



Commonwealth of Kentucky  
FINANCE AND ADMINISTRATION CABINET

Office of Financial Management

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Andy Beshear  
Governor

Holly M. Johnson  
Secretary

Ryan Barrow  
Executive Director

June 3, 2021

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

Dear Senator Girdler and Representative Freeland:

Listed below is information regarding various projects and reports that will be presented to the Capital Projects and Bond Oversight Committee (“CPBOC”) at the June 2021 meeting.

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

Fund A Loans

City of Tompkinsville	\$848,822
City of Burkesville	\$256,675
City of Frankfort	\$19,725,000
City of Kuttawa	\$223,000
City of Nicholasville	\$817,000

Fund B Loans

City of Berea	\$256,200
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Fund F Loans

City of Lancaster	\$400,000
City of Albany	\$2,680,000

The Office of Financial Management will present one (1) informational item for the Committee’s review:

Kentucky Housing Corporation Multifamily Revenue Bonds (The Alcove at Russell), Series 2021	\$30,000,000
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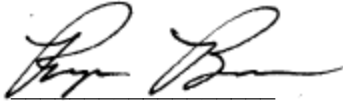
*Senator Girdler  
Representative Freeland  
June 3, 2021  
Page 2*

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

Lewis County	\$16,080,000*
Middlesboro Independent	\$280,000*
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

**Kentucky Infrastructure Authority  
Projects for June 2021  
Capital Projects and Bond Oversight Committee**

▪ **Fund A Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Amount Loan Total</u>	<u>County</u>
A19-012	City of Tompkinsville (Increase)	\$ 848,822	\$ 1,709,970	Monroe
A20-002	City of Burkesville (Director Level Increase)	\$ 256,675	\$ 3,088,045	Cumberland
A21-018	City of Frankfort	\$ 19,725,000	\$ 19,725,000	Franklin
A21-024	City of Kuttawa (Planning & Design)	\$ 223,000	\$ 223,000	Lyon
A21-032	City of Nicholasville (Planning & Design)	\$ 817,000	\$ 817,000	Jessamine

▪ **Fund B Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Amount Loan Total</u>	<u>County</u>
B21-001	City of Berea	\$ 256,200	\$ 256,200	Madison

▪ **Fund F Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Amount Loan Total</u>	<u>County</u>
F18-017	City of Lancaster (Director Level Increase)	\$ 400,000	\$ 4,400,000	Garrard
F21-045	City of Albany	\$ 2,680,000	\$ 2,680,000	Clinton

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 3, 2021	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A19-012 (Increase)	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21171020	
BORROWER	CITY OF TOMPKINSVILLE MONROE COUNTY			
BRIEF DESCRIPTION				
<p>The City of Tompkinsville has returned before the board to request a loan increase of \$848,822 to fund additional work for the WWTP Expansion and Sanitary Sewer Collection Improvements project. Since the loan was initially approved in May, 2019, the system has been experiencing equipment failures that affect the day-to-day operations of the main influent pumps. In order to protect the integrity of the project, the failing pumps must be replaced before they stop working completely. The pump replacements were not part of the original budget but were added to the project for bids. This increase will bring the total project cost up to \$1,709,970.</p> <p>This project will convert the existing Tompkinsville Extended Aeration Plant 670,000 GPD AVD to a 1.7 MGD Sequential Batch Reactor (SBR) WWTP. It will also install a new Headwork's facility, replace the existing chlorine disinfection system with a new Ultraviolet (UV) system, rehabilitate approximately 8,750 LF of dilapidated sanitary sewer collection mains, construct approximately 11,600 LF of new HDPE force main to Joe Harrison Carter (JHC) Elementary, install a new lift station at JHC to replace and decommission the JHC Package Treatment Facility, install a new SCADA system which will be connected to the WWTP and all ten lift stations within the City's sewer system, and install VFDs on all lift stations to optimize use and reduce power consumption.</p>				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$1,709,970	RD Fee %	Actual %	
CDBG	1,000,000	Administrative Expenses		\$30,000
ARC	500,000	Planning		30,000
Monroe Board of Ed	10,000	Eng - Design / Const	7.3%	7.3%
		Eng - Insp	5.3%	5.4%
		Construction		2,802,770
TOTAL	\$3,219,970	TOTAL		\$3,219,970
REPAYMENT	Rate	0.50%	Est. Annual Payment	\$48,537
	Term	30 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Precision Engineering, LLC		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Mar-21		
	Construction Start	Jul-21		
	Construction Stop	Jul-22		
DEBT PER CUSTOMER	Existing	\$1,550		
	Proposed	\$1,849		
OTHER DEBT	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	1,038	\$37.65 (for 4,000 gallons)	
	Additional	15	\$37.65 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2017	579,776	125,649	454,127	4.6
Audited 2018	494,588	153,681	340,907	3.2
Audited 2019	(298,940)	121,425	(420,365)	-2.5
Profit & Loss 2020	83,269	791,453	(708,184)	0.1
Projected 2021	59,564	122,289	(62,725)	0.5
Projected 2022	130,708	81,663	49,045	1.6
Projected 2023	130,958	81,599	49,360	1.6
Projected 2024	131,213	105,855	25,358	1.2
Projected 2025	131,472	105,797	25,675	1.2

Reviewer: Meili Sun  
Date: June 3, 2021  
Loan Number: A19-012 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
CITY OF TOMPKINSVILLE, MONROE COUNTY  
REVISED PROJECT REVIEW  
SX21171020**

**I. PROJECT DESCRIPTION**

The City of Tompkinsville ("City") has returned before the board to request a loan increase of \$848,822 to fund additional work for the Waste Water Treatment Plant Expansion and Sanitary Sewer Collection Improvements project. Since the loan was initially approved in May, 2019, the system has been experiencing equipment failures that affect the day-to-day operations of the main influent pumps. In order to protect the integrity of the project, the failing pumps must be replaced before they stop working completely. The pump replacements were not part of the original budget but were added to the project for bids. This increase will bring the total project cost up to \$1,709,970.

The City has been experiencing overflows due to dilapidated sanitary sewer collectors and mains throughout the City. These damaged mains allow infiltration and inflow to enter the collection system during wet weather and thus cause health hazards to the public. An agreed order was issued in February, 2020 by the Division of Water with a Corrective Action Plan to address these issues. The project will correct the overflows by expanding the existing wastewater treatment plant ("WWTP") to a sequential batch reactor WWTP with a larger capacity. It will also rehabilitate the first 8,750 LF of old sewer main and install 11,600 LF of new force main with a lift station to eliminate the need for a local package treatment facility. The expansion and rehabilitation work are expected to reduce power consumption by 50%. The savings will provide the City with additional cash flow to fund future projects.

The City is serving approximately 1,000 retail customers within the Monroe County.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 30,000
Planning	30,000
Engineering Fees – Design	163,760
Engineering Fees – Construction	40,940
Engineering Fees – Inspection	152,500
Construction	<u>2,802,770</u>
<b>Total</b>	<b>\$ 3,219,970</b>

### III. PROJECT FUNDING

	Amount	%
KIA Fund A Loan	\$ 1,709,970	53%
ARC Grant	500,000	16%
CDBG Grant	1,000,000	30%
Monroe County Board of Education	10,000	1%
<b>Total</b>	<b>\$ 3,219,970</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Construction Loan	\$ 1,709,970
Principal Forgiveness (50%)	430,574
Amortized Loan Amount	\$ 1,279,396
Interest Rate	0.50%
Loan Term (Year)	30
Estimated Annual Debt Service	\$ 45,978
Administrative Fee (0.20%)	2,559
<b>Annual Debt Service</b>	<b>\$ 48,537</b>

### V. PROJECT SCHEDULE

Bid Opening	March 2021
Construction Start	July 2021
Construction Stop	July 2022

### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

#### A) Customers

	Current	Proposed	Total
Residential	842	10	852
Commercial	165	3	168
Industrial	31	2	33
Total	1,038	15	1,053

## B) Rates

	Water & Sewer Inside City		
	Current	Prior	Prior
Date of Last Rate Increase	05/01/21	02/01/19	08/01/17
First 2,000 Gallons			
First 1,000 Gallons	22.66	22.00	19.00
Next 5,000 Gallons			
1,001 Gallons to 3,000 Gallons	5.05	4.90	4.90
3,001 Gallons to 5,000 Gallons	4.89	4.75	4.75
Cost for 4,000 gallons	\$37.65	\$36.55	\$33.55
Increase %	3.0%	8.9%	
Affordability Index (Rate/MHI)	1.5%	1.5%	1.4%

	Water & Sewer Outside City		
	Proposed	Current	Prior
Date of Last Rate Increase	05/01/21	02/01/19	08/01/17
First 2,000 Gallons			
First 1,000 Gallons	25.75	25.00	19.00
Next 5,000 Gallons			
1,001 Gallons to 3,000 Gallons	8.14	7.90	4.90
3,001 Gallons to 5,000 Gallons	7.98	7.75	4.75
Cost for 4,000 gallons	\$50.01	\$48.55	\$33.55
Increase %	3.0%	44.7%	
Affordability Index (Rate/MHI)	2.0%	2.0%	1.4%

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2012-2016, the Utility's service area population was 2,458 with a Median Household Income (MHI) of \$20,809. The median household income for the Commonwealth was \$44,811. The project qualifies for a 0.50% interest rate and \$430,574 in principal forgiveness due to its low MHI.

## VIII. 2018 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve.
- 2) Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of 50% of the assistance amount, not to exceed \$430,574, 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 2017 to 2019 audited financial statements and the 2020 Profit and Loss reports. Due to delays by the COVID pandemic, the City has been approved of an extension to file the 2020 audit until June 30, 2021. 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**

Combined water and sewer revenues decreased 27.6% from \$1.75 million in 2017 to \$1.27 million in 2020 due to loss of wholesale revenues while operating expenses decreased less than 1% during the same period. The debt coverage ratio fell below 0 in 2019 because the City's primary wholesale customer, Monroe County Water District, ceased to purchase water from the City in May, 2018. In order to recover from the financial hardships brought by the wholesale loss and the ensuing COVID pandemic, the City has been implementing new measures to generate more revenues, reduce costs, and become more efficient in its operations.

The balance sheet of 2019 audit reflects a current ratio of 0.2, debt to equity ratio of 0.8, 23.4 days of sales in accounts receivable, and 0.1 month of operating expenses in unrestricted cash.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) The City will receive other funding assistances including \$1,000,000 from CDBG, \$500,000 from ARC, and \$10,000 from the Monroe Board of Education to subsidize the total project costs.
- 2) Water and sewer revenues will go up 3% in FY 2022 based on the new rates effective May 15, 2021.
- 3) The project will add approximately 15 new customers to the system upon completion.
- 4) The utility costs of the WWTP will be reduced by approximately \$65,000 with initiation of operations.
- 5) Beginning in FY 2023, the City will automatically adjust water and sewer rates annually to keep up with the Consumer Price Index.
- 6) The City will receive an estimated allocation of \$400,000 from the American Rescue Plan Funds, which the City will commit to this project.
- 7) Operating expenses will increase 2% each year for inflation.
- 8) Debt service coverage is 1.6 in 2023 when 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% (\$86,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$4,300 yearly) each December 1 for 20 years and maintained for the life of the loan.

#### X. DEBT OBLIGATIONS

	Outstanding	Maturity
GMAC Bonds Series 1986	\$ 49,000	2026
RD Revenues Bonds Series 1998	626,000	2038
South Central Bank Note 4.375%	129,034	2021
South Central Bank Line of Credit 3.75%	613,141	2020
South Central Bank Note 4.74% (Interim Financing)	117,325	2023
<b>Total</b>	<b>\$ 1,534,500</b>	

#### XI. CONTACTS

<b>Legal Applicant</b>	
Name	City of Tompkinsville
Address	206 N Magnolia St Tompkinsville, KY 42167
County	Monroe
Authorized Official	Michael Bowe, Mayor
Phone	(270) 487-6776
Email	michael.bowe@tompkinsvilleky.gov

<b>Project Contact - Applicant</b>	
Name	Garrett Graves, City Clerk
Organization	City of Tompkinsville
Address	206 Magnolia St Tompkinsville, KY 42167
Phone	(270) 487-6776
Email	garrett.graves@tompkinsvilleky.gov

<b>Project Administrator</b>	
Name	Katie Ford
Organization	BRADD
Address	177 Graham Ave Bowling Green, KY 42101
Phone	(270) 781-2381
Email	kford@bradd.org

<b>Consulting Engineer</b>	
Name	Stephen R Harris
Firm	Precision Engineering, LLC
Address	1194 Columbia Ave, PO Box 2 Tompkinsville, KY 42167
Phone	(270) 407-5784
Email	steve@precision-engr.com

**XII. RECOMMENDATIONS**

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

1. By June 30, 2021, the City will add a CPI clause to the current rate ordinance to automatically adjust water and sewer rates each year based on the Consumer Price Index. The CPI adjustment will start to take effect in FY 2023.

