



Andy Beshear
Governor

Commonwealth of Kentucky
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Holly M. Johnson
Secretary

Ryan Barrow
Executive Director

October 07, 2021

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

Dear Senator Girdler and Representative Thomas:

Listed below is information regarding various projects and reports that will be presented to the Capital Projects and Bond Oversight Committee (“CPBOC”) at the October 21, 2021, meeting. Included pursuant to KRS 56.863(11) is the Asset/Liability Commission (“ALCo”) Semi-Annual Report as of June 30, 2021. Also included is the Annual Report of Outstanding Bonds as of Fiscal Year ending June 30, 2021.

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

Fund F Loans

City of Harlan (F21-016)	\$1,463,000
City of Harlan (F21-021)	\$2,549,645

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

Economic Development Fund Grant to Marshall County Fiscal Court on behalf of the Marshall County Industrial Development Authority, Inc.	\$285,241+
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+estimated

The Office of Financial Management will present four (4) new bond issue reports for the Committee's approval:

Kentucky Housing Corporation Conduit Revenue Bonds (Kearney Ridge), Series 2021	\$26,000,000+
Kentucky Housing Corporation Conduit Revenue Bonds (Mt. Lebanon), Series 2021	\$6,500,000+
Kentucky Housing Corporation Conduit Revenue Bonds (Oakdale Apartments), Series 2021	\$15,930,000+
Murray State University General Receipt Bonds, Series 2021	\$12,320,000*

+Not to Exceed
*Estimated

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

Kentucky Housing Corporation Conduit Revenue Bond (Christian Towers), Series 2021	\$18,897,988
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The School Facilities Construction Commission is submitting the following additional information for the Committee's approval:

Campbell County	\$805,000*
Campbell County	\$370,000*
Elizabethtown Independent	\$1,005,000*
Eminence Independent	\$1,500,000*
Grayson County	\$2,905,000*
Monroe County	\$5,485,000*

*Estimated

*Senator Girdler
Representative Thomas
October 07, 2021
Page 3*

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

Sincerely,



Ryan Barrow,
Executive Director

Attachments

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

For the period ending June 30, 2021

49th Edition



Andy Beshear, Governor of the Commonwealth of Kentucky

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

Ryan Barrow, Executive Director, Office of Financial Management



An electronic copy of this report

may be viewed at:

[ALCo Semi-Annual Reports - Finance and Administration Cabinet \(ky.gov\)](#)

The Commonwealth's Annual Comprehensive Financial Report (ACFR)

may be viewed at:

<https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/financial-reporting-branch/Pages/annual-comprehensive-financial-reports.aspx>

The Municipal Securities Rulemaking Board (MSRB)

Electronic Municipal Market Access (EMMA)

may be viewed at:

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

Commonwealth of Kentucky Investor Relations (BONDLINK)

may be viewed at:

<https://bonds.ky.gov/commonwealth-of-kentucky-investor-relations-ky/i2091>

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Finance Cabinet Employee



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INTRODUCTION

The Kentucky Asset/Liability Commission (ALCo or the Commission) presents its 49th semi-annual report to the Capital Projects and Bond Oversight Committee and the Interim Joint Committee on Appropriations and Revenue pursuant to KRS 56.863 (11) for the period beginning January 1, 2021 through June 30, 2021.

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

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

On the national level

- The Federal Reserve Board of Governors maintained the federal funds rate at 0.00% - 0.25% during the first half of 2021.
- The unemployment rate dropped to 5.9% ending June 2021 from 6.7% in December 2020.
- The annual rate of economic growth as measured by GDP rose over the first two quarters of 2021. The seasonally adjusted rate for the first quarter was 6.4% and second quarter was 6.5%.
- Inflation jumped during the second quarter 2021 with the core rate (ex-energy and food) ending at 3.5% as of June 2021.
- Road Fund receipts for FY 2021 totaled \$1.6 billion, an increase of 10.1% from the previous fiscal year, and \$64.6 million more than the budgeted estimate.
- Large unfunded pension liabilities continue to put stress on the Commonwealth's credit rating.
- Implementation of bond authorizations from prior-year sessions of the General Assembly continued. Bond issues for the period are discussed later in the report.

On the state level

- Vaccination progress, federal government aid to individuals and businesses, and increasing consumer confidence have all contributed to an improved Kentucky economy which resulted in higher tax receipts.
- General Fund receipts totaled \$12.8 billion for Fiscal Year 2021, an increase of 10.9% over Fiscal Year 2020 collections. General Fund revenues exceeded the budgeted estimate by \$1.1 billion.

INVESTMENT MANAGEMENT

Market Overview

Over the first half of 2021, progress on vaccinations has led to a reopening of the economy and strong economic growth, supported by accommodative monetary and fiscal policy. However, the effects of the COVID-19 pandemic have continued to weigh on the U.S. economy, and employment has remained well below pre-pandemic levels. Furthermore, shortages of material inputs and difficulties in hiring have held down activity in a number of industries. In part because of these bottlenecks and other largely transitory factors, PCE (personal consumption expenditures) prices rose 3.5% over the 12 months ending in June.

Over the first half of the year, the Federal Open Market Committee (FOMC) held its policy rate near zero and continued to purchase Treasury securities and agency mortgage-backed securities to support the economic recovery. These measures, along with the Committee's guidance on interest rates and the Federal Reserve's balance sheet, will help ensure that monetary policy continues to deliver powerful support to the economy until the recovery is complete.

Employment

The labor market continued to recover over the first six months of 2021. Job gains averaged 563,000 per month, and the unemployment rate moved down from 6.7% in December to 5.9% in June. Although labor market improvement has been rapid, the unemployment rate remained elevated in June, and labor force participation

has not moved up from the low rates that have prevailed for much of the past year. A surge in labor demand that has outpaced the recovery in labor supply has resulted in a jump in job vacancies and a step-up in wage gains in recent months.

Inflation

Consumer price inflation, as measured by the 12-month change in the PCE price index, moved up from 1.3% at the end of last year to 4.0% in June. The 12-month measure of inflation that excludes food and energy items (so-called core inflation) was 3.5% in June, up from 1.5% at the end of last year. Some of the strength in recent 12-month inflation readings reflects the comparison of current prices with prices that sank at the onset of the pandemic as households curtailed spending, a transitory result of "base effects." More lasting but likely still temporary upward pressure on inflation has come from prices for goods experiencing supply chain bottlenecks, such as motor vehicles and appliances. In addition, prices for some services, such as airfares and lodging, have moved up sharply in recent months toward more normal levels as some demand has recovered. Both survey based and market based measures of longer-term inflation expectations have risen since the end of last year, largely reversing the downward drift in those measures in recent years, and are in a range that is broadly consistent with the FOMC's longer run inflation objective.

INVESTMENT MANAGEMENT

Economic Growth

In the first and second quarter, real gross domestic product (GDP) increased 6.4% and 6.5% respectively, propelled by a surge in household consumption and a solid increase in business investment but restrained by a substantial drawdown in inventories as firms contended with production bottlenecks. Data for the second quarter suggest a further robust increase in demand. Against a backdrop of elevated household savings, accommodative financial conditions, ongoing fiscal support, and the reopening of the economy, the strength in household spending has persisted, reflecting continued strong spending on durable goods and solid progress toward more normal levels of spending on services.

Interest Rates

Market-based measures of the path that the federal funds rate is expected to take over the next few years remain below 0.25% until the fourth quarter of 2022, about two quarters earlier than in February. The shift in the path followed news of the rapid deployment in the United States of highly effective COVID-19 vaccines, the reopening of contact-intensive sectors of the economy, and expectations that further support for aggregate demand would be coming from fiscal policy.

Yields on nominal Treasury securities at longer maturities were little changed, since mid-February. Concurrently, near-term uncertainty about longer-term interest rates as measured by

volatility of near-term swap options on 10-year swap interest rates remained roughly unchanged, since February.

Across different categories of corporate credit, bond yields are little changed since mid-February and have remained near the lowest levels. Spreads of corporate bond yields over comparable maturity Treasury securities have narrowed modestly and stand somewhat below the levels prevailing at the onset of the pandemic, supported in part by signs of improvement in the credit quality of nonfinancial firms.

Since mid-February, yields on 30-year agency mortgage-backed securities an important factor entering into the pricing of home mortgages were little changed, while those on comparable maturity Treasury securities increased a bit, leaving their spread modestly lower. Municipal bond spreads over rates on longer-term Treasury securities have declined moderately across credit categories since mid-February and stand at the lower end of the historical distribution, while municipal bond yields across credit categories are at about their all-time lowest historical levels.

Equities

Broad stock price indexes have continued to rise since start of the year as strong corporate earnings, optimism about the pace of vaccinations, additional fiscal stimulus, and signs of a faster pace of economic recovery outweighed concerns about high valuations, higher inflation, and prospects for the control of the virus abroad. Prices of cyclical stocks, including those associated with companies in

INVESTMENT MANAGEMENT

the basic materials, energy, and industrial sectors, outperformed broad equity price indexes. Banks' stock prices have also risen notably, as the improved economic outlook and banks' reports of strong first-quarter earnings provided a further boost to investor optimism regarding the banking sector.

Outlook

As part of its actions to ensure that monetary policy will continue to deliver powerful support to the economy until the recovery is complete, the Federal Open Market Committee (FOMC) has maintained the target range for the federal funds rate at 0% to .25%. The Committee has indicated that it expects it will be appropriate to maintain the target range for the federal funds rate at 0% to .25% until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2% and is on track to moderately exceed 2% for some time. The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved.

In addition, the Federal Reserve has continued to expand its holdings of Treasury securities by \$80 billion per month and its holdings of agency mortgage-backed securities (MBS) by \$40 billion per month. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses. The Committee's current guidance regarding asset purchases indicates that increases in the holdings of Treasury securities and agency MBS in the System Open Market Account will continue at

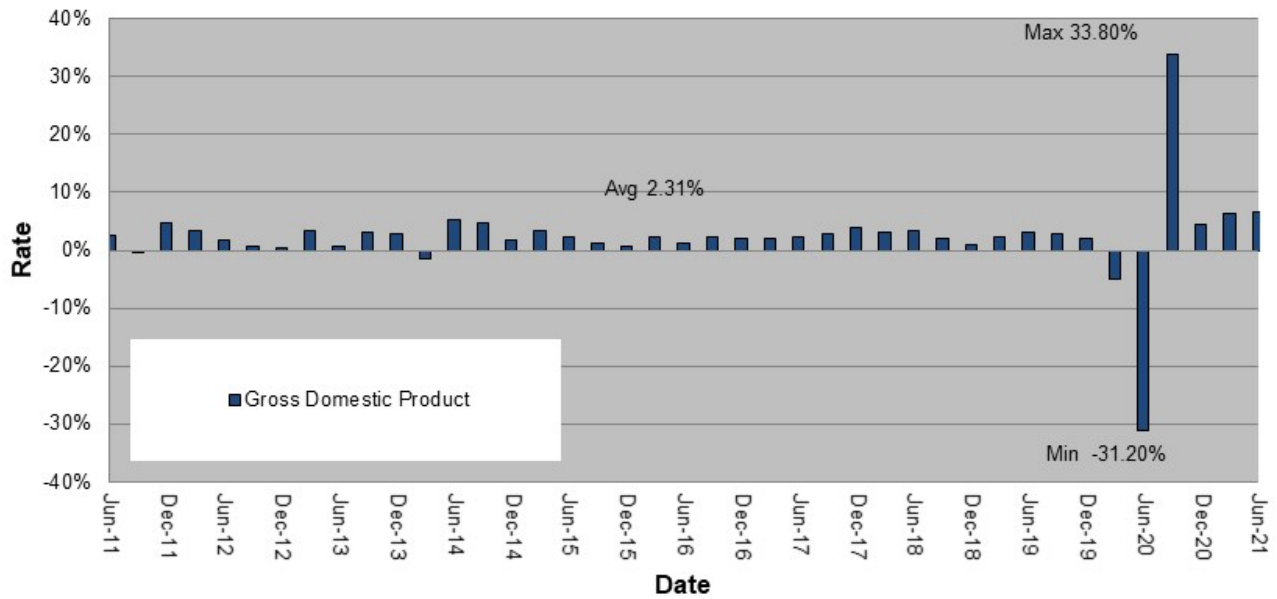
least at this pace until substantial further progress has been made toward its maximum-employment and price-stability goals since the Committee adopted its asset purchase guidance last December. In addition, the minutes of the June 2021 FOMC meeting noted the importance that policymakers attach to clear communications about the Committee's assessment of progress toward its longer run goals and to providing these communications well in advance of the time when progress can be judged substantial enough to warrant a change in the pace of asset purchases. In coming meetings, the FOMC will continue to assess the economy's progress toward the Committee's goals.

INVESTMENT MANAGEMENT

Real Gross Domestic Product & Standard & Poor's 500

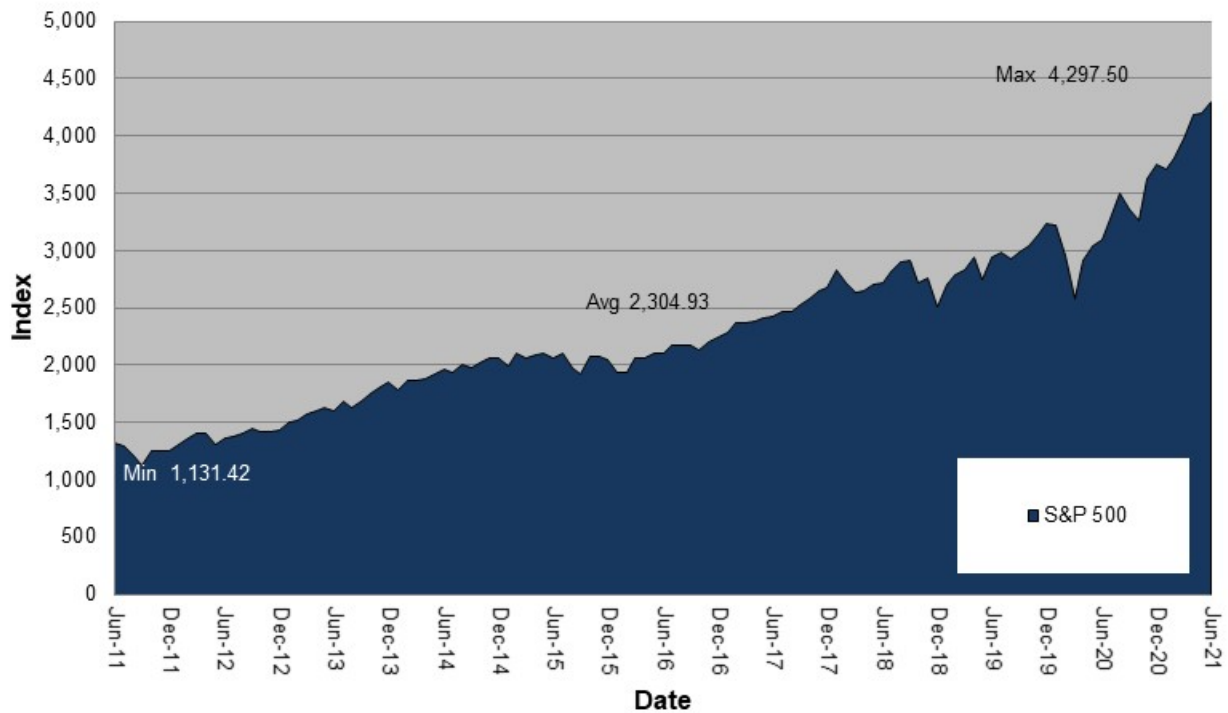
Real Gross Domestic Product

Quarter Over Quarter
Range 07/01/2011-6/30/2021
GDP CQOQ Index



Standard & Poor's 500

Range 07/01/2011-6/30/2021
SPX Index

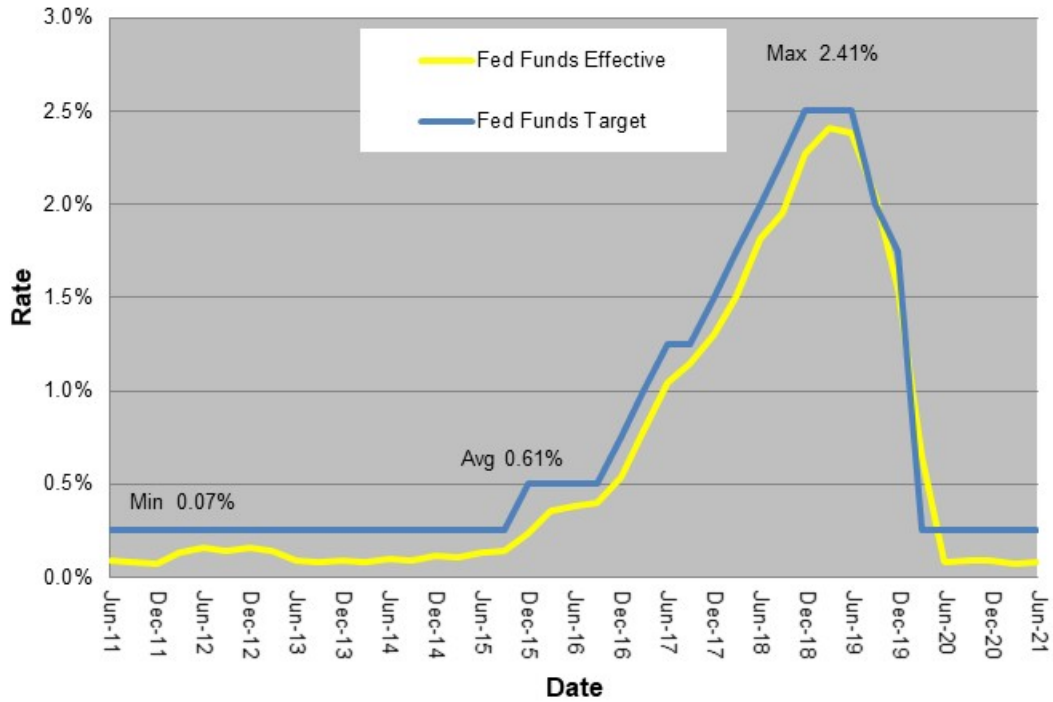


INVESTMENT MANAGEMENT

Federal Funds Target Rate & NonFarm Payrolls

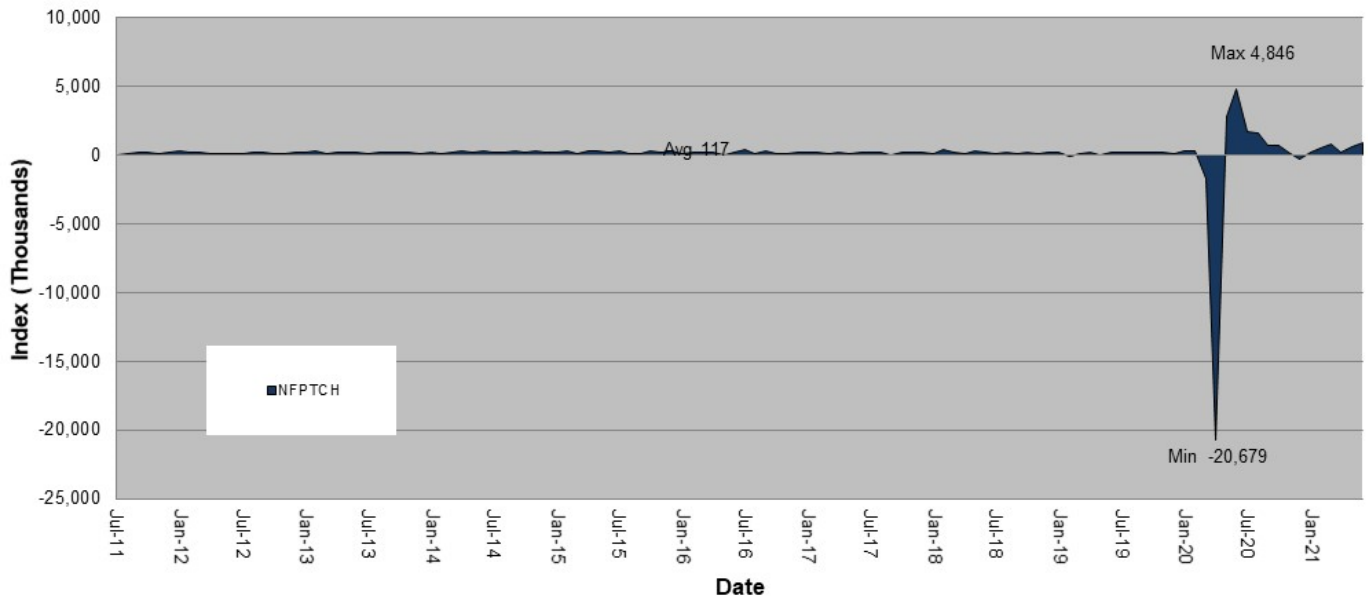
Federal Funds Target Rate

Range 07/01/2011-6/30/2021
FEDL01 Index/FDTR Index



Nonfarm Payrolls

Range 07/01/2011-06/30/2021
NFPTCH Index



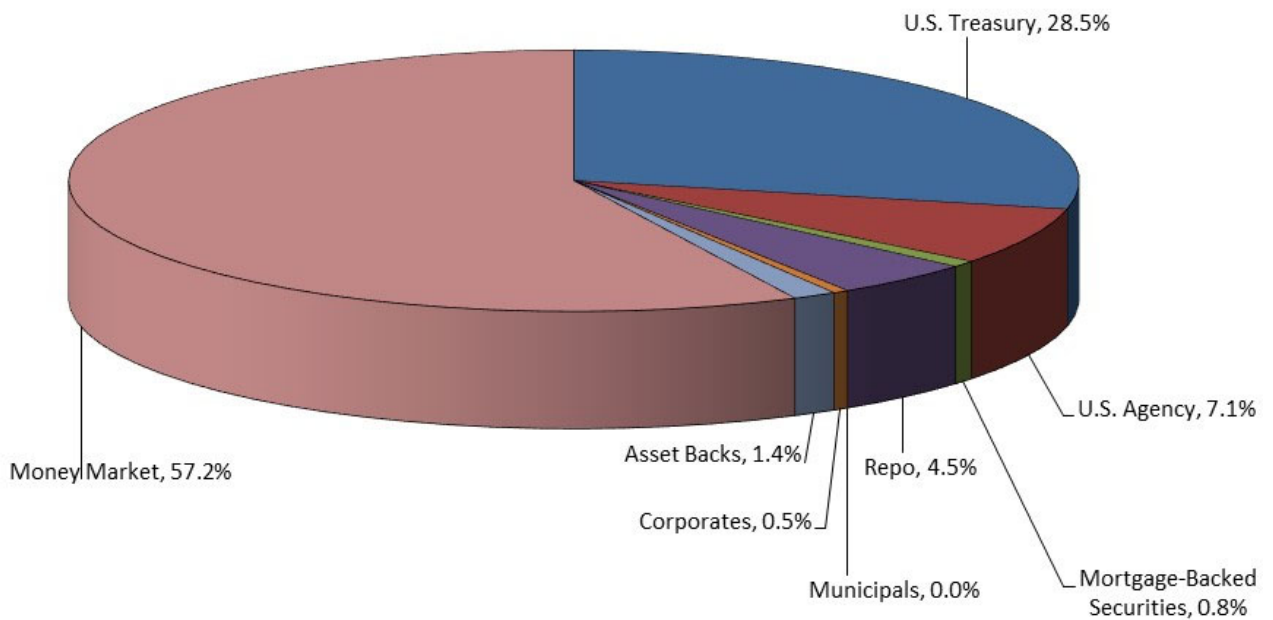
INVESTMENT MANAGEMENT

Portfolio Management

For six months ended June 30, 2021, the Commonwealth’s investment portfolio was approximately \$9.0 billion. The portfolio was invested in U. S. Treasury Securities 28.5%, U. S. Agency Securities 7.1%, Mortgage-Backed Securities 0.8%, Repurchase Agreements (Repo) 4.5%, Corporate Securities 0.5%, Asset-Backed Securities 1.4%, and Money Market Securities 57.2%. The portfolio had a market yield of 0.09% and an effective duration of 0.50 of a year.

The total portfolio is broken down into three investment pools. The pool balances as of June 30, 2021 was \$4.2 billion Short Term Pool, \$1.9 billion Limited Term Pool, \$2.9 billion Intermediate Term Pool.

Distribution of Investments as of June 30, 2021



INVESTMENT MANAGEMENT

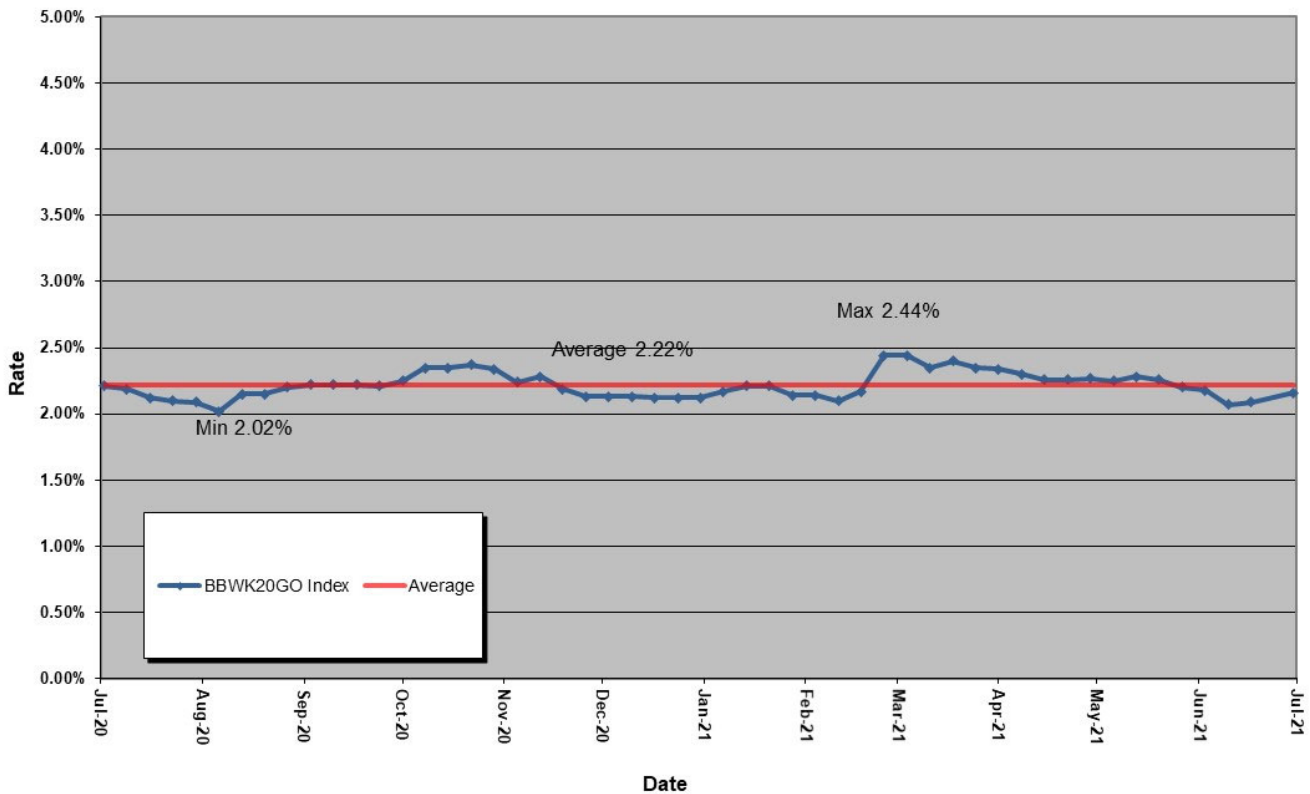
Tax-Exempt Interest Rates and Relationships

The Bond Buyer 20-year General Obligation Index averaged 2.22% for Fiscal Year 2021. The high was 2.44% at the beginning of March 2021 and the low was 2.02% in August 2020.

The Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index averaged 0.08% for Fiscal Year 2021. The high

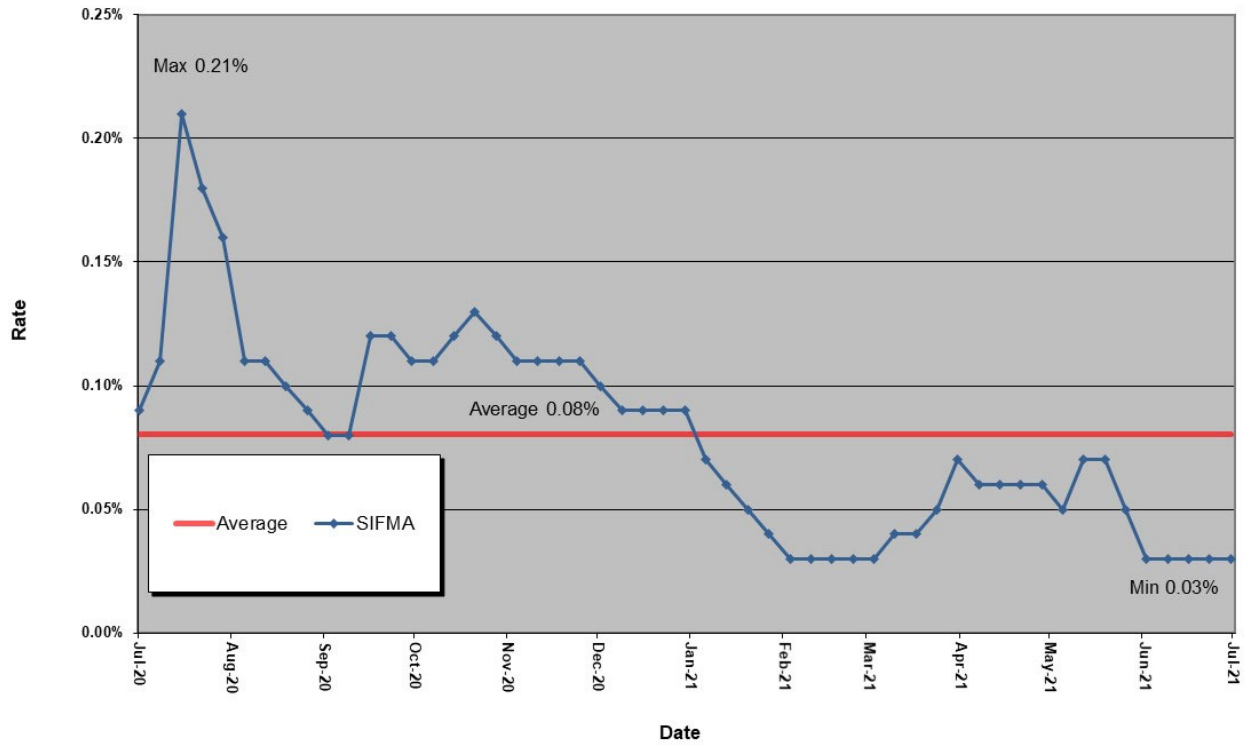
was 0.21% in July 2020 and the low was 0.03% in June 2021. The 30-day USD London Interbank Offered Rate (LIBOR) averaged 0.13% for Fiscal Year 2021. The high was 0.18% in July 2020 and the low was 0.07% in June 2021. During the year, SIFMA traded at a high of 116.74% of the 30-day LIBOR in mid July 2020, at a low of 25.24% in February 2021, and at an average of 59.44% for the Fiscal Year.

Bond Buyer 20 General Obligation Index
 Range 07/01/2020 - 06/30/2021
 BBWK20GO Index

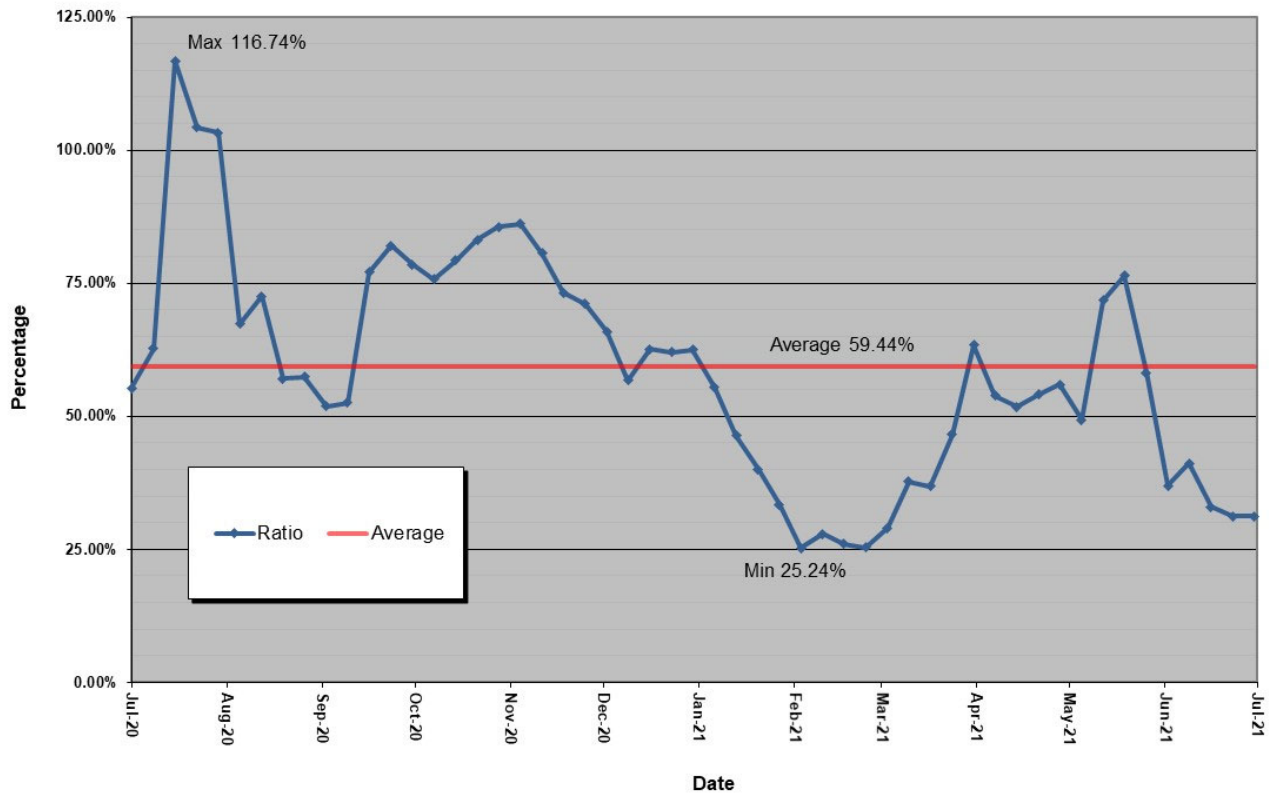


SIFMA & SIFMA/LIBOR Ratio

SIFMA Rate
 Range 07/01/2020 - 06/30/2021
 MUNIPSA Index



SIFMA / LIBOR Ratio
 Range 07/01/2020 - 06/30/2021



CREDIT MANAGEMENT

Mid-Year Reflection

Credit

As COVID-19 vaccines became more widespread in the first half of 2021, economies around the globe began to heat up as they reopened. After appearing to stall out below pre-pandemic levels, U.S. consumer spending skyrocketed to almost \$1 trillion above the level set in February 2020 with further increases expected this summer. Personal income fell after direct government stimulus dried up in 2020 but has since rebounded to an all-time high and well above pre-pandemic levels. Household debt continued to rise and now sits just under \$15 trillion. Low mortgage rates continued to fuel increased housing debt as outstanding loan balances topped \$10 trillion. Bucking the trend of rising debt balances is credit card debt, which declined to under \$800 billion, \$150 billion lower than it was at the end of 2019. Delinquency rates slipped lower to 3.1% of all debt, a 1.5% drop from a year ago. Interest rates on all types of debt remained low as the Federal Reserve signaled a willingness to keep the benchmark rates at zero throughout 2021 and beyond, dismissing rising inflation rates as transitory.

Continuing the trend of the last few years, corporate debt rose to a new high of more than \$11 trillion and has now exceeded 50% of U.S. GDP. As many industries were forced to scale back operations during the pandemic, many stressed companies took advantage of extremely low interest rates to load up on debt. Helping drive this increase is the increased

willingness of banks to lend to companies with credit ratings below investment grade in a desperate search for yield. In the first quarter of 2021, a record \$67.4 billion of debt was issued to companies with below a B- credit rating. Company bankruptcy filing rates in 2020 and early 2021 are already the highest since the Great Recession in 2009. After spiking dramatically in the first half of 2020, spreads on investment grade corporate debt have trended downward ever since and are currently at historically low levels. Furthering the trend of increased debt issuance, respondents to the Senior Loan Officer Opinion Survey on Bank Lending Practices, reported that lending standards were eased in respect to all commercial and industrial firms in the first quarter of 2021. Standards for all categories of consumer loans were also loosened as demand remained relatively flat, with the exception of residential real estate loans, where demand continued to rise in response to very low mortgage rates.

The first half of 2021 saw one company removed from the Corporate Credit Approved list. IBM was dropped following a downgrade that pushed it below the minimum standard. In addition, several companies saw downgrades but remain on the list for now. Exxon, Total SA, Merck, Natixis, and Royal Bank of Canada were all downgraded during the first half of the year.

Credit Process

Our credit strategy is to invest in creditworthy corporate issuers having a long-term rating of

CREDIT MANAGEMENT

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

Default Monitoring

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

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

Industry/Company Analysis

We use a combination top-down and bottom-up approach for investing. The top-down approach refers to understanding the current and future business cycle or the "big picture" of the economy and financial world in order to identify attractive industries. Once industries are identified, a bottom-up approach is utilized where we focus on specific company fundamentals, picking the strongest companies within a sector.

Fundamental analysis is then performed looking at competitive position, market share, operating

history/trends, management strategy/execution, and financial statement ratio analysis.

Approved List

Once analysis has been completed, the State Investment Commission approves the list on a quarterly basis. During the first half of 2021, IBM was removed from the Corporate Credits Approved list. The Corporate Credits Approved list as of June 2021 is found in Appendix A.

State Investment Commission

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

DEBT MANAGEMENT



Authorized But Unissued Debt

As of June 30, 2021, the Commonwealth's 2021-2022 budget includes authorized debt service for over \$1.21 billion of projects supported by the General Fund, Agency Funds, and the Road Fund, which were approved during prior sessions of the General Assembly. This pipeline of projects is anticipated to be financed over a number of future biennia bond transactions. The speed at which this financing takes place is dependent upon factors managed by and between the project sponsors, the Office of the State Budget Director and the Office of Financial Management

2010 Extraordinary (Special) Session

The 2010 Extraordinary (Special) Session of the General Assembly delivered House Bill 1 (Executive Branch Budget other than Transportation Cabinet) and House Bill 3 (Kentucky Transportation Cabinet Budget) to the Governor on May 29, 2010, establishing an Executive Branch Budget for the biennium ending June 30, 2012. The Governor took final action on the bills on June 4, 2010. Together, the bills authorized bond financing for projects totaling \$1,980.2 million to support various capital initiatives of the Commonwealth. Of the total authorization, \$507.4 million is General Fund supported, \$515.3 million is Agency Restricted Fund supported, \$522.5 million is supported by Road Fund appropriations and \$435 million is Federal

Highway Trust Fund supported through Grant Anticipation Revenue Vehicle Bonds designated for the US-68/KY-80 Lake Barkley and Kentucky Lake Bridges Project and the Louisville-Southern Indiana Ohio River Bridges Project. A portion of the General Fund, Agency Restricted Fund, and Road Fund authorizations, and all of the Federal Highway Trust Fund authorizations have been permanently financed. House Bill 201 from the 2018 Regular Session of the General Assembly deauthorized \$59.5 million of Grant Anticipation Revenue Vehicle (GARVEE) Bonds which were not needed to complete the Lake Barkley and Kentucky Lake Bridges Project.

2012 Regular Session

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

DEBT MANAGEMENT

\$43.5 million is Agency Restricted Fund supported. A portion of the General Fund authorization and the total Agency Restricted Fund authorizations listed above have been permanently financed.

2014 Regular Session

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

2016 Regular Session

The 2016 Regular Session of the General Assembly delivered House Bill 303 (Executive Branch Budget other than the Transportation Cabinet) and House Bill 304 (Kentucky Transportation Cabinet Budget) to the Governor on April 15, 2016, establishing an Executive Branch Budget for the biennium ending June 30,

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

2018 Regular Session

The 2018 Regular Session of the General Assembly delivered House Bill 200 (Executive Branch Budget other than Transportation Cabinet) to the Governor on April 2, 2018 and House Bill 201 (Kentucky Transportation Cabinet Budget) to the Governor on April 14, 2018, establishing an Executive Branch Budget for the biennium ending June 30, 2020. The Governor vetoed House Bill 200 on April 9, 2018 and on April 13, 2018 the General Assembly enacted House Bill 200 over the Governor's veto. On April 14, 2018, the General Assembly delivered House Bill 265 (amending the 2018-2020 Executive Branch Budget Bill) to the Governor. The Governor took final action on House Bill 201 on April 26, 2018. House Bill 265 became law without the Governor's signature on April 27, 2018. Together, the bills authorized bond financing for projects totaling a net amount of \$972.7 million to support various capital initiatives of the Commonwealth whereas \$26.62 million in

DEBT MANAGEMENT

previously authorized debt was de-authorized in House Bill 200 and House Bill 201. Of the total authorization, \$396.44 million is General Fund supported and \$602.89 million is supported by Agency Restricted Fund appropriations. A portion of the General Fund and Agency Restricted Fund authorizations have been permanently financed.

2019 Regular Session

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

2020 Regular Session

The 2020 Regular Session of the General Assembly delivered House Bill 99 to the Governor on March 18, 2020 and delivered House Bill 352 (Executive Branch Budget other than the Transportation Cabinet) and House Bill 353 (Kentucky Transportation Cabinet Budget) to the Governor on April 1, 2020, establishing an Executive Branch Budget for the first year only of the biennium ending June 30, 2022. The Governor signed House Bill 99 on March 25, 2020 and vetoed certain line items in House Bill 352 and House Bill 353 on April 13, 2020. The General Assembly overrode all gubernatorial vetoed line items on April 15, 2020. Together,

the bills authorized bond financing for projects totaling a net amount of \$351.67 million to support various capital initiatives of the Commonwealth. The total authorization is General Fund supported. Agency Fund projects totaling \$429.80 million were listed without debt service appropriation. No additional Road Fund supported authorizations were appropriated. A portion of the General Fund and Agency Restricted Fund authorizations have been permanently financed.

2021 Regular Session

The 2021 Regular Session of the General Assembly delivered House Bill 192 (Executive Branch Budget other than the Transportation Cabinet) to the Governor on March 16, 2021, and House Bill 193 (Kentucky Transportation Cabinet Budget) to the Governor on March 29, 2021, establishing an Executive Branch Budget for the second year of the biennium ending June 30, 2022. The Governor vetoed certain line items in House Bill 192 on March 26, 2021, and the General Assembly overrode certain gubernatorial vetoed line items on March 29, 2021, enacting House Bill 192 as vetoed in part. The Governor took final action on House Bill 193 on April 7, 2021. Together, the bills authorized bond financing for projects totaling a net amount of \$455.35 million, to support various capital initiatives of the Commonwealth. Of the total authorization, \$98.35 million is General Fund supported and \$357 million is supported by Agency Fund appropriations. No additional Road Fund supported authorizations were appropriated.

DEBT MANAGEMENT

Authorized but Unissued Debt Summary

The balance of prior bond authorizations of the General Assembly dating from 2010 through 2021 totals \$1,210.93 million. Of these prior authorizations, \$450.11 million is General Fund supported, \$698.32 million is Agency Restricted Fund supported, \$62.50 million is supported by Road Fund appropriations.

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

Summary of Authorized but Unissued Debt by Fund Type As of June 30, 2021:

Legislative Session (Year)	General Fund (millions)	Agency Fund (millions)	Road Fund (millions)	TOTAL (millions)
2010	22.35	17.50	50.00	89.85
2012	1.96	-	12.50	14.46
2014	12.63	-	-	12.63
2016	39.60	20.58	-	60.18
2018	189.45	201.10	-	390.55
2019	55.53	.	-	55.53
2020	111.08	422.14	-	533.22
2021	98.35	37.00	-	135.35
Bond Pool Proceeds	(80.84)	-	-	(80.84)
TOTAL	450.11	698.32	62.50	1,210.93

The balance of prior bond authorizations of the General Assembly dating from FY 2010 through FY 2021 totals \$1,210.93 million. Of these prior authorizations, \$450.11 million is General Fund supported, \$698.32 million is Agency Restricted Fund supported, and \$62.5 million is supported by Road Fund appropriations.

Looking Forward

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

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

DEBT MANAGEMENT

Ratings Update

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

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

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

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

The Ratings Picture at June 30, 2021:

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

ⁱAll outstanding bonds do not necessarily receive a rating from every rating agency

DEBT MANAGEMENT

Cash Management Strategies

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

Tax and Revenue Anticipation Notes (TRAN)

Historically, the Commonwealth has not issued TRANs for liquidity but to leverage the difference between taxable and tax-exempt interest rate markets to create economies that provide a financial benefit to the Commonwealth. Market conditions did not provide a beneficial interest rate environment, so no TRANs were issued during the reporting period.

Inter-Fund Borrowing

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

As of June 30, 2021 the total available liquid resources available to the General Fund was \$8.959 billion.

Bond Anticipation Notes (BAN)

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

No BANs were issued during the reporting period

Notes (Direct Loans)

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

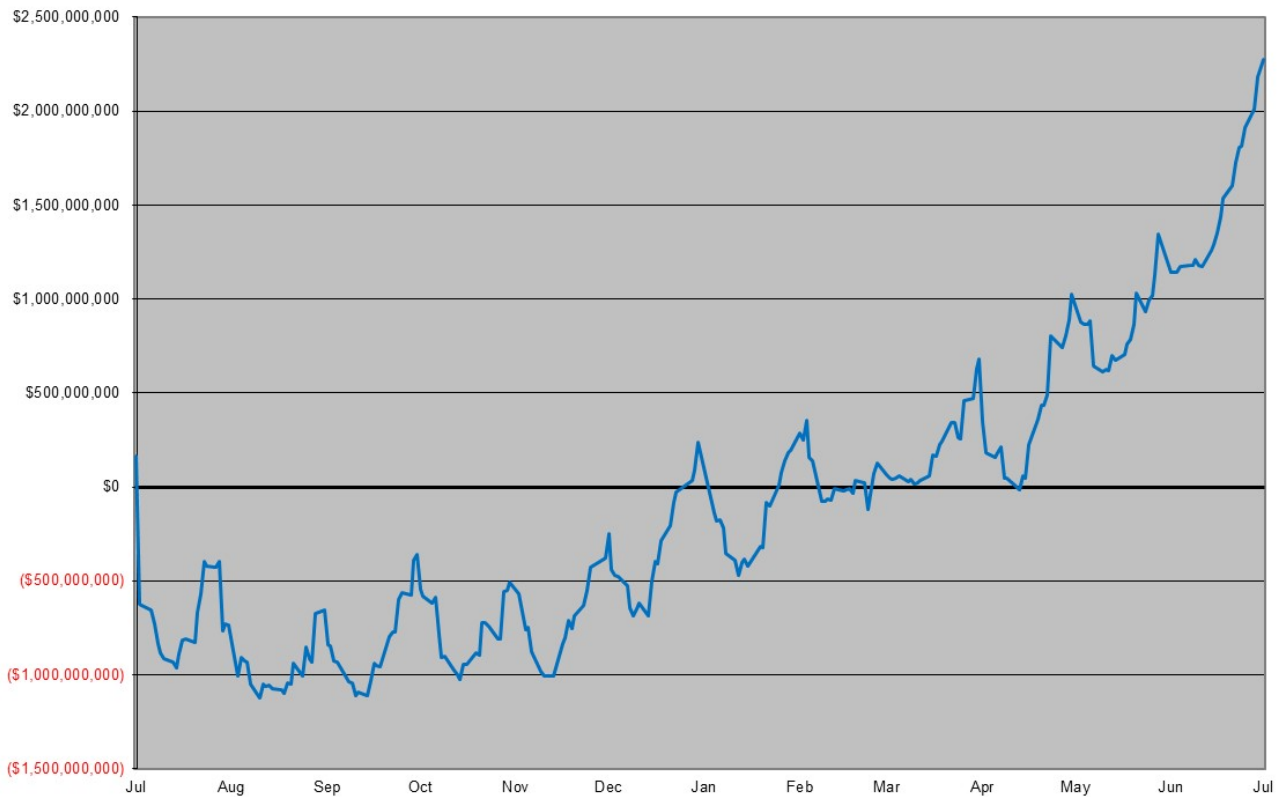
- (a) Judgments, with a final maturity of not more than ten (10) years; and
- (b) The finance or refinance of obligations owed under KRS 161.550(2) or 161.553(2)

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

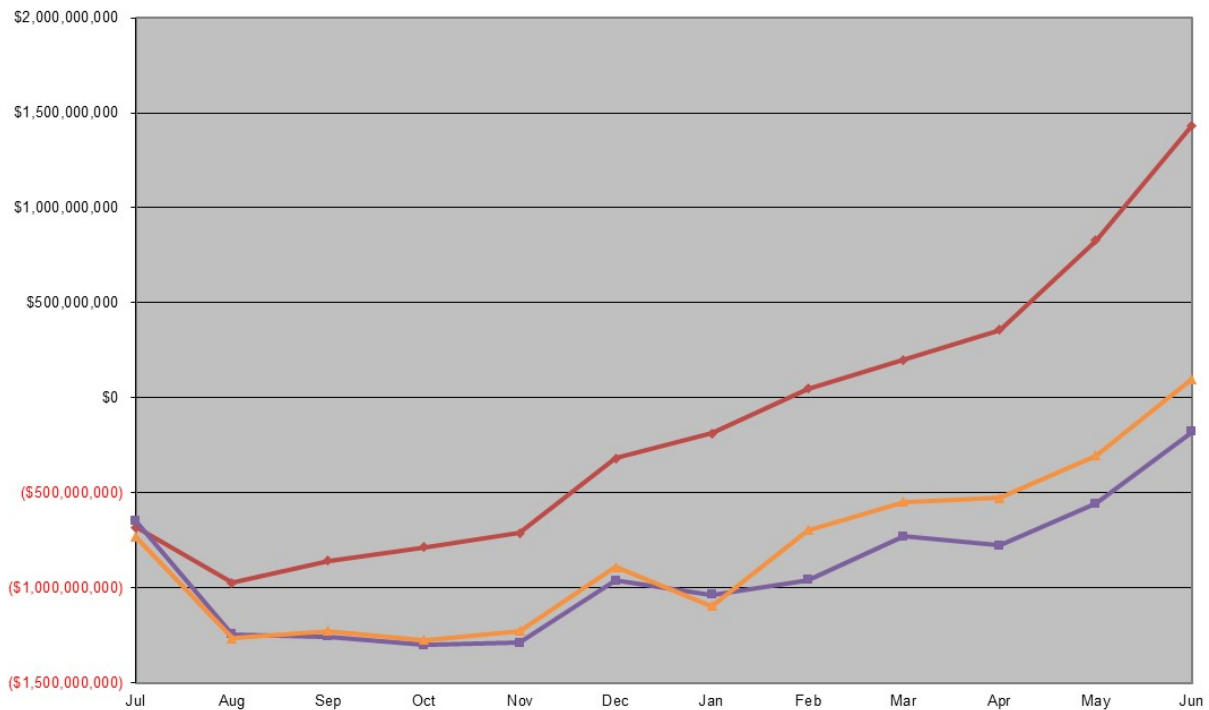
No Notes were issued during the reporting period

DEBT MANAGEMENT

General Fund Cash Balance
Fiscal Year 2021



GENERAL FUND MONTHLY AVERAGE
(Excluding TRAN Proceeds)



DEBT MANAGEMENT

ALCo Financial Agreements

As of June 30, 2021, ALCo had no outstanding financial agreements. The three agreements that were a part of the 48th ALCo Semi-Annual report were priced for refunding on March 31, 2021 and closed on May 3, 2021 with a refunding par of \$113,940,000. The original transaction used LIBOR as the underlying benchmark by which the interest on the debt was hedged, but this benchmark was scheduled to be abandoned by the market on December 31, 2021. With capital at risk, in May of 2020, the Commission authorized the refinancing with up to a \$1,000 negative savings. Normal refunding transactions are executed to provide economic savings, but a more important factor in this transaction was the desire to eliminate the leveraged risk. The Commonwealth owed Deutsche Bank AG 11.129 million in a mark-to-market on the three swaps. Market conditions were not favorable at that time, so the decision was made to delay the bond transaction. Over the next year, market conditions improved, certain concessions were achieved from the swap provider, and the transaction ultimately achieved a NPV savings of \$1.118 million.

The original financial agreements are described in the section below and the terms of these transactions are detailed in Appendix B.

General Fund – Floating Rate Note Hedges

In May, 2007, ALCo issued \$243.08 million of Floating Rate Notes (FRNs) to permanently finance \$100 million of General Fund bond supported projects and to advance refund certain outstanding State Property and

Buildings Commission (SPBC) bonds for present value savings. The transaction entailed ALCo issuing four FRNs, each paying a rate of interest indexed to 3-Month LIBOR plus a fixed spread. Integrated into the transaction were four separate interest rate swaps which perfectly hedge the floating rates on the FRNs and lock in a fixed rate payable by ALCo on the transaction. The terms of the four interest rate swaps exactly match the notional amount, interest rate, and amortization schedule of the four FRNs and allowed ALCo to elect “super-integrated” tax status on the transaction, whereby it receives similar tax treatment as a fixed rate bond issue under IRS rules.

