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Governor

**Commonwealth of Kentucky**  
**FINANCE AND ADMINISTRATION CABINET**  
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**RYAN BARROW**  
Executive Director

October 01, 2019

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 (“CPBO”) at the October 15, 2019, meeting. Included pursuant to KRS 56.863(11) is the Asset/Liability Commission (ALCo) Semi-Annual Report as of June 30, 2019. Also included is the Annual Report of Outstanding Bonds as of Fiscal Year ending June 30, 2019.

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

Fund A Loans

City of Burkesville (Construction)	\$2,831,370
City of Nicholasville (P&D)	\$910,000

Fund F Loan

City of Lebanon (Increase)	\$4,497,137
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The Office of Financial Management will present two (2) new bond issue reports for the Committee’s approval:

Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Abel Court and Dudley Court Project), Series 2019	\$15,000,000+
Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Volunteer Management & Development Portfolio II Project), Series 2019	\$12,800,000+

+Not to Exceed

Senator Girdler  
Representative Thomas  
October 01, 2019  
Page 2

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 (McDeane Apartments Project), Series 2019, dated September 11, 2019	\$18,000,000
Eastern Kentucky University General Receipts Refunding Bonds, 2019 Series A dated September 27, 2019	\$5,265,000

The School Facilities Construction Commission is submitting the following additional information for the Committee's approval:

Kenton County	\$17,560,000*
Knott County	\$3,000,000*
Leslie County	\$780,000*
Paintsville Independent	\$1,795,000*
Science Hill Independent	\$1,050,000*
Union County	\$750,000*

\*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,



Ryan Barrow  
Executive Director

Attachments

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

*For the period ending June 30, 2019*

**45th Edition**



**Matthew G. Bevin, Governor of the Commonwealth of Kentucky**

William M. Landrum III, 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 45<sup>th</sup> 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, 2019 through June 30, 2019.

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 the state, national, and international levels had an impact on activity during the reporting period. The most significant factors were:

### On the national level

- The Federal Reserve Board of Governors voted unanimously in each one of their four meetings during the first half of 2019 to not change the target range for the federal funds rate, leaving the rate at 2.25%- 2.50%.
- The unemployment rate continued the trend lower ending June 2019 at 3.7% from 3.9% in December 2018.
- The annual rate of economic growth as measured by GDP began showing signs of slowing during the first half of 2019. The seasonally adjusted rate for the first and second quarter were 3.1% and 2.1%, respectively.
- Inflation remained muted for the first half of the year with the core rate (ex-energy and food) ending at 1.6% as of June.

### On the international level

- Partly as a result of the trade war with the United States, economies in China and other Asian countries are weakening.
- European economic markets are also experiencing instabilities, partially due to Britain’s upcoming exit of the European Union.

### On the state level

- General Fund receipts totaled \$11.393 billion for Fiscal Year (FY) 2019. General Fund receipts increased 5.1% over FY 2018 collections. General Fund receipts for FY 2019 were \$194.5 million, or 1.7%, more than the official revised revenue estimate which projected 3.3% growth.
- Road Fund receipts for FY 2019 totaled \$1,566.1 million which represented a 3.6% increase over the previous fiscal year. Road Fund collections for FY 2019 exceeded the official consensus estimate by \$59.6 million, or 4.0%.
- Personal income growth rates for the four quarters of FY 2019 were 3.2%, 3.2%, 4.3% and 4.1%.
- Large unfunded pension liabilities continue to put stress on the Commonwealth’s credit rating.
- Implementation of bond authorizations from prior-year and current sessions of the General Assembly continued. Bond issues for the period are discussed later in the report.

## INVESTMENT MANAGEMENT

### *Market Overview*

Economic activity increased at a solid pace in the early part of 2019, and the labor market continued to strengthen. However, inflation ran below the Federal Open Market Committee's (FOMC) longer-run objective of 2%. At its meeting in June, the FOMC judged that current and prospective economic conditions called for maintaining the target range for the federal funds rate at 2.25% - 2.50%. Nonetheless, in light of increased uncertainties around the economic outlook and muted inflation pressures, the Committee indicated that it will closely monitor the implications of incoming information for the economic outlook and will act as appropriate to sustain the expansion, with a strong labor market and inflation near the Committee's symmetric 2% objective.

### **Employment**

The labor market continued to strengthen. Over the first six months of 2019, payrolls increased an average of 172,000 per month. This rate is down from the average pace of 223,000 in 2018, but it is faster than what is needed to provide jobs for new entrants into the labor force. The unemployment rate moved down from 3.9% in December 2018 to 3.7% in June. In addition, the unemployment rate is 0.05% point below the median of FOMC participants' estimates of its longer-run normal level of 4.2%.

### **Inflation**

Consumer price inflation, as measured by the 12-month change in the price index for personal consumption expenditures, moved down from a little above the FOMC's objective of 2% in the middle of last year to a rate of 1.4% in June. The 12-month measure of inflation that excludes food and energy items (so-called core inflation), which historically has been a better indicator than the overall figure of where inflation will be in the future, was 1.6% in June, down from a rate of 1.9% from a year ago. However, these year-over-year declines mainly reflect soft readings in the monthly price data earlier this year, which appear to reflect transitory influences. Survey-based measures of longer-run inflation expectations are little changed, while market-based measures of inflation compensation have declined recently to levels close to or below the low levels seen late last year.

### **Economic Growth**

In the first quarter, real gross domestic product (GDP) is reported to have increased at an annual rate of 3.1%, bolstered by a sizable contribution from net exports and business inventories. By contrast, consumer spending in the first quarter was lackluster but appears to have picked up in recent months. Meanwhile, following robust gains last year, business fixed investment slowed in the second quarter amid downbeat business sentiment and profit expectations from industry analysts, reflecting trade tensions and concerns

## INVESTMENT MANAGEMENT

about global growth. As a result, second quarter GDP was in fact lower at 2.1%.

### Interest Rates

Since the end of 2018, the nominal Treasury yield curve shifted down and flattened further, with the 2-, 5-, and 10-year nominal Treasury yields all declining about 70 basis points. The decrease in Treasury yields, which is consistent with the revision in market participants' expectations for the path of policy rates, largely reflects FOMC communications as well as investors' concerns about the global economic outlook and the escalation of trade disputes.

Yields on 30-year agency mortgage-backed securities (MBS)—an important factor influencing mortgage interest rates—decreased in line with the decline in the 10-year nominal Treasury yield and remained low by historical standards. Likewise, yields on both investment-grade and high-yield corporate debt declined significantly from the levels in late 2018 and stayed very low. Despite widening in May, the spreads on corporate bond yields over comparable-maturity Treasury yields have narrowed, over the first half of 2019 and are close to their historical medians.

Rates across money markets were little changed in the first half of 2019. Conditions in domestic short-term funding markets continued to be broadly stable since the end of 2018. Overnight secured and unsecured rates declined in line with the technical adjustment announced after the May FOMC meeting, which lowered the interests paid on required and excess reserve balances by 5 basis points. Other short-term interest rates, including those on commercial paper and negotiable certificates of deposit, were also little changed since the beginning of the year.

### Equities

After declining sharply at the end of 2018, broad U.S. stock market indexes have recovered over the first half of 2019. The broad rebound in stock prices—which included all major economic sectors—was reportedly supported by Federal Reserve communications that were perceived as more accommodative than previously anticipated. Stocks fluctuated in May and June as downside risks and trade tensions were offset by further expectations of easier monetary policy.



## INVESTMENT MANAGEMENT

### Outlook

Since the beginning of the year, the FOMC stated that it continued to view a sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2% objective as the most likely outcomes.

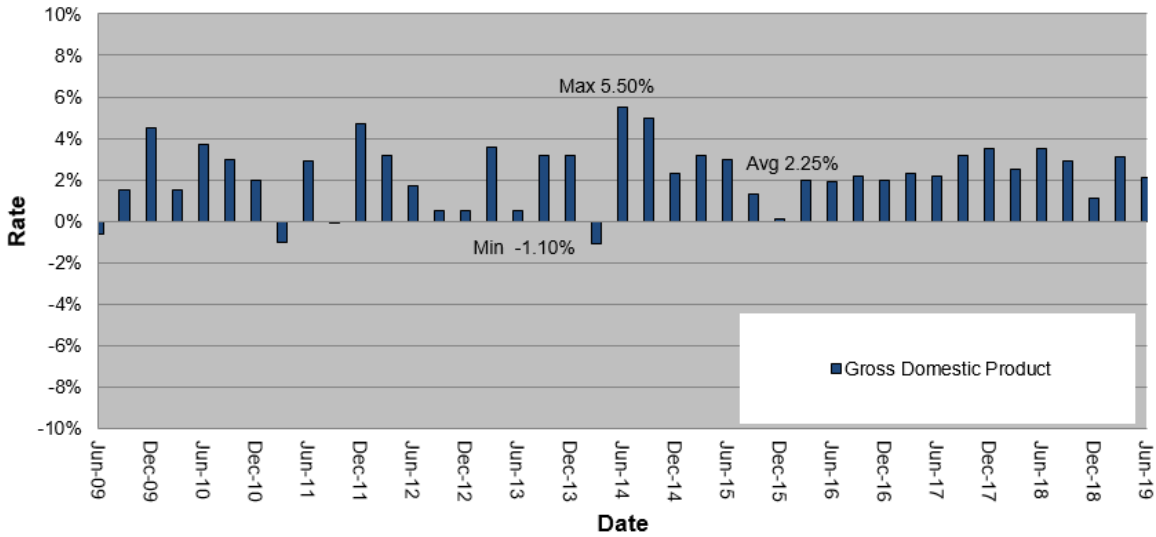
At the June meeting, however, the FOMC noted that uncertainties about the outlook had increased. Since the beginning of May, the tenor of incoming information on economic activity has become somewhat more downbeat, and uncertainties about the economic outlook have increased. Growth indicators from around the

world have disappointed raising concerns about the strength of the global economy. Meanwhile, contacts in business and agriculture have reported heightened concerns over trade developments. In light of these uncertainties and muted inflation pressures, the FOMC indicated that it will act as appropriate to sustain the expansion, with a strong labor market and inflation near its objective of 2%. In the FOMC economic projections released after the June meeting, participants generally revised down their individual assessments of the appropriate path for the policy rate from their assessments at the time of the March meeting.

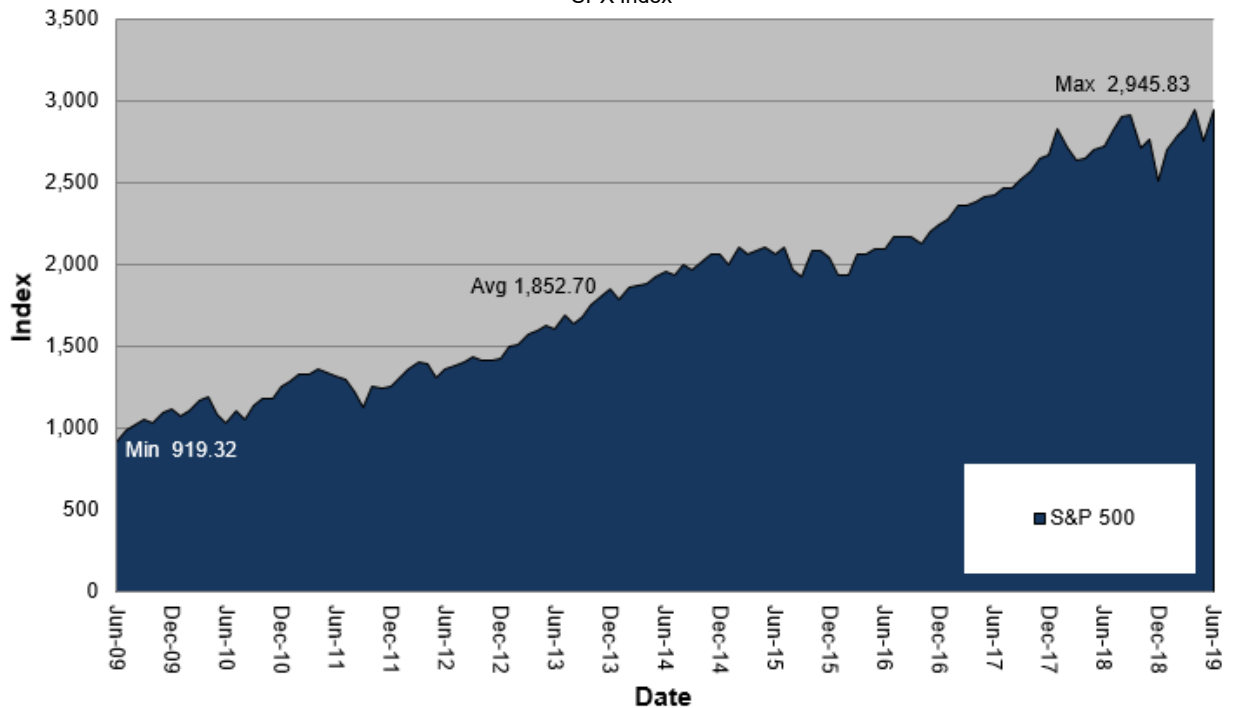
# INVESTMENT MANAGEMENT

## Real Gross Domestic Product & Standard & Poor's 500

**Real Gross Domestic Product**  
 Quarter Over Quarter  
 Range 06/30/2009-6/30/2019  
 GDP CQOQ Index

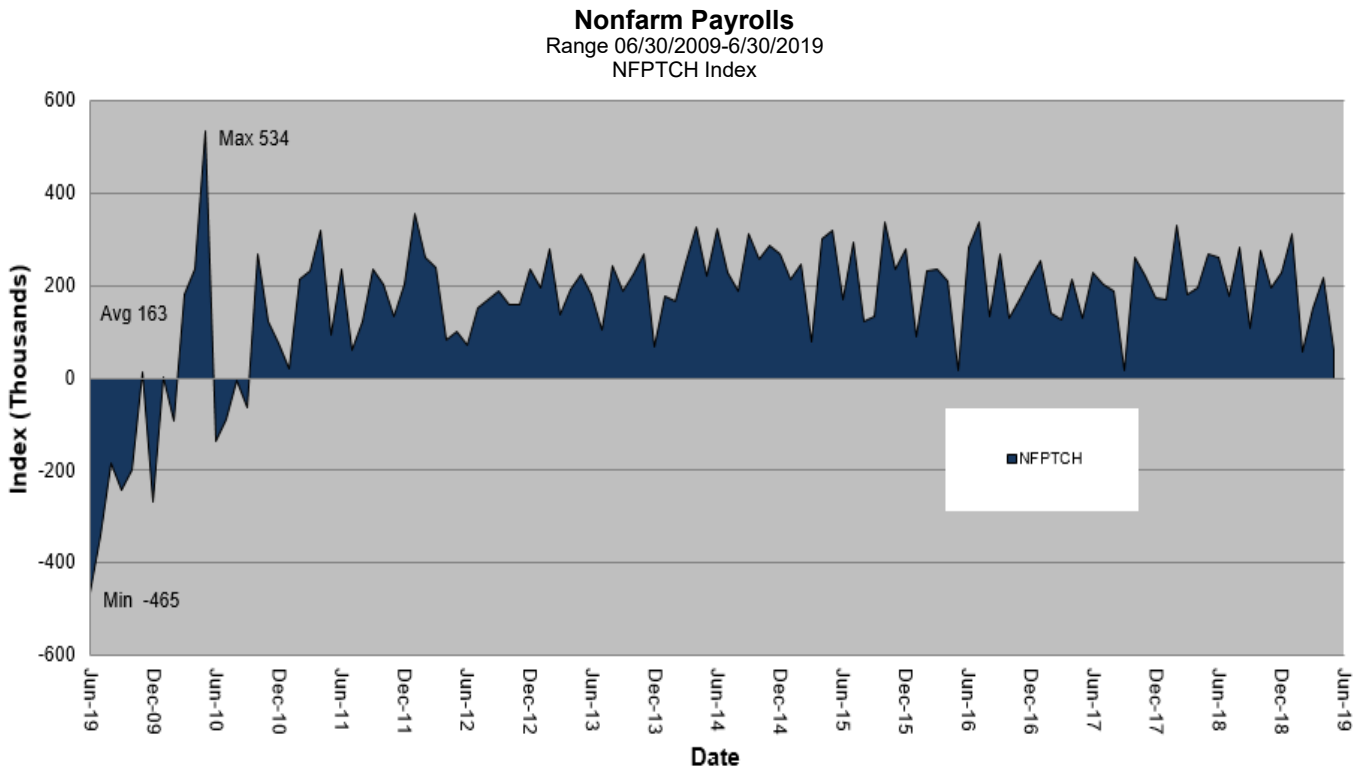
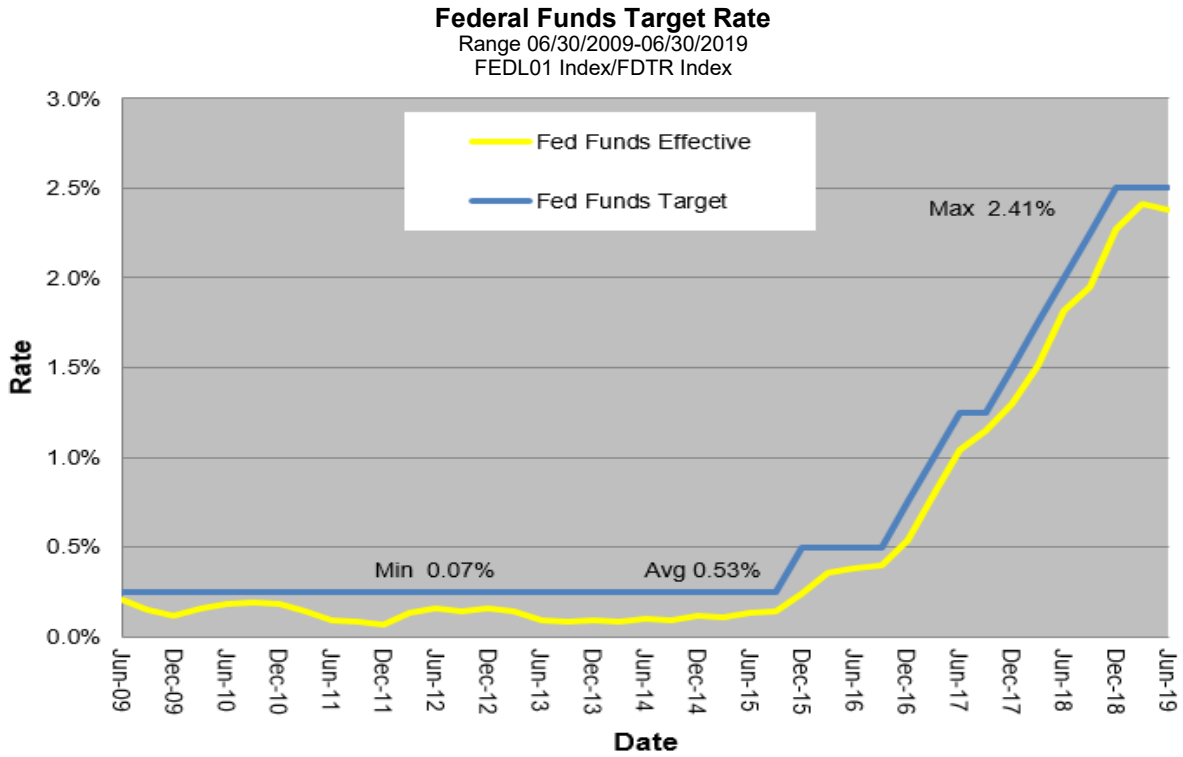


**Standard & Poor's 500**  
 Range 06/30/2009-6/30/2019  
 SPX Index



## INVESTMENT MANAGEMENT

### Federal Funds Target Rate & NonFarm Payrolls



## INVESTMENT MANAGEMENT

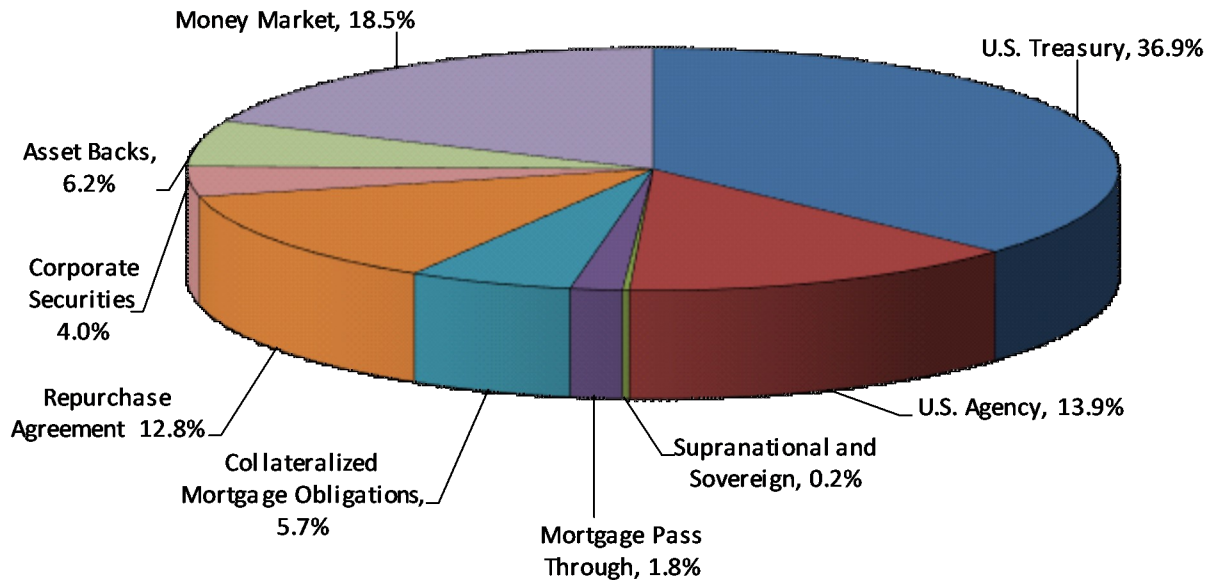
### *Portfolio Management*

For six months ended June 30, 2019, the Commonwealth’s investment portfolio was approximately \$4.2 billion. The portfolio was invested in U. S. Treasury Securities (36.9%), U. S. Agency Securities (13.9%), Supranational and Sovereign (0.2%), Mortgage Pass Through (1.8%), Collateralized Mortgage Obligations (5.7%), Repurchase Agreements (12.8%), Corporate Securities (4.0%), Asset-Backed

Securities (6.2%), and Money Market Securities (18.5%). The portfolio had a market yield of 2.01% and an effective duration of 0.54 of a year.

The total portfolio is broken down into three investment pools. The pool balances as of June 30, 2019 were \$464.8 million (Short Term Pool), \$1.4 billion (Limited Term Pool) and \$2.3 billion (Intermediate Term Pool).

