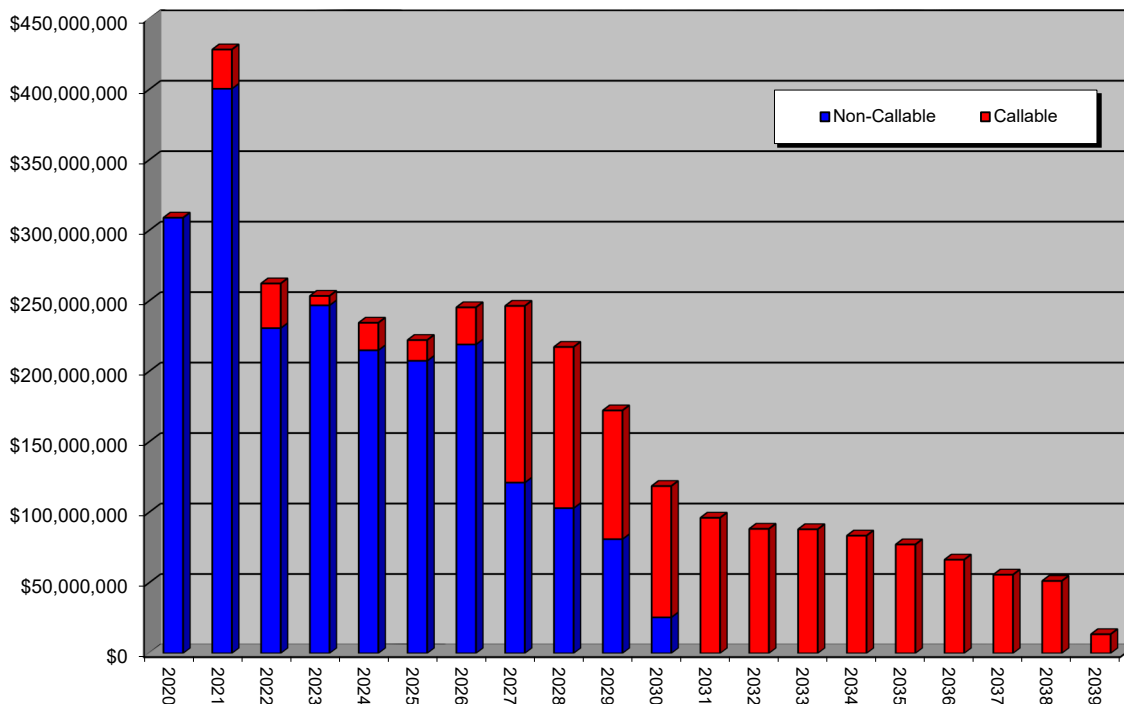
In light of the January 1, 2018 federal tax law change that tightened the parameters by which tax-exempt municipal bonds could be advanced refunded, the Commonwealth has added to the methods of evaluation for examining potential refunding candidates. Since tax advantaged bonds are no longer eligible to be advanced refunded on a tax-exempt basis, the Commonwealth now gives consideration to advance refunding its municipal bonds on a taxable basis or through a forward delivery of tax-exempt bonds. Additional diligence and financial modeling is necessary to ensure economic savings in these transactions.

DEBT MANAGEMENT

Call Analysis by Call Date
State Property and Buildings Commission Bonds



Call Analysis by Maturity Date
State Property and Buildings Commission Bonds



DEBT MANAGEMENT

Road Fund

The Road Fund average daily cash balance for Fiscal Year 2020 was \$293 million compared to \$358 million for Fiscal Year 2019. The Road Fund cash was invested in the Intermediate Term Investment Pool which had a duration of 0.69 years as of June 30, 2020. The Road Fund earned positive \$6.688 million on a cash basis for Fiscal Year 2020 versus \$11.924 million for Fiscal Year 2019. The Road Fund earnings declined year over year because of lower short term rates and lower receipts. The continued relatively low level of investable balances at certain times during the fiscal year limits the

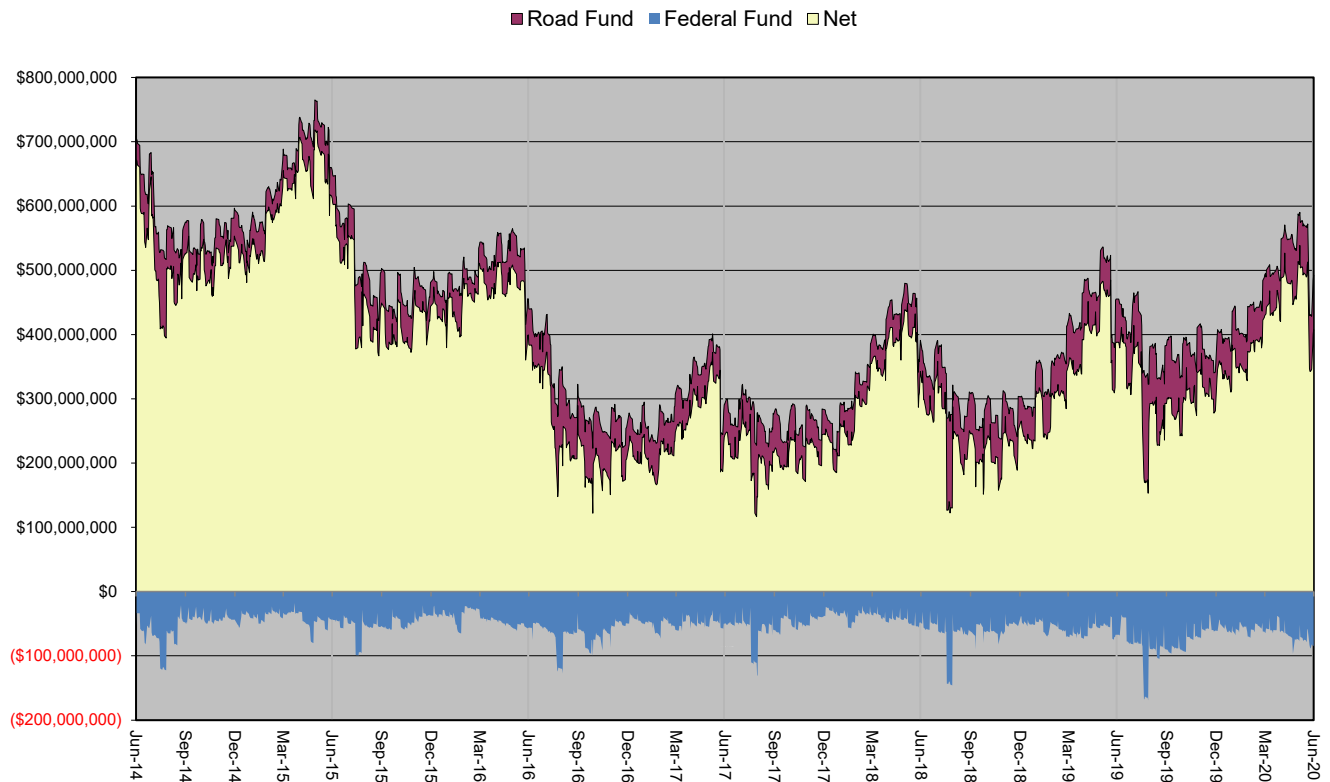
investment opportunities.

As of June 30, 2020, the Turnpike Authority of Kentucky (TAK) had \$1.012 billion of bonds outstanding with a weighted average coupon of 4.89% and an average life of 6.20 years.


Road Fund debt service paid in Fiscal Year 2020 was \$151.334 million, resulting in a net interest margin (investment income earned year-to-date less debt service paid) of negative \$144.646 million. The negative amount stems from the level of investable balances and a general low level of interest rates on the investment side in addition to the limited callability of fixed rate obligations on the liability side.

Road Fund Available Balance

Fiscal Year 2015-2020 as of 06/30/2020



SUMMARY



ALCo's approach to managing the Commonwealth's interest-sensitive assets and interest-sensitive liabilities has provided tremendous flexibility and savings in financing the Commonwealth's capital construction program.

Since its inception, ALCo has been instrumental in adding incremental returns on investment income to the Commonwealth's investment portfolio. ALCo has continued to manage General Fund intra-year cash flow deficits through its TRAN program when cost effective. Until Fiscal Year 2010, ALCo had issued a General Fund TRAN each fiscal year since 1998 (with the exception of FY 2004), providing millions of dollars of incremental gains for the

General Fund over this time. In fiscal 2019 market conditions again created an opportunity to utilize the TRAN program. ALCo's management approach to project funding has also allowed the Commonwealth to take advantage of short-term yields and achieve millions of dollars in budgetary savings through debt service lapses.

As always, ALCo continues to analyze potential opportunities for savings and to evaluate new financing structures which offer the Commonwealth the ability to diversify risk within its portfolio while taking advantage of market demand for various new or unique products.

APPENDIX

APPENDIX A

STATE INVESTMENT COMMISSION Corporate Credits Approved For Purchase as of June 30, 2020

Company Name	Repurchase Agreements	Debt	Notes	Company Name	Repurchase Agreements	Debt	Notes
Apple Inc.		Yes	Yes	Natixis SA/New York		Yes	Yes
Bank of Montreal	Yes	Yes	Yes	Nestle Finance International		Yes	Yes
Bank of Nova Scotia	Yes	Yes	Yes	PepsiCo Inc.		Yes	Yes
Berkshire Hathaway Inc.		Yes	Yes	Pfizer Inc.		Yes	Yes
BNP Paribas Securities Corp	Yes	Yes	Yes	PNC Bank NA			
BNY Mellon NA		Yes	Yes	Praxair Inc.		Yes	Yes
Canadian Imperial Bank of Comm		Yes	Yes	Procter & Gamble Co/The		Yes	Yes
Chevron Corp		Yes	Yes	Royal Bank of Canada	Yes	Yes	Yes
Cisco Systems Inc.		Yes	Yes	Royal Dutch Shell PLC		Yes	Yes
Cooperative Rabobank		Yes	Yes	Salvation Army		Yes	No
Cornell University		Yes	No	State Street Corp		Yes	Yes
Costco Wholesale Corp		Yes	Yes	Sumitomo Mitsui Trust Bank		Yes	Yes
Deere & Co		Yes	Yes	Swedbank AB		Yes	Yes
Exxon Mobil Corp		Yes	Yes	Texas Instruments Inc.		Yes	Yes
Guggenheim Securities, LLC	Yes	No	No	Toronto-Dominion Bank/The		Yes	Yes
Home Depot Inc.		Yes	Yes	Total SA		Yes	Yes
HSBC Bank USA NA		Yes	Yes	Toyota Motor Corp		Yes	Yes
IBRD - World Bank		Yes	Yes	UBS AG (U.S.)		Yes	Yes
Intel Corp		Yes	Yes	US Bank NA		Yes	Yes
Intl Business Machines Corp		Yes	Yes	Wal-Mart Stores Inc.		Yes	Yes
Johnson & Johnson		Yes	Yes	Wells Fargo & Co		Yes	Yes
Merck & Co. Inc.		Yes	Yes				
Microsoft Corp		Yes	Yes				
MUFG Bank LTD/NY		Yes	Yes				
MUFG Securities Americas Inc.	Yes	No	No				

*Addition:

*Removed

Honda Motor Co Ltd

Oracle Corp

Lloyds Bank PLC

Walt Disney Co/The

APPENDIX A

STATE INVESTMENT COMMISSION Securities Lending Agent Approved Counterparties as of June 30, 2020

<u>Company Name</u>	<u>Securities Lending</u>	<u>REPO</u>
Alaska USA Federal Credit Union	Yes	Yes
Alaska USA Trust Company	Yes	Yes
BMO Capital Markets Corp	Yes	No
Bank of Nova Scotia	Yes	No
Barclays Capital, Inc.	Yes	Yes
BNP Paribas Prime Brokerage, Inc.	Yes	No
BNP Paribas Securities Corp.	Yes	No
Cantor Fitzgerald & Co.	Yes	Yes
Citigroup Global Markets Inc.	Yes	Yes
Credit Suisse Securities (USA) LLC	Yes	Yes
CYS Investments, Inc.	Yes	Yes
Daiwa Capital Markets America Inc.	Yes	Yes
Deutsche Bank Securities Inc.	Yes	Yes
Dynex Capital Inc.	Yes	Yes
Goldman Sachs and Company	Yes	Yes
Hatteras Financial Corp	Yes	Yes
HSBC Securities (USA) Inc.	Yes	Yes
ING Financial Markets LLC	Yes	Yes
Jefferies LLC	Yes	Yes
JP Morgan Securities LLC	Yes	No
Merrill Lynch Pierce Fenner & Smith Inc.	Yes	Yes
Mizuho Securities USA, Inc.	Yes	Yes
Morgan Stanley & Co. LLC	Yes	Yes
NatWest Markets Securities Inc.*	Yes	Yes
Nomura Securities International Inc.	Yes	Yes
Pershing LLC	Yes	Yes
Redwood Trust	Yes	Yes
RBC Capital Markets LLC	Yes	No
SG Americas Securities LLC	Yes	Yes
Societe Generale	Yes	Yes
TD Securities (USA), Inc.	Yes	Yes
Two Harbors Investment Corp	Yes	Yes
UBS Securities LLC	Yes	Yes
Wells Fargo Securities LLC	Yes	Yes