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

	<b>Audited 2017</b>	<b>Audited 2018</b>	<b>Audited 2019</b>	<b>Profit &amp; Loss 2020</b>	<b>Projected 2021</b>	<b>Projected 2022</b>	<b>Projected 2023</b>	<b>Projected 2024</b>	<b>Projected 2025</b>
<b>Balance Sheet</b>									
<b>Assets</b>									
Current Assets	336,466	403,636	184,588	203,184	203,184	205,384	206,884	208,384	189,568
Other Assets	5,449,555	6,106,567	6,413,477	6,196,151	5,978,825	8,905,270	8,611,745	8,318,220	8,020,395
<b>Total</b>	<b>5,786,021</b>	<b>6,510,203</b>	<b>6,598,065</b>	<b>6,399,335</b>	<b>6,182,009</b>	<b>9,110,654</b>	<b>8,818,629</b>	<b>8,526,604</b>	<b>8,209,963</b>
<b>Liabilities &amp; Equity</b>									
Current Liabilities	275,153	359,589	985,281	370,599	351,123	365,817	369,317	372,917	377,517
Long Term Liabilities	1,597,292	1,968,455	2,013,779	1,552,277	1,491,824	2,698,573	2,624,927	2,550,280	1,787,635
<b>Total Liabilities</b>	<b>1,872,445</b>	<b>2,328,044</b>	<b>2,999,060</b>	<b>1,922,876</b>	<b>1,842,947</b>	<b>3,064,390</b>	<b>2,994,243</b>	<b>2,923,197</b>	<b>2,165,151</b>
<b>Net Assets</b>	<b>3,913,576</b>	<b>4,182,159</b>	<b>3,599,005</b>	<b>4,476,459</b>	<b>4,339,062</b>	<b>6,046,264</b>	<b>5,824,386</b>	<b>5,603,407</b>	<b>6,044,812</b>
<b>Cash Flow</b>									
Revenues	1,749,589	1,828,193	1,103,528	1,267,530	1,267,530	1,301,909	1,325,516	1,349,595	1,374,155
Operating Expenses	1,191,753	1,354,454	1,402,566	1,185,209	1,208,913	1,172,148	1,195,505	1,219,329	1,243,630
Other Income	21,940	20,849	98	947	947	947	947	947	947
<b>Cash Flow Before Debt Service</b>	<b>579,776</b>	<b>494,588</b>	<b>(298,940)</b>	<b>83,269</b>	<b>59,564</b>	<b>130,708</b>	<b>130,958</b>	<b>131,213</b>	<b>131,472</b>
<b>Debt Service</b>									
Existing Debt Service	125,649	153,681	121,425	791,453	122,289	81,663	57,330	57,318	57,260
Proposed KIA Loan	0	0	0	0	0	0	24,269	48,537	48,537
<b>Total Debt Service</b>	<b>125,649</b>	<b>153,681</b>	<b>121,425</b>	<b>791,453</b>	<b>122,289</b>	<b>81,663</b>	<b>81,599</b>	<b>105,855</b>	<b>105,797</b>
<b>Cash Flow After Debt Service</b>	<b>454,127</b>	<b>340,907</b>	<b>(420,365)</b>	<b>(708,184)</b>	<b>(62,725)</b>	<b>49,045</b>	<b>49,360</b>	<b>25,358</b>	<b>25,675</b>
<b>Ratios</b>									
Current Ratio	1.2	1.1	0.2	0.5	0.6	0.6	0.6	0.6	0.5
Debt to Equity	0.5	0.6	0.8	0.4	0.4	0.5	0.5	0.5	0.4
Days Sales in Accounts Receivable	16.8	13.7	23.4	23.4	23.4	23.4	23.4	23.4	23.4
Months Operating Expenses in Unrestricted Cash	1.1	1.7	0.1	0.1	0.1	0.1	0.1	0.1	0.4
Debt Coverage Ratio	4.6	3.2	(2.5)	0.1	0.5	1.6	1.6	1.2	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	Meili Sun June 3, 2021 A20-002 (Increase) SX21057002	
BORROWER	CITY OF BURKESVILLE CUMBERLAND COUNTY			
BRIEF DESCRIPTION This request will increase the loan for the Wastewater Treatment Plant Improvements project from \$2,831,370 to \$3,088,045. The increase will fund additional work to replace trusses, roofing and trim of the WWTP screenings room, install yard hydrants, reinstall lightning protection, and remove sludge.  The original scope includes 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.				
PROJECT FINANCING		PROJECT BUDGET	RD Fee % Actual %	
Fund A Loan	\$2,848,045	Administrative Expenses	\$60,000	
P&D A19-045	240,000	Legal Expenses	5,000	
CDBG	1,000,000	Planning	55,500	
		Eng - Design / Const	7.1% 6.8% 237,195	
		Eng - Insp	5.1% 4.9% 169,100	
		Eng - Other	85,500	
		Construction	3,300,080	
		Contingency	175,670	
TOTAL	\$4,088,045	TOTAL	\$4,088,045	
REPAYMENT	Rate Term	0.50% 30 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw \$79,215	
PROFESSIONAL SERVICES	Engineer Bond Counsel	GRW Engineers, Inc Rubin & Hays		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Jul-20 Sep-20 Nov-21		
DEBT PER CUSTOMER	Existing Proposed	\$5,314 \$7,246		
OTHER DEBT	See Attached			
RESIDENTIAL RATES	Current Additional	<u>Users</u> 599 0	<u>Avg. Bill</u> \$33.28 (for 4,000 gallons) \$33.28 (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 2018	383,109	249,609	133,500	1.5
Audited 2019	306,583	241,730	64,853	1.3
Audited 2020	291,607	187,831	103,776	1.6
Projected 2021	300,382	357,923	(57,541)	0.8
Projected 2022	294,222	212,044	82,178	1.4
Projected 2023	287,826	256,697	31,129	1.1
Projected 2024	273,490	255,098	18,392	1.1
Projected 2025	266,607	253,497	13,110	1.1

Reviewer: Meili Sun  
Date: June 3, 2021  
Loan Number: A20-002 Increase

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

**I. PROJECT DESCRIPTION**

This request will increase the loan for the Wastewater Treatment Plant Improvements project from \$2,831,370 to \$3,088,045. The increase will fund additional work to replace trusses, roofing and trim of the WWTP screenings room, install yard hydrants, reinstall lightning protection, and remove sludge.

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	55,500
Engineering Fees – Design	184,500
Engineering – Construction	52,695
Engineering – Inspection	169,100
Engineering – Other	85,500
Construction	3,300,080
Contingency	175,670
	<u>\$ 4,088,045</u>

### III. PROJECT FUNDING

	Amount	%
KIA A20-002	\$ 2,848,045	70%
KIA A19-045 P&D	240,000	6%
CDBG Grant	1,000,000	24%
<b>Total</b>	<b>\$ 4,088,045</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Construction Loan	\$ 3,088,045
Principal Forgiveness	1,000,000
Amortized Loan Amount	\$ 2,088,045
Interest Rate	0.50%
Loan Term (Year)	30
Estimated Annual Debt Service	\$ 75,039
Administrative Fee (0.20%)	4,176
<b>Annual Debt Service</b>	<b>\$ 79,215</b>

### V. PROJECT SCHEDULE

Bid Opening	July 2020
Construction Start	September 2020
Construction Stop	November 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	10/19/20	10/19/19	10/19/20	10/19/19
First 2,000 Gallons	\$19.24	\$19.05	\$31.19	\$30.88
Next 13,000 Gallons	6.39	6.33	7.79	7.71
Next 15,000 Gallons	5.59	5.53	6.26	6.20
Cost for 4,000 gallons	\$32.02	\$31.71	\$46.77	\$46.30
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	10/19/20	10/19/19
First 2,000 Gallons	\$19.24	\$19.05
Next 13,000 Gallons	7.02	6.95
Next 15,000 Gallons	5.87	5.81
Cost for 4,000 gallons	\$33.28	\$32.95
Increase %	1.0%	
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 was \$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, 2018 through 2020. 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 3.4% from \$1.11 million in 2018 to \$1.15 million in 2020 due to annual rate increases. Operating expenses increased 18.0% from \$0.73 million to \$0.86 million during the same period because of higher personnel costs associated with City Clerk transition and additional employees. The debt coverage ratio was 1.5, 1.3, and 1.2 for 2018, 2019, and 2020 respectively.

The balance sheet reflects a current ratio of 0.4, debt to equity ratio of 0.6, 39.7 days of sales in accounts receivable, and 2.9 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 1.1 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% (\$154,000 total) of the final amount borrowed (prior to principal forgiveness) to be funded annually (\$7,700 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

	Outstanding	Maturity
Kentucky Bond Corp Note	\$ 888,750	2031
Interim Financing for A20-002	365,000	2021
A19-045 P&D Loan	215,286	TBD
KIA Loan F209-13	291,592	2031
KIA Loan A11-18	521,204	2035
KIA Loan B13-004	369,877	2035
KIA Loan F15-017	519,189	2037
<b>Total</b>	<b>\$ 3,170,898</b>	

## XI. CONTACTS

<b>Legal Applicant</b>	
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

<b>Project Contact</b>	
Name	Marquetta Riley, City Clerk
Organization	City of Burkesville
Address	214 Upper River St, Box 250 Burkesville, KY 42717
Phone	(270) 864-5391
Email	cityofburkesville1846@gmail.com

**Project Administrator**

Name	Laura Gilkerson, Project Manager
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 2018</u>	<u>Audited 2019</u>	<u>Audited 2020</u>	<u>Projected 2021</u>	<u>Projected 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>	<u>Projected 2025</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	549,793	406,541	352,108	295,744	379,122	411,451	431,042	445,452
Other Assets	9,950,387	10,178,241	10,236,395	9,886,496	13,624,642	13,172,542	12,728,142	12,283,742
<b>Total</b>	<b>10,500,180</b>	<b>10,584,782</b>	<b>10,588,503</b>	<b>10,182,240</b>	<b>14,003,764</b>	<b>13,583,993</b>	<b>13,159,184</b>	<b>12,729,194</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	211,539	602,552	790,148	238,744	315,283	316,727	318,443	320,997
Long Term Liabilities	3,567,884	3,525,091	3,585,119	3,041,308	4,863,766	4,597,234	4,329,587	4,059,985
<b>Total Liabilities</b>	<b>3,779,423</b>	<b>4,127,643</b>	<b>4,375,267</b>	<b>3,280,052</b>	<b>5,179,048</b>	<b>4,913,961</b>	<b>4,648,029</b>	<b>4,380,982</b>
<b>Net Assets</b>	<b>6,720,757</b>	<b>6,457,139</b>	<b>6,213,236</b>	<b>6,902,188</b>	<b>8,824,716</b>	<b>8,670,032</b>	<b>8,511,155</b>	<b>8,348,213</b>
<b>Cash Flow</b>								
Revenues	1,111,815	1,107,163	1,149,411	1,160,477	1,171,654	1,182,942	1,194,343	1,205,858
Operating Expenses	732,639	809,440	864,555	866,846	884,183	901,867	927,604	946,002
Other Income	3,933	8,860	6,751	6,751	6,751	6,751	6,751	6,751
<b>Cash Flow Before Debt Service</b>	<b>383,109</b>	<b>306,583</b>	<b>291,607</b>	<b>300,382</b>	<b>294,222</b>	<b>287,826</b>	<b>273,490</b>	<b>266,607</b>
<b>Debt Service</b>								
Existing Debt Service	249,609	241,730	187,831	357,923	172,436	177,482	175,883	174,282
Proposed KIA Loan	0	0	0	0	39,608	79,215	79,215	79,215
<b>Total Debt Service</b>	<b>249,609</b>	<b>241,730</b>	<b>187,831</b>	<b>357,923</b>	<b>212,044</b>	<b>256,697</b>	<b>255,098</b>	<b>253,497</b>
<b>Cash Flow After Debt Service</b>	<b>133,500</b>	<b>64,853</b>	<b>103,776</b>	<b>(57,541)</b>	<b>82,178</b>	<b>31,129</b>	<b>18,392</b>	<b>13,110</b>
<b>Ratios</b>								
Current Ratio	2.6	0.7	0.4	1.2	1.2	1.3	1.4	1.4
Debt to Equity	0.6	0.6	0.7	0.5	0.6	0.6	0.5	0.5
Days Sales in Accounts Receivable	39.7	41.5	39.7	39.7	39.7	39.7	39.7	39.7
Months Operating Expenses in Unrestricted Cash	7.0	4.2	2.9	2.1	3.2	3.6	3.7	3.8
Debt Coverage Ratio	1.5	1.3	1.6	0.8	1.4	1.1	1.1	1.1

<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>FUND A, FEDERALLY ASSISTED WASTEWATER</b> <b>REVOLVING LOAN FUND</b>		Reviewer	Sarah Parsley	
		Date	June 3, 2021	
		KIA Loan Number	A21-018	
		WRIS Number	SX21073084	
BORROWER	CITY OF FRANKFORT FRANKLIN COUNTY			
BRIEF DESCRIPTION				
This project is the first step in Frankfort Sewer Department's Long Term Control Plan. It is also necessary to achieve compliance with Agreed Order 07-CI-1243. It includes new installation of approximately 11,000 LF of 42 inch diameter gravity sewer around the east side of the FSD service area, rehabilitation of approximately 3,000 linear feet of 24 and 36" PVC interceptor sewer, a 2.5 MG wet weather storage facility, approximately 30 manholes, two sets of double barrel siphons, control gates, flow control/metering, and SCADA integration. Farmdale SD currently has multiple failing PWWTPs within their system. This will allow them to move forward in the elimination of multiple package wastewater treatment plants. This project opens capacity in the southern sewers of FSD's service area by redirecting the sanitary flow around the east and north of the City via the new interceptor to FSD's WWTP. Through this available capacity, Farmdale SD can convey all sanitary flow to FSD's collection system, thus be able to decommission the listed PWWTPs and making the East Frankfort Interceptor project regional in nature.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$19,725,000	RD Fee %	Actual %	
Local Funds	10,000,000			
				Administrative Expenses \$50,000
				Legal Expenses 20,000
				Land, Easements 100,000
				Planning 100,000
		Eng - Design / Const 6.4%	6.4%	1,722,550
		Eng - Insp 3.0%	1.3%	350,000
		Eng - Other		377,450
		Construction		24,550,000
		Contingency		2,455,000
TOTAL	\$29,725,000	TOTAL		\$29,725,000
REPAYMENT	Rate	1.00%	Est. Annual Payment	\$1,130,066
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Hazen and Sawyer, PSC		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Mar-22		
	Construction Start	Jun-22		
	Construction Stop	Jun-24		
DEBT PER CUSTOMER	Existing	\$2,700		
	Proposed	\$3,366		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		Users	Avg. Bill	
	Current	14,373	\$42.72 (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 2018	7,827,703	3,420,582	4,407,121	2.3
Audited 2019	7,483,812	3,604,566	3,879,246	2.1
Audited 2020	7,390,577	3,824,405	3,566,172	1.9
Projected 2021	7,024,108	3,795,844	3,228,264	1.9
Projected 2022	6,893,961	3,808,038	3,085,923	1.8
Projected 2023	6,761,211	3,904,513	2,856,698	1.7
Projected 2024	6,625,806	3,898,449	2,727,357	1.7
Projected 2025	6,438,393	4,160,880	2,277,513	1.5

Reviewer: Sarah Parsley  
Date: June 3, 2021  
Loan Number: A21-018

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
CITY OF FRANKFORT, FRANKLIN COUNTY  
PROJECT REVIEW  
SX21073084**

**I. PROJECT DESCRIPTION**

The City of Frankfort is requesting a Fund A loan in the amount of \$19,725,000 for the East Frankfort Interceptor Phase III Wet Weather Facility project. This project is also necessary to obtain compliance with Agreed Order 07-CI-1243. It is the first step in Frankfort Sewer Department's Long Term Control Plan. It includes new installation of approximately 11,000 LF of 42 inch diameter gravity sewer around the east side of the FSD service area, rehabilitation of approximately 3,000 linear feet of 24 and 36" PVC interceptor sewer, a 2.5 MG wet weather storage facility, approximately 30 manholes, two sets of double barrel siphons, control gates, flow control/metering, and SCADA integration. Farmdale SD currently has multiple failing PWWTPs within their system. This will allow them to move forward in the elimination of multiple package wastewater treatment plants. This project opens capacity in the southern sewers of FSD's service area by redirecting the sanitary flow around the east and north of the City via the new interceptor to FSD's WWTP. Through this available capacity, Farmdale SD can convey all sanitary flow to FSD's collection system, thus be able to decommission the listed PWWTPs and making the East Frankfort Interceptor project regional in nature.

The City of Frankfort serves approximately 14,373 customers.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 50,000
Legal Expenses	20,000
Land, Easements	100,000
Planning	100,000
Engineering Fees - Design	1,572,550
Engineering Fees - Construction	150,000
Engineering Fees - Inspection	350,000
Engineering Fees - Other	377,450
Construction	24,550,000
Contingency	2,455,000
<b>Total</b>	<b><u>\$29,725,000</u></b>

### III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$19,725,000	66%
Local Funds	10,000,000	34%
<b>Total</b>	<b>\$29,725,000</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Construction Loan	\$19,725,000
Less: Principal Forgiveness	<u>0</u>
Amortized Loan Amount	\$19,725,000
Interest Rate	1.00%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 1,090,616
Administrative Fee (0.20%)	<u>39,450</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 1,130,066</b>

### V. PROJECT SCHEDULE

Bid Opening	March 2022
Construction Start	June 2022
Construction Stop	June 2024

### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

#### A) Customers

<u>Customers</u>	<u>Current</u>	<u>Proposed</u>	<u>Total</u>
Residential	12,177	0	12,177
Commercial	2,182	0	2,182
Industrial	14	0	14
<b>Total</b>	<b>14,373</b>	<b>0</b>	<b>14,373</b>

## B) Rates

	Current	Prior
Date of Last Rate Increase	07/01/18	01/01/18
Minimum (2000 gallons)	\$21.36	\$21.04
Per 1000 gallons	\$10.68	\$10.52
<hr/>		
Cost for 4,000 gallons	\$42.72	\$42.08
Increase %	1.5%	
Affordability Index (Rate/MHI)	1.0%	

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2014-2018, the Utility's service area population was 34,505 with a Median Household Income (MHI) of \$51,030. The median household income for the Commonwealth is \$48,392. The project will qualify for a 1.0% interest rate.