Under the FRN transaction, the Notes and interest rate swaps were each insured under separate policies by FGIC, which maintained an Aaa/AAA credit rating at the time from Moody’s and S&P. Under the terms of the original interest rate swaps, the counterparty (Citibank) could optionally terminate the agreements if the insurer’s claims paying rating fell below an A3/A- level. Subsequent to the transaction, FGIC was downgraded multiple times by the credit rating agencies and currently are no longer rated. In December 2008, MBIA (rated A2 by Moody’s at the time) reinsured FGIC’s municipal insurance portfolio providing additional coverage on the transaction. However, MBIA Insurance Corporation’s credit rating was also subsequently downgraded on multiple occasions and is currently rated Caa1 by Moody’s and is no longer rated by S&P. In

DEBT MANAGEMENT

February of 2009, MBIA established a new U.S. public finance financial guaranty insurance company known as National Guaranty Public Finance Corporation (National). National, at no additional charge, provided reinsurance on the FRNs and related swaps. However, on December 22, 2010, S&P downgraded National from A to BBB leaving both of National's claims paying ratings below the required A3/A- level.

In early 2011, ALCo spent considerable time working with Citibank and other parties analyzing a variety of remedies that would prevent the potential early termination of the interest rate swaps. After much consideration, ALCo determined the preferred remedy was one offered by Citibank whereby the remaining notional amount of each interest rate swap would be assigned to a new counterparty under the existing financial terms and at no cost to ALCo or the Commonwealth. On February 14, 2011, ALCo, Citibank and the new counterparty, Deutsche Bank AG, executed the assignment of the remaining notional balances of each swap to Deutsche Bank. The terms of the new interest rate swaps with Deutsche Bank were identical to the original swaps, with two exceptions; 1) the new swaps were not insured and there were no insurer provisions contained in the new agreements, and 2) the credit rating triggers under the automatic termination provisions were now symmetrical for both counterparties (ALCo and Deutsche Bank) at A3/A-. Under the original swaps, ALCo's credit rating triggers were Baa2/BBB,

but rating recalibrations by the rating agencies caused municipal issuers to be rated on the same scale as corporations and other debt issuing entities, which facilitated the need for equal credit rating triggers for both parties. On July 10, 2014, the credit rating triggers were lowered to Baa3/BBB- for both counterparties. On January 25 2016, Moody's downgraded Deutsche Bank from A3 to Baa1 reflecting changes in Germany's insolvency legislation which took effect in January 2017. The changes resulted in protection from the subordination of certain senior unsecured debt obligations relative to other senior liabilities, including deposits. Moody's downgraded Deutsche Bank once again on May 23, 2016 from Baa1 to Baa2 reflecting "the increased execution challenges Deutsche Bank faces in achieving its strategic plan." Even with two downgrades, Deutsche Bank continues to be in compliance with the swap agreement credit rating threshold of not falling below Baa3. ALCo continues to monitor the credit of our counterparty for compliance with terms of the agreement. Fitch downgraded Deutsche Bank on June 7, 2019 from BBB+ to BBB, but the ratings termination triggers are only related to Moody's and S&P.

Details related to the interest rate swaps as of June 30, 2021 are presented in Appendix B.

DEBT MANAGEMENT

Asset/Liability Model

General Fund

The total SPBC debt portfolio as of June 30, 2021 had \$2.941 billion of bonds outstanding with a weighted average coupon of 4.94% and a weighted average life of 6.14 years. The average coupon reflects an amount of taxable bonds issued under the Build America Bond Program during 2009 and 2010 as well as continued investor preference for tax-exempt callable premium bonds in the current market at a yield lower than par or discount coupon bonds. The \$1.096 billion callable portion had a weighted average coupon of 4.62%.

The SPBC debt structure has 36.95% of principal maturing in 5 years and 70.15% of principal maturing in 10 years. The ratios are above the rating agencies' proposed target of 27-30% due in 5 years and 55-60% maturing within 10 years, primarily influenced by debt restructuring and the minimal amount of long-term new money permanent financings within the last several years.

The General Fund had a maximum balance of \$2.275 billion on June 30, 2021, and a low of negative \$1.126 billion on August 10, 2020.

The average and median balances were negative \$118.318 million and negative \$215.971 million, respectively. Since the General Fund continued to have a negative available cash balance for the fiscal year, there is little, if anything, that can be done from an asset management point of view beyond current actions.

From a liability management perspective, total Commonwealth General Fund debt service, net of credits was \$577.530 million for Fiscal Year

2021. In addition to the Commonwealth General Fund debt service, General Fund debt service of \$11.256 million was provided for an Eastern State Hospital financing that was issued through the Lexington-Fayette Urban County Government in 2011. Also, General Fund debt service of \$15.544 million was provided for the 2015 and 2018 Certificates of Participation (related to the two Commonwealth State office Building projects). Net interest margin will continue to be negative due to low cash balances versus outstanding fixed rate debt, low level of interest rates, and the callability of the debt portfolio.

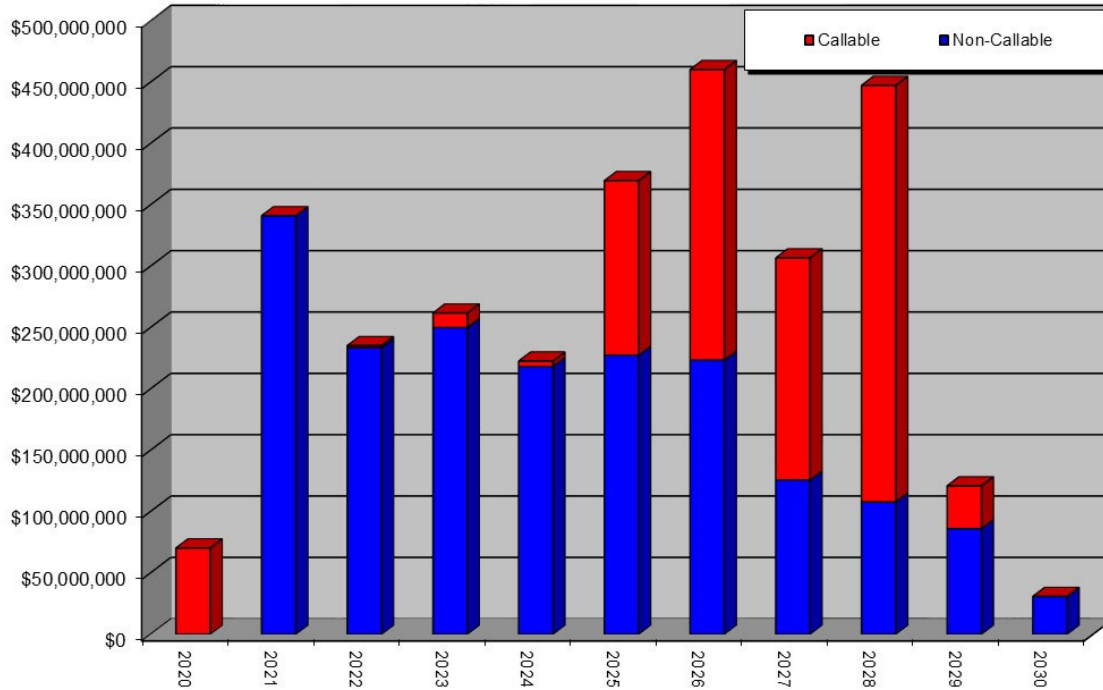
SPBC 125

On June 3, 2021, SPBC priced a \$139,550,000 bond transaction which refunded \$130,115,000 par of certain outstanding SPBC bonds. SPBC Project No. 125 consisted of \$43,800,000 Revenue Refunding Bonds, Series A, and \$95,750,000 Revenue Refunding Bonds, Federally Taxable Series B. The transaction achieved an All-In True Interest Cost of 1.899% and a net present value savings of \$11.093 million (or 8.5260% savings from the refunded bonds).

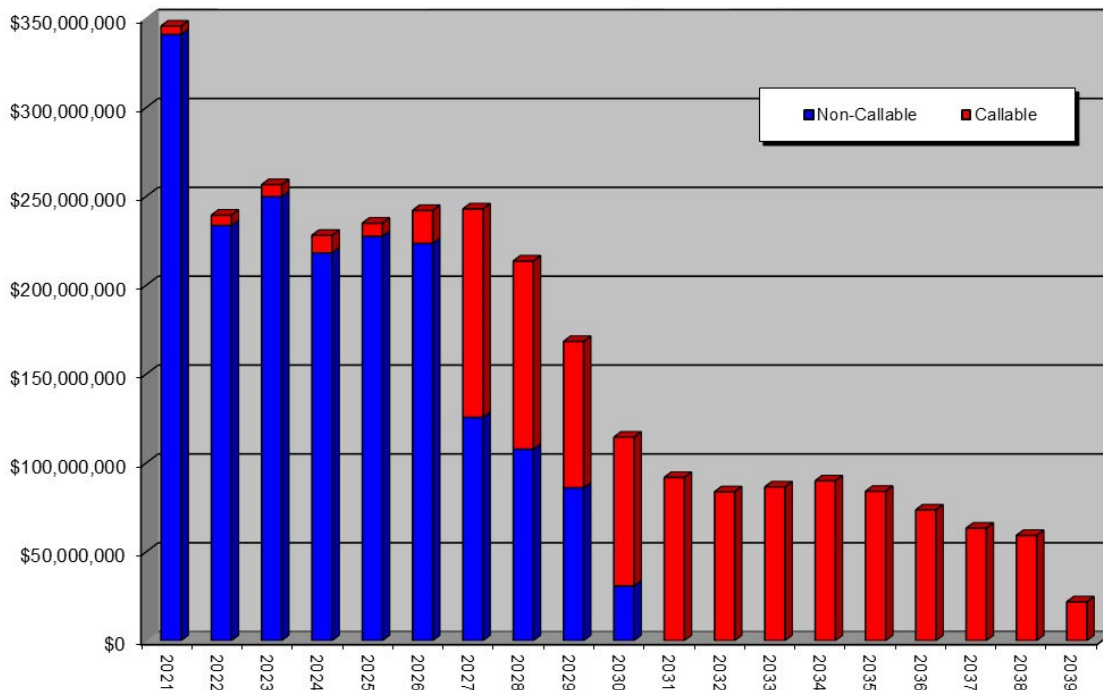
The issued bonds contained both a taxable and tax-exempt component and were sold via negotiated sale with Citigroup serving as senior manager and Morgan Stanley serving as Senior Co-Manager. Kutak Rock LLP served as bond counsel and Stites & Harbison, PLLC served as underwriter's counsel. The bonds received ratings of A1 from Moody's and A+ from Fitch. SPBC 125 closed on July 1, 2021.

DEBT MANAGEMENT

**Call Analysis by Call Date
State Property and Buildings Commission Bonds**



**Call Analysis by Maturity Date
State Property and Buildings Commission Bonds**



DEBT MANAGEMENT

Looking Forward

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

Road Fund

The Road Fund average daily cash balance for Fiscal Year 2021 was \$420 million compared to \$293 million for Fiscal Year 2020. The Road Fund cash was invested in the Intermediate Term Investment Pool which had a duration of 1.33 years as of June 30, 2021. The Road Fund earned a negative \$118 thousand on a cash basis for Fiscal Year 2021 versus a positive \$6.688 million for Fiscal Year 2020. The Road Fund earnings declined year over year because of lower short term rates and lower receipts. The continued relatively low level of investable balances at certain times during the fiscal year limits the investment opportunities.

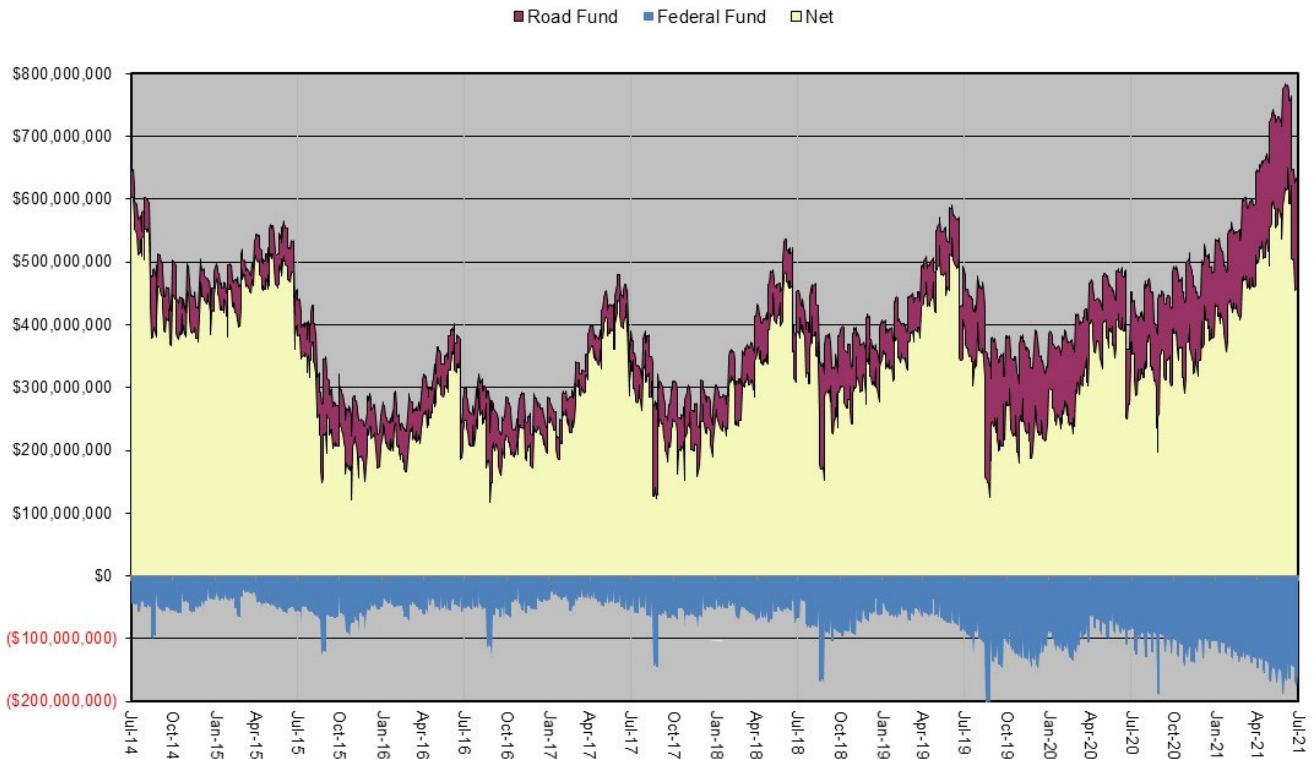
As of June 30, 2021, the Turnpike Authority of Kentucky (TAK) had \$915.93 million of bonds outstanding with a weighted average coupon of 4.91% and an average life of 5.75 years.

Road Fund debt service paid in Fiscal Year 2021 was \$151.321 million, resulting in a net interest margin (investment income earned year-to-date less debt service paid) of negative \$151.439 million. The negative amount stems from the level of investable balances and a general low level of interest rates on the investment side in addition to the limited callability of fixed rate obligations on the liability side.

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

DEBT MANAGEMENT

Road Fund Available Balance
Fiscal Year 2015-2021 as of 6/30/2021



SUMMARY

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

Since its inception, ALCo has been instrumental in adding incremental returns on investment income to the Commonwealth’s investment portfolio. In fiscal 2021, ALCo was able to eliminate the Floating Rate Note hedge by refunding the remaining debt service into a fixed

rate note at historically low rates. Combined with the elimination of interest rate risk, the concessions received from the swap provider and the economic savings, this was a highly beneficial transaction for the Commonwealth.

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

APPENDIX

APPENDIX A

Corporate Credits Approved For Purchase As of June 30, 2021

<u>Company Name</u>	<u>Repurchase Agreements</u>	<u>Money Market Securities</u>	<u>Notes</u>
Apple Inc		Yes	Yes
Bank of Montreal	Yes	Yes	Yes
Bank of Nova Scotia	Yes	Yes	Yes
Berkshire Hathaway Inc		Yes	Yes
BNP Paribas Securities Corp	Yes	Yes	Yes
BNY Mellon NA		Yes	Yes
Canadian Imperial Bank of Comm		Yes	Yes
Cantor Fitzgerald	Yes	No	No
Chevron Corp		Yes	Yes
Cisco Systems Inc		Yes	Yes
Cooperatieve Rabobank		Yes	Yes
Cornell University		Yes	No
Costco Wholesale Corp		Yes	Yes
Deere & Co		Yes	Yes
Exxon Mobil Corp		Yes	Yes
Home Depot Inc		Yes	Yes
IBRD - World Bank		Yes	Yes
Intel Corp		Yes	Yes
Johnson & Johnson		Yes	Yes
Merck & Co. Inc.		Yes	Yes
Microsoft Corp		Yes	Yes
MUFG Bank LTD/NY		Yes	Yes
MUFG Securities Americas Inc	Yes	No	No
Natixis SA/New York		Yes	Yes
Nestle Finance International		Yes	Yes
PepsiCo Inc		Yes	Yes
Pfizer Inc		Yes	Yes
Linde PLC		Yes	Yes
Procter & Gamble Co/The		Yes	Yes
Royal Bank of Canada	Yes	Yes	Yes
Royal Dutch Shell PLC		Yes	Yes
Salvation Army		Yes	No
State Street Corp		Yes	Yes
Sumitomo Mitsui Trust Bank		Yes	Yes
Swedbank AB		Yes	Yes
Texas Instruments Inc.		Yes	Yes
Toronto-Dominion Bank/The		Yes	Yes
Total SA		Yes	Yes
Toyota Motor Corp		Yes	Yes
US Bank NA		Yes	Yes
Wal-Mart Stores Inc		Yes	Yes

*Addition:

Removed:
IBM

APPENDIX B

As of June 30, 2021

ALCo Financial Agreements	ALCo FRN Series A Hedge	ALCo FRN Series A Hedge	ALCo FRN Series B Hedge	ALCo FRN Series B Hedge
Fund Source	General Fund	General Fund	General Fund	General Fund
Hedge	2017 FRN	2027 FRN	2021 FRN	2025 FRN
Counter-Party	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG	Deutsche Bank AG
Long-Term Senior Debt Ratings (<i>Moody's / S&P / Fitch</i>)		A3/BBB+/BBB	A3/BBB+/BBB	A3/BBB+/BBB
Termination Trigger (<i>Moody's / S&P</i>)	Baa3/BBB-	Baa3/BBB-	Baa3/BBB-	Baa3/BBB-
Swap Type	Fixed Pay	Fixed Pay	Fixed Pay	Fixed Pay
Benchmark	67% 3M LIBOR + 40	67% 3M LIBOR + 53	67% 3M LIBOR + 52	67% 3M LIBOR + 55
Reset	Quarterly	Quarterly	Quarterly	Quarterly
Notional Amount	Expired 11/1/17	32,515,000	14,045,000	70,935,000
Amortize (yes/no)	yes	yes	yes	yes
Original Execution Date	5/16/2007	5/16/2007	5/16/2007	5/16/2007
Start Date	5/31/2007	5/31/2007	5/31/2007	5/31/2007
Assignment Date	2/14/2011	2/14/2011	2/14/2011	2/14/2011
Mandatory Early Termination				
End Date	11/1/2017	11/1/2027	11/1/2021	11/1/2025
Fixed Rate pay-(rec)	3.839%	4.066%	4.042%	4.125%
Day Count	30/360	30/360	30/360	30/360
Payment Dates		February 1, May 1, August 1, November 1		
Security Provisions		General Fund Debt Service Appropriations		
Current Market Valuation December 31, 2019 (negative indicates payment owed by ALCo if terminated)	Expired 11/1/17	Refunded 5/3/2021	Refunded 5/3/2021	Refunded 5/3/2021
Interest Earnings (not applicable)				
Total	not applicable	not applicable	not applicable	not applicable

Swap Summary

As of June 30, 2021:

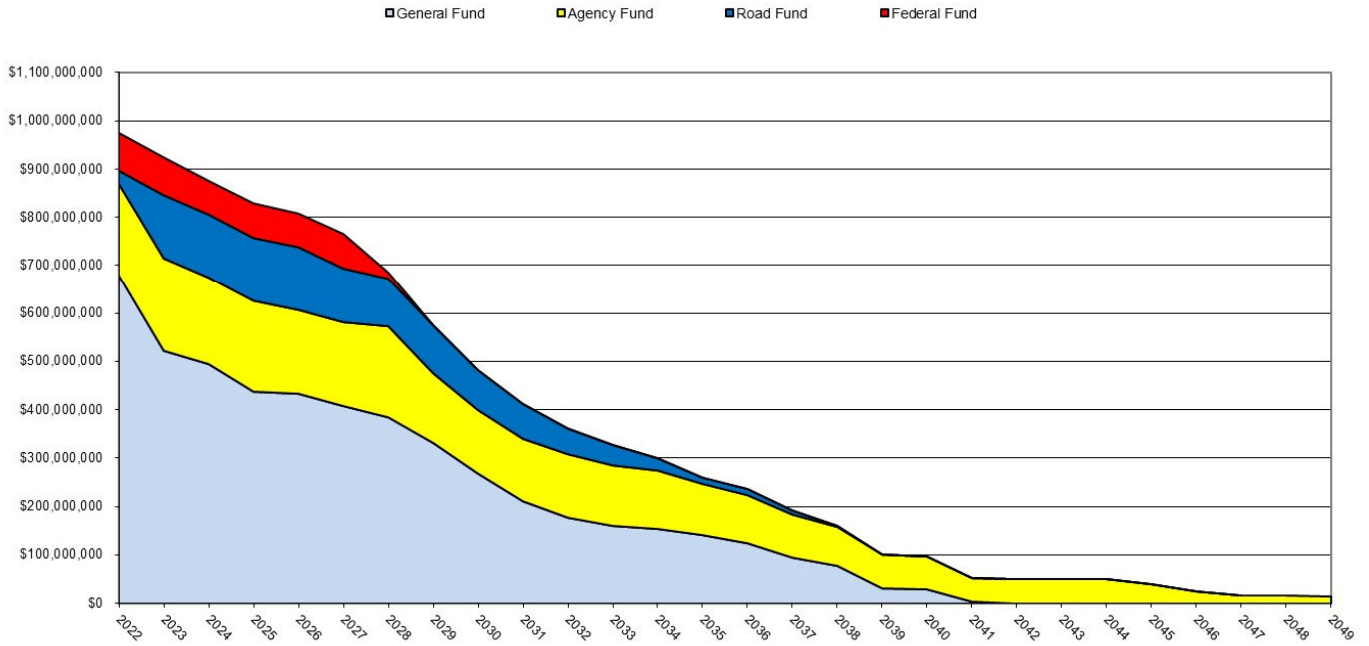
<u>Total Notional Amount Executed</u>		<u>Net Exposure Notional Amount</u>	
<u>General Fund</u>	<u>Road Fund</u>	<u>General Fund</u>	<u>Road Fund</u>
243,080,000	0	0	0

Total Notional Amount Executed by Counter Party

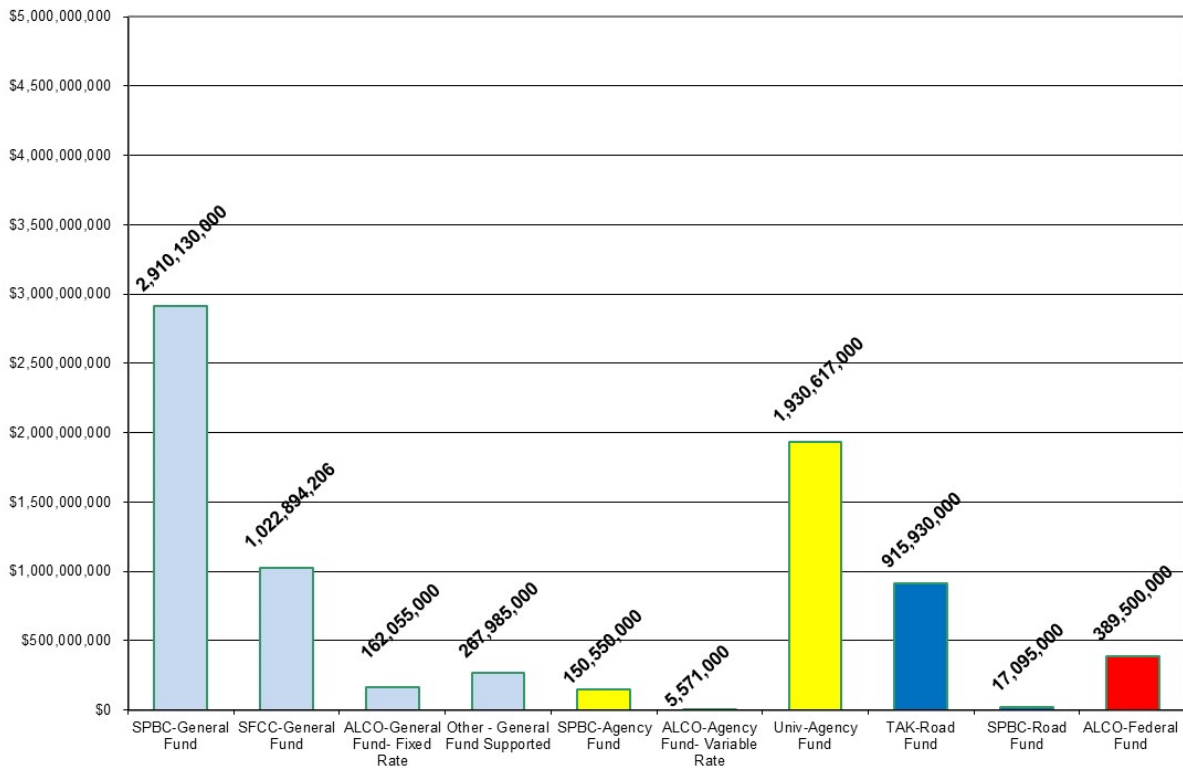
Deutsche Bank (assigned from Citibank on 2/14/2011)
243,080,000

APPENDIX C

**Appropriation Supported Debt Service
by Fund Source as of 06/30/2021**



**Appropriation Debt Principal Outstanding
by Fund Source as of 06/30/2021**



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

APPENDIX D

COMMONWEALTH OF KENTUCKY
ASSET/LIABILITY COMMISSION
SCHEDULE OF NOTES OUTSTANDING
AS OF 06/30/2021

FUND TYPE SERIES TITLE	AMOUNT ISSUED	DATE OF ISSUE	MATURITY DATE	PRINCIPAL OUTSTANDING
General Fund Project & Funding Notes				
2011 1st Series-KTRS Funding Notes	\$269,815,000	3/2011	4/2022	\$14,860,000
2013 1st Series-KTRS Funding Notes	\$153,290,000	2/2013	4/2023	\$33,255,000
2021 General Fund Refunding Project Notes	\$113,940,000	5/2021	11/2027	\$113,940,000
FUND TOTAL	\$537,045,000			\$162,055,000
Agency Fund Project Notes				
2018 Agency Fund Project Note (KCTCS)	\$27,775,000	6/2018	10/2023	\$5,571,000
FUND TOTAL	\$27,775,000			\$5,571,000
Federal Hwy Trust Fund Project Notes				
2013 1st Series	\$212,545,000	8/2013	9/2025	\$128,980,000
2014 1st Series	\$171,940,000	3/2014	9/2026	\$132,175,000
2015 1st Series	\$106,850,000	10/2015	9/2027	\$68,940,000
2020 1st Series	\$59,405,000	12/2020	9/2022	\$59,405,000
FUND TOTAL	\$550,740,000			\$389,500,000
ALCo NOTES TOTAL	\$1,115,560,000			\$557,126,000