APPENDIX B

As of June 30, 2020

ALCo Financial Agreements	ALCo FRN Series A Hedge	ALCo FRN Series A Hedge	ALCo FRN Series B Hedge	ALCo FRN Series B Hedge
Fund Source	General Fund	General Fund	General Fund	General Fund
Hedge	2017 FRN	2027 FRN	2021 FRN	2025 FRN
Counter-Party	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG
Long-Term Senior Debt Ratings (Moody's / S&P / Fitch)		A3/BBB+/BBB	A3/BBB+/BBB	A3/BBB+/BBB
Termination Trigger (Moody's / S&P)	Baa3/BBB-	Baa3/BBB-	Baa3/BBB-	Baa3/BBB-
Swap Type	Fixed Pay	Fixed Pay	Fixed Pay	Fixed Pay
Benchmark	67% 3M LIBOR + 40	67% 3M LIBOR + 53	67% 3M LIBOR + 52	67% 3M LIBOR + 55
Reset	Quarterly	Quarterly	Quarterly	Quarterly
Notional Amount	Expired 11/1/17	36,450,000	27,465,000	70,935,000
Amortize (yes/no)	yes	yes	yes	yes
Original Execution Date	5/16/2007	5/16/2007	5/16/2007	5/16/2007
Start Date	5/31/2007	5/31/2007	5/31/2007	5/31/2007
Assignment Date	2/14/2011	2/14/2011	2/14/2011	2/14/2011
Mandatory Early Termination				
End Date	11/1/2017	11/1/2027	11/1/2021	11/1/2025
Fixed Rate pay-(rec)	3.839%	4.066%	4.042%	4.125%
Day Count	30/360	30/360	30/360	30/360
Payment Dates		February 1, May 1, August 1, November 1		
Security Provisions		General Fund Debt Service Appropriations		
Current Market Valuation June 30, 2020 (negative indicates payment owed by ALCo if terminated)	Expired 11/1/17	(4,997,574)	(911,436)	(9,314,535)
Interest Earnings (not applicable)				
Total	not applicable	not applicable	not applicable	not applicable

Swap Summary

Total Notional Amount Executed

<u>General Fund</u>	<u>Road Fund</u>
243,080,000	0

Net Exposure Notional Amount

<u>General Fund</u>	<u>Road Fund</u>
134,850,000	0

Total Notional Amount Executed by Counter Party

Deutsche Bank (assigned from Citibank on 2/14/2011)

243,080,000

Debt

	<u>General Fund</u>	<u>Road Fund</u>	<u>General Fund</u>	<u>Road Fund</u>
Bonds Outstanding	3,381,580,000	1,037,485,000	338,158,000	103,748,500
Authorized but Unissued	705,800,000	62,500,000	70,580,000	6,250,000
Total	4,087,380,000	1,099,985,000	408,738,000	109,998,500

10% Net ExposureInvestment Pool Balance

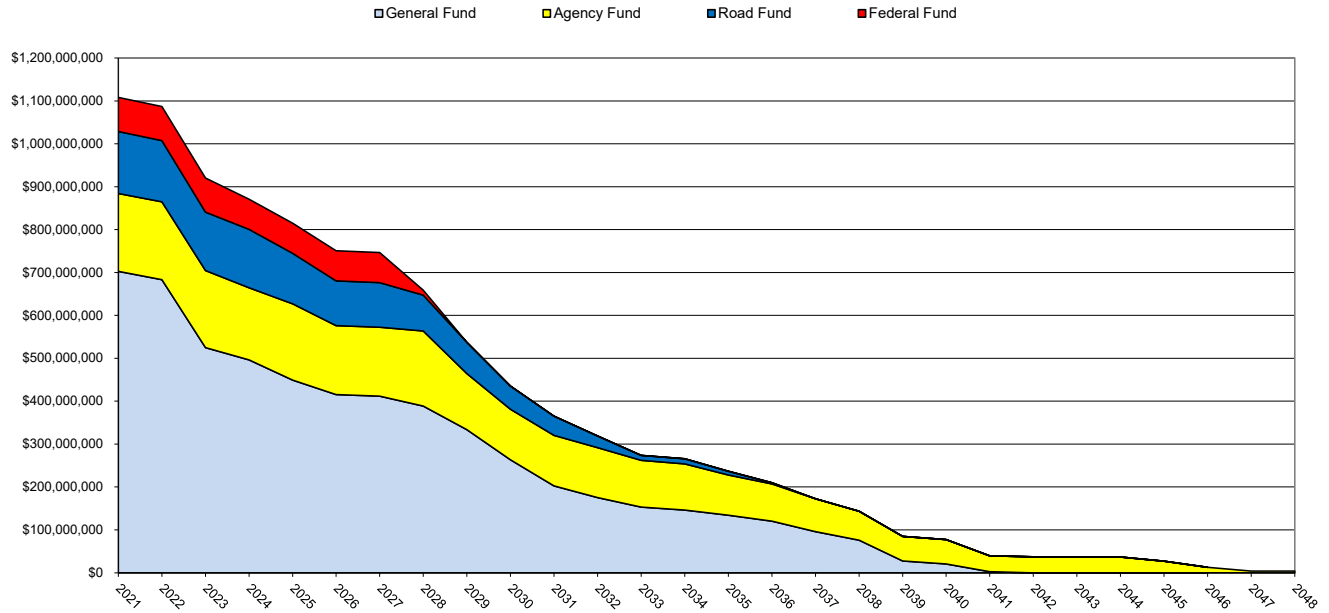
<u>Other Funds</u>	<u>Net Road Fund</u>
6,028,584,731	373,110,031

10% Investment Portfolio

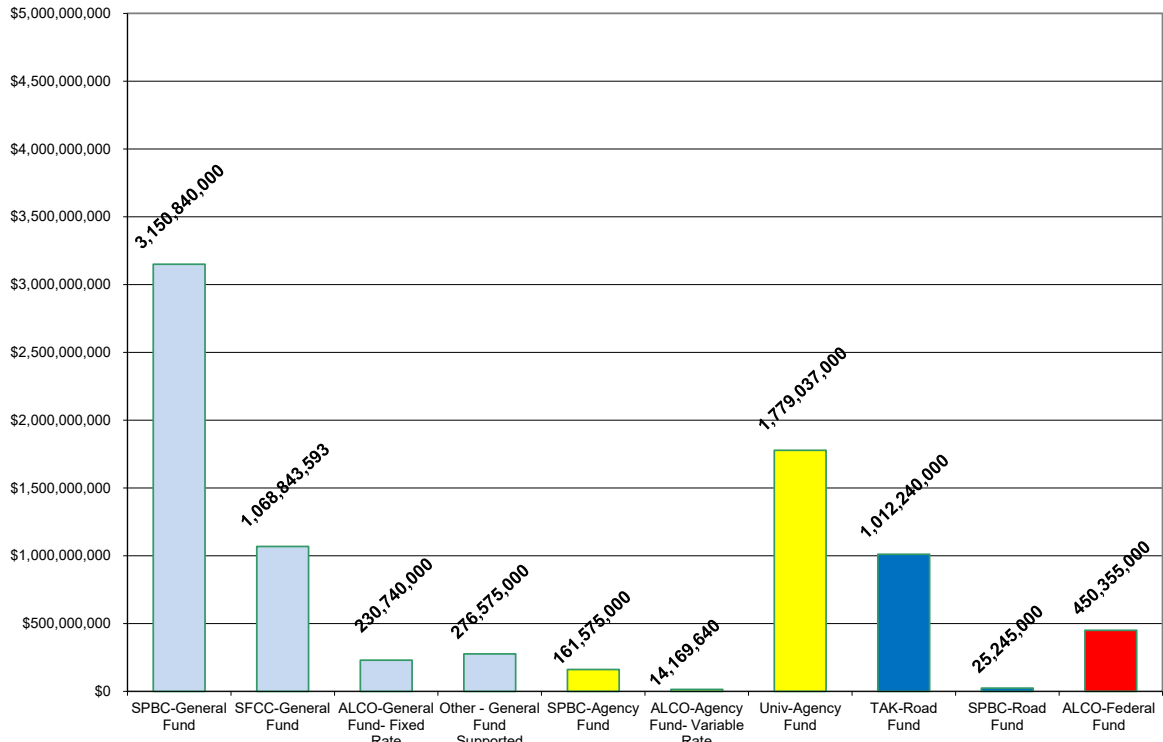
<u>Other Funds</u>	<u>Net Road Fund</u>
602,858,473	37,311,003

APPENDIX C

**Appropriation Supported Debt Service
by Fund Source as of 6/30/2020**



**Appropriation Debt Principal Outstanding
by Fund Source as of 6/30/2020**



*This data does not include debt issued for judicial center projects and paid for by the Administrative Office of the Courts in the Court of Justice or debt issued by the Lexington -Fayette Urban County Government for the Eastern State Hospital.

APPENDIX D

COMMONWEALTH OF KENTUCKY ASSET/LIABILITY COMMISSION SCHEDULE OF NOTES OUTSTANDING AS OF 06/30/2020

FUND TYPE SERIES TITLE	AMOUNT ISSUED	DATE OF ISSUE	MATURITY DATE	PRINCIPAL OUTSTANDING
General Fund Project & Funding Notes				
2007 A, B Series	\$243,080,000	5/2007	11/2027	\$134,850,000
2011 1st Series-KTRS Funding Notes	\$269,815,000	3/2011	4/2022	\$46,665,000
2013 1st Series-KTRS Funding Notes	\$153,290,000	2/2013	4/2023	\$49,225,000
FUND TOTAL	666,185,000			\$230,740,000
Agency Fund Project Notes				
2018 Agency Fund Project Note (KCTCS)	\$27,775,000	6/2018	10/2023	\$14,169,640
FUND TOTAL	\$27,775,000			\$14,169,640
Federal Hwy Trust Fund Project Notes				
2010 1st Series	\$89,710,000	3/2010	9/2022	\$89,710,000
2013 1st Series	\$212,545,000	8/2013	9/2025	\$151,325,000
2014 1st Series	\$171,940,000	3/2014	9/2026	\$132,175,000
2015 1st Series	\$106,850,000	10/2015	9/2027	\$77,145,000
FUND TOTAL	\$581,045,000			\$450,355,000
ALCo NOTES TOTAL	1,275,005,000			\$695,264,640

REPORT PREPARED BY:



OFFICE OF FINANCIAL
MANAGEMENT

Commonwealth of Kentucky

702 Capital Ave Ste 76

Frankfort, KY 40601

Phone: 502-564-2924

Fax: 502-564-7416

Creating Financial Value for the Commonwealth

TEAM 
KENTUCKY

Annual Report of Bonds Outstanding

FY20	Principal					Interest	Annual Fees**
	June 30, 2019	Issued	Matured	Refunded	June 30, 2020		
State Property and Buildings Commission ("SPBC")	\$ 3,501,390,000	\$ 354,045,000	\$ 355,620,000	\$ 162,155,000	\$ 3,337,660,000	\$ 157,530,891	\$ -
Kentucky Asset/Liability Commission ("ALCO")	\$ 835,109,140	\$ 400,000,000	\$ 542,620,000	\$ -	\$ 695,264,640	\$ 42,969,048	\$ -
Turnpike Authority of Kentucky ("TAK")	\$ 1,104,240,000	\$ -	\$ 92,000,000	\$ -	\$ 1,012,240,000	\$ 50,392,346	\$ -
School Facilities Construction Commission	\$ 1,113,486,354	\$ 52,570,933	\$ 91,145,660	\$ 6,068,035	\$ 1,068,843,592	\$ 30,967,213	\$ -
Kentucky Infrastructure Authority ("KIA")	\$ 210,720,000	\$ -	\$ 19,485,000	\$ -	\$ 191,235,000	\$ 9,930,475	\$ 6,387
State Universities	\$ 1,724,282,000	\$ 151,090,000	\$ 86,360,000	\$ 9,975,000	\$ 1,779,037,000	\$ 67,714,268	\$ 60,000
Kentucky Housing Corporation	\$ 414,850,000	\$ -	\$ 18,270,000	\$ 108,110,000	\$ 288,470,000	\$ 11,502,134	\$ 131,966
KY Higher Education Student Loan Corporation	\$ 868,360,490	\$ 104,965,000	\$ 140,590,000	\$ -	\$ 832,735,490	\$ 26,538,259	\$ 67,302
KY Local Correctional Facilities Construction Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kentucky Public Transportation Infrastructure Authority	\$ 726,870,370	\$ 0	\$ 1,451,914	\$ 0	\$ 725,418,456	\$ 27,889,549	\$ -
Total	\$ 10,499,308,354	\$ 1,062,670,933	\$ 1,347,542,574	\$ 286,308,035	\$ 9,930,904,178	\$ 425,434,181	\$ 265,655
Other General Fund Supported	\$ 175,735,000	\$ 102,090,000	\$ 1,250,000	\$ 0	\$ 276,575,000	\$ 7,204,344	\$ -
Total	10,675,043,354	1,164,760,933	1,348,792,574	286,308,035	10,207,479,178	432,638,525	265,655

1 Other General Fund Supported Bonds include Certificates of Participation, Series 2015 (Commonwealth of Kentucky State Office Building Project) and Certificates of Participation, Series 2018A and Taxable Series 2018B (Commonwealth of Kentucky State Office Building Project) and Kentucky Bond Development Corporation Industrial Building Revenue Bonds, City of Williamsburg Series 2019 (Kentucky Communications Network Authority Project).