## VIII. 2020 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve.
- 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, 2018 through June 30, 2020. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### HISTORY

Operating revenues decreased 5.3% from \$14 million in 2018 to \$13.3 million in 2020 while operating expenses increased 0.5% from \$6.35 million to \$6.38 million during the same period. The debt coverage ratios from 2018 to 2020 were 2.3, 2.1, and 1.9, respectively.

The balance sheet reflects a current ratio of 6.6, a debt to equity ratio of 0.5, 6.0 days of sales in accounts receivable, and 21.8 months of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Sewer revenues will remain steady.
- 2) Expenses will increase 2% annually for inflation.
- 3) Debt service coverage is 1.5 in 2025 when principal and interest repayments begin.
- 4) Debt service coverage includes KIA proposed loan A21-031 for \$1,500,000.

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% (\$986,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$49,300 yearly) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
2007 Revenue Bonds	\$ 3,230,000	2024
2010 Revenue Bonds	6,340,000	2026
2013 Revenue Bonds	8,225,000	2039
KIA Loans Payable	21,083,208	Various
<b>Total</b>	<b>\$38,878,208</b>	

## XI. CONTACTS

<b>Legal Applicant</b>	
Entity Name	City of Frankfort
Authorized Official	Layne Wilkerson (Mayor)
County	Franklin
Email	cmaxwell@frankfort.ky.gov
Phone	(502) 875-8500
Address	315 W Second St, PO Box 697 Frankfort, KY 40602



**Applicant Contact**

Name	Kenny Hogsten
Organization	City of Frankfort Sewer Department
Email	khogsten@frankfort.ky.gov
Phone	(502) 587-5244
Address	PO Box 697 Frankfort, KY 40602

**Project Administrator**

Name	Rebecca Hall
Organization	City of Frankfort
Email	rhall@frankfort.ky.gov
Phone	(502) 875-8500
Address	315 W 2nd St, PO Box 697 Frankfort, KY 40602

**Consulting Engineer**

PE Name	Kurt Zehnder
Firm Name	Hazen and Sawyer, PSC
Email	kzehnder@hazenandsawyer.com
Phone	(859) 219-1126
Address	Ste 520, 230 Lexington Green Cir Lexington, KY 40503

**XII. RECOMMENDATIONS**

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

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

	<u>Audited 2018</u>	<u>Audited 2019</u>	<u>Audited 2020</u>	<u>Projected 2021</u>	<u>Projected 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>	<u>Projected 2025</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	24,683,964	24,933,613	24,438,683	27,666,958	30,752,881	33,609,579	36,336,936	38,614,449
Other Assets	83,825,333	88,503,047	91,442,597	88,712,051	87,444,005	84,675,959	110,889,788	107,427,917
<b>Total</b>	<b>108,509,297</b>	<b>113,436,660</b>	<b>115,881,280</b>	<b>116,379,009</b>	<b>118,196,886</b>	<b>118,285,538</b>	<b>147,226,724</b>	<b>146,042,366</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	2,501,463	3,061,137	3,695,479	3,725,868	3,841,838	3,958,377	4,075,491	2,842,591
Long Term Liabilities	36,653,105	37,700,898	36,427,916	33,586,089	32,144,392	29,102,556	45,685,306	43,793,056
<b>Total Liabilities</b>	<b>39,154,568</b>	<b>40,762,035</b>	<b>40,123,395</b>	<b>37,311,957</b>	<b>35,986,230</b>	<b>33,060,933</b>	<b>49,760,797</b>	<b>46,635,647</b>
<b>Net Assets</b>	<b>69,354,729</b>	<b>72,674,625</b>	<b>75,757,885</b>	<b>79,067,052</b>	<b>82,210,656</b>	<b>85,224,605</b>	<b>97,465,927</b>	<b>99,406,719</b>
<b>Cash Flow</b>								
Revenues	14,006,274	13,624,489	13,259,315	13,259,315	13,259,315	13,259,315	13,259,315	13,259,315
Operating Expenses	6,347,381	6,500,812	6,379,747	6,595,342	6,725,489	6,858,239	6,993,644	7,181,057
Other Income	168,810	360,135	511,009	360,135	360,135	360,135	360,135	360,135
<b>Cash Flow Before Debt Service</b>	<b>7,827,703</b>	<b>7,483,812</b>	<b>7,390,577</b>	<b>7,024,108</b>	<b>6,893,961</b>	<b>6,761,211</b>	<b>6,625,806</b>	<b>6,438,393</b>
<b>Debt Service</b>								
Existing Debt Service	3,420,582	3,604,566	3,824,405	3,795,844	3,808,038	3,904,513	3,898,449	3,030,814
Proposed KIA Loan	0	0	0	0	0	0	0	1,130,066
Proposed KIA Loan A21-031	0	0	0	0	0	98,167	98,167	98,167
<b>Total Debt Service</b>	<b>3,420,582</b>	<b>3,604,566</b>	<b>3,824,405</b>	<b>3,795,844</b>	<b>3,808,038</b>	<b>3,904,513</b>	<b>3,898,449</b>	<b>4,160,880</b>
<b>Cash Flow After Debt Service</b>	<b>4,407,121</b>	<b>3,879,246</b>	<b>3,566,172</b>	<b>3,228,264</b>	<b>3,085,923</b>	<b>2,856,698</b>	<b>2,727,357</b>	<b>2,277,513</b>
<b>Ratios</b>								
Current Ratio	9.9	8.1	6.6	7.4	8.0	8.5	8.9	13.6
Debt to Equity	0.6	0.6	0.5	0.5	0.4	0.4	0.5	0.5
Days Sales in Accounts Receivable	0.1	4.1	6.0	6.0	6.0	6.0	6.0	6.0
Months Operating Expenses in Unrestricted Cash	24.5	29.3	21.8	27.3	32.4	36.8	40.8	43.9
Debt Coverage Ratio	2.3	2.1	1.9	1.9	1.8	1.7	1.7	1.5

<b>EXECUTIVE SUMMARY</b>		Reviewer	Alex Fisher	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 3, 2021	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A21-024	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21143018	
BORROWER	CITY OF KUTTAWA LYON COUNTY			
BRIEF DESCRIPTION				
** This project will be a Planning & Design Loan for FY21.				
<p>The City of Kuttawa owns and operates it's separated sanitary sewer system collection and treatment system. In 2013, the City began focusing on the elimination of infiltration and inflow into the Old Kuttawa portion of their system. Since that time, the City has completed 4 sewer rehabilitation/replacement projects, which have focused on the replacement of aged, undersized, and structurally deficient sewers. Using data collected during the 4 previous sanitary sewer evaluation studies, completed between 2016-2019, this Phase V project will continue in those efforts. In addition, this project will include the evaluation of sewers in the Magnolia and Body Shop lift station areas of the City's system. These areas are directly tied to the Old Kuttawa basin, in that much of the gravity sewers have conveyed teh sewer flows from Old Kuttawa for decades, and have contributed to the deterioration and less than ideal condition of the sewers.</p> <p>Phase 1 (Planning &amp; Design) of this project will be to complete a SSES on the collection system located in the Magnolia &amp; Body Shop basins. The SSES will include manhole inspections, CCTV of mainlines, and CCTV of lateral sewers. The work will include the inspection of approximately 120 manholes, 24,000 l.f. of sewer main, and 235 laterals. Upon completion of the SSES, this phase will include the design for the rehabilitation of the sewers inspected in the Magnolia and Body Shop basins, as well as the required design work for the replacement of the sewers identified during previous SSES work in the Old Kuttawa basin.</p>				
PROJECT FINANCING		PROJECT BUDGET		
Fund A (P & D) Loan	\$223,000	RD Fee %	Actual %	
		Administrative Expenses		\$5,000
		Planning		124,000
		Eng - Design / Const		94,000
TOTAL	\$223,000	TOTAL		\$223,000
REPAYMENT	Rate	2.50%	Est. Annual Payment	\$48,169
	Term	5 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Rivercrest Engineering Incorporated		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Jan-22		
	Construction Start	Mar-22		
	Construction Stop	Jun-22		
DEBT PER CUSTOMER	Existing	\$3,665		
	Proposed	\$3,622		
OTHER DEBT	See Attached			
RESIDENTIAL RATES	Current	Users	Avg. Bill	
		495	\$38.00	(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 2018	(54,358)	119,044	(173,402)	-0.5
Audited 2019	(4,572)	85,933	(90,505)	-0.1
Audited 2020	166,199	99,400	66,799	1.7
Projected 2021	121,215	171,058	(49,843)	0.7
Projected 2022	207,878	126,572	81,306	1.6
Projected 2023	201,515	175,498	26,017	1.1
Projected 2024	198,926	147,936	50,990	1.3
Projected 2025	195,408	147,957	47,451	1.3

Reviewer: Alex Fisher  
Date: June 3, 2021  
Loan Number: A21-024

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
CITY OF KUTTAWA, LYON COUNTY  
PROJECT REVIEW  
SX21143018**

**I. PROJECT DESCRIPTION**

The City of Kuttawa owns and operates its separated sanitary sewer system collection and treatment system. In 2013, the City began focusing on the elimination of infiltration and inflow into the Old Kuttawa portion of their system. Since that time, the City has completed 4 sewer rehabilitation/replacement projects, which have focused on the replacement of aged, undersized, and structurally deficient sewers. Using data collected during the 4 previous sanitary sewer evaluation studies, completed between 2016-2019, this Phase V project will continue in those efforts. In addition, this project will include the evaluation of sewers in the Magnolia and Body Shop lift station areas of the City's system. These areas are directly tied to the Old Kuttawa basin, in that much of the gravity sewers have conveyed the sewer flows from Old Kuttawa for decades, and have contributed to the deterioration and less than ideal condition of the sewers.

Phase 1 (Planning & Design Loan for FY21) of this project will be to complete a SSES on the collection system located in the Magnolia & Body Shop basins. The SSES will include manhole inspections, CCTV of mainlines, and CCTV of lateral sewers. The work will include the inspection of approximately 120 manholes, 24,000 l.f. of sewer main, and 235 laterals. Upon completion of the SSES, this phase will include the design for the rehabilitation of the sewers inspected in the Magnolia and Body Shop basins, as well as the required design work for the replacement of the sewers identified during previous SSES work in the Old Kuttawa basin.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 5,000
Planning	124,000
Engineering Fees - Design	94,000
<b>Total</b>	<b>\$ 223,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund A (P & D) Loan	\$ 223,000	100%
<b>Total</b>	<b>\$ 223,000</b>	<b>100%</b>

#### IV. KIA DEBT SERVICE

Planning and Design Loan	\$ 223,000
Less: Principal Forgiveness	0
Amortized Loan Amount	<u>\$ 223,000</u>
Interest Rate	2.50%
Loan Term (Years)	<u>5</u>
Estimated Annual Debt Service	\$ 47,723
Administrative Fee (0.20%)	446
<b>Total Estimated Annual Debt Service</b>	<b>\$ 48,169</b>

#### V. PROJECT SCHEDULE

P & D Start Date	July 2021
P & D End Date	December 2021
Bid Opening	January 2022
Construction Start	March 2022
Construction Stop	June 2022

#### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

##### A) Customers

Customers	Current
Residential	448
Commercial	36
Industrial/Other	<u>10</u>
Total	494

##### B) Rates

	Retail Sewer Customers		
	Current	Prior	Prior
Date of Last Rate Increase	02/01/21	01/15/20	unknown
Minimum (1,000 gallons)	\$17.00	\$15.00	\$8.73
Per additional 1,000 Gallons	7.00	5.00	4.03
Cost for 4,000 gallons	\$38.00	\$30.00	\$20.82
Increase %	26.7%	44.1%	
Affordability Index (Rate/MHI)	0.9%	0.7%	

	<b>Water Inside City</b>		
	Current	Prior	Prior
Date of Last Rate Increase	02/01/21	02/01/20	03/11/19
Minimum (1,000 gallons)	\$17.00	\$15.00	\$12.00
Additional 1,000-9,000 Gallons	7.00	5.00	3.20
Cost for 4,000 gallons	\$38.00	\$30.00	\$21.60
Increase %	26.7%	38.9%	
Affordability Index (Rate/MHI)	0.9%	0.7%	

	<b>Water Outside City</b>		
	Current	Prior	Prior
Date of Last Rate Increase	02/01/21	01/15/20	03/11/19
Minimum (1,000 gallons)	\$27.00	\$25.00	\$22.00
Additional 1,000-9,000 Gallons	8.50	7.50	7.50
Cost for 4,000 gallons	\$52.50	\$47.50	\$37.00
Increase %	10.5%	28.4%	
Affordability Index (Rate/MHI)	1.2%	1.1%	

**VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2014-2018, the Utility’s service area population was 908 with a Median Household Income (MHI) of \$53,450. The median household income for the Commonwealth is \$48,392. The Planning and Design loan will qualify for a 2.50% interest rate.

**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, 2018 through June 30, 2020. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

**HISTORY**

Revenues increased 51.4% from \$388 thousand in 2018 to \$587 thousand in 2020

while operating expenses decreased 4.8% from \$443 thousand to \$421 thousand during the same period the overall decrease was due to reduced materials, personal services and supply costs. The increase in water and sewer revenues are the result of large percentage rate increases in recent years, which has added stability to their propriety water and sewer fund. Additionally, Kuttawa has maintained certificates of deposit in a rainy day type fund. The debt coverage ratio was (0.5), (0.1), and 1.7 in 2018, 2019, and 2020 respectively.

The balance sheet reflects a current ratio of 1.0, a debt to equity ratio of 0.8, 27.2 days of sales in accounts receivable, and 0.7 months of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will continue to increase due to a rate increase on 2/1/2021 which are reflected in FY2022. The increase was 26.7% for residential sewer and inside city water and 10.5% for outside city water.
- 2) In addition, Kuttawa has an annual cost of living raise for residential customers that is tied to the Dept. of Local Government rate. Based on the previous 3 years the rate used for the annual projected increase is 1.5%.
- 3) Expenses will increase 2% due to inflation.
- 4) Debt service coverage is 1.1 in 2023 when principal and interest repayments begin.

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

## X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KADD Refunding 2014	\$ 75,570	2021
KIA A209-20	85,983	2031
KIA A20-022	1,575,359	2041
Case Tractor Loader	77,333	2024
<b>Total</b>	<b>\$ 1,814,245</b>	

## **XI. CONTACTS**

### **Legal Applicant**

Entity Name	City of Kuttawa
Authorized Official	Barbara Campbell (Mayor)
County	Lyon
Email	kuttawamayor@gmail.com
Phone	270-388-7151
Address	P.O. Box 400 Kuttawa, KY 42055

### **Applicant Contact**

Name	Mark Riley
Organization	City of Kuttawa
Email	cityhallkuttawa@gmail.com
Phone	270-388-7151
Address	P.O. Box 400 82 Cedar St Kuttawa, KY 42055

### **Project Administrator**

Name	Kyle Cunningham
Organization	Pennyryle Area Development District
Email	kyle.cunningham@ky.gov
Phone	270-886-9484
Address	300 Hammond Dr Hopkinsville, KY 42240

### **Consulting Engineer**

PE Name	Charles D McCann
Firm Name	Rivercrest Engineering Incorporated
Email	cmccann@rivercresteng.com
Phone	618-521-5421
Address	7020 US Highway 68 Paducah, KY 42003



## **XII. RECOMMENDATIONS**

KIA staff recommends approval of the planning and design loan with the standard conditions.