**Distribution of Investments as of June 30, 2019**



## INVESTMENT MANAGEMENT

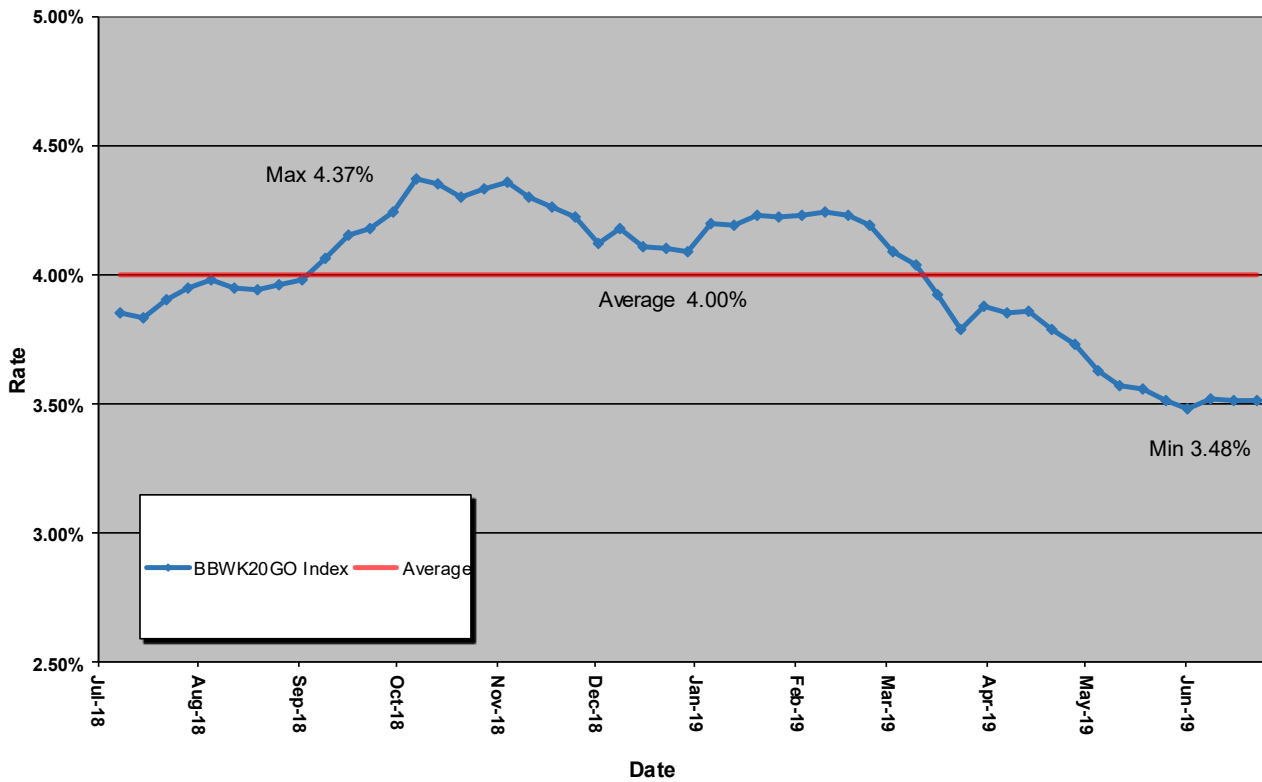
### *Tax-Exempt Interest Rates and Relationships*

The Bond Buyer 20-year General Obligation Index averaged 4.00% for Fiscal Year 2019. The high was 4.37% in October 2018 and the low was 3.48% in June 2019.

The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index averaged 1.55% for Fiscal Year 2019. The high

was 2.30% in April 2019 and the low was 0.94% in July 2018. The 30-day USD London Interbank Offered Rate (LIBOR) averaged 2.35% for Fiscal Year 2019. The high was 2.52% in December 2018 and the low was 2.07% in July 2018. During the year, SIFMA traded at a high of 92.63% of the 30-day LIBOR in late April 2019, at a low of 45.26% in early July 2018, and at an average of 66.07% for the Fiscal Year.

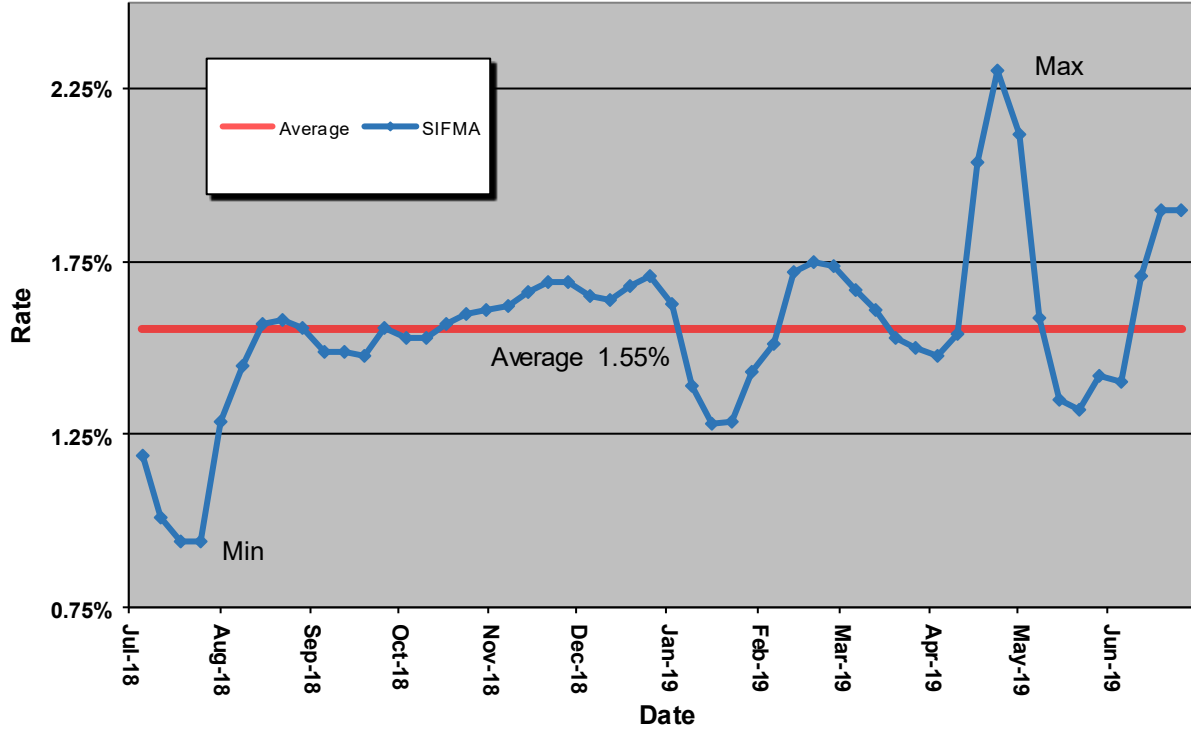
**Bond Buyer 20 General Obligation Index**  
Range 07/01/2018 - 6/30/2019  
BBWK20GO Index



### SIFMA & SIFMA/LIBOR Ratio

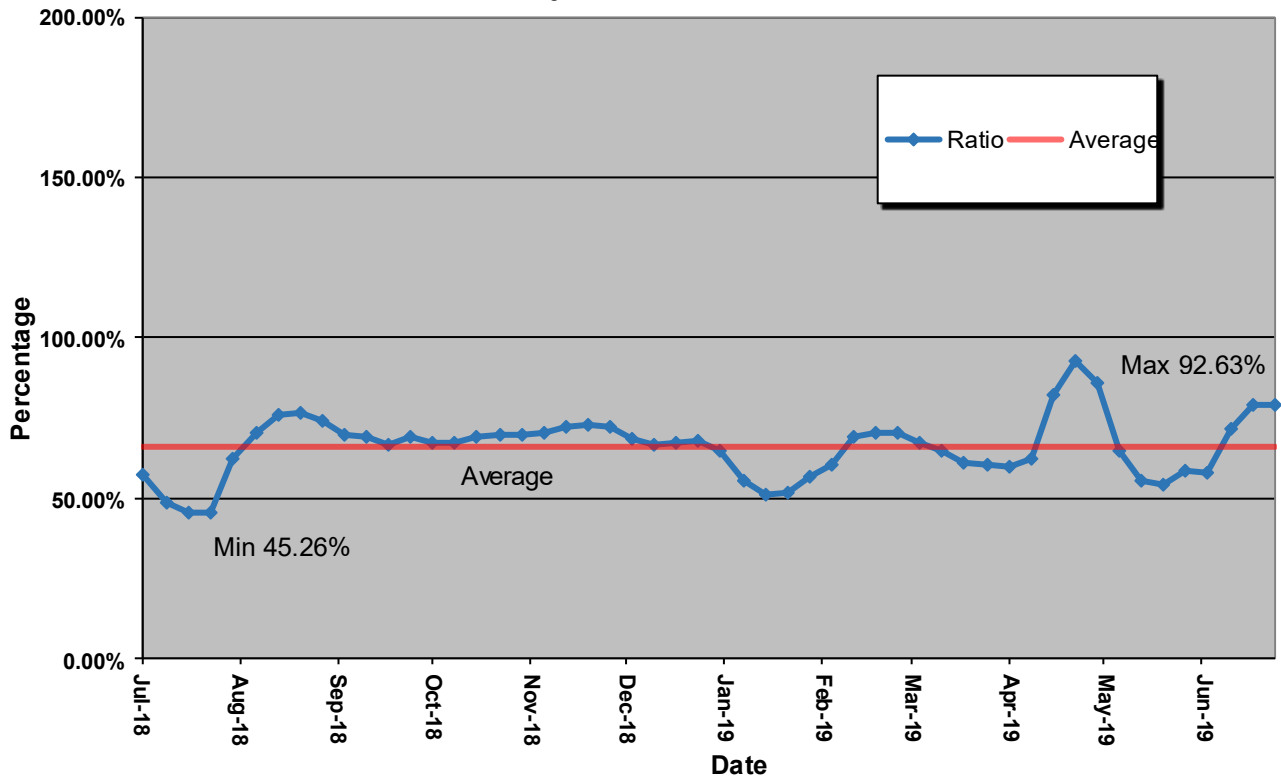
#### SIFMA Rate

Range 07/01/2018 - 06/30/2019  
MUNIPSA Index



#### SIFMA / LIBOR Ratio

Range 07/01/2018 - 06/30/2019



## CREDIT MANAGEMENT

### *Mid-Year Reflection*

Despite increases in interest rates for consumer loans and some reported further tightening in credit card lending standards, financing conditions for consumers largely remain supportive of growth in household spending. Consumer credit expanded at a moderate pace, rising faster than disposable income. Mortgage credit has continued to be readily available for households with solid credit profiles but remains noticeably tighter than before the most recent recession for borrowers with low credit scores. Standards for automotive loans have been generally stable, and overall delinquency rates for these loans were little changed at a moderate level. Financing conditions in the student loan market remain firm, with over 90% of such credit being extended by the federal government. After peaking in 2013, delinquencies on such loans have been gradually declining, reflecting in part the continued improvements in the labor market.

Aggregate flows of credit to large nonfinancial firms remained strong, supported in part by relatively low interest rates and accommodative financing conditions. The gross issuance of corporate bonds, which had fallen substantially, rebounded as market volatility receded. After increasing notably in late 2018, spreads on both investment and speculative grade corporate bonds over comparable maturity. Treasury securities have both declined this year as investors' risk appetite seems to have recovered. In April, respondents to the Senior Loan Officer Opinion Survey on Bank

Lending Practices, reported demand for commercial and industrial loans weakened even as lending standards remained unchanged and terms for such loans eased. However, banks reported tightening lending standards on all categories of commercial real estate loans. Meanwhile, financing conditions for small businesses have remained generally accommodative, but credit growth has been subdued.

While there were no additions or removals to the OFM Corporate Credit Approved list in the first half of 2019, the most significant credit event was the struggle of Boeing to bounce back following two crashes of the popular 737 Max aircraft, leading to a global grounding and Boeing being assigned a negative outlook by Moody's and Fitch. While Boeing remains on the approved list for now, OFM has halted all purchases of Boeing securities until the outcome of the 737 Max situation is certain and Boeing's credit rating stabilizes.

### *Credit Process*

Our credit 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 preserve principal, provide adequate liquidity, and deliver consistent longer-term investment performance over U.S. Treasuries.

## CREDIT MANGEMENT

### 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 related to their peers enabling us to track market activity in selected names including Credit Default Swaps (CDS).

### Industry/Company Analysis

We use a combination 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 (SIC) approves the list on a quarterly basis. During the first half of 2019, there were no changes to the Corporate Credits Approved list. The Corporate Credits Approved list as of June 2019 is found in Appendix A.

### State Investment Commission

The 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, 2019, the Commonwealth's 2018-2020 budget includes authorized debt service for over \$1.23 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 appropriations 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 and Road Fund authorizations and all of the Federal Highway Trust Fund authorizations have been permanently financed.

House Bill 201 from the 2018 Regular Session of the General Assembly deauthorized \$59.5 million of Grant Anticipation Revenue Vehicle (GARVEE) Bonds, which were not needed to complete the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project.

### **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

## DEBT MANAGEMENT

supported. A portion of the General Fund authorization and the total Agency Restricted Fund authorizations listed above have been permanently financed.

### 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 totaling \$15 million 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

## DEBT MANAGEMENT

facilitating a private sector investment of not less than \$1 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 (Executive Branch Budget Amendment) to the Governor on March 14, 2019. The Bill 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 was appropriated for Fiscal Year 2020.

## DEBT MANAGEMENT

### Authorized but Unissued Debt

The balance of prior bond authorizations of the General Assembly dating from 2006 through 2019 totals \$1,238.40 million. Of these prior authorizations, \$513.18 million is General Fund supported, \$662.72 million is Agency Restricted Fund supported, and \$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, 2019

Legislative Session (Year)	Agency Fund (millions)	Road Fund (millions)	TOTAL (millions)
2010 and prior	17.50	50.00	108.38
2012	-	12.50	25.45
2014	9.00	-	150.99
2016	93.34	-	328.57
2017	-	-	10.50
2018	542.88	-	914.51
Bond Pool Proceeds	-	-	(300.00)
TOTAL	662.72	62.50	1,238.40

The balance of prior bond authorizations of the General Assembly dating from 2006 through FYE 2019 totals \$1,238.40 million. Of these prior authorizations, \$513.18 million is General Fund supported, \$662.72 million is Agency Restricted Fund supported, and \$62.5 million is supported by Road Fund appropriations.

## 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.

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

While Kroll has entered the municipal market with a number of states having ratings issued, the Commonwealth has no debt rated by them currently. The value of working with a newer agency will be evaluated going forward.

### **The Ratings Picture at June 30, 2019:**

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

## DEBT MANAGEMENT

### *Cash Management Strategies*

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

### **Tax and Revenue Anticipation Notes (TRAN)**

On June 25, 2019 the ALCo issued \$400,000,000 Tax and Revenue Anticipation Notes (TRAN) to provide additional liquidity to the General Fund. The transaction closed on July 10, 2019. Due to the added liquidity to the General Fund and market opportunities at the time, a portion of the state investment portfolios were able to be restructured for a longer duration. The cumulative net benefit to the Commonwealth was estimated at approximately \$1.2 million with the exact amount to be calculated on June 30, 2020.

### **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 General Fund.

As of June 30, 2019 the total liquid resources available to the General Fund was \$4.199 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 notes that are issued to generate funds for upcoming projects and traditionally paid off by long term bond issuances or loans.

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:

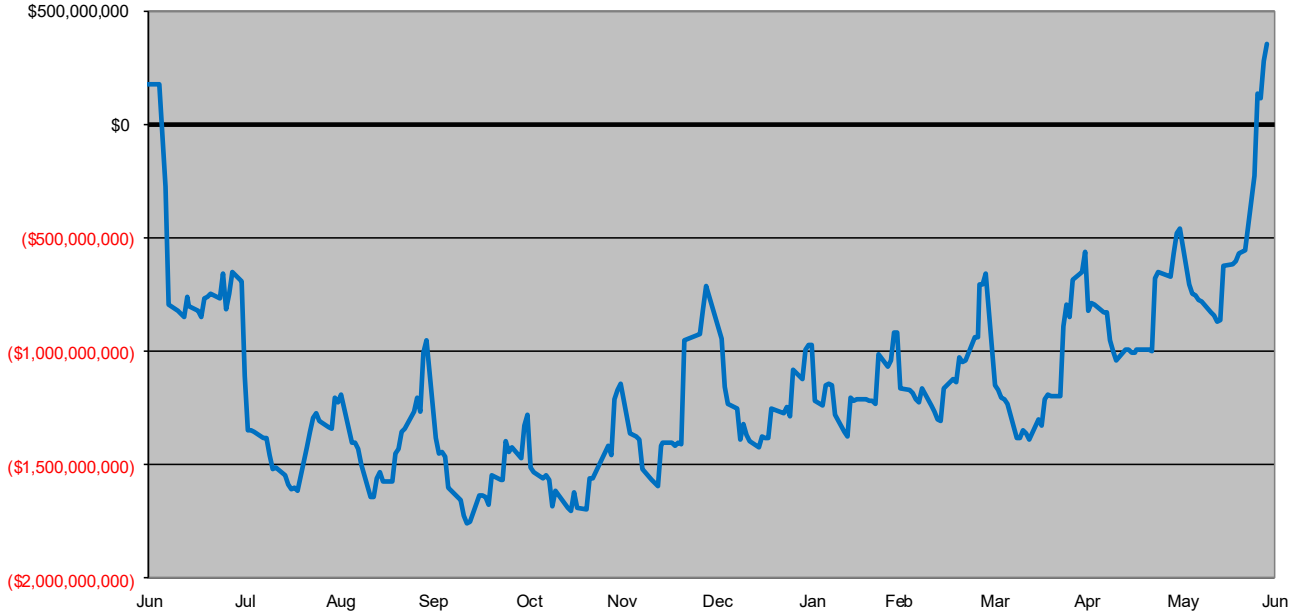
- (a) Judgments, with a final maturity of not more than ten (10) years; and
- (b) The finance or refinance of obligations owed under KRS 161.550(2) or 161.553(2)

"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 Funding or Project Notes were issued during the reporting period.

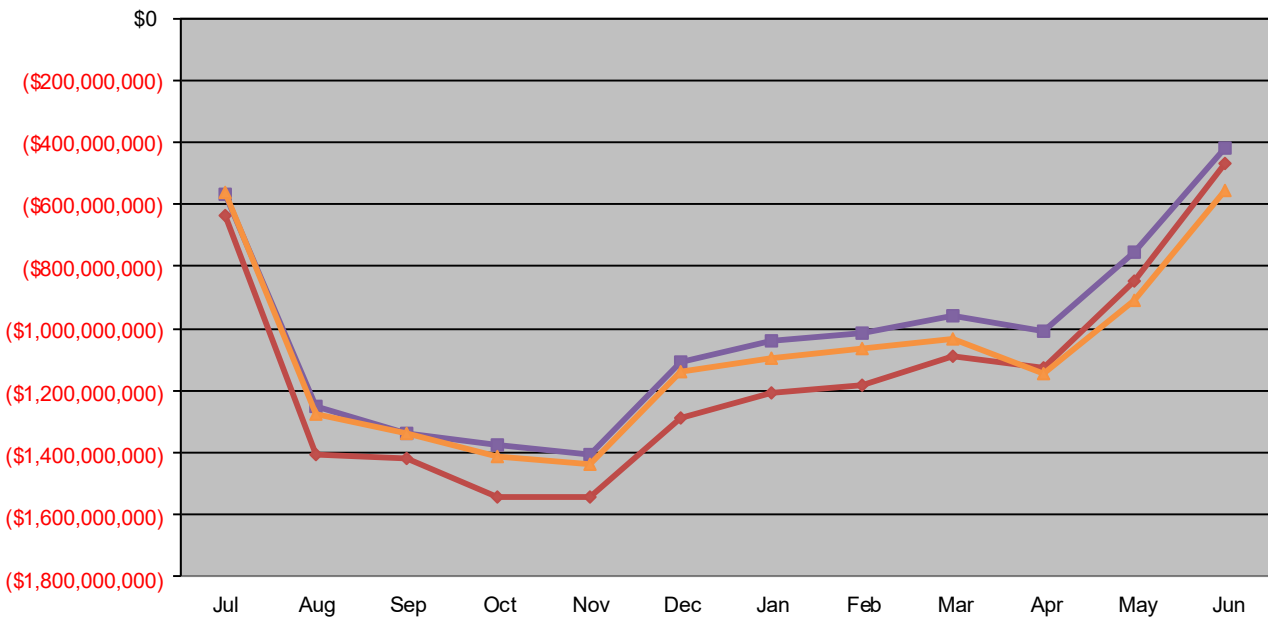
## DEBT MANAGEMENT

**General Fund Cash Balance**  
Fiscal Year 2019



**General Fund Monthly Average**  
(Excluding TRAN Proceeds)

—◆— FY2019    
 —■— 5-YR AVERAGE    
 —▲— 3-YR AVERAGE



## DEBT MANAGEMENT

### *ALCo Financial Agreements*

As of June 30, 2019, ALCo had three financial agreements outstanding, with a net notional exposure amount of \$151,555,000. 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 hedged the floating rates on the FRNs and locked 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, 2019 are presented in Appendix B.

### *Asset/Liability Model*

#### **General Fund**

The total SPBC debt portfolio as of June 30, 2019, were \$3.504 billion of bonds outstanding with a weighted average coupon of 5.00% and a weighted average life of 6.24 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 \$1.189 billion callable portion had a weighted average coupon of 4.75%.

The SPBC debt structure has 45% of principal maturing in 5-years and 72% 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-

## DEBT MANAGEMENT

years, primarily influenced by debt restructuring and the minimal amount of long-term new money permanent financings within the last several years. The General Fund had a maximum balance of \$352.643 million for Fiscal Year 2019 and a low of negative \$1.761 billion on October 11, 2018.

The average and median balances were a negative \$1.144 billion and a negative \$1.217 billion, respectively. Since the General Fund continued to have a negative available cash balance for the fiscal year, there is little, based on investment objections, that can be done from an asset management point of view beyond current actions.

From a liability management perspective, total General Fund debt service, net of credits was \$708.375 million for Fiscal Year 2019. In addition, General Fund debt service of \$11.257 million was provided for the Eastern State Hospital financing that was issued through the Lexington-Fayette Urban County Government in 2011. 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 121

On April 25, 2019, SPBC closed \$13,195,000 of General Fund Revenue Refunding Bonds, Project No. 121. The Project No. 121 bond

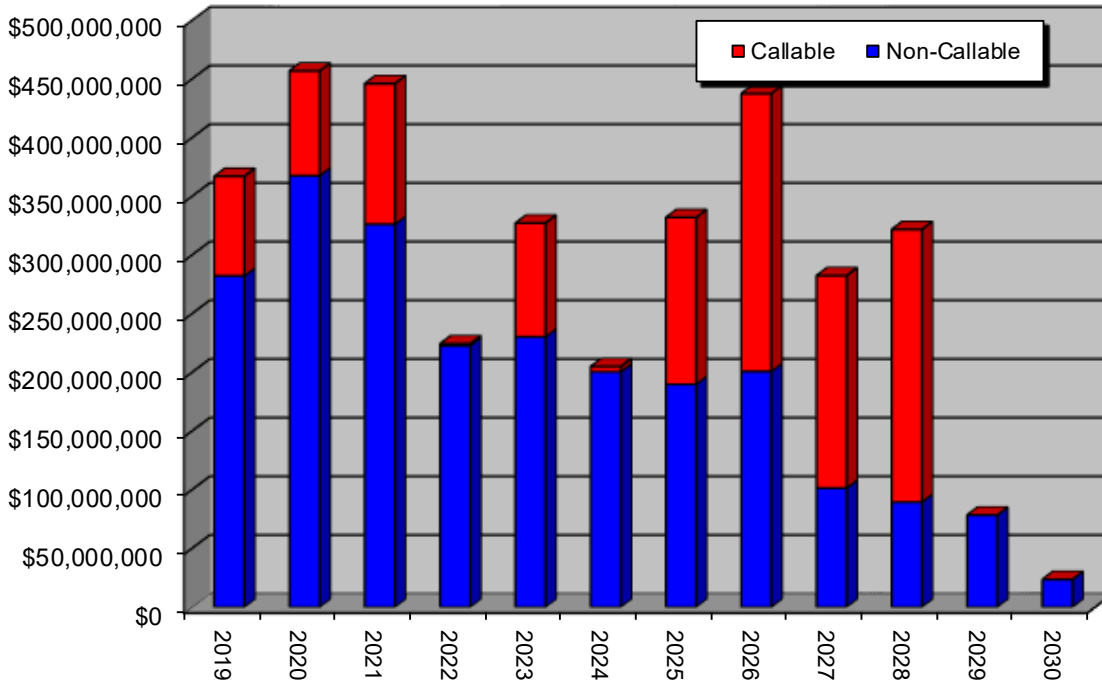
proceeds refunded certain outstanding tax-exempt SPBC Bonds for present value savings. The transaction achieve an All-In-True Interest Cost of 2.719% and a net present value savings of \$2,076,830.23 (or 14.08% savings from the refunded bonds). The Project 121 Bonds were issued via negotiated sale with Hilliard Lyons serving as senior managing underwriter and Dinsmore and Shohl LLP as bond counsel. The bonds achieved ratings of A1/A+ from Moody's and Fitch, respectively.