2 Does not include Kentucky Economic Development Finance Authority Senior Revenue Bonds (Next Generation Kentucky Information Highway Project) Series 2015A

**Kentucky Infrastructure Authority
Projects for
October 2020 Capital Projects Meeting**

• Fund A Loan				
<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
A19-047	City of Bardstown (Increase)	\$ 1,071,088	\$ 6,471,088	Nelson
• Fund B Loan				
<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
B20-004	Western Pulaski County Water District	\$ 1,146,000	\$ 1,146,000	Pulaski
• Fund C Loan				
<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
C20-003	City of Lewisport (Increase)	\$ 49,350	\$ 149,350	Hancock

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND A, FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number	Meili Sun September 24, 2020 A19-047 (Increase) SX21179029	
BORROWER	CITY OF BARDSTOWN NELSON COUNTY			
BRIEF DESCRIPTION				
The City of Bardstown is requesting an increase of \$1,071,088 to the Fund A loan A19-047 initially approved on February 7, 2019, which will bring the total loan amount up to \$6,471,088. The increase is due to higher bids than budgeted and involves no additional work or change of scope.				
This project will replace the existing 0.75 million gallon per day (MGD) Pottershop pump station with a 3.5 MGD station and will upgrade approximately 17,000 linear feet of sewer lines with 12 to 36 inch lines. Mechanical screening facilities will also be constructed at the headworks of the treatment plant to remove trash and debris prior to waste treatment. Capacity will be increased in a growth area as well as mitigation of sanitary sewer overflows and hydraulic overloading during wet weather events as a result of the project.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$6,471,088	Administrative Expenses	\$35,000	
EDA Grant	1,600,000	Legal Expenses	10,000	
Local Funds	419,559	Land, Easements	25,000	
		Planning	10,000	
		Eng - Design / Const	6.5% 5.7% 432,509	
		Eng - Insp	3.5% 4.0% 308,203	
		Eng - Other	25,000	
		Construction	7,423,630	
		Contingency	221,305	
TOTAL	\$8,490,647	TOTAL	\$8,490,647	
REPAYMENT	Rate Term	2.00% 20 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw \$407,104	
PROFESSIONAL SERVICES	Engineer Bond Counsel	HDR Engineering, Inc. Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	May-20 Aug-20 Jul-21		
DEBT PER CUSTOMER	Existing Proposed	\$1,335 \$1,876		
OTHER DEBT	See Attached			
RESIDENTIAL RATES	Current Additional	Users 7,464 101	Avg. Bill \$25.93 (for 4,000 gallons) \$25.93 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	5,974,080	1,735,035	4,239,045	3.4
Audited 2018	8,035,097	1,785,327	6,249,770	4.5
Audited 2019	6,661,877	1,822,038	4,839,839	3.7
Projected 2020	6,436,934	1,764,536	4,672,398	3.6
Projected 2021	6,224,573	1,861,588	4,362,985	3.3
Projected 2022	5,969,604	1,097,286	4,872,318	5.4
Projected 2023	5,700,622	1,097,285	4,603,337	5.2
Projected 2024	5,425,730	1,097,386	4,328,344	4.9

Reviewer: Meili Sun
Date: September 24, 2020
Loan Number: A19-047 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND (FUND A)
CITY OF BARDSTOWN, NELSON COUNTY
PROJECT REVIEW
SX21179029**

I. PROJECT DESCRIPTION

The City of Bardstown (“City”) is requesting an increase of \$1,071,088 to supplement the Rowan Creek Sewer Upgrade project initially approved on February 7, 2019, which will bring the total loan amount up to \$6,471,088. The increase is due to higher bids than budgeted and involves no additional work or change of scope.

This project will replace the existing 0.75 million gallons per day (“MGD”) Pottershop pump station with a 3.5 MGD station and will upgrade approximately 17,000 linear feet of sewer lines with 12 to 36 inch lines. Mechanical screening facilities will also be constructed at the headworks of the treatment plant to remove trash and debris prior to waste treatment. Capacity will be increased in a growth area as well as mitigation of sanitary sewer overflows and hydraulic overloading during wet weather events.

The Bardstown Sewer System is a regional provider that serves approximately 8,000 retail customers and treats wastewater for the Bloomfield Wastewater Collection System through the Kentucky Inter-System Operational Permit (KISOP).

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 35,000
Legal Expenses	10,000
Land, Easements	25,000
Planning	10,000
Engineering Fees – Design	318,193
Engineering Fees – Construction	114,316
Engineering Fees – Inspection	308,203
Engineering Fees – Other	25,000
Construction	7,423,630
Contingency	221,305
Total	\$ 8,490,647

III. PROJECT FUNDING

	Amount	%
KIA Fund A Loan	\$ 6,471,088	76%
EDA Grant	1,600,000	19%
Local Funds	419,559	5%
Total	\$ 8,490,647	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 6,471,088
Principal Forgiveness	0
Amortized Loan Amount	\$ 6,471,088
Interest Rate	2.00%
Loan Term (Year)	20
Estimated Annual Debt Service	\$ 394,162
Administrative Fee (0.20%)	12,942
Total Estimated Annual Debt Service	\$ 407,104

V. PROJECT SCHEDULE

Bid Opening	May 2020
Construction Start	August 2020
Construction Stop	July 2021

VI. RATE STRUCTURE

A. Customers

Customers	Current
Residential	6,196
Commercial and Industrial	1,268
Total	7,464

B. Rates

	Sewer Inside City		Sewer Outside City	
	Current	Prior	Current	Prior
Date of Last Rate Increase	09/01/11	07/15/09	09/01/11	07/15/09
First 2,000 Gallons (Minimum)	\$17.25	\$15.00	\$18.94	\$15.60
Next 2,000	4.34	3.77	5.66	4.92
Cost for 4,000 gallons	\$25.93	\$22.54	\$30.26	\$25.44
Increase %	15.0%		18.9%	
Affordability Index (Rate/MHI)	0.7%	0.6%	0.8%	0.7%

	Water Inside City		Water Outside City	
	Current	Prior	Current	Prior
Date of Last Rate Increase	07/03/11	06/28/09	07/03/11	06/28/09
First 2,000 Gallons (Minimum)	\$10.49	\$9.49	\$15.37	\$13.75
Next 2,000	3.30	2.95	3.30	2.95
Cost for 4,000 gallons	\$17.09	\$15.39	\$21.97	\$19.65
Increase %	11.0%		11.8%	
Affordability Index (Rate/MHI)	0.5%	0.4%	0.6%	0.5%

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2016, the Utility’s service area population was 17,207 with a Median Household Income (MHI) of \$43,372. The median household income for the Commonwealth is \$44,811. The increase will qualify for the initial 20 year loan term at 2.00% interest rate.

Year	Population		County		County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	6,155		27,584		June 2004	5.1%
1990	6,801	10.5%	29,710	7.7%	June 2009	12.5%
2000	10,374	52.5%	37,477	26.1%	June 2015	6.7%
2010	11,700	12.8%	43,437	15.9%	June 2018	4.5%
Current	13,026	11.3%	44,875	3.3%		
Cumulative %		111.6%		62.7%		

VIII. 2018 CAPITALIZATION GRANT EQUIVALENCES

This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019. The financial reporting of the City's Proprietary Funds consolidates electric, water, wastewater treatment, garbage pickup, cable TV, and internet operations. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 6.4% from \$36.86 million in 2017 to \$39.24 in 2019 while operating expenses increased 6.2% from \$30.94 million to \$32.85 million during the same period primarily due to volume growth. Consolidated cash flow before debt service averaged \$6.89 million in the 3 audited years. Sewer cash flow averaged \$1.87 million or 27.2% of consolidated cash flow before debt service. The debt coverage ratio was 3.4, 4.5, and 3.7 in 2017, 2018, and 2019 respectively.

The balance sheet reflects a current ratio of 2.7, a debt to equity ratio of 0.4, 25.2 days of sales in accounts receivable, and 5.0 months of operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Consolidated revenues will go up steadily due to wholesale rate increases and volume growth.
- 2) Wholesale water rate will increase 22.5% from \$2.00 to \$2.45 per thousand gallons in January, 2020 and grow incrementally each July 1 through 2023 based on the rate schedule approved by the PSC.

<u>Effective Date</u>	<u>Rate Per 1,000 Gallons</u>
January 1, 2020	\$2.45
July 1, 2020	\$2.49
July 1, 2021	\$2.56
July 1, 2022	\$2.64
July 1, 2023	\$2.72

- 3) Expenses will increase 2% annually for inflation.

- 4) The City will pay off the existing General Obligation Bond in 2021 to make available \$2.5 million cash flow for the new KIA debt.
- 5) Debt service coverage is 5.4 in 2022 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund B loan.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$324,000 total) of the final amount borrowed to be funded annually (\$16,200 yearly) each December 1 for 20 years and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	Outstanding	Maturity
General Obligation Bond Series 2010	\$ 2,445,000	2021
KIA Loan A10-014	1,291,538	2033
KIA Loan B17.008	1,142,978	2037
KIA Loan B17-012	1,088,603	2039
KIA Loan C09-01	1,439,188	2034
KIA Loan C09-02	2,621,762	2033
KIA Loan B20-005 i.a.o. \$1,472,400		TBD
Total	\$ 10,029,069	

XI. CONTACTS

Legal Applicant	
Name	City of Bardstown
Address	220 N Fifth Street Bardstown, KY 40004
County	Nelson
Authorized Official	Richard Heaton, Mayor
Phone	(502) 348-5947
Email	mayorheaton@bardstowncable.net

Project Contact - Applicant	
Name	Jessica Filiatreau, PE
Organization	City of Bardstown
Address	220 N Fifth Street Bardstown, KY 40004
Phone	(502) 348-5947
Email	jhfiliatreau@bardstowncable.net

Project Administrator	
Name	Bob Sturdivant
Organization	HDR Engineering, Inc.
Address	2517 Sir Barton Way Lexington, KY 40509
Phone	(859) 629-4826
Email	bob.sturdivant@hdrinc.com

Consulting Engineer	
Name	Rich Smith
Firm	HDR Engineering, Inc.
Address	881 Corporate Dr., Suite 100 Lexington, KY 40503
Phone	(502) 223-3755
Email	rich.smith@hdrinc.com

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

**CITY OF BARDSTOWN
FINANCIAL SUMMARY (JUNE YEAR END)**

	<u>Audited 2017</u>	<u>Audited 2018</u>	<u>Audited 2019</u>	<u>Projected 2020</u>	<u>Projected 2021</u>	<u>Projected 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>
Balance Sheet								
Assets								
Current Assets	14,588,035	16,907,475	18,096,875	19,036,516	19,914,213	20,892,476	21,814,943	22,682,412
Other Assets	72,630,750	75,366,181	76,278,434	76,229,036	77,158,232	85,533,041	85,202,018	84,651,001
Total	87,218,785	92,273,656	94,375,309	95,265,552	97,072,445	106,425,517	107,016,962	107,333,413
Liabilities & Equity								
Current Liabilities	4,899,502	6,561,926	6,806,382	7,011,481	5,926,850	6,333,942	6,419,176	6,516,410
Long Term Liabilities	15,407,788	20,344,086	19,804,306	18,202,231	19,161,517	24,784,799	23,925,559	23,044,385
Total Liabilities	20,307,290	26,906,012	26,610,688	25,213,712	25,088,367	31,118,741	30,344,735	29,560,795
Net Assets	66,911,495	65,367,644	67,764,621	70,051,840	71,984,078	75,306,776	76,672,227	77,772,618
Cash Flow								
Revenues	36,863,711	40,009,058	39,239,533	39,313,938	39,388,343	39,442,919	39,469,375	39,495,830
Operating Expenses	30,936,964	32,117,356	32,851,978	33,151,326	33,438,092	33,747,637	34,043,075	34,344,422
Other Income	47,333	143,395	274,322	274,322	274,322	274,322	274,322	274,322
Cash Flow Before Debt Service	5,974,080	8,035,097	6,661,877	6,436,934	6,224,573	5,969,604	5,700,622	5,425,730
Debt Service								
Existing Debt Service	1,735,035	1,785,327	1,822,038	1,764,536	1,861,588	690,182	690,181	690,282
Proposed KIA Loan	0	0	0	0	0	407,104	407,104	407,104
Total Debt Service	1,735,035	1,785,327	1,822,038	1,764,536	1,861,588	1,097,286	1,097,285	1,097,386
Cash Flow After Debt Service	4,239,045	6,249,770	4,839,839	4,672,398	4,362,985	4,872,318	4,603,337	4,328,344
Ratios								
Current Ratio	3.0	2.6	2.7	2.7	3.4	3.3	3.4	3.5
Debt to Equity	0.3	0.4	0.4	0.4	0.3	0.4	0.4	0.4
Days Sales in Accounts Receivable	23.0	28.7	25.2	25.2	25.2	25.2	25.2	25.2
Months Operating Expenses in Unrestricted Cash	4.1	4.4	5.0	5.3	5.5	5.8	6.1	6.4
Debt Coverage Ratio	3.4	4.5	3.7	3.6	3.3	5.4	5.2	4.9

EXECUTIVE SUMMARY		Reviewer	Sarah Parsley	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	September 24, 2020	
FUND B, INFRASTRUCTURE		KIA Loan Number	B20-004	
REVOLVING LOAN FUND		WRIS Number	WX21199136	
BORROWER		WESTERN PULASKI COUNTY WATER DISTRICT PULASKI COUNTY		
BRIEF DESCRIPTION				
This project consists of replacing approximately 1250 linear feet of existing 10-inch, 8-inch, and 6-inch lines along Kentucky Highway 80 before and after the Fishing Creek Bridge as well as removing the existing 1250 linear feet of existing 10-inch water line attached to the bridge and replacing it with 1250 LF of 12-inch ductile iron pipe, support hangers, insulation, and accessories.				
PROJECT FINANCING		PROJECT BUDGET		
Fund B Loan	\$1,146,000	Eng - Design / Const	RD Fee % 8.1%	Actual % 7.5%
USDA RD Grant	719,000	Eng - Insp	5.0%	4.6%
	-	Eng - Other		
	-	Construction		1,496,200
	-	Contingency		149,800
TOTAL	\$1,865,000	TOTAL		\$1,865,000
REPAYMENT	Rate	1.50%	Est. Annual Payment	\$68,829
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Monarch Engineering, Inc.		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Sep-20		
	Construction Start	Nov-20		
	Construction Stop	Jan-21		
DEBT PER CUSTOMER	Existing	\$942		
	Proposed	\$1,022		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	8,279	\$30.20	(for 4,000 gallons)
	Additional	0	\$30.20	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	805,074	342,035	463,039	2.4
Audited 2018	670,774	342,663	328,111	2.0
Audited 2019	1,018,107	363,514	654,593	2.8
Projected 2020	988,990	427,903	561,087	2.3
Projected 2021	964,857	468,974	495,884	2.1
Projected 2022	943,199	503,713	439,486	1.9
Projected 2023	921,108	499,763	421,345	1.8
Projected 2024	898,575	499,215	399,360	1.8

Reviewer: Sarah Parsley
 Date: Sept 24, 2020
 Loan Number: B20-004

**KENTUCKY INFRASTRUCTURE AUTHORITY
 INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)
 WESTERN PULASKI COUNTY WATER DISTRICT, PULASKI COUNTY
 PROJECT REVIEW
 WX21199136**

I. PROJECT DESCRIPTION

The Western Pulaski County Water District is requesting a Fund B loan in the amount of \$1,146,000 for the Ky Hwy 80 Waterline Replacement & Fishing Creek Bridge Waterline Replacement project. This project consists of replacing approximately 1250 linear feet of existing 10-inch, 8-inch, and 6-inch lines along Kentucky Highway 80 before and after the Fishing Creek Bridge as well as removing the existing 1250 linear feet of existing 10-inch water line attached to the bridge and replacing it with 1250 LF of 12-inch ductile iron pipe, support hangers, insulation, and accessories.