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

	<u>Audited</u> <u>2018</u>	<u>Audited</u> <u>2019</u>	<u>Audited</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>	<u>Projected</u> <u>2024</u>	<u>Projected</u> <u>2025</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	88,049	93,049	669,924	19,249	100,555	126,572	177,563	225,014
Other Assets	2,958,852	2,919,624	4,580,569	4,421,774	4,483,954	4,322,034	4,156,164	3,991,044
<b>Total</b>	<b>3,046,901</b>	<b>3,012,673</b>	<b>5,250,493</b>	<b>4,441,023</b>	<b>4,584,509</b>	<b>4,448,606</b>	<b>4,333,727</b>	<b>4,216,058</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	501,074	701,159	652,669	620,213	678,090	662,334	674,340	687,341
Long Term Liabilities	260,895	179,170	1,690,864	1,589,436	1,663,345	1,540,510	1,416,369	1,290,127
<b>Total Liabilities</b>	<b>761,969</b>	<b>880,329</b>	<b>2,343,533</b>	<b>2,209,649</b>	<b>2,341,435</b>	<b>2,202,844</b>	<b>2,090,709</b>	<b>1,977,468</b>
<b>Net Assets</b>	<b>2,284,932</b>	<b>2,132,344</b>	<b>2,906,960</b>	<b>2,231,374</b>	<b>2,243,074</b>	<b>2,245,762</b>	<b>2,243,018</b>	<b>2,238,590</b>
<b>Cash Flow</b>								
Revenues	388,050	409,690	587,532	551,749	651,317	656,931	662,545	668,159
Operating Expenses	443,324	414,262	421,813	430,999	443,904	455,881	464,084	473,216
Other Income	916	0	480	465	465	465	465	465
<b>Cash Flow Before Debt Service</b>	<b>(54,358)</b>	<b>(4,572)</b>	<b>166,199</b>	<b>121,215</b>	<b>207,878</b>	<b>201,515</b>	<b>198,926</b>	<b>195,408</b>
<b>Debt Service</b>								
Existing Debt Service	119,044	85,933	99,400	171,058	126,572	127,329	99,767	99,788
Proposed KIA Loan	0	0	0	0	0	48,169	48,169	48,169
<b>Total Debt Service</b>	<b>119,044</b>	<b>85,933</b>	<b>99,400</b>	<b>171,058</b>	<b>126,572</b>	<b>175,498</b>	<b>147,936</b>	<b>147,957</b>
<b>Cash Flow After Debt Service</b>	<b>(173,402)</b>	<b>(90,505)</b>	<b>66,799</b>	<b>(49,843)</b>	<b>81,306</b>	<b>26,017</b>	<b>50,990</b>	<b>47,451</b>
<b>Ratios</b>								
Current Ratio	0.2	0.1	1.0	0.0	0.1	0.2	0.3	0.3
Debt to Equity	0.3	0.4	0.8	1.0	1.0	1.0	0.9	0.9
Days Sales in Accounts Receivable	33.5	36.2	27.2	26.9	22.7	22.6	22.4	22.2
Months Operating Expenses in Unrestricted Cash	1.3	1.4	0.7	(0.7)	1.5	2.2	3.5	4.7
Debt Coverage Ratio	(0.5)	(0.1)	1.7	0.7	1.6	1.1	1.3	1.3

<b>EXECUTIVE SUMMARY</b>		Reviewer	Alex Fisher	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 3, 2021	
<b>FUND A, FEDERALLY ASSISTED WASTEWATER</b>		KIA Loan Number	A21-032	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21113029	
BORROWER	CITY OF NICHOLASVILLE JESSAMINE COUNTY			
BRIEF DESCRIPTION				
<p>The City of Nicholasville ("City") is requesting a Fund A planning and design loan in the amount of \$817,000 for the Nicholasville SSES and Sewer Rehabilitation Phase 1 project. In accordance with Agreed Order Case No. DOW 19-3-0038, the City of Nicholasville is required to take steps to address inflow and infiltration (I&amp;I) and overflows within the sanitary sewer collection system. In order to begin this task, the first step is to document the condition of the existing infrastructure, evaluate the data accumulated and begin to identify and prioritize system improvements projects to address I&amp;I and capacity deficiencies. This project will begin the process by completing a Sanitary Sewer Evaluation Survey (SSES) focused on the oldest areas of the City's collection system, which are the basins containing vitrified clay pipe (VCP). This project will CCTV all pipe, as well as evaluate all manholes in the selected basins, plus provide smoke testing, dye testing and lateral investigations as needed within the identified basins.</p> <p>SSOs will be addressed in the following areas:  Railroad Crossing Rehab, Cherry Brook Ct., Ironwood/Runnymede, Maple Grove Cemetery, 300 Edgewood and other miscellaneous areas.</p> <p>Currently the City of Nicholasville serves over 10,400 residential and over 830 commercial and industrial customers.</p>				
PROJECT FINANCING		PROJECT BUDGET		
Fund A (P & D) Loan	\$817,000	RD Fee %	Actual %	
		Administrative Expenses		\$20,000
		Legal Expenses		5,000
		Planning		670,000
		Eng - Design / Const		122,000
TOTAL	\$817,000	TOTAL		\$817,000
REPAYMENT	Rate	2.50%	Est. Annual Payment	\$176,477
	Term	5 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Haworth, Meyer & Boleyn, Inc		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Jun-23		
	Construction Start	Aug-23		
	Construction Stop	Mar-24		
DEBT PER CUSTOMER	Existing	\$2,013		
	Proposed	\$1,202		
OTHER DEBT	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	11,280	\$22.97	(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 2018	3,484,205	4,019,442	(535,237)	0.9
Audited 2019	4,352,519	3,013,382	1,339,137	1.4
Audited 2020	5,872,002	6,865,619	(993,617)	0.9
Projected 2021	5,161,944	2,982,594	2,179,350	1.7
Projected 2022	4,732,218	2,983,091	1,749,127	1.6
Projected 2023	4,293,897	2,954,824	1,339,073	1.5
Projected 2024	3,846,810	2,926,429	920,381	1.3
Projected 2025	3,390,781	2,564,072	826,709	1.3

Reviewer: Alex Fisher  
Date: June 3, 2021  
Loan Number: A21-032

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND A)  
CITY OF NICHOLASVILLE, JESSAMINE COUNTY  
PROJECT REVIEW  
SX21113029**

**I. PROJECT DESCRIPTION**

The City of Nicholasville (“City”) is requesting a Fund A planning and design loan in the amount of \$817,000 for the Nicholasville SSES and Sewer Rehabilitation Phase 1 project. In accordance with Agreed Order Case No. DOW 19-3-0038, the City of Nicholasville is required to take steps to address inflow and infiltration (I&I) and overflows within the sanitary sewer collection system. In order to begin this task, the first step is to document the condition of the existing infrastructure, evaluate the data accumulated and begin to identify and prioritize system improvements projects to address I&I and capacity deficiencies. This project will begin the process by completing a Sanitary Sewer Evaluation Survey (SSES) focused on the oldest areas of the City’s collection system, which are the basins containing vitrified clay pipe (VCP). This project will CCTV all pipe, as well as evaluate all manholes in the selected basins, plus provide smoke testing, dye testing and lateral investigations as needed within the identified basins.

SSOs will be addressed in the following areas:

Railroad Crossing Rehab, Cherry Brook Ct., Ironwood/Runnymede, Maple Grove Cemetery, 300 Edgewood and other miscellaneous areas.

Currently the City of Nicholasville serves over 10,400 residential and over 830 commercial and industrial customers.

**II. PROJECT BUDGET**

	<b>Total</b>
Administrative Expenses	\$ 20,000
Legal Expenses	5,000
Planning	670,000
Engineering Fees - Design	122,000
<b>Total</b>	<b>\$ 817,000</b>

### III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund A (P & D) Loan	\$ 817,000	100%
<b>Total</b>	<b>\$ 817,000</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Planning and Design Loan	\$ 817,000
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 817,000
Interest Rate	2.50%
Loan Term (Years)	5
Estimated Annual Debt Service	\$ 174,843
Administrative Fee (0.20%)	1,634
<b>Total Estimated Annual Debt Service</b>	<b>\$ 176,477</b>

### V. PROJECT SCHEDULE

P & D Start Date	August 2021
P & D End Date	January 2023
Bid Opening	June 2023
Construction Start	August 2023
Construction Stop	March 2024

### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

#### A) Customers

<u>Customers</u>	<u>Current</u>
Residential	10,436
Commercial	817
Industrial	27
<b>Total</b>	<b>11,280</b>

#### B) Rates

<b>Water In City</b>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	08/01/19	08/01/13
Minimum	\$5.25	\$4.42
Per 1,000 Gallons	4.43	4.43
Cost for 4,000 gallons	\$22.97	\$22.14
Increase %	3.7%	
Affordability Index (Rate/MHI)	0.6%	

<b>Water Outside of City</b>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	08/01/19	08/01/18
Minimum	\$7.45	\$6.60
Per 1,000 Gallons	6.48	6.48
Cost for 4,000 gallons	\$33.37	\$32.52
Increase %	2.6%	
Affordability Index (Rate/MHI)	0.8%	

<b>Sewer In City</b>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	09/01/19	07/01/09
Minimum	\$6.75	\$4.25
Per 1,000 Gallons	4.75	4.56
Cost for 4,000 gallons	\$25.75	\$22.49
Increase %	14.5%	
Affordability Index (Rate/MHI)	0.6%	

<b>Sewer Outside of City</b>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	09/01/19	07/01/09
Minimum	\$8.85	\$6.35
Per 1,000 Gallons	7.11	6.84
Cost for 4,000 gallons	\$37.29	\$33.71
Increase %	10.6%	
Affordability Index (Rate/MHI)	0.9%	

## **VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2014-2018, the Utility's service area population was 29,116 with a Median Household Income (MHI) of \$48,344. The median household income for the Commonwealth is \$48,392. The planning and design project loan will qualify for a 2.50% interest rate.

## **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, 2018 through June 30, 2020. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### **HISTORY**

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.

The combined utility revenues increased 2.3% from \$25.67 million in 2018 to \$26.27 in 2020 while operating expenses decreased 6.0% from \$22.42 million to \$21.07 million during the same period primarily due to a 14.8% (\$2.3 million) reduced electric operating expense. The debt coverage ratio was 0.9, 1.4, and 0.9 in 2018, 2019, and 2020 respectively.

The balance sheet reflects a current ratio of 1.8, a debt to equity ratio of 0.7, 49.9 days of sales in accounts receivable, and 2.6 months of operating expenses in unrestricted cash.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Utility fund revenues are flat through the projection years.
- 2) Expenses will increase 2% due to inflation.
- 3) Debt service coverage is 1.3 in 2024 when 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**

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

**X. DEBT OBLIGATIONS**

	<b>Outstanding</b>	<b>Maturity</b>
KIA C02-02	\$ 917,526	2023
KIA A06-07*	5,719,235	2028
KIA F07-08*	5,050,301	2030
KIA A08-06	3,546,993	2031
KIA F13-022	392,850	2035
KIA A15-090*	856,615	2040
KIA F115-066	240,372	2024
KIA F17-001	516,308	2040
KIA A20-045*	127,824	2025
General Obligation Bonds	4,730,000	
General Obligation Notes	379,959	
Bond Premium	230,144	
<b>Total</b>	<b>\$22,708,127</b>	

(\* ) Subsequent events – In November 2020 the City of Nicholasville repaid the 4 marked KIA loans with proceeds from a bond issue. Debt service on the bond issue is less than total debt service on the KIA loans.

**XI. CONTACTS**

<b>Legal Applicant</b>	
Entity Name	City of Nicholasville
Authorized Official	Peter Sutherland (Mayor)
County	Jessamine
Email	pete.sutherland@nicholasville.org
Phone	(859) 885-1121
Address	PO Box 450 Nicholasville , KY 40356

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



**Project Administrator**

Name	Robert 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	Christopher A Stewart
Firm Name	Haworth, Meyer & Boleyn, Inc.
Email	castewart@hmbpe.com
Phone	(502) 695-9800
Address	3 Hmb Cir Frankfort, KY 40601

**XII. RECOMMENDATIONS**

KIA staff recommends approval of the planning and design loan with the standard conditions.

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

	<u>Audited</u> <u>2018</u>	<u>Audited</u> <u>2019</u>	<u>Audited</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>	<u>Projected</u> <u>2024</u>	<u>Projected</u> <u>2025</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	6,896,024	7,878,476	9,840,411	12,092,545	13,841,672	15,180,745	16,101,126	16,927,835
Other Assets	85,726,660	84,834,801	84,143,023	81,218,878	78,294,733	76,167,163	73,222,593	70,278,023
<b>Total</b>	<b>92,622,684</b>	<b>92,713,277</b>	<b>93,983,434</b>	<b>93,311,423</b>	<b>92,136,405</b>	<b>91,347,908</b>	<b>89,323,719</b>	<b>87,205,858</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	5,467,875	5,250,829	5,584,733	5,624,558	5,717,359	5,798,166	5,551,625	5,305,636
Long Term Liabilities	35,135,035	33,896,605	33,459,308	30,977,196	28,457,883	26,731,463	24,492,384	22,558,294
<b>Total Liabilities</b>	<b>40,602,910</b>	<b>39,147,434</b>	<b>39,044,041</b>	<b>36,601,754</b>	<b>34,175,242</b>	<b>32,529,629</b>	<b>30,044,009</b>	<b>27,863,930</b>
<b>Net Assets</b>	<b>52,019,774</b>	<b>53,565,843</b>	<b>54,939,393</b>	<b>56,709,669</b>	<b>57,961,163</b>	<b>58,818,279</b>	<b>59,279,710</b>	<b>59,341,928</b>
<b>Cash Flow</b>								
Revenues	25,669,651	24,530,082	26,274,285	26,274,285	26,274,285	26,274,285	26,274,285	26,274,285
Operating Expenses	22,415,067	20,407,106	21,065,002	21,486,302	21,916,028	22,354,349	22,801,436	23,257,465
Other Income	229,621	229,543	662,719	373,961	373,961	373,961	373,961	373,961
<b>Cash Flow Before Debt Service</b>	<b>3,484,205</b>	<b>4,352,519</b>	<b>5,872,002</b>	<b>5,161,944</b>	<b>4,732,218</b>	<b>4,293,897</b>	<b>3,846,810</b>	<b>3,390,781</b>
<b>Debt Service</b>								
Existing Debt Service	4,019,442	3,013,382	6,865,619	2,982,594	2,983,091	2,954,824	2,749,952	2,387,595
Proposed KIA Loan	0	0	0	0	0	0	176,477	176,477
<b>Total Debt Service</b>	<b>4,019,442</b>	<b>3,013,382</b>	<b>6,865,619</b>	<b>2,982,594</b>	<b>2,983,091</b>	<b>2,954,824</b>	<b>2,926,429</b>	<b>2,564,072</b>
<b>Cash Flow After Debt Service</b>	<b>(535,237)</b>	<b>1,339,137</b>	<b>(993,617)</b>	<b>2,179,350</b>	<b>1,749,127</b>	<b>1,339,073</b>	<b>920,381</b>	<b>826,709</b>
<b>Ratios</b>								
Current Ratio	1.3	1.5	1.8	2.1	2.4	2.6	2.9	3.2
Debt to Equity	0.8	0.7	0.7	0.6	0.6	0.6	0.5	0.5
Days Sales in Accounts Receivable	49.3	47.2	49.9	49.9	49.9	49.9	49.9	49.9
Months Operating Expenses in Unrestricted Cash	0.9	1.8	2.6	3.8	4.6	5.3	5.7	6.0
Debt Coverage Ratio	0.9	1.4	0.9	1.7	1.6	1.5	1.3	1.3

