



REVISED
Board Meeting Booklet
for
March 1, 2012

Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601-3646
502-573-0260
502-573-0157 fax
<http://kia.ky.gov>



AGENDA

KENTUCKY INFRASTRUCTURE AUTHORITY
FULL BOARD MEETING
1024 CAPITAL CENTER DRIVE, SUITE 340
March 1, 2012 – 1:00 p.m.

Call to Order:

Chair Tony Wilder

- Confirmation of Press Notice
- Confirmation of Quorum
- Recognition of Members/Guests

I. BUSINESS (*Board Action Required*)

A. Minutes

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| 1. Consideration of Approval of the Minutes of the Kentucky Infrastructure Authority Regular Board Meeting of February 2, 2012 (Attachment I.A.1.) | Chair Tony Wilder | 11 |
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B. New Projects/Action Items

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| 1. Resolution and Order of the Board of Directors for Approval of a Fund A loan (A12-11) in the amount of \$4,500,000 to the City of Ashland, Boyd County, Kentucky (SX21019073) (Attachment I.B.1.) | Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA | 23 |
| 2. Resolution and Order of the Board of Directors for Approval of a Fund A loan (A12-12) in the amount of \$46,000,000 to the City of Murray, Calloway County, Kentucky (SX21035001) (Attachment I.B.2.) | Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA | 37 |
| 3. Resolution and Order of the Board of Directors Authorizing an Amendment to the Fund A loan (A2 09-35) increasing the amount to \$433,178 to the Grant County Sanitary Sewer District, Grant County, Kentucky , Funded in Whole or in Part by the American Recovery and Reinvestment Act of 2009 (SX21081303) (Attachment I.B.3.) | Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA | 53 |
| 4. Resolution and Order of the Board of Directors for Approval of a Fund A loan (A12-13) in the amount of \$913,300 to the Grant County Sanitary Sewer District, Grant County, Kentucky (SX21081305) (Attachment I.B.4.) | Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA | 65 |
| 5. Resolution and Order of the Board of Directors for Authorizing an Amendment to the Fund A loan (A10-13) increasing the amount to \$5,790,500 to the Regional Water Resource Agency, Daviess County, Kentucky (SX21059034, SX21059040) (Attachment I.B.5.) | Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA | 79 |

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| <p>6. Resolution and Order of the Board of Directors for Approval of a Fund A loan (A12-14) in the amount of \$357,335 to the Regional Water Resource Agency, Daviess County, Kentucky (SX21059025) <i>(Attachment I.B.6.)</i></p> | <p>Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA</p> | <p>93</p> |
| <p>7. Resolution and Order of the Board of Directors for Approval of a Fund A loan (A12-15) in the amount of \$1,586,875 to the Regional Water Resource Agency, Daviess County, Kentucky (SX21059042) <i>(Attachment I.B.7.)</i></p> | <p>Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA</p> | <p>109</p> |
| <p>8. Resolution and Order of the Board of Directors for Approval of a Fund A loan (A12-16) in the amount of \$1,930,000 to the Lexington-Fayette Urban County Government, Fayette County, Kentucky (SX21067007) <i>(Attachment I.B.8.)</i></p> | <p>Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA</p> | <p>125</p> |
| <p>9. Resolution and Order of the Board of Directors for Approval of a Fund F loan (F12-03) in the amount of \$1,875,000 to the City of Campbellsville, Taylor County, Kentucky (WX21217003) <i>(Attachment I.B.9.)</i></p> | <p>Mr. Shafiq Amawi, DOW Ms. Kasi White, KIA</p> | <p>139</p> |
| <p>10. Resolution and Order of the Board of Directors for Approval of a Fund F loan (F12-05) in the amount of \$922,850 to the City of Centertown, Ohio County, Kentucky (WX21183030, WX21183031) <i>(Attachment I.B.10.)</i></p> | <p>Mr. Shafiq Amawi, DOW Ms. Sandy Williams, KIA</p> | <p>153</p> |
| <p>11. Resolution and Order of the Board of Directors for Approval of a Fund F loan (F12-06) in the amount of \$3,000,000 to the City of Sturgis, Union County, Kentucky (WX21225034) <i>(Attachment I.B.11.)</i></p> | <p>Mr. Shafiq Amawi, DOW Ms. Kasi White, KIA</p> | <p>167</p> |
| <p>12. Resolution and Order of the Board of Directors for Approval of a Fund B loan (B12-01) in the amount of \$505,000 to the City of Olive Hill, Carter County, Kentucky (WX21043022) <i>(Attachment I.B.12.)</i></p> | <p>Ms. Sandy Williams, KIA</p> | <p>181</p> |
| <p>13. Resolution and Order of the Board of Directors for Approval of a Fund B loan (B12-02) in the amount of \$220,000 to the City of Lewisburg, Logan County, Kentucky (WX21141020) <i>(Attachment I.B.13.)</i></p> | <p>Ms. Kasi White, KIA</p> | <p>193</p> |
| <p>14. Resolution and Order of the Board of Directors Authorizing and Approving the Issuance of Obligations of the Kentucky Infrastructure Authority to Reimburse Capital Expenditures made by Governmental Agencies Pursuant to Loans made by the Kentucky Infrastructure Authority to such Governmental Agencies <i>(Attachment I.B.14.)</i></p> | <p>Ms. Sandy Williams, KIA</p> | <p>205</p> |

II. EXECUTIVE DIRECTOR’S REPORT

Mr. John Covington, KIA

III. STATUS REPORTS FOR FUNDS A, A2, B, B1, C, F, F2

Mr. John Covington, KIA 209

IV. ANNOUNCEMENTS/NOTIFICATIONS

Mr. John Covington, KIA

Next KIA Board Meeting:

Tentatively set for Thursday, April 12, 2012

Kentucky Infrastructure Authority

1024 Capital Center Drive, Suite 340, Frankfort

V. ADJOURN

Chair Tony Wilder

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I.A.1.

**KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board**

**Meeting Date/Location: February 2, 2012 – 1:00 p.m.
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340, Frankfort**

Members present:

Ms. Stacia Peyton, Department for Local Government
(Proxy for Commissioner Tony Wilder, DLG)
Mr. Hank List, Energy and Environment Cabinet
(permanent proxy for Secretary Leonard K. Peters, EEC)
Mr. Jamie Link, Finance and Administration Cabinet
(permanent proxy for Secretary Lori H. Flanery, FAC)
Mr. Joe Kelly, Economic Development Cabinet
(proxy for Secretary Larry Hayes, EDC)
Mr. Jerry Wuetcher, Public Service Commission
(permanent proxy for Executive Director Jeff Derouen, PSC)
Mr. C. Ronald Lovan, representing the American Water Works Association
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Thomas P. Calkins, representing the Kentucky Municipal Utilities Association
Mr. Damon Talley, representing the Kentucky Rural Water Association
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky
Association of Counties

Guests:

Mr. Shafiq Amawi, Division of Water
Ms. Jennifer Kantner, Officer of Financial Management
Ms. Ashley Adams, Sanitation District No. 1
Mr. Michael Flynn, Winchester Municipal Utilities
Mr. Ron Schmitt, Jr., Sanitation District No. 1
Mr. John Hodges, Paducah McCracken Joint Sewer Agency
Ms. Amy Niehoff, Paducah McCracken Joint Sewer Agency
Mr. Terry Lawless, City of Jamestown
Mr. Ottis Skaggs, City of Jamestown
Ms. Laura Gilkerson, GRW Engineers, Inc.
Mr. Phil Meador, Kenvirons, Inc.
Mr. Brent Shelton, MuniNet Fiber Agency
Ms. Annette Dupont-Ewing, Kentucky Municipal Utilities Association
Mr. Chris Brewer, Barbourville Utility Commission
Ms. Madison Weakley, Legislative Research Commission
Mr. Greg Stacey, Sanitation District No. 1
Mr. Dennis Golem, Wells Fargo

PROCEEDINGS

Vice Chair Damon Talley called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Vice Chair Talley asked board members and guests to introduce themselves. He noted that a quorum was present and that the press had been notified regarding the meeting.

Mr. Rusty Anderson, KIA, made maps available for viewing via the Water Resource Information System (WRIS) which showed an overview of the water and sewer projects that were to be considered at this board meeting.

Mr. John Covington, KIA, introduced Adam Scott, a new employee with KIA. Mr. Scott will be working with the WRIS program and will act as liaison between KIA and the Area Development Districts and other state agencies that use WRIS. He will obtain input and information from users across the state and the area development districts to improve the WRIS portal and database. Mr. Scott has experience as a water planner from the Purchase Area Development District.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of January 5, 2012

Mr. Joe Kelly moved to approve the minutes of the January 5, 2012 regular board meeting. Mr. Hank List seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

- 1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-02) IN THE AMOUNT OF \$851,857 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL AND KENTON COUNTIES, KENTUCKY**

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-03) IN THE AMOUNT OF \$959,000 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL AND KENTON COUNTIES, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented both projects to the Board.

The Sanitation District No. 1 requested a Fund A Loan in the amount of \$851,857 for the Wolpert Pump Station Rehabilitation and Force Main project. This project is located in Cold Spring in Campbell County on the west side of Alexandria Pike (US 27) near the Springside neighborhood. The existing force main has experienced multiple failures due to cycle and fatigue resulting in sanitary sewer

overflows into adjacent streams. The project includes the construction of approximately 42,000 linear feet (LF) of eight-inch ductile iron force main to replace an existing six inch plastic line. It also includes the installation of 300 LF of eight inch PVC gravity sewer to realign the existing gravity sewer to follow the proposed force main alignment and allow for easier maintenance operations. Modifications will be completed at the existing Wolpert Pump Station to increase the impeller size, provide a connection for a future surge tank, and alleviate existing slope stability issues. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with a 2% interest rate and an estimated annual debt service payment of \$53,591. Both KIA and DOW staff recommended approval of the loan with the standard conditions. Mr. Hank List noted on page 26 of the board book that the MHI for the Commonwealth is stated as \$45,916. Ms. Williams confirmed that was an error and the MHI will be corrected to read \$41,197.

The Sanitation District No. 1 also requested a Fund A loan in the amount of \$959,000 for the Wilder Force Main Improvements project. This project involves the replacement of a portion of the Wilder Pump Station force main (12 inch ductile iron) and surge pressure improvements. The existing force main has experienced multiple failures due to the age and type of pipe (cement lined ductile iron) and cycle fatigue caused by surge pressures. The construction of this project will replace the most problematic section of the existing force main. This project did not qualify for Green Project Reserve funding and did not qualify for additional subsidization. The term of the loan is 20 years with a 2% interest rate and an estimated annual debt service payment of \$53,591. KIA and DOW staff recommended approval of the loan with the standard conditions.

Mayor David Cartmell moved to approve both Fund A Loans, A12-02 and A12-03, with the standard conditions. Mr. Tom Calkins seconded, and the motion carried unanimously.

2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-04) IN THE AMOUNT OF \$2,500,000 TO THE CITY OF JAMESTOWN, RUSSELL COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Jamestown requested a Fund A Loan in the amount of \$2,500,000 for the Jamestown WWTP Improvements project. The project involves upgrades to the Jamestown WWTP. Phase I will rehabilitate headworks, aeration basins, disinfection systems, ras/was pumping system, yard plumbing and appurtenances, and sludge dewatering equipment and facilities to improve the performance of the plant. Phase II will upgrade and rehabilitate the final clarifiers, sludge thickening and holding basins, decolorization basins aeration and mixing system, electrical and power systems, and miscellaneous improvements to the laboratory and plant office. The proposed improvements will facilitate ongoing compliance with DOW permit requirements by improving the quality of the discharged effluent. The project did not qualify for Green Project Reserve funding. The project did qualify for \$750,000 in additional subsidization under the 2011 Capitalization Grant Equivalencies. The unforgiven

balance of the loan is \$1,750,000 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$100,259. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Mr. Hank List moved to approve the Fund A (A12-04) resolution with the standard conditions. Ms. Linda Bridwell seconded, and the motion carried unanimously.

3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-05) IN THE AMOUNT OF \$1,000,000 TO THE CITY OF WINCHESTER f/b/o WINCHESTER MUNICIPAL UTILITIES, CLARK COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Winchester f/b/o Winchester Municipal Utilities (WMU) requested a Fund A loan in the amount of \$1,000,000 for the Bel-Air Sanitary Sewer Improvements project. This project involves the construction of an interceptor to eliminate the Bel-Air and Westside pump stations and the overflows associated with each. The project is being initiated to address environmental concerns in the Strodes Creek Sewer Shed located in the northern portion of WMU's service area. It will also address one of the issues identified in the Consent Decree. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$62,911. Both DOW and KIA Staff recommended approval of the loan with the standard conditions.

Mr. Tom Calkins moved to approve the Fund A (A12-05) resolution with the standard conditions. Mr. Hank List seconded, and the motion carried unanimously.

4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-07) IN THE AMOUNT OF \$706,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Harrodsburg requested a Fund A loan in the amount of \$706,000 for the Western Regional Pump Station Upgrade and New Wausau Force Main and Pump Station Upgrade. The project involves upgrades to the Western Regional Pump Station including two new pumps, new valves and piping, new control panel and electrical components and the installation of site fencing. Additionally, approximately 1600 LF of new force main from the expanded Wausau Paper Company's process water station will be installed, replacement of pumps and upgrades to the City's sanitary pump station. Flows from the County Sanitation District have caused the Western Regional pump station to operate at capacity. Wet weather flows are greater than expected and

an additional pump needs to be added to accommodate these flows to prevent possible overflows. The paper plant is also expanding and requires updated infrastructure to handle the increased sewage flows and the process waste water. The new force main will discharge process water directly to the wastewater treatment plant resulting in improved conditions and increased capacity in the collection system. The project did not qualify for Green Project Reserve funding, but the project did qualify for \$70,600 in additional subsidization. The unforgiven balance of the loan is \$635,400 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$36,403. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The City shall provide a copy of the commitment of \$451,000 in Private Industry Contributions toward the project prior disbursement of any construction funds. If this commitment is not made available, the city may provide a commitment of alternative funds in lieu of the Private Industry.

Ms. Linda Bridwell moved to approve the Fund A (A12-07) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously.

5. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-08) IN THE AMOUNT OF \$8,000,000 TO THE PADUCAH MCCRACKEN JOINT SEWER AGENCY, MCCRACKEN COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The Paducah McCracken Joint Sewer Agency requested a Fund A loan in the amount of \$8,000,000 for the I/I, Management and Conveyance project. The project involves 1) I/I reductions, 2) replacement of pump stations, and 3) separation of combined sewers. The project will reduce I/I within the collection system, improve capacity and performance and reduce the amounts and frequencies of sanitary sewer overflows and combined sewer overflows. All of the project components are within the scope of either the Long Term Control Plan or Sanitary Sewer Overflow Plan submitted to the Kentucky Division of Water and will aid on compliance with a Consent Judgment that was entered into with the Kentucky Environmental and Public Protection Cabinet in 2007. The project did not qualify for Green Project Reserve Funding and it did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$503,290. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund A (A12-08) resolution with the standard conditions. Mr. Hank List seconded, and the motion carried unanimously.

6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED

WASTEWATER REVOLVING FUND LOAN (A12-09) IN THE AMOUNT OF \$5,651,270 TO THE CITY OF BARBOURVILLE, KNOX COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Barbourville f/b/o Barbourville Utility Commission requested a Fund A loan in the amount of \$5,651,270 for the Wastewater Treatment Plant Upgrade – Phase I. The project involves the expansion of the wastewater treatment plant from 1.0 million gallon per day (MGD) capacity to 1.5 MGD. The upgrade will involve the addition of diffused aeration and baffles inside the existing lagoon system. In addition, the following will be added or replaced: (1) blower and diffused air control system, (2) tertiary nitrification basin with integrated fixed film media, (3) secondary clarifier and flow splitter box, (4) standby generator set, (5) sludge pump station, (6) plant drainage pump station, (7) internal recycle pumps, (8) UV disinfections system (in place of chlorine), (9) post aeration basin, (10) effluent flume and flow meter, (11) emergency effluent pumps, (12) lime silo and feed pumps, (13) chemical feed system (alum and nitrifying bacteria feed) and (14) miscellaneous other improvements to the existing infrastructure and support facilities. The plant is currently operating at 90% capacity during average flows. The project did not qualify for Green Project Reserve Funding. The project did qualify for additional subsidization in the amount of the lesser of (1) 30% or (2) \$1.2 million (maximum for any CWSRF project). The unforgiven balance of the loan is \$4,451,270 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$255,018. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The Commission shall pass the necessary resolution and/or ordinance no later than April 1, 2012, to increase rates to such levels to provide additional annual revenues per the following schedule: \$105,000 by Fiscal Year End 2012 (approximately 60% increase); \$470,000 by Fiscal Year End 2013 (approximately 15% increase – this includes carry over from 2012 increase); \$253,000 by Fiscal Year End 2014 (approximately 15% increase); and \$230,519 by Fiscal Year End 2015 (approximately 15% increase).

Mr. Tom Calkins moved to approve the Fund A (A12-09) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Ms. Linda Bridwell seconded, and the motion carried unanimously.