The Western Pulaski County Water District serves approximately 8,300 customers.

II. PROJECT BUDGET

Engineering Fees - Design	\$ 123,000
Engineering Fees - Inspection	76,000
Engineering Fees - Other	20,000
Construction	1,496,200
Contingency	149,800
	<hr/>
Total	\$1,865,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$1,146,000	61%
USDA RD Grant	719,000	39%

IV. KIA DEBT SERVICE

Construction Loan	\$1,146,000
Less: Principal Forgiveness	<u>0</u>
Amortized Loan Amount	\$1,146,000
Interest Rate	1.50%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 66,537
Administrative Fee (0.20%)	<u>2,292</u>
Total Estimated Annual Debt Service	\$ 68,829

V. PROJECT SCHEDULE

Bid Opening	September 2020
Construction Start	November 2020
Construction Stop	January 2021

VI. RATE STRUCTURE

A. Customers

Customers	Current	Proposed	Total
Residential	8,252	0	8,252
Commercial	27	0	27
Industrial	0	0	0
Total	<u>8,279</u>	<u>0</u>	<u>8,279</u>

B. Rates

	Current	Prior
Date of Last Rate Increase	<u>07/16/18</u>	<u>08/01/12</u>
Minimum, First 2000 gallons	\$17.58	\$14.34
Next 1,000 Gallons	6.31	5.82
Cost for 4,000 gallons	<u>\$30.20</u>	<u>\$25.98</u>
Increase %	16.2%	
Affordability Index (Rate/MHI)	0.9%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2014-2018, the Utility's service area population was 16,871 with a Median Household Income (MHI) of \$39,696. The median household income for the Commonwealth is \$46,535. The project will qualify for a 1.50% interest rate.

Year	Population		County	% Change	County Unemployment	
	City	% Change			Date	Rate
1980	10,649		45,803		June 2005	6.1%
1990	10,733	0.8%	49,489	8.0%	June 2010	9.8%
2000	11,352	5.8%	56,217	13.6%	June 2015	5.9%
2010	11,196	-1.4%	63,063	12.2%	June 2019	5.5%
Current	11,585	3.5%	64,979	3.0%		
Cumulative %		8.8%		41.9%		

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2020). The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2017-2019 operating expenses and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, has been removed from 2018 and 2019 operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Combined water and sewer revenues increased 15.8% from \$2,921,392 in 2017 to \$3,277,409 in 2019 while operating expenses increased 8.7% from \$957,733 to \$1,040,827 during the same period. The debt coverage ratio was 2.4 in 2017, 2.8 in 2019, and 2.1 in 2021 when debt service begins

The balance sheet reflects a current ratio of 7.2, debt to equity ratio of 1.0, 41.6 days sales in accounts receivable, and 12.1 months of operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will remain constant in the future.
- 2) Expenses will increase by a 2% inflationary increase.
- 3) Debt service coverage is 2.1 in 2021 when principal and interest repayments begin.
- 4) A Rural Development grant in the amount of \$719,000 will be awarded to help fund his project.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund B loan.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$58,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$2,900 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	Outstanding	Maturity
Series 2002A RD Bonds	\$ 706,000	2042
Series 2002B RD Bonds	429,000	2042
Series 2010 RD Bonds	788,000	2049
Series 2012E RW Bonds	1,305,000	2035
Series 2013 RD Bonds	1,302,000	2053
Series 2018 WD Bonds	2,225,000	2057
KIA F16-003	1,042,673	TBD
Total	\$ 7,797,673	

X. CONTACTS

Legal Applicant

Entity Name	Western Pulaski County Water District
Authorized Official	Don Calder (Chairman)
County	Pulaski
Email	joe-mcclendon@hotmail.com
Phone	(606) 679-3793
Address	2128 W Hwy 80 Somerset, KY 42503

Applicant Contact

Name Don Calder
Organization Western Pulaski County Water District
Email tamora.vaught@gmail.com
Phone (606) 679-1569
Address 1059 W Hwy 80
Somerset, KY 42503

Project Administrator

Name David M Bowles
Organization Monarch Engineering, Inc.
Email dbowles@monarchengineering.net
Phone (502) 859-1310
Address 556 Carlton Dr
Lawrenceburg, KY 40342

Consulting Engineer

PE Name Deron S Byrne
Firm Name Monarch Engineering, Inc.
Email dbyrne@monarchengineering.net
Phone (502) 839-1310
Address 556 Carlton Dr
Lawrenceburg, KY 40342

XI. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions and the following special conditions.

1. Western Pulaski County Water District shall apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for KIA loan B20-004. This debt authorization application should include a forecast meeting debt service projected through 2025.
2. Prior to the assistance agreement being executed, Western Pulaski County Water District must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement

**WESTERN PULASKI COUNTY WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Audited</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>	<u>Projected</u> <u>2024</u>
Balance Sheet								
Assets								
Current Assets	2,431,187	2,543,555	2,907,410	3,019,628	3,118,805	3,206,702	3,290,971	3,370,843
Other Assets	14,015,842	15,195,085	16,450,828	16,453,169	18,268,346	18,126,781	17,970,703	17,797,037
Total	16,447,029	17,738,640	19,358,238	19,472,797	21,387,152	21,333,484	21,261,675	21,167,881
Liabilities & Equity								
Current Liabilities	503,781	579,359	404,792	416,189	427,089	434,089	444,689	452,789
Long Term Liabilities	6,382,498	7,886,665	9,144,256	8,897,256	9,788,256	9,529,256	9,262,756	8,991,256
Total Liabilities	6,886,279	8,466,024	9,549,048	9,313,445	10,215,345	9,963,345	9,707,445	9,444,045
Net Assets	9,560,750	9,272,616	9,809,190	10,159,352	11,171,807	11,370,139	11,554,230	11,723,836
Cash Flow								
Revenues	2,921,392	2,999,184	3,385,440	3,385,440	3,385,440	3,385,440	3,385,440	3,385,440
Operating Expenses	2,160,007	2,359,458	2,397,341	2,426,458	2,450,591	2,472,249	2,494,340	2,516,873
Other Income	43,689	31,048	30,008	30,008	30,008	30,008	30,008	30,008
Cash Flow Before Debt Service	805,074	670,774	1,018,107	988,990	964,857	943,199	921,108	898,575
Debt Service								
Existing Debt Service	342,035	342,663	363,514	427,903	434,559	434,884	430,934	430,386
Proposed KIA Loan	0	0	0	0	34,415	68,829	68,829	68,829
Total Debt Service	342,035	342,663	363,514	427,903	468,974	503,713	499,763	499,215
Cash Flow After Debt Service	463,039	328,111	654,593	561,087	495,884	439,486	421,345	399,360
Ratios								
Current Ratio	4.8	4.4	7.2	7.3	7.3	7.4	7.4	7.4
Debt to Equity	0.7	0.9	1.0	0.9	0.9	0.9	0.8	0.8
Days Sales in Accounts Receivable	45.1	45.2	41.6	41.6	41.6	41.6	41.6	41.6
Months Operating Expenses in Unrestricted Cash	11.3	10.4	12.1	12.6	13.0	13.3	13.6	13.8
Debt Coverage Ratio	2.4	2.0	2.8	2.3	2.1	1.9	1.8	1.8

EXECUTIVE SUMMARY		Reviewer	Alex Fisher	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	September 24, 2020	
FUND C, GOVERNMENTAL AGENCIES FUND		KIA Loan Number	C20-003 (Increase)	
REVOLVING LOAN FUND		WRIS Number	SX21091019 WX21091100	
BORROWER		CITY OF LEWISPORT HANCOCK COUNTY		
BRIEF DESCRIPTION				
<p>The City of Lewisport ("City") is requesting a Fund C loan increase of \$49,350 to supplement the UV system and replace the headworks project initially approved on February 6, 2020, which will bring the total loan amount up to \$149,350. The increase is due to higher bids than budgeted and the addition of work to the scope of this project. The bid for the Headworks Pipe Replacement came in at \$89,450 which is \$28,850 higher than originally budgeted. Additionally, since the headworks pipe will have to be replaced, the City of Lewisport wishes to install two new 8" plug valves with full rubber lined internals to the headworks. Installing the new plug valves now will allow the city to avoid having to remove the pipe on the influent and effluent of the current headworks again in the future.</p>				
PROJECT FINANCING		PROJECT BUDGET		
Fund C Loan	\$149,350	RD Fee %	Actual %	
Local Funds	30,500	Administrative Expenses		\$6,000
		Eng - Design / Const		5,500
		Construction		158,350
		Contingency		10,000
TOTAL	\$179,850	TOTAL		\$179,850
REPAYMENT	Rate	2.75%	Est. Annual Payment	\$10,057
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Bluegrass Engineering		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Mar-20		
	Construction Start	May-20		
	Construction Stop	Jan-21		
DEBT PER CUSTOMER	Existing	\$548		
	Proposed	\$540		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES				
		<u>Users</u>	<u>Avg. Bill</u>	
	Current	703	\$27.03 (for 4,000 gallons)	
	Additional	0	\$27.03 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	103,607	37,262	66,345	2.8
Audited 2018	461,562	161,169	300,393	2.9
Audited 2019	400,024	160,768	239,256	2.5
Projected 2020	375,677	147,125	228,552	2.6
Projected 2021	328,662	27,413	301,250	12.0
Projected 2022	280,308	27,791	252,517	10.1
Projected 2023	231,394	27,534	203,860	8.4
Projected 2024	181,502	27,534	153,968	6.6

Reviewer: Alex Fisher
Date: September 24, 2020
Loan Number: C20-003 (Increase)

**KENTUCKY INFRASTRUCTURE AUTHORITY
GOVERNMENTAL AGENCIES LOAN FUND (FUND C)
CITY OF LEWISPORT, HANCOCK COUNTY
PROJECT REVIEW
SX21091019/WX21091100**

I. PROJECT DESCRIPTION

The City of Lewisport ("City") is requesting a Fund C loan increase of \$49,350 to supplement the UV system and replace the headworks project initially approved on February 6, 2020, which will bring the total loan amount up to \$149,350. The increase is due to higher bids than budgeted and the addition of work to the scope of this project. The bid for the Headworks Pipe Replacement came in at \$89,450 which is \$28,850 higher than originally budgeted. Additionally, since the headworks pipe will have to be replaced, the City of Lewisport wishes to install two new 8" plug valves with full rubber lined internals to the headworks. Installing the new plug valves now will allow the city to avoid having to remove the pipe on the influent and effluent of the current headworks again in the future.

The sewer project will involve upgrading the current UV systems at the Wastewater Treatment Plant as well as replacing the headworks. The UV upgrade will be a sole source upgrade with the original UV company in order to keep some of the existing components of the system as a cost savings measure.

The water project will add approximately 300 LF of 8" waterline at the Yellow Creek in order to create redundancy and prevent service loss to 400 customers in the area in the event the existing line fails. This will require boring under the creek in order to connect the line on both sides.

Lewisport Municipal Water Works serves approximately 1,086 drinking water customers and 700 sewer customers in Hancock County. The City also has a natural gas distribution system which services 1,238 customers including one industrial customer.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 6,000
Engineering Fees - Design	3,500
Engineering Fees - Construction	2,000
Construction	158,350
Contingency	10,000
Total	\$ 179,850

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund C Loan	\$ 149,350	83%
Local Funds	30,500	17%
Total	\$ 179,850	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 149,350
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 149,350
Interest Rate	2.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 9,758
Administrative Fee (0.20%)	299
Total Estimated Annual Debt Service	\$ 10,057

V. PROJECT SCHEDULE

Bid Opening	March 2020
Construction Start	May 2020
Construction Stop	January 2021

VI. RATE STRUCTURE

A. Customers

	<u>Water</u>	<u>Sewer</u>
Residential	977	622
Commercial	106	79
Industrial	3	2
Total	1086	703

B. Rates

<u>Sewer</u>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	06/15/17	06/18/15
Minimum (1,000 gallons)	\$12.48	\$11.89
All Over 1,000 Gallons	4.85	4.62
Cost for 4,000 gallons	\$27.03	\$25.75
Increase %	5.0%	
Affordability Index (Rate/MHI)	0.8%	

Water	Inside City		Outside City	
	Current	Prior	Current	Prior
Date of Last Rate Increase	06/20/19	06/15/17	06/20/19	06/15/17
Minimum (1,000 gallons)	\$9.81	\$9.34	\$18.14	\$17.28
All Over 1,000 Gallons	4.53	4.31	6.05	5.76
Cost for 4,000 gallons	\$23.40	\$22.27	\$36.29	\$34.56
Increase %	5.1%		5.0%	
Affordability Index (Rate/MHI)	0.7%		1.1%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility's service area population for sewer was 1,939 and 2,604 for drinking water with a Median Household Income (MHI) of \$51,629. The median household income for the Commonwealth is \$46,535. The project will qualify for a 2.75% interest rate which is the standard rate for Fund C.

Year	Population		County		County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	1,832		7,742		June 2005	6.5%
1990	1,778	-2.9%	7,864	1.6%	June 2010	9.9%
2000	1,639	-7.8%	8,392	6.7%	June 2015	5.0%
2010	1,670	1.9%	8,565	2.1%	June 2019	4.3%
Current	1,829	9.5%	8,700	1.6%		
Cumulative %		-0.2%		12.4%		

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019 from the water, sewer, and gas funds. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2017-2018 operating expenses and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, has been removed from 2019 operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Total revenues have increased 24.4% from \$2.17 million in 2017 to \$2.70 million in 2019. The majority of the increase was realized in the gas fund which increased 28.9% from \$1.52 million in 2017 to \$1.96 million in 2019. Water revenues increased 24.3% from \$0.37 million in 2017 to \$0.46 million in 2019, and sewer revenues grew 12.0%

from \$0.25 million in 2017 to \$0.28 million during the same time period. Total operating expenses increased 9.8% from \$2.34 million in 2017 to \$2.57 million in 2019. Gas expenses increased 10.5%, water 14.7%, and sewer 10.4%. Gas has historically greatly subsidized both water and sewer operations.