<b>EXECUTIVE SUMMARY</b>		Reviewer	Alex Fisher	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 3, 2021	
<b>FUND B, INFRASTRUCTURE</b>		KIA Loan Number	B21-001	
<b>REVOLVING LOAN FUND</b>		WRIS Number	SX21151057	
BORROWER		CITY OF BEREA MADISON COUNTY		
BRIEF DESCRIPTION				
<p>The City of Berea ("City") is requesting a Fund B loan in the amount of \$256,200 for the Madison County Airport – Sewer Line Extension project.</p> <p>Currently, the Madison County Airport lacks the necessary infrastructure to adequately meet future transportation needs. Compounding the issue are EKU's Aviation Program, workforce training and increased airport traffic. The increase in people utilizing the airport daily will strain the existing infrastructure and the outdated septic system used for sewer treatment. The existing septic system has already been expanded once and is quickly approaching capacity. In addition, there are residents and planned developments along the proposed route that currently do not have benefit of a sewer system. Design and construction of a new force main would allow those developments to benefit from this new sewer system. This project will result in the construction of approximately 12,000 LF of 4" sewer lines and approximately two new manholes.</p> <p>The Appalachian Regional Commission (ARC) funding portion is still pending at this time.</p> <p>Currently the City of Berea serves over 5,450 residential and over 450 commercial and industrial customers.</p>				
PROJECT FINANCING		PROJECT BUDGET	RD Fee %      Actual %	
Fund B Loan	256,200	Legal Expenses	3,000	
ARC	496,900	Land, Easements	45,000	
		Planning	10,000	
		Eng - Design / Const	9.7%      7.1%      43,000	
		Eng - Insp	6.8%      4.5%      27,500	
		Eng - Other	15,000	
		Construction	567,600	
		Contingency	42,000	
TOTAL	<u>\$753,100</u>	TOTAL	<u>\$753,100</u>	
REPAYMENT	Rate	1.00%	Est. Annual Payment	\$14,678
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	American Engineers, Inc (AEI)/ Kenvirons, Inc.		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Oct-21		
	Construction Start	Dec-21		
	Construction Stop	Sep-22		
DEBT PER CUSTOMER	Existing	\$1,867		
	Proposed	\$994		
OTHER DEBT	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	5,913	\$26.25 (for 4,000 gallons)	
	Additional	1	\$26.25 (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 2018	4,476,839	1,980,638	2,496,201	2.3
Audited 2019	5,281,225	1,990,738	3,290,487	2.7
Audited 2020	7,957,544	2,007,540	5,950,004	4.0
Projected 2021	7,740,125	2,004,254	5,735,871	3.9
Projected 2022	7,518,358	1,988,764	5,529,594	3.8
Projected 2023	7,291,556	2,001,080	5,290,476	3.6
Projected 2024	7,060,830	1,999,896	5,060,934	3.5
Projected 2025	6,825,489	1,999,407	4,826,082	3.4

Reviewer: Alex Fisher  
Date: June 3, 2021  
Loan Number: B21-001

**KENTUCKY INFRASTRUCTURE AUTHORITY  
INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)  
CITY OF BEREA, MADISON COUNTY  
PROJECT REVIEW  
SX21151057**

**I. PROJECT DESCRIPTION**

The City of Berea (“City”) is requesting a Fund B loan in the amount of \$256,200 for the Madison County Airport – Sewer Line Extension project.

Currently, the Madison County Airport lacks the necessary infrastructure to adequately meet future transportation needs. Compounding the issue are EKU’s Aviation Program, workforce training and increased airport traffic. The increase in people utilizing the airport daily will strain the existing infrastructure and the outdated septic system used for sewer treatment. The existing septic system has already been expanded once and is quickly approaching capacity. In addition, there are residents and planned developments along the proposed route that currently do not have benefit of a sewer system. Design and construction of a new force main would allow those developments to benefit from this new sewer system. This project will result in the construction of approximately 12,000 LF of 4" sewer lines and approximately two new manholes.

The Appalachian Regional Commission (ARC) funding portion is still pending at this time.

Currently the City of Berea serves over 5,450 residential and over 450 commercial and industrial customers.

**II. PROJECT BUDGET**

	<u>Total</u>
Legal Expenses	3,000
Land, Easements	45,000
Planning	10,000
Engineering Fees - Design	43,000
Engineering Fees - Inspection	27,500
Engineering Fees - Other	15,000
Construction	567,600
Contingency	42,000
<b>Total</b>	<b>\$ 753,100</b>

### III. PROJECT FUNDING

	Amount	%
Fund B Loan	\$ 256,200	34%
ARC	496,900	66%
<b>Total</b>	<b>\$ 753,100</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Construction Loan	\$ 256,200
Less: Principal Forgiveness	0
Amortized Loan Amount	\$ 256,200
Interest Rate	1.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 14,166
Administrative Fee (0.20%)	512
<b>Total Estimated Annual Debt Service</b>	<b>\$ 14,678</b>

### V. PROJECT SCHEDULE

Bid Opening	October 2021
Construction Start	December 2021
Construction Stop	September 2022

### VI. RATE STRUCTURE

#### A. Customers

Customers	Current	Proposed	Total
Residential	5,458	0	5,458
Commercial	443	1	444
Industrial	12	0	12
<b>Total</b>	<b>5,913</b>	<b>1</b>	<b>5,914</b>

## **B. Rates**

<b>Sewer</b>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	07/01/19	07/01/17
Minimum (1,500 Gallons)	\$10.50	\$9.90
Next 1,000 Gallons	6.30	5.83
Cost for 4,000 gallons	\$26.25	\$24.48
Increase %	7.3%	
Affordability Index (Rate/MHI)	0.7%	

<b>Water</b>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	07/01/19	07/01/17
Minimum (1,500 Gallons)	\$12.00	\$11.50
Next 1,000 Gallons	6.90	6.40
Additional Amt. Cubic Ft. Rounding	0.20	
Cost for 4,000 gallons	\$29.45	\$27.50
Increase %	7.1%	
Affordability Index (Rate/MHI)	0.8%	

## **VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2014-2018, the Utility's service area population was 14,194 with a Median Household Income (MHI) of \$44,179. The median household income for the Commonwealth is \$48,392. The project will qualify for a 1.00% interest rate.

## **VIII. FINANCIAL ANALYSIS**

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

The City of Berea has executed an agreement with the Madison County Airport Board to make all payments on debt service and operations for this project. Additionally, the City of Berea, along with the City of Richmond and the Madison County Fiscal Court have signed an inter-local agreement to split the cost of debt equally amongst themselves should the Airport Board fail to make the necessary payments.

## HISTORY

Revenues decreased 1.5% from \$18.99 million in 2018 to \$18.69 million in 2020 while operating expenses also decreased 25.3% from \$14.56 million to \$10.87 million during the same period primarily due to an ongoing project and the accounts payable in 2018 was 40% higher than 2020. The debt coverage ratio was 2.3, 2.7 and 4.0 in 2018, 2019 and 2020 respectively.

The balance sheet reflects a current ratio of 4.4, a debt to equity ratio of 0.5, 55.4 days of sales in accounts receivable, and 4.0 months of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Total revenues will remain flat.
- 2) ARC will fund the remaining portion of the project of \$496,900.
- 3) Expenses will increase 2% annually due to inflation.
- 4) Debt service coverage is 3.6 in 2023 when principal and interest repayments begin.

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

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$12,000 total) of the final amount borrowed to be funded annually (\$600 yearly) each December 1 for 20 years and maintained for the life of the loan.

## IX. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 2005-A Revenue Bonds	\$ 5,000	2025
KIA A04-04	1,606,802	2026
KIA F08-03	2,749,068	2030
Series 2013 Refunding Rev. Bonds	6,595,000	2025
<b>Total</b>	<b>\$10,955,870</b>	

**X. CONTACTS**

<b>Legal Applicant</b>	
Entity Name	City of Berea
Authorized Official	Bruce Fraley (Mayor)
County	Madison
Email	bfraley@berekky.gov
Phone	859 986 8528
Address	212 Chestnut St Berea, KY 40403

<b>Applicant Contact</b>	
Name	Kevin Howard
Organization	Berea Municipal Utilities
Email	khoward@berekky.gov
Phone	859 986 4391
Address	200 Harrison Rd Berea, KY 40403

<b>Project Administrator</b>	
Name	Karyn Leverenz
Organization	Bluegrass Area Development District
Email	kleverenz@bgadd.org
Phone	859 269 8021
Address	699 Perimeter Dr Lexington, KY 40403

<b>Consulting Engineer</b>	
PE Name	Don Pedigo/ Ken Taylor
Firm Name	American Engineers, Inc (AEI)/ Kenvirons, Inc.
Email	dpedigo@aei.cc/ ktaylor@kenvirons.com
Phone	270 651 7220
Address	6688 Pelham Branch Rd Columbia, KY 42728



**XI. RECOMMENDATIONS**

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

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

	<u>Audited</u> <u>2018</u>	<u>Audited</u> <u>2019</u>	<u>Audited</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>	<u>Projected</u> <u>2024</u>	<u>Projected</u> <u>2025</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	12,231,185	11,043,027	14,509,412	14,929,216	16,035,135	17,093,230	18,105,417	19,070,633
Other Assets	45,748,068	46,815,295	48,212,841	50,333,928	52,289,993	54,789,636	56,352,545	57,727,573
<b>Total</b>	<b>57,979,253</b>	<b>57,858,322</b>	<b>62,722,253</b>	<b>65,263,144</b>	<b>68,325,128</b>	<b>71,882,866</b>	<b>74,457,962</b>	<b>76,798,206</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	4,004,910	3,202,194	3,297,345	3,253,228	3,312,481	3,390,095	3,460,480	2,127,545
Long Term Liabilities	19,168,699	17,534,686	16,411,684	14,610,791	12,774,745	11,141,885	9,207,540	8,631,730
<b>Total Liabilities</b>	<b>23,173,609</b>	<b>20,736,880</b>	<b>19,709,029</b>	<b>17,864,019</b>	<b>16,087,226</b>	<b>14,531,980</b>	<b>12,668,020</b>	<b>10,759,275</b>
<b>Net Assets</b>	<b>34,805,644</b>	<b>37,121,442</b>	<b>43,013,224</b>	<b>47,399,125</b>	<b>52,237,902</b>	<b>57,350,886</b>	<b>61,789,942</b>	<b>66,038,931</b>
<b>Cash Flow</b>								
Revenues	18,986,594	18,988,720	18,694,219	18,694,219	18,694,219	18,694,219	18,694,219	18,694,219
Operating Expenses	14,558,283	13,810,344	10,870,928	11,088,347	11,310,114	11,536,916	11,767,642	12,002,983
Other Income	48,528	102,849	134,253	134,253	134,253	134,253	134,253	134,253
<b>Cash Flow Before Debt Service</b>	<b>4,476,839</b>	<b>5,281,225</b>	<b>7,957,544</b>	<b>7,740,125</b>	<b>7,518,358</b>	<b>7,291,556</b>	<b>7,060,830</b>	<b>6,825,489</b>
<b>Debt Service</b>								
Existing Debt Service	1,980,638	1,990,738	2,007,540	2,004,254	1,988,764	1,986,402	1,985,218	1,984,729
Proposed KIA Loan	0	0	0	0	0	14,678	14,678	14,678
<b>Total Debt Service</b>	<b>1,980,638</b>	<b>1,990,738</b>	<b>2,007,540</b>	<b>2,004,254</b>	<b>1,988,764</b>	<b>2,001,080</b>	<b>1,999,896</b>	<b>1,999,407</b>
<b>Cash Flow After Debt Service</b>	<b>2,496,201</b>	<b>3,290,487</b>	<b>5,950,004</b>	<b>5,735,871</b>	<b>5,529,594</b>	<b>5,290,476</b>	<b>5,060,934</b>	<b>4,826,082</b>
<b>Ratios</b>								
Current Ratio	3.1	3.4	4.4	4.6	4.8	5.0	5.2	9.0
Debt to Equity	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.2
Days Sales in Accounts Receivable	55.8	53.1	55.4	55.4	55.4	55.4	55.4	55.4
Months Operating Expenses in Unrestricted Cash	1.5	0.7	4.0	5.2	6.2	7.2	8.1	8.9
Debt Coverage Ratio	2.3	2.7	4.0	3.9	3.8	3.6	3.5	3.4

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun			
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 3, 2021			
<b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b>		KIA Loan Number	F18-017 (Increase)			
<b>REVOLVING LOAN FUND</b>		WRIS Number	WX21079015			
BORROWER	CITY OF LANCASTER GARRARD COUNTY					
BRIEF DESCRIPTION						
The City of Lancaster has returned to request a loan increase from \$4 million to \$4.4 million for the construction of the New Water Treatment Plant project. The increase is needed to fund additional work including improvements at the intake, additional instrumentation and controls at the existing intermediate booster pump station, upgrades to the pump motors at the same booster pump station, enhancements to the existing SCADA system for integration with the new water plant SCADA system, a maintenance building at the new water treatment plant, and modifications to the existing water treatment plant for continued emergency pumping use.						
PROJECT FINANCING		PROJECT BUDGET			RD Fee %	Actual %
Fund F Loan	\$4,400,000	Administrative Expenses				\$30,000
RD	6,000,000	Legal Expenses				20,000
ARC	500,000	Planning				20,000
HB 265 State Grant	500,000	Eng - Design / Const	6.3%	5.5%		558,100
		Eng - Insp	4.1%	4.4%		447,000
		Eng - Other				85,000
		Construction				10,012,100
		Contingency				74,800
		Other				153,000
TOTAL	<u>\$11,400,000</u>	TOTAL				<u>\$11,400,000</u>
REPAYMENT	Rate	0.50%	Est. Annual Payment		\$130,687	
	Term	30 Years	1st Payment	6 Mo. after first draw		
PROFESSIONAL SERVICES	Engineer	Kentucky Engineering Group				
	Bond Counsel	Rubin & Hays				
PROJECT SCHEDULE	Bid Opening	Mar-19				
	Construction Start	Jun-19				
	Construction Stop	Dec-21				
DEBT PER CUSTOMER	Existing	\$4,586				
	Proposed	\$9,158				
OTHER DEBT	See Attached					
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>			
	Current	1,711	\$37.74 (for 4,000 gallons)			
	Additional	0	\$37.74 (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 2018	444,604	267,472	177,132	1.7		
Audited 2019	404,135	277,161	126,974	1.5		
Audited 2020	378,101	287,372	90,729	1.3		
Projected 2021	434,445	303,682	130,763	1.4		
Projected 2022	551,872	274,105	277,767	2.0		
Projected 2023	685,717	623,379	62,338	1.1		
Projected 2024	698,861	625,553	73,308	1.1		
Projected 2025	681,662	625,994	55,668	1.1		

Reviewer: Meili Sun  
Date: June 3, 2021  
Loan Number: F18-017 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY  
DRINKING WATER STATE REVOLVING FUND (FUND F)  
CITY OF LANCASTER, GARRARD COUNTY  
PROJECT REVIEW  
WX21079015**

**I. PROJECT DESCRIPTION**

The City of Lancaster has returned to request a loan increase from \$4 million to 4.4 million for the construction of the New Water Treatment Plant project. The increase is needed to fund additional work including improvements at the intake, additional instrumentation and controls at the existing intermediate booster pump station, upgrades to the pump motors at the same booster pump station, enhancements to the existing SCADA system for integration with the new water plant SCADA system, a maintenance building at the new water treatment plant, and modifications to the existing water treatment plant for continued emergency pumping use.