### **Looking Forward**

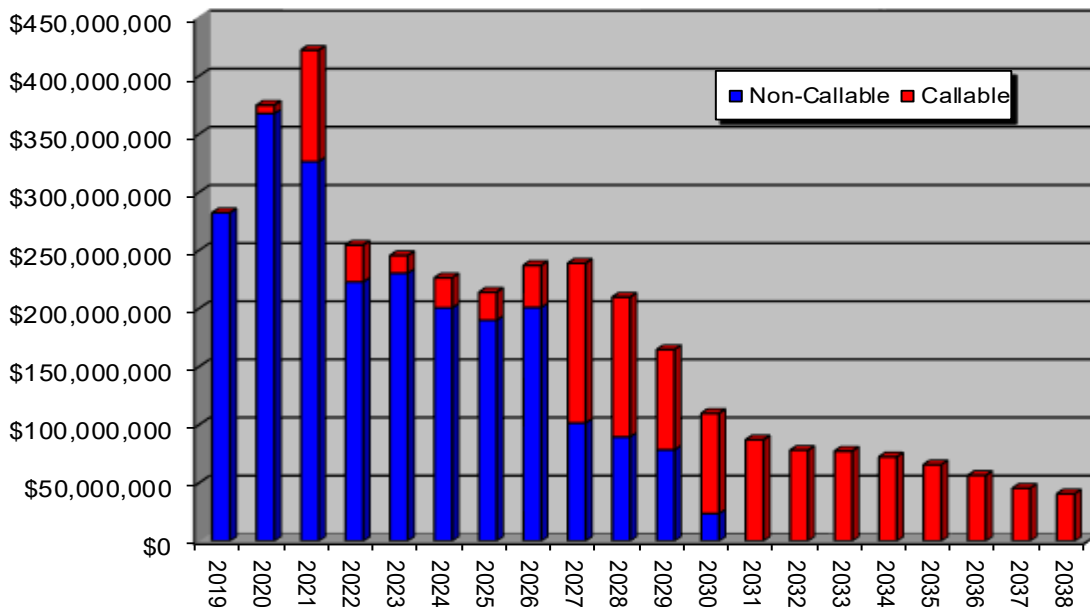
In light of the January 1, 2018 federal tax law change that tightened the parameters by which tax-exempt municipal bonds could be advanced refunded, the Commonwealth has added to the methods of evaluation for examining potential refunding candidates. Since tax advantaged bonds are no longer eligible to be advance 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*

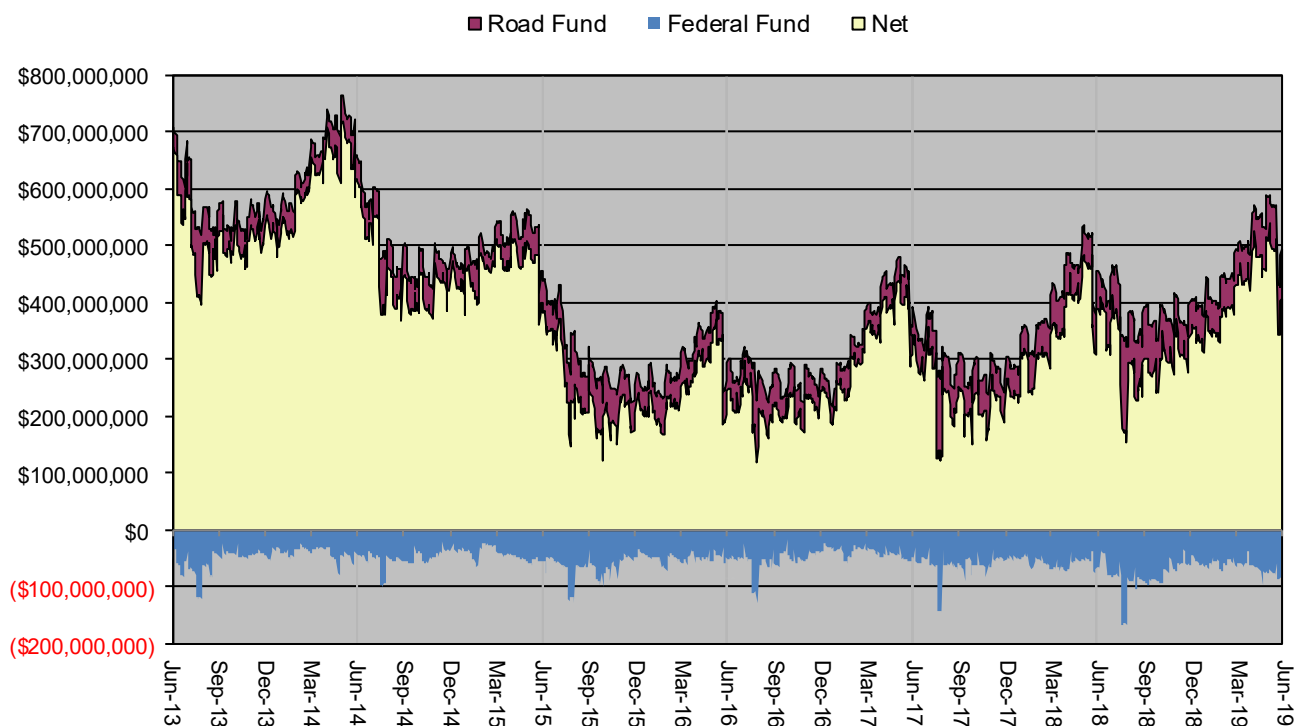
The Road Fund average daily cash balance for Fiscal Year 2019 was \$358 million compared to \$288 million for Fiscal Year 2018. The Road Fund cash was invested in the Intermediate Term Investment Pool which had a duration of 0.95 years as of June 30, 2019. The Road Fund earned a positive \$11.924 million on a cash basis for Fiscal Year 2019 versus a positive \$2.837 million for Fiscal Year 2018. While the Road Fund earnings improved year over year because of higher short term rate and a higher road fund balance, the continued relatively low level of investable balances at certain times during the fiscal year limits the investment opportunities.

As of June 30, 2019, the Turnpike Authority of Kentucky (TAK) had \$1.204 billion of bonds outstanding with a weighted average coupon of 4.85% and an average life of 6.14 years.


Road Fund debt service paid in Fiscal Year 2019 was \$166.496 million, resulting in a net interest margin (investment income earned year-to-date less debt service paid) of negative \$154.572 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.

No debt related to the road fund was issued or refunded during the reporting period.

**Road Fund Available Balance**  
Fiscal Year 2014-2019 as of 06/30/2019



## 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 cashflow 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, 2019

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

\*Addition:

## APPENDIX A

**STATE INVESTMENT COMMISSION**  
**Securities Lending Agent Approved Counterparties**  
**as of June 30, 2019**

<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

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	40,230,000	40,390,000	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, 2019 (negative indicates payment owed by ALCo if terminated)	Expired 11/1/17	(4,161,219)	(1,336,411)	(7,877,288)
Interest Earnings (not applicable)				
Total	not applicable	not applicable	not applicable	not applicable

## Swap Summary

As of June 30, 2019:

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>
151,555,000	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	3,595,600,000	1,167,585,000	359,560,000	116,758,500
Authorized but Unissued	513,180,000	62,500,000	51,318,000	6,250,000
Total	4,199,313,285	1,230,085,000	413,221,000	123,008,500

10 Percent Net ExposureInvestment Pool Balance

<u>Other Funds</u>	<u>Net Road Fund</u>
4,199,313,285	407,457,947

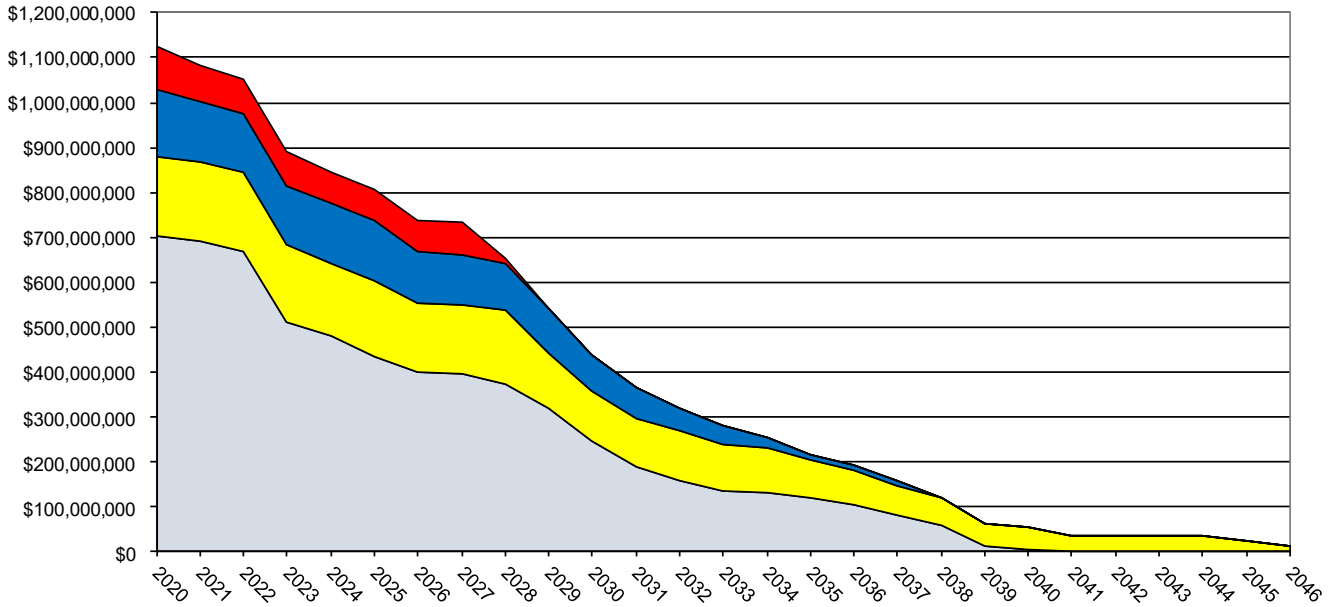
10 Percent Investment Portfolio

<u>Other Funds</u>	<u>Net Road Fund</u>
419,931,329	40,745,795

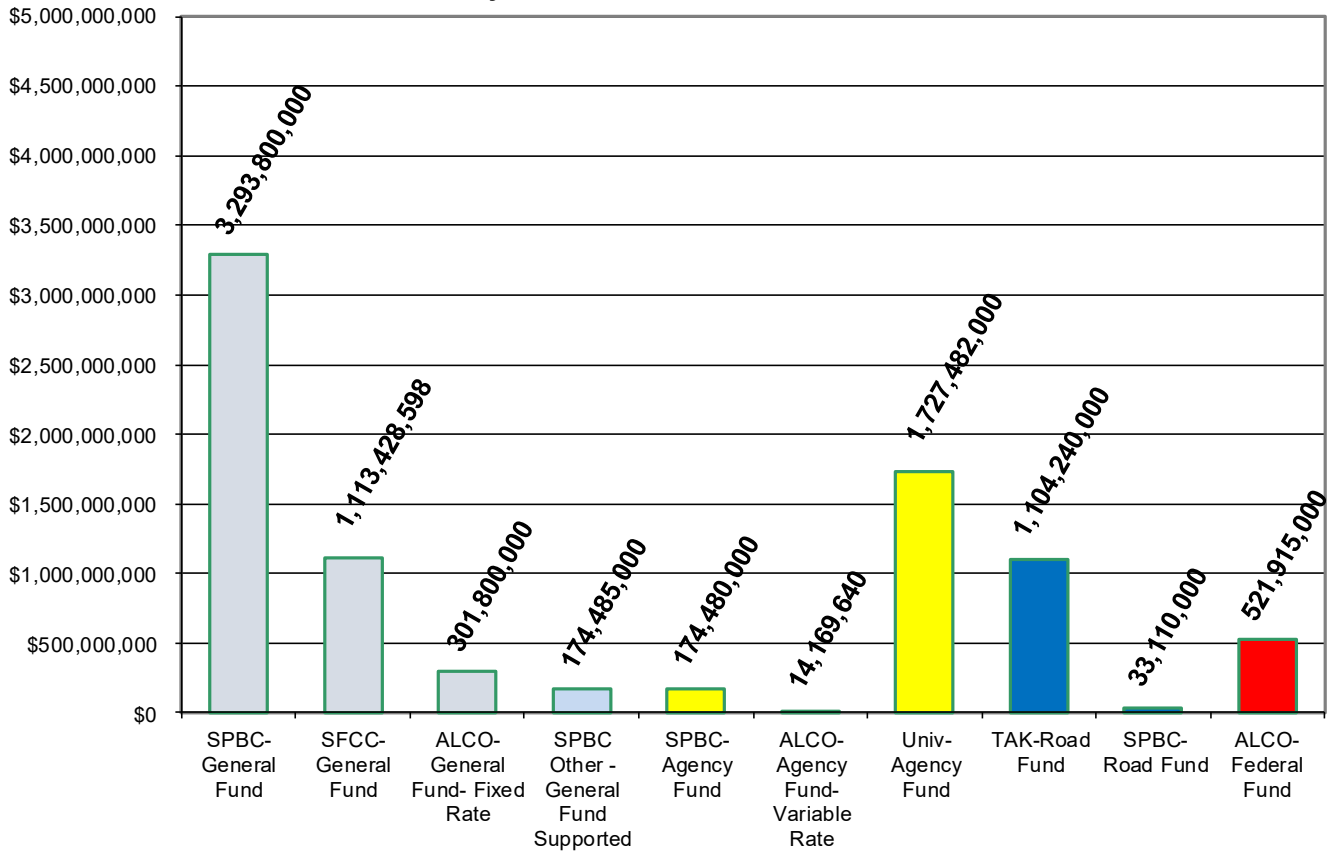
### APPENDIX C

#### Appropriation Supported Debt Service by Fund Source as of 6/30/2019

□ General Fund    ■ Agency Fund    ■ Road Fund    ■ Federal Fund



#### Appropriation Debt Principal Outstanding by Fund Source as of 6/30/2019



\*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 06/30/2018**

FUND TYPE SERIES TITLE	AMOUNT ISSUED	DATE OF ISSUE	MATURITY DATE	PRINCIPAL OUTSTANDING
<b>General Fund Project &amp; Funding Notes</b>				
2007 A, B Series	\$243,080,000	5/2007	11/2027	\$151,555,000
2010 1st Series-KTRS Funding Notes	\$467,555,000	8/2010	4/2020	\$8,560,000
2011 1st Series-KTRS Funding Notes	\$269,815,000	3/2011	4/2022	\$76,860,000
2013 1st Series-KTRS Funding Notes	\$153,290,000	2/2013	4/2023	\$64,825,000
<b>FUND TOTAL</b>	<b>\$1,133,740,000</b>			<b>\$301,800,000</b>
<b>Agency Fund Project Notes</b>				
2018 Agency Fund Project Note (KCTCS)	\$27,775,000	6/2018	10/2023	\$14,169,640
<b>FUND TOTAL</b>	<b>\$27,775,000</b>			<b>\$14,169,640</b>
<b>Federal Hwy Trust Fund Project Notes</b>				
2007 1st Series	\$277,910,000	9/2007	9/2019	\$42,395,000
2010 1st Series	\$89,710,000	3/2010	9/2022	\$89,710,000
2013 1st Series	\$212,545,000	8/2013	9/2025	\$172,640,000
2014 1st Series	\$171,940,000	3/2014	9/2026	\$132,175,000
2015 1st Series	\$106,850,000	10/2015	9/2027	\$84,995,000
<b>FUND TOTAL</b>	<b>\$858,955,000</b>			<b>\$521,915,000</b>
<b>ALCo NOTES TOTAL</b>	<b>\$2,020,470,000</b>			<b>\$837,884,640</b>

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*



**Annual Report of Bonds Outstanding**

FY19	Principal					Interest	Annual Fees**
	June 30, 2018	Issued	Matured	Refunded	June 30, 2019		
State Property and Buildings Commission ("SPBC")	\$ 3,857,460,000	\$ 13,195,000	\$ 354,515,000	\$ 14,750,000	\$ 3,501,390,000	\$ 171,557,368	\$ -
Kentucky Asset/Liability Commission ("ALCO")	\$ 1,008,140,000	\$ -	\$ 170,255,360	\$ -	\$ 837,884,640	\$ 42,969,048	\$ -
Turnpike Authority of Kentucky ("TAK")	\$ 1,203,755,000	\$ -	\$ 99,515,000	\$ -	\$ 1,104,240,000	\$ 54,898,383	\$ -
School Facilities Construction Commission	\$ 1,150,259,377	\$ 63,636,879	\$ 94,236,720	\$ 6,230,938	\$ 1,113,428,598	\$ 31,483,083	\$ -
Kentucky Infrastructure Authority ("KIA")	\$ 230,435,000	\$ -	\$ 19,715,000	\$ -	\$ 210,720,000	\$ 10,330,190	\$ 6,652
State Universities	\$ 1,812,117,000	\$ 13,900,000	\$ 84,790,000	\$ 16,945,000	\$ 1,724,282,000	\$ 71,231,130	\$ 48,000
Kentucky Housing Corporation	\$ 485,275,000	\$ -	\$ 12,030,000	\$ 58,395,000	\$ 414,850,000	\$ 1,453,197	\$ 151,648
KY Higher Education Student Loan Corporation	\$ 816,151,490	\$ 180,335,000	\$ 128,126,000	\$ -	\$ 868,360,490	\$ 27,050,049	\$ 60,847
KY Local Correctional Facilities Construction Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Kentucky Public Transportation Infrastructure Authority	\$ 727,870,370	\$ 0	\$ 1,000,000	\$ 0	\$ 726,870,370	\$ 27,825,263	\$ -
<b>Total</b>	<b>\$ 11,291,463,237</b>	<b>\$ 271,066,879</b>	<b>\$ 964,183,080</b>	<b>\$ 96,320,938</b>	<b>\$ 10,502,026,098</b>	<b>\$ 438,797,711</b>	<b>\$ 267,147</b>
<b>Other General Fund Supported</b>	<b>\$ 175,735,000</b>	<b>\$ 0</b>	<b>\$ 1,250,000</b>	<b>\$ 0</b>	<b>\$ 174,485,000</b>	<b>\$ 32,239,092</b>	<b>\$ 7,929,519</b>
<b>Total</b>	<b>11,467,198,237</b>	<b>271,066,879</b>	<b>965,433,080</b>	<b>96,320,938</b>	<b>10,676,511,098</b>	<b>471,036,803</b>	<b>8,196,666</b>

<sup>1</sup> 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).

<sup>2</sup> 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 2019 Capital Projects Meeting**

- Fund A Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
A20-002	City of Burkesville (Construction)	\$ 2,580,370	\$ 2,831,370	Cumberland
A20-045	City of Nicholasville (P&D)	\$ 910,000	\$ 910,000	Jessamine

- Fund F Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Loan Total</u>	<u>County</u>
F18-006	City of Lebanon (Increase)	\$ 1,855,457	\$ 4,497,137	Marion

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	September 26, 2019	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A20-002	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21057002	
BORROWER	CITY OF BURKESVILLE CUMBERLAND COUNTY			
<b>BRIEF DESCRIPTION</b>				
This is the construction portion of the WWTP Improvements project. The planning and design portion was previously approved on February 7, 2019 and has been completed with DOW approvals of Plans & Specs and Environmental Review.				
The project will include improvements to the plant's headwork facilities and the chlorine contact basin. In addition to the work at the treatment plant site, the City will replace the existing pump station that serves a major industrial customer in the City. This pump station has nearly reached the end of its usable life.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund A Loan	\$2,580,370	Administrative Expenses		\$60,000
P&D A19-045	251,000	Legal Expenses		5,000
CDBG	1,000,000	Planning		66,500
		Eng - Design / Const	7.1%	7.1%
		Eng - Insp	5.2%	5.2%
		Eng - Other		74,500
		Construction		2,932,428
		Contingency		293,242
<b>TOTAL</b>	<b>\$3,831,370</b>	<b>TOTAL</b>		<b>\$3,831,370</b>
<b>REPAYMENT</b>	Rate	0.50%	Est. Annual Payment	\$69,477
	Term	30 Years	1st Payment	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	GRW Engineers, Inc		
	Bond Counsel	Rubin & Hays		
<b>PROJECT SCHEDULE</b>	Bid Opening	Mar-20		
	Construction Start	May-20		
	Construction Stop	Jun-21		
<b>DEBT PER CUSTOMER</b>	Existing	\$4,829		
	Proposed	\$7,022		
<b>OTHER DEBT</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	599	\$32.62	(for 4,000 gallons)
	Additional	0	\$32.62	(for 4,000 gallons)
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2016	233,234	209,353	23,881	1.1
Audited 2017	222,159	233,209	(11,050)	1.0
Audited 2018	383,109	249,609	133,500	1.5
Projected 2019	379,346	243,116	136,230	1.6
Projected 2020	375,398	227,090	148,308	1.7
Projected 2021	371,261	227,603	143,658	1.6
Projected 2022	359,830	261,694	98,137	1.4
Projected 2023	355,301	296,778	58,523	1.2

Reviewer: Meili Sun  
Date: September 26, 2019  
Loan Number: A20-002

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
CITY OF BURKESVILLE, CUMBERLAND COUNTY  
PROJECT REVIEW  
SX21057002**

**I. PROJECT DESCRIPTION**

This is the construction portion of the Wastewater Treatment Plant Improvements project. The planning and design portion was previously approved on February 7, 2019 and has been completed with the Division of Water approvals of Plans & Specs and Environmental Review.

The purpose of this project is to bring the treatment plant up to date with the regulatory requirements. It will improve the plant's headworks facilities by replacing the grit removal system and influent sampler, refurbishing the influent piping, HVAC, electrical and architectural components. Other replacements include the oxidation ditch equipment (motors, gear boxes, line shafts, bearings, etc.), the final clarifier equipment, as well as the chlorine gas disinfection system with a peracetic acid system. The scope of work also covers improvements to the chlorine contact basin, installation of new RAS/WAS pumping and new sludge processing equipment, upgrades to the existing electrical and instrumentation equipment, and replacement of an existing pump station that serves one major industrial customer.

The City of Burkesville currently serves approximately 600 customers within the service area and supplies wholesale water to the Cumberland County Water District, which is regulated by the PSC.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 60,000
Legal Expenses	5,000
Planning	66,500
Engineering Fees – Design	184,500
Engineering – Construction	46,100
Engineering – Inspection	169,100
Engineering – Other	74,500
Construction	2,932,428
Contingency	293,242
	<u>\$ 3,831,370</u>



### III. PROJECT FUNDING

	Amount	%
KIA A20-002	\$ 2,580,370	67%
KIA A19-045 P&D	251,000	7%
CDBG Grant	1,000,000	26%
<b>Total</b>	<b>\$ 3,831,370</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Construction Loan	\$ 2,831,370
Principal Forgiveness	1,000,000
Amortized Loan Amount	\$ 1,831,370
Interest Rate	0.50%
Loan Term (Year)	30
Estimated Annual Debt Service	\$ 65,815
Administrative Fee (0.20%)	3,663
<b>Annual Debt Service</b>	<b>\$ 69,477</b>

### V. PROJECT SCHEDULE

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

### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

#### A) Customers

	Current
Residential	435
Commercial	126
Industrial	4
Institutional	34
Total	599

## B) Rates

	Water Inside City		Water Outside City	
	Current	Prior	Current	Prior
Date of Last Rate Increase	10/19/18	10/19/17	10/19/18	10/19/17
First 2,000 Gallons	\$18.87	\$18.68	\$30.57	\$30.27
Next 13,000 Gallons	6.27	6.21	7.63	7.56
Next 15,000 Gallons	5.48	5.43	6.14	6.08
Cost for 4,000 gallons	\$31.41	\$31.10	\$45.83	\$45.39
Increase %	1.0%		1.0%	
Affordability Index (Rate/MHI)	1.9%	1.9%	2.8%	2.8%

	Sewer	
	Current	Prior
Date of Last Rate Increase	10/19/18	10/19/17
First 2,000 Gallons	\$18.86	\$18.68
Next 13,000 Gallons	6.88	6.82
Next 15,000 Gallons	5.75	5.70
Cost for 4,000 gallons	\$32.62	\$32.32
Increase %	0.9%	
Affordability Index (Rate/MHI)	2.0%	

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility's service area population was 1,491 with a Median Household Income (MHI) of \$19,772. The median household income for the Commonwealth is \$46,535. The project will qualify for a 0.50% interest rate with its MHI below 80% of the State average.