The 2019 balance sheet reflects a current ratio of 4.7, a debt to equity ratio of 0.4, and 5.7 months operating expenses in unrestricted cash. Days sales in accounts receivable has been excluded because of the need to present a combined balance sheet of the water, sewer, and gas funds which results in skewed numbers.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Water revenues will increase 5% in 2020 due to a previously approved rate increase and remain flat thereafter. Sewer and gas revenues will remain flat for both growth and volume.
- 2) Expenses will increase 2% annually for inflation.
- 3) Debt service coverage is 8.1 in 2021 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund C loan.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$8,000 total) of the final amount borrowed to be funded annually (\$400 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KIA Loan (B16-011)	\$ 252,108	2037
Capital Lease (Gas)	35,949	2022
Short-Term Note Payable	97,499	2020
Total	\$ 385,556	

X. CONTACTS

Legal Applicant	
Entity Name	City of Lewisport
Authorized Official	Chad Gregory (Mayor)
County	Hancock
Email	cgregory@hancockbankonline.com
Phone	270-295-3324
Address	PO Box 22 Lewisport, KY 42351

Applicant Contact	
Name	Brent Wigginton
Organization	City of Lewisport
Email	brentwcol@tds.net
Phone	270-295-3324
Address	PO Box 22 Lewisport, KY 42351

Project Administrator	
Name	Skyler Stewart
Organization	Green River ADD
Email	skylerstewart@gradd.com
Phone	270-926-4433
Address	300 GRADD Way Owensboro, KY 42301

Consulting Engineer	
PE Name	Matthew Ray Curtis
Firm Name	Bluegrass Engineering
Email	mcurtis@bluegrassengineering.net
Phone	502-370-6551
Address	PO Box 1657 Georgetown, KY 40324

XI. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

**CITY OF LEWISPORT
FINANCIAL SUMMARY (JUNE YEAR END)**

	<u>Audited 2017</u>	<u>Audited 2018</u>	<u>Audited 2019</u>	<u>Projected 2020</u>	<u>Projected 2021</u>	<u>Projected 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>
Balance Sheet								
Assets								
Current Assets	978,945	1,028,143	1,151,478	1,200,112	1,260,362	1,310,866	1,351,638	1,382,431
Other Assets	5,968,826	6,149,285	6,410,139	6,327,286	6,482,440	6,414,663	6,307,960	6,161,343
Total	6,947,771	7,177,428	7,561,617	7,527,398	7,742,803	7,725,529	7,659,598	7,543,775
Liabilities & Equity								
Current Liabilities	257,726	230,782	246,435	124,587	121,724	131,344	133,368	135,500
Long Term Liabilities	1,109,526	1,858,499	1,911,153	1,895,360	2,033,480	2,014,331	1,994,857	1,975,052
Total Liabilities	1,367,252	2,089,281	2,157,588	2,019,947	2,155,204	2,145,674	2,128,225	2,110,551
Net Assets	5,580,519	5,088,147	5,404,029	5,507,451	5,587,599	5,579,855	5,531,373	5,433,224
Cash Flow								
Revenues	2,165,752	2,618,711	2,697,747	2,720,192	2,720,192	2,720,192	2,720,192	2,720,192
Operating Expenses	2,070,380	2,164,251	2,304,620	2,351,412	2,398,427	2,446,781	2,495,695	2,545,587
Other Income	8,235	7,102	6,897	6,897	6,897	6,897	6,897	6,897
Cash Flow Before Debt Service	103,607	461,562	400,024	375,677	328,662	280,308	231,394	181,502
Debt Service								
Existing Debt Service	37,262	161,169	160,768	147,125	22,384	17,734	17,477	17,477
Proposed KIA Loan	0	0	0	0	5,029	10,057	10,057	10,057
Total Debt Service	37,262	161,169	160,768	147,125	27,413	27,791	27,534	27,534
Cash Flow After Debt Service	66,345	300,393	239,256	228,552	301,250	252,517	203,860	153,968
Ratios								
Current Ratio	3.8	4.5	4.7	9.6	10.4	10.0	10.1	10.2
Debt to Equity	0.2	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Months Operating Expenses in Unrestricted Cash	5.3	5.1	5.7	5.8	6.1	6.2	6.4	6.4
Debt Coverage Ratio	2.8	2.9	2.5	2.6	12.0	10.1	8.4	6.6



CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Larry Hayes
Interim Secretary

September 18, 2020

Holly M. Johnson, Secretary
Finance and Administration Cabinet
Room 383, Capitol Annex
Frankfort, KY 40601

RE: Economic Development Fund Grant - \$500,000 to Lexington-Fayette Urban County Government on behalf of the University of Kentucky Coldstream Research Campus

Dear Secretary Johnson:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$500,000 in Economic Development Fund (EDF) funds for the purpose of making a grant to Lexington-Fayette Urban County Government on behalf of the University of Kentucky Coldstream Research Campus.

Lexington-Fayette Urban County Government in partnership with the University of Kentucky Coldstream Research Campus is seeking to upfit 10,000 square feet of laboratory space with the vertical construction expenditures serving as the match. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Under the terms of the EDF grant agreement, requests may be submitted no more than monthly and funds shall be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

I respectfully request your concurrence in the funding of this project. If KEDFA approves this proposal, I would ask that you place this project on the next agenda of the State Property and Buildings Commission. Please feel free to contact me if you have any questions.

Sincerely,

Larry Hayes
Interim Secretary

AGREED TO AND APPROVED BY:

Secretary, Finance and Administration Cabinet Date

cc: Jeff Taylor
Kristina Slattery
Katie Smith

TEAM

KENTUCKY

**KENTUCKY ECONOMIC DEVELOPMENT FINANCE AUTHORITY
ECONOMIC DEVELOPMENT FUND (EDF) PROJECT REPORT**

Date: September 24, 2020
Grantee: Lexington-Fayette Urban County Government
Beneficiary: University of Kentucky Coldstream Research Campus
City: Lexington **County:** Fayette
Bus. Dev. Contact: B. Cox **OFS Staff:** D. Phillips

Project Description: The University of Kentucky's Coldstream Research Campus (Coldstream) serves as the gateway to Lexington's high-tech, higher education corridor. Coldstream proposes the construction of a 40,000 square foot office and laboratory building via a P3 Developer. The EDF will be used to upfit 10,000 square feet of laboratory space with the vertical construction expenditures serving as the match. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Anticipated Project Investment - Owned

	Total Investment
Land	\$0
Building/Improvements	\$11,500,000
Equipment	\$1,275,000
Other Start-up Costs	\$1,725,000
TOTAL	\$14,500,000

Anticipated Project Funding

	Amount	% of Total
Economic Development Fund Grant (State)	\$500,000	3.4%
P3 Developer	\$13,000,000	89.7%
Kentucky Technology, Inc. and Coldstream	\$1,000,000	6.9%
TOTAL	\$14,500,000	100.0%

Other Terms: In accordance with the grant agreement, disbursement requests may be submitted no more than monthly requesting funds to be disbursed on a reimbursement basis. Supporting documentation of invoices, proof of payment, matching funds, etc. and a progress report will be required to be submitted with each request. Upon staff's review and approval of all documentation, funds will be disbursed to the local government entity to provide to the project applicant.

RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT: **\$500,000**

Active State Participation at the Project Site:

<u>Date</u>	<u>Program</u>	<u>Status</u>	<u>Amount</u>
May 30, 2019	Tax Increment Financing	Monitor	\$4,634,000

Recommendation:

Staff recommends approval of this EDF grant subject to the terms set forth in this report and the recommendation letter from the Secretary of the Cabinet for Economic Development (CED). In accordance with KRS 154.12-100, KEDFA's approval of this EDF grant is subject to CED's receipt of the Secretary of the Finance and Administration Cabinet's concurrence to CED's use of the EDF funds for this project.

Preliminary New Bond Issue Information

Issue: Kentucky Asset/Liability Commission Project Notes, 2020 Federal Highway Trust Fund (GARVEEs) First Refunding Series A

Purpose of Issue: To provide financing for a refunding in an amount not to exceed (NTE) \$63 million that will include (i) the 2010 Series A Notes authorized by H.B. 410 of the 2008 Regular Session for the purpose of producing economic savings, and (ii) to pay for costs of issuing the Notes.

Proposed Date of Sale: November 17, 2020
Proposed Date of Delivery: December 16, 2020

2020 Federal Highway Trust Fund

Expected Rating:
Moody's TBD
S&P TBD
Fitch TBD

Sources:

Refunding of 2010 Series A

Par amount of notes	58,945,000
Premium/Original Issue Discount	3,259,514
Total Sources	<u>62,204,514</u>

Uses:

Refunding Escrow Deposit	61,966,231
Issuance Cost/Underwriter's Discount	238,283
Total Uses	<u>62,204,514</u>

Arbitrage Yield: 0.59%
All-in True Interest Cost: 0.90%
Final Maturity Date: September 1, 2022
Average Annual Debt Service: 35,808,678
Total Debt Service: 62,665,188

Method of Sale: Negotiated
Bond Counsel: Kutak Rock LLP
Underwriter: Citigroup
Underwriters' Counsel: Dinsmore and Shohl LLP
Trustee: The Bank of New York Mellon
Financial Advisor: Office of Financial Management

Preliminary, subject to change

The Kentucky Transportation Cabinet has a memorandum of agreement with the Federal Highway Administration for payment of the GARVEEs from the federal annual obligation authority.



Commonwealth of Kentucky
FINANCE AND ADMINISTRATION CABINET
Office of Financial Management
Suite 76, Capitol Annex
702 Capital Avenue
Frankfort, KY 40601-3462
(502) 564-2924
Fax (502) 564-7416

Andy Beshear
Governor

Holly M. Johnson
Secretary

Ryan Barrow
Executive Director

September 25, 2020

William E. Summers, V
Chairman
Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601-6191

Dear Chairman Summers:

This letter will advise that the Office of Financial Management ("OFM") of the Finance and Administration Cabinet has reviewed and is hereby approving the issuance of the Kentucky Housing Corporation Multifamily Housing Revenue Bonds (Donerail Run Project), Series 2020 in a principal amount of \$48,000,000 (the "Bonds"). The Bonds, by their terms, provide that payment of principal and interest thereon are not an obligation of the Commonwealth of Kentucky or its departments or agencies.

Pursuant to OAG 83-453, OFM has restricted its review and approval process to reviewing certain documents incidental to the issue and to obtaining assurance that the documents include language which provides that the Bonds and interest thereon shall not be deemed to constitute a debt, liability or obligation of the Kentucky Housing Corporation ("KHC") or the Commonwealth of Kentucky or any political subdivision thereof. OFM notes that the approval of this issue by the Capital Projects and Bond Oversight Committee ("CPBO") occurred on December 17, 2019. The attached includes a finalized listing of costs related to the issuance of the Bonds pursuant to KRS 45.816.

Sincerely,

Ryan Barrow
Executive Director

Attachments

FINAL BOND ISSUE REPORT

Name of Bond Issue:	Kentucky Housing Corporation Multifamily Housing Revenue Bonds (Donerail Run Project), Series 2020
Purpose of Issue:	The Bonds will be used to finance the acquisition, rehabilitation, construction and equipping of a multifamily residential rental project containing approximately 312 units, located at 11312 Taylorsville Road, Louisville, Kentucky 40299 (the "Project") to be owned by Donerail Run, LP, a Kentucky limited partnership or its successors and assigns (the "Borrower"). The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on December 3, 2019, following the delivery of notice to the public on November 21, 2019 in <i>The State Journal</i> and November 22, 2019 in <i>The Courier Journal</i> . The Bonds will be the sole obligations of the Borrower.
Name of Project:	Donerail Run Apartments
Date of Sale:	September 17, 2020
Date of Issuance:	September 25, 2020
Ratings:	Standard & Poor's (A-1+)
Net Proceeds:	
Cost of Issuance:	See <u>Exhibit A</u> attached (costs of issuance paid from owner equity)
Bond Discount:	\$0
Debt Service Reserve Fund:	\$0, but a \$1,860,000 operating reserve will be funded from equity.
Insurance Premium:	N/A
Total Project Cost:	\$63,557,862
Net Interest Rate:	3.75%
Term:	18 years
Average Debt Service:	\$2,101,186
Gross Debt Service:	\$37,821,348
First Call Date:	September 11, 2038
Premium at First Call:	No premium
Method of Sale:	Private Placement
Bond Counsel:	Frost Brown Todd LLC
Underwriter:	N/A
Underwriter Counsel:	N/A
Financial Advisor:	N/A
Trustee:	The Huntington National Bank
Developer:	LDG Multifamily LLC

Exhibit A

Project Funding Sources:

Permanent Mortgage Loan	\$ 43,500,000
LIHTC Anticipated Net Syndication Proceeds	15,281,894
Deferred Developer Fee	<u>4,775,968</u>
TOTAL	\$ 63,557,862

Costs of Issuance:

Origination Fees	\$ 217,500
KHC Counsel	48,000
KHC Financing Fee	240,000
KHC Application Fee & Expenses	5,500
KHC Admin Fee	5,000
Bond Commission Fee	120,000
Bond Counsel	150,000
Trustee Counsel	5,000
Lender Counsel	65,000
Borrowers Counsel	35,000
Trustee Fee	8,500
<u>TEFRA/Publication/Print</u>	<u>5,000</u>
TOTAL	\$ 904,500



Commonwealth of Kentucky
FINANCE AND ADMINISTRATION CABINET

Office of Financial Management

Suite 76, Capitol Annex
702 Capital Avenue
Frankfort, KY 40601-3462
(502) 564-2924
Fax (502) 564-7416

Andy Beshear
Governor

Holly M. Johnson
Secretary

Ryan Barrow
Executive Director

September 16, 2020

William E. Summers, V
Chairman
Kentucky Housing Corporation
1231 Louisville Road
Frankfort, KY 40601-6191

Dear Chairman Summers:

This letter will advise that the Office of Financial Management ("OFM") of the Finance and Administration Cabinet has reviewed and is hereby approving the issuance of the Kentucky Housing Corporation Multifamily Housing Revenue Bonds (Abel Court and Dudley Court Apartments Project), Series 2020A (Dudley Court) and Series 2020B (Abel Court) in a total principal amount of \$15,000,000 (the "Bonds"). The Bonds, by their terms, provide that payment of principal and interest thereon are not an obligation of the Commonwealth of Kentucky or its departments or agencies.