This project will construct a new 3.0 million-gallon per day (MGD), conventional water treatment facility. The current 2.1 MGD plant was constructed in 1951 with the last major improvement occurring in 1994. Many of the plant components have exceeded their life spans and are in need of replacement. In addition, the City currently has no means for sludge holding after a backwash or basin cleaning and has received Notice of Violation (NOV) for high total suspended solids in their discharge to a nearby stream. To address these issues, a new treatment facility, with lagoon system to accept wastewater discharge, will be constructed at a nearby site already owned by the City. Other improvements will include improved coagulation and filtration, maximizing efficiency of the carbon feed system and points of chlorination, and a larger diameter intake pipe and screen on the Kentucky River. Expansion at the current site was ruled out due to the age of the current water treatment plant components and unavailability of land to expand the footprint. The City will leave two pumps at the abandoned treatment plant site that will have the ability to pump raw water to the new treatment plant site from the Lancaster Reservoir as a backup source water supply.

Lancaster Water Works is a regional facility, selling water to the Crab Orchard Water Works and the Garrard County Water Association.

## II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 30,000
Legal Expenses	20,000
Planning	20,000
Engineering Fees - Design / Const	558,100
Engineering Fees - Inspection	447,000
Engineering Fees – Other	85,000
Construction	10,012,100
Contingency	74,800
Other	153,000
<b>Total</b>	<b>\$ 11,400,000</b>

## III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 4,400,000	39%
RD (\$1.5 million grant & \$4.5 million loan)	6,000,000	53%
ARC Grant	500,000	4%
HB 265 State Grant	500,000	4%
<b>Total</b>	<b>\$ 11,400,000</b>	<b>100%</b>

## IV. KIA DEBT SERVICE

Construction Loan	\$ 4,400,000
Principal Forgiveness	1,000,000
Amortized Loan Amount	3,400,000
Interest Rate	0.50%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 122,187
Administrative Fee (0.25%)	8,500
<b>Total Estimated Annual Debt Service</b>	<b>\$ 130,687</b>

## V. PROJECT SCHEDULE

Bid Opening	March 2019
Construction Start	June 2019
Construction Stop	December 2021

## VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

### A) Customers

Customers	
Residential	1,495
Commercial	208
Industrial	8
Total	1,711

### B) Rates

<b>Water</b>	Current	Prior
Date of Last Rate Increase	10/01/19	07/02/18
Minimum 1,000 Gallons	\$ 14.10	\$ 13.90
Next 3,000 Gallons	7.88	7.01
Cost for 4,000 gallons	<b>\$ 37.74</b>	<b>\$ 34.93</b>
Increase %	8.04%	
Affordability Index (Rate/MHI)	1.5%	1.4%

<b>Sewer</b>	Current	Prior
Date of Last Rate Increase	10/01/19	07/02/18
Per 1,000 Gallons	\$ 8.30	\$ 7.52
Cost for 4,000 gallons	<b>\$ 33.20</b>	<b>\$ 30.08</b>
Increase %	10.37%	
Affordability Index (Rate/MHI)	1.3%	1.2%

### **Wholesale Water**

Date	1/10/18	7/10/18	7/10/19	07/10/20	07/10/21
Per 1,000 Gallons	\$2.10	\$2.15	\$2.20	\$ 2.25	\$ 2.49
Increase %		2.4%	2.3%	2.3%	10.7%

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2012-2016, the Utility's service area population was 3,943 with a Median Household Income (MHI) of \$31,032. The median household income for the Commonwealth was \$43,740. The project qualifies for a 0.50% interest rate as its MHI is below 80% of the state MHI.

Year	Population		County	% Change	County Unemployment	
	City	% Change			Date	Rate
1980	3,365		10,853		June 2005	6.2%
1990	3,421	1.7%	11,579	6.7%	June 2010	11.1%
2000	3,734	9.1%	14,792	27.7%	June 2015	5.2%
2010	3,442	-7.8%	16,912	14.3%	June 2017	5.4%
Current	3,831	11.3%	17,051	0.8%		
Cumulative %		13.8%		57.1%		

### **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 combining both water and sewer operations for the years ended June 30, 2018 through June 30, 2020. 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.

This project is a joint financial effort of multiple funding sources. Other funding sources include commitments of a \$1.5 million RD grant, a \$4.5 million RD loan, a \$0.5 million HB265 state grant, and a \$0.5 million ARC grant.

#### **HISTORY**

Combined water and sewer revenues went up 20.3% from \$1.98 million in 2018 to \$2.38 million in 2020 due to rate and wholesale volume increases. Operating expenses increased 30.6% from \$1.54 million to \$2.01 million during the same period due to non-recurring contractual expenses and general inflation, which was adjusted down by 3% for projections. The debt coverage ratio was 1.7, 1.5, and 1.3 for 2018, 2019, and 2020 respectively.

The balance sheet reflects a current ratio of 2.4, debt to equity ratio of 1.8, 32.7 days of sales in accounts receivable, and 2.7 months of operating expenses in unrestricted cash.

## PROJECTIONS

Projections are based on the following assumptions:

- 1) Retail water revenues will increase approximately 4.2% in 2021 and will continue to grow annually based on the Consumer Price Index.
- 2) Wholesale water will go up annually based on the rate schedule in the water purchase agreements with the Garrard County Water Association and the City of Crab Orchard.
- 3) Expenses will increase 2% annually for general inflation.
- 4) The City will receive other funding assistances from ARC, RD, and HB265 state grant.
- 5) Debt service coverage is 1.1 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 F loan.

## REPLACEMENT RESERVE

The replacement reserve will be 5% (\$220,000 total) of the final amount borrowed (prior to principal forgiveness) to be funded annually (\$11,000) each December 1 for 20 years and maintained for the life of the loan.

## X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KLC Bond Series	\$ 1,415,000	2042
Water and Sewer Revenue Bonds Series 2009	839,000	2048
Water and Sewer Revenue Bonds Series 2010	1,371,666	2050
KIA Loan B08-002	215,443	2028
KIA Loan B16-013	185,754	2038
KIA Loan A19-011 \$314,000		TBD
RD Bonds i/a/o \$4.5 million		TBD
<b>Total</b>	<b>\$4,026,863</b>	



## **XI. CONTACTS**

<b>Legal Applicant</b>	
Name	City of Lancaster
Address	308 W Maple Ave, Suite 1 Lancaster, KY 40444
County	Garrard
Authorized Official	Marshall Norton, Mayor
Phone	(859) 792-2241
Email	mnorton@cityoflancasterky.com

<b>Project Contact - Applicant</b>	
Name	Debbie Carrier, City Clerk
Representing	City of Lancaster
Address	308 W Maple Ave, Suite 1 Lancaster, KY 40444
Phone	(859) 792-2241
Email	dcarrier@cityoflancasterky.com

<b>Consulting Engineer &amp; Project Administrator</b>	
Name	Ryan Carr
Firm	Kentucky Engineering Group
Address	PO Box 1034 Versailles, KY 40383
Phone	(859) 251-4127
Email	rcarr@kyengr.com

## **XII. RECOMMENDATIONS**

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

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

	<u>Audited</u> <u>2018</u>	<u>Audited</u> <u>2019</u>	<u>Audited</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>	<u>Projected</u> <u>2024</u>	<u>Projected</u> <u>2025</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	2,048,336	1,923,089	2,010,309	2,005,827	2,297,694	2,378,332	2,456,541	2,514,409
Other Assets	10,444,185	10,381,092	14,300,803	13,470,830	24,409,129	23,662,428	22,915,727	22,169,026
<b>Total</b>	<b>12,492,521</b>	<b>12,304,181</b>	<b>16,311,112</b>	<b>15,476,657</b>	<b>26,706,823</b>	<b>26,040,760</b>	<b>25,372,268</b>	<b>24,683,435</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	460,734	405,383	822,526	810,103	826,309	845,134	862,677	884,925
Long Term Liabilities	5,360,095	5,523,588	9,682,746	8,565,827	16,278,843	16,085,634	15,887,782	15,680,782
<b>Total Liabilities</b>	<b>5,820,829</b>	<b>5,928,971</b>	<b>10,505,272</b>	<b>9,375,930</b>	<b>17,105,152</b>	<b>16,930,768</b>	<b>16,750,459</b>	<b>16,565,707</b>
<b>Net Assets</b>	<b>6,671,692</b>	<b>6,375,210</b>	<b>5,805,840</b>	<b>6,100,727</b>	<b>9,601,671</b>	<b>9,109,992</b>	<b>8,621,809</b>	<b>8,117,728</b>
<b>Cash Flow</b>								
Revenues	1,980,624	2,258,638	2,382,119	2,418,143	2,575,370	2,779,532	2,834,085	2,859,123
Operating Expenses	1,539,775	1,856,285	2,011,349	1,991,029	2,030,829	2,101,146	2,142,555	2,184,792
Other Income	3,755	1,782	7,331	7,331	7,331	7,331	7,331	7,331
<b>Cash Flow Before Debt Service</b>	<b>444,604</b>	<b>404,135</b>	<b>378,101</b>	<b>434,445</b>	<b>551,872</b>	<b>685,717</b>	<b>698,861</b>	<b>681,662</b>
<b>Debt Service</b>								
Existing Debt Service	267,472	277,161	287,372	303,682	274,105	492,692	494,866	495,307
Proposed KIA Loan	0	0	0	0	0	130,687	130,687	130,687
<b>Total Debt Service</b>	<b>267,472</b>	<b>277,161</b>	<b>287,372</b>	<b>303,682</b>	<b>274,105</b>	<b>623,379</b>	<b>625,553</b>	<b>625,994</b>
<b>Cash Flow After Debt Service</b>	<b>177,132</b>	<b>126,974</b>	<b>90,729</b>	<b>130,763</b>	<b>277,767</b>	<b>62,338</b>	<b>73,308</b>	<b>55,668</b>
<b>Ratios</b>								
Current Ratio	4.4	4.7	2.4	2.5	2.8	2.8	2.8	2.8
Debt to Equity	0.9	0.9	1.8	1.5	1.8	1.9	1.9	2.0
Days Sales in Accounts Receivable	31.4	34.7	32.7	32.7	32.7	32.7	32.7	32.7
Months Operating Expenses in Unrestricted Cash	2.9	2.4	2.7	3.5	5.1	5.3	5.6	5.8
Debt Coverage Ratio	1.7	1.5	1.3	1.4	2.0	1.1	1.1	1.1

<b>EXECUTIVE SUMMARY</b>		Reviewer	Meili Sun	
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	June 3, 2021	
<b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b>		KIA Loan Number	F21-045	
<b>REVOLVING LOAN FUND</b>		WRIS Number	WX21053015	
BORROWER	CITY OF ALBANY CLINTON COUNTY			
BRIEF DESCRIPTION				
<p>"WTP A" will replace flocculator No. 1, install variable frequency drives (VFDs) on high service pumps No. 1 - No .3, replace 6" sedimentation basin drain valve, remove existing sludge from sludge lagoons for proper disposal, repair existing chemical lift elevator, furnish one chemical drum transfer pump, replace filter media, and repair or replace miscellaneous electrical system.</p> <p>"WTP B" will replace raw water pump No. 3, refurbish exterior of raw water MCC building, install VFDs on each high service pump, replace 10" gate valves at each high service pump, remove existing sludge from sludge lagoon for proper disposal, furnish one chemical drum transfer pump, replace existing fans and louvers, install new chemical feed pumps, replace filter media, repair raw water control valve, repair or replace miscellaneous electrical system, and replace various SCADA system items. The project will also install 9 new master meters throughout the distribution system.</p>				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$2,680,000	RD Fee %	Actual %	
		Administrative Expenses		\$23,000
		Legal Expenses		10,000
		Eng - Design / Const	7.5%	6.9%
		Eng - Insp	5.6%	5.3%
		Eng - Other		20,000
		Construction		2,127,000
		Contingency		213,000
TOTAL	\$2,680,000	TOTAL		\$2,680,000
REPAYMENT	Rate	0.25%	Est. Annual Payment	\$74,240
	Term	30 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Monarch Engineering, Inc		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Nov-21		
	Construction Start	Dec-21		
	Construction Stop	Dec-22		
DEBT PER CUSTOMER	Existing	\$644		
	Proposed	\$1,226		
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	6,227	\$29.02	(for 4,000 gallons)
	Additional	0	\$29.02	(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 2018	402,807	345,699	57,108	1.2
Audited 2019	459,411	342,811	116,600	1.3
Audited 2020	397,965	344,896	53,069	1.2
Projected 2021	936,569	347,964	588,605	2.7
Projected 2022	948,864	342,072	606,792	2.8
Projected 2023	961,131	425,744	535,387	2.3
Projected 2024	980,477	496,744	483,733	2.0
Projected 2025	1,000,210	502,159	498,051	2.0

Reviewer: Meili Sun  
Date: June 3, 2021  
Loan Number: F21-045

**KENTUCKY INFRASTRUCTURE AUTHORITY  
DRINKING WATER STATE REVOLVING FUND (FUND F)  
CITY OF ALBANY, CLINTON COUNTY  
PROJECT REVIEW  
WX21053015**

**I. PROJECT DESCRIPTION**

The City of Albany (“City”) is requesting a Fund F loan in the amount of \$2,680,000 for the Water Treatment Plant (A & B) Improvement project. “WTP A” portion will replace flocculator No. 1, install variable frequency drives (VFDs) on high service pumps No. 1 – 3, replace 6” sedimentation basic drain valve, remove existing sludge from sludge lagoons for proper disposal, repair existing chemical lift elevator, furnish one chemical drum transfer pump, replace filter media, and repair or replace miscellaneous electrical system. “WTP B” portion will replace raw water pump No. 3, refurbish exterior of raw water MCC building, install VFDs on each high service pump, replace 10” gate valves at each high service pump, remove existing sludge from sludge lagoon for proper disposal, furnish one chemical drum transfer pump, replace existing fans and louvers, install new chemical feed pumps, replace filter media, repair raw water control valve, repair or replace miscellaneous electrical system, and replace various SCADA system items. The project will also install 9 new master meters throughout the distribution system.