REPORT PREPARED BY:



Office of Financial
Management

Commonwealth of Kentucky
702 Capital Ave Ste 76
Frankfort, KY 40601
Phone: 502-564-2924
Fax: 502-564-7416

Creating Financial Value for the Commonwealth

TEAM 
KENTUCKY

Annual Report of Bonds Outstanding

FY21	Principal					Interest	Annual Fees**
	June 30, 2020	Issued	Matured	Refunded	June 30, 2021		
State Property and Buildings Commission ("SPBC")	\$ 3,337,660,000	\$ 121,450,000	\$ 381,335,000	\$ 0	\$ 3,077,775,000	\$ 148,400,671	\$ -
Kentucky Asset/Liability Commission ("ALCO")	\$ 691,489,140	\$ 173,345,000	\$ 128,998,140	\$ 178,710,000	\$ 557,126,000	\$ 28,721,842	\$ -
Turnpike Authority of Kentucky ("TAK")	\$ 1,012,240,000	\$ -	\$ 96,310,000	\$ -	\$ 915,930,000	\$ 46,070,244	\$ -
School Facilities Construction Commission	\$ 1,068,843,592	\$ 76,848,139	\$ 91,089,696	\$ 31,707,830	\$ 1,022,894,206	\$ 29,316,079	\$ -
State Universities	\$ 1,779,037,000	\$ 280,385,000	\$ 93,130,000	\$ 35,675,000	\$ 1,930,617,000	\$ 65,886,548	\$ 63,167
Other General Fund Supported	\$ 276,575,000	\$ 0	\$ 8,590,000	\$ -	\$ 267,985,000	\$ 6,954,744	\$ -
<i>Subtotal Appropriation Supported Debt</i>	<i>\$ 8,165,844,732</i>	<i>\$ 652,028,139</i>	<i>\$ 799,452,836</i>	<i>\$ 246,092,830</i>	<i>\$ 7,772,327,206</i>	<i>\$ 325,350,127</i>	<i>\$ 63,167</i>
Kentucky Infrastructure Authority ("KIA")	\$ 191,235,000	\$ -	\$ 19,405,000	\$ -	\$ 171,830,000	\$ 9,138,613	\$ 6,333
Kentucky Housing Corporation	\$ 288,470,000	\$ -	\$ 1,665,000	\$ 40,850,000	\$ 245,955,000	\$ 7,528,225	\$ 104,428
KY Higher Education Student Loan Corporation	\$ 832,735,490	\$ 557,945,000	\$ 511,052,490	\$ -	\$ 879,628,000	\$ 14,768,251	\$ 64,282
Kentucky Public Transportation Infrastructure Authority	\$ 725,418,456	\$ 0	\$ 4,005,167	\$ -	\$ 721,413,289	\$ 28,697,549	\$ -
<i>Subtotal Non-Appropriation Supported Debt</i>	<i>\$ 2,037,858,946</i>	<i>\$ 557,945,000</i>	<i>\$ 536,127,657</i>	<i>\$ 40,850,000</i>	<i>\$ 2,018,826,289</i>	<i>\$ 60,132,638</i>	<i>\$ 175,043</i>
Total	\$ 10,203,703,678	\$ 1,209,973,139	\$ 1,335,580,493	\$ 286,942,830	\$ 9,791,153,495	\$ 385,482,765	\$ 238,209

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

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

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

▪ **Fund F Loan**

<u>Loan #</u>	<u>Borrower</u>	<u>Amount Requested</u>	<u>Amount Loan Total</u>	<u>County</u>
F21-016	City of Harlan	\$ 1,463,000	\$ 1,463,000	Harlan
F21-021	City of Harlan	\$ 2,549,645	\$ 2,549,645	Harlan

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND		Reviewer	Sarah Parsley	
		Date	January 7, 2021	
		KIA Loan Number	F21-016	
		WRIS Number	WX21095014	
BORROWER	CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS HARLAN COUNTY			
BRIEF DESCRIPTION				
This project involves upgrades to the existing Harlan Municipal Distribution system including, but not limited to, the relocation of a section of 16-inch raw water transmission main along the Poor Fork of the Cumberland River and KY HWY 119, replacement of line sections in the vicinities of Lamberts, Sukey Ridge, and Clovertown, along with miscellaneous valve work in Loyall and Sunny Acres. The existing 100,000 gallon storage tank at the water treatment plant will be painted as well.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$1,463,000	RD Fee %	Actual %	
		Administrative Expenses		\$50,000
		Legal Expenses		10,000
		Land, Easements		5,000
		Eng - Design / Const	8.6%	7.8%
		Eng - Insp	5.4%	4.8%
		Eng - Other		40,000
		Construction		1,095,080
		Contingency		110,920
TOTAL	\$1,463,000	TOTAL		\$1,463,000
REPAYMENT	Rate	0.25%	Est. Annual Payment	\$54,306
	Term	30 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Bell Engineering		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Feb-21		
	Construction Start	Apr-21		
	Construction Stop	Aug-21		
DEBT PER CUSTOMER	Existing	\$899		
	Proposed	\$2,135		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		Users	Avg. Bill	
	Current	2,006	\$23.65 (for 4,000 gallons)	
	Additional	0	\$23.65 (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	438,800	276,260	162,540	1.6
Audited 2018	454,185	278,307	175,878	1.6
Audited 2019	249,086	276,061	(26,975)	0.9
Projected 2020	168,834	195,429	(26,595)	0.9
Projected 2021	145,026	210,009	(64,983)	0.7
Projected 2022	435,813	322,027	113,786	1.4
Projected 2023	411,043	322,172	88,871	1.3
Projected 2024	385,778	354,274	31,504	1.1

Reviewer: Sarah Parsley
 Date: January 7, 2021
 Loan Number: F21-016

**KENTUCKY INFRASTRUCTURE AUTHORITY
 DRINKING WATER STATE REVOLVING FUND (FUND F)
 CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS,
 HARLAN COUNTY PROJECT REVIEW
 WX21095014**

I. PROJECT DESCRIPTION

The City of Harlan F/B/O Harlan Municipal Water Distribution System is requesting a Fund F loan in the amount of \$1,463,000 for the Harlan Municipal Water Distribution System Improvements project. This project will involve upgrades to the existing Harlan Municipal Distribution system including, but not limited to, the relocation of a section of 16-inch raw water transmission main along the Poor Fork of the Cumberland River and KY HWY 119, replacement of line sections in the vicinities of Lamberts, Sukey Ridge, and Clovertown, along with miscellaneous valve work in Loyall and Sunny Acres. The existing 100,000 gallon storage tank at the water treatment plant will be painted as well.

The Utility serves approximately 2,000 customers.

II. PROJECT BUDGET

	Total
Administrative Expenses	\$ 50,000
Legal Expenses	10,000
Land, Easements	5,000
Engineering Fees - Design	65,000
Engineering Fees - Construction	29,000
Engineering Fees - Inspection	58,000
Engineering Fees - Other	40,000
Construction	1,095,080
Contingency	110,920
Total	\$ 1,463,000

III. PROJECT FUNDING

	Amount	%
Fund F Loan	\$ 1,463,000	100%
Total	\$ 1,463,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 1,463,000
Less: Principal Forgiveness	0
Amortized Loan Amount	<u>\$ 1,463,000</u>
Interest Rate	0.25%
Loan Term (Years)	<u>30</u>
Estimated Annual Debt Service	\$ 50,649
Administrative Fee (0.25%)	<u>3,658</u>
Total Estimated Annual Debt Service	\$ 54,306

V. PROJECT SCHEDULE

Bid Opening	February 15, 2021
Construction Start	April 12, 2021
Construction Stop	August 16, 2021

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**A) Customers**

Customers	Current	Proposed	Total
Residential	1,738	0	1,738
Commercial	268	0	268
Industrial	0	0	0
Total	<u>2,006</u>	<u>0</u>	<u>2,006</u>

B) Rates

	Current	Prior
Date of Last Rate Increase	09/19/13	09/01/03
Minimum, First 2000 gallons	\$14.75	\$13.08
Next 8,000 Gallons (per 1000)	4.45	3.95
Next 15,000 (per 1000)	4.08	3.62
Cost for 4,000 gallons	<u>\$23.65</u>	<u>\$20.98</u>
Increase %	12.7%	
Affordability Index (Rate/MHI)	1.2%	

VII. 2020 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a “green” requirement.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Water revenues decreased 3.9% from \$1.41 million in 2017 to \$1.35 million in 2019 while operating expenses increased 19.8% from \$0.97 million to \$1.17 million during the same period. The increase in operating expenses was due to pump and control valve issues. These issues included replacement of a pump and some valves, the overtime caused by these issues, and two new service trucks being purchased.

The debt coverage ratio was 1.6, 1.6, and 0.9 in 2017, 2018, and 2019 respectively.

The balance sheet reflects a current ratio of 2.6, a debt to equity ratio of 0.3, 47.4 days of sales in accounts receivable, and 7.1 months operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Water revenues will increase approximately 24% in 2022.
- 2) Expenses will increase 2% annually for general inflation.
- 3) Debt service coverage is 1.4 in 2022 when principal and interest repayments begin.

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

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$74,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$3,700 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KIA Note Payable B291-13 (City of Harlan)	\$ 363,123	2025
KIA Note Payable F03-03 (City of Harlan)	718,472	2028
USDA Bond	722,000	0
Total	\$ 1,803,595	

X. CONTACTS

Legal Applicant	
Entity Name	Harlan Municipal Water Works
Authorized Official	Joe Meadors (Mayor)
County	Harlan
Email	-
Phone	(606) 573-1540
Address	PO Box 114 Harlan, KY 40831

Applicant Contact	
Name	Otis Lewis
Organization	Harlan Municipal Water Works
Email	hmwwotl@harlanonline.net
Phone	(606) 573-1540
Address	PO Box 114 Harlan, KY 40831

Project Administrator	
Name	Susanna Cornett
Organization	Cumberland Valley Area Dev District
Email	scornett@cvadd.org
Phone	(606) 864-7391
Address	PO Box 1740 London, KY 40744

Consulting Engineer

PE Name	Robert Bowman
Firm Name	Bell Engineering
Email	abowman@hkbell.com
Phone	859-278-5412
Address	2480 Fortune Drive, Suite 350 Lexington, KY 40509

XI. RECOMMENDATIONS

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

The City shall pass an ordinance no later than July 31, 2021 which will increase user charges sufficient to generate a debt service coverage ratio of 1.1. This increase is currently estimated to be 24%.

**CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS
FINANCIAL SUMMARY (JUNE YEAR END)**

	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Audited</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>	<u>Projected</u> <u>2024</u>
Balance Sheet								
Assets								
Current Assets	3,292,171	3,446,951	916,510	882,489	817,506	973,592	1,062,463	1,093,967
Other Assets	4,859,972	4,667,314	6,943,055	6,748,350	6,553,645	10,271,269	9,976,248	9,681,227
Total	8,152,143	8,114,265	7,859,565	7,630,839	7,371,151	11,244,861	11,038,711	10,775,194
Liabilities & Equity								
Current Liabilities	368,528	384,215	351,939	323,783	328,247	332,777	366,615	267,436
Long Term Liabilities	2,021,250	1,800,315	1,608,159	1,441,512	1,271,101	4,109,505	3,902,126	3,794,626
Total Liabilities	2,389,778	2,184,530	1,960,098	1,765,295	1,599,348	4,442,282	4,268,741	4,062,062
Net Assets	5,762,365	5,929,735	5,899,467	5,865,544	5,771,803	6,802,579	6,769,970	6,713,132
Cash Flow								
Revenues	1,410,335	1,490,941	1,411,792	1,354,881	1,354,881	1,680,052	1,680,052	1,680,052
Operating Expenses	973,704	1,039,957	1,167,057	1,190,398	1,214,206	1,248,590	1,273,360	1,298,625
Other Income	2,169	3,201	4,351	4,351	4,351	4,351	4,351	4,351
Cash Flow Before Debt Service	438,800	454,185	249,086	168,834	145,026	435,813	411,043	385,778
Debt Service								
Existing Debt Service	276,260	278,307	276,061	195,429	210,009	267,721	267,866	299,968
Proposed KIA Loan	0	0	0	0	0	54,306	54,306	54,306
Proposed KIA Loan F21-021						57,522	57,522	57,522
Total Debt Service	276,260	278,307	276,061	195,429	210,009	322,027	322,172	354,274
Cash Flow After Debt Service	162,540	175,878	(26,975)	(26,595)	(64,983)	113,786	88,871	31,504
Ratios								
Current Ratio	8.9	9.0	2.6	2.7	2.5	2.9	2.9	4.1
Debt to Equity	0.4	0.4	0.3	0.3	0.3	0.7	0.6	0.6
Days Sales in Accounts Receivable	46.3	46.5	47.4	47.4	47.4	47.4	47.4	47.4
Months Operating Expenses in Unrestricted Cash	38.0	37.1	7.1	6.7	6.0	6.9	7.6	7.8
Debt Coverage Ratio	1.6	1.6	0.9	0.9	0.7	1.4	1.3	1.1

RESOLUTION AUTHORIZING ADJUSTMENTS TO RATES

At a regularly called meeting of the Harlan Municipal Water Works Board of Commission being held, in Harlan, Kentucky on the 21st day of September, 2021 at which time a quorum of the Commissioners were present, and thereafter the following Resolution was passed.

WHEREAS, the Harlan Municipal Water Works Board of Commission proposes to provide upgraded drinking water services for industrial, institutional, commercial, and residential growth in the Harlan City area

WHEREAS, that the Harlan Municipal Water Works Board of Commission under the terms of the Safe Drinking Water Act Amendments of 1996 (Public Law 104-182) and amendments to KRS 224A, the State is authorized to render financial assistance to eligible project applicants by way of capitalization grants from the United States Environmental Protection Agency and State matched funds comprising the Federally Assisted Drinking Water Revolving Fund (State Revolving Loan Program). Said Program is established to aid in the construction of drinking water treatment facilities and other improvements as well as other related facilities with consideration for approval to be based on applications submitted through the Kentucky Energy and Environmental Cabinet and the Kentucky Infrastructure Authority.

WHEREAS, the improvements proposed for construction by the Harlan Municipal Water Works Board of Commissioners within the Harlan County area are considered eligible projects for such loan assistance.

WHEREAS, the Harlan Municipal Water Works Board of Commission being the authority to set water rates for their customers.

BE IT HEREBY RESOLVED, the Harlan Municipal Water Works Boards of Commission will increase user charges in the amount necessary to cover the debt for the above mentioned projects, which shall be based on the results of a rate study.

The foregoing shall become effective on the 21st day of September, 2021.

Motion having been made, seconded and adopted upon vote of the Commissioners, as follows, to wit:

James M. Bushnell AYE
COMMISSIONER

Carl M... AYE
COMMISSIONER

[Signature] AYE
COMMISSIONER

NAYS: NONE

Harlan Municipal Water Works Board of Commission

By: [Signature] CHAIRMAN

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number	Sarah Parsley January 7, 2021 F21-021 WX21095013	
BORROWER	CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS HARLAN COUNTY			
BRIEF DESCRIPTION This project involves upgrades to the existing raw water intake and water treatment plant to improve operational efficiency and overall treatment reliability. The project will also provide needed redundancy in various treatment components and improve operator safety. There will be replacement of raw water pump control valves, surge relief components, SCADA and electrical controls, and the permanganate feed system. There will also be improvement of the chemical feed system, modifications to sludge handling and storage facilities, installation of additional baffling in the clear wells, replacement of launders in the settling basins, replacement of backwash and surface wash valve actuators in the filter basin, replacement of flocculation basin paddles and drives, new filter basin controls, new influent and effluent controls, new bulk and day storage tanks, new SCADA and electrical controls, replacement of high service pumps, and miscellaneous site work.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$2,549,645	RD Fee %	Actual %	
		Administrative Expenses	\$50,000	
		Legal Expenses	10,000	
		Eng - Design / Const	7.5% 7.2% 156,000	
		Eng - Insp	4.4% 5.6% 122,000	
		Eng - Other	50,000	
		Construction	1,971,645	
		Contingency	190,000	
TOTAL	\$2,549,645	TOTAL	\$2,549,645	
REPAYMENT	Rate Term	0.25% 30 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw \$57,522	
PROFESSIONAL SERVICES	Engineer Bond Counsel	Bell Engineering Rubin & Hays		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Apr-21 Jun-21 Nov-21		
DEBT PER CUSTOMER	Existing Proposed	\$899 \$2,135		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES	Current Additional	<u>Users</u> 2,006 0	<u>Avg. Bill</u> \$23.65 (for 4,000 gallons) \$23.65 (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	438,800	276,260	162,540	1.6
Audited 2018	454,185	278,307	175,878	1.6
Audited 2019	249,086	276,061	(26,975)	0.9
Projected 2020	168,834	195,429	(26,595)	0.9
Projected 2021	145,026	210,009	(64,983)	0.7
Projected 2022	435,813	322,027	113,786	1.4
Projected 2023	411,043	322,172	88,871	1.3
Projected 2024	385,778	354,274	31,504	1.1

Reviewer: Sarah Parsley
Date: January 7, 2021
Loan Number: F21-021

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND F)
CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS,
HARLAN COUNTY PROJECT REVIEW
WX21095013**

I. PROJECT DESCRIPTION

The City of Harlan F/B/O Harlan Municipal Water Distribution System is requesting a Fund F loan in the amount of \$2,549,645 for the Harlan Municipal Water Distribution System Improvements project. This project will involve upgrades to the existing raw water intake and water treatment plant to improve operational efficiency and overall treatment reliability. The project will also provide needed redundancy in various treatment components and improve operator safety. There will be replacement of raw water pump control valves, surge relief components, SCADA and electrical controls, and the permanganate feed system. There will also be improvement of the chemical feed system, modifications to sludge handling and storage facilities, installation of additional baffling in the clear wells, replacement of launders in the settling basins, replacement of backwash and surface wash valve actuators in the filter basin, replacement of flocculation basin paddles and drives, new filter basin controls, new influent and effluent controls, new bulk and day storage tanks, new SCADA and electrical controls, replacement of high service pumps, and miscellaneous site work.

The Utility serves approximately 2000 customers.

II. PROJECT BUDGET

	Total
Administrative Expenses	\$ 50,000
Legal Expenses	10,000
Engineering Fees - Design	106,000
Engineering Fees - Construction	50,000
Engineering Fees - Inspection	122,000
Engineering Fees - Other	50,000
Construction	1,971,645
Contingency	190,000
Total	\$ 2,549,645

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 2,549,645	100%
Total	\$ 2,549,645	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 2,549,645
Less: Principal Forgiveness	<u>1,000,000</u>
Amortized Loan Amount	\$ 1,549,645
Interest Rate	0.25%
Loan Term (Years)	<u>30</u>
Estimated Annual Debt Service	\$ 53,648
Administrative Fee (0.25%)	<u>3,874</u>
Total Estimated Annual Debt Service	\$ 57,522

V. PROJECT SCHEDULE

Bid Opening	April 12, 2021
Construction Start	June 14, 2021
Construction Stop	November 15, 2021

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Current	Proposed	Total
Residential	1,738	0	1,738
Commercial	268	0	268
Industrial	0	0	0
Total	<u>2,006</u>	<u>0</u>	<u>2,006</u>

B) Rates

	Current	Prior
Date of Last Rate Increase	09/19/13	09/01/03
Minimum, First 2000 gallons	\$14.75	\$13.08
Next 8,000 Gallons (per 1000)	4.45	3.95
Next 15,000 (per 1000)	4.08	3.62
Cost for 4,000 gallons	<u>\$23.65</u>	<u>\$20.98</u>

Increase %	12.7%
Affordability Index (Rate/MHI)	1.2%

VII. 2020 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. Principal forgiveness of up to 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.

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Water revenues decreased 3.9% from \$1.41 million in 2017 to \$1.35 million in 2019 while operating expenses increased 19.8% from \$0.97 million to \$1.17 million during the same period. The increase in operating expenses was due to pump and control valve issues. These issues included replacement of a pump and some valves, the overtime caused by these issues, and two new service trucks being purchased.

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PROJECTIONS

Projections are based on the following assumptions:

- 1) Water revenues will increase approximately 24% in 2022.
- 2) Expenses will increase 2% annually for general inflation.
- 3) Debt service coverage is 1.4 in 2022 when principal and interest repayments begin.

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

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$128,000 total) of the final amount borrowed (prior to principal forgiveness, if any) to be funded annually (\$6,400 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
KIA Note Payable B291-13 (City of Harlan)	\$ 363,123	2025
KIA Note Payable F03-03 (City of Harlan)	718,472	2028
USDA Bond	722,000	0
Total	\$ 1,803,595	

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Legal Applicant	
Entity Name	Harlan Municipal Water Works
Authorized Official	Joe Meadors (Mayor)
County	Harlan
Email	-
Phone	(606) 573-1540
Address	PO Box 114 Harlan, KY 40831

Applicant Contact	
Name	Otis Lewis
Organization	Harlan Municipal Water Works
Email	hmmwotl@harlanonline.net (606)
Phone	573-1540
Address	PO Box 114 Harlan, KY 40831

Project Administrator

Name	Susanna Cornett
Organization	Cumberland Valley Area Dev District
Email	scornett@cvadd.org
Phone	(606) 864-7391
Address	PO Box 1740 London, KY 40744

Consulting Engineer

PE Name	Robert Bowman
Firm Name	Bell Engineering
Email	abowman@hkbell.com
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Address	2480 Fortune Drive, Suite 350 Lexington, KY 40509

XI. RECOMMENDATIONS

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

The City shall pass an ordinance no later than July 31, 2021 which will increase user charges sufficient to generate a debt service coverage ratio of 1.1. This increase is currently estimated to be 24%.

**CITY OF HARLAN F/B/O HARLAN MUNICIPAL WATER WORKS
FINANCIAL SUMMARY (JUNE YEAR END)**

	<u>Audited</u> <u>2017</u>	<u>Audited</u> <u>2018</u>	<u>Audited</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>	<u>Projected</u> <u>2022</u>	<u>Projected</u> <u>2023</u>	<u>Projected</u> <u>2024</u>
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Cash Flow								
Revenues	1,410,335	1,490,941	1,411,792	1,354,881	1,354,881	1,680,052	1,680,052	1,680,052
Operating Expenses	973,704	1,039,957	1,167,057	1,190,398	1,214,206	1,248,590	1,273,360	1,298,625
Other Income	2,169	3,201	4,351	4,351	4,351	4,351	4,351	4,351
Cash Flow Before Debt Service	438,800	454,185	249,086	168,834	145,026	435,813	411,043	385,778
Debt Service								
Existing Debt Service	276,260	278,307	276,061	195,429	210,009	264,505	264,650	296,752
Proposed KIA Loan F21-021	0	0	0	0	0	57,522	57,522	57,522
Proposed KIA Loan F21-016						54,306	54,306	54,306
Total Debt Service	276,260	278,307	276,061	195,429	210,009	322,027	322,172	354,274
Cash Flow After Debt Service	162,540	175,878	(26,975)	(26,595)	(64,983)	113,786	88,871	31,504
Ratios								
Current Ratio	8.9	9.0	2.6	2.7	2.5	2.9	2.9	4.1
Debt to Equity	0.4	0.4	0.3	0.3	0.3	0.7	0.6	0.6
Days Sales in Accounts Receivable	46.3	46.5	47.4	47.4	47.4	47.4	47.4	47.4
Months Operating Expenses in Unrestricted Cash	38.0	37.1	7.1	6.7	6.0	6.9	7.6	7.8
Debt Coverage Ratio	1.6	1.6	0.9	0.9	0.7	1.4	1.3	1.1

RESOLUTION AUTHORIZING ADJUSTMENTS TO RATES

At a regularly called meeting of the Harlan Municipal Water Works Board of Commission being held, in Harlan, Kentucky on the 21st day of September, 2021 at which time a quorum of the Commissioners were present, and thereafter the following Resolution was passed.

WHEREAS, the Harlan Municipal Water Works Board of Commission proposes to provide upgraded drinking water services for industrial, institutional, commercial, and residential growth in the Harlan City area

WHEREAS, that the Harlan Municipal Water Works Board of Commission under the terms of the Safe Drinking Water Act Amendments of 1996 (Public Law 104-182) and amendments to KRS 224A, the State is authorized to render financial assistance to eligible project applicants by way of capitalization grants from the United States Environmental Protection Agency and State matched funds comprising the Federally Assisted Drinking Water Revolving Fund (State Revolving Loan Program). Said Program is established to aid in the construction of drinking water treatment facilities and other improvements as well as other related facilities with consideration for approval to be based on applications submitted through the Kentucky Energy and Environmental Cabinet and the Kentucky Infrastructure Authority.

WHEREAS, the improvements proposed for construction by the Harlan Municipal Water Works Board of Commissioners within the Harlan County area are considered eligible projects for such loan assistance.

WHEREAS, the Harlan Municipal Water Works Board of Commission being the authority to set water rates for their customers.

BE IT HEREBY RESOLVED, the Harlan Municipal Water Works Boards of Commission will increase user charges in the amount necessary to cover the debt for the above mentioned projects, which shall be based on the results of a rate study.

The foregoing shall become effective on the 21st day of September, 2021.

Motion having been made, seconded and adopted upon vote of the Commissioners, as follows, to wit:

James M. Bushnell AYE
COMMISSIONER

Carl M... AYE
COMMISSIONER

[Signature] AYE
COMMISSIONER

NAYS: NONE

Harlan Municipal Water Works Board of Commission

By: [Signature] CHAIRMAN



CABINET FOR ECONOMIC DEVELOPMENT

Andy Beshear
Governor

Old Capitol Annex
300 West Broadway
Frankfort, Kentucky 40601

Larry Hayes
Interim Secretary

September 8, 2021

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

RE: Economic Development Fund Grant - \$285,241 to Marshall County Fiscal Court on behalf of the Marshall County Industrial Development Authority, Inc.

Dear Secretary Johnson:

In accordance with KRS 154.12-100, this letter shall serve as notice of my recommendation for the use of \$285,241 in Economic Development Fund (EDF) funds for the purpose of making a grant to Marshall County Fiscal Court on behalf of the Marshall County Industrial Development Authority, Inc.