Pursuant to OAG 83-453, OFM has restricted its review and approval process to reviewing certain documents incidental to the issue and to obtaining assurance that the documents include language which provides that the Bonds and interest thereon shall not be deemed to constitute a debt, liability or obligation of the Kentucky Housing Corporation ("KHC") or the Commonwealth of Kentucky or any political subdivision thereof. OFM notes that the approval of this issue by the Capital Projects and Bond Oversight Committee ("CPBO") occurred on October 15, 2019. The attached includes a finalized listing of costs related to the issuance of the Bonds pursuant to KRS 45.816.

Sincerely,



Ryan Barrow
Executive Director

Attachments

FINAL BOND ISSUE REPORT

BOND ISSUE

Name of Bond Issue:	(i) Kentucky Housing Corporation Multifamily Housing Revenue Bonds (Dudley Court Project) Series 2020A and (ii) Kentucky Housing Corporation Multifamily Housing Revenue Bonds (Abel Court Project) Series 2020B	
Purpose of Issue:	The bonds will be used to finance the acquisition, rehabilitation, construction and equipping of (i) Dudley Court Apartments consisting of 96-units in Paducah, McCracken County, Kentucky to be owned by LSA Grier Dudley Court, LLC (the “Dudley Borrower”) and (ii) Abel Court Apartments consisting of 48-units in Bowling Green, Warren County, Kentucky to be owned by LSA Grier Abel Court Apartments, LLC (the “Dudley Borrower”). The Kentucky Housing Corporation conducted a public hearing concerning the proposed project on November 16, 2018 following the delivery of notice to the public on December 4, 2018. The Bonds will be the sole obligations of the Borrower.	
Name of Project:	Abel Court and Dudley Court Apartments	
Date of Sale:	September 9, 2020	
Date of Issuance:	September 16, 2020 (\$14,500,000 drawn on 9/16/2020 & \$500,000 drawn on 9/25/2020)	
Ratings:	Moody’s Investors Service (Aaa)	
Net Proceeds:	\$15,000,000	
Cost of Issuance:	See <i>Exhibit A</i> attached (costs of issuance paid from owner equity)	
Bond Discount:	\$0	
Debt Service Reserve Fund:	\$0, but \$494,447.06 operating reserves will be funded from equity.	
Insurance Premium:	N/A	
Total Project Cost:	\$26,963,042.06	
Terms of Issue:	Net interest rate:	0.30%
	Term:	36 months
	Average debt service:	\$45,000
	Gross debt service:	\$135,000 (with a balloon payment due at maturity)
First Call Date:	August 2022	
Premium at First Call:	No premium	
Method of Sale:	Public Offering	
Bond Counsel:	Dinsmore & Shohl LLP	
Underwriter Counsel:	Tiber Hudson LLC	
Financial Advisor:	N/A	
Underwriter:	Raymond James & Associates, Inc.	
Trustee:	U.S. Bank National Association	

Exhibit A

Project Funding Sources:

Bond Proceeds	\$15,000,000
Mortgage Loan	13,107,900
Federal Tax Credit Equity	8,100,569
Construction Period Cash Flow	501,703
Seller Note	2,255,000
<u>Deferred Developer Fee (Paid from CF)</u>	<u>2,875,975</u>
TOTAL SOURCES	\$41,841,147

Costs of Issuance:

KHC Counsel	\$12,500
KHC Financing Fee, Application Fee and Admin Fee	\$154,979.08
Bond Counsel	\$98,000
Trustee Counsel	\$10,000
Underwriter's Counsel	\$50,000
Borrowers Counsel	\$85,000
Borrower Local Counsel	\$27,500
Trustee Fee	\$6,500
Rating Agency	\$5,500
<u>TEFRA/Publication/Print</u>	<u>\$5,000</u>
Total:	\$454,979.08



School Facilities Construction Commission

Finance and Administration Cabinet

700 Louisville Rd

Carriage House

Frankfort, Kentucky 40601

(502) 564-5582

(888) 979-6152 Fax

www.sfcc.ky.gov

ANDY BESHEAR

Governor

MS. HOLLY M. JOHNSON

Secretary

DAVID PRATER

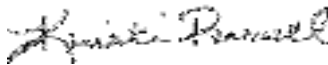
Chairman

CHELSEY BIZZLE

Executive Director

MEMORANDUM

TO: Ryan Barrow
Office of Financial Management

FROM: Kristi Russell, SFCC 

DATE: September 30, 2020

SUBJECT: Capital Projects and Bond Oversight Committee (CPBO)

The following information is submitted for consideration by CPBO at their next meeting tentatively scheduled for October 21, 2020:

Campbell County- \$900,000 estimated – District wide improvements. State estimated annual debt service is \$22,427 and local is \$35,280. No tax increase is necessary to finance this project.

Nicholas County- \$1,840,000 estimated – Refunding of 2011 bonds. State estimated annual debt service is \$3,575 and local is \$186,177. No tax increase is necessary to finance this project.

Raceland Independent- \$1,365,000 estimated – Refunding of 2010B bonds. State estimated annual debt service is \$32,561 and local is \$129,800. No tax increase is necessary to finance this project.

Southgate Independent- \$905,000 estimated – Refunding of 2011 bonds. State estimated annual debt service is \$36,323 and local is \$57,040. No tax increase is necessary to finance this project.

If you or the Committee needs any additional information please feel free to contact me.



Memo

To: KSFCC
From: Lincoln Theinert
Subject: Bond Payee Disclosure Form –Campbell County School District Series 2020
Date: September 24, 2020
cc: File

Please find enclosed a Bond Payee Disclosure Form and Plan of Financing for the Campbell County School District. Please process this issue at the next meeting of the Capital Projects and Bond Oversight Committee.

If you should have any questions or require any additional information, please do not hesitate to contact our office.

BOND PAYEE DISCLOSURE FORM

Par Amount:	\$ 900,000
Issue Name:	Campbell County School District Finance Corporation School Building Revenue Bonds, Series 2020
Purpose:	Improvements at Middle School and Transportation building, Cline Elem, and Reiley Elementary
Projected Sale Date of Bonds:	29-Oct-20
First Call Date:	10/1/27 @ 100
Method of Sale:	Competitive Bids
Place/time of sale:	SFCC
Bond Rating:	Moody's: "A1"
Bond Counsel:	Step toe & Johnson, Louisville, KY
Fiscal Agent:	RSA Advisors
Date received by SFCC:	<div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> <i>To be filled in by SFCC</i>
Date scheduled for Committee review:	<div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> <i>To be filled in by SFCC</i> Month Day Year

Estimated par amount of Bonds:
 % Share of total Bonds:
 Estimated average annual debt service:
 Estimated debt service reserve:

SFCC Portion	Local Portion	Total
\$ 349,772	\$ 550,228	\$ 900,000
38.86%	61.14%	
\$ 22,427	\$ 35,280	\$ 57,707
\$ 0	\$ 0	\$ 0

Estimated Cost of Issuance:

Fiscal Agent, Bond Counsel, Advertisements, Printing, Etc.
 Special Tax Counsel
 Number verifications
 Bond Rating
 Underwriter's Discount
 Bank Fee
 Total Cost of Issuance:

\$ 3,847	\$ 6,053	\$ 9,900
\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0
\$ 1,943	\$ 3,057	\$ 5,000
\$ 6,995	\$ 11,005	\$ 18,000
\$ 1,457	\$ 2,293	\$ 3,750
\$ 14,243	\$ 22,407	\$ 36,650

Anticipated Interest Rates:

5 Years 2.000% 10 Years 2.500' 15 Years: 2.600
 20 Years: 2.600%

Note: No Local Tax increase is required.

CAMPBELL COUNTY SCHOOL DISTRICT

Plan of Financing

Date of Report: 9/24/2020

Local Bond Payments Outstanding	1
Summary of Funds for Bond Payments	2
Projected Current Bond Issue.....	3

**CAMPBELL COUNTY SCHOOL DISTRICT
OUTSTANDING NET LOCAL DEBT SERVICE**

	A	B	C	D	E	F	G
	100% SFCC						
	Silver Grove		Series	Series	Series	Series	Series
FYE	2012-REF	2011	2012	2012-REF	2014-REF	2016	Total
2020	\$78,223	\$494,644		\$1,285,130	\$1,977,795	\$69,104	\$3,904,896
2021	\$81,783	\$493,757		\$1,284,307	\$1,969,496	\$69,744	\$3,909,086
2022	\$85,263	\$497,020		\$1,287,703	\$1,959,995	\$70,159	\$3,910,141
2023	\$82,813	\$494,419		\$1,308,430	\$1,954,221	\$70,349	\$3,910,232
2024	\$80,363	\$495,431		\$1,305,240	\$1,956,945	\$70,319	\$3,908,298
2025		\$1,038,831			\$2,736,171	\$70,044	\$3,845,046
2026		\$1,035,132			\$2,736,520	\$69,579	\$3,841,231
2027		\$1,059,432			\$2,703,048	\$68,919	\$3,831,389
2028		\$1,865,131				\$294,752	\$2,159,883
2029		\$1,870,582				\$292,010	\$2,162,592
2030		\$1,871,575				\$288,942	\$2,160,517
2031		\$1,871,069				\$290,480	\$2,161,548
2032		\$1,875,509				\$281,701	\$2,157,210
2033						\$243,042	\$243,042
2034						\$241,309	\$241,309
2035						\$243,553	\$243,553
2036						\$323,622	\$323,622
2037						\$315,358	\$315,358
Totals:	\$408,445	\$14,962,532	\$0	\$6,490,810	\$17,994,191	\$3,372,985	\$43,228,963

CAMPBELL COUNTY SCHOOL DISTRICT SUMMARY OF FUNDS AVAILABLE

A FYE	B Local Nickel	C Growth Nickel	D Capital Outlay @ 80%	E FSPK	F Additional General Fund	G Total Local Funds	H Less Current Payments	I Local Funds Available	J 2016 Campbell Offer	K 2018 Campbell Offer	L Silver Grove SFCC Offers	M Total Funds Available
2020	\$2,103,489	\$2,103,489	\$364,977	\$0		\$4,571,955	(\$3,904,896)	\$667,059				\$667,059
2021	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$3,909,086)	\$842,907	\$15,845	\$14,428	\$6,398	\$879,579
2022	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$3,910,141)	\$841,852	\$63,381	\$57,712	\$25,593	\$988,538
2023	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$3,910,232)	\$841,761	\$63,381	\$57,712	\$25,593	\$988,447
2024	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$3,908,298)	\$843,695	\$63,381	\$57,712	\$25,593	\$990,381
2025	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$3,845,046)	\$906,947	\$63,381	\$57,712	\$25,593	\$1,053,633
2026	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$3,841,231)	\$910,762	\$63,381	\$57,712	\$25,593	\$1,057,448
2027	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$3,831,399)	\$920,594	\$63,381	\$57,712	\$25,593	\$1,067,280
2028	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$2,159,883)	\$2,592,109	\$63,381	\$57,712	\$25,593	\$2,738,795
2029	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$2,162,592)	\$2,589,401	\$63,381	\$57,712	\$25,593	\$2,736,087
2030	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$2,160,517)	\$2,591,476	\$63,381	\$57,712	\$25,593	\$2,738,162
2031	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$2,161,548)	\$2,590,445	\$63,381	\$57,712	\$25,593	\$2,737,131
2032	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$2,157,210)	\$2,594,783	\$63,381	\$57,712	\$25,593	\$2,741,469
2033	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$243,042)	\$4,508,951	\$63,381	\$57,712	\$25,593	\$4,655,637
2034	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$241,309)	\$4,510,683	\$63,381	\$57,712	\$25,593	\$4,657,369
2035	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$243,553)	\$4,508,440	\$63,381	\$57,712	\$25,593	\$4,655,126
2036	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$323,622)	\$4,428,371	\$63,381	\$57,712	\$25,593	\$4,575,057
2037	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	(\$315,358)	\$4,436,634	\$63,381	\$57,712	\$25,593	\$4,583,320
2038	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	\$0	\$4,751,993	\$63,381	\$57,712	\$25,593	\$4,898,679
2039	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	\$0	\$4,751,993	\$63,381	\$57,712	\$25,593	\$4,898,679
2040	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	\$0	\$4,751,993	\$63,381	\$57,712	\$25,593	\$4,898,679
2041	\$2,193,508	\$2,193,508	\$364,977	\$0		\$4,751,993	\$0	\$4,751,993	\$47,536	\$43,284	\$19,195	\$4,862,007
Totals:	\$48,167,157	\$48,167,157	\$8,029,490	\$0	\$0	\$104,363,804	(\$43,228,963)	\$61,134,841	\$1,267,620	\$1,154,240	\$511,860	\$64,068,561

NOTES: Data based on assessments of \$4,206,978,375 and ADA of 4,562.210 per KDE SEEK Website (FY 2019-20)
Data based on assessments of \$4,387,016,686 and ADA of 4,562.210 per KDE SEEK Website (FY 2020-21)