7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING THE ISSUANCE OF A CONDITIONAL COMMITMENT FOR A GOVERNMENTAL AGENCIES PROGRAM LOAN (C11-02) OF \$3,173,049 TO THE MUNINET FIBER AGENCY, MCCRACKEN COUNTY, KENTUCKY

Ms. Kasi White, KIA, presented the project to the Board. The MuniNet Fiber Agency requested a Fund C loan in the amount of \$3,173,049 for the Fiber Optic Cable Build Project #2. The project is for the construction and acquisition of 144 count fiber that will extend from Paducah to the TVA Paradise Fossil Plant. It will also include the acquisition of Indefeasible Rights to Use (IRUs) from member utilities which include Hopkinsville, Glasgow, Russellville and Princeton to connect and expand their networks. In exchange for the fiber to TVA plants, TVA

will provide MuniNet fiber from the plant to Nashville, Tennessee and from Hopkinsville to Bowling Green. This will allow MuniNet to connect to Level 3 and get access to internet bandwidth at a much lower cost than they are currently paying (from \$35/megabyte to \$1.85/megabyte). This fiber will connect local hospitals, health care providers, emergency services, libraries, and local government agencies allowing them to perform functions not currently possible. In addition, this fiber will be open access and available to anyone. The term of the loan is 20 years with an interest rate of 3% and an estimated annual debt service payment of \$218,478. KIA staff recommended approval of the loan with the standard conditions and the following special conditions: 1) A copy of the Project Participation Agreement relating to the Fiber Build Project 2 will be submitted to KIA prior to final disbursement of funds reflecting each participating member and their contribution to the entity; 2) MuniNet will furnish a copy of any amendments or restatements to the Interlocal Agreement; and 3) Notice will be provided to KIA prior to the addition of any member to MuniNet with a copy of the initial contribution summary of the new member.

Ms. Linda Bridwell moved to approve the Fund C (C11-02) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously.

7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES

This is a routine resolution allowing KIA to reimburse expenses that are paid out of the Authority's funds with bond proceeds. The projects listed below are covered under this resolution:

| APPLICANT | FUND | AMOUNT |
|---|-------------|---------------|
| Sanitation District No. 1 | A | \$ 851,857 |
| Sanitation District No. 1 | A | \$ 959,000 |
| City of Jamestown | A | \$ 2,500,000 |
| City of Winchester f/b/o Winchester Municipal Utilities | A | \$ 1,000,000 |
| City of Harrodsburg | A | \$ 706,000 |
| Paducah McCracken Joint Sewer Agency | A | \$ 8,000,000 |
| City of Barbourville | A | \$ 5,651,270 |
| MuniNet Fiber Agency | C | \$ 3,173,049 |

Ms. Linda Bridwell moved to approve the resolution. Mr. Jamie Link seconded, and the motion carried unanimously.

8. RESOLUTION (THE PRELIMINARY BOND RESOLUTION) OF THE BOARD OF THE KENTUCKY INFRASTRUCTURE AUTHORITY (AUTHORITY) AUTHORIZING THE EXECUTION OF A GENERAL TRUST INDENTURE DATED AS OF MARCH 2, 2012 BY AND BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION, LOUISVILLE, KENTUCKY; PROVIDING FOR THE ISSUANCE OF KENTUCKY INFRASTRUCTURE AUTHORITY WASTEWATER AND DRINKING WATER REVOLVING FUND PROGRAM REVENUE BONDS, SERIES 2012A IN A PRINCIPAL AMOUNT NOT TO EXCEED \$135,000,000 UNDER THE TERMS OF THE SERIES TRUST INDENTURE AND THE GENERAL TRUST INDENTURE DATED AS OF MARCH 2, 2010 BETWEEN THE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS, AUTHORIZING THE SALE OF SAID BONDS, AND REPEALING ALL RESOLUTIONS OR PARTS THEREOF IN CONFLICT WITH THE PROVISIONS HEREOF.

Ms. Sandy Williams, KIA, presented the handout Preliminary Bond Resolution. The handout included the Resolution, Exhibit A – General Trust Indenture, Exhibit B – Series 2012A Trust Indenture, and Exhibit C – Continuing Disclosure Agreement. KIA staff met with the Financing Team about two weeks ago via conference call to start the process for the issuance of the leverage bonds. The Financing Team consists of the Office of Financial Management in the Finance Administration Cabinet, Peck Shaffer and Williams as Bond Counsel, First Southwest as Financial Advisor, Morgan Stanley as Senior Underwriter, and Bass Berry and Sims as Underwriter’s Counsel. KIA staff anticipates pricing the bonds at the end of March with a mid-April bond closing. This Resolution allows the Board to authorize the Executive Committee to approve the execution, delivery and performance of the purchase contract for the bonds and authorizes the Officers of the Authority to execute and deliver that purchase agreement. Through this resolution the Board will direct KIA staff to prepare the preliminary official statement and will give the Executive Director approval authority of that preliminary statement and official statement for the sale of the bonds. Lastly, it will approve the execution of the Continuing Disclosure Statement. The amount of bonds to be sold is \$100,000,000 from the Clean Water Revolving Fund Program and \$25,000,000 from the Drinking Water Revolving Fund Program.

Mr. Tom Calkins moved to approve the resolution. Mr. Hank List seconded, and the motion carried unanimously.

II. EXECUTIVE DIRECTOR’S REPORT

Mr. John Covington, KIA, reported on the following items to the Board:

- A. KIA staff has invited all projects that were on the 2012 priority list for the Clean Water SRF Program to apply for funding. The deadline for responses has passed and there is still approximately \$25 million available to fund. Applications for other projects that have a qualifying clean water project will be considered. There are still projects remaining on the 2012 priority list for the Drinking Water SRF Program.

- B. Mr. Covington asked the Board to approve moving the April board meeting to the second Thursday of the month, April 12, 2012, because staff will be attending the CIFA Conference in Washington, D.C. during the first week of April. The Board agreed to tentatively move the April meeting to April 12, 2012.

III. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Tentatively scheduled for
Thursday, March 1, 2012
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business Mr. Jamie Link moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The February 2, 2012, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Sandy Williams
Sandy Williams, Secretary
Kentucky Infrastructure Authority

2-28-12
Date

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I.B.1.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-11) OF \$4,500,000 TO THE CITY OF ASHLAND, BOYD COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the City of Ashland, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for \$4,500,000 of project expense including capitalized interest for the construction period, to the City of Ashland for the 37th Street Pump Station Replacement and Force Main Replacement Project. Such amounts are

subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 2.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. From annual revenues, \$11,250 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$112,500 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

DIVISION OF WATER

200 FAIR OAKS LANE, 4TH FLOOR

FRANKFORT, KENTUCKY 40601

www.kentucky.gov

February 22, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL12035
Ashland WWTP--308
Activity ID: FGL20120007
*HUC 11 – 0509103040, Ohio River,
near Greenup*
Fund A

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Ashland is entitled to receive priority for funding for the 37th Street Pump Station and Force Main Replacement project, and is eligible to receive 4,500,000.00 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW on June 1, 2012
2. Construction bids are expected to be opened on September 1, 2012.
3. Project specific environmental information was approved by DOW on August 8, 2011.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.
2. Loan Agreement must be executed within six (6) months from bid opening.
3. The city must agree to expend all loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated

project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.
6. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

Please forward the draft binding commitment letter to this office for review when completed. Should you have any questions concerning this letter, do not hesitate to contact Bill Averell, Project Administrator, at (502) 564-8158, extension 4980.

Sincerely,



Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG: ba

Enclosures

C: The Honorable Thomas E. Kelley, Mayor, City of Ashland
Ryan Eastwood, P. E., City of Ashland
Brent Tippey, P. E., HDR Engineering, Inc.
Bob Sturdivant, HDR Engineering, Inc.

| | | | | |
|---|--|---------------------------|-------------------|---------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND A, FEDERALLY ASSISTED WASTEWATER | | KIA Loan Number: | A12-11 | |
| REVOLVING LOAN FUND | | WRIS Number | SX21019073 | |
| | | HUC Code: | 05090103040 | |
| BORROWER: | CITY OF ASHLAND | | | |
| | BOYD COUNTY | | | |
| BRIEF DESCRIPTION: | <p>This project consists of the relocation and capacity upgrade of the pump station and upsizing and extension of the force main. This is an early action project to reduce CSO discharges from the Ashland Combined Sewer System as part of the CSO Long Term Control Plan. Current plans are for the existing capacity of the pump station to be upgraded from 2,800 gallons per minute (gpm) to 5,500 gpm. It also involves the construction of approximately 6,500 feet of twenty-four inch force main from the Thirty-Seventh Street pump station to the wastewater treatment plant. The new force main replaces the existing fourteen inch force main that currently discharges to the Combined Sewer System at Thirty-Fourth Street, which can contribute to other CSOs within the system. The project will reduce the frequency, volume and duration of CSOs from the Thirty-Seventh Street CSO (permitted outfall #004) and Thirty-Fourth Street CSO (permitted outfall #006) which discharges into the Ohio River. The effluent from this project will discharge directly to the wastewater treatment plant.</p> | | | |
| PROJECT FINANCING: | PROJECT BUDGET | | | |
| Fund A Loan | \$ | 4,500,000 | Engineering Fees | 400,000 |
| | | | Construction | 2,900,000 |
| | | | Equipment | 400,000 |
| | | | Contingency | 800,000 |
| TOTAL | \$ | 4,500,000 | TOTAL | \$ 4,500,000 |
| REPAYMENT | | | Est. Annual | |
| | Rate | 2.00% | Payment | \$ 283,100 |
| | Term | 20 years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | HDR, Inc. | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | | | |
| | Bid Opening: | September 1, 2012 | | |
| | Construction Start: | November 1, 2012 | | |
| | Construction Stop: | December 1, 2013 | | |
| DEBT PER CUSTOMER | Existing: | \$ | 1,461 | |
| | Proposed: | \$ | 2,518 | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | |
| | Current | 9,135 | \$ | 15.76 (for 4,000 gallons) |
| | Additional | 0 | \$ | 15.76 (for 4,000 gallons) |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | Income after Debt | | |
| | Debt Service | Debt Service | Service | Coverage Ratio |
| Audited 2008 | 1,805,422 | 1,072,707 | 732,715 | 1.7 |
| Audited 2009 | 2,200,677 | 1,071,546 | 1,129,131 | 2.1 |
| Audited 2010 | 1,878,333 | 1,041,128 | 837,205 | 1.8 |
| Audited 2011 | 3,532,685 | 1,247,142 | 2,285,543 | 2.8 |
| Projected 2012 | 4,657,260 | 1,106,789 | 3,550,471 | 4.2 |
| Projected 2013 | 4,446,400 | 961,908 | 3,484,492 | 4.6 |
| Projected 2014 | 4,242,152 | 1,733,561 | 2,508,591 | 2.4 |
| Projected 2015 | 4,242,330 | 1,732,685 | 2,509,645 | 2.4 |
| Projected 2016 | 4,252,153 | 1,729,395 | 2,522,758 | 2.5 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
 WASTEWATER REVOLVING LOAN FUND (FUND "A")
 CITY OF ASHLAND, BOYD COUNTY
 PROJECT REVIEW
 SX21019073**

I. PROJECT DESCRIPTION

The City of Ashland is requesting a fund A loan in the amount of \$4,500,000 for the Thirty-Seventh Street Pump Station and Force Main replacement project. The project consists of the relocation and capacity upgrade of the pump station and upsizing and extension of the force main. This is an early action project to reduce CSO discharges from the Ashland Combined Sewer System as part of the CSO Long Term Control Plan. Current plans are for the existing capacity of the pump station to be upgraded from 2,800 gallons per minute (gpm) to 5,500 gpm. It also involves the construction of approximately 6,500 feet of twenty-four inch force main from the Thirty-Seventh Street pump station to the wastewater treatment plant. The new force main replaces the existing fourteen inch force main that currently discharges to the Combined Sewer System at Thirty-Fourth Street, which can contribute to other CSOs within the system. The project will reduce the frequency, volume and duration of CSOs from the Thirty-Seventh Street CSO (permitted outfall #004) and Thirty-Fourth Street CSO (permitted outfall #006) which discharges into the Ohio River. The effluent from this project will discharge directly to the wastewater treatment plant.

II. PROJECT BUDGET

| | |
|------------------|---------------------|
| | Total |
| Engineering Fees | 400,000 |
| Construction | 2,900,000 |
| Equipment | 400,000 |
| Contingency | 800,000 |
| Total | \$ 4,500,000 |

III. PROJECT FUNDING

| | | |
|------------------------|------------------|-------------|
| Funding Sources | Amount | % |
| Fund A Loan | 4,500,000 | 100% |
| Total | 4,500,000 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|-------------------|
| Construction Loan | \$ 4,500,000 |
| Interest Rate | 2.00% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 274,100 |
| Administrative Fee (0.20%) | \$ 9,000 |
| Total Estimated Annual Debt Service | \$ 283,100 |

V. PROJECT SCHEDULE

| | |
|---------------------|-------------------|
| Bid Opening: | September 1, 2011 |
| Construction Start: | November 1, 2011 |
| Construction Stop: | June 1, 2012 |

VI. RATE STRUCTURE

| | |
|---------------------|----------------|
| A) Customers | Current |
| Residential | 7,784 |
| Commercial | 1,343 |
| Industrial | 8 |
| Total | 9,135 |

The monthly charge for wastewater utility service is:

B) Sanitary Sewer Rates

| Effective Date | 7/1/2011 | 9/1/2009 |
|-------------------------------------|--------------|--------------|
| | Inside City | Inside City |
| First 1,000 Gallons (minimum bill) | \$3.94 | \$3.23 |
| All Over 1,000 Gallons (per gallon) | 3.94 | 3.23 |
| Residential Bill for 4,000 gallons | \$15.76 | \$12.92 |
| Percentage Increase | 22.0% | 8.8% |
| Affordability Index (Rate/MHI) | 0.5% | 0.5% |
| | Outside City | Outside City |
| First 2,000 Gallons (minimum bill) | \$11.82 | \$9.69 |
| All Over 2,000 Gallons (per gallon) | 5.91 | 4.85 |
| Residential Bill for 4,000 gallons | \$23.64 | \$19.38 |
| Percentage Increase | 22.0% | 14.8% |
| Affordability Index (Rate/MHI) | 0.8% | 0.8% |

Outside city limits is 1.5 times the City rate with a minimum charge of 2,000 gallons.

| | |
|---|----------|
| Combined Sewer Overflow (CSO) Surcharge - All Locations | |
| Effective Date | 4/1/2010 |
| Per 1,000 Gallons | \$2.50 |

The CSO surcharge will increase to \$3.50 per 1,000 gallons on January 1, 2015.

Effective January 1, 2011 and each January thereafter the annual percentage increase of the Water, Sewer and Garbage line item for the U.S. Department of Labor Consumer Price Index starting with the percentage for 2009 shall be applied one year later on January 1, 2011. The 2010 annual percentage rate shall be applied on January 1, 2012 in the like manner, and annually thereafter similar adjustments shall be applied to each user charge per 1,000 gallons.

VII. DEMOGRAPHICS

In 2010, the City’s population was 21,303 with a Median Household Income (MHI) of \$35,017. The median household income for the Commonwealth is \$41,197. Based on median household income, the project will qualify for a 2.0% interest rate.

VIII. 2010 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for \$3,950,000. The breakdown of the GPR to the respective “green” categories is listed below:
 - a. Green Infrastructure - \$0
 - b. Water Efficiency - \$0
 - c. Energy Efficiency - \$3,950,000
 - d. Environmentally Innovative - \$0

- 2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the City of Ashland Utility Fund was obtained from audited financial statements of for the years ended June 30, 2008 through June 30, 2011. The Utility Fund is a component unit of the City of Ashland and includes water and wastewater services for the City and surrounding communities.

HISTORICAL

Revenues have increased 34% from \$11,222,578 in 2008 to \$15,034,119 in 2011. The increase is primarily due to increases in both water and sewer rates. A Combined Sewer Overflow surcharge of \$2.50 per month per 1,000 gallons of water used was also

added in mid 2010. During the same period, operating expenses rose 21% from \$9,489,942 to \$11,513,257. The debt coverage ratio ranged from a low of 1.7 in 2008 to a high of 2.8 in 2011.

The balance sheet reflects a current ratio of 3.6 and a debt to equity ratio of 0.6.

PROJECTED

Projections are based on the following assumptions:

- Base sewer and water rates will increase 2% annually for adjustments to the Consumer Price Index
- Expenses will increase by 4% annually
- A replacement reserve of \$11,250 will be funded annually.
- The new debt service is estimated at \$283,100 annually and will increase overall debt service to about \$1,730,000 for each of years 2014 through 2016.

Debt service coverage is 2.4 in 2014 when principal and interest repayments begin.