Year	Population		County		County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	2,051		7,289		June 2005	6.6%
1990	1,815	-11.5%	6,784	-6.9%	June 2010	10.5%
2000	1,756	-3.3%	7,147	5.4%	June 2015	5.3%
2010	1,521	-13.4%	6,856	-4.1%	June 2019	4.4%
Current	1,522	0.1%	6,744	-1.6%		
Cumulative %		-25.8%		-7.5%		

## **VIII. 2019 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of 50% of the assistance amount, not to exceed \$1,000,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

## **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2016 through 2018. The non-cash impacts of GASB 68 - Accounting and Financial Reporting for Pensions and GASB 75 - Other Postemployment Benefit have been removed from 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 went up 16.3% from \$0.96 million in 2016 to \$1.11 million in 2018 due to changes in terms of service agreement with the Cumberland County Water District while operating expenses increased less than 1.0% from \$0.72 million to \$0.73 million during the same period. The debt coverage ratio was 1.1, 1.0, and 1.5 for 2016, 2017, and 2018 respectively.

The balance sheet reflects a current ratio of 2.6, debt to equity ratio of 0.6, 39.7 days sales in accounts receivable, and 7.0 months of operating expenses in unrestricted cash.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Sewer and retail water revenues will increase 1% annually based on the automatic adjustment clause adopted in the 2011 rate ordinance.
- 2) Wholesale revenues are estimated to grow 1% due to volume increase. In September, 2017, the City modified the service agreement with the Cumberland County Water District to reduce wholesale rate from \$2.21 to \$2.15 per 1,000 gallons while increasing volume from 3 million gallons or less per month to 1 million gallons or less per day. Wholesale water accounts for approximately 70% of the total water revenues.
- 3) Expenses will increase 2% each year for inflation.
- 4) Debt service coverage is 1.2 in 2023 when full year principal and interest repayments begin.

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

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$142,000 total) of the final amount borrowed (prior to principal forgiveness) to be funded annually (\$7,100 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

	Outstanding	Maturity
1980 Bonds	\$ 15,000	2019
1990 Bonds	176,000	2028
1992 Bonds	640,000	2032
1998 Bonds	134,600	2036
KIA Loan F209-13	343,754	2031
KIA Loan A11-18	587,358	2035
KIA Loan B13-004	417,815	2031
KIA Loan F15-017	577,881	2035
<b>Total</b>	<b>\$ 2,892,408</b>	

## XI. CONTACTS

### Legal Applicant

Name	City of Burkesville
Address	214 Upper River St, Box 250 Burkesville, KY 42717
County	Cumberland
Authorized Official	Billy Guffey, Mayor
Phone	(270) 864-5391
Email	burkesvillemayor@gmail.com

### Project Contact

Name	Judy Hachey
Organization	LCADD
Address	2384 Lakeway Dr, PO Box 1570 Russell Springs, KY 42642
Phone	(270) 866-4200
Email	judyh@lcadd.org

**Project Administrator**

Name	Laura Gilkerson
Organization	GRW Engineers, Inc
Address	801 Corporate Dr, Lexington, KY 40503
Phone	(859) 229-2667
Email	lgilkerson@grwinc.com

**Consulting Engineer**

Name	Michael Lynn Jacobs
Firm	GRW Engineers, Inc
Address	801 Corporate Dr Lexington, KY 40503
Phone	(859) 223-3999
Email	mjacobs@grwinc.com

**XII. RECOMMENDATIONS**

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

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

	<u>Audited</u> <u>2016</u>	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Projected</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>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	505,500	448,931	549,793	578,189	609,051	638,982	659,810	672,714
Other Assets	10,344,079	10,168,277	9,950,387	9,454,538	9,211,135	12,699,599	12,327,375	11,923,460
<b>Total</b>	<b>10,849,579</b>	<b>10,617,208</b>	<b>10,500,180</b>	<b>10,032,727</b>	<b>9,820,186</b>	<b>13,338,581</b>	<b>12,987,185</b>	<b>12,596,175</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	191,366	194,792	211,539	200,200	204,698	269,250	273,867	278,492
Long Term Liabilities	3,445,534	3,452,096	3,567,884	3,335,270	3,163,806	4,759,460	4,519,428	4,275,070
<b>Total Liabilities</b>	<b>3,636,900</b>	<b>3,646,888</b>	<b>3,779,423</b>	<b>3,535,470</b>	<b>3,368,504</b>	<b>5,028,710</b>	<b>4,793,294</b>	<b>4,553,562</b>
<b>Net Assets</b>	<b>7,212,679</b>	<b>6,970,320</b>	<b>6,720,757</b>	<b>6,497,257</b>	<b>6,451,682</b>	<b>8,309,871</b>	<b>8,193,890</b>	<b>8,042,613</b>
<b>Cash Flow</b>								
Revenues	955,744	956,132	1,111,815	1,122,705	1,133,703	1,144,811	1,156,030	1,167,362
Operating Expenses	725,473	737,087	732,639	747,292	762,238	777,483	800,133	815,994
Other Income	2,963	3,114	3,933	3,933	3,933	3,933	3,933	3,933
<b>Cash Flow Before Debt Service</b>	<b>233,234</b>	<b>222,159</b>	<b>383,109</b>	<b>379,346</b>	<b>375,398</b>	<b>371,261</b>	<b>359,830</b>	<b>355,301</b>
<b>Debt Service</b>								
Existing Debt Service	209,353	233,209	249,609	243,116	227,090	227,603	226,955	227,301
Proposed KIA Loan	0	0	0	0	0	0	34,739	69,477
<b>Total Debt Service</b>	<b>209,353</b>	<b>233,209</b>	<b>249,609</b>	<b>243,116</b>	<b>227,090</b>	<b>227,603</b>	<b>261,694</b>	<b>296,778</b>
<b>Cash Flow After Debt Service</b>	<b>23,881</b>	<b>(11,050)</b>	<b>133,500</b>	<b>136,230</b>	<b>148,308</b>	<b>143,658</b>	<b>98,137</b>	<b>58,523</b>
<b>Ratios</b>								
Current Ratio	2.6	2.3	2.6	2.9	3.0	2.4	2.4	2.4
Debt to Equity	0.5	0.5	0.6	0.5	0.5	0.6	0.6	0.6
Days Sales in Accounts Receivable	41.3	40.8	39.7	39.7	39.7	39.7	39.7	39.7
Months Operating Expenses in Unrestricted Cash	6.6	5.6	7.0	7.3	7.6	7.9	8.1	8.1
Debt Coverage Ratio	1.1	1.0	1.5	1.6	1.7	1.6	1.4	1.2

<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>FUND A, FEDERALLY ASSISTED WASTEWATER</b> <b>REVOLVING LOAN FUND</b>		Reviewer Date KIA Loan Number WRIS Number	Michael Dant September 26, 2019 A20-045 SX21113028	
BORROWER		CITY OF NICHOLASVILLE JESSAMINE COUNTY		
BRIEF DESCRIPTION This is the design phase of project that will expand the Nicholasville Waste Water Treatment Plant. The plant currently has a design capacity of 4.1 MGD but has been averging 4.3 MGD. The anticipated design for the expansion would include, among other things, a second oxidation ditch with a design capacity of 3 MGD.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$910,000	Administrative Expenses	\$20,000	
		Legal Expenses	10,000	
		Land, Easements	-	
		Relocation Expense & Payments	-	
		Planning	230,000	
		Eng - Design / Const	650,000	
		Eng - Insp	-	
		Eng - Other	-	
		Construction	-	
		Equipment	-	
		Contingency	-	
		Other	-	
TOTAL	\$910,000	TOTAL	\$910,000	
REPAYMENT	Rate Term	2.50% 5 Years	Est. Annual Payment 1st Payment      6 Mo. after first draw \$196,566	
PROFESSIONAL SERVICES	Engineer Bond Counsel	Haworth, Meyer & Boleyn, Inc. Rubin & Hays		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Jan-21 Apr-21 Jun-22		
DEBT PER CUSTOMER (water & sewer combined)	Existing Proposed	\$1,815 \$1,368		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES	Current Additional	<u>Users</u> 14,053 0	<u>Avg. Bill</u> \$25.75 (for 4,000 gallons) \$25.75 (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 2016	3,745,270	4,050,386	(305,116)	0.9
Audited 2017	4,387,065	4,086,663	300,402	1.1
Audited 2018	3,618,626	4,019,442	(400,816)	0.9
Projected 2019	4,434,704	2,931,229	1,503,475	1.5
Projected 2020	5,556,604	2,873,766	2,682,838	1.9
Projected 2021	5,481,715	3,119,722	2,361,993	1.8
Projected 2022	5,311,170	3,361,920	1,949,250	1.6
Projected 2023	5,137,234	3,357,374	1,779,860	1.5

Reviewer: Michael Dant  
Date: September 26, 2019  
Loan Number: A20-045

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
CITY OF NICHOLASVILLE, JESSAMINE COUNTY  
PROJECT REVIEW  
SX21113028**

**I. PROJECT DESCRIPTION**

The City of Nicholasville is requesting a \$910,000 Planning and Design Loan from 2020 SRF.

The proposed project consists of a new Facility Plan with provisions to increase the waste water treatment plant capacity. The existing Wastewater Treatment Plant (WWTP), which has a design capacity of 4.1 MGD with a peak flow of 23.16 MGD, had an average daily flow of 4.3 MGD for the past 12 months.

The proposed WWTP Upgrade project will consist of the addition of a second oxidation ditch with a design capacity of 3.0 MGD. A new oxidation ditch splitter box will be constructed to direct flow to existing ditch No.1, proposed ditch No.2, or both. The project will also include the construction of a new 100' diameter Clarifier No. 4 which will be required due to the additional design capacity of the WWTP, along with a clarifier splitter box to allow flow to be diverted to any one of the four Clarifiers or a combination of the four. A second Aerobic Digester will also be constructed to accommodate for the additional sludge produced. A new chemical feed system and building will be constructed. Additionally, the grit removal equipment, Ultraviolet disinfection equipment, WWTP Drain Pumping Station, Sludge Processing conveyor system, Clarifiers No.1 & 2 equipment and drives that were installed in 1996 when the WWTP was originally constructed, will be removed and replaced with new. The existing Supervisory Control and Data Acquisition (SCADA) System will also be upgraded to include the new oxidation ditch and clarifier as well as the new equipment installed. The existing emergency generator and automatic transfer switch at influent pump station No.1 will be replaced with a larger generator and switch capable of operating all five (5) pumps in the station rather than only four (4). The project will also include necessary site work, yard piping, and mechanical & electrical improvements.

The Nicholasville Sewer Department currently serves approximately 11,319 customers in Jessamine County.



## II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 20,000
Legal Expenses	10,000
Planning	230,000
Engineering Fees - Design	650,000
<b>Total</b>	<b>\$ 910,000</b>

## III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund A P&D Loan	\$ 910,000	100%
<b>Total</b>	<b>\$ 910,000</b>	<b>100%</b>

## IV. KIA DEBT SERVICE

Planning & Design Loan	\$ 910,000
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 910,000
Interest Rate	2.50%
Loan Term (Years)	5
Estimated Annual Debt Service	\$ 194,746
Administrative Fee (0.20%)	1,820
<b>Total Estimated Annual Debt Service</b>	<b>\$ 196,566</b>

## V. PROJECT SCHEDULE

Estimated Bid Date	1/1/2021
Construction Start	4/1/2021
Construction Completion	6/1/2022

## VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

### A) Customers

	<u>Current</u>
Residential	13,121
Commercial	906
Industrial	26
<b>Total</b>	<b>14,053</b>

## B) Rates

<b>SEWER</b>	<b>INSIDE CITY</b>		<b>OUTSIDE CITY</b>	
	<b>Current</b>	<b>Prior</b>	<b>Current</b>	<b>Prior</b>
Date of Last Rate Increase	09/01/19	07/01/09	09/01/19	07/01/09
Minimum	\$6.75	\$4.25	\$8.85	\$6.35
Volume charge per 1,000 gallons	4.75	4.56	7.11	6.84
Cost for 4,000 gallons	\$25.75	\$22.49	\$37.29	\$33.71
Increase %	14.5%		10.6%	
Affordability Index (Rate/MHI)	0.6%	0.6%	0.9%	0.8%
<b>WATER</b>				
	<b>Inside City</b>		<b>Outside City</b>	
	<b>Current</b>	<b>Prior</b>	<b>Current</b>	<b>Prior</b>
Date of Last Rate Increase	08/01/19	08/01/18	08/01/19	08/01/18
Minimum	\$5.25	\$4.42	\$7.45	\$6.60
First 10,000 Gallons, per 1,000	4.43	4.43	6.48	6.48
All Over 10,000 Gallons, per 1,000	4.29	4.29	6.28	6.28
Cost for 4,000 gallons	\$22.97	\$22.14	\$33.37	\$32.52
Increase %	3.7%		2.6%	
Affordability Index (Rate/MHI)	0.6%	0.6%	0.9%	0.9%

**VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2013-2017, the Utility's service area population was 29,116 with a Median Household Income (MHI) of \$47,964. The median household income for the Commonwealth is \$46,535. The planning and design loan qualifies for the standard 2.5% interest rate.

Year	Population		County		County Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	10,400		26,146		June 2005	5.3%
1990	13,603	30.8%	30,508	16.7%	June 2010	8.5%
2000	19,680	44.7%	39,041	28.0%	June 2015	4.6%
2010	28,015	42.4%	48,586	24.4%	June 2018	4.2%
Current	29,547	5.5%	51,667	6.3%		
Cumulative %		184.1%		97.6%		

**VIII. 2020 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – 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, 2013 through June 30, 2018 (2016-2018 presented). The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2016-2018 operating expenses and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, has been removed from 2018 operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

**HISTORY**

The City of Nicholasville accounts for sewer operations as a part of its Utilities Fund. The Utilities Fund encompasses water, sewer, and electricity. Certain categories of revenue and expense are combined between these activities thus preventing a completely independent analysis of the sewer system alone. For this reason the entire utility fund was analyzed and projected while separating out information for the sewer system where practical.

Combined Revenues increased six percent from \$24.2 Million in 2016 to \$25.7 million in 2018. Expenses, not including depreciation, increased 7.6% from \$20.7 million in 2016 to \$22.3 million in 2018.

Cash flow before debt service available for debt service decreased 3.4% from \$3.7 million in 2016 to \$3.6 million in 2018.

The debt coverage ratio was 0.9 in 2016, 1.1 in 2017, and 0.9 in 2018.

Recent analysis performed for a previous project suggested that in the past few years the electric purchase cost fluctuations were not being fully reimbursed through the city's system of rate adjustment. That situation was corrected with a revised ordinance passed in August 2019.

The City was able to maintain current ratios of 1.1 or higher, and debt to equity of 0.8 or higher. In 2018 the City had 9.6 months of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues are projected at 0% growth through 2023, except for:
  - Water = Based on already passed rate increases, a 6.4% and a 3.5% revenue increase is projected for 2019 and 2020, respectively.
  - Sewer = based on a rate increase passed in August of 2019, a 12% and a 2.3% revenue increase is projected for 2020 and 2021, respectively.
  - Electric Revenues were adjusted based on a revised rate schedule proposed to go into effect during FY 2020.
- 2) Expenses were projected to increase 2% each year, except:
  - Water Purchases were projected to increase at 0.4% each year based on a very small amount of water purchases that are subject to possible rate increases.
  - Electric Purchase Costs:
    - Electric purchases costs for FY 2019 were adjusted based on overpayment refunds received.
    - FY 2020 purchase costs were revised downward reflecting reduced rates from Kentucky Utilities.
    - The electric purchase costs from 2020 to 2023 are projected to be flat. This is based upon the City's proposal to review the electric net operating income each year and True-Up costs not recovered during the past year. Those costs would be recovered in the rate adjustments for the coming year.
- 3) The debt coverage ratio is 1.8 in FY 2021 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund A planning and design loan. Current estimates are that if the planning and design loan is rolled into the anticipated construction loan, the debt coverage ratio would be 1.22 in 2023 when principal payments would begin.

#### REPLACEMENT RESERVE

No replacement reserve is required for the planning and design loan. The need for a replacement reserve will be addressed as a part of the anticipated construction loan.

#### X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KIA - C02-02	\$1,400,457	2023
KIA - A06-07	\$6,948,527	2028
KIA - F07-08	\$5,892,114	2030
KIA - A08-06	\$4,151,120	2031
KIA - F13-022	\$436,243	2035
KIA - F115-066 (i/a/o \$416,120)	\$0	TBD
KIA - F17-001 (i/a/o \$553,000)	\$0	TBD
A15-090 – (i/a/o \$906,446)	\$27,840	TBD
General Obligation Bonds	\$6,538,262	2031
General Obligation Note	\$106,145	2023
<b>Total</b>	<b>\$25,500,708</b>	

## **XI. CONTACTS**

### **Legal Applicant**

Entity Name	City of Nicholasville
Authorized Official	Peter Sutherland (Mayor)
County	Jessamine
Email	pete.sutherland@nicholasville.org
Phone	(859) 885-1121
Address	P.O. Box 450 Nicholasville, KY 40356

### **Project Administrator**

Name	Robert A. Amato
Organization	City of Nicholasville
Email	bob.amato@nicholasville.org
Phone	(859) 885-9473
Address	601 N Main St. Nicholasville, KY 40340

### **Consulting Engineer**

PE Name	Raymond C. Bascom
Firm Name	Haworth, Meyer, & Boleyn, Inc.
Email	rbascom@hmbpe.com
Phone	502-695-9800
Address	HMB Professional Engineers Inc., 3 Hmb Cir Frankfort, KY 40601

## **XII. RECOMMENDATIONS**

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

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

	<u>Audited</u> <u>2016</u>	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Projected</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>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	7,884,080	6,925,704	6,896,024	7,241,466	7,807,634	8,292,532	8,682,382	9,038,354
Other Assets	82,988,511	81,455,116	85,726,660	84,651,696	86,317,012	85,312,667	83,978,126	82,508,074
Total	<u>90,872,591</u>	<u>88,380,820</u>	<u>92,622,684</u>	<u>91,893,162</u>	<u>94,124,646</u>	<u>93,605,199</u>	<u>92,660,509</u>	<u>91,546,428</u>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	6,431,153	6,426,416	5,675,707	5,704,776	5,869,876	5,994,844	6,119,384	5,885,107
Long Term Liabilities	34,437,514	34,337,952	34,927,203	33,311,513	33,268,202	30,891,198	28,452,653	26,312,586
Total Liabilities	<u>40,868,667</u>	<u>40,764,368</u>	<u>40,602,910</u>	<u>39,016,289</u>	<u>39,138,078</u>	<u>36,886,042</u>	<u>34,572,038</u>	<u>32,197,693</u>
Net Assets	<u>50,003,924</u>	<u>47,616,452</u>	<u>52,019,774</u>	<u>52,876,873</u>	<u>54,986,568</u>	<u>56,719,157</u>	<u>58,088,471</u>	<u>59,348,735</u>
<b>Cash Flow</b>								
Revenues	24,183,693	25,366,117	25,669,651	26,001,495	26,220,522	26,312,854	26,312,854	26,312,854
Operating Expenses	20,704,790	21,210,027	22,280,646	21,796,412	20,893,539	21,060,760	21,231,305	21,405,241
Other Income	266,367	230,975	229,621	229,621	229,621	229,621	229,621	229,621
Cash Flow Before Debt Service	<u>3,745,270</u>	<u>4,387,065</u>	<u>3,618,626</u>	<u>4,434,704</u>	<u>5,556,604</u>	<u>5,481,715</u>	<u>5,311,170</u>	<u>5,137,234</u>
<b>Debt Service</b>								
Existing Debt Service	4,050,386	4,086,663	4,019,442	2,931,229	2,873,766	2,923,156	3,165,354	3,160,808
Proposed KIA Loan	0	0	0	0	0	196,566	196,566	196,566
Total Debt Service	<u>4,050,386</u>	<u>4,086,663</u>	<u>4,019,442</u>	<u>2,931,229</u>	<u>2,873,766</u>	<u>3,119,722</u>	<u>3,361,920</u>	<u>3,357,374</u>
Cash Flow After Debt Service	<u>(305,116)</u>	<u>300,402</u>	<u>(400,816)</u>	<u>1,503,475</u>	<u>2,682,838</u>	<u>2,361,993</u>	<u>1,949,250</u>	<u>1,779,860</u>
<b>Ratios</b>								
Current Ratio	1.2	1.1	1.2	1.3	1.3	1.4	1.4	1.5
Debt to Equity	0.8	0.9	0.8	0.7	0.7	0.7	0.6	0.5
Days Sales in Accounts Receivable	50.2	47.5	49.3	49.3	49.3	49.3	49.3	49.3
Months Operating Expenses in Unrestricted Cash	12.0	10.9	9.6	10.4	11.7	12.9	13.7	14.5
Debt Coverage Ratio	0.9	1.1	0.9	1.5	1.9	1.8	1.6	1.5

<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b> <b>REVOLVING LOAN FUND</b>		Reviewer Date KIA Loan Number WRIS Number	Meili Sun September 26, 2019 F18-006 Increase WX21155043	
BORROWER	CITY OF LEBANON MARION COUNTY			
<b>BRIEF DESCRIPTION</b>				
<p>This request is for an increase of \$1,855,457 to fund additional work for the Water System Improvements project. During design of project, it became apparent that a number of additional items are necessary to fully achieve the goal of improving water quality for the existing 2,600 customers served by the Lebanon Water Works Company ("LWWC). These items include constructing buildings over the flocculation and sedimentation basin, converting the disinfection system from chlorine gas to liquid sodium hypochlorite, installing an influent flow meter, adding a new sludge loading station and upgrading the electrical and control equipment. The increase will help LWWC save the overall construction cost by completing the project under one contract instead of multiple contracts.</p> <p>This original project was to replace approximately 22,000 linear feet of 2,4 and 6 inch cast iron water main with 6 inch PVC pipe in the western section of the City. The replacement will include service connections to reduce leakage and improve water pressure. Modifications and upgrades will be made at the existing water treatment plant to improve water quality and efficiency. A gravity sludge thickener, a settling basin scraper, and a new fluoride room will be installed. Additionally, 4 existing filter media units will be replaced and energy efficiency improvements will be made to the raw water intake. It will also add a belt press to reduce the amount of discharge and improve discharge water quality.</p>				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		
Fund F Loan	\$4,497,137	RD Fee %	Actual %	
LWWC Reserves	250,000			
		Planning	30,000	
		Eng - Design / Const	6.9% 6.7% 281,797	
		Eng - Insp	4.5% 4.3% 181,000	
		Eng - Other	20,500	
		Construction	3,983,840	
		Contingency	250,000	
<b>TOTAL</b>	<b>\$4,747,137</b>	<b>TOTAL</b>	<b>\$4,747,137</b>	
<b>REPAYMENT</b>	Rate Term	0.50% 30 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw \$134,421	
<b>PROFESSIONAL SERVICES</b>	Engineer Bond Counsel	Kentucky Engineering Group, PLLC Rubin and Hays		
<b>PROJECT SCHEDULE</b>	Bid Opening Construction Start Construction Stop	May-19 Feb-19 Jul-20		
<b>DEBT PER CUSTOMER</b>	Existing Proposed	\$2,229 \$3,348		
<b>OTHER DEBT</b>	See Attached			
<b>RESIDENTIAL RATES</b>	Current Additional	<u>Users</u> 2,596 0	<u>Avg. Bill</u> \$26.19 (for 4,000 gallons) \$26.19 (for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2016	1,031,892	401,726	630,166	2.6
Audited 2017	923,114	423,100	500,014	2.2
Audited 2018	614,268	449,894	164,374	1.4
Projected 2019	924,866	497,837	427,029	1.9
Projected 2020	929,050	551,692	377,358	1.7
Projected 2021	872,310	499,457	372,853	1.7
Projected 2022	822,685	633,876	188,809	1.3
Projected 2023	772,155	633,877	138,278	1.2



Reviewer: Meili Sun  
Date: September 26, 2019  
Loan Number: F18-006 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY  
DRINKING WATER STATE REVOLVING FUND (FUND F)  
CITY OF LEBANON, MARION COUNTY  
PROJECT REVIEW  
WX21155043**

**I. PROJECT DESCRIPTION**

This request is for an increase of \$1,855,457 to fund additional work for the Water System Improvements project. The new total project cost is \$4,747,137. During design phase of the project, it became apparent that a number of additional items are necessary to fully achieve the goal of improving water quality for the existing 2,600 customers served by the Lebanon Water Works Company (“LWWC”). These items include constructing buildings over the flocculation and sedimentation basin, converting the disinfection system from chlorine gas to liquid sodium hypochlorite, installing an influent flow meter, adding a new sludge loading station and upgrading the electrical and control equipment. The increase will help the LWWC save the overall construction cost by completing the project under one contract instead of multiple contracts.