CAMPBELL COUNTY SCHOOL DISTRICT PROJECTED CURRENT BONDING POTENTIAL

A	B	C	D	E	F	G	H	I	J	K
Current Payments	FY June 30	Principal Payment	Coupon	Interest Payments	Total Payments	SFCC Portion	Local Portion	Projected All Local Payments Outstanding	Local Funds Available	Funds Available For Future Projects
\$3,909,086	2021			\$9,722	\$9,722	\$3,785	\$5,938	\$3,915,023	\$4,751,993	\$836,969
\$3,910,141	2022	\$35,000	2.000%	\$21,255	\$56,255	\$23,260	\$32,995	\$3,943,136	\$4,751,993	\$808,857
\$3,910,232	2023	\$35,000	2.000%	\$20,555	\$55,555	\$22,960	\$32,595	\$3,942,827	\$4,751,993	\$809,166
\$3,908,298	2024	\$40,000	2.000%	\$19,805	\$59,805	\$22,660	\$37,145	\$3,945,443	\$4,751,993	\$806,550
\$3,845,046	2025	\$40,000	2.000%	\$19,005	\$59,005	\$22,360	\$36,645	\$3,881,691	\$4,751,993	\$870,302
\$3,841,231	2026	\$40,000	2.000%	\$18,205	\$58,205	\$22,060	\$36,145	\$3,877,376	\$4,751,993	\$874,617
\$3,831,399	2027	\$40,000	2.000%	\$17,405	\$57,405	\$21,760	\$35,645	\$3,867,044	\$4,751,993	\$884,949
\$2,159,883	2028	\$40,000	2.200%	\$16,565	\$56,565	\$21,445	\$35,120	\$2,195,003	\$4,751,993	\$2,556,989
\$2,162,592	2029	\$40,000	2.300%	\$15,665	\$55,665	\$21,108	\$34,558	\$2,197,149	\$4,751,993	\$2,554,843
\$2,160,517	2030	\$45,000	2.400%	\$14,665	\$59,665	\$20,755	\$38,910	\$2,199,427	\$4,751,993	\$2,552,566
\$2,161,548	2031	\$45,000	2.500%	\$13,563	\$58,563	\$20,388	\$38,175	\$2,199,723	\$4,751,993	\$2,552,270
\$2,157,210	2032	\$45,000	2.600%	\$12,415	\$57,415	\$24,940	\$32,475	\$2,189,685	\$4,751,993	\$2,562,308
\$243,042	2033	\$45,000	2.600%	\$11,245	\$56,245	\$24,420	\$31,825	\$274,867	\$4,751,993	\$4,477,126
\$241,309	2034	\$45,000	2.600%	\$10,075	\$55,075	\$23,900	\$31,175	\$272,484	\$4,751,993	\$4,479,508
\$243,553	2035	\$50,000	2.600%	\$8,840	\$58,840	\$23,380	\$35,460	\$279,013	\$4,751,993	\$4,472,980
\$323,622	2036	\$50,000	2.600%	\$7,540	\$57,540	\$22,860	\$34,680	\$358,302	\$4,751,993	\$4,393,691
\$315,358	2037	\$50,000	2.600%	\$6,240	\$56,240	\$22,340	\$33,900	\$349,258	\$4,751,993	\$4,402,734
	2038	\$50,000	2.600%	\$4,940	\$54,940	\$21,820	\$33,120	\$33,120	\$4,751,993	\$4,718,873
	2039	\$55,000	2.600%	\$3,575	\$58,575	\$21,300	\$37,275	\$37,275	\$4,751,993	\$4,714,718
	2040	\$55,000	2.600%	\$2,145	\$57,145	\$20,780	\$36,365	\$36,365	\$4,751,993	\$4,715,628
	2041	\$55,000	2.600%	\$715	\$55,715	\$20,260	\$35,455	\$35,455	\$4,751,993	\$4,716,538
\$39,324,067	Totals:	\$900,000		\$254,140	\$1,154,140	\$448,540	\$705,600	\$40,029,667	\$99,791,849	\$59,762,182

Memo

To: KSFCC
From: Lincoln Theinert
Subject: Bond Payee Disclosure Form –Nicholas County School District Series 2020
Date: September 23, 2020
cc: File

Please find enclosed a Bond Payee Disclosure Form and Plan of Refinancing for the Nicholas County School District. Please process this issue at the next meeting of the Capital Projects and Bond Oversight Committee.

If you should have any questions or require any additional information, please do not hesitate to contact our office.

BOND PAYEE DISCLOSURE FORM

Par Amount: **\$ 1,840,000**
 Issue Name: Nicholas County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2020
 Purpose: Refinance Series 2011
 Projected Sale Date of Bonds: 8-Dec-20
 First Call Date: 4/1/21 @ 100
 Method of Sale: Competitive Bids
 Place/time of sale: PARITY/SFCC
 Bond Rating: Moodys: "A1"
 Bond Counsel: Steptoe & Johnson, Louisville, KY
 Fiscal Agent: RSA Advisors, LLC
 Date received by SFCC: *To be filled in by SFCC*
 Date scheduled for Committee review: *To be filled in by SFCC*
Month Day Year

Estimated par amount of Bonds:
 % Share of total Bonds:
 Estimated average annual debt service:
 Estimated debt service reserve:

SFCC Portion	Local Portion	Total
\$ 34,669	\$ 1,805,331	\$ 1,840,000
1.88%	98.12%	
\$ 3,575	\$ 186,177	\$ 189,752
\$ 0	\$ 0	\$ 0

Estimated Cost of Issuance:

Fiscal Agent, Bond Counsel, Advertisements, Printing, Etc.	\$ 366	\$ 19,034	\$ 19,400
Special Tax Counsel	\$ 0	\$ 0	\$ 0
Number verifications	\$ 28	\$ 1,472	\$ 1,500
Bond Rating	\$ 170	\$ 8,830	\$ 9,000
Underwriter's Discount	\$ 347	\$ 18,053	\$ 18,400
Bank Fee	\$ 71	\$ 3,679	\$ 3,750
Total Cost of Issuance:	\$ 981	\$ 51,069	\$ 52,050

Anticipated Interest Rates:

5 Years 1.100% 10 Years 1.700% 15 Years:
 20 Years: N/A

Note: No Local Tax increase is required.

Nicholas County School District

Projected Plan of Refinancing

Date of Report: September 23, 2020



Prior Bonds Call Reports	
2011 Call Report.....	1
2020 Series Refunding Bonds	
Total Savings Report.....	2
Escrow Fund Cash Flow.....	3
Savings Summary.....	4

NICHOLAS COUNTY SCHOOL DISTRICT FINANCE CORPORATION

SCHOOL BUILDING REVENUE BONDS, SERIES 2011

FINAL: SOLD TO RSA ON 4/28/9 (DELIVER 5/19/9)

Debt Service To Maturity And To Call

Part 1 of 2

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
10/28/2020	-	-	-	-	-	-	-
04/01/2021	1,750,000.00	34,717.50	1,784,717.50	130,000.00	3.300%	34,717.50	164,717.50
10/01/2021	-	-	-	-	-	32,572.50	32,572.50
04/01/2022	-	-	-	135,000.00	3.300%	32,572.50	167,572.50
10/01/2022	-	-	-	-	-	30,345.00	30,345.00
04/01/2023	-	-	-	140,000.00	3.300%	30,345.00	170,345.00
10/01/2023	-	-	-	-	-	28,035.00	28,035.00
04/01/2024	-	-	-	145,000.00	3.850%	28,035.00	173,035.00
10/01/2024	-	-	-	-	-	25,243.75	25,243.75
04/01/2025	-	-	-	150,000.00	3.850%	25,243.75	175,243.75
10/01/2025	-	-	-	-	-	22,356.25	22,356.25
04/01/2026	-	-	-	155,000.00	4.125%	22,356.25	177,356.25
10/01/2026	-	-	-	-	-	19,159.38	19,159.38
04/01/2027	-	-	-	165,000.00	4.125%	19,159.38	184,159.38
10/01/2027	-	-	-	-	-	15,756.25	15,756.25
04/01/2028	-	-	-	170,000.00	4.125%	15,756.25	185,756.25
10/01/2028	-	-	-	-	-	12,250.00	12,250.00
04/01/2029	-	-	-	180,000.00	4.375%	12,250.00	192,250.00
10/01/2029	-	-	-	-	-	8,312.50	8,312.50
04/01/2030	-	-	-	185,000.00	4.375%	8,312.50	193,312.50
10/01/2030	-	-	-	-	-	4,265.63	4,265.63
04/01/2031	-	-	-	195,000.00	4.375%	4,265.63	199,265.63
Total	\$1,750,000.00	\$34,717.50	\$1,784,717.50	\$1,750,000.00	-	\$431,310.02	\$2,181,310.02

NICHOLAS COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2020-REF
PROJECTED REFINANCING OF SERIES 2011

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2021	149,792.00	145,576.21	164,717.50	19,141.29
06/30/2022	182,130.00	182,130.00	200,145.00	18,015.00
06/30/2023	181,010.00	181,010.00	200,690.00	19,680.00
06/30/2024	184,810.00	184,810.00	201,070.00	16,260.00
06/30/2025	183,242.50	183,242.50	200,487.50	17,245.00
06/30/2026	181,427.50	181,427.50	199,712.50	18,285.00
06/30/2027	184,282.50	184,282.50	203,318.76	19,036.26
06/30/2028	181,902.50	181,902.50	201,512.50	19,610.00
06/30/2029	189,267.50	189,267.50	204,500.00	15,232.50
06/30/2030	186,297.50	186,297.50	201,625.00	15,327.50
06/30/2031	188,237.50	188,237.50	203,531.26	15,293.76
Total	\$1,992,399.50	\$1,988,183.71	\$2,181,310.02	\$193,126.31

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	171,265.14
Net PV Cashflow Savings @ 2.005%(AIC)	171,265.14

Contingency or Rounding Amount	4,215.79
Net Present Value Benefit	\$175,480.93

Net PV Benefit / \$1,750,000 Refunded Principal	10.027%
Net PV Benefit / \$1,840,000 Refunding Principal	9.537%

Refunding Bond Information

Refunding Dated Date	10/28/2020
Refunding Delivery Date	10/28/2020

NICHOLAS COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2020-REF
PROJECTED REFINANCING OF SERIES 2011

Escrow Fund Cashflow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
10/28/2020	-	-	-	0.21	-	0.21
04/01/2021	1,783,884.00	0.110%	833.29	1,784,717.29	1,784,717.50	-
Total	\$1,783,884.00	-	\$833.29	\$1,784,717.50	\$1,784,717.50	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield

Cash Deposit	0.21
Cost of Investments Purchased with Bond Proceeds	1,783,884.00
Total Cost of Investments	\$1,783,884.21

Target Cost of Investments at bond yield	\$1,773,677.67
Actual positive or (negative) arbitrage	(10,206.54)

Yield to Receipt	0.1099154%
Yield for Arbitrage Purposes	1.4653349%

State and Local Government Series (SLGS) rates for 9/10/2020

Nicholas County School District Finance Corporation
 School Building Refunding Revenue Taxable Bonds, Series 2020 Selling October
 Refunding of Prior Series 2011 Bonds - Dated Date of 4.01.11

Fiscal Year	(A) Current Bond Payments			(B) New Bond Payments			(C) Savings
	Principal Portion	Interest Portion	Total Payment	Principal Portion	Interest Portion	Payment Totals	
Closing							
2021	\$130,000	\$312,350	\$164,718	\$140,000	\$5,576	\$145,576	\$19,141
2022	\$135,000	\$302,750	\$200,145	\$160,000	\$22,130	\$182,130	\$18,015
2023	\$140,000	\$293,350	\$200,690	\$160,000	\$21,010	\$181,010	\$19,680
2024	\$145,000	\$290,550	\$201,070	\$165,000	\$19,810	\$184,810	\$16,260
2025	\$150,000	\$287,350	\$200,488	\$165,000	\$18,243	\$183,243	\$17,245
2026	\$155,000	\$258,950	\$199,713	\$165,000	\$16,428	\$181,428	\$18,285
2027	\$165,000	\$222,856	\$203,319	\$170,000	\$14,283	\$184,283	\$19,036
2028	\$170,000	\$183,969	\$201,513	\$170,000	\$11,903	\$181,903	\$19,610
2029	\$180,000	\$141,750	\$204,500	\$180,000	\$9,268	\$189,268	\$15,233
2030	\$185,000	\$97,200	\$201,625	\$180,000	\$6,298	\$186,298	\$15,328
2031	\$195,000	\$50,175	\$203,531	\$185,000	\$3,238	\$188,238	\$15,294
Totals:	\$1,750,000	\$2,441,250	\$2,181,310	\$1,840,000	\$148,184	\$1,988,184	\$193,126

Net Savings Summary

Gross Savings Amount: \$193,126
 Present Value Savings Amount: \$171,265
 NPV Savings % of Prior: 10.027%
 Negative Arbitrage (\$10,206)
 Efficiency Ratio 94.72%

Interest Rate Reduction Summary

Series 2011 Average Coupon: 4.180%
 Series 2020 Total Interest Cost: 1.650%
 Interest Rate Reduction: 2.530%



Memo

To: KSFCC
From: Lincoln Theinert
Subject: Bond Payee Disclosure Form –Raceland-Worthington Independent School District Series 2020
Date: September 4, 2020
cc: File

Please find enclosed a Bond Payee Disclosure Form and Plan of Refinancing for the Raceland-Worthington Independent School District. Please process this issue at the next meeting of the Capital Projects and Bond Oversight Committee.

If you should have any questions or require any additional information, please do not hesitate to contact our office.

BOND PAYEE DISCLOSURE FORM

Par Amount:	\$ 1,365,000
Issue Name:	Raceland-Worthington Independent School District Finance Corporation School Building Refunding Revenue Bonds, Series 2
Purpose:	Refinance Series 2010B
Projected Sale Date of Bonds:	8-Dec-20
First Call Date:	12/1/20 @ 100
Method of Sale:	Competitive Bids
Place/time of sale:	PARITY/SFCC
Bond Rating:	Moody's: "A1"
Bond Counsel:	Steptoe & Johnson, Louisville, KY
Fiscal Agent:	RSA Advisors, LLC
Date received by SFCC:	<div style="border: 1px solid black; width: 80px; height: 15px; display: inline-block;"></div> <i>To be filled in by SFCC</i>
Date scheduled for Committee review:	<div style="border: 1px solid black; width: 80px; height: 15px; display: inline-block;"></div> <i>To be filled in by SFCC</i>

Month Day Year

	SFCC Portion	Local Portion	Total
Estimated par amount of Bonds:	\$ 273,747	\$ 1,091,253	\$ 1,365,000
% Share of total Bonds:	20.05%	79.95%	
Estimated average annual debt service:	\$ 32,561	\$ 129,800	\$ 162,361
Estimated debt service reserve:	\$ 0	\$ 0	\$ 0
Estimated Cost of Issuance:			
Fiscal Agent, Bond Counsel, Advertisements, Printing, Etc.	\$ 2,938	\$ 11,712	\$ 14,650
Special Tax Counsel	\$ 0	\$ 0	\$ 0
Number verifications	\$ 301	\$ 1,199	\$ 1,500
Bond Rating	\$ 1,805	\$ 7,195	\$ 9,000
Underwriter's Discount	\$ 2,737	\$ 10,913	\$ 13,650
Bank Fee	\$ 752	\$ 2,998	\$ 3,750
Total Cost of Issuance:	\$ 8,533	\$ 34,017	\$ 42,550

Anticipated Interest Rates:

5 Years 2.000% 10 Years 2.000% 15 Years:
20 Years: N/A

Note: No Local Tax increase is required.