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

REPLACEMENT RESERVE

The annual replacement cost is \$11,250. This amount should be added to the replacement account each December 1 until the balance reaches \$112,500 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

| | Outstanding | Maturity |
|---------------------------------------|---------------------|--------------|
| 2004 Water and Sewer Revenue Bond | \$ 5,515,000 | 2024 |
| Various Capital Leases | 22,912 | Various |
| KIA Fund F (F01-01) | 1,457,189 | 2023 |
| KIA Fund A (F03-01) | 3,038,753 | 2025 |
| KIA Fund A (A10-01 i/a/o \$7,709,331) | 3,318,239 | Est Dec 2031 |
| Total | \$13,352,093 | |

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

| <u>Project Title</u> | <u>Funding Source</u> | <u>Amount</u> | <u>Type</u> |
|---------------------------------|-----------------------|---------------|-------------|
| Water and Sewer Line Extensions | HB 267 | \$200,000 | Grant |
| Water and Sewer Line Extensions | HB 267 | \$200,000 | Grant |

XII. CONTACTS

| | |
|------------------|--|
| Applicant | |
| Name | City of Ashland |
| Address | 1700 Greenup Avenue, P.O. Box 1839 Ashland, KY 41105-1839 |
| County | Boyd |
| Contact | Thomas E. Kelley |
| Phone | (606) 327-2001 |
| Email | mayorsoffice@ashlandky.org |

| | |
|--------------------------|--|
| Applicant Contact | |
| Name | City of Ashland |
| Address | 1700 Greenup Avenue, P.O. Box 1839 Ashland, KY 41105-1839 |
| Contact | Ryan Eastwood |
| Phone | (606) 327-2008 |
| Email | reastwood@ashlandky.org |

| | |
|-----------------|--|
| Engineer | |
| Name | Brent Tippey, P.E. |
| Firm | HDR, Inc. |
| Address | 2517 Sir Barton Way Lexington, KY 40509 |
| Phone | (859) 223-3755 |
| Email | brent.tippey@hdrinc.com |

XIII. RECOMMENDATIONS

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

CITY OF ASHLAND
BALANCE SHEETS (JUNE YEAR END)

| ASSETS | Audited 2008 | Audited 2009 | Audited 2010 | Audited 2011 | Upon Completion 2014 |
|--|---------------------|---------------------|---------------------|---------------------|----------------------------|
| Current Assets | | | | | |
| Cash & Cash Equivalents | 683,740 | 229,435 | 194,160 | 14,064 | 5,057,600 |
| Accounts Receivable | 1,745,109 | 1,740,504 | 2,096,851 | 3,812,501 | 2,827,800 |
| Grants Receivable | 200,000 | 0 | 0 | 0 | 0 |
| Inventories | 408,224 | 375,772 | 418,742 | 424,183 | 425,000 |
| Total Current Assets | 3,037,073 | 2,345,711 | 2,709,753 | 4,250,748 | 8,310,400 |
| Restricted Assets | | | | | |
| Cash | 1,874,476 | 1,893,671 | 2,127,274 | 3,172,418 | 3,300,000 |
| Total Restricted Assets | 1,874,476 | 1,893,671 | 2,127,274 | 3,172,418 | 3,300,000 |
| Utility Plant | | | | | |
| Land, System, Building and Equipment | 81,749,439 | 82,704,533 | 84,292,448 | 84,729,885 | 98,179,980 |
| Construction In Progress | 532,253 | 102,973 | 202,313 | 4,059,003 | 6,823,239 |
| Total | 82,281,692 | 82,807,506 | 84,494,761 | 88,788,888 | 105,003,219 |
| Less Accumulated Depreciation () | (37,507,823) | (39,575,936) | (41,556,514) | (43,526,839) | (50,190,889) |
| Net Fixed Assets | 44,773,869 | 43,231,570 | 42,938,247 | 45,262,049 | 54,812,330 |
| Other Assets | | | | | |
| Net Pension Asset | 1,394,781 | 1,739,532 | 2,024,553 | 2,284,263 | 2,284,263 |
| Deferred Bond Issuance Costs | 127,827 | 119,668 | 111,508 | 103,350 | 78,876 |
| Total Other Assets | 1,522,608 | 1,859,200 | 2,136,061 | 2,387,613 | 2,363,139 |
| Total Assets | 51,208,026 | 49,330,152 | 49,911,335 | 55,072,828 | 68,785,869 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 294,048 | 394,281 | 425,947 | 393,675 | 430,179 |
| Due To Other Funds | 4,296,308 | 2,954,007 | 4,573,151 | 5,943,616 | 5,943,616 |
| Accrued Liabilities | 348,820 | 623,038 | 658,578 | 672,689 | 735,065 |
| Customer Deposits | 135,303 | 134,293 | 132,481 | 130,770 | 142,896 |
| Total Current Liabilities | 5,074,479 | 4,105,619 | 5,790,157 | 7,140,750 | 7,251,757 |
| Liabilities Payable - Restricted Assets | | | | | |
| Matured Revenue Bonds and Notes | 85,000 | 85,000 | 85,000 | 50,000 | 50,000 |
| Customer Deposits | 820,897 | 866,967 | 915,887 | 955,427 | 950,000 |
| Current Portion - Revenue Bonds | 400,000 | 415,000 | 435,000 | 450,000 | 350,000 |
| Current Portion - Long Term Debt | 254,569 | 263,011 | 271,742 | 280,764 | 309,691 |
| Current Portion - Capital Lease | 0 | 26,650 | 44,012 | 3,539 | 4,658 |
| Total Liabilities Payable - Restricted Assets | 1,560,466 | 1,656,628 | 1,751,641 | 1,739,730 | 1,664,349 |
| Long Term Liabilities | | | | | |
| Bonds Payable | 6,365,000 | 5,950,000 | 5,515,000 | 5,065,000 | 3,960,000 |
| Notes Payable | 5,030,698 | 4,767,687 | 4,495,942 | 7,533,417 | 6,662,834 |
| KIA (A10-01) Advances | 0 | 0 | 0 | 0 | 7,709,331 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 4,005,000 |
| Capital Lease Obligations | 0 | 78,935 | 100,138 | 10,990 | 0 |
| Total Long Term Liabilities | 11,395,698 | 10,796,622 | 10,111,080 | 12,609,407 | 22,337,165 |
| Total Liabilities | 18,030,643 | 16,558,869 | 17,652,878 | 21,489,887 | 31,253,271 |
| Retained Earnings: | | | | | |
| Invested in Capital Assets Net of Related Debt | 32,638,602 | 31,645,287 | 31,991,413 | 31,868,339 | 31,760,816 |
| Restricted | 662,246 | 662,246 | 662,246 | 662,246 | 662,246 |
| Unrestricted | (123,465) | 463,750 | (613,160) | 834,398 | 4,891,578 |
| Other | 0 | 0 | 217,958 | 217,958 | 217,958 |
| Total Retained Earnings | 33,177,383 | 32,771,283 | 32,258,457 | 33,582,941 | 37,532,598 |
| Total Liabilities and Equities | 51,208,026 | 49,330,152 | 49,911,335 | 55,072,828 | 68,785,869 |

**EXHIBIT 1
CITY OF ASHLAND
CASH FLOW ANALYSIS (JUNE YEAR END)**

| | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Audited 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 | Projected 2016 |
|--|-------------------|-------------|-------------------|-------------|-------------------|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues | | | | | | | | | | | | |
| Residential & Commercial Meter Sales | 2,807,682 | 16% | 3,260,751 | 4% | 3,381,998 | -2% | 3,313,996 | 3,724,932 | 3,799,431 | 3,875,420 | 3,952,928 | 4,031,987 |
| Sewer Service | 3,567,170 | 1% | 3,601,668 | 17% | 4,222,500 | 39% | 5,888,365 | 6,618,522 | 6,750,892 | 6,885,910 | 7,242,868 | 7,606,965 |
| Industrial Meter Sales | 3,211,987 | 5% | 3,357,504 | 0% | 3,346,372 | 7% | 3,580,748 | 4,024,761 | 4,105,256 | 4,187,361 | 4,271,108 | 4,356,530 |
| Other Municipalities | 818,005 | 7% | 872,389 | 30% | 1,130,822 | 26% | 1,428,649 | 1,428,649 | 1,428,649 | 1,428,649 | 1,428,649 | 1,428,649 |
| Industrial Pretreatment | 60,614 | -28% | 43,495 | 120% | 95,698 | 9% | 104,238 | 104,238 | 104,238 | 104,238 | 104,238 | 104,238 |
| Water & Sewer Taps | 172,827 | -60% | 68,806 | 6% | 72,878 | 26% | 92,156 | 92,156 | 92,156 | 92,156 | 92,156 | 92,156 |
| Miscellaneous | 584,293 | 51% | 881,463 | -43% | 503,598 | 24% | 625,967 | 625,967 | 625,967 | 625,967 | 625,967 | 625,967 |
| Total Revenues | 11,222,578 | 8% | 12,086,076 | 6% | 12,753,866 | 18% | 15,034,119 | 16,619,225 | 16,906,589 | 17,199,701 | 17,717,914 | 18,246,492 |
| Operating Expenses | | | | | | | | | | | | |
| Administration | 1,167,090 | -12% | 1,024,163 | 23% | 1,261,732 | 18% | 1,492,003 | 1,551,683 | 1,613,750 | 1,678,300 | 1,745,432 | 1,815,249 |
| Operating Expenses - Water | 3,978,268 | 19% | 4,727,699 | 3% | 4,892,815 | 4% | 5,101,524 | 5,305,585 | 5,517,808 | 5,738,520 | 5,968,061 | 6,206,783 |
| Operating Expenses - Sewer | 2,719,146 | -2% | 2,673,440 | 13% | 3,018,442 | 5% | 3,155,039 | 3,281,241 | 3,412,491 | 3,548,991 | 3,690,951 | 3,838,589 |
| Depreciation & Amortization | 2,121,065 | -1% | 2,096,800 | -4% | 2,021,480 | -1% | 1,993,575 | 2,043,575 | 2,093,575 | 2,526,900 | 2,526,900 | 2,526,900 |
| All Other Operating Expenses | 1,625,438 | 0% | 1,623,877 | 6% | 1,724,657 | 2% | 1,764,691 | 1,835,279 | 1,908,690 | 1,985,038 | 2,064,440 | 2,147,018 |
| Replacement Reserve | 32,000 | | 32,000 | | 32,000 | | 32,650 | 32,650 | 51,923 | 51,173 | 51,173 | 31,173 |
| Total Expenses | 11,643,007 | 5% | 12,177,979 | 6% | 12,951,126 | 5% | 13,539,482 | 14,050,013 | 14,598,237 | 15,528,922 | 16,046,957 | 16,565,712 |
| Net Operating Income | (420,429) | -78% | (91,903) | 115% | (197,260) | -858% | 1,494,637 | 2,569,212 | 2,308,352 | 1,670,779 | 1,670,957 | 1,680,780 |
| Non-Operating Income and Expenses | | | | | | | | | | | | |
| Interest Income | 104,786 | -32% | 70,780 | -24% | 54,113 | -18% | 44,473 | 44,473 | 44,473 | 44,473 | 44,473 | 44,473 |
| Other | 0 | | 125,000 | | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Non-Operating Income & Expenses | 104,786 | 87% | 195,780 | -72% | 54,113 | -18% | 44,473 | 44,473 | 44,473 | 44,473 | 44,473 | 44,473 |
| Add Non-Cash Expenses | | | | | | | | | | | | |
| Depreciation | 2,121,065 | -1% | 2,096,800 | -4% | 2,021,480 | -1% | 1,993,575 | 2,043,575 | 2,093,575 | 2,526,900 | 2,526,900 | 2,526,900 |
| Cash Available for Debt Service | 1,805,422 | 22% | 2,200,677 | -15% | 1,878,333 | 88% | 3,532,685 | 4,657,260 | 4,446,400 | 4,242,152 | 4,242,330 | 4,252,153 |
| Debt Service | | | | | | | | | | | | |
| Existing Principal | 641,401 | | 654,569 | | 639,449 | | 871,363 | 735,903 | 616,122 | 641,812 | 664,349 | 684,994 |
| Existing Interest | 431,306 | | 416,977 | | 401,679 | | 375,779 | 370,886 | 345,786 | 323,646 | 300,233 | 276,298 |
| KIA A10-01 | 0 | | 0 | | 0 | | 0 | 0 | 0 | 485,003 | 485,003 | 485,003 |
| Proposed KIA Loan | 0 | | 0 | | 0 | | 0 | 0 | 0 | 283,100 | 283,100 | 283,100 |
| Total Debt Service | 1,072,707 | | 1,071,546 | | 1,041,128 | | 1,247,142 | 1,106,789 | 961,908 | 1,733,561 | 1,732,685 | 1,729,395 |
| Income After Debt Service | 732,715 | | 1,129,131 | | 837,205 | | 2,285,543 | 3,550,471 | 3,484,492 | 2,508,591 | 2,509,645 | 2,522,758 |
| Debt Coverage Ratio | 1.7 | | 2.1 | | 1.8 | | 2.8 | 4.2 | 4.6 | 2.4 | 2.4 | 2.5 |

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I.B.2.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-12) OF \$46,000,000 TO THE CITY OF MURRAY, CALLOWAY COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the City of Murray, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for \$46,000,000 of project expense including capitalized interest for the construction period, to the City of Murray for the Bee Creek Wastewater Treatment Plant and Collection System Improvements Project. Such amounts

are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 2.6% will be deducted from the approved loan amount. The unforgiven principal balance of \$44,800,000 shall be repaid.

Section 4. The unforgiven principal shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid, unforgiven principal balance will be charged. From annual revenues, \$115,000 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$1,500,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 23, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL12114; Fund A
Murray WWTP--515
Activity ID: FGL20120003
HUC11: 06040006040
Watershed Name: Clarks River
Project Name: Bee Creek WWTP and Collection
System Improvements
Binding Commitment

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Murray is entitled to receive priority for funding for their Bee Creek WWTP and Collection System Improvements project and is eligible to receive \$46,000,000.00 from the Clean Water State Revolving Fund. The following information is provided:

1. Project specific environmental information was submitted to DOW in December 2011.
2. Plans and specifications are expected to be submitted to DOW in April 2014.
3. Construction bids are expected to be opened in September 2014.

The KIA conditional commitment letter should include the following general conditions to satisfy federal requirements:

1. The project must have undergone a complete environmental review resulting in a State Planning and Environmental Assessment Report (SPEAR), a Categorical Exclusion Determination (CED), or an Environmental Impact Statement (EIS) with Record of Decision issued by the Department for Environmental Protection before bidding the project.
2. The borrower must receive DOW approval of the Plans and Specifications with regard to SRF funding before bidding the project.

3. The Authority to Award (bid) package must be submitted to DOW for approval before the contract can be awarded. DOW must perform the Disadvantaged Business Enterprise (DBE) reviews and conduct a preconstruction and project management conference.
4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.
5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.
6. Loan Agreement must be executed within six (6) months from bid opening.
7. The city must agree to expend all loan funds within six months of the date of initiation of operation

Upon compliance with the general conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

The SRF application review has been completed by staff of the KIA. If you have any questions or concerns regarding missing items or additional submission requirements, please contact Sandy Williams at (502) 573-0260. Should you have any questions concerning this letter, do not hesitate to contact Joel Murphy, Project Manager, at (502) 564-8158, extension 4592.