The original project was to replace approximately 22,000 linear feet of 2, 4 and 6 inch cast iron water main with 6 inch PVC pipe in the western section of the City. The existing cast iron piping in this area has been prone to frequent leaks, breaks and service disruptions. The replacement will include service connections to reduce leakage and improve water pressure. Modifications and upgrades will be made at the existing water treatment plant to improve water quality and efficiency. A gravity sludge thickener, a settling basin scraper, and a new fluoride room will be installed. Additionally, 4 existing filter media units will be replaced and energy efficiency improvements will be made to the raw water intake. It will also add a belt press to reduce the amount of discharge and improve discharge water quality.

The LWWC serves approximately 2,600 customers in Marion County. It is a wholesale provider to the Marion County Water District. The latest wholesale rate increase was filed with the Kentucky Public Service Commission (“PSC”) in September, 2017 but disputed by the Marion County Water District. The PSC subsequently ruled over the protest and approved a modified increase in April, 2018.

## II. PROJECT BUDGET

	<u>Total</u>
Planning	\$ 30,000
Engineering – Design	228,275
Engineering – Construction	53,522
Engineering – Inspection	181,000
Engineering – Other	20,500
Construction	3,983,840
Contingency	250,300
<b>Total</b>	<b>\$ 4,747,137</b>

## III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
KIA Fund F	\$ 4,497,137	95%
LWVC Local Fund	250,000	5%
<b>Total</b>	<b>\$ 4,747,137</b>	<b>100%</b>

## IV. KIA DEBT SERVICE

Construction Loan	\$ 4,497,137
Principal Forgiveness	1,000,000
Amortized Loan Amount	3,497,137
Interest Rate	0.50%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 125,678
Administrative Fee (0.25%)	8,743
<b>Total Estimated Annual Debt Service</b>	<b>\$ 134,421</b>

## V. PROJECT SCHEDULE

Bid Opening	May 2019
Construction Start	February 2019
Construction Stop	July 2020

## VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

### A) Customers

Customers	<u>Current</u>
Residential	2,508
Commercial	47
Industrial	41
Total	<u>2,596</u>

## B) Rates

	Water Inside City		
	Current	Prior	Prior
Date of Last Rate Increase	07/08/19	11/15/17	05/20/13
Meter Charge	\$7.35	\$7.35	\$6.75
Per 100 Cubic Feet	3.50	3.35	2.50
1 Cubic Feet = 7.43 Gallons			
Cost for 4,000 gallons	\$26.19	\$25.38	\$20.21
Increase %	3.2%	25.6%	
Affordability Index (Rate/MHI)	1.19%	1.15%	0.92%

	Water Outside City		
	Current	Prior	Prior
Date of Last Rate Increase	07/08/19	11/15/17	05/20/13
Meter Charge	\$8.09	\$8.09	\$7.43
Per 100 Cubic Feet	3.85	3.69	2.75
1 Cubic Feet = 7.43 Gallons			
Cost for 4,000 gallons	\$28.82	\$27.96	\$22.23
Increase %	3.1%	25.7%	
Affordability Index (Rate/MHI)	1.31%	1.27%	1.01%

	Wholesale to MCWD		
	Current	Prior	Prior
Date of Last Rate Increase	07/08/19	04/16/18	07/17/13
Meter Charge	\$7.84	\$7.84	\$6.75
Per 100 Cubic Feet	2.90	2.90	2.50
1 Cubic Feet = 7.43 Gallons			
Cost for 4,000 gallons	\$23.45	\$23.45	\$20.21
Increase %	0.0%	16.0%	

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2012-2016, the Utility's service area population was 6,144 with a Median Household Income (MHI) of \$26,445. The median household income for the Commonwealth was \$43,740. The project will qualify for a 0.50% interest rate.

Year	Population		County	% Change	County Unemployment	
	City	% Change			Date	Rate
1980	6,590		17,910		June 2005	6.2%
1990	5,695	-13.6%	16,499	-7.9%	June 2010	11.9%
2000	5,718	0.4%	18,212	10.4%	June 2015	5.2%
2010	5,539	-3.1%	19,820	8.8%	June 2017	4.8%
Current	5,604	1.2%	19,497	-1.6%		
Cumulative %		-15.0%		8.9%		

### **VIII. 2017 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a “green” requirement.
- 2) Additional Subsidization - This project qualifies for additional subsidization in the amount of \$1,000,000.

### **IX. FINANCIAL ANALYSIS**

Financial information was obtained from the audited financial statements for the years ended June 30, 2016 through June 30, 2018. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – 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 13.6% from \$2.67 million in 2016 to \$3.04 million in 2018 due to previous rate increases. Operating expenses increased 48.0% from \$1.65 million to \$2.44 million during the same period as a result of additional maintenance/repair works, unbudgeted legal fees for the PSC rate case, and the new water purchase agreement with Campbellsville. The debt coverage ratio was 2.6, 2.2, and 1.4 in 2016, 2017, and 2018 respectively.

The balance sheet reflects a current ratio of 1.4, a debt to equity ratio of 1.2, 57.7 days sales in accounts receivable, and 1.9 month operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Total revenues will go up approximately 16% by 2020 due to a combination of previously approved retail and wholesale rate increases.
- 2) Water purchase costs will increase 175% by 2023 to meet the quantity requirement of the Campbellsville service agreement.
- 3) Operating expenses will be reduced by approximately \$170,000 excluding non-recurring legal, insurance, and miscellaneous expenses. A 2% annual increase will be applied to the projection for general inflation.
- 4) Debt service coverage is 1.3 in 2022 when full year principal and interest repayments are expected to begin.

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

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$238,000 total) of the final amount borrowed to be funded annually (\$11,900 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KIA Note B08-09	\$ 378,738	2030
KIA Note F15-057	669,659	2036
KIA Note F14-036 i.a.o. \$2,261,000	1,667,628	TBD
CNB Note, 2012	2,961,535	2030
CNB Note, 2013	109,253	2020
	<b>\$ 5,786,813</b>	

## XI. CONTACTS

<b>Legal Applicant</b>	
Name	City of Lebanon
Address	PO Box 840 Lebanon, KY 40033
County	Marion
Authorized Official	Gary D. Crenshaw, Mayor
Phone	(270) 692-6272
Email	gdcrenshaw@windstream.net

<b>Project Contact - Applicant</b>	
Name	Daren Thompson
Organization	Lebanon Water Works Company
Address	120 S Proctor Knott Ave Lebanon, KY 40033
Phone	(270) 692-2491
Email	daren.thompson@lebanonwaterworks.com

<b>Project Administrator</b>	
Name	Holly Nicholas
Organization	Kentucky Engineering Group, PLLC
Address	PO Box 1034 Versailles, KY 40383
Phone	(859) 333-9742
Email	hnicholas@kyengr.com

<b>Consulting Engineer</b>	
Name	James C. Thompson
Firm	Kentucky Engineering Group, PLLC
Address	161 North Locust Street Versailles, KY 40383
Phone	(859) 251-4127
Email	jthompson@kyengr.com

**XII. RECOMMENDATIONS**

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

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

	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	1,190,292	1,315,012	1,106,450	1,218,414	1,264,350	1,301,635	1,320,516	1,334,344
Other Assets	11,653,477	14,134,160	14,371,184	13,919,470	13,456,971	17,630,777	16,891,805	16,107,356
<b>Total</b>	<b>12,843,769</b>	<b>15,449,172</b>	<b>15,477,634</b>	<b>15,137,884</b>	<b>14,721,321</b>	<b>18,932,412</b>	<b>18,212,321</b>	<b>17,441,700</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	561,868	625,652	797,732	875,399	839,887	972,875	989,785	1,008,948
Long Term Liabilities	5,279,079	6,918,807	7,569,849	7,647,073	7,257,195	10,238,865	9,714,088	9,177,848
<b>Total Liabilities</b>	<b>5,840,947</b>	<b>7,544,459</b>	<b>8,367,581</b>	<b>8,522,472</b>	<b>8,097,081</b>	<b>11,211,740</b>	<b>10,703,873</b>	<b>10,186,796</b>
<b>Net Assets</b>	<b>7,002,822</b>	<b>7,904,713</b>	<b>7,110,053</b>	<b>6,615,412</b>	<b>6,624,240</b>	<b>7,720,672</b>	<b>7,508,448</b>	<b>7,254,904</b>
<b>Cash Flow</b>								
Revenues	2,674,904	2,708,423	3,039,614	3,477,615	3,529,185	3,529,185	3,529,185	3,529,185
Operating Expenses	1,654,789	1,794,032	2,444,908	2,572,311	2,619,697	2,676,437	2,726,062	2,776,592
Other Income	11,777	8,723	19,562	19,562	19,562	19,562	19,562	19,562
<b>Cash Flow Before Debt Service</b>	<b>1,031,892</b>	<b>923,114</b>	<b>614,268</b>	<b>924,866</b>	<b>929,050</b>	<b>872,310</b>	<b>822,685</b>	<b>772,155</b>
<b>Debt Service</b>								
Existing Debt Service	401,726	423,100	449,894	497,837	551,692	499,457	499,455	499,456
Proposed KIA Loan F18-006	0	0	0	0	0	0	134,421	134,421
<b>Total Debt Service</b>	<b>401,726</b>	<b>423,100</b>	<b>449,894</b>	<b>497,837</b>	<b>551,692</b>	<b>499,457</b>	<b>633,876</b>	<b>633,877</b>
<b>Cash Flow After Debt Service</b>	<b>630,166</b>	<b>500,014</b>	<b>164,374</b>	<b>427,029</b>	<b>377,358</b>	<b>372,853</b>	<b>188,809</b>	<b>138,278</b>
<b>Ratios</b>								
Current Ratio	2.1	2.1	1.4	1.4	1.5	1.3	1.3	1.3
Debt to Equity	0.8	1.0	1.2	1.3	1.2	1.5	1.4	1.4
Days Sales in Accounts Receivable	49.9	48.1	57.7	57.7	57.7	57.7	57.7	57.7
Months Operating Expenses in Unrestricted Cash	4.6	4.8	1.9	2.0	2.1	2.3	2.3	2.3
Debt Coverage Ratio	2.6	2.2	1.4	1.9	1.7	1.7	1.3	1.2

## NEW BOND ISSUE REPORT

Name of Bond Issue:	Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Abel Court and Dudley Court Project), Series 2019
Purpose of Issue:	The bonds will be used to finance the acquisition, rehabilitation and equipping of 48 units located at 1020 Old Barren River Road, Bowling Green, Kentucky and 96 units located at 801 McGuire Avenue, Paducah, Kentucky. The properties are currently financed by the United States Department of Agriculture, Rural Development and utilized as rural affordable housing. The rehabilitation of the units will not displace any existing tenant and will improve the quality of housing for the residents. All state and local officials have been notified about the upcoming project. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on October 3, 2019 following the delivery of notice to the public on or prior to September 26, 2019.
Name of Project:	Abel Court & Dudley Court Project
Date of Sale:	October 31, 2019
Date of Issuance:	November 7, 2019
Anticipated Ratings:	Standard & Poor's (A-1+)
Anticipated Net Proceeds:	\$15,000,000
Cost of Issuance:	See Exhibit A attached (costs of issuance paid from owner equity)
Debt Service Reserve Fund:	\$0, but an operating reserve equal to six months of operating expenses and replacement reserves will be funded from equity.
Total Project Cost:	\$26,214,700
Net Interest Rate:	1.75%
Term:	36 months
Average Debt Service:	\$262,500
Gross Debt Service:	\$787,500
First Call Date:	November 2021
Premium at First Call:	No premium
Method of Sale:	Public Offereing
Bond Counsel:	Dinsmore & Shohl LLP
Underwriter:	Raymond James & Associates, Inc.
Underwriter Counsel:	Tiber Hudson LLC
Financial Advisor:	N/A
Trustee:	U.S. Bank, National Association
Developer:	LSA Grier Group Developer LLC



**Exhibit A**

**Project Funding Sources:**

Senior Loan	\$12,637,500
Soft Funds	1,800,000
Tax Credit Equity Contribution	8,280,266
Construction Period Cash Flow	870,169
Deferred Developer Fee	<u>2,626,765</u>
<b>TOTAL</b>	<b>\$26,214,700</b>

**Costs of Issuance:**

Underwriter Fee	\$90,000
Underwriter Expenses	2,530
Underwriter Counsel	50,000
Issuer Fee	175,000
Issuer Counsel	15,000
Bond Counsel	78,000
Trustee Fee	3,500
Trustee Counsel	7,500
Rating Agency	5,500
Printer	2,500
I-Preo	1,452
DTC	800
CUSIP	<u>278</u>
<b>TOTAL</b>	<b>\$432,060</b>



## Summary

Since 2009, LSA and its principal, David Iskowitz, have been heavily involved in all aspects of Affordable Housing related finance. In some transactions LSA was the primary financial investor, but in transactions in which LSA has served as an advisor on behalf of other capital providers, LSA has generally acted as sole asset manager for sourced capital.

Below please find a summary sampling of Relevant and representative transactions:

### **Substantial Rehabilitation LIHTC**

LSA is the lead sponsor and Developer of substantial rehabilitation tax credit developments which are currently under construction:

- Haynes Garden Apartments
  - 208-unit family-oriented project located in Nashville, TN
  - 100% Project-Based section 8
  - Total Budgeted Hard Costs – \$50,000 per Unit
  - Total Development Cost – \$60,000,000
  - General Contractor – ABS Building Solutions
  - Architect – Fielder and Associates
  - Credit Investor – PNC Equity
  - Bond Underwriter – Raymond James
  - First Lender – Dwight Capital
  - Status – Under Construction
- South Central Village of Clarksville
  - 134-unit senior project located in Clarksville, TN
  - 100% Project-Based section 8
  - Total Budgeted Hard Costs – \$45,000 per Unit
  - Total Development Cost – \$25,000,000
  - General Contractor – ABS Building Solutions
  - Architect – Fielder and Associates
  - Credit Investor – PNC Equity
  - Bond Underwriter – Raymond James
  - First Lender – Key Bank
  - Non-Profit Manager – Oakland Heights Manor, Inc.
  - Status – Under Construction

## **Preservation Housing Direct ownership**

LSA is the 100% owner of properties which have project-based Section-8 contracts. LSA is in application to resyndicate these projects as substantial rehabilitation LIHTC projects:

- Abel Court
  - 48-unit family-oriented project located in Bowling Green, KY
  - 100% Project-Based section 8
  - Total Budgeted Hard Costs –\$50,000 per Unit
  - Total estimated Development Cost – \$7,000,000
  - General Contractor – ABS Building Solutions
  - Architect – Fielder and Associates
  - Credit Investor – TBD
  - Bond Underwriter – Raymond James
  - First Lender – Key Bank
  - Status – in bond/credit application
  - Site Control – 100% ownership
- Dudley Court
  - 96-unit family-oriented project located in Paducah, KY
  - 100% Project-Based section 8
  - Total Budgeted Hard Costs –\$45,000 per Unit
  - Total estimated Development Cost – \$17,000,000
  - General Contractor – TBD
  - Architect – Fielder and Associates
  - Credit Investor – TBD
  - Bond Underwriter – Raymond James
  - First Lender – Key Bank
  - Status – in bond/credit application
  - Site Control – 100% ownership
- South Central Village of the Elderly
  - 61-unit senior-oriented project located in Cleveland, MS
  - 100% Project-Based section 8
  - Total Budgeted Hard Costs – \$40,000 per Unit
  - Total estimated Development Cost – \$10,000,000
  - Architect – Fielder and Associates
  - Credit Investor – TBD
  - Bond Underwriter – Raymond James
  - First Lender – Key Bank
  - Non-Profit Manager – Oakland Heights Manor, Inc.
  - Status – Bidding out contracts
  - Site Control – 100% ownership

## **Supportive Housing**

LSA is the lead Sponsor and Developer of several homeless oriented developments in Los Angeles. These projects are being developed in close coordination with the County of Los Angeles Department of Health Services.

- 2919 S Broadway located in Los Angeles, CA
  - 54-bed transitional housing facility
  - Primary service administrator – Brilliant Corners, Inc.
  - Service Provider – Exodus Recovery Inc.
  - Total Development Cost - \$5,000,000
  - Architect – Olfati Design Group
  - General Contractor – Remodeling Design Specialists
  - First Lender – Self financed
  - Subsidy – 15-year Master Rental Subsidy Agreement
  - Status – Under Construction
  - Site Control – 100% Ownership
- 10117 Tujunga Canyon Boulevard located in Los Angeles, CA
  - 38-bed Recuperative Care facility
  - Primary service administrator – Brilliant Corners, Inc.
  - Service Provider – TBD
  - Total Development Cost - \$3,000,000
  - General Contractor – Remodeling Design Specialists
  - First Lender – Self financed
  - Subsidy – TBD
  - Status – in planning
  - Site Control – under contract; closing expected 4/15/2018
- Hope on Alvarado located in Los Angeles, CA
  - 84-unit Permanent Supportive Housing Facility
  - Primary service administrator – Brilliant Corners, Inc.
  - Service Provider – Homeless Healthcare Los Angeles
  - Total Development Cost - \$26,000,000
  - Architect – KTG Y
  - General Contractor – Utopia Development
  - First Lender – TBD
  - Tax Credit Investor - TBD
  - Subsidy – 15-Year Master Rental Subsidy Agreement
  - Status – Permitting
  - Site Control – under contract; closing expected 9/1/2018

### **Affordable Housing Support Guarantee**

LSA has lent its balance sheet to guarantee construction completion and tax credit delivery for Hotel President, a historic and affordable rehabilitation on a section 8 senior project in Iowa,

- Hotel President
  - 84-unit senior oriented historic development located in Waterloo, IA
  - 100% Project-Based section 8
  - Total Budgeted Hard Costs – \$55,000 per Unit
  - Total Development Cost – \$12,000,000
  - LIHTC Credit Investor – RBC
  - Federal Historic Credit Investor – RBC
  - State Historic Credit Investor – Hershey's Corp.
  - Non-Profit General Partner – Affordable Living Foundation of America
  - Construction Lender – Steans Bank
  - Permanent First Lender – Cedar Rapids Bank and Trust
  - Status – Converted
  - Site Control – 25% beneficial interest in Administrative General Partner

### **Affordable Housing Debt Placements**

LSA has deployed over \$40 million in pre-development and bridge loans utilizing both taxable and tax-exempt facilities to Low Income Housing Developers and nonprofits for resyndication and preservation of low-income housing, in exchange for an interest carry and a share of the developer fee. LSA has worked closely with developers to finalize (i) construction / permanent financing, (ii) subordinate debt, and (iii) LIHTC equity, as well as to stabilize operations for future preservation.

### **Tax-Exempt Housing Bond Acquisitions**

LSA has deployed over \$40 million in capital to acquire privately placed tax-exempt bonds secured by mortgages on affordable housing projects financed with LIHTC and/or supported by a HUD-based housing assistance payment (HAP) contract both on the primary and secondary markets

### **Partnership LP Interests (1602 Tax Credit Exchange Program)**

LSA deployed capital to acquire limited partnership interests related to family and senior projects, representing over 1,500 units with total development costs close to \$300 million.

99.99% limited partnership interests were acquired to utilize the tax benefits from the project/partnerships that received grants under the tax credit exchange program per section 1602 of the American Recovery and Reinvestment Act. Investors receive a small portion of project cash flow, as well as project losses that offset earned income, and a significant capital account basis as a result of the government grants.

### **Affordable Housing Tender Option Bond (TOB) Program**

LSA led the acquisition of a controlling residual interest Class B certificate of a Freddie Mac-insured certificate, related to 69 underlying multifamily housing bond transactions totaling ~\$500 million, along with payment and termination obligations on an interest-rate swap serving as a hedge, and structured a multi-tiered tax exempt trust structure which allowed for Deutsche Bank to invest a sub certificate. LSA continues to retain a significant residual cash-flow position (\$1MM+ per year) from this transaction.

### **GNMA-backed Municipal Bond Acquisition/Restructuring**

LSA deployed over \$35 million in capital to acquire whole issues of various municipal housing bonds secured by GNMA securities and whole note taxable HUD Loans.

### **Grant Anticipation Loans**

LSA deployed \$9 million as mezzanine debt to affordable housing projects in San Francisco to bridge a funding delay of certain awarded infill infrastructure grants in response to a credit deterioration of the State of California

Such loan was secured by a forward commitment by the state to fund the amounts pursuant to Proposition 13. This was necessary as the projects were financed with a HUD 221(d)(4) loan and HUD would not recognize the availability of the sufficient funds to complete the rehabilitations without LSA's placement of the funds.

### **Acute Care Medical Financing**

Downey Regional Medical Center: LSA deployed over \$30 million in bankruptcy exit financing for Downey Regional Medical Center, a 50(C)(3) hospital, through a complex municipal bonds acquisition which created both high yield taxable bonds and zero-coupon tax-exempt bonds. Which were secured by the real property-related collateral (hospital and leasehold interest, parking lot, gross receipts, rehab building) and a subordination of fee-simple ownership in the underlying land which was on 99-year lease from the City of Downey.

Daughters of Charity Health Systems: LSA sourced 3 capital partners to infuse \$260 million into the Daughters of Charity Health Systems— a 6 hospital system which \$1.4 billion in annual revenue. The transaction is the largest non-profit hospital transaction in state history. LSA brought in the new management team, sourced a \$100 million contribution, sourced \$160 million in debt financing, and shepherded the transaction through the legal details in seeing a transaction of this magnitude close.

### **Hospitality Acquisitions**

LSA deployed approximately \$20 million in capital to acquire of various hospitality assets, with nationwide franchisees, in five states.

## NEW BOND ISSUE REPORT

Name of Bond Issue: Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Volunteer Management & Development Portfolio II Project), Series 2019

Purpose of Issue: The bonds will be used to finance the acquisition, rehabilitation and equipping of the properties listed in Exhibit A. The properties are currently financed by the United States Department of Agriculture, Rural Development and utilized as rural affordable housing. The rehabilitation of the units will not displace any existing tenant and will improve the quality of housing for the residents. All state and local officials have been notified about the upcoming project. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on June 25, 2019 following the delivery of notice to the public on or prior to June 18, 2019.

Name of Project: Volunteer Management & Development Portfolio II

Date of Sale: October 31, 2019

Date of Issuance: November 7, 2019

Anticipated Ratings: Standard & Poor's (A-1+)

Anticipated Net Proceeds: \$12,800,000

Cost of Issuance: See Exhibit B attached (costs of issuance paid from owner equity)

Debt Service Reserve Fund: \$0; each project will maintain an operating reserve equal to 6 months of the respective operating expenses and a replacement reserve fund for ongoing repairs, each will be funded from and cash flow.