Marshall County Fiscal Court in partnership with the Marshall County Industrial Development Authority, Inc. is seeking to develop and implement a dense grade extension of Southwest One Boulevard and include an aluminum box culvert across Gain Branch and the construction of an expandable 120,000 sf pad ready site within the Southwest One Industrial Park. Marshall County Fiscal Court has committed general funds to match the EDF grant. This project was one of three potential infrastructure projects identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

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

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

Sincerely,


Larry Hayes
Interim Secretary

AGREED TO AND APPROVED BY:


Secretary Finance and Administration Cabinet Date 9-22-21

cc: Jeff Taylor
Kristina Slattery
Katie Smith

TEAM
KENTUCKY

An Equal Opportunity Employer M/F/D

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

Date:
Grantee: Marshall County Fiscal Court
Beneficiary: Marshall County Industrial Development Authority, Inc.
City: Benton **County:** Marshall
Activity: Manufacturing
Bus. Dev. Contact: C. Peek **OFS Staff:** D. Phillips

Project Description: The Marshall County Industrial Development Authority (MCIDA) has worked with local, regional, state and federal partners in developing infrastructure at Southwest One Industrial Park. The PDI-EDF project would include the dense grade extension of Southwest One Boulevard and include an aluminum box culvert across Gain Branch and the construction of an expandable 120,000 sf pad ready site.

This is a Product Development Initiative project recommended for approval under the EDF program. The project was identified by an independent site selection consultant contracted by the Kentucky Association for Economic Development as having the potential for future investment/location of an economic development project.

Select Owned or Leased

Land
 Building/Improvements
 Equipment
 Other Start-up Costs
TOTAL

Total Investment	
	\$570,482
	\$570,482

Anticipated Project Funding

Economic Development Fund Grant (State)
 Bank Loan
 Local Grant
 Company Equity
 Other
TOTAL

	Amount	% of Total
Economic Development Fund Grant (State)	\$285,241	50.0%
Bank Loan		0.0%
Local Grant	\$285,241	50.0%
Company Equity		0.0%
Other		0.0%
TOTAL	\$570,482	100.0%

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

RECOMMENDED ECONOMIC DEVELOPMENT FUND AMOUNT: **\$285,241**

Active State Participation at the Project Site: None

Recommendation:

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

NEW BOND ISSUE REPORT

BOND ISSUE

Name of Bond Issue: Kentucky Housing Corporation Conduit Revenue Bonds (Kearney Ridge Apartments), Series 2021

Purpose of Issue: The bonds will be used to finance the acquisition, construction and equipping of the Kearney Ridge Apartments, a multifamily residential rental facility consisting of two hundred fifty-two (252) units, located at 2559 Kearney Ridge Boulevard, Lexington, Kentucky 40511 in Fayette County. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on October 11, 2021 following the delivery of notice to the public at least seven day prior to such hearing.

Name of Project: Kearney Ridge Apartments

Anticipated Date of Sale: November 15, 2021

Anticipated Date of Issuance: November 15, 2021

Anticipated Ratings: N/A (Private Placement)

Anticipated Net Proceeds: \$26,000,000

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

Bond Discount: \$0

Debt Service Reserve Fund: \$0, but a \$369,000 operating reserve will be funded from equity.

Insurance Premium: N/A

Total Project Cost: \$45,366,214

Terms of Issue: Net interest rate: 3.53%
Term: 15 years/35 year amortization
Average debt service: \$1,294,895.76
Gross debt service: \$34,980,189.39

First Call Date: 24 Months

Premium at First Call: No premium

Method of Sale: Direct Placement (Fannie Mae MTEBs)

Bond Counsel: Dinsmore & Shohl LLP

Underwriter Counsel: Tiber Hudson

Financial Advisor: N/A

Underwriter: Stifel, Nicolaus & Company, Incorporated

Trustee: TBD

Exhibit A

Project Funding Sources:

KHC Tax-Exempt Bonds	\$26,000,000
Tax Credit Equity	\$13,632,744
Lexington HOME	\$900,000
GP Contribution	\$1,000
KHC HOME	\$500,000
Lexington AHTF	\$1,000,000
Deferred Developer Fee	<u>\$3,332,470</u>
	\$45,366,214

Costs of Issuance:

Underwriter Fee	\$290,000
KHC Tax-Exempt Bond Pre-Application Fee	\$1,000
KHC Tax-Exempt Bond Application Fee	\$3,500
KHC Tax-Exempt Bond Upfront Issuer Fee	\$83,500
KHC Tax-Exempt Bond Annual Issuer Fee	\$32,500
KHC Tax-Exempt Bond Counsel Fee	\$25,000
KHC Tax-Exempt Bond Administrative Fee	\$5,000
Bond Counsel	\$85,500
Purchaser's Counsel	\$50,000
TEFRA/Publication/Print	<u>\$5,000</u>
	\$581,000

AU Associates was founded in 1990 by Holly Wiedemann on the principles of Adaptive Use, and focuses on opportunities for urban infill as well as the revitalization of existing structures. AU has been directly responsible for creating over 1350 units of mixed income housing, 250,000 square feet of commercial space and over \$200 million of projects across the Commonwealth of Kentucky and West Virginia. In June of 2010, Holly founded AU Construction, in order to vertically integrate the company and build all of the projects that AU develops. In January of 2013, AU created its own management arm, AU Management, LLC, to manage all our properties to ensure excellence at every level.

As AU Associates has grown over time, we have focused more on larger, urban infill developments. In 2021, after 31 years, AU's succession plan is being implemented. Johan Graham, who served as the former Director of Development, began as the new President of AU Associates, Inc., in October of 2021.

Each of AU's developments, now spanning three decades, have received numerous local, state, and national awards.

AU works to enhance the communities in which our projects are located. AU's projects have created more than 8,280 jobs throughout Kentucky and West Virginia, in addition to providing exceptional places to live, work, and play. Our mission is to make the places we create become an invaluable part of the community.

AU continues to grow and evolve in today's ever changing housing market and is always seeking new and creative opportunities to generate exciting and livable communities. Please explore the AU website to see past and future projects, as well as potential leasing opportunities.

NEW BOND ISSUE REPORT

BOND ISSUE

Name of Bond Issue: Kentucky Housing Corporation Conduit Revenue Bonds (Mt. Lebanon Apartments), Series 2021

Purpose of Issue: The bonds will be used to finance the acquisition, construction and equipping of the Mt. Lebanon Apartments, a multifamily residential rental facility consisting of seventy (70) units, located at 223 West Magazine Street, Louisville, KY 40211 in Jefferson County. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on October 11, 2021 following the delivery of notice to the public at least seven day prior to such hearing.

Name of Project: Mt. Lebanon Apartments

Anticipated Date of Sale: November 15, 2021

Anticipated Date of Issuance: November 15, 2021

Anticipated Ratings: N/A (Private Placement)

Anticipated Net Proceeds: \$6,500,000

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

Bond Discount: \$0

Debt Service Reserve Fund: \$0, but a \$369,000 operating reserve will be funded from equity.

Insurance Premium: N/A

Total Project Cost: \$14,194,117

Terms of Issue: Net interest rate: 3.50%

Term: December 1, 2024 (36 months)

Average debt service: \$235,555.40

Gross debt service: \$7,206,666.19

First Call Date: 18 Months

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: Merchants Bank of Indiana, an Indiana banking and financial institution (or a designated affiliate)

Trustee: N/A

Exhibit A

Project Funding Sources:

KHC Tax-Exempt Bonds	\$6,500,000
Tax Credit Equity	\$3,879,060
Soft Permanent Financing (Louisville AHTF, Seller Financing)	\$2,866,739
GP Contribution	\$200
Replacement Reserves	\$276,820
Deferred Developer Fee	<u>\$671,298</u>
	\$14,191,117

Costs of Issuance:

Origination Fee	\$65,000
KHC Counsel	\$25,000
KHC Tax-Exempt Bond Pre-Application Fee	\$1,000
KHC Tax-Exempt Bond Application Fee	\$3,500
KHC Tax-Exempt Bond Upfront Issuer Fee	\$39,000
KHC Tax-Exempt Bond Annual Issuer Fee	\$8,125
KHC Tax-Exempt Bond Counsel Fee	\$19,101
KHC Tax-Exempt Bond Administrative Fee	\$5,000
Bond Counsel	\$42,500
Purchaser's Counsel	\$25,000
TEFRA/Publication/Print	<u>\$5,000</u>
	\$238,226



ALLIEDARGENTA

DEVELOPMENT CONSTRUCTION MANAGEMENT

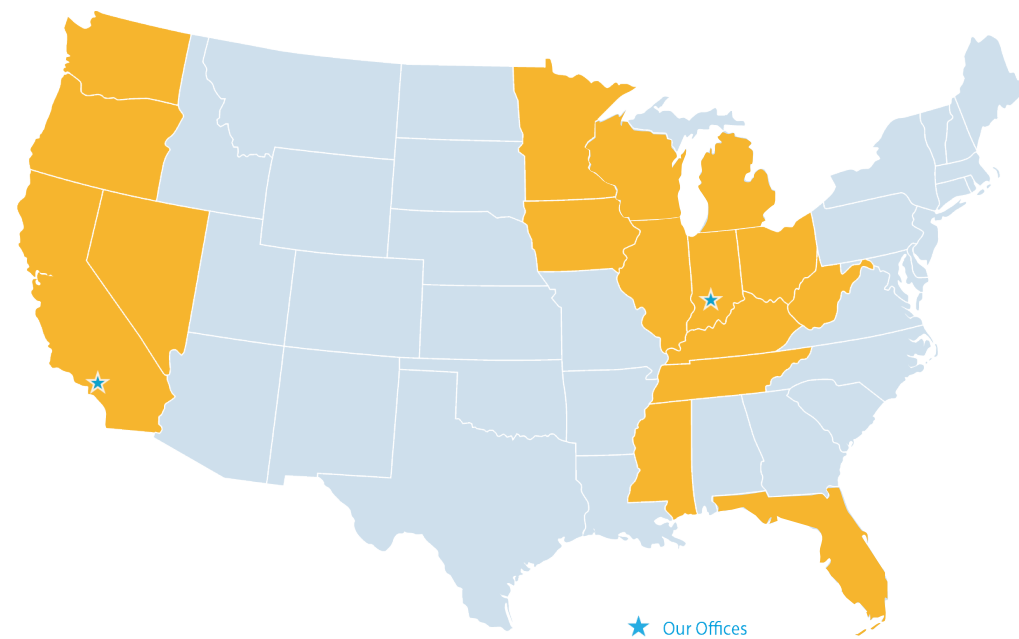
*CREATING VALUE FOR ALL STAKEHOLDERS BY
DEVELOPING SUSTAINABLE AFFORDABLE HOUSING*

ALLIED ARGENTA, LLC
100 Wilshire Blvd, Suite 700 Santa
Monica, CA 90401 310.394.9090
info@alliedargenta.com

2565 South Breaking A Way, Suite 200
Bloomington, Indiana 47403
812.876.5478

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Allied Argenta, LLC and its affiliates (“Allied”) specialize in the acquisition, financing, development, construction and management of affordable multifamily properties – this is our pathway to creating authentic, balanced communities where individuals and families thrive. Allied Affordable Housing, LLC, one of the Allied companies, was originally formed in 2006. Collectively, the Allied leadership team holds decades of national experience in the affordable housing industry. Building on this experience, we collaborate with public and private sector partners to enrich communities, provide our residents with the high-quality homes, services, and amenities everyone deserves, and inspire our neighbors to employ their own potential to effect change.

With a sharp focus on understanding the unique needs of every project we undertake, Allied implements a careful selection process ensuring our acquisitions and partnerships allow us to further our goals and deliver what we promise. Our strategy includes the utilization of existing resources, identifying and fostering relationships with residents, businesses, and government agencies, extensive neighborhood research, and developing a resident services plan in tandem with local providers. Allied finances through the combination of tax-exempt bonds, FHA loan proceeds (under HUD’s 221(d)(4) and HUD 223(f) programs), as well as private placement and 4% low income housing tax credits. In addition, Allied is working on new construction projects tailored to our Special Needs initiative to develop housing for adults with developmental disabilities and Seniors.

For Allied, an investment in a property is a commitment to continuous improvement and obligation to operate with loyalty and respect.

THE ALLIED COMPANIES



Allied Real Estate Partners, LLC works closely with clients, partners and service providers to develop value-add solutions that match the unique characteristics and intended housing goals of each project.



Allied Affordable Housing, LLC has extensive experience with LIHTC properties and is focused on the acquisition and renovation of existing multifamily properties to create affordable housing communities where people of modest resources can form a home.



Argenta Construction Group, LLC executes superior quality construction, producing a competitive market position for properties by delivering in-demand upgrades, premium amenities, and durable asset improvements.



Hayes Gibson Property Services, LLC ensures properties are managed in an efficient, professional and profitable manner. These foundational elements ensure tenant satisfaction, excellent apartment conditions and rents that prove valuable for tenants and investors alike.

ALLIED'S PROJECT EXAMPLES



ASHWOOD DOWNS 96 UNITS

Washington

Year Built: 1995

Project Size: \$10.6 million

Allied Role: Construction Manager, Developer and Property Manager

ATHERTON WOODS 102 UNITS

Washington

Year Built: 1994

Project Size: \$11.5 million

Allied Role: Construction Manager, Developer and Property Manager



SUMMERHILL 221 UNITS

Nevada

Year Built: 1997

Project Size: \$23 million

Allied Role: Developer, General Contractor, Managing Member

FIRCREST MANOR 59 UNITS

Oregon

Year Built: 1972

Project Size: \$10.8 million

Allied Role: Developer, General Contractor, Managing Member, Property Manager



WESTMINSTER VILLAGE 132 UNITS

Kentucky

Year Built: 1970-71

Project Size: \$17.8 million

Allied Role: Developer, General Contractor, Managing Member, Property Manager



HENRY GREENE 125 UNITS

Kentucky

Year Built: 1969

Project Size: \$17.8 million

Allied Role: Developer, General Contractor, Managing Member, Property Manager



LAKESIDE MANOR 20 UNITS

Kentucky

Year Built: 1970

Project Size: \$1.3 million

Allied Role: Developer, General Contractor, Consultant, Property Manager



GREATER COMMUNITY 15 UNITS

Kentucky

Year Built: 2003

Project Size: \$725,000

Allied Role: Developer, General Contractor, Consultant, Property Manager



COVERED BRIDGE 252 UNITS

Indiana

Year Built: 1981

Project Size: \$30 million

Allied Role: Developer, Co-General Contractor, Managing Member, Property Manager





MEADOWLARK 360 UNITS

Indiana

Year Built: 1969

Project Size: \$30 million

Allied Role: Developer, Co-General Contractor, Managing Member, Property Manager



FRIENDSHIP HOUSE 174 UNITS

Indiana

Year Built:

Project Size: \$27 million

Allied Role: Developer, Consultant, Property Manager

UNDER DEVELOPMENT

LUTHERAN 225 UNITS

Florida

Project Size: \$36.6 million

Allied Role: Developer, General Contractor, Consultant

ARC VILLAGE 36 UNITS

California

Project Size: \$11.1 million

Allied Role: Developer, General Contractor, Consultant

RICHLAND 172 UNITS

Indiana

Project Size: \$22 million

Allied Role: Developer, General Contractor, Consultant

GOVERNOR PARK 90 UNITS

Indiana

Project Size: \$15.3 million

Allied Role: Developer, General Contractor, Consultant

THE ALLIED LEADERSHIP TEAM

The Leadership Team for Allied has extensive backgrounds in multifamily acquisitions, construction, rehabilitation, finance, and operations.



CHUCK O'NEAL *CEO / Principal*

Chuck is the CEO of Allied Argenta's group of companies, which includes development, construction and property management. Our development company is a general partner in fourteen multifamily property partnerships and Hayes Gibson Property Management, our management group, currently manages approximately 6,000 units in 10 states. Additionally, Chuck currently serves on the Board of Directors of Salas O'Brien Engineers, Inc., which provides engineering and consulting services for energy, technology and infrastructure projects with an emphasis on energy efficiency and sustainable design with 21 offices throughout the United States. Following successful ventures in the financial services industry, Chuck founded and managed a consulting and project management company that performs site acquisition, planning, architecture and engineering, construction and property management for thousands of cellular sites for wireless carriers. Chuck also served on the board of Site Management Solutions, Inc. which managed and sublicensed hundreds of cellular sites to wireless telecommunications carriers in the public right-of-way. He has also had ownership interests in company is the manufacturing and lighting industries. Chuck's diverse business experience enables him to effectively analyze opportunities and implement strategies to appreciably enhance their value. Chuck holds an MBA with a concentration in finance from the University of Notre Dame where he graduated with High Honors and was presented with the Dean's Award. He also holds a B.A. in business economics from the University of California, Riverside and has his California Real Estate Broker's license. Chuck is married with two adult children and lives in Incline Village, Nevada.



ANTHONY JOWID

COO / Principal

Anthony affords more than 25 years of operations, management, sales and marketing experience to the Allied team. Prior to joining Allied Argenta, he was an Officer for the Rabine Group, a \$200 Million group of companies focused primarily on construction services. He was charged with designing, implementing and managing all sales and marketing efforts for the group's 15 different companies. The Rabine Group was ranked as one of the 50 fastest growing private companies in Illinois for 2009, 2010, 2011, 2012 and listed in Inc.

Magazine's 500/ 5000 fastest-growing companies in North America for 2009, 2010, 2011, 2012. He was on the Board of the Schaumburg Business Association, as well as a member of the Executives' Club of Chicago where he was on the Real Estate and Professional Services committees. Prior to Rabine, Mr. Jowid was a Regional Vice President and equity partner with CertaPro Painters, North America's largest painting company. During his nine years at CertaPro, he was an integral member of the executive team, which grew annual revenue from \$60 Million to \$200 Million in four years. His focus was on building and supporting operational, marketing, sales and financial systems. Anthony also co-founded and was a Vice President of Operations for Marathon Development Group, a real estate development company focused on developing residential communities. He was part of Marathon Homes, a subsidiary of Marathon Development Group, which built and sold over \$40 million of single-family homes. Anthony is the school board President and board member of Environmental Charter Schools in the Los Angeles area, and serves on the Facilities and Governance committees. Anthony holds an M.B.A. with a concentration in International Business and a B.B.A. in Marketing from the University of Notre Dame Mendoza College of Business. He is married with two children and lives in the Los Angeles area.



YVONNE DELGADILLO

VP of Community Development / Principal

Yvonne brings with her extensive experience in nonprofit management, business development and grant writing. Her responsibilities include identifying and securing project grants and soft loans, developing housing models for developmentally disabled adults, research and project development as well as asset management. Prior to her joining Allied, she worked as the Executive Director of a community development corporation along the US- Mexican border. As the Executive Director she incorporated innovative business practices to develop and grow the opportunities available to the organization. In

six years, she increased the annual operating budget almost tenfold, and developed fee-for-service and revenue development opportunities for the organization's long-term sustainability. During this time the organization also secured and managed a grant portfolio exceeding \$15 million. Yvonne has a Master's of Nonprofit Administration Degree from the University of Notre Dame, a bachelor's Degree in Business Administration from the University of Arizona and is a Certified Economic Development Professional (CEcD) through the International Economic Development Council.



BRIAN CORBELL

Director of Acquisitions / Principal

Brian brings an extensive experience in acquisitions and asset management. Having worked for several institutional real estate developers and investors over his 20-year career, Brian has completed acquisitions of over \$400mn in multifamily and other product types, asset managed \$1.5bn loan and hard asset portfolios, developed property as a principal, and monetized historic tax credits. Brian previously served as Head of Asset Management for Legg Mason Real Estate Investors where he asset managed \$1.5bn of loan and hard asset portfolios across the U.S. and as Vice President at ING Realty Partners investing joint venture equity with developers in the western U.S. Brian also spent 10 years in Japan where he acquired multiple property types throughout the country and became fluent in Japanese. Brian holds a B.A. in Business Economics from UC Santa Barbara and is a California Real Estate Broker.



ALEXANDRA S. JACKIW, CPM, CAPS

COO

Hayes Gibson Property Services

Alexandra (Alex) is the Chief Operating Officer and in that capacity, she manages and oversees all corporate and property operations. Additionally, she is part of the leadership team responsible for the long-term growth strategic direction of the company. Prior to HGPS, Alex worked at an executive leadership level for several privately held regional companies as well as large publicly traded investment management firms. She has experience managing LIHTC and HUD-regulated properties, purpose-built student housing, conventional market-rate properties, full-service retirement communities and nursing homes. Her experience includes all aspects of property and asset management, marketing, training, consulting, troubled property turnarounds, and new business development.

Active in professional organizations, Alex served as Chairman of the Board of the National Apartment Association (NAA) in 2013 and President of the NAA Education Institute in 2008/2009. She is Past Chair of the Residential Property Management Advisory Board at Virginia Tech and Past President of the Ball State University Residential Property Management Advisory Board. Alex is a graduate of the University of Rochester and received her M. Ed. from Ohio University.



CARSON L. HAYES

President

Hayes Gibson Property Services

Carson is the President and founder of Hayes Gibson Property Services in Bloomington, Ind. For over fifteen years, Carson was also a Senior Associate with the National Center for Housing Management (NCHM) in Washington D.C. In that capacity, he trained thousands of industry professionals on all facets of affordable housing throughout the United States. Carson has authored several publications on various aspects of affordable housing and developed a video training series on housing management with NCHM. Carson is a long-time Real Estate Broker and has several designations related to the affordable housing industry. Under his leadership Hayes Gibson Property Services has received numerous national and state awards for best practices and innovations in housing management and Carson has been inducted into the Kentucky Housing Hall of Fame. Carson is a graduate of Indiana University's School of Education.



HART COMESS-DANIELS

Senior Financial Analyst

Hart brings nearly a decade of experience in the LIHTC industry. His responsibilities include underwriting potential acquisitions, conducting market and additional research related to acquisition opportunities, aiding in the new deal closing process, and engaging in ongoing financial analysis and research related to asset management. Prior to joining Allied, Hart was an Account Manager with Boston Financial Investment Management. As Account Manager, he underwrote LIHTC transactions in over 25 states and closed more than \$300 million in investor equity. Prior to his time at Boston Financial, he began his career as a project manager for two Southern California based LIHTC developers where he gained valuable experience in site acquisition, finance, government agency negotiations, planning, design and construction. Hart received his bachelor's degree in American Studies from Brandeis University.



JASON RACINE

Director of Development

Jason has spent the last 13 years in the affordable housing industry. Most recently structuring and closing of 15 acquisition rehabilitation projects representing approximately 1,400 units for a national affordable housing developer. Prior to that, Jason originated \$500M+ in affordable housing tax credit investments representing 5,000 units for CREA, a premier national tax credit syndicator. Mr. Racine started his career with an Illinois affordable housing developer and developed, constructed and managed 25 properties containing over 1,300 units. Jason holds a J.D. and an MBA from Northern Illinois University as well as a Bachelor of Business Administration in Accounting from Benedictine University. He is a licensed attorney and CPA in Illinois. He is married with two children and lives in the Indianapolis area.



MARTIN CASAGRAND

Director of Construction

Martin Casagrand brings over 15 years of construction project management, property management, and construction contracting. Prior to joining Argenta, Marty was a Senior Project Manager for an affordable housing developer and general contractor. He led six (6) Project Managers in several states successfully remodeling and rehabilitating multifamily properties totaling approximately \$35 million. Marty was a Manager of Capital Improvement Projects and supervised 22 simultaneous construction projects for a portfolio of 29 multifamily apartment communities totaling approximately 3,000 units throughout the Midwest, South and Texas. Marty also owned a property management company and managed 75 rental properties. Mr. Casagrand served in the U.S. Army as a Captain of the 82nd Airborne Division. He holds a Master's in Project Management, Construction Management and Professional Studies of Real Estate as well as a Bachelor's in Communications. He is a Certified Associate in Project Management (CAPM), a LEED Green Associate, has his Real Estate License and is OSHA 10 Certified.



NEW BOND ISSUE REPORT

BOND ISSUE

Name of Bond Issue: Kentucky Housing Corporation Conduit Revenue Bonds (Oakdale Apartments), Series 2021

Purpose of Issue: The bonds will be used to finance the acquisition, construction and equipping of the Oakdale Apartments, a multifamily residential rental facility consisting of one hundred forty-four (144) units, located at 1201 Greendale Road, Lexington, Kentucky 40511 in Fayette County. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on October 11, 2021 following the delivery of notice to the public at least seven day prior to such hearing.

Name of Project: Oakdale Apartments

Anticipated Date of Sale: November 15, 2021

Anticipated Date of Issuance: November 15, 2021

Anticipated Ratings: N/A (Private Placement)

Anticipated Net Proceeds: \$15,930,000

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

Bond Discount: \$0

Debt Service Reserve Fund: \$0, but a \$708,856 operating reserve will be funded from equity.

Insurance Premium: N/A

Total Project Cost: \$26,778,458

Terms of Issue: Net interest rate: 3.75%
Term: 18 Years/40 Year Amortization
Average debt service: \$769,469
Gross debt service: \$23,365,810.63

First Call Date: 24 Months

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: Piper Sandler & Co.

Trustee: N/A

Exhibit A

Project Funding Sources:

KHC Tax-Exempt Bonds	\$15,930,000
Tax Credit Equity	\$7,847,707
Cash Flow Loan (Developer)	\$600,000
GP Contribution	\$100
LFUCG	\$600,000
Piper Sandler – Taxable Loan	\$900,000
45L Tax Credits	\$244,775
Deferred Developer Fee	<u>\$655,876</u>
	\$26,778,458

Costs of Issuance:

Origination Fee	\$199,125
KHC Tax-Exempt Bond Pre-Application Fee	\$1,000
KHC Tax-Exempt Bond Application Fee	\$3,500
KHC Tax-Exempt Bond Upfront Issuer Fee	\$95,580
KHC Tax-Exempt Bond Annual Issuer Fee	\$19,913
KHC Tax-Exempt Bond Counsel Fee	\$15,930
KHC Tax-Exempt Bond Administrative Fee	\$5,000
Bond Counsel	\$85,500
Purchaser's Counsel	\$25,000
TEFRA/Publication/Print	<u>\$5,000</u>
	\$455,548



Experience Narrative for KHC Public Meetings

Beargrass Development was started in 2020 by James Duffy and Jeremy Dyer, with the intent of developing better places for all people in a community, with a focus on providing affordable housing in those spaces that will lead to better outcomes for the residents. Together, James and Jeremy have almost 20 years of combined affordable housing experience managing and executing complex financing structures and development processes. Through their work, they have cultivated strong relationships in the real estate and more specifically the affordable housing industry, that have allowed them the ability to construct very skilled teams to execute their plans. Overall, Beargrass strives to innovate the affordable housing model.

Beargrass Development started by creating greater affordable housing choices through a project called Opportunity East. That project was conceived to provide replacement housing for former residents of Beecher Terrace, a public housing project that was demolished by Louisville Metro Housing Authority. Beargrass Development identified areas of opportunity and purchased 16 units in the East End of Louisville, an area that would not typically be a housing choice for LMHA residents. Opportunity East was awarded Project Based Vouchers through a competitive RFP process with LMHA and received additional funding from the Louisville Affordable Housing Trust Fund and HOPE of Kentucky. Total developments costs for this project were \$1.78MM.