Sincerely,



Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:jjm

Enclosures

c: Honorable Bill Wells, City of Murray
Peyton Mastera, City of Murray
Todd Solomon, GRW Engineers

| | | | | |
|--|--|---------------------------|--------------------------|---------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND A, FEDERALLY ASSISTED WASTEWATER | | KIA Loan Number: | A12-12 | |
| REVOLVING LOAN FUND | | WRIS Number | SX21035001 | |
| | | HUC Code: | 06040006040 | |
| BORROWER: | CITY OF MURRAY | | | |
| | CALLOWAY COUNTY | | | |
| BRIEF DESCRIPTION: | | | | |
| <p>This project involves the upgrade and increase the capacity of the Bee Creek Wastewater Treatment Plant and collection system. The upgrade will increase the capacity of the plant from 5.25 million gallons per day (MGD) to 8.75 MGD. The proposed improvements will resolve KPDES permit violations, Whole Effluent Toxicity (WET) test failures, and existing sanitary sewer overflows while providing capacity to treat current and projected flows.</p> | | | | |
| PROJECT FINANCING: | | PROJECT BUDGET | | |
| Fund A Loan | \$ 46,000,000 | Administrative Expenses | \$ | 100,000 |
| | | Legal Expenses | | 100,000 |
| | | Land, Easements | | 100,000 |
| | | Engineering Fees | | 4,430,000 |
| | | Construction | | 33,800,000 |
| | | Equipment | | 90,000 |
| | | Contingency | | 5,050,000 |
| | | Other | | 2,330,000 |
| TOTAL | \$ 46,000,000 | TOTAL | \$ | 46,000,000 |
| REPAYMENT | | | Est. Annual | |
| | Rate | 1.0% | Payment | \$ 2,566,638 |
| | Term | 20 years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | GRW Engineers | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | | | |
| | Bid Opening: | September 1, 2014 | | |
| | Construction Start: | October 1, 2014 | | |
| | Construction Stop: | April 1, 2017 | | |
| DEBT PER CUSTOMER | Existing: | \$ | 467 | |
| | Proposed: | \$ | 6,111 | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | |
| | Current | 7,581 | \$ | 18.16 (for 4,000 gallons) |
| | Additional | 0 | \$ | 18.16 (for 4,000 gallons) |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | Debt Service | Income after Debt | Coverage Ratio |
| | Debt Service | Debt Service | Service | |
| Audited 2008 | 1,584,700 | 951,107 | 633,593 | 1.7 |
| Audited 2009 | 1,095,933 | 957,714 | 138,219 | 1.1 |
| Audited 2010 | 1,124,614 | 1,020,310 | 104,304 | 1.1 |
| Audited 2011 | 1,001,146 | 1,022,283 | (21,137) | 1.0 |
| Projected 2012 | 800,486 | 523,144 | 277,342 | 1.5 |
| Projected 2013 | 1,169,985 | 525,698 | 644,287 | 2.2 |
| Projected 2014 | 1,636,197 | 527,007 | 1,109,190 | 3.1 |
| Projected 2015 | 2,220,217 | 211,440 | 2,008,777 | 10.5 |
| Projected 2016 | 2,947,601 | 214,093 | 2,733,508 | 13.8 |
| Projected 2017 | 3,357,191 | 208,776 | 3,148,415 | 16.1 |
| Projected 2018 | 2,959,863 | 2,780,013 | 179,850 | 1.1 |
| Projected 2019 | 2,865,670 | 2,778,119 | 87,551 | 1.0 |
| Projected 2020 | 2,766,177 | 2,735,230 | 30,947 | 1.0 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
CITY OF MURRAY, CALLOWAY COUNTY
PROJECT REVIEW
SX21035001**

I. PROJECT DESCRIPTION

The City of Murray is requesting a Fund A loan in the amount of \$46,000,000 for the Bee Creek Wastewater Treatment Plant and Collection System Improvements Project. This multi-year project involves an upgrade and increase in capacity of the plant and collection system from 5.25 million gallons per day (MGD) to 8.75 MGD. The proposed improvements will resolve KPDES permit violations, Whole Effluent Toxicity (WET) test failures, and existing sanitary sewer overflows while providing capacity to treat current and projected flows.

The project's proposed improvements include an equalization tank, new influent pump station, new screening facility, new grit removal facility, additional biological treatment capacity including biological nutrient removal (BNR) using a new vertical loop reactor (VLR), three additional clarifiers, upgraded effluent pump station, UV disinfection, storm water pump station, new RAS pump station, upgraded WAS pump station, upgraded non-potable water pump station, new sludge dewatering unit and an additional sludge holding tank. Additionally, the project will rehabilitate and upgrade the existing wastewater collection system capacity to accommodate current wastewater flows and future growth. Proposed collection system improvements include 5,200 linear feet (LF) of eight inch, 2,400 LF of ten inch, 5,300 LF of fifteen inch, 9,810 LF of eighteen inch, 12,820 LF of twenty-four inch, 6,690 LF of thirty inch and 260 LF of thirty-six inch gravity sewers, main collection system pump static upgrade including additional wet well and pumps, and 2,320 LF of eighteen inch force main.

The City is currently under an Agreed Order due to NPDES permit violations at the treatment plant and SSOs in the collection system. The City is also under a Toxicity Reduction Evaluation (TRE) Plan due to the WET failures and has received a Notice of Violation Letter from EPA Region 4 with respect to the same issues.

There are seventeen new housing developments located in the planning area with approximately 327 out of 515 of the lots not yet developed. Project start dates range over the twenty year planning period.

This project will contribute \$5,510,000 to KIA's Green Reserve requirement.

II. PROJECT BUDGET

| | <u>Total</u> |
|-------------------------|---------------------|
| Administrative Expenses | \$ 100,000 |
| Legal Expenses | 100,000 |
| Land, Easements | 100,000 |
| Engineering Fees | 4,430,000 |
| Construction | 33,800,000 |
| Equipment | 90,000 |
| Contingency | 5,050,000 |
| Other | 2,330,000 |
| Total | \$46,000,000 |

III. PROJECT FUNDING

| | <u>Amount</u> | <u>%</u> |
|--------------|---------------------|-------------|
| Fund A Loan | \$46,000,000 | 100% |
| Total | \$46,000,000 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|---------------------|
| Construction Loan | \$46,000,000 |
| Less: Principal Forgiveness (2.6%) | 1,200,000 |
| Amortized Loan Amount | \$44,800,000 |
| Interest Rate | 1.0% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 2,477,038 |
| Administrative Fee (0.20%) | \$ 89,600 |
| Total Estimated Annual Debt Service | \$ 2,566,638 |

V. PROJECT SCHEDULE

| | |
|--------------------|----------------|
| Bid Opening | September 2014 |
| Construction Start | October 2014 |
| Construction Stop | April 2017 |

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

| A) Customers | <u>Current</u> |
|---------------------|----------------|
| Residential | 6,421 |
| Commercial | 1,151 |
| Industrial | 9 |
| Total | <u>7,581</u> |

B) Rates

| Inside City | Prior | CY 2012 | CY 2013 | CY 2014 | CY 2015 | CY 2016 |
|--------------------------------|----------|----------|----------|----------|----------|----------|
| Date of Last Rate Increase | 6/1/2005 | 1/1/2012 | 1/1/2013 | 1/1/2014 | 1/1/2015 | 1/1/2016 |
| Minimum (2,000 gallons) | \$6.90 | \$8.28 | \$9.94 | \$11.92 | \$14.31 | \$17.17 |
| Next 4,000 Gallons (per 1,000) | 2.43 | 2.92 | 3.50 | 4.20 | 5.04 | 6.05 |
| Next 4,000 Gallons | 2.03 | 2.44 | 2.92 | 3.51 | 4.21 | 5.05 |
| Next 50,000 Gallons | 1.69 | 2.03 | 2.43 | 2.92 | 3.50 | 4.21 |
| All Over 60,000 Gallons | 1.66 | 1.99 | 2.39 | 2.87 | 3.44 | 4.13 |
| Cost for 4,000 gallons | \$11.76 | \$14.12 | \$16.94 | \$20.32 | \$24.39 | \$29.27 |
| Increase % | | 20.1% | 20.0% | 20.0% | 20.0% | 20.0% |
| Affordability Index (Rate/MHI) | 0.5% | 0.6% | 0.7% | 0.9% | 1.0% | 1.3% |

| Outside City | Prior | CY 2012 | CY 2013 | CY 2014 | CY 2015 | CY 2016 |
|--------------------------------|----------|----------|----------|----------|----------|----------|
| Date of Last Rate Increase | 6/1/2005 | 1/1/2012 | 1/1/2013 | 1/1/2014 | 1/1/2015 | 1/1/2016 |
| Minimum (2,000 gallons) | \$12.76 | \$15.31 | \$18.37 | \$22.05 | \$26.46 | \$31.75 |
| Next 4,000 Gallons (per 1,000) | 4.49 | 5.39 | 6.47 | 7.76 | 9.31 | 11.17 |
| Next 4,000 Gallons | 3.75 | 4.50 | 5.40 | 6.48 | 7.78 | 9.33 |
| Next 50,000 Gallons | 3.12 | 3.74 | 4.49 | 5.39 | 6.47 | 7.76 |
| All Over 60,000 Gallons | 3.07 | 3.68 | 4.42 | 5.30 | 6.37 | 7.64 |
| Cost for 4,000 gallons | \$21.74 | \$26.09 | \$31.31 | \$37.57 | \$45.08 | \$54.09 |
| Increase % | | 20.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Affordability Index (Rate/MHI) | 0.9% | 1.1% | 1.3% | 1.6% | 1.9% | 2.3% |

VII. DEMOGRAPHICS

In 2010, the City's population was 16,283 with a Median Household Income (MHI) of \$28,013. The median household income for the Commonwealth is \$41,197. The loan qualifies for a 1% interest rate based on the City's MHI.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for \$5,510,000. The breakdown of the GPR to the respective "green" categories is listed below:
 - a. Green Infrastructure - \$10,000 (permeable pavers)
 - b. Water Efficiency - \$15,000 (pumps to reuse treated effluent)
 - c. Energy Efficiency - \$1,500,000 (energy efficient blowers for sludge tanks and vertical loop reactor, lighting and HVAC, influent, RAS, effluent and SW pumps; VFD on activated sludge aerators)

- d. Environmentally Innovative - \$3,985,000 (biological nutrient removal for phosphorus and nitrogen, UV light disinfection to reduce chlorine exposure)
- 2) Additional Subsidization – This project qualifies for additional subsidization (in the amount of \$1,200,000).

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended June 30, 2008 through 2011 for the Water and Sewer Fund.

HISTORICAL

Revenues declined slightly from \$4,815,306 in 2008 to \$4,803,213 in 2011 while sewer customers increased about 4.4% during the same period. In 2011 sewer revenues were \$2,068,222 or 48% of total service revenues. Sewer and water rates have not increased since June 2005. Operating and administrative expenses have increased 14% from \$3,291,174 to \$3,757,554.

Cash available for debt service has declined by 37% and the debt coverage ratio has declined from 1.7 in 2008 to just under 1.0 (-\$21,137) in 2011. A bond issue matured in 2011 and debt service requirements are projected to decline from \$1,022,283 in 2011 to about \$525,000 for each of years 2012 through 2014.

The balance sheet reflects a debt to equity ratio of 0.2. Restricted reserves are maintained for customer deposits, debt service and renewal and replacement. The latter account is approximately 3% of net fixed assets.

PROJECTIONS

Projections are based on the following assumptions:

- Water and sewer revenues will increase by 1% annually for growth.
- Sewer revenues will increase 20% for each calendar year from 2012 through 2016.
- Expenses will increase 4% annually.
- Incremental operating expense from this project is \$200,000 beginning in 2018
- Debt service from this project is estimated at \$2,566,638 annually beginning in 2018.
- A replacement reserve of \$115,000 will need to be funded annually for ten years. Total replacement reserve funding required for KIA loans in 2018 will be \$122,500.
- Debt service coverage is 1.1 in 2018 when principal and interest repayments begin.

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

REPLACEMENT RESERVE

The annual replacement cost is \$115,000. This amount should be added to the replacement account each December 1 until the balance reaches \$1,150,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|---------------------------|---------------------|-----------------|
| KADD Financing Trust | \$ 1,035,000 | May-23 |
| KIA (A91-17) | 904,947 | Jun-14 |
| KIA (A07-06) | 1,115,693 | Jun-29 |
| Series 2001 Revenue Bonds | 483,000 | 2041 |
| Total | \$ 3,538,640 | |

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

| <u>Project Title</u> | <u>Funding Source</u> | <u>Amount</u> | <u>Type</u> |
|-------------------------------------|-----------------------|---------------|-------------|
| US 641 Sewer Extension | HB608 | 100,000 | Grant |
| Industrial Park Sewer | HB608 | 250,000 | Grant |
| Phase II Sewer Rehab | HB380 | 363,750 | Grant |
| Southwest Sewer Interceptor | HB380 | 375,888 | Grant |
| Industrial Park Waterline Extension | HB608 | 280,000 | Grant |
| Poor Farm Road Waterline | HB608 | 100,000 | Grant |
| Southwest Water Tank | HB608 | 1,011,000 | Grant |
| Sherwood Forest Water Extension | HB380 | 84,000 | Grant |
| Water Treatment Plant Improvements | HB380 | 250,000 | Grant |

XII. CONTACTS

| | |
|------------------|--|
| Applicant | |
| Name | City of Murray |
| Address | 104 N. 5th Street, P.O. Box 1236 Murray, KY 42071 |
| County | Calloway |
| Contact | Bill Wells |
| Phone | (270) 762-3050 |
| Email | peyton.mastera@murrayky.gov |

Applicant Contact

Name City of Murray
Address 104 N. 5th Street, P.O. Box 1236
Murray, KY 42071
Contact L. Peyton Mastera
Phone (270) 762-3050
Email peyton.mastera@murrayky.gov

Engineer

Name Todd Solomon, P.E.
Firm GRW Engineers
Address 11909 Shelbyville Road, Suite 100
Louisville, KY 40243
Phone (502) 489-8484
Email tsolomon@grwinc.com

XIII. RECOMMENDATIONS

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

**CITY OF MURRAY
BALANCE SHEETS (JUNE YEAR END)**

| ASSETS | Audited 2008 | Audited 2009 | Audited 2010 | Audited 2011 | Upon Completion 2017 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------------------|
| Current Assets | | | | | |
| Cash | 684,580 | 420,974 | 491,099 | 29,263 | 2,509,700 |
| Accounts Receivable | 271,507 | 272,361 | 268,296 | 297,093 | 1,054,600 |
| Other Receivables | 0 | 103,519 | 0 | 0 | 0 |
| Inventory | 249,847 | 206,802 | 202,223 | 208,592 | 210,000 |
| Prepaid | 162,359 | 165,558 | 0 | 0 | 0 |
| Total Current Assets | 1,368,293 | 1,169,214 | 961,618 | 534,948 | 3,774,300 |
| Restricted Assets | | | | | |
| Meter Deposits | 255,719 | 251,520 | 247,865 | 263,692 | 265,000 |
| Bond and Interest | 1,157,330 | 1,410,560 | 1,465,421 | 1,641,144 | 1,600,000 |
| Renewal and Replacement | 700,000 | 800,000 | 875,000 | 875,000 | 1,025,000 |
| Total Restricted Assets | 2,113,049 | 2,462,080 | 2,588,286 | 2,779,836 | 2,890,000 |
| Utility Plant | | | | | |
| Land, System, Building and Equipment | 48,717,349 | 51,611,436 | 52,383,700 | 53,217,218 | 100,717,200 |
| Less Accumulated Depreciation () | (22,117,721) | (23,263,966) | (24,518,137) | (25,742,131) | (33,861,900) |
| Net Fixed Assets | 26,599,628 | 28,347,470 | 27,865,563 | 27,475,087 | 66,855,300 |
| Other Assets | | | | | |
| Unamortized Bond Costs and Discount, Net | 27,884 | 18,443 | 9,031 | 0 | 0 |
| Total Other Assets | 27,884 | 18,443 | 9,031 | 0 | 0 |
| Total Assets | 30,108,854 | 31,997,207 | 31,424,498 | 30,789,871 | 73,519,600 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 212,126 | 72,438 | 80,656 | 148,583 | 199,100 |
| Accrued Compensation Costs | 177,367 | 184,850 | 218,668 | 187,448 | 251,100 |
| Accrued Liabilities | 12,090 | 12,138 | 11,541 | 12,880 | 15,000 |
| C.P. Notes Payable | 339,640 | 400,723 | 411,723 | 417,831 | 150,375 |
| C.P. Bonds Payable | 441,000 | 462,000 | 482,000 | 7,000 | 9,000 |
| Customer Deposits | 205,870 | 204,810 | 204,560 | 209,485 | 229,000 |
| Accrued Interest | 84,009 | 81,441 | 79,462 | 75,578 | 93,000 |
| Due to Other Funds | 22,380 | 24,549 | 45,809 | 0 | 0 |
| Total Current Liabilities | 1,494,482 | 1,442,949 | 1,534,419 | 1,058,805 | 946,575 |
| Long Term Liabilities | | | | | |
| Accrued Compensated Absences | 0 | 0 | 0 | 41,236 | 55,300 |
| Notes Payable | 2,640,345 | 3,868,085 | 3,467,361 | 2,637,809 | 937,988 |
| Bonds Payable | 1,321,048 | 1,359,576 | 936,104 | 476,000 | 427,000 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 44,800,000 |
| Total Long Term Liabilities | 3,961,393 | 5,227,661 | 4,403,465 | 3,155,045 | 46,220,288 |
| Total Liabilities | 5,455,875 | 6,670,610 | 5,937,884 | 4,213,850 | 47,166,863 |
| Retained Earnings: | | | | | |
| Invested in Capital Assets Net of Related Debt | 21,857,595 | 22,257,086 | 22,568,375 | 24,145,039 | 20,530,937 |
| Restricted | 2,113,049 | 2,462,080 | 2,588,286 | 2,779,836 | 2,890,000 |
| Unrestricted | 682,335 | 607,431 | 329,953 | (348,854) | 2,931,800 |
| Total Retained Earnings | 24,652,979 | 25,326,597 | 25,486,614 | 26,576,021 | 26,352,737 |
| Total Liabilities and Equities | 30,108,854 | 31,997,207 | 31,424,498 | 30,789,871 | 73,519,600 |
| Balance Sheet Analysis | | | | | |
| Quick Ratio (Cash + AR) / AP | 4.5 | 9.6 | 9.4 | 2.2 | 17.9 |
| Debt to Equity | 0.2 | 0.3 | 0.2 | 0.2 | 1.8 |
| Days Sales in Accounts Receivable | 20.6 | 20.8 | 20.2 | 22.6 | 79.9 |