Total Project Cost: \$34,020,672

Net Interest Rate: 1.75%

Term: 36 months

Average Debt Service: \$224,000

Gross Debt Service: \$672,000

First Call Date: November 2021

Premium at First Call: No premium

Method of Sale: Public Offering

Bond Counsel: Dinsmore & Shohl LLP

Underwriter: Raymond James & Associates, Inc.

Underwriter Counsel: Tiber Hudson LLC

Financial Advisor: N/A

Trustee: Regions Bank

Developer: Volunteer Management & Development, Inc.

**Exhibit A**

	1	2	3	4	5	6	7	8	TOTAL
Property Name	Wingo Apts.	Mur-Cal Apts.	Hazel Apts.	Logan Heights Apts.	Mayfield Manor II Apts.	Legion Manor Apts.	Dixon Manor Apts.	Parkway Square Apts.	
Street Address	910 Atlantic Ave	910 Northwood Dr.	101 Center St.	921 W. 9th St.	320 E. James St.	520 Cadiz St.	1080 U.S. Highway 41A S.	1001 Airport Rd.	
City	Wingo	Murray	Hazel	Russellville	Mayfield	Princeton	Dixon	Fulton	
State	Kentucky	Kentucky	Kentucky	Kentucky	Kentucky	Kentucky	Kentucky	Kentucky	
Zip	42088	42071	42049	42276	42066	42445	42409	42041	
County	Graves	Calloway	Calloway	Logan	Graves	Caldwell	Webster	Fulton	
QCT/DDA?		QCT			QCT				
Census Tract									
Original Placed in Service Date	1983	1981	1992	1986	2000	1999	1995	1984	
Total Units	16	48	12	24	23	20	20	24	187
Tax-Exempt Bond Request	\$1,200,000	\$2,800,000	\$900,000	\$1,600,000	\$1,700,000	\$1,500,000	\$1,400,000	\$1,700,000	\$12,800,000



**Exhibit B**

**Project Funding Sources:**

Tax-Exempt Bonds	\$12,800,000
Permanent Loan (USDA 515)	5,990,000
Permanent Loan (USDA 538)	782,387
USDA Rural Development	5,300,261
Private Equity	6,168,018
KHC Home Loan	1,915,000
Project Reserves	617,429
Deferred Developer Fee	<u>447,577</u>
<b>TOTAL</b>	<b>\$34,020,672</b>

**Costs of Issuance:**

Underwriter Fees & Expenses	\$81,456
Underwriter Counsel	50,000
Bond Counsel	65,000
Issuer Counsel	15,000
KHC Admin Fee	10,000
Rating Agency	5,500
Printer	<u>2,500</u>
<b>TOTAL</b>	<b>\$229,456</b>

# *CHRIS A. TURSKY*

60 MILLER AVENUE  
JACKSON, TN 38305

## **Resume of Experience**

Developer

**EDUCATION:** Bachelor of Science in Regional Planning with a co-major in Geography. Minor in Business Administration from the University of Wisconsin.

**BACKGROUND:** Direct involvement in real estate development and management, zoning and building construction. Responsible for the financial analysis and projections, project financing and management of accounts.

**EXPERIENCE:** Approximately 25 years of direct involvement of RRH 515 project development and management. Management experience includes hiring resident managers, initial rent-up and continued supervision of projects.

President of Volunteer Management and Development Company, Inc. and General Partner of the following projects:

Crofton Manor Apartments  
Crofton, KY 24 units  
RD-RRH 515 – LIHTC  
May 1993 – present

Dixon Manor Apartments  
Dixon, KY 20 units  
RD-RRH 515 – LIHTC  
May 1995 – present

Country Square Apts.  
Manchester, TN 50 units  
RD-RRH 515  
October 2006 – 2012

Eaglewood VIII Apts.  
Covington, TN 40 units  
RD-RRH 515 – LIHTC  
January 1990 – present

Fulton Manor I Apts.  
Fulton, KY 24 units  
RD-RRH 515 – LIHTC  
April 1990 – present

Fulton Manor II Apts.  
Fulton, KY 14 units  
RD-RRH 515 – LIHTC  
January 1992 – present

Galloway Manor Apts.  
Galloway, TN 36 units  
RD-RRH 515 – LIHTC  
January 1993 – present

Haywood Manor Apts.  
Brownsville, TN 25 units  
RD-RRH 515  
August 2000 – present

## **Resume of Experience Continued**

Hickman Manor I Apts.  
Hickman, KY 24 units  
RD-RRH 515 – LIHTC  
November 1990 – present

Hill Crest Place Apts.  
Lexington, TN 48 units  
RD-RRH 515  
January 2001 – present

Legion Manor Apts.  
Princeton, KY 20 units  
RD-RRH 515 – LIHTC  
March 1999 – present

Mayfield Manor I Apts.  
Mayfield, KY 24 units  
RD-RRH 515 – LIHTC  
September 1998 – present

Ridgeview Apartments  
Brownsville, TN 25 units  
RD-RRH 515 – LIHTC  
September 2002 – present

Rossville Manor Apts.  
Rossville, TN 36 units  
RD-RRH 515 – LIHTC  
December 1991 – present

Bluegrass Place I Apts.  
Glasgow, KY 48 units  
RD-RRH 515 – LIHTC  
November 2004 – present

Happy Valley Apts.  
Cave City, KY 24 units  
RD-RRH 515 – LIHTC  
November 2004 – present

Hickman Manor II Apts.  
Hickman, KY 16 units  
RD-RRH 515 – LIHTC  
December 1993 – present

Lake Street Apts.  
Somerville, TN 25 units  
RD-RRH 515 – LIHTC  
January 2002 – present

Lexington Civic Apts.  
Lexington, TN 25 units  
RD-RRH 515 – LIHTC  
February 1990 – present

Mayfield Manor II Apts.  
Mayfield, KY 23 units  
RD-RRH 515 – LIHTC  
April 2000 – present

Parkway Square Apts.  
Fulton, KY 24 units  
RD-RRH 515 - LIHTC  
June 2002 – present

Whispering Oaks Apts.  
Jackson, TN 50 units  
June 1994 – July 2005

Bluegrass Place II Apts.  
Glasgow, KY 36 units  
RD-RRH 515 – LIHTC  
November 2004 – present

Tanglewood Apts.  
Murray, KY 40 units  
LIHTC  
February 2005 – present

## **Resume of Experience Continued**

Mallard Cove Apts.  
Decherd, TN 40 units  
RD-RRH 515  
October 2006 – present

Hills at Spring Branch Apts.  
Burkesville, KY 24 units  
RD-RRH 515 – LIHTC  
November 2006 – present

Holly Tree Apts.  
Manchester, TN 24 units  
RD-RRH 515  
May 2007 – present

Maple Grove Apts.  
Lewisburg, TN 90 units  
RD-RRH 515  
October 2006 – present

Logan Heights Apartments  
Russellville, KY 24 units  
RD-RRH 515  
June 2010 – present

Stonewater Place Apts  
Jackson, TN 120 units  
2013 – Present

Foxtail Grove Apts.  
Somerville, TN 24 units  
RD-RRH 515  
May 2007 – present

The Pines at Cumberland Apts.  
Albany, KY 24 units  
RD-RRH 515 – LIHTC  
November 2006 – present

Hazelwood Apts.  
Morrison, TN 24 units  
RD-RRH 515  
September 2007 – present

Hillside Terrace Apts.  
Lewisburg, TN 34 units  
HUD  
January 2010 - present

Bardwell Manor Apts.  
Bardwell, KY 20 units  
RD-RRH 515  
January 2013 - present



**MATTHEW G. BEVIN**  
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

**WILLIAM M. LANDRUM III**  
Secretary

**RYAN BARROW**  
Executive Director

September 11, 2019

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 (McDeane Apartments Project), Series 2019 in a principal amount of \$18,000,000 (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 April 16, 2019. The attached includes a finalized listing of costs related to the issuance of the Bonds pursuant to KRS 45.816.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Barrow".

Ryan Barrow  
Executive Director

Attachments

## FINAL BOND ISSUE REPORT

Name of Bond Issue: Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (McDeane Apartments), Series 2019

Purpose of Issue: The bonds will be used to finance the acquisition, construction and equipping of the McDeane Apartments Project, a one hundred and ninety-eight unit property to be located at 5618 McDeane Road, Louisville, Kentucky 40216. The Kentucky Housing Corporation conducted a public hearing concerning the proposed project on March 28, 2019 following the delivery of notice to the public on or prior to March 13, 2019.

Name of Project: McDeane Apartments

Date of Sale: September 11, 2019

Date of Issuance: September 11, 2019

Rating: Not Rated/Private Placement

Net Proceeds: \$18,000,000

Cost of Issuance: See Exhibit A attached (costs of issuance paid from owner equity)

Bond Discount: \$0

Debt Service Reserve Fund: \$0, but a \$897,619 operating reserve and \$100,000 lease up reserve will be funded from equity.

Insurance Premium: N/A

Total Project Cost: \$33,592,611

Term: September 8, 2040

Net Interest Rate: 4.95%

Average Debt Service: \$1,034,401

Gross Debt Service: \$31,341,571

First Call Date: May 2024

Premium at First Call: No premium

Method of Sale: Private Placement

Bond Counsel: Dinsmore & Shohl LLP

Underwriter Counsel: N/A

Financial Advisor: N/A

Purchaser: HOPE of Kentucky, LLC (construction period) & Cedar Rapids Bank and Trust Company (upon completion of construction)

Trustee: U.S. Bank National Association

**EXHIBIT A**

**Project Funding Sources:**

Private Equity Investment	\$ 8,804,934
General Partner Capital Contribution	100
HOPE of KY/Cedar Rapids Bank & Trust	18,000,000
Louisville Metro AHTF	2,500,000
Cedar Rapids Bank & Trust	1,000,000
Deferred Developer Fee	<u>3,287,577</u>
<b>TOTAL</b>	<b>\$ 33,592,611</b>

**Costs of Issuance:**

Loan Fees	\$ 190,250
KHC Fees	188,097
Hope of Kentucky Fee	187,015
Hope of Kentucky Legal Fee	29,500
Bond Counsel	86,500
Bridge Loan Origination Fee	28,467
Cedar Rapids Bank Legal Fee	18,500
Issuer Counsel	13,500
LAHTF Legal Fee	<u>8,750</u>
<b>TOTAL</b>	<b>\$ 750,579</b>



**MATTHEW G. BEVIN**  
Governor

**Commonwealth of Kentucky**  
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**WILLIAM M. LANDRUM III**  
Secretary

**RYAN BARROW**  
Executive Director

September 27, 2019

Mr. Barry Poynter,  
Vice President for Finance and Administration  
Eastern Kentucky University  
521 Lancaster Avenue, CPO 15A  
Richmond, Kentucky 40475

Dear Mr. Poynter,

Pursuant to KRS 42.420, the Office of Financial Management is required to review and approve the issuance of debt by all state agencies. The attached constitutes the review and approval of the recent Eastern Kentucky University debt issuance of the \$5,265,000 General Receipts Refunding Bonds, 2019 Series A.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Barrow".

Ryan Barrow  
Executive Director

Attachments



**OFM APPROVAL PURSUANT TO KRS 42.420**  
**EASTERN KENTUCKY UNIVERSITY**  
**\$5,265,000 GENERAL RECEIPTS REFUNDING BONDS, 2019 SERIES A**  
**DATED SEPTEMBER 27, 2019**

**DESCRIPTION:**

Bond proceeds of the 2019 Series A will be used to 1.) currently refund the outstanding Eastern Kentucky University General Receipts Bonds, 2009 Series A; and 2.) pay associated costs of issuance.

**BOND SUMMARY STATISTICS:**

Par Amount:	\$5,265,000
Pricing Date:	08/27/2019
Closing Date:	09/27/2019
Dated Date:	09/27/2019
Final Maturity:	05/01/2028
Arbitrage Yield:	1.523%
TIC:	1.665%
NIC:	1.782%
All-In TIC:	1.906%
Benchmark (BBWK20GO):	2.970% (08/29/2019)
Method of Sale:	Competitive
Purchaser:	Hutchinson, Shockey, Erley & Co.

**RATINGS:**

	<u>Enhanced</u>	<u>Underlying</u>
Moody's:	A1	A2

## SOURCES AND USES OF FUNDS:

### SOURCES OF FUNDS:

Par Amount of Bonds	\$	5,265,000.00
Net Original Issue Premium		<u>627,872.25</u>
<b>TOTAL SOURCES</b>	\$	<b>5,892,872.25</b>

### USES OF FUNDS:

Refunding Escrow Deposit	\$	5,793,561.16
Cost of Issuance*		63,673.72
Underwriter's Discount		<u>35,637.37</u>
<b>TOTAL USES</b>	\$	<b>5,892,872.25</b>

\*Includes underwriters' discount, legal fees, rating agency fees, trustee fees, and miscellaneous costs.

### REFUNDING:

Par Amount of Refunded Bonds:	\$	5,700,000.00
Net PV Savings:	\$	588,141.28
Percentage Savings of Refunded Bonds:		10.318%

### PROFESSIONAL SERVICES:

Pursuant to KRS Chapter 45, the Issuer is providing information on all costs associated, either directly or indirectly, with this bond issuance. Costs are actual or estimated as of the date of closing of the issue.

<u>Firm</u>	<u>Service</u>	<u>Fee</u>
Hilliard Lyons	Financial Advisor	\$20,000.00
Dinsmore & Shohl	Bond Counsel	20,000.00
	Legal Expenses/Advertising	871.86
Moody's	Rating Service	18,500.00
US Bank	Trustee	1,000.00
OFM	Financial Advisor	1,316.25
Misc./Contingency		<u>1,985.61</u>
<b>TOTAL</b>		<b>\$63,673.72</b>

### ATTACHMENTS:

Official Statement Cover  
Debt Service Schedule  
Summary of Bonds Refunded  
Savings

**Book-Entry Only**  
**New Issue – Bank Qualified**

**Rating: S&P “AA/Stable” (Insured)**  
**Moody’s: “A1” (Underlying: “A2”)**  
**(See “Rating” herein)**

*In the opinion of Bond Counsel for the 2019 Series A Bonds (defined below), based upon an analysis of laws, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants made by the University, and subject to the conditions and limitations set forth herein under the caption “TAX EXEMPTION,” interest on the 2019 Series A Bonds is excludable from gross income for Federal income tax purposes and is not a specific item of tax preference for purposes of the Federal alternative minimum tax. Interest on the 2019 Series A Bonds is exempt from Kentucky income tax and the 2019 Series A Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions. See “TAX EXEMPTION” herein.*



**OFFICIAL STATEMENT RELATING TO**  
**\$5,265,000**  
**EASTERN KENTUCKY UNIVERSITY**  
**GENERAL RECEIPTS REFUNDING BONDS,**  
**2019 SERIES A**

**Dated: Date of delivery**

**Due: May 1 2020 - 2028**

The Eastern Kentucky University General Receipts Refunding Bonds, 2019 Series A (the “2019 Series A Bonds”) will be issued only as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2019 Series A Bonds. Purchasers will not receive certificates representing their ownership interest in the 2019 Series A Bonds purchased. So long as DTC or its nominee is the registered owner of the 2019 Series A Bonds, payments of the principal of and interest due on the 2019 Series A Bonds will be made directly to DTC.

The 2019 Series A Bonds are in the denomination of \$5,000 or integral multiples thereof and bear interest from their dated date, payable semiannually, in amounts, having maturities, interest rates, yields, and CUSIPs as set forth below. Principal of, premium, if any, and interest on the 2019 Series A Bonds will be paid directly to DTC by U.S. Bank National Association, having offices in Louisville, Kentucky, as Trustee and Paying Agent. The 2019 Series A Bonds shall be issued only as fully registered bonds.

Interest on the 2019 Series A Bonds will be payable from their date of delivery, on May 1 and November 1 of each year, commencing November 1, 2019, and the 2019 Series A Bonds mature on the dates, as shown below:

Year	Interest	CUSIP	Year	Interest	CUSIP				
<u>(May 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>276552</u>	<u>(May 1)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>276552</u>
2020	\$560,000	5.000%	1.200	GE0	2025	\$600,000	5.000%	1.350 <sup>c</sup>	GK6
2021	495,000	5.000	1.230	GF7	2026	630,000	5.000	1.400 <sup>c</sup>	GL4
2022	515,000	5.000	1.250	GG5	2027	660,000	4.000	1.450 <sup>c</sup>	GM2
2023	545,000	5.000	1.270	GH3	2028	690,000	2.000	1.850 <sup>c</sup>	GN0
2024	570,000	5.000	1.300	GJ9					

The 2019 Series A Bonds are subject to redemption prior to their stated maturities as described herein.

The 2019 Series A Bonds constitute special obligations of Eastern Kentucky University and do not constitute a debt, liability or obligation of the Commonwealth of Kentucky nor a pledge of the full faith and credit of the Commonwealth. The 2019 Series A Bonds constitute Obligations under the Trust Agreement dated as of July 1, 2007 between the University and the Trustee, and the payment of the principal of, premium, if any, and interest on 2019 Series A Bonds is secured by a pledge of the University’s General Receipts, as defined in the Trust Agreement. See “SECURITY FOR THE 2019 Series A Bonds.”

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a Municipal Bond Insurance Policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (“BAM”).



The 2019 Series A Bonds are issued subject to the approval of legality by Dinsmore & Shohl LLP, Covington, Kentucky, Bond Counsel. Delivery of the 2019 Series A Bonds is expected on September 27, 2019, in New York, New York, through the facilities of DTC.

**HUTCHINSON, SHOCKEY, ERLEY & CO.**

Dated: August 27, 2019

**BOND DEBT SERVICE**

Eastern Kentucky University  
 Refunding of Series 2009  
 'A1 Enhanced/A2 Issuer'  
 Insured by Build America Mutual ('AA')  
 (Bank Qualified)  
 \*FINAL NUMBERS AS OF AUGUST 27, 2019\*

Dated Date 09/27/2019  
 Delivery Date 09/27/2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/01/2019			22,284.17	22,284.17	
05/01/2020	560,000	5.000%	117,975.00	677,975.00	
06/30/2020					700,259.17
11/01/2020			103,975.00	103,975.00	
05/01/2021	495,000	5.000%	103,975.00	598,975.00	
06/30/2021					702,950.00
11/01/2021			91,600.00	91,600.00	
05/01/2022	515,000	5.000%	91,600.00	606,600.00	
06/30/2022					698,200.00
11/01/2022			78,725.00	78,725.00	
05/01/2023	545,000	5.000%	78,725.00	623,725.00	
06/30/2023					702,450.00
11/01/2023			65,100.00	65,100.00	
05/01/2024	570,000	5.000%	65,100.00	635,100.00	
06/30/2024					700,200.00
11/01/2024			50,850.00	50,850.00	
05/01/2025	600,000	5.000%	50,850.00	650,850.00	
06/30/2025					701,700.00
11/01/2025			35,850.00	35,850.00	
05/01/2026	630,000	5.000%	35,850.00	665,850.00	
06/30/2026					701,700.00
11/01/2026			20,100.00	20,100.00	
05/01/2027	660,000	4.000%	20,100.00	680,100.00	
06/30/2027					700,200.00
11/01/2027			6,900.00	6,900.00	
05/01/2028	690,000	2.000%	6,900.00	696,900.00	
06/30/2028					703,800.00
	5,265,000		1,046,459.17	6,311,459.17	6,311,459.17

**SAVINGS**

Eastern Kentucky University  
 Refunding of Series 2009  
 'A1 Enhanced/A2 Issuer'  
 Insured by Build America Mutual ('AA')  
 (Bank Qualified)  
 \*FINAL NUMBERS AS OF AUGUST 27, 2019\*

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/27/2019 @ 1.5248149%
06/30/2020	770,698.76	700,259.17	70,439.59	70,509.56
06/30/2021	770,448.76	702,950.00	67,498.76	65,892.87
06/30/2022	769,448.76	698,200.00	71,248.76	68,518.33
06/30/2023	771,248.76	702,450.00	68,798.76	65,174.77
06/30/2024	772,048.76	700,200.00	71,848.76	67,047.46
06/30/2025	771,848.76	701,700.00	70,148.76	64,486.74
06/30/2026	769,830.00	701,700.00	68,130.00	61,698.51
06/30/2027	771,270.00	700,200.00	71,070.00	63,398.03
06/30/2028	771,450.00	703,800.00	67,650.00	59,429.40
	6,938,292.56	6,311,459.17	626,833.39	586,155.67

Savings Summary

PV of savings from cash flow	586,155.67
Plus: Refunding funds on hand	1,985.61
Net PV Savings	588,141.28

**SUMMARY OF BONDS REFUNDED**

Eastern Kentucky University  
 Refunding of Series 2009  
 'A1 Enhanced/A2 Issuer'  
 Insured by Build America Mutual ('AA')  
 (Bank Qualified)  
 \*FINAL NUMBERS AS OF AUGUST 27, 2019\*

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Receipts Bonds, 2009 Series A, 2009:					
SERIAL	05/01/2022	4.000%	580,000.00	09/27/2019	100.000
	05/01/2023	4.000%	605,000.00	09/27/2019	100.000
	05/01/2024	4.000%	630,000.00	09/27/2019	100.000
	05/01/2025	4.125%	655,000.00	09/27/2019	100.000
	05/01/2026	4.200%	680,000.00	09/27/2019	100.000
	05/01/2027	4.200%	710,000.00	09/27/2019	100.000
	05/01/2028	4.250%	740,000.00	09/27/2019	100.000
TERM	05/01/2021	3.750%	1,100,000.00	09/27/2019	100.000
			5,700,000.00		



## 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](http://www.sfcc.ky.gov)

**MATT BEVIN**

Governor

**MR. WILLIAM LANDRUM III**

Secretary

**DAVID PRATER**

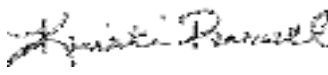
Chairman

**CHELSEY BIZZLE**

Executive Director

### **MEMORANDUM**

**TO:** Ryan Barrow  
Office of Financial Management

**FROM:** Kristi Russell, SFCC 

**DATE:** September 30, 2019

**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 15, 2019:

Kenton County- \$17,560,000 estimated – District wide security upgrades. State estimated annual debt service is \$123,156 and local is \$1,194,019. No tax increase is necessary is necessary to finance this project.

Knott County- \$3,000,000 estimated – Renovations at Hindman Elementary. State estimated annual debt service is \$207,181 and local is \$0. No tax increase is necessary is necessary to finance this project.

Leslie County- \$780,000 estimated – Refunding of 2009 bonds. State estimated annual debt service is \$17,365 and local is \$70,062. No tax increase is necessary is necessary to finance this project.

Paintsville Independent- \$1,795,000 estimated – Refunding of 2010 bonds. State estimated annual debt service is \$66,987 and local is \$92,369. No tax increase is necessary is necessary to finance this project.

Science Hill Independent- \$1,050,000 estimated – District wide HVAC improvements. State estimated annual debt service is \$32,824 and local is \$42,373. No tax increase is necessary is necessary to finance this project.

Union County- \$750,000 estimated – District wide life safety improvements. State estimated annual debt service is \$52,206 and local is \$0. No tax increase is necessary is necessary to finance this project.