Beargrass is currently working on Oakdale Community Apartments and Neighborhood Center. Oakdale is a mixed-use development with 144 residential units and 15,000 square feet of commercial restaurant space in an affluent suburb with a large employment base in Lexington, Kentucky. The innovative combination of uses and the well-designed space should provide quality options to many of Lexington's residents that are currently very scarce. It will bring much needed affordable rental housing to an area that has almost none for families and restaurant services and jobs to a neighborhood that is lacking them.

Beargrass is planning 2-3 more projects in the state of Kentucky and Indiana for 2022. They are again seeking out opportunities to mixed-use developments that will have significant impacts on the communities in which they are built to serve and the residents who chose to call those places home.

PRELIMINARY NEW BOND ISSUE REPORT *

Issue: \$12,320,000 (est.) Murray State University Series 2021

Purpose of Issue: Bond proceeds will be used to finance the projects listed as "Historic Building Preservation Pool" in H.B. 192 of the 2021 Regular Session of the Kentucky General Assembly and pay associated costs of issuance.

Date of Sale: TBD

Date of Delivery: TBD

Ratings:

Moody's TBD

Series 2021 (\$)

Sources:

Par amount of bonds: 12,320,000.00

Total Sources: 12,320,000.00

Uses:

Project Fund Deposit: 12,000,000.00

Issuance Cost: 73,600.00

Underwriter's Discount: 246,400.00

Total Uses: 12,320,000.00

All-in True Interest Cost: 2.3689%

Final Maturity Date: 9/1/2041

Average Annual Debt Service: 767,297.58

Total Debt Service: 15,137,076.16

Average Life (years): 10.81

Method of Sale: Competitive

Bond Counsel: Dinsmore & Shohl, LLP

Trustee: U.S. Bank

Financial Advisor: Baird

Based off cashflows as of 10/4/2021

Preliminary Subject to Change

BOND DEBT SERVICE

Murray State University
Series 2021

Assumes Moody's A1 / Underlying A2
Current Market Rates + 50 bps cushion
Level Debt Service

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/01/2022			48,945.91	48,945.91	
06/30/2022					48,945.91
09/01/2022	540,000	0.460%	107,442.25	647,442.25	
03/01/2023			106,200.25	106,200.25	
06/30/2023					753,642.50
09/01/2023	545,000	0.520%	106,200.25	651,200.25	
03/01/2024			104,783.25	104,783.25	
06/30/2024					755,983.50
09/01/2024	545,000	0.610%	104,783.25	649,783.25	
03/01/2025			103,121.00	103,121.00	
06/30/2025					752,904.25
09/01/2025	550,000	0.750%	103,121.00	653,121.00	
03/01/2026			101,058.50	101,058.50	
06/30/2026					754,179.50
09/01/2026	555,000	0.910%	101,058.50	656,058.50	
03/01/2027			98,533.25	98,533.25	
06/30/2027					754,591.75
09/01/2027	560,000	1.110%	98,533.25	658,533.25	
03/01/2028			95,425.25	95,425.25	
06/30/2028					753,958.50
09/01/2028	565,000	1.290%	95,425.25	660,425.25	
03/01/2029			91,781.00	91,781.00	
06/30/2029					752,206.25
09/01/2029	575,000	1.470%	91,781.00	666,781.00	
03/01/2030			87,554.75	87,554.75	
06/30/2030					754,335.75
09/01/2030	585,000	1.600%	87,554.75	672,554.75	
03/01/2031			82,874.75	82,874.75	
06/30/2031					755,429.50
09/01/2031	595,000	1.780%	82,874.75	677,874.75	
03/01/2032			77,579.25	77,579.25	
06/30/2032					755,454.00
09/01/2032	605,000	1.930%	77,579.25	682,579.25	
03/01/2033			71,741.00	71,741.00	
06/30/2033					754,320.25
09/01/2033	620,000	2.080%	71,741.00	691,741.00	
03/01/2034			65,293.00	65,293.00	
06/30/2034					757,034.00
09/01/2034	630,000	2.180%	65,293.00	695,293.00	
03/01/2035			58,426.00	58,426.00	
06/30/2035					753,719.00
09/01/2035	645,000	2.230%	58,426.00	703,426.00	
03/01/2036			51,234.25	51,234.25	
06/30/2036					754,660.25
09/01/2036	660,000	2.280%	51,234.25	711,234.25	
03/01/2037			43,710.25	43,710.25	
06/30/2037					754,944.50
09/01/2037	675,000	2.380%	43,710.25	718,710.25	
03/01/2038			35,677.75	35,677.75	
06/30/2038					754,388.00
09/01/2038	690,000	2.420%	35,677.75	725,677.75	
03/01/2039			27,328.75	27,328.75	
06/30/2039					753,006.50
09/01/2039	710,000	2.470%	27,328.75	737,328.75	
03/01/2040			18,560.25	18,560.25	
06/30/2040					755,889.00
09/01/2040	725,000	2.510%	18,560.25	743,560.25	
03/01/2041			9,461.50	9,461.50	
06/30/2041					753,021.75
09/01/2041	745,000	2.540%	9,461.50	754,461.50	
06/30/2042					754,461.50
	12,320,000		2,817,076.16	15,137,076.16	15,137,076.16



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

September 30, 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 Conduit Multifamily Housing Revenue Bonds (Christian Towers), Series 2021 in a principal amount of \$18,897,988 (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 August 12, 2020. The attached includes a finalized listing of costs related to the issuance of the Bonds pursuant to KRS 45.816.

Sincerely,

Ryan Barrow
Executive Director

Attachments

FINAL BOND ISSUE REPORT

BOND ISSUE

Name of Bond Issue: Kentucky Housing Corporation Conduit Revenue Bonds (Christian Towers), Series 2021

Purpose of Issue: The bonds will be used to finance the acquisition, rehabilitation and equipping of the Christian Towers, a multifamily residential rental facility consisting of one hundred and thirty two (132) units, located in Fayette County, Kentucky, at 1511 Versailles Rd, Lexington, KY 40504. The Kentucky Housing Corporation has conducted a public hearing concerning the proposed project on August 11, 2020 and August 12, 2021, in each instance following the delivery of notice to the public of at least seven (7) days. .

Name of Project: Christian Towers

Date of Sale: September 30, 2021

Date of Issuance: September 30, 2021

Ratings: Private Placement

Net Proceeds: \$18,897,988

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

Bond Discount: \$0

Debt Service Reserve Fund: \$0, but a \$706,686 operating reserve will be funded from equity.

Insurance Premium: N/A

Total Project Cost: \$55,620,792

Terms of Issue: Net interest rate: 4.25%

Term: Mandatory Prepayment: April 1, 2042
Maturity Date: September 1, 2061

Average debt service: \$552,585.00

Gross debt service: \$25,992,574.42 (includes a pay down of 9,986,988 on the first call date and a \$6.105,105.17 on April 1, 2042)

First Call Date: March 1, 2024

Premium at First Call: No premium

Method of Sale: Private Placement

Bond Counsel: Dinsmore & Shohl LLP

Underwriter Counsel: N/A

Financial Advisor: N/A

Underwriter: N/A

Trustee: U.S. Bank National Association (as Fiscal Agent)

Exhibit A**Project Funding Sources:**

KHC Tax-Exempt Bonds	\$18,897,988
CitiBank Mortgage Loan	\$9,702,000
Lexington AHTF	\$500,000
Tax Credit Equity	\$14,709,694
Seller Carryback Note	\$9,687,287
GP Loan	\$371,996
Special Limited Partner Contribution	\$10
Deferred Developer Fee	\$684,817
Interim Income	<u>\$1,067,000</u>
	\$55,620,792

Costs of Issuance:

Origination Fee	\$188,979.88
KHC Counsel	\$12,500
KHC Financing Fee	\$34,650
KHC Application Fee & Expenses	\$3,500
KHC Annual Issuer Fee	\$24,750
KHC Admin Fee	\$5,000
Bond Counsel	\$87,500
Lender Counsel	\$66,000
Borrowers Counsel	\$79,000
TEFRA/Publication/Print	<u>\$5,000</u>
	\$506,880



School Facilities Construction Commission

Finance and Administration Cabinet

700 Louisville Rd

Carriage House

Frankfort, Kentucky 40601

(502) 564-5582

(888) 979-6152 Fax

www.sfcc.ky.gov

ANDY BESHEAR

Governor

MS. HOLLY M. JOHNSON

Secretary

HEATHER OVERBY

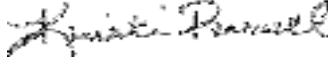
Chairman

CHELSEY COUCH

Executive Director

MEMORANDUM

TO: Ryan Barrow
Office of Financial Management

FROM: Kristi Russell, SFCC 

DATE: October 4, 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 October 21, 2021:

Campbell County- \$805,000 estimated – Refunding of 2012 bonds. State estimated annual debt service is \$80,293 and local is \$0. No tax increase is necessary to finance this project.

Campbell County- \$370,000 estimated – Refunding of 2011 (old Silvergrove bonds). State estimated annual debt service is \$43,829 and local is \$0. No tax increase is necessary to finance this project.

Elizabethtown Independent- \$1,005,000 estimated – High School restroom renovations. State estimated annual debt service is \$57,323 and local is \$0. No tax increase is necessary to finance this project

Eminence Independent- \$1,500,000 estimated – District wide renovations. State estimated annual debt service is \$5,446 and local is \$85,791. No tax increase is necessary to finance this project

Grayson County- \$2,905,000 estimated – Middle school roof replacement. State estimated annual debt service is \$60,845 and local is \$126,938. No tax increase is necessary to finance this project

Monroe County- \$5,485,000 estimated – High School HVAC renovations. State estimated annual debt service is \$22,805 and local is \$284,034. No tax increase is necessary to finance this project

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





Memo

To: KSFCC
From: Lincoln Theinert
Subject: Bond Payee Disclosure Form –Campbell County School District Series 2021
Date: September 10, 2021
cc: File

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

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

A handwritten signature in black ink, appearing to be "L Theinert", written over a horizontal line.

Lincoln Theinert

325 West Main Street
Suite 300
Lexington, KY
40507

859/977-6600

fax: 859/381-1357

www.rsamuni.com

BOND PAYEE DISCLOSURE FORM

Par Amount:	\$ 805,000
Issue Name:	Campbell County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2021
Purpose:	Refinancing of Series 2012
Projected Sale Date of Bonds:	9-Nov-21
First Call Date:	8/1/22 @ 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:	[] [] [] <i>To be filled in by SFCC</i>
Date scheduled for Committee review:	[] [] [] <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
\$ 805,000	\$ 0	\$ 805,000
100.00%	0.00%	
\$ 80,293	\$ 0	\$ 80,293
\$ 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:

\$ 4,500	\$ 0	\$ 4,500
\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0
\$ 2,500	\$ 0	\$ 2,500
\$ 8,050	\$ 0	\$ 8,050
\$ 2,000	\$ 0	\$ 2,000
\$ 17,050	\$ 0	\$ 17,050

Anticipated Interest Rates:

5 Years 1.300% 10 Years 1.850% 15 Years:
 20 Years:

Note: No Local Tax increase is required.

CAMPBELL COUNTY SCHOOL DISTRICT FINANCE CORPORATION

SCHOOL BUILDING REVENUE BONDS, SERIES 2012

100% SFCC

Debt Service To Maturity And To Call

Part 1 of 2

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
10/15/2021	-	-	-	-	-	-	-
02/01/2022	-	12,566.25	12,566.25	-	-	12,566.25	12,566.25
08/01/2022	765,000.00	12,566.25	777,566.25	60,000.00	2.600%	12,566.25	72,566.25
02/01/2023	-	-	-	-	-	11,786.25	11,786.25
08/01/2023	-	-	-	60,000.00	3.000%	11,786.25	71,786.25
02/01/2024	-	-	-	-	-	10,886.25	10,886.25
08/01/2024	-	-	-	65,000.00	3.000%	10,886.25	75,886.25
02/01/2025	-	-	-	-	-	9,911.25	9,911.25
08/01/2025	-	-	-	65,000.00	3.200%	9,911.25	74,911.25
02/01/2026	-	-	-	-	-	8,871.25	8,871.25
08/01/2026	-	-	-	70,000.00	3.200%	8,871.25	78,871.25
02/01/2027	-	-	-	-	-	7,751.25	7,751.25
08/01/2027	-	-	-	70,000.00	3.350%	7,751.25	77,751.25
02/01/2028	-	-	-	-	-	6,578.75	6,578.75
08/01/2028	-	-	-	75,000.00	3.350%	6,578.75	81,578.75
02/01/2029	-	-	-	-	-	5,322.50	5,322.50
08/01/2029	-	-	-	75,000.00	3.500%	5,322.50	80,322.50
02/01/2030	-	-	-	-	-	4,010.00	4,010.00
08/01/2030	-	-	-	80,000.00	3.500%	4,010.00	84,010.00
02/01/2031	-	-	-	-	-	2,610.00	2,610.00
08/01/2031	-	-	-	80,000.00	3.600%	2,610.00	82,610.00
02/01/2032	-	-	-	-	-	1,170.00	1,170.00
08/01/2032	-	-	-	65,000.00	3.600%	1,170.00	66,170.00
Total	\$765,000.00	\$25,132.50	\$790,132.50	\$765,000.00		\$162,927.50	\$927,927.50

CAMPBELL COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2021
PROJECTED REFINANCING OF SERIES 2012

Debt Service Comparison

Part 1 of 2

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/01/2022	8,362.56	7,984.79	12,566.25	4,581.46
06/01/2023	81,205.00	81,205.00	84,352.50	3,147.50
06/01/2024	80,750.00	80,750.00	82,672.50	1,922.50
06/01/2025	80,155.00	80,155.00	85,797.50	5,642.50
06/01/2026	79,367.50	79,367.50	83,782.50	4,415.00
06/01/2027	83,425.00	83,425.00	86,622.50	3,197.50
06/01/2028	82,450.00	82,450.00	84,330.00	1,880.00
06/01/2029	81,306.25	81,306.25	86,901.25	5,595.00
06/01/2030	79,975.00	79,975.00	84,332.50	4,357.50
06/01/2031	83,560.00	83,560.00	86,620.00	3,060.00
06/01/2032	82,040.00	82,040.00	83,780.00	1,740.00
06/01/2033	60,630.00	60,630.00	66,170.00	5,540.00
Total	\$883,226.31	\$882,848.54	\$927,927.50	\$45,078.96

CAMPBELL COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2021
PROJECTED REFINANCING OF SERIES 2012

Debt Service Comparison

Part 2 of 2

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	40,752.04
Net PV Cashflow Savings @ 1.628%(Bond Yield)	40,752.04
Contingency or Rounding Amount	377.77
Net Present Value Benefit	\$41,129.81
Net PV Benefit / \$765,000 Refunded Principal	5.376%
Net PV Benefit / \$805,000 Refunding Principal	5.109%

Refunding Bond Information

Refunding Dated Date	10/15/2021
Refunding Delivery Date	10/15/2021

CAMPBELL COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2021
PROJECTED REFINANCING OF SERIES 2012

Escrow Fund Cashflow

Date	Principal	Rate	Interest	Receipts	Disbursements	Cash Balance
10/15/2021	-	-	-	0.23	-	0.23
02/01/2022	12,565.00	0.040%	1.50	12,566.50	12,566.25	0.48
08/01/2022	777,257.00	0.050%	308.77	777,565.77	777,566.25	-
Total	\$789,822.00	-	\$310.27	\$790,132.50	\$790,132.50	-

Investment Parameters

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

Cash Deposit	0.23
Cost of Investments Purchased with Bond Proceeds	789,822.00
Total Cost of Investments	\$789,822.23
Target Cost of Investments at bond yield	\$780,123.31
Actual positive or (negative) arbitrage	(9,698.92)

Yield to Receipt	0.0499443%
Yield for Arbitrage Purposes	1.6276040%

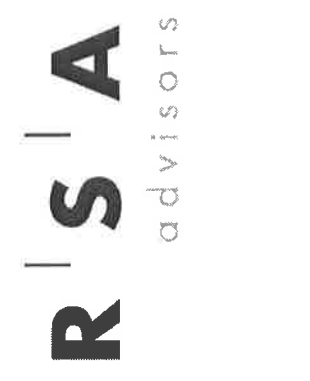
State and Local Government Series (SLGS) rates for 7/21/2021

Campbell County School District Finance Corporation
 School Building Refunding Revenue Taxable Bonds, Series 2021
 Refunding of Prior Series 2012 Bonds - Dated Date of 07.01.12

Fiscal Year	(A) Current Bond Payments			(B) New Bond Payments			(C) Savings
	Principal Portion	Interest Portion	Total Payment	Principal Portion	Interest Portion	Payment Totals	
Closing							
2022		\$12,566	\$12,566	\$5,000	\$2,985	\$7,985	\$4,581
2023	\$60,000	\$24,353	\$84,353	\$70,000	\$11,205	\$81,205	\$3,148
2024	\$60,000	\$22,673	\$82,673	\$70,000	\$10,750	\$80,750	\$1,923
2025	\$65,000	\$20,798	\$85,798	\$70,000	\$10,155	\$80,155	\$5,643
2026	\$65,000	\$18,783	\$83,783	\$70,000	\$9,368	\$79,368	\$4,415
2027	\$70,000	\$16,623	\$86,623	\$75,000	\$8,425	\$83,425	\$3,198
2028	\$70,000	\$14,330	\$84,330	\$75,000	\$7,450	\$82,450	\$1,880
2029	\$75,000	\$11,901	\$86,901	\$75,000	\$6,306	\$81,306	\$5,595
2030	\$75,000	\$9,333	\$84,333	\$75,000	\$4,975	\$79,975	\$4,358
2031	\$80,000	\$6,620	\$86,620	\$80,000	\$3,560	\$83,560	\$3,060
2032	\$80,000	\$3,780	\$83,780	\$80,000	\$2,040	\$82,040	\$1,740
2033	\$65,000	\$1,170	\$66,170	\$60,000	\$630	\$60,630	\$5,540
Totals:	\$765,000	\$162,928	\$927,928	\$805,000	\$77,849	\$882,849	\$45,079

Net Savings Summary	
Gross Savings Amount:	\$45,079
Present Value Savings Amount:	\$40,752
NPV Savings % of Prior:	5.376%
Negative Arbitrage	(\$9,699)
Efficiency Ratio	78.48%

Interest Rate Reduction Summary	
Series 2011 Average Coupon:	3.450%
Series 2021 Total Interest Cost:	1.850%
Interest Rate Reduction:	1.600%



Memo

To: KSFCC
From: Lincoln Theinert
Subject: Bond Payee Disclosure Form –Campbell County School District Series 2021
Date: September 10, 2021
cc: File

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

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



Lincoln Theinert

BOND PAYEE DISCLOSURE FORM

Par Amount:	\$ 370,000
Issue Name:	Campbell County School District Finance Corporation School Building Refunding Revenue Bonds, Series 2021
Purpose:	Refinancing of Series 2011 (Old Silvergrove Independent Series 2011)
Projected Sale Date of Bond:	9-Nov-21
First Call Date:	Anytime @ 100
Method of Sale:	Competitive Bids
Place/time of sale:	SFCC
Bond Rating:	Moodys: "A1"
Bond Counsel:	Step toe & 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
\$ 370,000	\$ 0	\$ 370,000
100.00%	0.00%	
\$ 43,829	\$ 0	\$ 43,829
\$ 0	\$ 0	\$ 0

Estimated Cost of Issuance:

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

\$ 3,000	\$ 0	\$ 3,000
\$ 0	\$ 0	\$ 0
\$ 0	\$ 0	\$ 0
\$ 2,500	\$ 0	\$ 2,500
\$ 3,700	\$ 0	\$ 3,700
\$ 2,000	\$ 0	\$ 2,000
\$ 11,200	\$ 0	\$ 11,200

Anticipated Interest Rates:

5 Years 1.300% 10 Years 1.850% 15 Years:
 20 Years:

Note: No Local Tax increase is required.

Campbell County School District

Projected Plan of Refinancing

Date of Report: September 10, 2021

Prior Bonds Call Reports	
2011 Call Report.....	1
2021 Series Refunding Bonds	
Total Savings Report.....	2

CAMPBELL COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS SERIES 2011 100% SFCC
OLD SILVER GROVE

Debt Service To Maturity And To Call

Part 1 of 2

Date	Refunded Bonds	Refunded Interest	D/S To Call	Principal	Coupon	Interest	Refunded D/S
10/15/2021	345,000.00	5,618.23	350,618.23	-	-	-	-
12/01/2021	-	-	-	-	-	7,546.88	7,546.88
06/01/2022	-	-	-	30,000.00	4.375%	7,546.88	37,546.88
12/01/2022	-	-	-	-	-	6,890.63	6,890.63
06/01/2023	-	-	-	30,000.00	4.375%	6,890.63	36,890.63
12/01/2023	-	-	-	-	-	6,234.38	6,234.38
06/01/2024	-	-	-	30,000.00	4.375%	6,234.38	36,234.38
12/01/2024	-	-	-	-	-	5,578.13	5,578.13
06/01/2025	-	-	-	30,000.00	4.375%	5,578.13	35,578.13
12/01/2025	-	-	-	-	-	4,921.88	4,921.88
06/01/2026	-	-	-	35,000.00	4.375%	4,921.88	39,921.88
12/01/2026	-	-	-	-	-	4,156.25	4,156.25
06/01/2027	-	-	-	35,000.00	4.375%	4,156.25	39,156.25
12/01/2027	-	-	-	-	-	3,390.63	3,390.63
06/01/2028	-	-	-	35,000.00	4.375%	3,390.63	38,390.63
12/01/2028	-	-	-	-	-	2,625.00	2,625.00
06/01/2029	-	-	-	40,000.00	4.375%	2,625.00	42,625.00
12/01/2029	-	-	-	-	-	1,750.00	1,750.00
06/01/2030	-	-	-	40,000.00	4.375%	1,750.00	41,750.00
12/01/2030	-	-	-	-	-	875.00	875.00
06/01/2031	-	-	-	40,000.00	4.375%	875.00	40,875.00
Total	\$345,000.00	\$5,618.23	\$350,618.23	\$345,000.00	-	\$87,937.56	\$432,937.56

CAMPBELL COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS, SERIES 2021
PROJECTED REFINANCING OF SERIES 2011

Debt Service Comparison

Date	Total P+I	Net New D/S	Old Net D/S	Savings
06/01/2022	41,314.69	41,232.92	45,093.76	3,860.84
06/01/2023	39,188.75	39,188.75	43,781.26	4,592.51
06/01/2024	38,961.25	38,961.25	42,468.76	3,507.51
06/01/2025	38,663.75	38,663.75	41,156.26	2,492.51
06/01/2026	43,237.50	43,237.50	44,843.76	1,606.26
06/01/2027	37,750.00	37,750.00	43,312.50	5,562.50
06/01/2028	37,295.00	37,295.00	41,781.26	4,486.26
06/01/2029	41,717.50	41,717.50	45,250.00	3,532.50
06/01/2030	41,007.50	41,007.50	43,500.00	2,492.50
06/01/2031	35,323.75	35,323.75	41,750.00	6,426.25
Total	\$394,459.69	\$394,377.92	\$432,937.56	\$38,559.64

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	31,114.67
Net PV Cashflow Savings @ 1.628%(Bond Yield)	31,114.67
Contingency or Rounding Amount	81.77
Net Present Value Benefit	\$31,196.44
Net PV Benefit / \$345,000 Refunded Principal	9.042%
Net PV Benefit / \$370,000 Refunding Principal	8.431%

Refunding Bond Information

Refunding Dated Date	10/15/2021
Refunding Delivery Date	10/15/2021



September 15, 2021

Ms. Chelsey Couch
Schools Facilities Construction Commission
700 Louisville Road
Frankfort, Kentucky 40601

Re: Reporting of Bond Issuance Costs to the Capital Projects and Bond Oversight
Committee ("Bond Oversight Committee")

Dear Ms. Couch:

Enclosed please find a Bond Payee Disclosure form for the following bond issue:

\$1,005,000 (est.)
Elizabethtown Independent
School District Finance Corporation
School Building Revenue Bonds,
Series of 2021

Please be advised that the enclosed costs are estimated. Actual costs will not be known until the bonds are sold. Please be advised that no tax increases are necessary to support this financing.

We hereby request that the above bond issue be considered by the Bond Oversight Committee at its next meeting.

If you need any additional information, please do not hesitate to call me at 502.588.8695.

Sincerely,

/s/ Maria Long

Maria Long
Public Finance

BOND PAYEE DISCLOSURE FORM

Par Amount:	\$1,005,000
Issue Name:	Elizabethtown Independent School District Finance Corporation School Building Revenue Bonds, Series of 2021
Purpose:	Finance renovations to the High School restrooms
Projected Sale Date of Bonds:	December 2021
First Call Date:	TBD
Method of Sale:	Competitive
Place/Time of Sale:	TBD
Bond Rating:	Expected "A1" – Moody's
Bond Counsel:	Rubin & Hays
Fiscal Agent:	Baird

Date Received by SFCC:

/	/	/
/	/	/

To be filled in by SFCC

Date Scheduled for Committee Review:

To be filled in by SFCC

	SFCC Portion	Local Portion	Total
Estimated par amount of Bonds:	\$1,005,000	-	\$1,005,000
% Share of total Bonds:	100%	0%	100%
Estimated average annual debt service:	57,323	-	57,323
Estimated debt service reserve:	-	-	-
Estimated Costs of Issuance (1):			
Fiscal Agent, Bond Counsel, Advertisements, Printing, etc.	11,020	-	11,020
Special Tax Counsel	-	-	-
Number Verifications	-	-	-
Bond Rating	14,000	-	14,000
Underwriter's Discount	20,100	-	20,100
Paying Agent/Escrow Agent Bank	3,500	-	3,500
Total Cost of Issuance:	\$48,620	-	\$48,620

Anticipated Interest Rates:

1 Years: 0.38%	5 Years: 0.81%	
10 Years: 1.49%	20 Years: 2.29%	

(1) Actual costs will not be known until the bonds are sold.