**EXHIBIT 1
CITY OF MURRAY
CASH FLOW ANALYSIS (JUNE YEAR END)**

| | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Audited 2011 | Projected 2012 | Projected 2013 | Projected 2014 |
|--|-------------------------|---------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|---------------------------|---------------------------|---------------------------|
| Operating Revenues | | | | | | | | | | |
| Charge for Services | 4,544,840 | 1% | 4,572,981 | 1% | 4,630,895 | -7% | 4,314,819 | 4,564,789 | 5,069,582 | 5,675,844 |
| Tap Fees | 188,700 | -28% | 136,620 | -49% | 69,935 | 16% | 81,450 | 82,265 | 83,088 | 83,919 |
| Other | 81,766 | -11% | 73,119 | 98% | 145,046 | 181% | 406,944 | 100,000 | 100,000 | 100,000 |
| Total Revenues | 4,815,306 | -1% | 4,782,720 | 1% | 4,845,876 | -1% | 4,803,213 | 4,747,054 | 5,252,670 | 5,859,763 |
| Operating Expenses | | | | | | | | | | |
| Operating Expenses | 2,514,234 | 15% | 2,889,596 | -2% | 2,843,872 | 1% | 2,878,950 | 2,979,713 | 3,084,003 | 3,191,943 |
| Admin Expenses | 776,940 | 2% | 789,169 | 8% | 850,430 | 3% | 878,604 | 909,355 | 941,182 | 974,123 |
| Depreciation | 1,112,668 | 6% | 1,174,346 | 11% | 1,300,036 | 1% | 1,316,813 | 1,316,800 | 1,316,800 | 1,316,800 |
| Replacement Reserve | 0 | | 0 | | 7,500 | | 7,500 | 7,500 | 7,500 | 7,500 |
| Total Expenses | 4,403,842 | 10% | 4,853,111 | 3% | 5,001,838 | 2% | 5,081,867 | 5,213,368 | 5,349,485 | 5,490,366 |
| Net Operating Income | 411,464 | -117% | (70,391) | 122% | (155,962) | 79% | (278,654) | (466,314) | (96,815) | 369,397 |
| Non-Operating Income and Expenses | | | | | | | | | | |
| Interest Income | 145,568 | -49% | 73,979 | -11% | 65,540 | -27% | 47,987 | 35,000 | 35,000 | 35,000 |
| Transfers to City (in lieu of taxes) | (85,000) | | (85,000) | | (85,000) | | (85,000) | (85,000) | (85,000) | (85,000) |
| Other | 0 | | 2,999 | | 0 | | 0 | 0 | 0 | 0 |
| Total Non-Operating Income & Expenses | 60,568 | -113% | (8,022) | 143% | (19,460) | 90% | (37,013) | (50,000) | (50,000) | (50,000) |
| Add Non-Cash Expenses | | | | | | | | | | |
| Depreciation | 1,112,668 | 6% | 1,174,346 | 11% | 1,300,036 | 1% | 1,316,813 | 1,316,800 | 1,316,800 | 1,316,800 |
| Cash Available for Debt Service | 1,584,700 | -31% | 1,095,933 | 3% | 1,124,614 | -11% | 1,001,146 | 800,486 | 1,169,985 | 1,636,197 |
| Debt Service (enter as positive #'s) | | | | | | | | | | |
| Existing Principal | 755,402 | | 780,640 | | 862,723 | | 893,722 | 424,831 | 437,051 | 448,385 |
| Existing Interest | 195,705 | | 177,074 | | 157,587 | | 128,561 | 98,313 | 88,647 | 78,622 |
| Proposed KIA Loan | 0 | | 0 | | 0 | | 0 | | | |
| Total Debt Service | 951,107 | | 957,714 | | 1,020,310 | | 1,022,283 | 523,144 | 525,698 | 527,007 |
| Income After Debt Service | 633,593 | | 138,219 | | 104,304 | | (21,137) | 277,342 | 644,287 | 1,109,190 |
| Debt Coverage Ratio | 1.7 | | 1.1 | | 1.1 | | 1.0 | 1.5 | 2.2 | 3.1 |

**EXHIBIT 1
CITY OF MURRAY
CASH FLOW ANALYSIS (JUNE YEAR END)**

| | Projected 2015 | Projected 2016 | Projected 2017 | Projected 2018 | Projected 2019 | Projected 2020 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues | | | | | | |
| Charge for Services | 6,404,837 | 7,282,289 | 7,847,221 | 7,925,693 | 8,004,950 | 8,084,999 |
| Tap Fees | 84,758 | 85,606 | 86,462 | 87,327 | 88,200 | 89,082 |
| Other | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| Total Revenues | 6,589,595 | 7,467,895 | 8,033,683 | 8,113,020 | 8,193,150 | 8,274,081 |
| Operating Expenses | | | | | | |
| Operating Expenses | 3,303,661 | 3,419,289 | 3,538,964 | 3,862,828 | 3,998,027 | 4,137,958 |
| Admin Expenses | 1,008,217 | 1,043,505 | 1,080,028 | 1,117,829 | 1,156,953 | 1,197,446 |
| Depreciation | 1,316,800 | 1,316,800 | 1,535,800 | 2,631,100 | 2,631,100 | 2,631,100 |
| Replacement Reserve | 7,500 | 7,500 | 7,500 | 122,500 | 122,500 | 122,500 |
| Total Expenses | 5,636,178 | 5,787,094 | 6,162,292 | 7,734,257 | 7,908,580 | 8,089,004 |
| Net Operating Income | 953,417 | 1,680,801 | 1,871,391 | 378,763 | 284,570 | 185,077 |
| Non-Operating Income and Expenses | | | | | | |
| Interest Income | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 |
| Transfers to City (in lieu of taxes) | (85,000) | (85,000) | (85,000) | (85,000) | (85,000) | (85,000) |
| Other | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Non-Operating Income & Expenses | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) | (50,000) |
| Add Non-Cash Expenses | | | | | | |
| Depreciation | 1,316,800 | 1,316,800 | 1,535,800 | 2,631,100 | 2,631,100 | 2,631,100 |
| Cash Available for Debt Service | 2,220,217 | 2,947,601 | 3,357,191 | 2,959,863 | 2,865,670 | 2,766,177 |
| Debt Service (enter as positive #'s) | | | | | | |
| Existing Principal | 141,595 | 148,183 | 148,776 | 159,375 | 162,981 | 168,592 |
| Existing Interest | 69,845 | 65,910 | 60,000 | 54,000 | 48,500 | 0 |
| Proposed KIA Loan | | | | 2,566,638 | 2,566,638 | 2,566,638 |
| Total Debt Service | 211,440 | 214,093 | 208,776 | 2,780,013 | 2,778,119 | 2,735,230 |
| Income After Debt Service | 2,008,777 | 2,733,508 | 3,148,415 | 179,850 | 87,551 | 30,947 |
| Debt Coverage Ratio | 10.5 | 13.8 | 16.1 | 1.1 | 1.0 | 1.0 |

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I.B.3.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT OF THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A2 09-35) FUNDED IN WHOLE OR IN PART BY THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009 INCREASING THE AMOUNT TO \$433,178 TO THE GRANT COUNTY SANITARY SEWER DISTRICT, GRANT COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority previously approved a Federally Assisted Waste Water Revolving Fund Loan (A2 09-35) to the Grant County Sanitary Sewer District on October 1, 2009 in the amount of \$300,000 and the Grant County Sanitary Sewer District has requested to increase loan A2 09-35 by \$133,178; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Grant County Sanitary Sewer District, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the Amendment of a conditional Federally Assisted Wastewater Revolving Fund loan increasing the amount to \$433,178 of project expense including capitalized interest for the construction period, to the Grant County Sanitary Sewer District for the Sewer Extension project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 52.1% will be deducted from the approved loan amount. The unforgiven principal balance of \$207,492 shall be repaid.

Section 4. The loan shall be repayable over 20 years at an interest rate of 3.0%. In addition to debt service, a .20% annual administration fee on the unpaid loan balance will be charged. From annual revenues, \$750 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$7,500 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT KENTUCKY 40601
www.kentucky.gov

February 22, 2012

Ms. Sandy Williams
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: KIA #: A2 09-35; DOW #: ERF-187 Fund A ARRA
Grant Co Sanitary Sewer District WWTP--1480
Activity ID: FGL20100003

Dear Ms. Williams:

Enclosed is the revised budget for the above-referenced project. The district is requesting \$133,178 which will revise the loan amount to \$433,178. This increase does require board approval. The Division of Water recommends approval of this request.

If you have any questions, please contact Alison Simpson, Project Administrator, at (502) 564-8158, extension 4591.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:as

Enclosure

C: Bobby Burgess, Chairman, Grant Co. Sanitary Sewer District
Kerry Odle, PE, CMW, Inc.

| | | | | |
|---|--|---------------------------|----------------------------|------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND A, FEDERALLY ASSISTED WASTEWATER | | KIA Loan Number: | A2 09-35 (Increase) | |
| REVOLVING LOAN FUND | | WRIS Number | SX21081303 | |
| | | HUC Code: | 05100205390 | |
| BORROWER: | Grant County Sanitary Sewer District | | | |
| | Grant County | | | |
| BRIEF DESCRIPTION: | <p>The Grant County Sanitary Sewer District is requesting an increase of \$133,718 in a Fund A loan that was previously approved for \$300,000 from the American Recovery and Reinvestment Act of 2009 for Phase I of a Sanitary Sewer Extension project. The increase is needed to fund unanticipated budget overages. The project will serve the Sherman area and areas north of Sherman in Grant County and will include 8,935 feet of 8" gravity sewer, 20,452 feet of forcemain, 7,883 feet of small diameter forcemain, 43 manholes and six pump stations. The project will connect 84 customers, which will eliminate septic systems, in addition to connecting Grant County Mobile Home Park (43 users) and Cincinnati Campground, which will eliminate two package sewer plants. Sewer connection will also be available to Countryside Mobile Home Park. Debt service will be funded from existing revenues and the increased customer base.</p> | | | |
| PROJECT FINANCING: | | PROJECT BUDGET | | |
| Fund A Loan | \$433,178 | Administrative Expenses | \$28,621 | |
| Local Funds | 71,000 | Legal Expenses | 64,875 | |
| HB267 | 900,000 | Land, Easements | 142,035 | |
| HB608 | 650,000 | Engineering Fees | 264,289 | |
| Grant Mobile Home Park | 60,535 | Construction | 1,532,459 | |
| | | Other | 82,434 | |
| TOTAL | \$2,114,713 | TOTAL | \$2,114,713 | |
| REPAYMENT | | Est. Annual | | |
| | Rate | 3.00% | Payment | \$14,287 |
| | Term | 20 years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | CMW, Inc. | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | Bid Opening: | September 8, 2009 | | |
| | Construction Start: | February 1, 2010 | | |
| | Construction Stop: | December 1, 2010 | | |
| DEBT PER CUSTOMER | Existing: | \$ | 853 | |
| | Proposed: | \$ | 2,087 | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | |
| | Current | 1,467 | \$37.56 | (for 4,000 gallons) |
| | Additional | 128 | \$37.56 | (for 4,000 gallons) |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | Income after Debt | | |
| | Debt Service | Debt Service | Service | Coverage Ratio |
| Audited 2007 | 332,070 | 122,826 | 209,244 | 2.7 |
| Audited 2008 | 288,559 | 124,907 | 163,652 | 2.3 |
| Audited 2009 | 273,080 | 145,679 | 127,401 | 1.9 |
| Audited 2010 | 245,798 | 123,912 | 121,886 | 2.0 |
| Preliminary 2011 | 198,166 | 126,123 | 72,043 | 1.6 |
| Projected 2012 | 229,853 | 132,501 | 97,352 | 1.7 |
| Projected 2013 | 256,870 | 177,231 | 79,639 | 1.4 |
| Projected 2014 | 303,222 | 281,222 | 22,000 | 1.1 |
| Projected 2015 | 298,985 | 279,154 | 19,831 | 1.1 |
| Projected 2016 | 294,375 | 280,473 | 13,902 | 1.0 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
 WASTEWATER REVOLVING LOAN FUND (FUND "A")
 GRANT COUNTY SANITARY SEWER DISTRICT, GRANT COUNTY
 PROJECT REVIEW
 SX21081303**

I. PROJECT DESCRIPTION

The Grant County Sanitary Sewer District is requesting an increase of \$133,718 in a Fund A loan that was previously approved for \$300,000 from the American Recovery and Reinvestment Act of 2009 for Phase I of a Sanitary Sewer Extension project. The increase is needed to fund unanticipated budget overages.

The project will serve the Sherman area and areas north of Sherman in Grant County and will include 8,935 feet of 8" gravity sewer, 20,452 feet of force main, 7,883 feet of small diameter force main, 43 manholes and six pump stations. The project will connect 84 customers, which will eliminate septic systems, in addition to connecting Grant County Mobile Home Park (43 users) and Cincinnati Campground, which will eliminate two package sewer plants. Sewer connection will also be available to Countryside Mobile Home Park. Debt service will be funded from existing revenues and the increased customer base.

II. PROJECT BUDGET

| | <u>Total</u> |
|-------------------------|---------------------|
| Administrative Expenses | \$ 28,621 |
| Legal Expenses | 64,875 |
| Land, Easements | 142,035 |
| Engineering Fees | 264,289 |
| Construction | 1,532,459 |
| Other | 82,434 |
| Total | \$ 2,114,713 |

III. PROJECT FUNDING

| Funding Sources | <u>Amount</u> | <u>%</u> |
|------------------------|---------------------|-------------|
| Fund A Loan | \$ 433,178 | 20% |
| Local Funds | 71,000 | 3% |
| HB267 | 900,000 | 43% |
| HB608 | 650,000 | 31% |
| Grant Mobile Home Park | 60,535 | 3% |
| Total | \$ 2,114,713 | 100% |

IV. KIA DEBT SERVICE

| | <u>Revised</u> | <u>Increase</u> | <u>Original</u> |
|--|-----------------|-----------------|-----------------|
| Construction Loan | \$433,178 | \$133,178 | \$300,000 |
| Less: Principal Forgiveness (52.1%) | 225,686 | \$ 69,386 | \$156,300 |
| Amortized Loan Amount | \$207,492 | \$ 63,792 | \$143,700 |
| Interest Rate | 3.00% | 3.00% | 3.00% |
| Loan Term (Years) | 20 | 20 | 20 |
| Estimated Annual Debt Service | \$13,872 | \$ 4,265 | \$ 9,607 |
| Administrative Fee (0.20%) | 415 | 128 | 287 |
| Total Estimated Annual Debt Service | \$14,287 | \$ 4,393 | \$ 9,894 |

V. PROJECT SCHEDULE

| | |
|---------------------|-------------------|
| Bid Opening: | September 8, 2009 |
| Construction Start: | February 1, 2010 |
| Construction Stop: | December 1, 2010 |

VI. RATE STRUCTURE

Customers

| | <u>Current</u> | <u>Proposed</u> | <u>Total</u> |
|-------------|----------------|-----------------|--------------|
| Residential | 1,212 | 123 | 1,335 |
| Commercial | 121 | 5 | 126 |
| Industrial | 4 | 0 | 4 |
| Total | 1,337 | 128 | 1,465 |

Rates

The monthly charge for wastewater utility service is:

| | <u>Current</u> |
|--------------------------------|----------------|
| Date of Last Rate Increase | 4/15/2006 |
| First 2,000 Gallons | \$21.06 |
| Next 3,000 Gallons (per 1,000) | 8.25 |
| Next 5,000 Gallons (per 1,000) | 6.76 |
| All Over 10,000 (per 1,000) | 5.31 |
| Cost for 4,000 gallons | \$37.56 |
| Affordability Index (Rate/MHI) | 1.1% |

VII. DEMOGRAPHICS

In 2010, the County's population was 25,088 with a Median Household Income (MHI) of \$42,405. The median household income for the Commonwealth is \$41,197. The loan qualifies for a 3% interest rate.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 31, 2007 through 2010. Amounts for 2011 are based on management provided information.

HISTORICAL

The utility has not had a rate increase since April 2006. Revenues have increased nominally from \$619,249 in 2007 to \$636,968 in 2011 while operating expenses have risen 51% from \$292,173 to \$440,205. The major components of the expense increase are management fees, other contracted services and electricity cost. The electric utility determined that a meter was malfunctioning and the District was required to pay the billing shortfall for the past two years over 2011 and 2012. The meter was replaced and actual electric usage is slightly more than double what was reported in 2010 (\$41,849).

Cash available for debt service has declined from \$332,070 in 2007 to an estimated \$198,166 in 2011. Debt service cost has been in the mid \$120,000 range with the exception of 2009 when it increased to \$145,679. The debt coverage ratio has declined from 2.7 in 2007 to 1.6 in 2011.

The utility has a strong balance sheet with a debt to equity ratio of 0.3. Unrestricted cash is equal to approximately eleven months of operating expenses. Restricted assets are comprised of a bond sinking fund, construction funds and customer deposits.