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



An Equal Opportunity Employer M/F/D

# Memo

**To:** KSFCC  
**From:** Lincoln Theinert  
**Subject:** Bond Payee Disclosure Form –Kenton County School District Series 2019  
**Date:** September 27, 2019  
**cc:** File

---

Please find enclosed a Bond Payee Disclosure Form and Plan of Financing for the Kenton 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: **\$ 17,560,000**  
 Issue Name: Kenton County School District Finance Corporation School Building Revenue Bonds, Series 2020  
 Purpose: District wide Secure Vestibule Entrances & Other Security Enhancements  
 Projected Sale Date of Bond: 6-Feb-20  
 First Call Date: 2/1/27 @ 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: Ross, Sinclair & Associates, Lexington, Kentucky  
 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
\$ 1,641,862	\$ 15,918,138	\$ 17,560,000
9.35%	90.65%	
\$ 123,156	\$ 1,194,019	\$ 1,317,175
\$ 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:

\$ 7,783	\$ 75,457	\$ 83,240
\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0
\$ 2,338	\$ 22,662	\$ 25,000
\$ 32,837	\$ 318,363	\$ 351,200
\$ 327	\$ 3,173	\$ 3,500
\$ 43,285	\$ 419,655	\$ 462,940

**Anticipated Interest Rates:**

5 Years: 3.000% 10 Years: 3.500% 15 Years: 3.750%  
 20 Years: 3.950%

**Note: No Local Tax increase is required.**

# KENTON COUNTY SCHOOL DISTRICT

## Plan of Financing

Date of Report: 9/27/2019

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

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

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
FYE	Series 2006C	Series 2009	Series 2009C	Series 2010-REF	Series 2011	Series 2012-REF	Series 2013-REF*	Series 2013	Series 2015A-REF*	Series 2015B-REF*	Series 2015	Series 2016-REF*	Series 2016	Series 2017E	Series 2018	Total
2019		\$631,091	\$805,560	\$2,146,943	\$549,250	\$3,996,067	\$2,970,413	\$383,305	\$562,400	\$910,484	\$1,094,044	\$852,491	\$169,213	\$29,090	\$432,228	\$15,552,577
2020			\$801,265	\$2,135,144	\$551,550	\$3,983,692	\$2,978,513	\$406,104	\$560,550	\$909,135	\$1,094,394	\$1,483,203	\$167,613	\$24,771	\$453,929	\$15,549,862
2021			\$804,220	\$2,125,518	\$552,350	\$3,884,068	\$2,985,513	\$508,305	\$553,650	\$912,434	\$1,094,143	\$1,482,910	\$166,813	\$25,114	\$453,428	\$15,547,466
2022				\$2,129,893	\$537,750	\$3,874,319	\$3,841,413	\$508,305	\$525,325	\$911,009	\$1,083,292	\$1,490,689	\$168,813	\$25,237	\$452,930	\$15,548,974
2023					\$363,350	\$3,877,192	\$5,200,013	\$511,831	\$530,350	\$1,776,485	\$1,087,143	\$1,557,588	\$165,363	\$24,908	\$452,366	\$15,546,588
2024					\$370,550	\$3,877,317	\$5,211,250	\$504,362	\$525,075	\$1,767,709	\$1,090,243	\$1,557,788	\$166,463	\$29,120	\$456,741	\$15,556,618
2025					\$997,350		\$5,108,800	\$511,773	\$938,275	\$2,255,008	\$1,087,594	\$4,007,488	\$161,963	\$26,263	\$455,992	\$15,550,506
2026					\$1,133,950		\$713,024	\$713,024	\$1,087,400	\$2,420,458	\$1,184,342	\$4,212,789	\$557,012	\$82,829	\$1,275,204	\$12,667,009
2027					\$1,137,856		\$712,369	\$712,369	\$1,083,525	\$1,172,913	\$1,182,494	\$4,228,788	\$559,613	\$82,010	\$1,274,704	\$11,494,271
2028					\$1,148,969		\$715,388	\$715,388	\$1,083,825		\$1,198,744	\$4,465,888	\$556,162	\$85,445	\$1,283,453	\$10,537,874
2029					\$1,131,750		\$721,089	\$721,089	\$1,093,075		\$1,187,863	\$4,479,488	\$556,813	\$82,974	\$1,286,154	\$10,539,206
2030					\$1,142,200		\$725,889	\$725,889	\$1,096,200		\$1,255,851	\$556,413	\$556,413	\$84,737	\$1,297,953	\$6,159,243
2031					\$1,165,175		\$729,789	\$729,789			\$1,247,875	\$559,963	\$559,963	\$75,574	\$1,303,555	\$5,081,931
2032							\$732,788	\$732,788			\$1,488,851	\$562,313	\$562,313	\$75,774	\$1,308,103	\$3,867,830
2033							\$734,888	\$734,888			\$1,480,526	\$563,463	\$563,463	\$80,023	\$1,310,291	\$3,869,191
2034											\$1,146,151	\$568,413	\$568,413	\$72,721	\$1,315,028	\$3,102,313
2035											\$1,135,188	\$580,287	\$580,287	\$69,115	\$1,315,655	\$3,100,246
2036												\$588,651	\$588,651	\$74,473	\$1,319,880	\$1,983,004
2037														\$77,935	\$1,316,479	\$1,394,414
2038															\$1,311,280	\$1,311,280
Totals:	\$0	\$631,091	\$2,411,045	\$6,537,497	\$10,782,050	\$23,492,654	\$28,295,913	\$9,119,209	\$9,639,650	\$13,035,636	\$19,538,738	\$29,819,109	\$7,374,344	\$1,128,113	\$20,075,352	\$183,880,401

# KENTON COUNTY SCHOOL DISTRICT SUMMARY OF FUNDS AVAILABLE

A	B	C	D	E	F	G	H	I	J	K	L
FYE	Local Nickel	1st Growth Nickel	2nd Growth Nickel	Capital Outlay @ 80%	FSPK	Addtl. FSPK	Total Local Funds	Less Current Payments	Local Funds Available	2016 SFCC Offer	Total Funds Available
2019	\$4,511,404	\$4,511,404	\$4,511,404	\$1,034,050	\$878,580	\$878,580	\$16,325,422	(\$15,532,577)	\$792,844		\$792,844
2020	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$15,549,862)	\$811,050	\$123,156	\$934,206
2021	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$15,547,466)	\$813,446	\$123,156	\$936,602
2022	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$15,548,974)	\$811,939	\$123,156	\$935,095
2023	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$15,546,588)	\$814,325	\$123,156	\$937,481
2024	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$15,556,618)	\$804,294	\$123,156	\$927,450
2025	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$15,550,506)	\$810,406	\$123,156	\$933,562
2026	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$12,667,009)	\$3,693,904	\$123,156	\$3,817,060
2027	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$11,434,271)	\$4,926,641	\$123,156	\$5,049,797
2028	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$10,537,874)	\$5,823,038	\$123,156	\$5,946,194
2029	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$10,539,206)	\$5,821,707	\$123,156	\$5,944,863
2030	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$6,159,243)	\$10,201,670	\$123,156	\$10,324,826
2031	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$5,081,931)	\$11,278,982	\$123,156	\$11,402,138
2032	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$3,867,830)	\$12,493,083	\$123,156	\$12,616,239
2033	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$3,869,191)	\$12,491,721	\$123,156	\$12,614,877
2034	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$3,102,313)	\$13,258,600	\$123,156	\$13,381,756
2035	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$3,100,246)	\$13,260,667	\$123,156	\$13,383,823
2036	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$1,983,004)	\$14,377,909	\$123,156	\$14,501,065
2037	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$1,394,414)	\$14,966,498	\$123,156	\$15,089,654
2038	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	(\$1,311,280)	\$15,049,633	\$123,156	\$15,172,789
2039	\$4,687,677	\$4,687,677	\$4,687,677	\$1,021,727	\$638,077	\$638,077	\$16,360,912	\$0	\$16,360,912	\$123,156	\$16,484,068
<b>Totals:</b>	\$98,264,944	\$98,264,944	\$98,264,944	\$21,468,597	\$13,640,120	\$13,640,120	\$343,543,669	(\$183,880,401)	\$159,663,267	\$2,463,120	\$162,126,387

**NOTES:** Data based on assessments of \$9,022,807,779 and ADA of 12,925.62 (FY 2018-19)  
Data based on assessments of \$9,375,354,548 and ADA of 12,771.592 (FY 2019-20)

# KENTON COUNTY SCHOOL DISTRICT PROJECTED BOND ISSUE

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
		----- Estimated New Bond Issue -----								
\$15,547,466	2021	\$245,000	3.000%	\$651,963	\$896,963	\$123,156	\$773,807	\$16,321,273	\$16,360,912	\$39,640
\$15,548,974	2022	\$255,000	3.000%	\$644,613	\$899,613	\$123,156	\$776,457	\$16,325,430	\$16,360,912	\$35,482
\$15,546,588	2023	\$260,000	3.000%	\$636,963	\$896,963	\$123,156	\$773,807	\$16,320,394	\$16,360,912	\$40,518
\$15,556,618	2024	\$270,000	3.000%	\$629,163	\$899,163	\$123,156	\$776,007	\$16,332,625	\$16,360,912	\$28,287
\$15,550,506	2025	\$270,000	3.000%	\$621,063	\$891,063	\$123,156	\$767,907	\$16,318,413	\$16,360,912	\$42,500
\$12,667,009	2026	\$285,000	3.500%	\$612,963	\$897,963	\$123,156	\$774,807	\$13,441,815	\$16,360,912	\$2,919,097
\$11,434,271	2027	\$895,000	3.500%	\$602,988	\$1,497,988	\$123,156	\$1,374,832	\$12,809,103	\$16,360,912	\$3,551,810
\$10,537,874	2028	\$925,000	3.500%	\$571,663	\$1,496,663	\$123,156	\$1,373,507	\$11,911,381	\$16,360,912	\$4,449,532
\$10,539,206	2029	\$960,000	3.500%	\$539,288	\$1,499,288	\$123,156	\$1,376,132	\$11,915,337	\$16,360,912	\$4,445,575
\$6,159,243	2030	\$990,000	3.500%	\$505,688	\$1,495,688	\$123,156	\$1,372,532	\$7,531,774	\$16,360,912	\$8,829,138
\$5,081,931	2031	\$1,025,000	3.750%	\$471,038	\$1,496,038	\$123,156	\$1,372,882	\$6,454,812	\$16,360,912	\$9,906,100
\$3,867,830	2032	\$1,065,000	3.750%	\$432,600	\$1,497,600	\$123,156	\$1,374,444	\$5,242,274	\$16,360,912	\$11,118,639
\$3,869,191	2033	\$1,105,000	3.750%	\$392,663	\$1,497,663	\$123,156	\$1,374,507	\$5,243,698	\$16,360,912	\$11,117,215
\$3,102,313	2034	\$1,145,000	3.750%	\$351,225	\$1,496,225	\$123,156	\$1,373,069	\$4,475,382	\$16,360,912	\$11,885,531
\$3,100,246	2035	\$1,190,000	3.750%	\$308,288	\$1,498,288	\$123,156	\$1,375,132	\$4,475,377	\$16,360,912	\$11,885,535
\$1,983,004	2036	\$1,235,000	3.950%	\$263,663	\$1,498,663	\$123,156	\$1,375,507	\$3,358,510	\$16,360,912	\$13,002,402
\$1,394,414	2037	\$1,280,000	3.950%	\$214,880	\$1,494,880	\$123,156	\$1,371,724	\$2,766,138	\$16,360,912	\$13,594,774
\$1,311,280	2038	\$1,335,000	3.950%	\$164,320	\$1,499,320	\$123,156	\$1,376,164	\$2,687,444	\$16,360,912	\$13,673,469
\$0	2039	\$1,385,000	3.950%	\$111,588	\$1,496,588	\$123,156	\$1,373,432	\$1,373,432	\$16,360,912	\$14,987,481
\$0	2040	\$1,440,000	3.950%	\$56,880	\$1,496,880	\$123,156	\$1,373,724	\$1,373,724	\$16,360,912	\$14,987,188
\$152,797,962	<b>Totals:</b>	\$17,560,000		\$8,783,493	\$26,343,493	\$2,463,120	\$23,880,373	\$176,678,335	\$327,218,247	\$150,539,913

# Memo

**To:** KSFCC  
**From:** Lincoln Theinert  
**Subject:** Bond Payee Disclosure Form –Knott County School District Series 2019  
**Date:** September 20, 2019  
**cc:** File

---

Please find enclosed a Bond Payee Disclosure Form and Plan of Financing for the Knott 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: **\$ 3,000,000**  
 Issue Name: Knott County School District Finance Corporation School Building Revenue Bonds, Series 2020  
 Purpose: Renovations at Hindman Elementary  
 Projected Sale Date of Bonds: 9-Jan-20  
 First Call Date: 2/1/27 @ 100  
 Method of Sale: Competitive Bids  
 Place/time of sale: SFCC/Parity  
 Bond Rating: Moodys: "A1"  
 Bond Counsel: Steptoe & Johnson, Louisville, KY  
 Fiscal Agent: Ross, Sinclair & Associates, Lexington, Kentucky  
 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
\$ 3,000,000		\$ 3,000,000
100.00%	0.00%	
\$ 207,181	\$ 0	\$ 207,181
\$ 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:

\$ 25,000	\$ 0	\$ 25,000
\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0
\$ 9,500	\$ 0	\$ 9,500
\$ 60,000	\$ 0	\$ 60,000
\$ 3,500	\$ 0	\$ 3,500
\$ 98,000	\$ 0	\$ 98,000

**Anticipated Interest Rates:**

5 Years: 2.800% 10 Years: 3.000% 15 Years: 3.500%  
 20 Years: 3.700%

**Note: No Local Tax increase is required.**

# Knott County School District

## Projected Plan of Financing

Date of Report: September 20, 2019

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Projected 2019 Bond Issue (100% SFCC)..... 1-3



**KNOTT COUNTY SCHOOL DISTRICT FINANCE CORPORATION**

**SCHOOL BUILDING REVENUE BONDS, SERIES 2020**

**Debt Service Schedule**

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/01/2020	-	-	-	-	-
08/01/2020	-	-	47,320.00	47,320.00	-
02/01/2021	110,000.00	2.800%	47,320.00	157,320.00	-
06/30/2021	-	-	-	-	204,640.00
08/01/2021	-	-	45,780.00	45,780.00	-
02/01/2022	115,000.00	2.800%	45,780.00	160,780.00	-
06/30/2022	-	-	-	-	206,560.00
08/01/2022	-	-	44,170.00	44,170.00	-
02/01/2023	120,000.00	2.800%	44,170.00	164,170.00	-
06/30/2023	-	-	-	-	208,340.00
08/01/2023	-	-	42,490.00	42,490.00	-
02/01/2024	120,000.00	2.800%	42,490.00	162,490.00	-
06/30/2024	-	-	-	-	204,980.00
08/01/2024	-	-	40,810.00	40,810.00	-
02/01/2025	125,000.00	2.800%	40,810.00	165,810.00	-
06/30/2025	-	-	-	-	206,620.00
08/01/2025	-	-	39,060.00	39,060.00	-
02/01/2026	130,000.00	2.800%	39,060.00	169,060.00	-
06/30/2026	-	-	-	-	208,120.00
08/01/2026	-	-	37,240.00	37,240.00	-
02/01/2027	135,000.00	2.800%	37,240.00	172,240.00	-
06/30/2027	-	-	-	-	209,480.00
08/01/2027	-	-	35,350.00	35,350.00	-
02/01/2028	135,000.00	2.800%	35,350.00	170,350.00	-
06/30/2028	-	-	-	-	205,700.00
08/01/2028	-	-	33,460.00	33,460.00	-
02/01/2029	140,000.00	3.000%	33,460.00	173,460.00	-
06/30/2029	-	-	-	-	206,920.00
08/01/2029	-	-	31,360.00	31,360.00	-
02/01/2030	145,000.00	3.000%	31,360.00	176,360.00	-
06/30/2030	-	-	-	-	207,720.00

**KNOTT COUNTY SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS, SERIES 2020**

**Debt Service Schedule**

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2030	-	-	29,185.00	29,185.00	-
02/01/2031	150,000.00	3.000%	29,185.00	179,185.00	-
06/30/2031	-	-	-	-	208,370.00
08/01/2031	-	-	26,935.00	26,935.00	-
02/01/2032	155,000.00	3.000%	26,935.00	181,935.00	-
06/30/2032	-	-	-	-	208,870.00
08/01/2032	-	-	24,610.00	24,610.00	-
02/01/2033	160,000.00	3.000%	24,610.00	184,610.00	-
06/30/2033	-	-	-	-	209,220.00
08/01/2033	-	-	22,210.00	22,210.00	-
02/01/2034	165,000.00	3.000%	22,210.00	187,210.00	-
06/30/2034	-	-	-	-	209,420.00
08/01/2034	-	-	19,735.00	19,735.00	-
02/01/2035	165,000.00	3.500%	19,735.00	184,735.00	-
06/30/2035	-	-	-	-	204,470.00
08/01/2035	-	-	16,847.50	16,847.50	-
02/01/2036	175,000.00	3.500%	16,847.50	191,847.50	-
06/30/2036	-	-	-	-	208,695.00
08/01/2036	-	-	13,785.00	13,785.00	-
02/01/2037	180,000.00	3.600%	13,785.00	193,785.00	-
06/30/2037	-	-	-	-	207,570.00
08/01/2037	-	-	10,545.00	10,545.00	-
02/01/2038	185,000.00	3.600%	10,545.00	195,545.00	-
06/30/2038	-	-	-	-	206,090.00
08/01/2038	-	-	7,215.00	7,215.00	-
02/01/2039	190,000.00	3.700%	7,215.00	197,215.00	-
06/30/2039	-	-	-	-	204,430.00

**KNOTT COUNTY SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS, SERIES 2020**

**Debt Service Schedule**

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2039	-	-	3,700.00	3,700.00	-
02/01/2040	200,000.00	3.700%	3,700.00	203,700.00	-
06/30/2040	-	-	-	-	207,400.00
<b>Total</b>	<b>\$3,000,000.00</b>	<b>-</b>	<b>\$1,143,615.00</b>	<b>\$4,143,615.00</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$34,495.00
Average Life	11.498 Years
Average Coupon	3.3153066%

Net Interest Cost (NIC)	3.3153066%
True Interest Cost (TIC)	3.2925943%
Bond Yield for Arbitrage Purposes	3.2925943%
All Inclusive Cost (AIC)	3.2925943%

**IRS Form 8038**

Net Interest Cost	3.3153066%
Weighted Average Maturity	11.498 Years

# Memo

**To:** KSFCC  
**From:** Lincoln Theinert  
**Subject:** Bond Payee Disclosure Form –Leslie County School District Series 2019  
**Date:** September 27, 2019  
**cc:** File

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Please find enclosed a Bond Payee Disclosure Form and Plan of Financing for the Leslie 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: Issue Name: Purpose: Projected Sale Date of Bond: First Call Date: Method of Sale: Place/time of sale: Bond Rating: Bond Counsel: Fiscal Agent: Date received by SFCC: Date scheduled for Committee review:	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; font-weight: bold; font-size: 1.2em;">\$ 780,000</td> </tr> <tr> <td>Leslie County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2019</td> </tr> <tr> <td>Refinance Series 2009</td> </tr> <tr> <td>24-Dec-19</td> </tr> <tr> <td>12/1/19 @ 100</td> </tr> <tr> <td>Competitive Bids</td> </tr> <tr> <td>SFCC, 267 Capitol Annex, Frankfort, Ky. / 11:00 A.M.</td> </tr> <tr> <td>Moody's: "A1"</td> </tr> <tr> <td>Step toe &amp; Johnson, Louisville, KY</td> </tr> <tr> <td>Ross, Sinclair &amp; Associates, Lexington, Kentucky</td> </tr> <tr> <td style="text-align: center;"> <div style="border: 1px solid black; width: 100px; height: 15px; display: inline-block;"></div> <i>To be filled in by SFCC</i> </td> </tr> <tr> <td style="text-align: center;"> <div style="border: 1px solid black; width: 100px; height: 15px; display: inline-block;"></div> <i>To be filled in by SFCC</i> </td> </tr> </table>	\$ 780,000	Leslie County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2019	Refinance Series 2009	24-Dec-19	12/1/19 @ 100	Competitive Bids	SFCC, 267 Capitol Annex, Frankfort, Ky. / 11:00 A.M.	Moody's: "A1"	Step toe & Johnson, Louisville, KY	Ross, Sinclair & Associates, Lexington, Kentucky	<div style="border: 1px solid black; width: 100px; height: 15px; display: inline-block;"></div> <i>To be filled in by SFCC</i>	<div style="border: 1px solid black; width: 100px; height: 15px; display: inline-block;"></div> <i>To be filled in by SFCC</i>
\$ 780,000													
Leslie County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2019													
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SFCC, 267 Capitol Annex, Frankfort, Ky. / 11:00 A.M.													
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<div style="border: 1px solid black; width: 100px; height: 15px; 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
\$ 154,927	\$ 625,073	\$ 780,000
19.86%	80.14%	
\$ 17,365	\$ 70,062	\$ 87,427
\$ 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:

\$ 1,704	\$ 6,876	\$ 8,580
\$ 0	\$ 0	\$ 0
\$ 298	\$ 1,202	\$ 1,500
\$ 894	\$ 3,606	\$ 4,500
\$ 3,099	\$ 12,501	\$ 15,600
\$ 695	\$ 2,805	\$ 3,500
\$ 6,690	\$ 26,990	\$ 33,680

**Anticipated Interest Rates:**

5 Years: 2.200% 10 Years: 2.200' 15 Years:  
 20 Years: N/A

**Note: No Local Tax increase is required.**

# Leslie County School District

## Projected Plan of Refinancing

Date of Report: September 27, 2019

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<b>Prior Bonds Call Reports</b>	
2009 Call Report.....	1

<b>2019 Series Refunding Bonds</b>	
Total Savings Report.....	2

**LESLIE COUNTY SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS, SERIES 2009**

**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
12/01/2019	745,000.00	10,220.00	755,220.00	-	-	-	-
02/01/2020	-	-	-	-	-	15,330.00	15,330.00
08/01/2020	-	-	-	60,000.00	4.000%	15,330.00	75,330.00
02/01/2021	-	-	-	-	-	14,130.00	14,130.00
08/01/2021	-	-	-	60,000.00	4.000%	14,130.00	74,130.00
02/01/2022	-	-	-	-	-	12,930.00	12,930.00
08/01/2022	-	-	-	60,000.00	4.000%	12,930.00	72,930.00
02/01/2023	-	-	-	-	-	11,730.00	11,730.00
08/01/2023	-	-	-	65,000.00	4.000%	11,730.00	76,730.00
02/01/2024	-	-	-	-	-	10,430.00	10,430.00
08/01/2024	-	-	-	70,000.00	4.000%	10,430.00	80,430.00
02/01/2025	-	-	-	-	-	9,030.00	9,030.00
08/01/2025	-	-	-	70,000.00	4.200%	9,030.00	79,030.00
02/01/2026	-	-	-	-	-	7,560.00	7,560.00
08/01/2026	-	-	-	80,000.00	4.200%	7,560.00	87,560.00
02/01/2027	-	-	-	-	-	5,880.00	5,880.00
08/01/2027	-	-	-	90,000.00	4.200%	5,880.00	95,880.00
02/01/2028	-	-	-	-	-	3,990.00	3,990.00
08/01/2028	-	-	-	95,000.00	4.200%	3,990.00	98,990.00
02/01/2029	-	-	-	-	-	1,995.00	1,995.00
08/01/2029	-	-	-	95,000.00	4.200%	1,995.00	96,995.00
<b>Total</b>	<b>\$745,000.00</b>	<b>\$10,220.00</b>	<b>\$755,220.00</b>	<b>\$745,000.00</b>	-	<b>\$186,010.00</b>	<b>\$931,010.00</b>

**LESLIE COUNTY SCHOOL DISTRICT FINANCE CORPORATION**

SCHOOL BUILDING REVENUE BONDS, SERIES 2020  
REFINANCING OF 2009

**Debt Service Comparison**

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2020	2,860.00	2,860.00	15,330.00	12,470.00
06/30/2021	86,390.00	86,390.00	89,460.00	3,070.00
06/30/2022	84,850.00	84,850.00	87,060.00	2,210.00
06/30/2023	78,365.00	78,365.00	84,660.00	6,295.00
06/30/2024	81,880.00	81,880.00	87,160.00	5,280.00
06/30/2025	85,285.00	85,285.00	89,460.00	4,175.00
06/30/2026	83,635.00	83,635.00	86,590.00	2,955.00
06/30/2027	86,930.00	86,930.00	93,440.00	6,510.00
06/30/2028	95,060.00	95,060.00	99,870.00	4,810.00
06/30/2029	98,025.00	98,025.00	100,985.00	2,960.00
06/30/2030	90,990.00	90,990.00	96,995.00	6,005.00
<b>Total</b>	<b>\$874,270.00</b>	<b>\$874,270.00</b>	<b>\$931,010.00</b>	<b>\$56,740.00</b>