The City currently serves approximately 6,200 retail customers and provides wholesale water to the Cumberland County Water District which is a PSC regulated utility. The wholesale rates are subject to PSC approval.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 23,000
Legal Expenses	10,000
Engineering Fees – Design	162,000
Engineering Fees – Inspection	125,000
Engineering Fees – Other	20,000
Construction	2,127,000
Contingency	213,000
<b>Total</b>	<b>\$ 2,680,000</b>

### III. PROJECT FUNDING

	Amount	%
KIA Fund F Loan	\$ 2,680,000	100%

### IV. KIA DEBT SERVICE

Construction Loan	\$ 2,680,000
Principal Forgiveness	680,000
Amortized Loan Amount	\$ 2,000,000
Interest Rate	0.25%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 69,240
Administrative Fee (0.25%)	5,000
<b>Annual Debt Service</b>	<b>\$ 74,240</b>

### V. PROJECT SCHEDULE

Bid Opening	November 2021
Construction Start	December 2021
Construction Stop	December 2022

### VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

#### A) Customers

Customers	Current
Residential	5,871
Commercial	255
Industrial / Institutional	101
Total	6,227

#### B) Rates

	<b>Water Inside City</b>		
	Current	Prior	Prior
Date of Last Rate Increase	10/01/20	10/01/19	10/01/18
Minimum 2,000 Gallons	\$18.16	\$14.53	14.18
Next 3,000 Gallons	5.43	4.34	4.23
Cost for 4,000 gallons	\$29.02	\$23.21	\$22.64
Increase %	25.0%	2.5%	
Affordability Index (Rate/MHI)	1.2%	1.0%	0.9%

### Water Outside City

	Current	Prior	Prior
Date of Last Rate Increase	10/01/20	10/01/19	10/01/18
Minimum 2,000 Gallons	\$26.10	\$20.88	20.37
Next 3,000 Gallons	6.12	4.90	4.78
Cost for 4,000 gallons	\$38.34	\$30.68	\$29.93
Increase %	25.0%	2.5%	
Affordability Index (Rate/MHI)	1.6%	1.3%	1.2%

### Sewer Inside City

	Current	Prior	Prior
Date of Last Rate Increase	10/01/20	10/01/19	10/01/18
Minimum 2,000 Gallons	\$15.81	\$12.65	12.34
Next 3,000 Gallons	1.74	1.39	1.36
Cost for 4,000 gallons	\$19.29	\$15.43	\$15.06
Increase %	25.0%	2.5%	
Affordability Index (Rate/MHI)	0.8%	0.6%	0.6%

### Sewer Outside City

	Current	Prior	Prior
Date of Last Rate Increase	10/01/20	10/01/19	10/01/18
Minimum 2,000 Gallons	\$25.30	\$20.24	19.75
Next 3,000 Gallons	2.69	2.15	2.10
Cost for 4,000 gallons	\$30.68	\$24.54	\$23.95
Increase %	25.0%	2.5%	
Affordability Index (Rate/MHI)	1.3%	1.0%	1.0%

The City approved in the 2017-04-04 ordinance to apply a 2.5% automatic cost of living increase effective October 1 every year to water and sewer rates.

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey (ACS) 2014-2018 Five-Year Estimate, the Utility's service area population was 10,094 with a Median Household Income (MHI) of \$28,983 according to WRIS. The median household income for the Commonwealth was \$48,392. The City's disadvantaged community status will qualify the project for a 30-year term at 0.25% interest rate and up to 50% of the loan amount or \$680,000 in principal forgiveness.

## **VIII. 2020 CAPITALIZATION GRANT EQUIVALENCIES**

Additional Subsidization – This project qualifies for additional subsidization. Principal forgiveness of 50% of the assistance amount, not to exceed \$680,000 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, 2018 through June 30, 2020. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

### **HISTORY**

Combined water and sewer revenues increased 7.6% from \$2.74 million in 2018 to \$2.95 million in 2020 due to annual cost of living rate adjustments while operating expenses increased 8.8% from \$2.35 million to \$2.56 million during the same time period. The debt coverage ratio was 1.2, 1.3, and 1.2 for 2018, 2019, and 2020 respectively.

The balance sheet reflected a current ratio of 1.0, debt to equity ratio of 0.4, 64.5 days of sales in accounts receivable, and 0.1 month of operating expenses in unrestricted cash.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Combined water and sewer revenues will go up 20% based on the approved rate increases effective October 1, 2020.
- 2) Annual 2.5% cost of living adjustment will resume in October, 2021.
- 3) Expenses will increase 2% each year for inflation.
- 4) Debt service coverage is 2.0 in 2024 when first principal and interest repayment is due.

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% (\$134,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$6,700 yearly) each December 1 for 20 years and maintained for the life of the loan.

**X. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
Series 2012 Revenue Bonds	\$ 3,684,166	2038
KIA Loan B07-02	189,710	2042
KIA Loan B18-002	49,205	2038
Monticello Banking Co Note	90,000	2021
KIA Loan F21-009 i.a.o. \$2,500,000		TBD
<b>Total</b>	<b>\$ 4,013,081</b>	

**XI. CONTACTS**

<b>Legal Applicant</b>	
Name	City of Albany
Address	204 S Cross Street, PO Box 129 Albany, KY 42602
County	Clinton
Authorized Official	Lyle G Pierce, Mayor
Phone	(606) 387-6011
Email	asst-pierce@hotmail.com

<b>Project Administrator</b>	
Name	Waylon Wright
Organization	LCADD
Address	2384 Lakeway Dr, PO Box 1570 Russell Springs, KY 42642
Phone	(270) 866-4200
Email	waylon@lcadd.org

<b>Consulting Engineer</b>	
Name	Deron Byrne
Firm Name	Monarch Engineering, Inc.
Address	556 Carlton Dr. Lawrenceburg, KY 40342
Phone	(502) 839-1310
Email	dbyrne@monarchengineering.net



## **XII. RECOMMENDATIONS**

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

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

	<u>Audited 2018</u>	<u>Audited 2019</u>	<u>Audited 2020</u>	<u>Projected 2021</u>	<u>Projected 2022</u>	<u>Projected 2023</u>	<u>Projected 2024</u>	<u>Projected 2025</u>
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	831,249	819,494	634,796	1,489,819	1,623,677	1,743,555	1,853,301	1,966,212
Other Assets	27,565,868	26,980,846	25,998,742	24,970,911	30,154,336	32,000,336	31,125,014	30,261,145
<b>Total</b>	<b>28,397,117</b>	<b>27,800,340</b>	<b>26,633,538</b>	<b>26,460,730</b>	<b>31,778,013</b>	<b>33,743,891</b>	<b>32,978,315</b>	<b>32,227,357</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	752,601	817,019	621,933	623,515	773,878	765,394	775,022	770,071
Long Term Liabilities	6,880,491	6,620,426	6,578,147	6,224,292	8,332,457	9,950,706	9,561,027	9,177,999
<b>Total Liabilities</b>	<b>7,633,092</b>	<b>7,437,445</b>	<b>7,200,080</b>	<b>6,847,807</b>	<b>9,106,335</b>	<b>10,716,100</b>	<b>10,336,049</b>	<b>9,948,070</b>
<b>Net Assets</b>	<b>20,764,025</b>	<b>20,362,895</b>	<b>19,433,458</b>	<b>19,612,923</b>	<b>22,671,678</b>	<b>23,027,791</b>	<b>22,642,266</b>	<b>22,279,287</b>
<b>Cash Flow</b>								
Revenues	2,740,470	2,763,817	2,949,352	3,539,222	3,610,006	3,682,206	3,755,850	3,830,967
Operating Expenses	2,351,256	2,314,297	2,558,296	2,609,562	2,668,051	2,727,984	2,782,282	2,837,666
Other Income	13,593	9,891	6,909	6,909	6,909	6,909	6,909	6,909
<b>Cash Flow Before Debt Service</b>	<b>402,807</b>	<b>459,411</b>	<b>397,965</b>	<b>936,569</b>	<b>948,864</b>	<b>961,131</b>	<b>980,477</b>	<b>1,000,210</b>
<b>Debt Service</b>								
Existing Debt Service	345,699	342,811	344,896	347,964	342,072	425,744	422,504	427,919
Proposed KIA Loan	0	0	0	0	0	0	74,240	74,240
<b>Total Debt Service</b>	<b>345,699</b>	<b>342,811</b>	<b>344,896</b>	<b>347,964</b>	<b>342,072</b>	<b>425,744</b>	<b>496,744</b>	<b>502,159</b>
<b>Cash Flow After Debt Service</b>	<b>57,108</b>	<b>116,600</b>	<b>53,069</b>	<b>588,605</b>	<b>606,792</b>	<b>535,387</b>	<b>483,733</b>	<b>498,051</b>
<b>Ratios</b>								
Current Ratio	1.1	1.0	1.0	2.4	2.1	2.3	2.4	2.6
Debt to Equity	0.4	0.4	0.4	0.3	0.4	0.5	0.5	0.4
Days Sales in Accounts Receivable	77.2	58.0	64.5	64.5	64.5	64.5	64.5	64.5
Months Operating Expenses in Unrestricted Cash	0.7	0.6	0.1	2.8	3.3	3.7	4.0	4.4
Debt Coverage Ratio	1.2	1.3	1.2	2.7	2.8	2.3	2.0	2.0



Commonwealth of Kentucky  
Finance and Administration Cabinet  
**OFFICE OF FINANCIAL MANAGEMENT**

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

**Andy Beshear**  
Governor

**Holly M. Johnson**  
Secretary

**Ryan Barrow**  
Executive Director

June 2, 2021

M. B. Denham Jr.  
Board Chair  
Kentucky Housing Corporation  
1231 Louisville Road  
Frankfort, KY 40601-6191

Dear Board Chair Denham:

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 (The Alcove at Russell), Series 2021 in a principal amount of \$30,000,000 (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 March 15, 2021. The attached includes a finalized listing of costs related to the issuance of the Bonds pursuant to KRS 45.816.

Sincerely,

*Ryan Barrow*

Ryan Barrow  
Executive Director

Attachments

## FINAL BOND ISSUE REPORT

### BOND ISSUE

Name of Bond Issue: Kentucky Housing Corporation Conduit Revenue Bonds (The Alcove at Russell), Series 2021

Purpose of Issue: The bonds will be used to finance the acquisition, Construction and equipping of the The Alcove at Russell, a multifamily residential rental facility consisting of two hundred and forty (202) units, located at 1975 Russell Cave Road, Lexington, Kentucky 40511. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on March 12, 2021 following the delivery of notice to the public at least seven day prior to such hearing.

Name of Project: The Alcove at Russell

Date of Sale: May 27, 2021

Date of Issuance: May 27, 2021

Ratings: Private Placement

Proceeds: \$30,000,000

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

Bond Discount: \$0

Debt Service Reserve Fund: \$0, but a \$1,074,406 operating reserve will be funded from equity.

Insurance Premium: N/A

Total Project Cost: \$56,696,339

Terms of Issue: Net interest rate: 4.31%  
Term: May 1, 2061 (480 months)  
Average debt service: \$1,443,005.966  
Gross debt service: \$57,720,238.64\*

First Call Date: May 1, 2025

Premium at First Call: No premium

Method of Sale: Private Placement

Bond Counsel: Dinsmore & Shohl LLP

Underwriter Counsel: N/A

Financial Advisor: N/A

Bond Purchaser: R4 Capital Funding (or a designated affiliate)

Trustee: Huntington National Bank

\* The amortization schedule provides for interest only through May 1, 2025, requires the principal reduction of \$7,850,000 on June 1, 2024 and the payment of \$4,346,130.84 on the Maturity Date. The principal reduction is paid with tax credit equity.

## Exhibit A

### Project Funding Sources:

KHC Tax-Exempt Bonds	\$30,000,000
Tax Credit Equity	\$17,820,000
Lexington AHTF	\$1,250,000
Taxable Bridge Note	\$2,000,000
Pre-Stabilization NOI	\$706,984
Deferred Developer Fee	<u>\$4,919,355</u>
	\$56,696,339

### Costs of Issuance:

KHC Annual Issuer Fee	\$75,000
KHC Counsel	\$22,500
KHC Bond Issuance Financing Fee	\$150,000
KHC Application Fee & Expenses	\$3,500
KHC Admin Fee	\$5,000
Bond Counsel	\$96,000
Trustee Counsel	\$5,000
Bond Purchaser's Counsel	\$85,000
TEFRA/Publication/Print	<u>\$5,000</u>
	\$447,000



## 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)

**ANDY BESHEAR**

Governor

**MS. HOLLY M. JOHNSON**

Secretary

**HEATHER OVERBY**

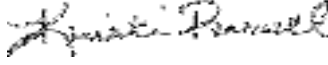
Chairman

**CHELSEY COUCH**

Executive Director

### **MEMORANDUM**

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

**FROM:** Kristi Russell, SFCC 

**DATE:** June 1, 2021

**SUBJECT:** Capital Projects and Bond Oversight Committee (CPBO)

The following information is submitted for consideration by CPBO at their next meeting tentatively scheduled for June 17, 2021:

Lewis County-\$16,080,000 estimated – Construct new Garrison Elementary School Urgent Needs. State estimated annual debt service is \$892,420 and local is \$206,903. No tax increase is necessary to finance this project.

Middlesboro Independent- \$280,000 estimated – Improvements at the middle and high school. State estimated annual debt service is \$18,750 and local is \$0. No tax increase is necessary to finance this project

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





# Memo

**To:** KSFCC  
**From:** Lincoln Theinert  
**Subject:** Bond Payee Disclosure Form –Lewis County School District Series 2021  
**Date:** May 17, 2021  
**cc:** File

---

Please find enclosed a Bond Payee Disclosure Form and Plan of Financing for the Lewis 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.

A handwritten signature in black ink, appearing to be 'L Theinert', written over a light gray signature line.

Lincoln Theinert

325 West Main Street  
Suite 300  
Lexington, KY  
40507

859/977-6600

fax: 859/381-1357

[www.rsamuni.com](http://www.rsamuni.com)

# BOND PAYEE DISCLOSURE FORM

Par Amount: **\$ 16,080,000**  
 Issue Name: Lewis County School District Finance Corporation School Building Revenue Bonds, Series 2021  
 Purpose: Construct New Garrison Elementary School  
 Projected Sale Date of Bonds: 29-Jun-21  
 First Call Date: 6/1/28 @ 100  
 Method of Sale: Competitive Bids  
 Place/time of sale: SFCC/Parity  
 Bond Rating: Moodys: "A1"  
 Bond Counsel: Steptoe & Johnson, Louisville, KY  
 Fiscal Agent: RSA Advisors, 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	SFCC URGENT Portion	Local Portion	Total
\$ 483,300	\$ 12,931,700	\$ 2,665,000	\$ 16,080,000
3.01%	80.42%	16.57%	
\$ 34,374	\$ 858,046	\$ 206,903	\$ 1,099,323
\$ 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:

\$ 2,324	\$ 62,182	\$ 12,815	\$ 77,320
\$ 0	\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0	\$ 0
\$ 842	\$ 22,518	\$ 4,641	\$ 28,000
\$ 9,666	\$ 258,634	\$ 53,300	\$ 321,600
\$ 105	\$ 2,815	\$ 580	\$ 3,500
\$ 12,937	\$ 346,148	\$ 71,335	\$ 430,420

**Anticipated Interest Rates:**

5 Years 2.500% 10 Years 3.000% 15 Years: 3.000%  
 20 Years: 3.000%

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



# Lewis County School District

## Plan of Financing

Date of Report: 5/17/2021

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

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

FYE	A Series 2008-REF	B Series 2010-REF	C Series 2012-REF	D Series 2015-REF	E Series 2016-REF	F Series 2016B-REF	G Series 2017A	H Series 2017B	I Series 2021	J Total
2020	\$243,089	\$226,150	\$195,468	\$95,728	\$26,156	\$111,970	\$66,650	\$339,448		\$1,304,659
2021		\$225,775	\$196,017	\$92,828	\$79,581	\$223,621	\$65,850	\$425,273		\$1,308,944
2022			\$156,868	\$94,877	\$82,132	\$263,671	\$65,050	\$642,898	\$394,319	\$1,699,815
2023			\$157,896	\$96,826	\$74,682	\$198,871	\$64,250	\$633,110	\$475,200	\$1,700,835
2024			\$158,563	\$88,776	\$77,232	\$194,669	\$63,450	\$642,884	\$471,600	\$1,697,175
2025				\$100,421	\$79,682	\$210,269	\$67,550	\$637,311	\$603,000	\$1,698,233
2026				\$102,584	\$76,755	\$205,671	\$66,200	\$641,486	\$606,700	\$1,699,396
2027					\$75,438	\$195,980	\$64,850	\$705,535	\$655,200	\$1,697,003
2028						\$181,171	\$68,500	\$699,067	\$752,600	\$1,701,337
2029						\$189,789	\$62,000	\$696,997	\$752,900	\$1,701,686
2030							\$65,650	\$615,091	\$1,018,000	\$1,698,741
2031							\$64,150	\$619,066	\$1,017,600	\$1,700,816
2032							\$62,450	\$621,163	\$1,016,900	\$1,700,513
2033							\$65,750	\$617,572	\$1,015,900	\$1,699,222
2034							\$63,880	\$620,480	\$1,014,600	\$1,698,960
2035							\$66,845	\$615,858	\$1,018,000	\$1,700,703
2036							\$64,625	\$619,654	\$1,016,000	\$1,700,279
2037							\$67,405	\$616,958	\$1,013,700	\$1,698,063
2038								\$679,663	\$1,021,100	\$1,700,763
2039								\$1,698,000	\$1,698,000	\$1,698,000
2040								\$1,701,000	\$1,701,000	\$1,701,000
2041								\$1,698,300	\$1,698,300	\$1,698,300