PROJECTIONS

Projections are based on the following assumptions:

- The utility will realize a full year of revenues in 2012 from the addition of 128 customers from a prior sewer expansion that was partially funded with KIA loan A2 09-35. Revenues from customer growth (53) from a project to be funded with KIA loan A12-01 will be realized in 2014.
- Based on historical growth patterns, future revenue growth will be 1.5%.
- Operating expenses will increase 3.5% per year for inflation.
- Net cost savings from the KIA funded project A12-13 will be \$30,000 in the first year due to reduced hauling and dump costs. Electricity cost will decrease approximately \$33,000 in 2013.
- The additional debt service is estimated at \$4,393
- An additional \$62,885 in debt service for KIA loan A12-13 is included in the analysis.
- Debt service coverage is 1.1 in 2014 when principal and interest repayments begin.

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

REPLACEMENT RESERVE

The annual replacement cost is \$750. This amount should be added to the replacement account each December 1 until the balance reaches \$7,500 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

| | Outstanding | Maturity |
|--|---------------------|----------|
| Kentucky Rural Finance Corporation Bonds, Series 2001D | \$ 1,176,000 | Jan-23 |
| KIA (A2 09-35 additional \$63,792 pending) | 138,700 | Dec-31 |
| KIA (A12-01 i/a/o \$822,100) | 0 | TBD |
| Total | \$ 1,314,700 | |

X. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

| WRIS | Project Title | Funding Source | Amount | Type |
|------------|--------------------------------|----------------|--------------------|-------|
| SX21081303 | Sewer Line Extension | HB267 | \$900,000 | Grant |
| SX21081303 | Sewer Line Extension - Phase I | HB608 | \$250,000 | Grant |
| SX21081303 | Sewer Line Extension - Phase I | HB608 | \$400,000 | Grant |
| | Total | | \$1,550,000 | |

XI. CONTACTS

Applicant

Name Grant County Sanitary Sewer District
Address P.O. Box 460
Crittenden, KY 41030
County Grant
Contact Bobby Burgess
Phone (859) 428-2112
Email bullockpen@fuse.net

Engineer and Applicant Contact

Name Scott Hogue
Firm CMW, Inc.
Address 400 East Vine Street, Suite 400
Lexington, KY 40507
Phone (859) 254-6623
Email shogue@cmwaec.com

XII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions and the additional ARRA conditions.

**GRANT COUNTY SANITARY SEWER DISTRICT
BALANCE SHEETS (DECEMBER YEAR END)**

| ASSETS | Audited 2007 | Audited 2008 | Audited 2009 | Audited 2010 | Preliminary 2011 | Upon Completion 2013 |
|--|------------------|------------------|------------------|------------------|---------------------|----------------------------|
| Current Assets | | | | | | |
| Cash | 227,873 | 351,378 | 430,879 | 500,041 | 400,107 | 577,098 |
| Accounts Receivable | 88,211 | 84,005 | 84,005 | 88,977 | 103,239 | 115,800 |
| Other Current Assets | 15,730 | 10,009 | 31,359 | 6,926 | 4,152 | 4,152 |
| Total Current Assets | 331,814 | 445,392 | 546,243 | 595,944 | 507,498 | 697,050 |
| Restricted Assets | | | | | | |
| Bond Sinking Fund | 99,058 | 101,055 | 101,594 | 100,449 | 103,807 | 103,807 |
| Construction Funds | 0 | 100 | 259,102 | 6,638 | 35,963 | 0 |
| Customer Deposits | 73,314 | 75,187 | 74,487 | 92,816 | 78,957 | 78,957 |
| Grants Receivable | 0 | 73,707 | 0 | 267,471 | 0 | 0 |
| KIA Reserve | | 0 | 0 | 0 | 0 | 4,400 |
| Total Restricted Assets | 172,372 | 250,049 | 435,183 | 467,374 | 218,727 | 187,164 |
| Utility Plant | | | | | | |
| Land, System, Building and Equipment | 5,208,595 | 5,339,217 | 5,616,398 | 7,072,534 | 7,505,029 | 9,645,029 |
| Less Accumulated Depreciation () | (456,797) | (607,613) | (759,269) | (916,100) | (1,077,694) | (1,423,972) |
| Net Fixed Assets | 4,751,798 | 4,731,604 | 4,857,129 | 6,156,434 | 6,427,335 | 8,221,057 |
| Other Assets | | | | | | |
| Other | 9,282 | 4,431 | 1,108 | 0 | 19,243 | 0 |
| Unamortized Bond Costs and Discount, Net | 34,299 | 31,863 | 29,428 | 26,993 | 24,618 | 22,243 |
| Total Other Assets | 43,581 | 36,294 | 30,536 | 26,993 | 43,861 | 22,243 |
| Total Assets | 5,299,565 | 5,463,339 | 5,869,091 | 7,246,745 | 7,197,421 | 9,127,514 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | 27,410 | 47,645 | 50,943 | 45,933 | 56,038 | 50,000 |
| Note Payable | 21,000 | 21,000 | 0 | 0 | 0 | 0 |
| Other | 2,562 | 2,304 | 2,304 | 2,290 | 1,033 | 2,250 |
| Total Current Liabilities | 50,972 | 70,949 | 53,247 | 48,223 | 57,071 | 52,250 |
| Liabilities Payable - Restricted Assets | | | | | | |
| Bonds Payable | 60,000 | 62,000 | 64,000 | 64,000 | 69,000 | 78,000 |
| Notes Payable - KIA | | | | 2,648 | 5,416 | 5,748 |
| Customer Deposits | 64,305 | 59,684 | 58,058 | 57,744 | 62,319 | 60,000 |
| Accrued Interest Payable | 27,359 | 26,459 | 25,675 | 24,922 | 23,554 | 23,554 |
| Construction Accounts Payable | 0 | 69,207 | 252,468 | 267,471 | 90,810 | 0 |
| Total Liabilities Payable - Restricted Assets | 151,664 | 217,350 | 400,201 | 416,785 | 251,099 | 167,302 |
| Long Term Liabilities | | | | | | |
| Bonds | 1,302,000 | 1,240,000 | 1,176,000 | 1,112,000 | 1,043,000 | 892,000 |
| Notes Payable - KIA | | | | 136,052 | 133,404 | 122,077 |
| Unamortized Bond Premium | 19,742 | 18,340 | 16,939 | 15,537 | 14,135 | 11,331 |
| KIA Loans (A12-01, A12-13, ARRA Increase) | 0 | 0 | 0 | 0 | 0 | 2,075,000 |
| Total Long Term Liabilities | 1,321,742 | 1,258,340 | 1,192,939 | 1,263,589 | 1,190,539 | 3,100,408 |
| Total Liabilities | 1,524,378 | 1,546,639 | 1,646,387 | 1,728,597 | 1,498,709 | 3,319,960 |
| Retained Earnings: | | | | | | |
| Invested in Capital Assets Net of Related Debt | 3,384,389 | 3,423,162 | 3,630,652 | 4,854,224 | 5,176,515 | 5,048,232 |
| Restricted | 71,699 | 79,196 | 82,699 | 82,163 | 127,917 | 187,164 |
| Unrestricted | 319,099 | 414,342 | 509,353 | 581,761 | 394,280 | 572,158 |
| Total Retained Earnings | 3,775,187 | 3,916,700 | 4,222,704 | 5,518,148 | 5,698,712 | 5,807,554 |
| Total Liabilities and Equities | 5,299,565 | 5,463,339 | 5,869,091 | 7,246,745 | 7,197,421 | 9,127,514 |
| Balance Sheet Analysis | | | | | | |
| Current Ratio | 6.5 | 6.3 | 10.3 | 12.4 | 8.9 | 13.3 |
| Debt to Equity | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.6 |
| Working Capital | 280,842 | 374,443 | 492,996 | 547,721 | 450,427 | 644,800 |
| Percent of Total Assets in Working Capital | 5.3% | 6.9% | 8.4% | 7.6% | 6.3% | 7.1% |
| Days Sales in Accounts Receivable | 52.0 | 49.9 | 51.7 | 51.8 | 59.2 | 59.1 |

**EXHIBIT 1
GRANT COUNTY SANITARY SEWER DISTRICT
CASH FLOW ANALYSIS (DECEMBER YEAR END)**

| | Audited 2007 | % Change | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Preliminary 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 | Projected 2016 |
|--|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues | | | | | | | | | | | | | | |
| User Fees | 602,830 | -1% | 594,793 | 1% | 598,787 | 2% | 613,285 | 2% | 623,998 | 691,050 | 701,416 | 735,837 | 746,875 | 758,078 |
| Other | 16,419 | 18% | 19,401 | -127% | (5,195) | -352% | 13,074 | -1% | 12,970 | 13,165 | 13,362 | 13,562 | 13,765 | 13,971 |
| Cost Reductions or Rate Increase | | | | | | | | | | | | | | |
| Total Revenues | 619,249 | -1% | 614,194 | -3% | 593,592 | 6% | 626,359 | 2% | 636,968 | 704,215 | 714,778 | 749,399 | 760,640 | 772,049 |
| Operating Expenses | | | | | | | | | | | | | | |
| Operating Expenses | 292,173 | 13% | 330,127 | -2% | 322,987 | 19% | 384,598 | 14% | 440,205 | 475,612 | 456,258 | 472,227 | 488,755 | 505,861 |
| Cost Savings | 0 | | 0 | | 0 | | 0 | | 0 | 0 | 0 | (30,000) | (31,050) | (32,137) |
| Depreciation | 146,955 | 8% | 158,724 | 1% | 159,744 | 0% | 160,154 | 8% | 173,139 | 173,139 | 173,139 | 257,100 | 257,100 | 257,100 |
| Replacement Reserve | | | | | | | | | 750 | 750 | 3,650 | 5,950 | 5,950 | 5,950 |
| Total Expenses | 439,128 | 11% | 488,851 | -1% | 482,731 | 13% | 544,752 | 13% | 614,094 | 649,501 | 633,047 | 705,277 | 720,755 | 736,774 |
| Net Operating Income | 180,121 | -30% | 125,343 | -12% | 110,861 | -26% | 81,607 | -72% | 22,874 | 54,714 | 81,731 | 44,122 | 39,885 | 35,275 |
| Non-Operating Income and Expenses | | | | | | | | | | | | | | |
| Interest Income | 4,994 | -10% | 4,492 | -45% | 2,475 | 63% | 4,037 | -47% | 2,153 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Total Non-Operating Income & Expenses | 4,994 | -10% | 4,492 | -45% | 2,475 | 63% | 4,037 | -47% | 2,153 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Add Non-Cash Expenses | | | | | | | | | | | | | | |
| Depreciation | 146,955 | 8% | 158,724 | 1% | 159,744 | 0% | 160,154 | 8% | 173,139 | 173,139 | 173,139 | 257,100 | 257,100 | 257,100 |
| Cash Available for Debt Service | 332,070 | -13% | 288,559 | -5% | 273,080 | -10% | 245,798 | -19% | 198,166 | 229,853 | 256,870 | 303,222 | 298,985 | 294,375 |
| Debt Service (enter as positive #'s) | | | | | | | | | | | | | | |
| Existing Principal | 56,000 | | 60,000 | | 83,000 | | 64,000 | | 66,648 | 74,416 | 78,579 | 83,748 | 85,922 | 91,101 |
| Existing Interest | 66,826 | | 64,907 | | 62,679 | | 59,912 | | 59,475 | 58,085 | 54,265 | 50,208 | 45,966 | 42,106 |
| KIA Loan (A12-01) | | | | | | | | | | 0 | 39,994 | 79,988 | 79,988 | 79,988 |
| Proposed KIA Loan | | | | | | | | | | 0 | 0 | 62,885 | 62,885 | 62,885 |
| KIA (A2 09-35) Increase | | | | | | | | | | 0 | 4,393 | 4,393 | 4,393 | 4,393 |
| Total Debt Service | 122,826 | | 124,907 | | 145,679 | | 123,912 | | 126,123 | 132,501 | 177,231 | 281,222 | 279,154 | 280,473 |
| Income After Debt Service | 209,244 | | 163,652 | | 127,401 | | 121,886 | | 72,043 | 97,352 | 79,639 | 22,000 | 19,831 | 13,902 |
| Debt Coverage Ratio | 2.7 | | 2.3 | | 1.9 | | 2.0 | | 1.6 | 1.7 | 1.4 | 1.1 | 1.1 | 1.0 |

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I.B.4.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-13) OF \$913,300 TO THE GRANT COUNTY SANITARY SEWER DISTRICT, GRANT COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Grant County Sanitary Sewer District, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for \$913,300 of project expense including capitalized interest for the construction period, to the Grant County Sanitary Sewer District

for the WWTP Improvements Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 3.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. From annual revenues, \$2,300 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$23,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 22, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL#12108 Fund A
Grant Co Sanitary Sewer District
WWTP--1480
Activity ID: FGL20120008
Watershed Name: Clarks Creek
Watershed Code (HUC11): 05100205380

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the Grant County Sanitary Sewer District is entitled to receive priority for funding for the Bullock Pen Wastewater Treatment Plant Improvements and is eligible to receive \$913,300 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW on May 8, 2012.
2. Construction bids are expected to be opened on June 27, 2012.
3. Project specific environmental information is expected to be submitted to DOW on April 6, 2012.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews and conduct a pre-construction and project management conference.
2. Loan Agreement must be executed within six (6) months from bid opening.
3. The city must agree to expend all loan funds within six months of the date of initiation of operation.

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.
5. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.
6. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

Please forward the draft binding commitment letter to this office for review when completed. Should you have any questions concerning this letter, do not hesitate to contact Buddy Griffin, Project Administrator, at (502) 564-8158, extension 4971.

Sincerely,



Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:bg

Enclosures

C: Mr. Bobby Burgess, Chairman
Kerry Odle, Project Engineer, CMW, Inc.

| | | | | |
|---|---|---------------------------|--------------------------|------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND A, FEDERALLY ASSISTED WASTEWATER | | KIA Loan Number: | A12-13 | |
| REVOLVING LOAN FUND | | WRIS Number | SX21081305 | |
| | | HUC Code: | 05100205390 | |
| BORROWER: | GRANT COUNTY SANITARY SEWER DISTRICT | | | |
| | GRANT COUNTY | | | |
| BRIEF DESCRIPTION: | <p>This project involves various wastewater treatment plant improvements including the installation of a 60,000 gallon sludge digester, conversion of four existing 11,250 gallon digesters to be part of the extended aeration plant, sludge press with building, flow splitter with bar screens, replacement of blowers with quieter and more efficient ones, and grade work for the above items along with preparation for a future 75,000 gallon expansion to the plant. Plant capacity will be increased, sludge can be processed and taken to the landfill, bar screens and the splitter will prevent back-up in the existing sewer gravity lines, and electricity consumption will be reduced as a result of this project.</p> | | | |
| PROJECT FINANCING: | PROJECT BUDGET | | | |
| Fund A Loan | \$ | 913,300 | Administrative Expenses | \$ 12,000 |
| | | | Legal Expenses | 4,000 |
| | | | Engineering Fees | 128,348 |
| | | | Construction | 690,000 |
| | | | Contingency | 68,952 |
| | | | Other | 10,000 |
| TOTAL | \$ | 913,300 | TOTAL | \$ 913,300 |
| REPAYMENT | | | Est. Annual | |
| | Rate | 3.0% | Payment | \$ 62,885 |
| | Term | 20 years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | CMW, Inc. | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | | | |
| | Bid Opening: | June 27, 2012 | | |
| | Construction Start: | October 1, 2012 | | |
| | Construction Stop: | October 1, 2013 | | |
| DEBT PER CUSTOMER | Existing: | \$ | 853 | |
| | Proposed: | \$ | 2,087 | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | |
| | Current | 1,467 | \$ 37.56 | (for 4,000 gallons) |
| | Additional | 0 | \$ 37.56 | (for 4,000 gallons) |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | Debt Service | Income after Debt | Coverage Ratio |
| | | | | |
| Audited 2007 | 332,070 | 122,826 | 209,244 | 2.7 |
| Audited 2008 | 288,559 | 124,907 | 163,652 | 2.3 |
| Audited 2009 | 273,080 | 145,679 | 127,401 | 1.9 |
| Audited 2010 | 245,798 | 123,912 | 121,886 | 2.0 |
| Preliminary 2011 | 198,166 | 126,123 | 72,043 | 1.6 |
| Projected 2012 | 229,853 | 132,501 | 97,352 | 1.7 |
| Projected 2013 | 256,870 | 177,231 | 79,639 | 1.4 |
| Projected 2014 | 303,222 | 281,222 | 22,000 | 1.1 |
| Projected 2015 | 298,985 | 279,154 | 19,831 | 1.1 |
| Projected 2016 | 294,375 | 280,473 | 13,902 | 1.0 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
 WASTEWATER REVOLVING LOAN FUND (FUND "A")
 GRANT COUNTY SANITARY SEWER DISTRICT, GRANT COUNTY
 PROJECT REVIEW
 SX21081305**

I. PROJECT DESCRIPTION

The Grant County Sanitary Sewer District (District) is requesting \$913,300 in Clean Water SRF funds for the Wastewater Treatment Plant Improvements project. The project involves various wastewater treatment plant improvements including the installation of a 60,000 gallon sludge digester, conversion of four existing 11,250 gallon digesters to be part of the extended aeration plant, sludge press with building, flow splitter with bar screens, replacement of blowers with quieter and more efficient ones, and grade work for the above items along with preparation for a future 75,000 gallon expansion to the plant. Plant capacity will be increased, sludge can be processed and taken to the landfill, bar screens and the splitter will prevent back-up in the existing sewer gravity lines, and electricity consumption will be reduced as a result of this project.