**PV Analysis Summary (Net to Net)**

Gross PV Debt Service Savings	50,034.73
Net PV Cashflow Savings @ 2.8299%(AIC)	50,034.73
Contingency or Rounding Amount	480.00
Net Present Value Benefit	\$50,514.73
Net PV Benefit / \$745,000 Refunded Principal	6.781%
Net PV Benefit / \$780,000 Refunding Principal	6.476%

**Refunding Bond Information**

Refunding Dated Date	12/01/2019
Refunding Delivery Date	12/01/2019



# Memo

**To:** KSFCC  
**From:** Lincoln Theinert  
**Subject:** Bond Payee Disclosure Form –Paintsville Independent School District Series 2019  
**Date:** August 29, 2019  
**cc:** File

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Please find enclosed a Bond Payee Disclosure Form and Plan of Financing for the Paintsville 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:	\$ 1,795,000
Issue Name:	Paintsville Independent School District Finance Corporation School Building Refunding Revenue Bonds, Series 2019
Purpose:	Refinance Series 2010
Projected Sale Date of Bonds:	25-Dec-19
First Call Date:	2/1/20 @ 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:	Ross, Sinclair & Associates, Lexington, Kentucky
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
\$ 754,547	\$ 1,040,453	\$ 1,795,000
42.04%	57.96%	
\$ 66,987	\$ 92,369	\$ 159,356
\$ 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:

\$ 7,966	\$ 10,984	\$ 18,950
\$ 0	\$ 0	\$ 0
\$ 841	\$ 1,159	\$ 2,000
\$ 3,573	\$ 4,927	\$ 8,500
\$ 15,091	\$ 20,809	\$ 35,900
\$ 1,471	\$ 2,029	\$ 3,500
\$ 28,942	\$ 39,908	\$ 68,850

**Anticipated Interest Rates:**

5 Years 2.100% 10 Years 2.600' 15 Years:  
 20 Years: N/A

**Note: No Local Tax increase is required.**

# Paintsville Independent School District

## Projected Plan of Refinancing

Date of Report: August 29, 2019

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<b>Prior Bonds Call Reports</b>	
2010 Call Report.....	1
<b>2019 Series Refunding Bonds</b>	
Total Savings Report.....	2

**PAINTSVILLE INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS, SERIES 2010**

**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
02/02/2020	1,740,000.00	190.25	1,740,190.25	-	-	-	-
08/01/2020	-	-	-	-	-	34,245.00	34,245.00
02/01/2021	-	-	-	100,000.00	3.700%	34,245.00	134,245.00
08/01/2021	-	-	-	-	-	32,395.00	32,395.00
02/01/2022	-	-	-	100,000.00	3.700%	32,395.00	132,395.00
08/01/2022	-	-	-	-	-	30,545.00	30,545.00
02/01/2023	-	-	-	165,000.00	3.850%	30,545.00	195,545.00
08/01/2023	-	-	-	-	-	27,368.75	27,368.75
02/01/2024	-	-	-	175,000.00	3.850%	27,368.75	202,368.75
08/01/2024	-	-	-	-	-	24,000.00	24,000.00
02/01/2025	-	-	-	180,000.00	4.000%	24,000.00	204,000.00
08/01/2025	-	-	-	-	-	20,400.00	20,400.00
02/01/2026	-	-	-	190,000.00	4.000%	20,400.00	210,400.00
08/01/2026	-	-	-	-	-	16,600.00	16,600.00
02/01/2027	-	-	-	195,000.00	4.000%	16,600.00	211,600.00
08/01/2027	-	-	-	-	-	12,700.00	12,700.00
02/01/2028	-	-	-	205,000.00	4.000%	12,700.00	217,700.00
08/01/2028	-	-	-	-	-	8,600.00	8,600.00
02/01/2029	-	-	-	210,000.00	4.000%	8,600.00	218,600.00
08/01/2029	-	-	-	-	-	4,400.00	4,400.00
02/01/2030	-	-	-	220,000.00	4.000%	4,400.00	224,400.00
<b>Total</b>	<b>\$1,740,000.00</b>	<b>\$190.25</b>	<b>\$1,740,190.25</b>	<b>\$1,740,000.00</b>	-	<b>\$422,507.50</b>	<b>\$2,162,507.50</b>

**PAINTSVILLE INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2019**  
**REFINANCING OF 2010**

**Debt Service Comparison**

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/30/2020	-	-	-	-
06/30/2021	154,599.69	154,599.69	168,490.00	13,890.31
06/30/2022	152,697.50	152,697.50	164,790.00	12,092.50
06/30/2023	215,570.00	215,570.00	226,090.00	10,520.00
06/30/2024	216,970.00	216,970.00	229,737.50	12,767.50
06/30/2025	218,270.00	218,270.00	228,000.00	9,730.00
06/30/2026	219,280.00	219,280.00	230,800.00	11,520.00
06/30/2027	214,990.00	214,990.00	228,200.00	13,210.00
06/30/2028	220,505.00	220,505.00	230,400.00	9,895.00
06/30/2029	215,585.00	215,585.00	227,200.00	11,615.00
06/30/2030	215,460.00	215,460.00	228,800.00	13,340.00
<b>Total</b>	<b>\$2,043,927.19</b>	<b>\$2,043,927.19</b>	<b>\$2,162,507.50</b>	<b>\$118,580.31</b>

**PV Analysis Summary (Net to Net)**

Gross PV Debt Service Savings	103,070.28
Net PV Cashflow Savings @ 2.847%(AIC)	103,070.28
Contingency or Rounding Amount	4,309.75
Net Present Value Benefit	\$107,380.03
Net PV Benefit / \$1,740,000 Refunded Principal	6.171%
Net PV Benefit / \$1,795,000 Refunding Principal	5.982%

**Refunding Bond Information**

Refunding Dated Date	2/02/2020
Refunding Delivery Date	2/02/2020



One Riverfront Plaza  
401 West Main Street,  
Suite 2110  
Louisville, KY  
40202

August 30, 2019

502/491-3939  
fax: 502/491-9979

School Facilities Construction Commission  
Attn: Chelsey Bizzle Executive Director  
Carriage House  
Frankfort, KY 40601

INVESTMENT  
BANKING

FINANCIAL  
ADVISORY

RE: \$1,050,000 Science Hill Independent School District Finance Corporation  
School Building Revenue Bonds, Series of 2020

PUBLIC  
FINANCE

Dear Ms. Bizzle:

BROKERAGE  
SERVICES

Please find enclosed a Bond Payee Disclosure Form and Plan of Financing related to the above-referenced series of Bonds. The Bonds will be used to finance HVAC Improvements to the Science Hill School.

We would like to go ahead and submit the plan to Bond Oversight so that we will be ready to proceed with the bond sale in the coming months. The Bonds will be funded with local and SFCC funds.

Please process this bond disclosure form for review by the Bond Oversight Committee at their next meeting. Should you have any questions or require any additional information, please contact our office.

Cincinnati, OH

Lexington, KY

Owensboro, KY

Sincerely,

Columbus, OH

Indianapolis, IN

Columbia, SC

Dwight G. Salsbury

Brentwood, TN

Pittsburgh, PA

Enclosures

St. Petersburg, FL

Alameda, CA



**BOND PAYEE DISCLOSURE FORM**

Par Amount:	<b>\$1,050,000</b>
Issue Name:	Science Hill ISD SDFC School Building Revenue Bonds, Series of 2020
Purpose:	HVAC Improvements
Projected Sale Date of Bond:	Spring 2020
First Call Date:	N/A
Method of Sale:	Competitive Bids
Place/time of sale:	Parity / SFCC Frankfort, Ky. / TBD
Bond Rating:	Moodys: "A1"
Bond Counsel:	Steptoe and Johnson, Louisville, KY
Fiscal Agent:	Ross, Sinclair & Associates, Lexington, Kentucky
Date received by SFCC:	/ / <i>To be filled in by SFCC</i>
Date scheduled for Committee review:	/ / <i>To be filled in by SFCC</i>

Month Day Year

	<b>SFCC Portion</b>	<b>Local Portion</b>	<b>Total</b>
Estimated par amount of Bonds:	\$459,525	\$590,475	\$1,050,000
% Share of total Bonds:	43.65%	56.35%	100.00%
Estimated average annual debt service:	\$32,824	\$42,373	\$75,197
Estimated debt service reserve:	\$0	\$0	\$0

**Estimated Cost of Issuance:**

Fiscal Agent, Bond Counsel, Advertisements, Printing,	\$5,020	\$6,480	\$11,500
Special Tax Counsel	\$0	\$0	\$0
Number verifications	\$0	\$0	\$0
Bond Rating & Bank Fee	\$5,675	\$7,325	\$13,000
Underwriter's Discount	\$9,167	\$11,833	\$21,000
Credit Enhancement	\$0	\$0	\$0
<b>Total Cost of Issuance:</b>	<b>\$19,861</b>	<b>\$25,639</b>	<b>\$45,500</b>

**Anticipated Interest Rates:** 5 Years: 2.25% 10 Years: 2.95% 15 Years: 3.40%  
20 Years: 3.40%

**Note: No Local Tax increase is required.**

# Science Hill Independent School District

## Plan of Financing -- Projected Series 2020

Date of Report: 8/30/2019

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## Science Hill Independent School District -- Local Bond Debt

Fiscal Year End	Series 2016R	Total Local Payments
2018	267,987	267,987
2019	273,587	273,587
2020	273,987	273,987
2021	269,287	269,287
2022	269,587	269,587
2023	274,787	274,787
2024	274,788	274,788
2025	274,687	274,687
2026	274,487	274,487
2027	274,187	274,187
<b>TOTALS</b>	2,453,184	2,727,371

<u>Issue</u>	<u>Original Amount</u>	<u>Project Description</u>
2016 REF Series	2,555,000	Refinanced Series 2006 & 2007 Bonds (kitchen renovation, const classrooms & auditorium)

**SCIENCE HILL INDEPENDENT SCHOOL DISTRICT  
SUMMARY OF FUNDS AVAILABLE**

FYE	LOCAL NICKEL	ADDT'L NICKEL	CAPITAL OUTLAY @ 80%	FSPK	Equalized FSPK	TOTAL LOCAL FUNDS	LESS CURRENT PAYMENTS	LOCAL FUNDS AVAILABLE	SFCC OFFERS	TOTAL FUNDS AVAILABLE
2020	57,779	57,779	27,432	85,210	85,210	313,410	(273,987)	39,423	0	39,423
2021	57,779	57,779	27,432	85,210	85,210	313,410	(269,287)	44,123	32,824	76,947
2022	57,779	57,779	27,432	85,210	85,210	313,410	(269,587)	43,823	32,823	76,646
2023	57,779	57,779	27,432	85,210	85,210	313,410	(274,787)	38,623	32,824	71,447
2024	57,779	57,779	27,432	85,210	85,210	313,410	(274,788)	38,622	32,824	71,446
2025	57,779	57,779	27,432	85,210	85,210	313,410	(274,687)	38,723	32,823	71,546
2026	57,779	57,779	27,432	85,210	85,210	313,410	(274,487)	38,923	32,824	71,747
2027	57,779	57,779	27,432	85,210	85,210	313,410	(274,187)	39,223	32,824	72,047
2028	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2029	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2030	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2031	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2032	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,823	346,233
2033	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2034	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2035	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2036	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2037	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2038	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2039	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234
2040	57,779	57,779	27,432	85,210	85,210	313,410	0	313,410	32,824	346,234

**Note:** Figures based on 2019-2020 Tentative Data as reported on SEEK Website

**SCIENCE HILL INDEPENDENT SCHOOL DISTRICT  
PROJECTED SERIES 2020**

FY June 30	Principal Payment	Coupon	Interest Payments	Total Payments	SFCC Portion	Local Portion	Current Payments	Projected All Local Payments Outstanding	Local Funds Available	Funds Available For Future Projects
2021	20,000	2.05%	32,828	52,828	32,824	20,004	269,287	289,291	313,410	24,119
2022	25,000	2.15%	32,418	57,418	32,823	24,594	269,587	294,181	313,410	19,229
2023	25,000	2.20%	31,880	56,880	32,824	24,056	274,787	298,843	313,410	14,567
2024	20,000	2.25%	31,330	51,330	32,824	18,506	274,788	293,294	313,410	20,116
2025	20,000	2.30%	30,880	50,880	32,823	18,057	274,687	292,744	313,410	20,666
2026	20,000	2.40%	30,420	50,420	32,824	17,596	274,487	292,083	313,410	21,327
2027	25,000	2.50%	29,940	54,940	32,824	22,116	274,187	296,303	313,410	17,107
2028	25,000	2.60%	29,315	54,315	32,824	21,491	0	21,491	313,410	291,919
2029	60,000	2.70%	28,665	88,665	32,824	55,841	0	55,841	313,410	257,569
2030	60,000	2.95%	27,045	87,045	32,824	54,221	0	54,221	313,410	259,189
2031	65,000	2.95%	25,275	90,275	32,824	57,451	0	57,451	313,410	255,959
2032	65,000	3.25%	23,358	88,358	32,823	55,534	0	55,534	313,410	257,876
2033	70,000	3.25%	21,245	91,245	32,824	58,421	0	58,421	313,410	254,989
2034	70,000	3.25%	18,970	88,970	32,824	56,146	0	56,146	313,410	257,264
2035	75,000	3.40%	16,695	91,695	32,824	58,871	0	58,871	313,410	254,539
2036	75,000	3.40%	14,145	89,145	32,824	56,321	0	56,321	313,410	257,089
2037	80,000	3.40%	11,595	91,595	32,824	58,771	0	58,771	313,410	254,639
2038	80,000	3.55%	8,875	88,875	32,824	56,051	0	56,051	313,410	257,359
2039	85,000	3.55%	6,035	91,035	32,824	58,211	0	58,211	313,410	255,199
2040	85,000	3.55%	3,018	88,018	32,824	55,194	0	55,194	313,410	258,217
<b>Totals</b>	1,050,000		453,930	1,503,930	656,474	847,456	1,911,810	2,759,265		3,508,935

**NOTES:**

75,197

**Funds Available**

Nickel Building	115,558
Capital Outlay	27,432
FSPK	170,420
<b>Total</b>	<u><u>313,410</u></u>

## Science Hill Independent School District Summary of Bonding Potential

❖ Current Local Bonding Potential	\$590,475
❖ Current SFCC Bonding Potential	<u>\$459,525</u>
❖ Total Current Bonding Potential	\$1,050,000

## **Municipal Advisor Disclosure of Conflicts of Interest and Other Information**

Ross, Sinclaire and Associates, LLC (“RSA”)

### **Introduction**

RSA is a registered municipal advisory firm registered with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”). In accordance with MSRB rules, this disclosure statement is provided by RSA to each client prior to the execution of its advisory agreement with written disclosures of any material conflicts of interest and legal or disciplinary events that are required to be disclosed with respect to providing financial advisory services pursuant to MSRB Rule G-42(b) and (c) (ii).

RSA employs a number of resources, which we have outlined below to identify and subsequently manage actual or potential conflicts of interest in addition to disclosing actual and potential conflicts of interest.

- Code of Ethics
- Policies and Procedures
- Supervisory Structure
- Disclosure

### **General Conflict of Interest Disclosures**

**Disciplinary History:** As a registered municipal advisory firm registered with the “SEC” and the “MSRB”, our disciplinary events are required to be disclosed on our forms MA and MA-I filed with the SEC. To review the disclosures on these forms, you may access them electronically via the SEC’s Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) at:

[RSA MA Disclosure](#)

**Ordinary Course of Business:** RSA is a registered Broker Dealer with the Financial Industry Regulatory Authority (“FINRA”) and a registered Investment Advisory Firm with the Securities and Exchange Commission (the “SEC”) that engages in other securities related activities to service its clients. Such securities related activities, which may include but are not limited to the buying and selling of new issue and secondary market securities, may include the securities offering of the client to which RSA is serving as Municipal Advisor.

**Compensation Based:** The fees due under a Municipal Advisor Agreement may be based on the size of the transaction and the payment of such fees shall be contingent upon the closing of the transaction. While this form of compensation is usual and customary in the municipal securities market, this may present a conflict of interest. RSA believes that this conflict of interest will not impair our ability to render unbiased advice or to fulfill our fiduciary duty to the client.

**Sponsorships and Donations:** Upon request, RSA may provide sponsorships or donations to various municipal organizations (to which you may be a member), charitable organizations or client sponsored events. RSA limits the size of any such sponsorship or donation to a reasonable level taking into consideration various matters such as the purpose of the organization, other sponsorships or donations made to the organization and RSA’s role and physical presence in the community and the state.

**Other Municipal Advisory Relationship:** RSA serves a wide variety of clients that may potentially have interests that could have a direct or indirect impact on the interests of the client. Additionally, RSA is a broker dealer that engages in underwritings of new issuances of municipal securities. RSA could potentially face a conflict of interest arising from these competing client interests. None of these other relationships or engagements would impair RSA’s ability to fulfill its regulatory duties to the client.

To our knowledge, following reasonable inquiry, we are not aware of any actual or potential conflicts of interest that could reasonably be anticipated to impair our ability to provide advice to or on behalf of the client in accordance with the applicable standards of conduct of MSRB Rule G-42. If RSA becomes aware of any potential or actual conflict of interest after this disclosure, we will disclose the detailed information in writing to the client in a timely manner including a plan for mitigation.

# Memo

**To:** KSFCC  
**From:** Lincoln Theinert  
**Subject:** Bond Payee Disclosure Form –Union County School District Series 2019  
**Date:** September 27, 2019  
**cc:** File

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Please find enclosed a Bond Payee Disclosure Form and Plan of Financing for the Union 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: **\$ 750,000**  
 Issue Name: Union County School District Finance Corporation School Building Revenue Bonds, Series 2020  
 Purpose: District Wide Life Safety Improvements  
 Projected Sale Date of Bond: 9-Jan-20  
 First Call Date: 2/1/27 @ 100  
 Method of Sale: Competitive Bids  
 Place/time of sale: SFCC/Parity  
 Bond Rating: Moodys: "A1"  
 Bond Counsel: Steptoe & Johnson, Louisville, KY  
 Fiscal Agent: Ross, Sinclair & Associates, Lexington, Kentucky  
 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
\$ 750,000		\$ 750,000
100.00%	0.00%	
\$ 52,206	\$ 0	\$ 52,206
\$ 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:

\$ 8,250	\$ 0	\$ 8,250
\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0
\$ 4,500	\$ 0	\$ 4,500
\$ 15,000	\$ 0	\$ 15,000
\$ 3,500	\$ 0	\$ 3,500
\$ 31,250	\$ 0	\$ 31,250

**Anticipated Interest Rates:**

5 Years: 2.800% 10 Years: 3.000% 15 Years: 3.300%  
 20 Years: 4.000%

**Note: No Local Tax increase is required.**

# Union County School District

## Projected Plan of Financing

Date of Report: September 27, 2019

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Projected 2020 Bond Issue (100% SFCC)..... 1-3



**UNION COUNTY SCHOOL DISTRICT FINANCE CORPORATION**

**SCHOOL BUILDING REVENUE BONDS, SERIES 2020**

100% SFCC

**Debt Service Schedule**

Part 1 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/01/2020	-	-	-	-	-
08/01/2020	-	-	12,037.50	12,037.50	-
02/01/2021	30,000.00	2.800%	12,037.50	42,037.50	-
06/30/2021	-	-	-	-	54,075.00
08/01/2021	-	-	11,617.50	11,617.50	-
02/01/2022	30,000.00	2.800%	11,617.50	41,617.50	-
06/30/2022	-	-	-	-	53,235.00
08/01/2022	-	-	11,197.50	11,197.50	-
02/01/2023	30,000.00	2.800%	11,197.50	41,197.50	-
06/30/2023	-	-	-	-	52,395.00
08/01/2023	-	-	10,777.50	10,777.50	-
02/01/2024	30,000.00	2.800%	10,777.50	40,777.50	-
06/30/2024	-	-	-	-	51,555.00
08/01/2024	-	-	10,357.50	10,357.50	-
02/01/2025	30,000.00	2.800%	10,357.50	40,357.50	-
06/30/2025	-	-	-	-	50,715.00
08/01/2025	-	-	9,937.50	9,937.50	-
02/01/2026	30,000.00	2.800%	9,937.50	39,937.50	-
06/30/2026	-	-	-	-	49,875.00
08/01/2026	-	-	9,517.50	9,517.50	-
02/01/2027	35,000.00	2.800%	9,517.50	44,517.50	-
06/30/2027	-	-	-	-	54,035.00
08/01/2027	-	-	9,027.50	9,027.50	-
02/01/2028	35,000.00	2.800%	9,027.50	44,027.50	-
06/30/2028	-	-	-	-	53,055.00
08/01/2028	-	-	8,537.50	8,537.50	-
02/01/2029	35,000.00	2.800%	8,537.50	43,537.50	-
06/30/2029	-	-	-	-	52,075.00
08/01/2029	-	-	8,047.50	8,047.50	-
02/01/2030	35,000.00	3.000%	8,047.50	43,047.50	-
06/30/2030	-	-	-	-	51,095.00

**UNION COUNTY SCHOOL DISTRICT FINANCE CORPORATION**

**SCHOOL BUILDING REVENUE BONDS, SERIES 2020**

100% SFCC

**Debt Service Schedule**

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2030	-	-	7,522.50	7,522.50	-
02/01/2031	35,000.00	3.000%	7,522.50	42,522.50	-
06/30/2031	-	-	-	-	50,045.00
08/01/2031	-	-	6,997.50	6,997.50	-
02/01/2032	40,000.00	3.000%	6,997.50	46,997.50	-
06/30/2032	-	-	-	-	53,995.00
08/01/2032	-	-	6,397.50	6,397.50	-
02/01/2033	40,000.00	3.000%	6,397.50	46,397.50	-
06/30/2033	-	-	-	-	52,795.00
08/01/2033	-	-	5,797.50	5,797.50	-
02/01/2034	40,000.00	3.200%	5,797.50	45,797.50	-
06/30/2034	-	-	-	-	51,595.00
08/01/2034	-	-	5,157.50	5,157.50	-
02/01/2035	40,000.00	3.300%	5,157.50	45,157.50	-
06/30/2035	-	-	-	-	50,315.00
08/01/2035	-	-	4,497.50	4,497.50	-
02/01/2036	45,000.00	3.400%	4,497.50	49,497.50	-
06/30/2036	-	-	-	-	53,995.00
08/01/2036	-	-	3,732.50	3,732.50	-
02/01/2037	45,000.00	3.700%	3,732.50	48,732.50	-
06/30/2037	-	-	-	-	52,465.00
08/01/2037	-	-	2,900.00	2,900.00	-
02/01/2038	45,000.00	4.000%	2,900.00	47,900.00	-
06/30/2038	-	-	-	-	50,800.00
08/01/2038	-	-	2,000.00	2,000.00	-
02/01/2039	50,000.00	4.000%	2,000.00	52,000.00	-
06/30/2039	-	-	-	-	54,000.00

**UNION COUNTY SCHOOL DISTRICT FINANCE CORPORATION**

SCHOOL BUILDING REVENUE BONDS, SERIES 2020

100% SFCC

**Debt Service Schedule**

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2039	-	-	1,000.00	1,000.00	-
02/01/2040	50,000.00	4.000%	1,000.00	51,000.00	-
06/30/2040	-	-	-	-	52,000.00
<b>Total</b>	<b>\$750,000.00</b>	<b>-</b>	<b>\$294,115.00</b>	<b>\$1,044,115.00</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$8,610.00
Average Life	11.480 Years
Average Coupon	3.4159698%
Net Interest Cost (NIC)	3.4159698%
True Interest Cost (TIC)	3.3845267%
Bond Yield for Arbitrage Purposes	3.3845267%
All Inclusive Cost (AIC)	3.3845267%

**IRS Form 8038**

Net Interest Cost	3.4159698%
Weighted Average Maturity	11.480 Years