Totals:

	\$243,089	\$451,925	\$864,812	\$672,041	\$571,659	\$1,975,681	\$1,175,105	\$11,689,513	\$18,960,619	\$36,604,444
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# LEWIS COUNTY SCHOOL DISTRICT SUMMARY OF FUNDS AVAILABLE

A FYE	B Local Nickel	C Recallable Nickel	D Capital Outlay @ 80%	E FSPK	F Addtl. FSPK	G Total Local Funds	H Less Current Payments	I Local Funds Available	J 2016 SFCC Offer	K 2018 SFCC Offer	L SFCC Special Appropriation	M Total Funds Available
2020	\$295,070	\$295,070	\$155,744	\$516,744	\$516,744	\$1,779,372	(\$1,304,659)	\$474,713				\$474,713
2021	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,308,944)	\$630,067				\$630,067
2022	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,699,815)	\$239,197	\$1,729	\$6,865	\$214,512	\$247,791
2023	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,700,835)	\$238,177	\$6,914	\$27,460	\$858,046	\$272,551
2024	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,697,175)	\$241,837	\$6,914	\$27,460	\$858,046	\$276,211
2025	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,698,233)	\$240,778	\$6,914	\$27,460	\$858,046	\$275,152
2026	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,699,396)	\$239,615	\$6,914	\$27,460	\$858,046	\$273,989
2027	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,697,003)	\$242,009	\$6,914	\$27,460	\$858,046	\$276,383
2028	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,701,337)	\$237,675	\$6,914	\$27,460	\$858,046	\$272,049
2029	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,701,686)	\$237,326	\$6,914	\$27,460	\$858,046	\$271,700
2030	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,698,741)	\$240,271	\$6,914	\$27,460	\$858,046	\$274,645
2031	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,700,816)	\$238,195	\$6,914	\$27,460	\$858,046	\$272,569
2032	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,700,513)	\$238,499	\$6,914	\$27,460	\$858,046	\$272,873
2033	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,699,222)	\$239,789	\$6,914	\$27,460	\$858,046	\$274,163
2034	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,698,960)	\$240,052	\$6,914	\$27,460	\$858,046	\$274,426
2035	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,700,703)	\$238,309	\$6,914	\$27,460	\$858,046	\$272,683
2036	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,700,279)	\$238,733	\$6,914	\$27,460	\$858,046	\$273,107
2037	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,698,063)	\$240,949	\$6,914	\$27,460	\$858,046	\$275,323
2038	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,700,763)	\$238,249	\$6,914	\$27,460	\$858,046	\$272,623
2039	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,698,000)	\$241,012	\$6,914	\$27,460	\$858,046	\$275,386
2040	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,701,000)	\$238,012	\$6,914	\$27,460	\$858,046	\$272,386
2041	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012	(\$1,698,300)	\$240,712	\$6,914	\$27,460	\$858,046	\$275,086
2042	\$308,181	\$308,181	\$155,744	\$583,453	\$583,453	\$1,939,012		\$1,939,012	\$5,186	\$20,595	\$643,535	\$1,964,792
Totals:	\$7,075,052	\$7,075,052	\$3,582,108	\$13,352,710	\$13,352,710	\$44,437,632	(\$36,604,444)	\$7,833,188	\$138,280	\$549,200	\$17,160,920	\$8,520,668

**NOTES:** Data based on assessments of \$590,140,823 and ADA of 1,946,798 per KDE SEEK Website (FY 2019-20)  
Data based on assessments of \$616,361,812 and ADA of 1,946,798 per KDE SEEK Website (FY 2020-21)

# LEWIS COUNTY SCHOOL DISTRICT PROJECTED CURRENT 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 -----										
\$1,699,815	2022		2.250%	\$249,720	\$249,720	\$223,105	\$26,615	\$1,726,430	\$1,939,012	\$212,582
\$1,700,835	2023	\$640,000	2.250%	\$490,160	\$1,130,160	\$892,420	\$237,740	\$1,938,575	\$1,939,012	\$437
\$1,697,175	2024	\$660,000	2.300%	\$471,310	\$1,131,310	\$892,420	\$238,890	\$1,936,065	\$1,939,012	\$2,947
\$1,698,233	2025	\$680,000	2.400%	\$451,880	\$1,131,880	\$892,420	\$239,460	\$1,937,693	\$1,939,012	\$1,318
\$1,699,396	2026	\$645,000	2.300%	\$432,668	\$1,077,668	\$892,420	\$185,248	\$1,884,644	\$1,939,012	\$54,368
\$1,697,003	2027	\$670,000	2.500%	\$413,600	\$1,083,600	\$892,420	\$191,180	\$1,888,183	\$1,939,012	\$50,829
\$1,701,337	2028	\$685,000	2.500%	\$393,953	\$1,078,953	\$892,420	\$186,533	\$1,887,870	\$1,939,012	\$51,142
\$1,701,686	2029	\$705,000	3.000%	\$373,798	\$1,078,798	\$892,420	\$186,378	\$1,888,064	\$1,939,012	\$50,948
\$1,698,741	2030	\$725,000	3.000%	\$353,063	\$1,078,063	\$892,420	\$185,643	\$1,884,384	\$1,939,012	\$54,628
\$1,700,816	2031	\$745,000	3.000%	\$331,748	\$1,076,748	\$892,420	\$184,328	\$1,885,144	\$1,939,012	\$53,868
\$1,700,513	2032	\$770,000	3.000%	\$309,780	\$1,079,780	\$892,420	\$187,360	\$1,887,873	\$1,939,012	\$51,139
\$1,699,222	2033	\$790,000	3.000%	\$287,160	\$1,077,160	\$892,420	\$184,740	\$1,883,962	\$1,939,012	\$55,049
\$1,698,960	2034	\$815,000	3.000%	\$263,888	\$1,078,888	\$892,420	\$186,468	\$1,885,428	\$1,939,012	\$53,584
\$1,700,703	2035	\$840,000	3.000%	\$239,890	\$1,079,890	\$892,420	\$187,470	\$1,888,173	\$1,939,012	\$50,839
\$1,700,279	2036	\$865,000	3.000%	\$214,086	\$1,079,086	\$892,420	\$186,666	\$1,886,945	\$1,939,012	\$52,067
\$1,698,063	2037	\$895,000	3.000%	\$185,919	\$1,080,919	\$892,420	\$188,499	\$1,886,561	\$1,939,012	\$52,451
\$1,700,763	2038	\$920,000	3.000%	\$155,735	\$1,075,735	\$892,420	\$183,315	\$1,884,078	\$1,939,012	\$54,934
\$1,698,000	2039	\$955,000	3.000%	\$123,860	\$1,078,860	\$892,420	\$186,440	\$1,884,440	\$1,939,012	\$54,572
\$1,701,000	2040	\$985,000	3.000%	\$90,388	\$1,075,388	\$892,420	\$182,968	\$1,883,968	\$1,939,012	\$55,044
\$1,698,300	2041	\$1,025,000	3.000%	\$55,213	\$1,080,213	\$892,420	\$187,793	\$1,886,093	\$1,939,012	\$52,919
	2042	\$1,065,000	3.000%	\$18,638	\$1,083,638	\$669,315	\$414,323	\$414,323	\$1,939,012	\$1,524,689
		<b>Totals:</b>		\$5,906,453	\$21,986,453	\$17,848,400	\$4,138,053	\$38,128,894	\$40,719,249	\$2,590,355



# Memo

**To:** KSFCC  
**From:** Lincoln Theinert  
**Subject:** Bond Payee Disclosure Form –Middlesboro Independent School District Series 2021  
**Date:** May 26, 2021  
**cc:** File

---

Please find enclosed a Bond Payee Disclosure Form and Plan of Financing for the Middlesboro 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.

A handwritten signature in black ink, appearing to be "L Theinert", with a long horizontal flourish extending to the right.

Lincoln Theinert

325 West Main Street  
Suite 300  
Lexington, KY  
40507

859/977-6600

fax: 859/381-1357

[www.rsamuni.com](http://www.rsamuni.com)

# BOND PAYEE DISCLOSURE FORM

Par Amount:	<b>\$ 280,000</b>
Issue Name:	Middlesboro Independent School District Finance Corporation School Building Revenue Bonds, Series 2021
Purpose:	Improvements at High & Middles School
Projected Sale Date of Bonds:	24-Jun-21
First Call Date:	8/1/28 @ 100
Method of Sale:	Competitive Bids
Place/time of sale:	SFCC
Bond Rating:	Moodys: "A1"
Bond Counsel:	Steptoe & Johnson, Louisville, KY
Fiscal Agent:	RSA Advisors
Date received by SFCC:	<input style="width: 80px; height: 20px;" type="text"/> <i>To be filled in by SFCC</i>
Date scheduled for Committee review:	<input style="width: 80px; height: 20px;" type="text"/> <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
\$ 280,000	\$ 0	\$ 280,000
100.00%	0.00%	
\$ 18,750	\$ 0	\$ 18,750
\$ 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:

\$ 7,500	\$ 0	\$ 7,500
\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0
\$ 9,000	\$ 0	\$ 9,000
\$ 5,600	\$ 0	\$ 5,600
\$ 3,750	\$ 0	\$ 3,750
\$ 25,850	\$ 0	\$ 25,850

**Anticipated Interest Rates:**

5 Years: 2.930% 10 Years: 2.930% 15 Years: 3.000%  
 20 Years: 3.000%

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

# Middleboro Independent School District

Projected Plan of Financing

Date of Report: May 24, 2021

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Projected 2021 Bond Issue (100% SFCC)..... 1-3

**MIDDLESBORO INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS, SERIES 2021**  
**100% SFCC**

**Debt Service**

Date	Principal	Coupon	Interest	Total P+	Fiscal Total
07/15/2021	-	-	-	-	-
02/01/2022	-	-	4,480.34	4,480.34	-
06/30/2022	-	-	-	-	4,480.34
08/01/2022	10,000.00	2.930%	4,114.60	14,114.60	-
02/01/2023	-	-	3,968.10	3,968.10	-
06/30/2023	-	-	-	-	18,082.70
08/01/2023	11,000.00	2.930%	3,968.10	14,968.10	-
02/01/2024	-	-	3,806.95	3,806.95	-
06/30/2024	-	-	-	-	18,775.05
08/01/2024	11,000.00	2.930%	3,806.95	14,806.95	-
02/01/2025	-	-	3,645.80	3,645.80	-
06/30/2025	-	-	-	-	18,452.75
08/01/2025	11,000.00	2.930%	3,645.80	14,645.80	-
02/01/2026	-	-	3,484.65	3,484.65	-
06/30/2026	-	-	-	-	18,130.45
08/01/2026	12,000.00	2.930%	3,484.65	15,484.65	-
02/01/2027	-	-	3,308.85	3,308.85	-
06/30/2027	-	-	-	-	18,793.50
08/01/2027	12,000.00	2.930%	3,308.85	15,308.85	-
02/01/2028	-	-	3,133.05	3,133.05	-
06/30/2028	-	-	-	-	18,441.90
08/01/2028	13,000.00	2.930%	3,133.05	16,133.05	-
02/01/2029	-	-	2,942.60	2,942.60	-
06/30/2029	-	-	-	-	19,075.65
08/01/2029	13,000.00	2.930%	2,942.60	15,942.60	-
02/01/2030	-	-	2,752.15	2,752.15	-
06/30/2030	-	-	-	-	18,694.75
08/01/2030	13,000.00	2.930%	2,752.15	15,752.15	-
02/01/2031	-	-	2,561.70	2,561.70	-



**MIDDLESBORO INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS, SERIES 2021**  
**100% SFCC**

**Debt Service**

Part 2 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/30/2031	-	-	-	-	18,313.85
08/01/2031	14,000.00	2.930%	2,561.70	16,561.70	-
02/01/2032	-	-	2,356.60	2,356.60	-
06/30/2032	-	-	-	-	18,918.30
08/01/2032	14,000.00	2.930%	2,356.60	16,356.60	-
02/01/2033	-	-	2,151.50	2,151.50	-
06/30/2033	-	-	-	-	18,508.10
08/01/2033	14,000.00	2.930%	2,151.50	16,151.50	-
02/01/2034	-	-	1,946.40	1,946.40	-
06/30/2034	-	-	-	-	18,097.90
08/01/2034	15,000.00	2.930%	1,946.40	16,946.40	-
02/01/2035	-	-	1,726.65	1,726.65	-
06/30/2035	-	-	-	-	18,673.05
08/01/2035	15,000.00	2.930%	1,726.65	16,726.65	-
02/01/2036	-	-	1,506.90	1,506.90	-
06/30/2036	-	-	-	-	18,233.55
08/01/2036	16,000.00	2.930%	1,506.90	17,506.90	-
02/01/2037	-	-	1,272.50	1,272.50	-
06/30/2037	-	-	-	-	18,779.40
08/01/2037	16,000.00	2.930%	1,272.50	17,272.50	-
02/01/2038	-	-	1,038.10	1,038.10	-
06/30/2038	-	-	-	-	18,310.60
08/01/2038	17,000.00	2.930%	1,038.10	18,038.10	-
02/01/2039	-	-	789.05	789.05	-
06/30/2039	-	-	-	-	18,827.15
08/01/2039	17,000.00	2.930%	789.05	17,789.05	-
02/01/2040	-	-	540.00	540.00	-
06/30/2040	-	-	-	-	18,329.05
08/01/2040	18,000.00	3.000%	540.00	18,540.00	-

**MIDDLESBORO INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS, SERIES 2021**  
**100% SFCC**

**Debt Service**

Part 3 of 3

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/01/2041	-	-	270.00	270.00	-
06/30/2041	-	-	-	-	18,810.00
08/01/2041	18,000.00	3.0000%	270.00	18,270.00	-
06/30/2042	-	-	-	-	18,270.00
<b>Total</b>	<b>\$280,000.00</b>	<b>-</b>	<b>\$94,998.04</b>	<b>\$374,998.04</b>	<b>-</b>

**Yield Statistics**

Bond Year Dollars	\$3,225.44
Average Life	11.519 Years
Average Coupon	2.9452698%
Net Interest Cost (NIC)	2.9452698%
True Interest Cost (TIC)	2.9440900%
Bond Yield for Arbitrage Purposes	2.9440900%
All Inclusive Cost (AIC)	2.9440900%

**IRS Form 8038**

Net Interest Cost	2.9452698%
Weighted Average Maturity	11.519 Years