II. PROJECT BUDGET

| | <u>Total</u> |
|-------------------------|-------------------|
| Administrative Expenses | \$ 12,000 |
| Legal Expenses | 4,000 |
| Engineering Fees | 128,348 |
| Construction | 690,000 |
| Contingency | 68,952 |
| Other | 10,000 |
| Total | \$ 913,300 |

III. PROJECT FUNDING

| | <u>Amount</u> | <u>%</u> |
|--------------|-------------------|-------------|
| Fund A Loan | 913,300 | 100% |
| Total | \$ 913,300 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|------------------|
| Construction Loan | \$ 913,300 |
| Interest Rate | 3.0% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 61,058 |
| Administrative Fee (0.20%) | \$ 1,827 |
| Total Estimated Annual Debt Service | \$ 62,885 |

V. PROJECT SCHEDULE

| | |
|--------------------|--------------|
| Bid Opening | June 2012 |
| Construction Start | October 2012 |
| Construction Stop | October 2013 |

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

| A) Customers | Current | Pending and Proposed | Total |
|---------------------|--------------|----------------------|--------------|
| Residential | 1,315 | 51 | 1,366 |
| Commercial | 147 | 2 | 149 |
| Industrial | 5 | 0 | 5 |
| Total | 1,467 | 53 | 1,520 |

Connection to the system is required by ordinance of the Grant County Fiscal Court. The District has an active project that is expected to increase customers by 53.

B) Rates

The monthly charge for wastewater utility service is:

| | <u>Current</u> |
|--------------------------------|----------------|
| Date of Last Rate Increase | 4/15/2006 |
| First 2,000 Gallons | \$21.06 |
| Next 3,000 Gallons (per 1,000) | 8.25 |
| Next 5,000 Gallons (per 1,000) | 6.76 |
| All Over 10,000 (per 1,000) | 5.31 |
| | |
| Cost for 4,000 gallons | \$37.56 |
| Affordability Index (Rate/MHI) | 1.1% |

VII. DEMOGRAPHICS

In 2010, the County’s population was 25,088 with a Median Household Income (MHI) of \$42,405. The median household income for the Commonwealth is \$41,197. The loan qualifies for a 3% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR).
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 31, 2007 through 2010. Amounts for 2011 are based on management provided information.

HISTORICAL

The utility has not had a rate increase since April 2006. Revenues have increased nominally from \$619,249 in 2007 to \$636,968 in 2011 while operating expenses have risen 51% from \$292,173 to \$440,205. The major components of the expense increase are management fees, other contracted services and electricity cost. The electric utility determined that a meter was malfunctioning and the District was required to pay the billing shortfall for the past two years over 2011 and 2012. The meter was replaced and actual electric usage is slightly more than double what was reported in 2010 (\$41,849).

Cash available for debt service has declined from \$332,070 in 2007 to an estimated \$198,166 in 2011. Debt service cost has been in the mid \$120,000 range with the exception of 2009 when it increased to \$145,679. The debt coverage ratio has declined from 2.7 in 2007 to 1.6 in 2011.

The utility has a strong balance sheet with a debt to equity ratio of 0.3. Unrestricted cash is equal to approximately eleven months of operating expenses. Restricted assets are comprised of a bond sinking fund, construction funds and customer deposits.

PROJECTIONS

Projections are based on the following assumptions:

- The utility will realize a full year of revenues in 2012 from the addition of 128 customers from a prior sewer expansion that was partially funded with KIA loan A2 09-35. Revenues from customer growth (53) from a project to be funded with KIA loan A12-01 will be realized in 2014.
- Based on historical growth patterns, future revenue growth will be 1.5%.
- Operating expenses will increase 3.5% per year for inflation.
- Net cost savings from this project will be \$30,000 in the first year due to reduced hauling and dump costs. Electricity cost will decrease approximately \$33,000 in 2013.
- The new debt service is estimated at \$62,885.
- An additional \$4,393 in debt service for an anticipated increase in loan KIA A2 09-35 (ARRA) is included in the analysis.
- Debt service coverage is 1.1 in 2014 when principal and interest repayments begin.

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

REPLACEMENT RESERVE

The annual replacement cost is \$2,300. This amount should be added to the replacement account each December 1 until the balance reaches \$23,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|--|---------------------|-----------------|
| Kentucky Rural Finance Corporation Bonds, Series 2001D | \$ 1,176,000 | Jan-23 |
| KIA (A2 09-35 additional \$63,792 pending) | 138,700 | Dec-31 |
| KIA (A12-01 i/a/o \$822,100) | 0 | TBD |
| Total | \$ 1,314,700 | |

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

| <u>Project Title</u> | <u>Funding Source</u> | <u>Amount</u> | <u>Type</u> |
|--------------------------------|-----------------------|---------------|-------------|
| Sewer Line Extension - Phase I | HB608 | 250,000 | Grant |
| Sewer Line Extension - Phase I | HB608 | 400,000 | Grant |

XII. CONTACTS

| Applicant | |
|------------------|--------------------------------------|
| Name | Grant County Sanitary Sewer District |
| Address | P.O. Box 460 Crittenden, KY 41030 |
| County | Grant |
| Contact | Bobby Burgess |
| Phone | (859) 428-2112 |
| Email | bullockpen@fuse.net |

| Applicant Contact and Engineer | |
|---------------------------------------|--|
| Name | CMW, Inc. |
| Address | 400 East Vine Street, Suite 400 Lexington, KY 40507 |
| Contact | Kerry Odle |
| Phone | (859) 254-6623 |
| Email | kodle@cmwaec.com |

XIII. RECOMMENDATIONS

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

**GRANT COUNTY SANITARY SEWER DISTRICT
BALANCE SHEETS (DECEMBER YEAR END)**

| ASSETS | Audited 2007 | Audited 2008 | Audited 2009 | Audited 2010 | Preliminary 2011 | Upon Completion 2013 |
|--|------------------|------------------|------------------|------------------|---------------------|----------------------------|
| Current Assets | | | | | | |
| Cash | 227,873 | 351,378 | 430,879 | 500,041 | 400,107 | 577,098 |
| Accounts Receivable | 88,211 | 84,005 | 84,005 | 88,977 | 103,239 | 115,800 |
| Other Current Assets | 15,730 | 10,009 | 31,359 | 6,926 | 4,152 | 4,152 |
| Total Current Assets | 331,814 | 445,392 | 546,243 | 595,944 | 507,498 | 697,050 |
| Restricted Assets | | | | | | |
| Bond Sinking Fund | 99,058 | 101,055 | 101,594 | 100,449 | 103,807 | 103,807 |
| Construction Funds | 0 | 100 | 259,102 | 6,638 | 35,963 | 0 |
| Customer Deposits | 73,314 | 75,187 | 74,487 | 92,816 | 78,957 | 78,957 |
| Grants Receivable | 0 | 73,707 | 0 | 267,471 | 0 | 0 |
| KIA Reserve | | 0 | 0 | 0 | 0 | 4,400 |
| Total Restricted Assets | 172,372 | 250,049 | 435,183 | 467,374 | 218,727 | 187,164 |
| Utility Plant | | | | | | |
| Land, System, Building and Equipment | 5,208,595 | 5,339,217 | 5,616,398 | 7,072,534 | 7,505,029 | 9,645,029 |
| Less Accumulated Depreciation () | (456,797) | (607,613) | (759,269) | (916,100) | (1,077,694) | (1,423,972) |
| Net Fixed Assets | 4,751,798 | 4,731,604 | 4,857,129 | 6,156,434 | 6,427,335 | 8,221,057 |
| Other Assets | | | | | | |
| Other | 9,282 | 4,431 | 1,108 | 0 | 19,243 | 0 |
| Unamortized Bond Costs and Discount, Net | 34,299 | 31,863 | 29,428 | 26,993 | 24,618 | 22,243 |
| Total Other Assets | 43,581 | 36,294 | 30,536 | 26,993 | 43,861 | 22,243 |
| Total Assets | 5,299,565 | 5,463,339 | 5,869,091 | 7,246,745 | 7,197,421 | 9,127,514 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | 27,410 | 47,645 | 50,943 | 45,933 | 56,038 | 50,000 |
| Note Payable | 21,000 | 21,000 | 0 | 0 | 0 | 0 |
| Other | 2,562 | 2,304 | 2,304 | 2,290 | 1,033 | 2,250 |
| Total Current Liabilities | 50,972 | 70,949 | 53,247 | 48,223 | 57,071 | 52,250 |
| Liabilities Payable - Restricted Assets | | | | | | |
| Bonds Payable | 60,000 | 62,000 | 64,000 | 64,000 | 69,000 | 78,000 |
| Notes Payable - KIA | | | | 2,648 | 5,416 | 5,748 |
| Customer Deposits | 64,305 | 59,684 | 58,058 | 57,744 | 62,319 | 60,000 |
| Accrued Interest Payable | 27,359 | 26,459 | 25,675 | 24,922 | 23,554 | 23,554 |
| Construction Accounts Payable | 0 | 69,207 | 252,468 | 267,471 | 90,810 | 0 |
| Total Liabilities Payable - Restricted Assets | 151,664 | 217,350 | 400,201 | 416,785 | 251,099 | 167,302 |
| Long Term Liabilities | | | | | | |
| Bonds | 1,302,000 | 1,240,000 | 1,176,000 | 1,112,000 | 1,043,000 | 892,000 |
| Notes Payable - KIA | | | | 136,052 | 133,404 | 122,077 |
| Unamortized Bond Premium | 19,742 | 18,340 | 16,939 | 15,537 | 14,135 | 11,331 |
| KIA Loans (A12-01, A12-13, ARRA Increase) | 0 | 0 | 0 | 0 | 0 | 2,075,000 |
| Total Long Term Liabilities | 1,321,742 | 1,258,340 | 1,192,939 | 1,263,589 | 1,190,539 | 3,100,408 |
| Total Liabilities | 1,524,378 | 1,546,639 | 1,646,387 | 1,728,597 | 1,498,709 | 3,319,960 |
| Retained Earnings: | | | | | | |
| Invested in Capital Assets Net of Related Debt | 3,384,389 | 3,423,162 | 3,630,652 | 4,854,224 | 5,176,515 | 5,048,232 |
| Restricted | 71,699 | 79,196 | 82,699 | 82,163 | 127,917 | 187,164 |
| Unrestricted | 319,099 | 414,342 | 509,353 | 581,761 | 394,280 | 572,158 |
| Total Retained Earnings | 3,775,187 | 3,916,700 | 4,222,704 | 5,518,148 | 5,698,712 | 5,807,554 |
| Total Liabilities and Equities | 5,299,565 | 5,463,339 | 5,869,091 | 7,246,745 | 7,197,421 | 9,127,514 |
| Balance Sheet Analysis | | | | | | |
| Current Ratio | 6.5 | 6.3 | 10.3 | 12.4 | 8.9 | 13.3 |
| Debt to Equity | 0.4 | 0.4 | 0.4 | 0.3 | 0.3 | 0.6 |
| Working Capital | 280,842 | 374,443 | 492,996 | 547,721 | 450,427 | 644,800 |
| Percent of Total Assets in Working Capital | 5.3% | 6.9% | 8.4% | 7.6% | 6.3% | 7.1% |
| Days Sales in Accounts Receivable | 52.0 | 49.9 | 51.7 | 51.8 | 59.2 | 59.1 |

**EXHIBIT 1
GRANT COUNTY SANITARY SEWER DISTRICT
CASH FLOW ANALYSIS (DECEMBER YEAR END)**

| | Audited 2007 | % Change | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Preliminary 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 | Projected 2016 |
|--|-----------------|-------------|-----------------|-------------|-----------------|-------------|-----------------|-------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues | | | | | | | | | | | | | | |
| User Fees | 602,830 | -1% | 594,793 | 1% | 598,787 | 2% | 613,285 | 2% | 623,998 | 691,050 | 701,416 | 735,837 | 746,875 | 758,078 |
| Other | 16,419 | 18% | 19,401 | -127% | (5,195) | -352% | 13,074 | -1% | 12,970 | 13,165 | 13,362 | 13,562 | 13,765 | 13,971 |
| Cost Reductions or Rate Increase | | | | | | | | | | | | | | |
| Total Revenues | 619,249 | -1% | 614,194 | -3% | 593,592 | 6% | 626,359 | 2% | 636,968 | 704,215 | 714,778 | 749,399 | 760,640 | 772,049 |
| Operating Expenses | | | | | | | | | | | | | | |
| Operating Expenses | 292,173 | 13% | 330,127 | -2% | 322,987 | 19% | 384,598 | 14% | 440,205 | 475,612 | 456,258 | 472,227 | 488,755 | 505,861 |
| Cost Savings | 0 | | 0 | | 0 | | 0 | | 0 | 0 | 0 | (30,000) | (31,050) | (32,137) |
| Depreciation | 146,955 | 8% | 158,724 | 1% | 159,744 | 0% | 160,154 | 8% | 173,139 | 173,139 | 173,139 | 257,100 | 257,100 | 257,100 |
| Replacement Reserve | | | | | | | | | 750 | 750 | 3,650 | 5,950 | 5,950 | 5,950 |
| Total Expenses | 439,128 | 11% | 488,851 | -1% | 482,731 | 13% | 544,752 | 13% | 614,094 | 649,501 | 633,047 | 705,277 | 720,755 | 736,774 |
| Net Operating Income | 180,121 | -30% | 125,343 | -12% | 110,861 | -26% | 81,607 | -72% | 22,874 | 54,714 | 81,731 | 44,122 | 39,885 | 35,275 |
| Non-Operating Income and Expenses | | | | | | | | | | | | | | |
| Interest Income | 4,994 | -10% | 4,492 | -45% | 2,475 | 63% | 4,037 | -47% | 2,153 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Total Non-Operating Income & Expenses | 4,994 | -10% | 4,492 | -45% | 2,475 | 63% | 4,037 | -47% | 2,153 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Add Non-Cash Expenses | | | | | | | | | | | | | | |
| Depreciation | 146,955 | 8% | 158,724 | 1% | 159,744 | 0% | 160,154 | 8% | 173,139 | 173,139 | 173,139 | 257,100 | 257,100 | 257,100 |
| Cash Available for Debt Service | 332,070 | -13% | 288,559 | -5% | 273,080 | -10% | 245,798 | -19% | 198,166 | 229,853 | 256,870 | 303,222 | 298,985 | 294,375 |
| Debt Service (enter as positive #'s) | | | | | | | | | | | | | | |
| Existing Principal | 56,000 | | 60,000 | | 83,000 | | 64,000 | | 66,648 | 74,416 | 78,579 | 83,748 | 85,922 | 91,101 |
| Existing Interest | 66,826 | | 64,907 | | 62,679 | | 59,912 | | 59,475 | 58,085 | 54,265 | 50,208 | 45,966 | 42,106 |
| KIA Loan (A12-01) | | | | | | | | | | 0 | 39,994 | 79,988 | 79,988 | 79,988 |
| Proposed KIA Loan | | | | | | | | | | 0 | 0 | 62,885 | 62,885 | 62,885 |
| KIA (A2 09-35) Increase | | | | | | | | | | 0 | 4,393 | 4,393 | 4,393 | 4,393 |
| Total Debt Service | 122,826 | | 124,907 | | 145,679 | | 123,912 | | 126,123 | 132,501 | 177,231 | 281,222 | 279,154 | 280,473 |
| Income After Debt Service | 209,244 | | 163,652 | | 127,401 | | 121,886 | | 72,043 | 97,352 | 79,639 | 22,000 | 19,831 | 13,902 |
| Debt Coverage Ratio | 2.7 | | 2.3 | | 1.9 | | 2.0 | | 1.6 | 1.7 | 1.4 | 1.1 | 1.1 | 1.0 |

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I.B.5.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A10-13) INCREASING THE AMOUNT TO \$5,790,500 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority previously approved a Federally Assisted Waste Water Revolving Fund Loan (A10-13) to the Regional Water Resource Agency on December 9, 2010 in the amount of \$4,005,000 and the Regional Water Resource Agency has requested to increase loan A10-13 by \$1,785,500; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Regional Water Resource Agency, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the Amendment of a conditional Federally Assisted Wastewater Revolving Fund loan increasing the amount to \$5,790,500 of project expense including capitalized interest for the construction period, to the Regional Water Resource Agency for the Dublin Lane Sewer Outfall Reconstruction and Veteran's Drive Sewer Rehabilitation Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a .20% annual administration fee on the unpaid loan balance will be charged. RWRA has deposited \$2,500,000 into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT KENTUCKY 40601
www.kentucky.gov

February 22, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL#2011-125 Fund A KIA A10-13
Max Rhoads WWTP--946
Activity ID: FGL20110004
Watershed Name: Cowhide of Slough of
Ohio River
Watershed Code (HUC11): 05140201240

Dear Mr. Covington:

Enclosed is the revised budget for the above-referenced project. The Regional Water Resource Agency is requesting \$1,785,500 which will revise the loan amount to \$5,790,500. This increase does require board approval. The Division of Water recommends approval of this request.