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Elizabethtown Independent Schools
Series 2021
High School Restroom Renovation Project
100% SFCC

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SOURCES AND USES OF FUNDS

Elizabethtown Independent Schools
 Series 2021
 High School Restroom Renovation Project
 100% SFCC

Dated Date 12/01/2021
 Delivery Date 12/01/2021

Sources:

Bond Proceeds:	
Par Amount	1,005,000.00
Other Sources of Funds:	
SFCC Cash Requirements	605,000.00
	1,610,000.00
	1,610,000.00

Uses:

Project Fund Deposits:	
Total Construction Cost	1,336,000.00
Construction Contingency	99,000.00
Architect/Engineer Fee	116,875.00
Bid Documents Printing	5,000.00
Plan Review Fees	4,125.00
	1,561,000.00
Cost of Issuance:	
FA/BC	11,020.00
Rating Fee	14,000.00
Paying Agent	3,500.00
	28,520.00
Underwriter's Discount:	
Underwriter's Discount	20,100.00
Other Uses of Funds:	
Additional Proceeds	380.00
	1,610,000.00
	1,610,000.00

BOND DEBT SERVICE

Elizabethtown Independent Schools
 Series 2021
 High School Restroom Renovation Project
 100% SFCC

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2022			7,476.50	7,476.50	
06/30/2022					7,476.50
12/01/2022	45,000	0.380%	7,476.50	52,476.50	
06/01/2023			7,391.00	7,391.00	
06/30/2023					59,867.50
12/01/2023	45,000	0.440%	7,391.00	52,391.00	
06/01/2024			7,292.00	7,292.00	
06/30/2024					59,683.00
12/01/2024	45,000	0.520%	7,292.00	52,292.00	
06/01/2025			7,175.00	7,175.00	
06/30/2025					59,467.00
12/01/2025	45,000	0.650%	7,175.00	52,175.00	
06/01/2026			7,028.75	7,028.75	
06/30/2026					59,203.75
12/01/2026	45,000	0.810%	7,028.75	52,028.75	
06/01/2027			6,846.50	6,846.50	
06/30/2027					58,875.25
12/01/2027	45,000	0.960%	6,846.50	51,846.50	
06/01/2028			6,630.50	6,630.50	
06/30/2028					58,477.00
12/01/2028	50,000	1.110%	6,630.50	56,630.50	
06/01/2029			6,353.00	6,353.00	
06/30/2029					62,983.50
12/01/2029	50,000	1.250%	6,353.00	56,353.00	
06/01/2030			6,040.50	6,040.50	
06/30/2030					62,393.50
12/01/2030	50,000	1.360%	6,040.50	56,040.50	
06/01/2031			5,700.50	5,700.50	
06/30/2031					61,741.00
12/01/2031	50,000	1.490%	5,700.50	55,700.50	
06/01/2032			5,328.00	5,328.00	
06/30/2032					61,028.50
12/01/2032	50,000	1.600%	5,328.00	55,328.00	
06/01/2033			4,928.00	4,928.00	
06/30/2033					60,256.00
12/01/2033	50,000	1.700%	4,928.00	54,928.00	
06/01/2034			4,503.00	4,503.00	
06/30/2034					59,431.00
12/01/2034	50,000	1.790%	4,503.00	54,503.00	
06/01/2035			4,055.50	4,055.50	
06/30/2035					58,558.50
12/01/2035	55,000	1.880%	4,055.50	59,055.50	
06/01/2036			3,538.50	3,538.50	
06/30/2036					62,594.00
12/01/2036	55,000	1.960%	3,538.50	58,538.50	
06/01/2037			2,999.50	2,999.50	
06/30/2037					61,538.00
12/01/2037	55,000	2.040%	2,999.50	57,999.50	
06/01/2038			2,438.50	2,438.50	
06/30/2038					60,438.00
12/01/2038	55,000	2.130%	2,438.50	57,438.50	
06/01/2039			1,852.75	1,852.75	
06/30/2039					59,291.25
12/01/2039	55,000	2.190%	1,852.75	56,852.75	
06/01/2040			1,250.50	1,250.50	
06/30/2040					58,103.25
12/01/2040	60,000	2.260%	1,250.50	61,250.50	
06/01/2041			572.50	572.50	
06/30/2041					61,823.00
12/01/2041	50,000	2.290%	572.50	50,572.50	
06/30/2042					50,572.50
	1,005,000		198,802.00	1,203,802.00	1,203,802.00

BOND DEBT SERVICE

Elizabethtown Independent Schools
 Series 2021
 High School Restroom Renovation Project
 100% SFCC

Period Ending	Principal	Coupon	Interest	Debt Service
06/30/2022			7,476.50	7,476.50
06/30/2023	45,000	0.380%	14,867.50	59,867.50
06/30/2024	45,000	0.440%	14,683.00	59,683.00
06/30/2025	45,000	0.520%	14,467.00	59,467.00
06/30/2026	45,000	0.650%	14,203.75	59,203.75
06/30/2027	45,000	0.810%	13,875.25	58,875.25
06/30/2028	45,000	0.960%	13,477.00	58,477.00
06/30/2029	50,000	1.110%	12,983.50	62,983.50
06/30/2030	50,000	1.250%	12,393.50	62,393.50
06/30/2031	50,000	1.360%	11,741.00	61,741.00
06/30/2032	50,000	1.490%	11,028.50	61,028.50
06/30/2033	50,000	1.600%	10,256.00	60,256.00
06/30/2034	50,000	1.700%	9,431.00	59,431.00
06/30/2035	50,000	1.790%	8,558.50	58,558.50
06/30/2036	55,000	1.880%	7,594.00	62,594.00
06/30/2037	55,000	1.960%	6,538.00	61,538.00
06/30/2038	55,000	2.040%	5,438.00	60,438.00
06/30/2039	55,000	2.130%	4,291.25	59,291.25
06/30/2040	55,000	2.190%	3,103.25	58,103.25
06/30/2041	60,000	2.260%	1,823.00	61,823.00
06/30/2042	50,000	2.290%	572.50	50,572.50
	1,005,000		198,802.00	1,203,802.00

BOND SUMMARY STATISTICS

Elizabethtown Independent Schools
 Series 2021
 High School Restroom Renovation Project
 100% SFCC

Dated Date	12/01/2021
Delivery Date	12/01/2021
Last Maturity	12/01/2041
Arbitrage Yield	1.790861%
True Interest Cost (TIC)	1.998994%
Net Interest Cost (NIC)	1.992736%
All-In TIC	2.304691%
Average Coupon	1.809759%
Average Life (years)	10.930
Duration of Issue (years)	9.765
Par Amount	1,005,000.00
Bond Proceeds	1,005,000.00
Total Interest	198,802.00
Net Interest	218,902.00
Total Debt Service	1,203,802.00
Maximum Annual Debt Service	62,983.50
Average Annual Debt Service	60,190.10
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	20.000000
Total Underwriter's Discount	20.000000
Bid Price	98.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	1,005,000.00	100.000	1.810%	10.930	963.45
	1,005,000.00			10.930	963.45

	TIC	All-In TIC	Arbitrage Yield
Par Value	1,005,000.00	1,005,000.00	1,005,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-20,100.00	-20,100.00	
- Cost of Issuance Expense		-28,520.00	
- Other Amounts			
Target Value	984,900.00	956,380.00	1,005,000.00
Target Date	12/01/2021	12/01/2021	12/01/2021
Yield	1.998994%	2.304691%	1.790861%

BOND PRICING

Elizabethtown Independent Schools
 Series 2021
 High School Restroom Renovation Project
 100% SFCC

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	12/01/2022	45,000	0.380%	0.380%	100.000
	12/01/2023	45,000	0.440%	0.440%	100.000
	12/01/2024	45,000	0.520%	0.520%	100.000
	12/01/2025	45,000	0.650%	0.650%	100.000
	12/01/2026	45,000	0.810%	0.810%	100.000
	12/01/2027	45,000	0.960%	0.960%	100.000
	12/01/2028	50,000	1.110%	1.110%	100.000
	12/01/2029	50,000	1.250%	1.250%	100.000
	12/01/2030	50,000	1.360%	1.360%	100.000
	12/01/2031	50,000	1.490%	1.490%	100.000
	12/01/2032	50,000	1.600%	1.600%	100.000
	12/01/2033	50,000	1.700%	1.700%	100.000
	12/01/2034	50,000	1.790%	1.790%	100.000
	12/01/2035	55,000	1.880%	1.880%	100.000
	12/01/2036	55,000	1.960%	1.960%	100.000
	12/01/2037	55,000	2.040%	2.040%	100.000
	12/01/2038	55,000	2.130%	2.130%	100.000
	12/01/2039	55,000	2.190%	2.190%	100.000
	12/01/2040	60,000	2.260%	2.260%	100.000
	12/01/2041	50,000	2.290%	2.290%	100.000
		1,005,000			

Dated Date	12/01/2021	
Delivery Date	12/01/2021	
First Coupon	06/01/2022	
Par Amount	1,005,000.00	
Original Issue Discount		
Production	1,005,000.00	100.000000%
Underwriter's Discount	-20,100.00	-2.000000%
Purchase Price	984,900.00	98.000000%
Accrued Interest		
Net Proceeds	984,900.00	

BOND SOLUTION

Elizabethtown Independent Schools
 Series 2021
 High School Restroom Renovation Project
 100% SFCC

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
06/30/2022		7,477	7,477	7,510	34	100.44807%
06/30/2023	45,000	59,868	59,868	62,986	3,119	105.20900%
06/30/2024	45,000	59,683	59,683	62,986	3,303	105.53424%
06/30/2025	45,000	59,467	59,467	62,986	3,519	105.91757%
06/30/2026	45,000	59,204	59,204	62,986	3,782	106.38853%
06/30/2027	45,000	58,875	58,875	62,986	4,111	106.98214%
06/30/2028	45,000	58,477	58,477	62,986	4,509	107.71072%
06/30/2029	50,000	62,984	62,984	62,986	3	100.00397%
06/30/2030	50,000	62,394	62,394	62,986	593	100.94962%
06/30/2031	50,000	61,741	61,741	62,986	1,245	102.01649%
06/30/2032	50,000	61,029	61,029	62,986	1,958	103.20752%
06/30/2033	50,000	60,256	60,256	62,986	2,730	104.53067%
06/30/2034	50,000	59,431	59,431	62,986	3,555	105.98173%
06/30/2035	50,000	58,559	58,559	62,986	4,428	107.56082%
06/30/2036	55,000	62,594	62,594	62,986	392	100.62626%
06/30/2037	55,000	61,538	61,538	62,986	1,448	102.35302%
06/30/2038	55,000	60,438	60,438	62,986	2,548	104.21589%
06/30/2039	55,000	59,291	59,291	62,986	3,695	106.23153%
06/30/2040	55,000	58,103	58,103	62,986	4,883	108.40357%
06/30/2041	60,000	61,823	61,823	62,986	1,163	101.88118%
06/30/2042	50,000	50,573	50,573	55,476	4,904	109.69598%
	1,005,000	1,203,802	1,203,802	1,259,720	55,918	



September 27, 2021

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

RE: \$1,500,000 Eminence Independent School District Finance Corporation
School Building Revenue Bonds, Series of 2022

Dear Ms. Couch:

Please find enclosed a Bond Payee Disclosure Form and Plan of Financing related to the above-referenced series of Bonds. The Bonds will be used to finance various renovations to facilities in the district.

We would like to go ahead and submit the plan to Bond Oversight so that we will be ready to proceed with the bond sale in the coming months. The Bonds will be funded with 5.33% SFCC funds.

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

Sincerely,

A handwritten signature in blue ink that reads 'Dwight G. Salsbury'.

Dwight G. Salsbury

Enclosures

325 West Main Street
Suite 300
Lexington, KY
40507

859/977-6600
fax: 859/381-1357
www.rsamuni.com

BOND PAYEE DISCLOSURE FORM

Par Amount:

\$1,500,000

Issue Name:

Eminence Independent School District Finance Corporation School Building Revenue Bonds, Series of 2022

Purpose:

Various Renovations to facilities in the district

Projected Sale Date of Bonds:

Q1 2022

First Call Date:

8 Years at par

Method of Sale:

Competitive Bids

Place/time of sale:

Parity/SFCC, Frankfort, Ky. / TBD

Bond Rating:

Moody's: "A1"

Bond Counsel:

Step toe and Johnson, Louisville, KY

Fiscal Agent:

RSA Advisors LLC, Lexington, Kentucky

Date received by SFCC:

/ / *To be filled in by SFCC*

Date scheduled for Committee review:

/ / *To be filled in by SFCC*

Month Day Year

Estimated par amount of Bonds:

% Share of total Bonds:

Estimated average annual debt service:

Estimated debt service reserve:

SFCC Portion	Local Portion	Total
\$80,000	\$1,420,000	\$1,500,000
5.33%	94.67%	100.00%
\$5,446	\$85,791	\$91,237
\$0	\$0	\$0

Estimated Cost of Issuance:

Fiscal Agent, Bond Counsel, Advertisements, Printing, Etc)

Special Tax Counsel

Number verifications

Bond Rating & Bank Fee

Underwriter's Discount

Credit Enhancement

Total Cost of Issuance:

\$853	\$15,147	\$16,000
\$0	\$0	\$0
\$0	\$0	\$0
\$747	\$13,253	\$14,000
\$1,600	\$28,400	\$30,000
\$0	\$0	\$0
\$3,200	\$56,800	\$60,000

Anticipated Interest Rates:

5 Years: 2.000% 10 Years: 2.000% 15 Years: 2.000%
20 Years: 2.000%

Notes: No tax Increase required

Eminence Independent School District

Plan of Financing - Projected Series 2022

Date of Report: September 27, 2021

Local Bond Payments Outstanding	1
Summary of Funds for Bond Payments	2
Projected Series 2022.....	3
Disclosures.....	4



Eminence Independent School District -- Local Bond Debt

Fiscal Year End	Series 2005-REF	100% SFCC		100% SFCC		Total Local Payments	Less: Series 05 General Fund	Total Net Local Payments
		Series 2012	Series 2015	Series 2020	Series 2020-Ref			
2022	\$11,320		\$510,980	\$207,000		\$729,300	(\$11,320)	\$717,980
2023	\$10,880		\$506,271	\$210,875		\$728,026	(\$10,880)	\$717,146
2024	\$10,440		\$511,353	\$204,625		\$726,418	(\$10,440)	\$715,978
2025			\$507,033	\$213,500		\$720,533		\$720,533
2026			\$512,413	\$207,125		\$719,538		\$719,538
2027			\$512,238	\$205,875		\$718,113		\$718,113
2028			\$511,613	\$204,625		\$716,238		\$716,238
2029			\$510,539	\$208,375		\$718,914		\$718,914
2030			\$513,914	\$207,000		\$720,914		\$720,914
2031			\$513,434	\$205,625		\$719,059		\$719,059
2032			\$510,426	\$209,250		\$719,676		\$719,676
2033			\$511,153	\$207,750		\$718,903		\$718,903
2034			\$512,550	\$206,250		\$718,800		\$718,800
2035			\$509,526	\$209,750		\$719,276		\$719,276
2036				\$718,125		\$718,125		\$718,125
2037				\$718,750		\$718,750		\$718,750
2038				\$719,000		\$719,000		\$719,000
2039				\$718,875		\$718,875		\$718,875
2040				\$718,375		\$718,375		\$718,375
2041				\$717,500		\$717,500		\$717,500
2042				\$716,250		\$716,250		\$716,250
TOTALS:	\$32,640		\$7,153,444	\$7,934,500		\$15,120,584	(\$32,640)	\$15,087,944

<u>Issue</u>	<u>Original Amount</u>	<u>Project Description</u>
Series 2005-REF	910,000	Construct Central Office and refund prior Series 96 bonds (various improvements)
Series 2012	820,000	Renovations to Kitchen and Cafeteria at Elementary/High School
Series 2015	7,820,000	Addition and Renovations to Eminence ISD Education Hub
Series 2020	6,530,000	Replacement Gym & Renovations to Warrior Activity Center
Series 2020-REF	440,000	Refund Prior Series 2010 & 2010B Bonds -- Window, Roof & HVAC at Eminence Elementary

Eminence Independent School District Summary of Funds Available

FYE	LOCAL NICKEL	ADDTL NICKEL	CAPITAL OUTLAY @ 80%	FSPK	ADDTL FSPK	TOTAL LOCAL FUNDS	LESS CURRENT PAYMENTS	LOCAL FUNDS AVAILABLE	EXISTING SFCC OFFERS	2018 SFCC OFFER	TOTAL FUNDS AVAILABLE
2022	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$717,980)	\$110,468	\$1,245	\$116	\$111,830
2023	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$717,146)	\$111,302	\$4,981	\$465	\$116,748
2024	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$715,978)	\$112,470	\$4,981	\$465	\$117,916
2025	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$720,533)	\$107,915	\$4,981	\$465	\$113,361
2026	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$719,538)	\$108,910	\$4,981	\$465	\$114,356
2027	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$718,113)	\$110,335	\$4,981	\$465	\$115,781
2028	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$716,238)	\$112,210	\$4,981	\$465	\$117,656
2029	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$718,914)	\$109,534	\$4,981	\$465	\$114,980
2030	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$720,914)	\$107,534	\$4,981	\$465	\$112,980
2031	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$719,059)	\$109,388	\$4,981	\$465	\$114,834
2032	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$719,676)	\$108,772	\$4,981	\$465	\$114,218
2033	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$718,903)	\$109,545	\$4,981	\$465	\$114,991
2034	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$718,800)	\$109,648	\$4,981	\$465	\$115,094
2035	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$719,276)	\$109,172	\$4,981	\$465	\$114,618
2036	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$718,125)	\$110,323	\$4,981	\$465	\$115,769
2037	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$718,750)	\$109,698	\$4,981	\$465	\$115,144
2038	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$719,000)	\$109,448	\$4,981	\$465	\$114,894
2039	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$718,875)	\$109,573	\$4,981	\$465	\$115,019
2040	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$718,375)	\$110,073	\$4,981	\$465	\$115,519
2041	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$717,500)	\$110,948	\$4,981	\$465	\$116,394
2042	\$92,081	\$92,081	\$66,542	\$288,872	\$288,872	\$828,448	(\$716,250)	\$112,198	\$3,736	\$349	\$116,282

NOTE: Figures based on KDE SEEK Forecast 2021-2022

Eminence Independent School District Projected Series 2022

FY June 30	Principal Payment	Coupon	Interest Payments	Total Payments	SFCC Portion	Local Portion	Current Payments	Projected All Local Payments Outstanding	Local Funds Available	Funds Available For Future Projects
2022	-	-	\$6,333	\$6,333	\$1,362	\$4,972	\$717,980	\$722,951	\$828,448	\$105,496
2023	\$70,000	2.00%	\$99,300	\$99,300	\$5,446	\$93,854	\$717,146	\$811,000	\$828,448	\$17,448
2024	\$60,000	2.00%	\$88,000	\$88,000	\$5,446	\$82,554	\$715,978	\$798,532	\$828,448	\$29,916
2025	\$65,000	2.00%	\$91,750	\$91,750	\$5,446	\$86,304	\$720,533	\$806,837	\$828,448	\$21,611
2026	\$65,000	2.00%	\$90,450	\$90,450	\$5,446	\$85,004	\$719,538	\$804,542	\$828,448	\$23,906
2027	\$65,000	2.00%	\$89,150	\$89,150	\$5,446	\$83,704	\$718,113	\$801,817	\$828,448	\$26,631
2028	\$70,000	2.00%	\$92,800	\$92,800	\$5,446	\$87,354	\$716,238	\$803,592	\$828,448	\$24,856
2029	\$70,000	2.00%	\$91,400	\$91,400	\$5,446	\$85,954	\$718,914	\$804,868	\$828,448	\$23,580
2030	\$70,000	2.00%	\$90,000	\$90,000	\$5,446	\$84,554	\$720,914	\$805,468	\$828,448	\$22,980
2031	\$70,000	2.00%	\$88,600	\$88,600	\$5,446	\$83,154	\$719,059	\$802,213	\$828,448	\$26,234
2032	\$75,000	2.00%	\$92,150	\$92,150	\$5,446	\$86,704	\$719,676	\$806,380	\$828,448	\$22,068
2033	\$75,000	2.00%	\$90,650	\$90,650	\$5,446	\$85,204	\$718,903	\$804,107	\$828,448	\$24,341
2034	\$75,000	2.00%	\$89,150	\$89,150	\$5,446	\$83,704	\$718,800	\$802,504	\$828,448	\$25,944
2035	\$80,000	2.00%	\$92,600	\$92,600	\$5,446	\$87,154	\$719,276	\$806,430	\$828,448	\$22,018
2036	\$80,000	2.00%	\$91,000	\$91,000	\$5,446	\$85,554	\$718,125	\$803,679	\$828,448	\$24,769
2037	\$80,000	2.00%	\$89,400	\$89,400	\$5,446	\$83,954	\$718,750	\$802,704	\$828,448	\$25,744
2038	\$80,000	2.00%	\$87,800	\$87,800	\$5,446	\$82,354	\$719,000	\$801,354	\$828,448	\$27,094
2039	\$85,000	2.00%	\$91,150	\$91,150	\$5,446	\$85,704	\$718,875	\$804,579	\$828,448	\$23,869
2040	\$85,000	2.00%	\$89,450	\$89,450	\$5,446	\$84,004	\$718,375	\$802,379	\$828,448	\$26,069
2041	\$90,000	2.00%	\$92,700	\$92,700	\$5,446	\$87,254	\$717,500	\$804,754	\$828,448	\$23,694
2042	\$90,000	2.00%	\$90,900	\$90,900	\$4,085	\$86,816	\$716,250	\$803,066	\$828,448	\$25,382
Totals	\$1,500,000		\$1,824,733	\$1,824,733	\$108,920	\$1,715,813	\$15,087,944	\$16,803,757	\$17,397,406	\$593,649

NOTE: Information based on an issue dated 1/15/21 with coupons dated 4/1 and 10/1 and principal payments on 10/1

Municipal Advisor Disclosure of Conflicts of Interest and Other Information

RSA Advisors, LLC (“RSA Advisors”)

Introduction

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

RSA Advisors employs a number of resources to identify and subsequently manage actual or potential conflicts of interest. These resources include the implementation of policies and procedures and a supervisory structure.

General Conflict of Interest Disclosures

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

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

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

Other Municipal Advisory Relationship: RSA Advisors serves a wide variety of clients that may potentially have interests that could have a direct or indirect impact on the interests of the client. RSA Advisors could potentially face a conflict of interest arising from these competing client interests. None of these other relationships or engagements would impair RSA Advisors’ ability to fulfill its regulatory duties to the client.

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



September 15, 2021

Ms. Chelsey Couch
Schools Facilities Construction Commission
700 Louisville Road
Frankfort, Kentucky 40601

Re: Reporting of Bond Issuance Costs to the Capital Projects and Bond Oversight
Committee ("Bond Oversight Committee")

Dear Ms. Couch:

Enclosed please find a Bond Payee Disclosure form for the following bond issue:

\$2,905,000 (est.)
Grayson County
School District Finance Corporation
School Building Revenue Bonds,
Series of 2021

Please be advised that the enclosed costs are estimated. Actual costs will not be known until the bonds are sold. Please be advised that no tax increases are necessary to support this financing.

We hereby request that the above bond issue be considered by the Bond Oversight Committee at its next meeting.

If you need any additional information, please do not hesitate to call me at 502.588.8695.

Sincerely,

/s/ Maria Long

Maria Long
Public Finance

BOND PAYEE DISCLOSURE FORM

Par Amount:	\$2,905,000
Issue Name:	Grayson County School District Finance Corporation School Building Revenue Bonds, Series of 2021
Purpose:	Finance roof project at Grayson County Middle School
Projected Sale Date of Bonds:	Early 2022
First Call Date:	TBD
Method of Sale:	Competitive
Place/Time of Sale:	TBD
Bond Rating:	Expected "A1" – Moody's
Bond Counsel:	Rubin & Hays
Fiscal Agent:	Baird

Date Received by SFCC:

/ /

To be filled in by SFCC

Date Scheduled for Committee Review:

/ /

To be filled in by SFCC

	SFCC Portion	Local Portion	Total
Estimated par amount of Bonds:	\$1,015,152	\$1,889,848	\$2,905,000
% Share of total Bonds:	34.9%	65.1%	100.0%
Estimated average annual debt service:	60,845	126,938	187,783
Estimated debt service reserve:	-	-	-
Estimated Costs of Issuance (1):			
Fiscal Agent, Bond Counsel, Advertisements, Printing, etc.	\$8,603	\$16,017	\$24,620
Special Tax Counsel	-	-	-
Number Verifications	-	-	-
Bond Rating	3,320	6,180	9,500
Underwriter's Discount	20,303	37,797	58,100
Paying Agent/Escrow Agent Bank	1,223	2,277	3,500
Total Cost of Issuance:	\$33,449	\$62,271	\$95,720

Anticipated Interest Rates:

1 Years: 0.63% 5 Years: 1.22%
 10 Years: 1.70% 20 Years: 2.07%

(1) Actual costs will not be known until the bonds are sold.