Raceland-Worthington Independent School District

Projected Plan of Refinancing

Date of Report: September 04, 2020

Prior Bonds Call Reports

2010B Call Report..... 1

2020 Series Refunding Bonds

Total Savings Report..... 2

RACELAND INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2018
PROJECTED REFINANCING OF 2010B

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2021	8,890.00	8,890.00	25,182.50	16,292.50
06/30/2022	71,343.75	71,343.75	79,855.00	8,511.25
06/30/2023	70,680.00	70,680.00	83,750.00	13,070.00
06/30/2024	64,992.50	64,992.50	77,645.00	12,652.50
06/30/2025	138,521.25	138,521.25	150,350.00	11,828.75
06/30/2026	200,600.00	200,600.00	210,420.00	9,820.00
06/30/2027	197,000.00	197,000.00	209,037.50	12,037.50
06/30/2028	203,300.00	203,300.00	212,100.00	8,800.00
06/30/2029	199,500.00	199,500.00	209,600.00	10,100.00
06/30/2030	195,700.00	195,700.00	206,900.00	11,200.00
06/30/2031	191,900.00	191,900.00	204,000.00	12,100.00
Total	\$1,542,427.50	\$1,542,427.50	\$1,668,840.00	\$126,412.50

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	112,097.59
Net PV Cashflow Savings @ 2.487%(AIC)	112,097.59
Contingency or Rounding Amount	1,055.83
Net Present Value Benefit	\$113,153.42
Net PV Benefit / \$1,315,000 Refunded Principal	8.605%
Net PV Benefit / \$1,365,000 Refunding Principal	8.290%

Refunding Bond Information

Refunding Dated Date	12/01/2020
Refunding Delivery Date	12/01/2020

RACELAND INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS, SERIES 2010B

Debt Service To Maturity And To Call

Part 1 of 2

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
12/01/2020	1,315,000.00	8,394.17	1,323,394.17	-	-	-	-
04/01/2021	-	-	-	-	-	25,182.50	25,182.50
10/01/2021	-	-	-	30,000.00	3.400%	25,182.50	55,182.50
04/01/2022	-	-	-	-	-	24,672.50	24,672.50
10/01/2022	-	-	-	35,000.00	3.400%	24,672.50	59,672.50
04/01/2023	-	-	-	-	-	24,077.50	24,077.50
10/01/2023	-	-	-	30,000.00	3.400%	24,077.50	54,077.50
04/01/2024	-	-	-	-	-	23,567.50	23,567.50
10/01/2024	-	-	-	105,000.00	3.400%	23,567.50	128,567.50
04/01/2025	-	-	-	-	-	21,782.50	21,782.50
10/01/2025	-	-	-	170,000.00	3.700%	21,782.50	191,782.50
04/01/2026	-	-	-	-	-	18,637.50	18,637.50
10/01/2026	-	-	-	175,000.00	3.700%	18,637.50	193,637.50
04/01/2027	-	-	-	-	-	15,400.00	15,400.00
10/01/2027	-	-	-	185,000.00	4.000%	15,400.00	200,400.00
04/01/2028	-	-	-	-	-	11,700.00	11,700.00
10/01/2028	-	-	-	190,000.00	4.000%	11,700.00	201,700.00
04/01/2029	-	-	-	-	-	7,900.00	7,900.00
10/01/2029	-	-	-	195,000.00	4.000%	7,900.00	202,900.00
04/01/2030	-	-	-	-	-	4,000.00	4,000.00
10/01/2030	-	-	-	200,000.00	4.000%	4,000.00	204,000.00
Total	\$1,315,000.00	\$8,394.17	\$1,323,394.17	\$1,315,000.00	-	\$353,840.00	\$1,668,840.00

Memo

To: KSFCC
From: Lincoln Theinert
Subject: Bond Payee Disclosure Form –Southgate Independent School District
Series 2020
Date: September 24, 2020
cc: File

Please find enclosed a Bond Payee Disclosure Form and Plan of Refinancing for the Southgate Independent School District. Please process this issue at the next meeting of the Capital Projects and Bond Oversight Committee.

If you should have any questions or require any additional information, please do not hesitate to contact our office.

BOND PAYEE DISCLOSURE FORM

Par Amount: **\$ 905,000**
 Issue Name: Southgate Independent School District Finance Corporation School Building Refunding Revenue Bonds, Series 2020
 Purpose: Refinance Series 2011
 Projected Sale Date of Bonds: 8-Dec-20
 First Call Date: 5/1/21 @ 100
 Method of Sale: Competitive Bids
 Place/time of sale: PARITY/SFCC
 Bond Rating: Moodys: "A1"
 Bond Counsel: Steptoe & Johnson, Louisville, KY
 Fiscal Agent: RSA Advisors, LLC
 Date received by SFCC: *To be filled in by SFCC*
 Date scheduled for Committee review: *To be filled in by SFCC*
Month Day Year

Estimated par amount of Bonds:
 % Share of total Bonds:
 Estimated average annual debt service:
 Estimated debt service reserve:

SFCC Portion	Local Portion	Total
\$ 352,091	\$ 552,909	\$ 905,000
38.91%	61.09%	
\$ 36,323	\$ 57,040	\$ 93,363
\$ 0	\$ 0	\$ 0

Estimated Cost of Issuance:

Fiscal Agent, Bond Counsel, Advertisements, Printing, Etc.
 Special Tax Counsel
 Number verifications
 Bond Rating
 Underwriter's Discount
 Bank Fee
 Total Cost of Issuance:

\$ 3,873	\$ 6,082	\$ 9,955
\$ 0	\$ 0	\$ 0
\$ 584	\$ 916	\$ 1,500
\$ 1,945	\$ 3,055	\$ 5,000
\$ 3,521	\$ 5,529	\$ 9,050
\$ 1,459	\$ 2,291	\$ 3,750
\$ 11,382	\$ 17,873	\$ 29,255

Anticipated Interest Rates:

5 Years 1.100% 10 Years 1.700% 15 Years:
 20 Years: N/A

Note: No Local Tax increase is required.

Southgate Independent School District

Projected Plan of Refinancing

Date of Report: September 24, 2020



Prior Bonds Call Reports

2011 Call Report..... 1

2020 Series Refunding Bonds

Total Savings Report..... 2-3
Escrow Fund Cash Flow..... 4
Savings Summary..... 5

SOUTHGATE INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVEUNE BONDS, SERIES 2011

Debt Service To Maturity And To Call

Part 1 of 2

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded DIS
11/15/2020	-	-	-	-	-	-	-
05/01/2021	855,000.00	18,137.50	873,137.50	-	4.0000%	18,137.50	18,137.50
11/01/2021	-	-	-	-	-	18,137.50	18,137.50
05/01/2022	-	-	-	70,000.00	4.0000%	18,137.50	88,137.50
11/01/2022	-	-	-	-	-	16,737.50	16,737.50
05/01/2023	-	-	-	75,000.00	4.0000%	16,737.50	91,737.50
11/01/2023	-	-	-	-	-	15,237.50	15,237.50
05/01/2024	-	-	-	80,000.00	4.0000%	15,237.50	95,237.50
11/01/2024	-	-	-	-	-	13,637.50	13,637.50
05/01/2025	-	-	-	85,000.00	4.0000%	13,637.50	98,637.50
11/01/2025	-	-	-	-	-	11,937.50	11,937.50
05/01/2026	-	-	-	85,000.00	4.250%	11,937.50	96,937.50
11/01/2026	-	-	-	-	-	10,131.25	10,131.25
05/01/2027	-	-	-	85,000.00	4.250%	10,131.25	95,131.25
11/01/2027	-	-	-	-	-	8,325.00	8,325.00
05/01/2028	-	-	-	90,000.00	4.250%	8,325.00	98,325.00
11/01/2028	-	-	-	-	-	6,412.50	6,412.50
05/01/2029	-	-	-	90,000.00	4.5000%	6,412.50	96,412.50
11/01/2029	-	-	-	-	-	4,387.50	4,387.50
05/01/2030	-	-	-	95,000.00	4.5000%	4,387.50	99,387.50
11/01/2030	-	-	-	-	-	2,250.00	2,250.00
05/01/2031	-	-	-	100,000.00	4.5000%	2,250.00	102,250.00
Total	\$855,000.00	\$18,137.50	\$873,137.50	\$855,000.00	-	\$232,525.00	\$1,087,525.00

SOUTHGATE INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION

SCHOOL BUILDING REFUNDING REVEUNE BONDS, SERIES 2020

REFINANCING OF SERIES 2011

Debt Service Comparison

Part 1 of 2

Date	Total P+I	Existing D/S	Net New D/S	Old Net D/S	Savings
06/30/2021	10,063.00	71,400.00	81,463.00	89,537.50	8,074.50
06/30/2022	95,960.00	-	95,960.00	106,275.00	10,315.00
06/30/2023	100,492.50	-	100,492.50	108,475.00	7,982.50
06/30/2024	99,862.50	-	99,862.50	110,475.00	10,612.50
06/30/2025	104,052.50	-	104,052.50	112,275.00	8,222.50
06/30/2026	98,055.00	-	98,055.00	108,875.00	10,820.00
06/30/2027	96,975.00	-	96,975.00	105,262.50	8,287.50
06/30/2028	95,760.00	-	95,760.00	106,650.00	10,890.00
06/30/2029	94,455.00	-	94,455.00	102,825.00	8,370.00
06/30/2030	93,060.00	-	93,060.00	103,775.00	10,715.00
06/30/2031	91,575.00	-	91,575.00	104,500.00	12,925.00
Total	\$980,310.50	\$71,400.00	\$1,051,710.50	\$1,158,925.00	\$107,214.50

SOUTHGATE INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVEUNE BONDS, SERIES 2020
REFINANCING OF SERIES 2011

Debt Service Comparison

Part 2 of 2

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	96,599.15
Net PV Cashflow Savings @ 1.987%(AIC)	96,599.15
Contingency or Rounding Amount	2,556.80
Net Present Value Benefit	\$99,155.95
Net PV Benefit / \$855,000 Refunded Principal	11.597%
Net PV Benefit / \$905,000 Refunding Principal	10.956%

Refunding Bond Information

Refunding Dated Date	11/15/2020
Refunding Delivery Date	11/15/2020

SOUTHGATE INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVEUNE BONDS, SERIES 2020
REFINANCING OF SERIES 2011

Escrow Fund Cashflow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
11/15/2020	-	-	-	0.20	-	0.20
05/01/2021	872,738.00	0.100%	399.30	873,137.30	873,137.50	-
Total	\$872,738.00	-	\$399.30	\$873,137.50	\$873,137.50	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Bond Yield

Cash Deposit	0.20
Cost of Investments Purchased with Bond Proceeds	872,738.00
Total Cost of Investments	\$872,738.20

Target Cost of Investments at bond yield	\$867,563.12
Actual positive or (negative) arbitrage	(5,175.08)

Yield to Receipt	0.0992243%
Yield for Arbitrage Purposes	1.3938229%

State and Local Government Series (SLGS) rates for 9/24/2020

Southgate Independent School District Finance Corporation
 School Building Refunding Revenue Taxable Bonds, Series 2020 Selling October
 Refunding of Prior Series 2011 Bonds - Dated Date of 5.01.11

Fiscal Year	(A) Current Bond Payments			(B) New Bond Payments			(C) Savings
	Principal Portion	Interest Portion	Total Payment	Principal Portion	Interest Portion	Payment Totals	
Closing							
2021	\$70,000	\$19,538	\$89,538	\$5,000	\$5,063	\$10,063	\$8,075
2022	\$70,000	\$36,275	\$106,275	\$85,000	\$10,960	\$95,960	\$10,315
2023	\$75,000	\$33,475	\$108,475	\$90,000	\$10,493	\$100,493	\$7,983
2024	\$80,000	\$30,475	\$110,475	\$90,000	\$9,863	\$99,863	\$10,613
2025	\$85,000	\$27,275	\$112,275	\$95,000	\$9,053	\$104,053	\$8,223
2026	\$85,000	\$23,875	\$108,875	\$90,000	\$8,055	\$98,055	\$10,820
2027	\$85,000	\$20,263	\$105,263	\$90,000	\$6,975	\$96,975	\$8,288
2028	\$90,000	\$16,650	\$106,650	\$90,000	\$5,760	\$95,760	\$10,890
2029	\$90,000	\$12,825	\$102,825	\$90,000	\$4,455	\$94,455	\$8,370
2030	\$95,000	\$8,775	\$103,775	\$90,000	\$3,060	\$93,060	\$10,715
2031	\$100,000	\$4,500	\$104,500	\$90,000	\$1,575	\$91,575	\$12,925
Totals:	\$925,000	\$233,925	\$1,158,925	\$905,000	\$75,311	\$980,311	\$107,215

Net Savings Summary

Gross Savings Amount: \$107,215
 Present Value Savings Amount: \$96,599
 NPV Savings % of Prior: 11.597%
 Negative Arbitrage (\$5,175)
 Efficiency Ratio 95.17%

Interest Rate Reduction Summary

Series 2011 Average Coupon: 4.300%
 Series 2020 Total Interest Cost: 1.560%
 Interest Rate Reduction: 2.740%