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SOURCES AND USES OF FUNDS

Grayson County Middle School
 BG-1 Numbers
 2020-21 Final SEEK Calculations
 Bondable Revenue of \$1,981,572.90 and SFCC Offers of \$60,846

Dated Date 02/01/2022
 Delivery Date 02/01/2022

Sources:	SFCC Component	District Portion	Total
Bond Proceeds:			
Par Amount	1,015,152.00	1,889,848.00	2,905,000.00
Other Sources of Funds:			
SFCC Cash Requirement- Building Fund		493,043.00	493,043.00
ESSER Funds		6,840,830.00	6,840,830.00
		<u>7,333,873.00</u>	<u>7,333,873.00</u>
	<u>1,015,152.00</u>	<u>9,223,721.00</u>	<u>10,238,873.00</u>

Uses:	SFCC Component	District Portion	Total
Project Fund Deposits:			
Total Construction Cost	534,180.57	8,500,819.43	9,035,000.00
Construction Contingency	157,864.00	293,886.00	451,750.00
Architect/Engineer Fee	221,009.60	411,440.40	632,450.00
Printing	1,397.80	2,602.20	4,000.00
Code Review	6,839.08	12,731.92	19,571.00
	<u>921,291.05</u>	<u>9,221,479.95</u>	<u>10,142,771.00</u>
Cost of Issuance:			
FA/BC	8,603.46	16,016.54	24,620.00
Rating Agency	3,319.77	6,180.23	9,500.00
Paying Agent	1,223.07	2,276.93	3,500.00
	<u>13,146.30</u>	<u>24,473.70</u>	<u>37,620.00</u>
Underwriter's Discount:			
UW Discount	20,303.04	37,796.96	58,100.00
Other Uses of Funds:			
Additional Proceeds	60,411.61	-60,029.61	382.00
	<u>1,015,152.00</u>	<u>9,223,721.00</u>	<u>10,238,873.00</u>

BOND DEBT SERVICE

Grayson County Middle School
 BG-1 Numbers
 2020-21 Final SEEK Calculations
 Bondable Revenue of \$1,981,572.90 and SFCC Offers of \$60,846

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2022			26,584.00	26,584.00	
02/01/2023	45,000	0.630%	26,584.00	71,584.00	
06/30/2023					98,168.00
08/01/2023			26,442.25	26,442.25	
02/01/2024	45,000	0.760%	26,442.25	71,442.25	
06/30/2024					97,884.50
08/01/2024			26,271.25	26,271.25	
02/01/2025	50,000	0.930%	26,271.25	76,271.25	
06/30/2025					102,542.50
08/01/2025			26,038.75	26,038.75	
02/01/2026	50,000	1.080%	26,038.75	76,038.75	
06/30/2026					102,077.50
08/01/2026			25,768.75	25,768.75	
02/01/2027	50,000	1.220%	25,768.75	75,768.75	
06/30/2027					101,537.50
08/01/2027			25,463.75	25,463.75	
02/01/2028	50,000	1.340%	25,463.75	75,463.75	
06/30/2028					100,927.50
08/01/2028			25,128.75	25,128.75	
02/01/2029	50,000	1.460%	25,128.75	75,128.75	
06/30/2029					100,257.50
08/01/2029			24,763.75	24,763.75	
02/01/2030	50,000	1.580%	24,763.75	74,763.75	
06/30/2030					99,527.50
08/01/2030			24,368.75	24,368.75	
02/01/2031	50,000	1.650%	24,368.75	74,368.75	
06/30/2031					98,737.50
08/01/2031			23,956.25	23,956.25	
02/01/2032	50,000	1.700%	23,956.25	73,956.25	
06/30/2032					97,912.50
08/01/2032			23,531.25	23,531.25	
02/01/2033	55,000	1.750%	23,531.25	78,531.25	
06/30/2033					102,062.50
08/01/2033			23,050.00	23,050.00	
02/01/2034	55,000	1.780%	23,050.00	78,050.00	
06/30/2034					101,100.00
08/01/2034			22,560.50	22,560.50	
02/01/2035	55,000	1.810%	22,560.50	77,560.50	
06/30/2035					100,121.00
08/01/2035			22,062.75	22,062.75	
02/01/2036	235,000	1.840%	22,062.75	257,062.75	
06/30/2036					279,125.50
08/01/2036			19,900.75	19,900.75	
02/01/2037	245,000	1.870%	19,900.75	264,900.75	
06/30/2037					284,801.50
08/01/2037			17,610.00	17,610.00	
02/01/2038	240,000	1.900%	17,610.00	257,610.00	
06/30/2038					275,220.00
08/01/2038			15,330.00	15,330.00	
02/01/2039	250,000	1.930%	15,330.00	265,330.00	
06/30/2039					280,660.00
08/01/2039			12,917.50	12,917.50	
02/01/2040	400,000	1.970%	12,917.50	412,917.50	
06/30/2040					425,835.00
08/01/2040			8,977.50	8,977.50	
02/01/2041	435,000	2.010%	8,977.50	443,977.50	
06/30/2041					452,955.00
08/01/2041			4,605.75	4,605.75	
02/01/2042	445,000	2.070%	4,605.75	449,605.75	
06/30/2042					454,211.50
	2,905,000		850,664.50	3,755,664.50	3,755,664.50

BOND DEBT SERVICE

Grayson County Middle School
SFCC Component

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2022			8,113.85	8,113.85	
02/01/2023	44,617	0.630%	8,113.85	52,730.85	
06/30/2023					60,844.70
08/01/2023			7,973.31	7,973.31	
02/01/2024	44,898	0.760%	7,973.31	52,871.31	
06/30/2024					60,844.62
08/01/2024			7,802.69	7,802.69	
02/01/2025	45,240	0.930%	7,802.69	53,042.69	
06/30/2025					60,845.38
08/01/2025			7,592.33	7,592.33	
02/01/2026	45,660	1.080%	7,592.33	53,252.33	
06/30/2026					60,844.66
08/01/2026			7,345.76	7,345.76	
02/01/2027	46,154	1.220%	7,345.76	53,499.76	
06/30/2027					60,845.52
08/01/2027			7,064.22	7,064.22	
02/01/2028	46,716	1.340%	7,064.22	53,780.22	
06/30/2028					60,844.44
08/01/2028			6,751.23	6,751.23	
02/01/2029	47,343	1.460%	6,751.23	54,094.23	
06/30/2029					60,845.46
08/01/2029			6,405.62	6,405.62	
02/01/2030	48,034	1.580%	6,405.62	54,439.62	
06/30/2030					60,845.24
08/01/2030			6,026.15	6,026.15	
02/01/2031	48,793	1.650%	6,026.15	54,819.15	
06/30/2031					60,845.30
08/01/2031			5,623.61	5,623.61	
02/01/2032	49,598	1.700%	5,623.61	55,221.61	
06/30/2032					60,845.22
08/01/2032			5,202.03	5,202.03	
02/01/2033	50,441	1.750%	5,202.03	55,643.03	
06/30/2033					60,845.06
08/01/2033			4,760.67	4,760.67	
02/01/2034	51,324	1.780%	4,760.67	56,084.67	
06/30/2034					60,845.34
08/01/2034			4,303.89	4,303.89	
02/01/2035	52,238	1.810%	4,303.89	56,541.89	
06/30/2035					60,845.78
08/01/2035			3,831.13	3,831.13	
02/01/2036	53,183	1.840%	3,831.13	57,014.13	
06/30/2036					60,845.26
08/01/2036			3,341.85	3,341.85	
02/01/2037	54,161	1.870%	3,341.85	57,502.85	
06/30/2037					60,844.70
08/01/2037			2,835.44	2,835.44	
02/01/2038	55,175	1.900%	2,835.44	58,010.44	
06/30/2038					60,845.88
08/01/2038			2,311.28	2,311.28	
02/01/2039	56,223	1.930%	2,311.28	58,534.28	
06/30/2039					60,845.56
08/01/2039			1,768.73	1,768.73	
02/01/2040	57,307	1.970%	1,768.73	59,075.73	
06/30/2040					60,844.46
08/01/2040			1,204.26	1,204.26	
02/01/2041	58,436	2.010%	1,204.26	59,640.26	
06/30/2041					60,844.52
08/01/2041			616.97	616.97	
02/01/2042	59,611	2.070%	616.97	60,227.97	
06/30/2042					60,844.94
	1,015,152		201,750.04	1,216,902.04	1,216,902.04

BOND DEBT SERVICE

Grayson County Middle School
District Portion

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2022			18,470.15	18,470.15	
02/01/2023	383	0.630%	18,470.15	18,853.15	
06/30/2023					37,323.30
08/01/2023			18,468.94	18,468.94	
02/01/2024	102	0.760%	18,468.94	18,570.94	
06/30/2024					37,039.88
08/01/2024			18,468.56	18,468.56	
02/01/2025	4,760	0.930%	18,468.56	23,228.56	
06/30/2025					41,697.12
08/01/2025			18,446.42	18,446.42	
02/01/2026	4,340	1.080%	18,446.42	22,786.42	
06/30/2026					41,232.84
08/01/2026			18,422.99	18,422.99	
02/01/2027	3,846	1.220%	18,422.99	22,268.99	
06/30/2027					40,691.98
08/01/2027			18,399.53	18,399.53	
02/01/2028	3,284	1.340%	18,399.53	21,683.53	
06/30/2028					40,083.06
08/01/2028			18,377.52	18,377.52	
02/01/2029	2,657	1.460%	18,377.52	21,034.52	
06/30/2029					39,412.04
08/01/2029			18,358.13	18,358.13	
02/01/2030	1,966	1.580%	18,358.13	20,324.13	
06/30/2030					38,682.26
08/01/2030			18,342.60	18,342.60	
02/01/2031	1,207	1.650%	18,342.60	19,549.60	
06/30/2031					37,892.20
08/01/2031			18,332.64	18,332.64	
02/01/2032	402	1.700%	18,332.64	18,734.64	
06/30/2032					37,067.28
08/01/2032			18,329.22	18,329.22	
02/01/2033	4,559	1.750%	18,329.22	22,888.22	
06/30/2033					41,217.44
08/01/2033			18,289.33	18,289.33	
02/01/2034	3,676	1.780%	18,289.33	21,965.33	
06/30/2034					40,254.66
08/01/2034			18,256.61	18,256.61	
02/01/2035	2,762	1.810%	18,256.61	21,018.61	
06/30/2035					39,275.22
08/01/2035			18,231.62	18,231.62	
02/01/2036	181,817	1.840%	18,231.62	200,048.62	
06/30/2036					218,280.24
08/01/2036			16,558.90	16,558.90	
02/01/2037	190,839	1.870%	16,558.90	207,397.90	
06/30/2037					223,956.80
08/01/2037			14,774.56	14,774.56	
02/01/2038	184,825	1.900%	14,774.56	199,599.56	
06/30/2038					214,374.12
08/01/2038			13,018.72	13,018.72	
02/01/2039	193,777	1.930%	13,018.72	206,795.72	
06/30/2039					219,814.44
08/01/2039			11,148.77	11,148.77	
02/01/2040	342,693	1.970%	11,148.77	353,841.77	
06/30/2040					364,990.54
08/01/2040			7,773.24	7,773.24	
02/01/2041	376,564	2.010%	7,773.24	384,337.24	
06/30/2041					392,110.48
08/01/2041			3,988.78	3,988.78	
02/01/2042	385,389	2.070%	3,988.78	389,377.78	
06/30/2042					393,366.56
	1,889,848		648,914.46	2,538,762.46	2,538,762.46

BOND SUMMARY STATISTICS

Grayson County Middle School
 BG-1 Numbers
 2020-21 Final SEEK Calculations

Bondable Revenue of \$1,981,572.90 and SFCC Offers of \$60,846

Dated Date	02/01/2022
Delivery Date	02/01/2022
Last Maturity	02/01/2042
Arbitrage Yield	1.922284%
True Interest Cost (TIC)	2.078429%
Net Interest Cost (NIC)	2.059056%
All-In TIC	2.181669%
Average Coupon	1.927415%
Average Life (years)	15.193
Duration of Issue (years)	13.040
Par Amount	2,905,000.00
Bond Proceeds	2,905,000.00
Total Interest	850,664.50
Net Interest	908,764.50
Total Debt Service	3,755,664.50
Maximum Annual Debt Service	454,211.50
Average Annual Debt Service	187,783.23
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	20.000000
Total Underwriter's Discount	20.000000
Bid Price	98.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	2,905,000.00	100.000	1.927%	15.193	3,759.55
	2,905,000.00			15.193	3,759.55

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,905,000.00	2,905,000.00	2,905,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-58,100.00	-58,100.00	
- Cost of Issuance Expense		-37,620.00	
- Other Amounts			
Target Value	2,846,900.00	2,809,280.00	2,905,000.00
Target Date	02/01/2022	02/01/2022	02/01/2022
Yield	2.078429%	2.181669%	1.922284%

BOND PRICING

Grayson County Middle School
 BG-1 Numbers
 2020-21 Final SEEK Calculations
 Bondable Revenue of \$1,981,572.90 and SFCC Offers of \$60,846

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	02/01/2023	45,000	0.630%	0.630%	100.000
	02/01/2024	45,000	0.760%	0.760%	100.000
	02/01/2025	50,000	0.930%	0.930%	100.000
	02/01/2026	50,000	1.080%	1.080%	100.000
	02/01/2027	50,000	1.220%	1.220%	100.000
	02/01/2028	50,000	1.340%	1.340%	100.000
	02/01/2029	50,000	1.460%	1.460%	100.000
	02/01/2030	50,000	1.580%	1.580%	100.000
	02/01/2031	50,000	1.650%	1.650%	100.000
	02/01/2032	50,000	1.700%	1.700%	100.000
	02/01/2033	55,000	1.750%	1.750%	100.000
	02/01/2034	55,000	1.780%	1.780%	100.000
	02/01/2035	55,000	1.810%	1.810%	100.000
	02/01/2036	235,000	1.840%	1.840%	100.000
	02/01/2037	245,000	1.870%	1.870%	100.000
	02/01/2038	240,000	1.900%	1.900%	100.000
	02/01/2039	250,000	1.930%	1.930%	100.000
	02/01/2040	400,000	1.970%	1.970%	100.000
	02/01/2041	435,000	2.010%	2.010%	100.000
	02/01/2042	445,000	2.070%	2.070%	100.000
		2,905,000			

Dated Date	02/01/2022	
Delivery Date	02/01/2022	
First Coupon	08/01/2022	
Par Amount	2,905,000.00	
Original Issue Discount		
Production	2,905,000.00	100.000000%
Underwriter's Discount	-58,100.00	-2.000000%
Purchase Price	2,846,900.00	98.000000%
Accrued Interest		
Net Proceeds	2,846,900.00	

BOND SOLUTION

Grayson County Middle School
SFCC Component

Period Ending	Proposed Principal	Proposed Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
06/30/2022						
06/30/2023	44,617	60,845	60,845	60,845	1	100.00108%
06/30/2024	44,898	60,845	60,845	60,845	0	100.00079%
06/30/2025	45,240	60,845	60,845	60,846	1	100.00085%
06/30/2026	45,660	60,845	60,845	60,846	1	100.00148%
06/30/2027	46,154	60,846	60,846	60,846	0	100.00033%
06/30/2028	46,716	60,844	60,844	60,845	1	100.00105%
06/30/2029	47,343	60,845	60,845	60,846	0	100.00016%
06/30/2030	48,034	60,845	60,845	60,845	0	100.00007%
06/30/2031	48,793	60,845	60,845	60,845	0	100.00023%
06/30/2032	49,598	60,845	60,845	60,846	0	100.00061%
06/30/2033	50,441	60,845	60,845	60,846	1	100.00140%
06/30/2034	51,324	60,845	60,845	60,846	0	100.00039%
06/30/2035	52,238	60,846	60,846	60,846	0	100.00012%
06/30/2036	53,183	60,845	60,845	60,845	0	100.00035%
06/30/2037	54,161	60,845	60,845	60,845	1	100.00100%
06/30/2038	55,175	60,846	60,846	60,846	0	100.00018%
06/30/2039	56,223	60,846	60,846	60,846	0	100.00067%
06/30/2040	57,307	60,844	60,844	60,845	1	100.00156%
06/30/2041	58,436	60,845	60,845	60,845	1	100.00105%
06/30/2042	59,611	60,845	60,845	60,845	0	100.00079%
	1,015,152	1,216,902	1,216,902	1,216,911	9	

BOND SOLUTION

Grayson County Middle School
District Portion

Period Ending	Proposed Principal	Proposed Debt Service	Existing Debt Service	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
06/30/2022			1,775,988	1,775,988	1,981,573	205,585	111.57584%
06/30/2023	383	37,323	1,772,713	1,810,036	1,981,573	171,537	109.47699%
06/30/2024	102	37,040	1,777,163	1,814,203	1,981,573	167,370	109.22555%
06/30/2025	4,760	41,697	1,773,361	1,815,058	1,981,573	166,514	109.17405%
06/30/2026	4,340	41,233	1,760,006	1,801,239	1,981,573	180,334	110.01166%
06/30/2027	3,846	40,692	1,756,583	1,797,275	1,981,573	184,298	110.25430%
06/30/2028	3,284	40,083	1,759,672	1,799,755	1,981,573	181,818	110.10237%
06/30/2029	2,657	39,412	1,760,587	1,799,999	1,981,573	181,574	110.08742%
06/30/2030	1,966	38,682	1,777,927	1,816,609	1,981,573	164,964	109.08087%
06/30/2031	1,207	37,892	637,958	675,850	1,981,573	1,305,723	293.19717%
06/30/2032	402	37,067	638,175	675,242	1,981,573	1,306,331	293.46101%
06/30/2033	4,559	41,217	637,542	678,760	1,981,573	1,302,813	291.94033%
06/30/2034	3,676	40,255	634,308	674,562	1,981,573	1,307,011	293.75687%
06/30/2035	2,762	39,275	634,066	673,341	1,981,573	1,308,232	294.28964%
06/30/2036	181,817	218,280	174,400	392,681	1,981,573	1,588,892	504.62717%
06/30/2037	190,839	223,957	172,406	396,363	1,981,573	1,585,210	499.93896%
06/30/2038	184,825	214,374	179,908	394,282	1,981,573	1,587,291	502.57806%
06/30/2039	193,777	219,814	174,100	393,914	1,981,573	1,587,659	503.04658%
06/30/2040	342,693	364,991	30,855	395,846	1,981,573	1,585,727	500.59245%
06/30/2041	376,564	392,110		392,110	1,981,573	1,589,462	505.36086%
06/30/2042	385,389	393,367		393,367	1,981,573	1,588,206	503.74717%
	1,889,848	2,538,762	19,827,717	22,366,479	41,613,031	19,246,552	



September 13, 2021

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

RE: \$5,485,000 Monroe County School District Finance Corporation
School Building Revenue Bonds, Series of 2021

Dear Ms. Couch:

Please find enclosed a Bond Payee Disclosure Form and Plan of Financing related to the above-referenced series of Bonds. The Bonds will be used to finance HVAC improvements at Monroe County High School. This issue was previously submitted using 100% local funds, but the scope of the project and funding source have changed.

We would like to go ahead and submit the plan to Bond Oversight so that we will be ready to proceed with the bond sale in the coming months. The Bonds will be funded with 7.02% SFCC funds.

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

Sincerely,

A handwritten signature in blue ink that reads 'Dwight G. Salsbury'.

Dwight G. Salsbury

325 West Main Street
Suite 300
Lexington, KY
40507

859/977-6600
fax: 859/381-1357
www.rsamuni.com

Enclosures

Monroe County School District
Plan of Financing --Projected Series 2021

Date of Report: 9/13/2021

Local Bond Payments Outstanding	1
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Monroe County School District -- Local Bond Debt

Fiscal Year End	Series 2010-REF	Series 2012-REF	Series 2012B-REF	Series 2013-REF	Series 2014-KISTA*	Series 2016-REF	100% SFCC Series 2018	Series 2020	Total Local Payments
2021	\$298,652	\$122,272	\$366,179	\$419,876	\$10,157	\$77,108		\$42,862	\$1,337,106
2022		\$133,400	\$675,317	\$425,044	\$10,157	\$76,007		\$31,604	\$1,351,529
2023		\$129,135	\$672,317	\$424,544	\$10,157	\$74,905		\$35,856	\$1,346,914
2024		\$118,280	\$689,117	\$423,439	\$10,157	\$68,865		\$41,006	\$1,350,864
2025			\$516,363	\$728,876		\$67,858		\$40,026	\$1,353,122
2026				\$943,766		\$37,157		\$90,045	\$1,070,968
2027						\$576,307		\$88,034	\$664,341
2028						\$569,958		\$92,025	\$661,983
2029						\$557,334		\$94,795	\$652,130
2030								\$128,465	\$128,465
2031								\$126,400	\$126,400
2032								\$123,300	\$123,300
2033								\$126,199	\$126,199
2034								\$123,340	\$123,340
2035								\$125,445	\$125,445
2036								\$116,390	\$116,390
2037								\$123,460	\$123,460
2038								\$119,748	\$119,748
2039								\$1,646	\$1,646
2040								\$674	\$674
	298,652	503,087	2,919,293	3,365,544	40,627	2,105,499	0	1,671,321	10,904,024

<u>Issue</u>	<u>Original Amount</u>	<u>Project Description</u>
2010-REF Series	\$3,155,000	Refinanced Series 2001 Bonds (addition to MCHS to be used as Vocational School)
2012-REF Series	\$2,475,000	Refinanced Prior Series 1998 and 2003 (a new cafeteria & renovations to Tompkinsville ES)
2012B-REF Series	\$4,885,000	Refinanced Prior Series 2004 (Renovations and Additions to Gamaliel ES)
2013-REF Series	\$4,805,000	Refinanced Prior Series 2005 & 2005B (Renovations to Monroe HS, MS, Gamaliel ES & Joe Harrison Carter ES)
2014-KISTA Series	\$86,851	HVAC system repair/replacement at Tompkinsville Elementary
2016-REF Series	\$2,225,000	Refinanced Prior Series 2005 (Renovations to Tompkinsville ES)
2018 Series	\$360,000	Renovations to HS, MS, Tompkinsville ES and Joe Harrison Carter ES
2020 Series	\$1,600,000	Renovations to Tompkinsville ES, Falcon Academy & Central Office

MONROE COUNTY SCHOOL DISTRICT SUMMARY OF FUNDS AVAILABLE

FYE	LOCAL NICKEL	ADDT'L NICKEL	CAPITAL OUTLAY @ 80%	FSPK	ADDT'L FSPK*	TOTAL LOCAL FUNDS	LESS CURRENT PAYMENTS	LOCAL FUNDS AVAILABLE	2018 SFCC OFFER	TOTAL FUNDS AVAILABLE
2021	402,385	402,385	131,966	353,123	353,123	1,642,982	(1,337,106)	305,877	0	305,877
2022	402,385	402,385	131,966	353,123	353,123	1,642,982	(1,351,529)	291,453	5,701	297,155
2023	402,385	402,385	131,966	353,123	353,123	1,642,982	(1,346,914)	296,068	22,805	318,873
2024	402,385	402,385	131,966	353,123	353,123	1,642,982	(1,350,864)	292,119	22,805	314,924
2025	402,385	402,385	131,966	353,123	353,123	1,642,982	(1,353,122)	289,860	22,805	312,665
2026	402,385	402,385	131,966	353,123	353,123	1,642,982	(1,070,968)	572,015	22,805	594,820
2027	402,385	402,385	131,966	353,123	353,123	1,642,982	(664,341)	978,641	22,805	1,001,446
2028	402,385	402,385	131,966	353,123	353,123	1,642,982	(661,983)	980,999	22,805	1,003,804
2029	402,385	402,385	131,966	353,123	353,123	1,642,982	(652,130)	990,853	22,805	1,013,658
2030	402,385	402,385	131,966	353,123	353,123	1,642,982	(128,465)	1,514,517	22,805	1,537,322
2031	402,385	402,385	131,966	353,123	353,123	1,642,982	(126,400)	1,516,582	22,805	1,539,387
2032	402,385	402,385	131,966	353,123	353,123	1,642,982	(123,300)	1,519,682	22,805	1,542,487
2033	402,385	402,385	131,966	353,123	353,123	1,642,982	(126,199)	1,516,783	22,805	1,539,588
2034	402,385	402,385	131,966	353,123	353,123	1,642,982	(123,340)	1,519,642	22,805	1,542,447
2035	402,385	402,385	131,966	353,123	353,123	1,642,982	(125,445)	1,517,538	22,805	1,540,343
2036	402,385	402,385	131,966	353,123	353,123	1,642,982	(116,390)	1,526,592	22,805	1,549,397
2037	402,385	402,385	131,966	353,123	353,123	1,642,982	(123,460)	1,519,523	22,805	1,542,328
2038	402,385	402,385	131,966	353,123	353,123	1,642,982	(119,748)	1,523,234	22,805	1,546,039
2039	402,385	402,385	131,966	353,123	353,123	1,642,982	(1,646)	1,641,337	22,805	1,664,142
2040	402,385	402,385	131,966	353,123	353,123	1,642,982	(674)	1,642,308	22,805	1,665,113
2041	402,385	402,385	131,966	353,123	353,123	1,642,982	0	1,642,982	22,805	1,665,787
2042	402,385	402,385	131,966	353,123	353,123	1,642,982	0	1,642,982	17,104	1,660,086

NOTES: Figures based on 2021-2022 KDE SEEK Forecast

MONROE COUNTY SCHOOL DISTRICT PROJECTED SERIES 2021

FY June 30	Principal Payment	Coupon	Interest Payments	Total Payments	SFCC Portion	Local Portion	Current Payments	Projected All Local Payments Outstanding	Local Funds Available	Funds Available For Future Projects
2022	-	1.000%	\$16,573	\$16,573	5,701	\$10,871	(\$1,337,106)	\$1,347,977	\$1,642,982	\$295,005
2023	\$230,000	1.000%	\$77,352	\$307,352	22,805	\$284,547	(\$1,351,529)	\$1,636,076	\$1,642,982	\$6,906
2024	\$240,000	1.000%	\$75,002	\$315,002	22,805	\$292,197	(\$1,346,914)	\$1,639,111	\$1,642,982	\$3,871
2025	\$240,000	1.000%	\$72,602	\$312,602	22,805	\$289,797	(\$1,350,864)	\$1,640,661	\$1,642,982	\$2,322
2026	\$240,000	1.000%	\$70,202	\$310,202	22,805	\$287,397	(\$1,353,122)	\$1,640,519	\$1,642,982	\$2,463
2027	\$260,000	1.000%	\$67,702	\$327,702	22,805	\$304,897	(\$1,070,968)	\$1,375,865	\$1,642,982	\$267,118
2028	\$260,000	1.000%	\$65,102	\$325,102	22,805	\$302,297	(\$664,341)	\$966,638	\$1,642,982	\$676,344
2029	\$265,000	1.000%	\$62,477	\$327,477	22,805	\$304,672	(\$661,983)	\$966,655	\$1,642,982	\$676,327
2030	\$265,000	1.130%	\$59,655	\$324,655	22,805	\$301,850	(\$652,130)	\$953,979	\$1,642,982	\$689,003
2031	\$270,000	1.250%	\$56,470	\$326,470	22,805	\$303,665	(\$128,465)	\$432,130	\$1,642,982	\$1,210,852
2032	\$275,000	1.250%	\$53,064	\$328,064	22,805	\$305,259	(\$126,400)	\$431,659	\$1,642,982	\$1,211,323
2033	\$275,000	1.380%	\$49,448	\$324,448	22,805	\$301,643	(\$123,300)	\$424,943	\$1,642,982	\$1,218,040
2034	\$280,000	1.500%	\$45,450	\$325,450	22,805	\$302,645	(\$126,199)	\$428,844	\$1,642,982	\$1,214,138
2035	\$290,000	1.500%	\$41,175	\$331,175	22,805	\$308,370	(\$123,340)	\$431,710	\$1,642,982	\$1,211,272
2036	\$290,000	1.500%	\$36,825	\$326,825	22,805	\$304,020	(\$125,445)	\$429,465	\$1,642,982	\$1,213,518
2037	\$290,000	1.500%	\$32,475	\$322,475	22,805	\$299,670	(\$116,390)	\$416,060	\$1,642,982	\$1,226,922
2038	\$290,000	2.000%	\$27,400	\$317,400	22,805	\$294,595	(\$123,460)	\$418,055	\$1,642,982	\$1,224,928
2039	\$295,000	2.000%	\$21,550	\$316,550	22,805	\$293,745	(\$119,748)	\$413,493	\$1,642,982	\$1,229,489
2040	\$305,000	2.000%	\$15,550	\$320,550	22,805	\$297,745	(\$1,646)	\$299,391	\$1,642,982	\$1,343,592
2041	\$310,000	2.000%	\$9,400	\$319,400	22,805	\$296,595	(\$674)	\$297,269	\$1,642,982	\$1,345,713
2042	\$315,000	2.000%	\$3,150	\$318,150	17,104	\$301,046	\$0	\$301,046	\$1,642,982	\$1,341,936
Totals	5,485,000		958,623	6,443,623	456,100	5,987,523	(\$10,904,024)	16,891,547	34,502,629	17,611,082

Note: Information based on an issue dated 11/15/21

Municipal Advisor Disclosure of Conflicts of Interest and Other Information

RSA Advisors, LLC (“RSA Advisors”)

Introduction

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

RSA Advisors employs a number of resources to identify and subsequently manage actual or potential conflicts of interest. These resources include the implementation of policies and procedures and a supervisory structure.

General Conflict of Interest Disclosures

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

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

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

Other Municipal Advisory Relationship: RSA Advisors serves a wide variety of clients that may potentially have interests that could have a direct or indirect impact on the interests of the client. RSA Advisors could potentially face a conflict of interest arising from these competing client interests. None of these other relationships or engagements would impair RSA Advisors' ability to fulfill its regulatory duties to the client.

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