If you have any questions, please contact Buddy Griffin, Project Administrator, at (502) 564-8158, extension 4971.

Sincerely,

Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:bg

Enclosure

c: Mr. David Hawes, Executive Director, RWRA
Sheryl Chino, GRADD
Chuck Anderson, PEH/Strand Engineers

| | | | | |
|--|--|---------------------------|-------------------------------|------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND A, FEDERALLY ASSISTED WASTEWATER | | KIA Loan Number: | A10-13 (Increase) | |
| REVOLVING LOAN FUND | | WRIS Number | SX21059034, SX21059040 | |
| | | HUC Code: | 05140201240 | |
| BORROWER: | REGIONAL WATER RESOURCE AGENCY | | | |
| | DAVIESS COUNTY | | | |
| BRIEF DESCRIPTION: | | | | |
| <p>The Regional Water Resource Agency (RWRA) is requesting an increase of \$1,785,500 to the previously approved \$4,005,000 Veterans Drive project. This increase will fund an upgrade to the Locust Street Pump Station which will finalize capacity improvements needed for transport of additional combined sewage to the Max Rhoad's Treatment Plant for secondary treatment. Recent improvements at this plant will enable RWRA to treat the additional combined sewage that is generated through the Veterans Drive project. The original project summary is below.</p> <p>The Agency is under enforcement to mitigate combined sewer overflows. First, the Dublin Lane sewer outfall is deteriorating rapidly. A new outfall sewer at a higher elevation will be constructed and a pump station intake will be reconstructed. This will establish a configuration that will improve CSO environmental conditions at this location thus reducing combined sewage overflows.</p> <p>The Veterans Drive Sewer Rehabilitation project is an extension, replacement and upgrade to an existing combined sewer that runs parallel to the Ohio River beginning at Daviess Street to the Locust Street Tunnel Sewer. This project will continue improvement from Frederica Street westward to the Locust Street Tunnel sewer system and reduce overflows at the Daviess Street and Frederica Street CSO's, respectively. Because this project is a part of RWRA's Long-Term Control Plan for the entire system, it effectively impacts the entire population of 64,000 served by RWRA.</p> | | | | |
| PROJECT FINANCING: | | PROJECT BUDGET | | |
| KIA | \$ 5,790,500 | Legal Expenses | 25,000 | |
| Local Funding | 294,500 | Engineering Fees | 435,000 | |
| | | Construction | 5,180,000 | |
| | | Contingency | 340,000 | |
| | | Other | 105,000 | |
| TOTAL | \$ 6,085,000 | TOTAL | \$ 6,085,000 | |
| REPAYMENT | | Rate | 1.00% | Est. Annual Payment |
| | | Term | 20 years | \$ 331,744 |
| | | | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | PEH/Strand Engineers | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | Dublin Lane | Veteran's Drive | |
| | Bid Opening: | March 1, 2011 | February 1, 2011 | |
| | Construction Start: | June 1, 2011 | March 1, 2011 | |
| | Construction Stop: | November 1, 2011 | August 1, 2013 | |
| DEBT PER CUSTOMER | Existing: | \$ 1,049 | | |
| | Proposed: | \$ 1,083 | | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | |
| | Current | 28,219 | \$22.23 (for 4,000 gallons) | |
| | Additional | 0 | \$ 22.23 (for 4,000 gallons) | |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | Debt Service | Income after Debt | Coverage Ratio |
| | Debt Service | Debt Service | Service | |
| Audited 2008 | 10,173,741 | 3,054,467 | 7,119,274 | 3.3 |
| Audited 2009 | 5,492,616 | 3,032,595 | 2,460,021 | 1.8 |
| Audited 2010 | 5,183,640 | 3,346,496 | 1,837,144 | 1.5 |
| Audited 2011 | 6,210,318 | 3,185,397 | 3,024,921 | 1.9 |
| Projected 2012 | 5,016,709 | 2,709,134 | 2,307,575 | 1.9 |
| Projected 2013 | 4,869,893 | 2,738,334 | 2,131,559 | 1.8 |
| Projected 2014 | 4,711,640 | 2,948,762 | 1,762,878 | 1.6 |
| Projected 2015 | 4,541,381 | 3,163,391 | 1,377,990 | 1.4 |
| Projected 2016 | 4,358,523 | 3,159,791 | 1,198,732 | 1.4 |
| Projected 2017 | 4,162,445 | 3,130,657 | 1,031,788 | 1.3 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY
PROJECT REVIEW
SX21059034, SX21059040**

I. PROJECT DESCRIPTION

The Regional Water Resource Agency (RWRA) is requesting an increase of \$1,785,500 to the previously approved \$4,005,000 Veterans Drive project for a new Fund A loan amount of \$5,790,500. This increase will fund an upgrade to the Locust Street Pump Station which will finalize capacity improvements needed for transport of additional combined sewage to the Max Rhoad's Treatment Plant for secondary treatment. Recent improvements at this plant will enable RWRA to treat the additional combined sewage that is generated through the Veterans Drive project. The Locust Street Pump Station is located on a property that is slated to become Owensboro's new Convention and Events Center along with a new hotel facility. Based on the constructions schedule of these facilities it is prudent to proceed with the rehabilitation and upgrade of the pump station prior to, or in conjunction with, construction occurring on the adjacent properties.

The original loan request in the amount of \$4,005,000 was to complete two projects at Dublin Lane and at Veterans Drive. RWRA is under enforcement with the Commonwealth of Kentucky (September 5, 2007) to mitigate combined sewer overflows.

RWRA was created by the enactment of identical ordinances by the City of Owensboro and Daviess County Fiscal Court on October 18, 1994 and October 5, 1994, respectively, for the purpose of managing, controlling and operating regional comprehensive wastewater facilities within Daviess County. RWRA is considered a related organization of the City of Owensboro and Daviess County. All operations of the RWRA are managed by its own professional staff and governed by a board of directors, which consists of four city board appointments and three county board appointments. RWRA revenue is derived 100% from its ratepayers who reside in areas of Daviess County inside and outside of the city limits.

RWRA is a regionalization model for other counties in Kentucky and nationally. The Wastewater Treatment Plant was highlighted in EPA's 2004 Annual Report on the Clean Water State Revolving Fund Programs.

Dublin Lane Sewer Outfall

The Dublin Lane sewer outfall is deteriorating rapidly. A new outfall sewer at a higher elevation will be constructed and a pump station intake will be reconstructed. This will establish a configuration that will improve CSO environmental conditions at this location thus reducing combined sewage overflows.

Veterans Drive Sewer Rehabilitation

The Veterans Drive Sewer Rehabilitation project is an extension, replacement and upgrade to an existing combined sewer that runs parallel to the Ohio River beginning at Daviess Street to the Locust Street Tunnel Sewer. This project will continue improvement from Frederica Street westward to the Locust Street Tunnel sewer system and reduce overflows at the Daviess Street and Frederica Street CSO's, respectively. This project is a part of RWRA's Long-Term Control Plan.

II. PROJECT BUDGET

| | <u>Total</u> |
|------------------|---------------------|
| Legal Expenses | \$ 25,000 |
| Engineering Fees | 435,000 |
| Construction | 5,180,000 |
| Contingency | 340,000 |
| Other | 105,000 |
| Total | \$ 6,085,000 |

III. PROJECT FUNDING

| | <u>Amount</u> | <u>%</u> |
|---------------|---------------------|-------------|
| KIA | \$ 5,790,500 | 100% |
| Local Funding | 294,500 | 5% |
| Total | \$ 6,085,000 | 100% |

IV. KIA DEBT SERVICE

| | <u>Revised</u> | <u>Increase</u> | <u>Original</u> |
|--|-------------------|-------------------|-------------------|
| Construction Loan | \$5,790,500 | \$1,785,500 | \$4,005,000 |
| Interest Rate | 1.00% | 1.00% | 1.00% |
| Loan Term (years) | 20 | 20 | 20 |
| Estimated Annual Debt Service | \$ 320,163 | \$ 98,722 | \$ 221,441 |
| Administrative Fee (0.20%) | 11,581 | 3,571 | 8,010 |
| Total Estimated Annual Debt Service | \$ 331,744 | \$ 102,293 | \$ 229,451 |

V. PROJECT SCHEDULE

| | <u>Dublin Lane</u> | <u>Veterans Drive</u> |
|--------------------|--------------------|-----------------------|
| Bid Opening | March 1, 2011 | February 1, 2011 |
| Construction Start | June 1, 2011 | March 1, 2011 |
| Construction Stop | November 1, 2011 | August 1, 2013 |

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

| A) Customers | Current |
|---------------------|----------------|
| Residential | 25,634 |
| Commercial | 2,514 |
| Industrial | 71 |
| | <hr/> |
| | 28,219 |

B) Rates

| | |
|--------------------------------|----------------|
| Date of Last Rate Increase | 7/1/2007 |
| Minimum | \$10.71 |
| Rates Per 1,000 Gallons | \$3.57 |
| System Development Fee | \$7.95 |
| Cost for 4,000 gallons | \$22.23 |
| Affordability Index (Rate/MHI) | 0.8% |

The Following Fees Apply To RWRA's Sewer Extension Areas

Capacity Fee for each Equivalent Residential Unit (ERU) is \$398.00. Qualified existing users are allowed to pay in monthly installments of \$2.40/month.

System Development Fee for each ERU is currently \$1,320.00. Qualified existing users are allowed to pay this fee in monthly installments of \$7.95/month. All proposed and future customers within the project area will be charged an ERU fee of \$1,320.00 to be billed in monthly installments of \$7.95.

Assessment Fee – when the extension of service requires the construction of collection sewers within a neighborhood or area, the associated costs of the extension is pro-rated and apportioned to the served properties. These costs vary between projects. Existing property owners have the option to finance assessment fees on their monthly bill or pay the full amount in advance.

Industrial Surcharge - Commercial/Industrial customers with high-strength waste above the RWRA discharge limits will be assessed “surcharges” to offset the additional costs of treatment. Current charges are \$0.145 per pound of Biochemical Oxygen Demand (B.O.D.) and \$0.156 per pound of Total Suspended Solids (T.S.S.) for strength exceeding 265 mg/l.

VII. DEMOGRAPHICS

RWRA serves approximately 26,000 customers in Owensboro and Daviess County. In 2000, Owensboro's Median Household Income (MHI) was \$31,867 and the MHI for Daviess County was \$36,813. The median household income for the Commonwealth is \$33,672. The MHI of the Dublin Lane project area is \$23,483 and the MHI of the Veterans Lane project area is \$20,529. The individual census tract data from the 2000

US Census was obtained from the Kentucky State Data Center. Based on median household income, the project will qualify for the 1% interest rate.

VIII. 2010 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not include Green Project Reserve (GPR) components.
- 2) Additional Subsidization – This project does not qualify for principal forgiveness.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the utility was obtained from the audited financial statements of the Regional Water Resource Agency for the years ended June 30, 2006 through 2011. Total debt service has ranged from a high of 3.3 in 2008 to 1.5 in 2010 and was 1.9 in 2011.

HISTORICAL

Revenue from sewer service charges increased 8% from 2008 to 2011 due to usage increases (6%) and customer increases (2%). In aggregate, revenues increased by 6.9% since 2008. Operating expenses increased 11% due to increased benefit, repairs and utility costs.

RWRA has maintained designated reserves for a number of years. As a part of the KIA loan agreement, \$2,500,000 has been designated as a reserve. Prior to 2011 the Board had designated \$2,000,000 as an emergency capital reserve, \$1,000,000 as an operating reserve, and \$500,000 as a replacement reserve. The majority of these reserves were depleted during 2011 due to the early extinguishment of a KIA loan (A95-06) that carried a 3.8% interest rate. RWRA's intent is to replenish these reserves as soon as funds become available. The Board as also designated \$3,190,390 as a reserve for capacity.

PROJECTIONS

Projections are based on the following assumptions:

1. Revenue will increase 2% per year inclusive of the 73 customers that are anticipated to be added from the Locust Hills project.
2. Expenses will increase 4% per year.
3. Debt service assumes 2 new loans totaling \$1,944,210 from KIA (A12-14 and A12-15) will be approved. The requests are being submitted for approval on March 1, 2012.
4. The \$2.5 million Replacement Reserve will remain fully funded.

The new debt service for all three loans is estimated at \$215,687 annually and will increase overall debt service to \$3,154,472 in 2015. Debt service coverage is 1.4 in 2015, which is the first full year of principal and interest payments.

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

REPLACEMENT RESERVE

\$2,500,000 has been deposited into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan.

X. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|--------------------------------|---------------------|-----------------|
| 2007 Series A Revenue Bonds | \$5,725,000 | varies |
| KIA A99-04 | 16,580,547 | 2023 |
| KIA A06-02 | 6,057,080 | 2028 |
| KIA A07-08 | 1,262,461 | 2029 |
| KIA A10-13 (i/a/o \$4,005,000) | 0 | TBD |
| Total | \$29,625,088 | |

XI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

| <u>Project Title</u> | <u>Funding Source</u> | <u>Amount</u> | <u>Type</u> |
|--------------------------------------|-----------------------|---------------|-------------|
| CDBG #2 | CDBG | \$445,860 | Grant |
| Yellow Creek Park PTP Connection | HB267 | \$57,000 | Grant |
| Glenview Subdivision Sewer Extension | HB267 | \$243,888 | Grant |
| Riverside/Highlands Sewer Extension | | \$370,500 | Grant |
| Broad Acre Sewer Extension | HB380 | \$140,000 | Grant |

XII. CONTACTS

Applicant

Name Regional Water Resource Agency
 Address 1722 Pleasant Valley Road
 Owensboro, KY 42303
 County Daviess
 Contact David Hawes
 Phone (270) 687-8440
 Email hawesdw@rwra.org

Applicant Contact

Name Green River Area Development District
Address 3860 US Highway 60 West
Owensboro, KY 42301
Contact Sheryl Chino
Phone (270) 926-4433
Email Sheryl.Chino@gradd.com

Engineer

Name Chuck Anderson
Firm PEH/Strand Engineers
Waterfront Plaza, Suite 710, 325 West Main
Address Street
Louisville, KY 40202
Phone (502) 583-7020

XIII. RECOMMENDATIONS

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

**REGIONAL WATER RESOURCE AGENCY
BALANCE SHEETS**

| ASSETS | Audited 2007 | Audited 2008 | Audited 2009 | Audited 2010 | Audited 2011 | Project Completion 2014 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------|
| Current Assets | | | | | | |
| Cash and Cash Equivalents | 600 | 350 | 350 | 350 | 350 | 350 |
| Accounts Receivable | 1,863,714 | 1,967,653 | 2,055,827 | 1,938,689 | 2,005,144 | 2,128,000 |
| Equity in External Investment Pool | 849,196 | 2,098,335 | 3,350,800 | 2,351,852 | 1,500,527 | 3,052,000 |
| Other Current Assets | 486,811 | 300,148 | 370,272 | 179,108 | 193,552 | 200,000 |
| Total Current Assets | 3,200,321 | 4,366,486 | 5,777,249 | 4,469,999 | 3,699,573 | 5,380,350 |
| Restricted Assets | | | | | | |
| Revenue Bond Debt Service Reserve | 680,067 | 686,078 | 677,121 | 674,776 | 674,783 | 675,000 |
| Construction Account | 0 | 0 | 0 | 0 | 0 | 0 |
| Renewal & Replacement Account - KIA | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Renewal & Replacement Account - Internal | 500,000 | 500,000 | 500,000 | 500,000 | 0 | 0 |
| Emergency Capital Reserve | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 0 | 0 |
| Operating Reserve | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 0 | 1,000,000 |
| Construction Account | 4,171,417 | 2,287,565 | 891,052 | 0 | 0 | 0 |
| Debt Service | 270,402 | 203,619 | 210,380 | 210,038 | 166,289 | 175,000 |
| Reserved Capacity Fees | 2,048,471 | 2,387,674 | 2,647,169 | 2,909,027 | 3,190,390 | 3,200,000 |
| Total Restricted Assets | 13,170,357 | 11,564,936 | 10,425,722 | 9,793,841 | 6,531,462 | 7,550,000 |
| Utility Plant | | | | | | |
| Land, System, Building and Equipment | 98,055,620 | 106,213,300 | 104,101,632 | 107,964,857 | 111,508,756 | 119,720,451 |
| Less Accumulated Depreciation () | (36,246,759) | (39,015,999) | (37,961,536) | (41,645,112) | (44,740,119) | (56,541,319) |
| Net Fixed Assets | 61,808,861 | 67,197,301 | 66,140,096 | 66,319,745 | 66,768,637 | 63,179,132 |
| Other Assets | | | | | | |
| Unamortized Bond Costs and Discount, Net | 127,540 | 121,163 | 114,786 | 108,409 | 102,032 | 82,901 |
| Total Other Assets | 127,540 | 121,163 | 114,786 | 108,409 | 102,032 | 82,901 |
| Total Assets | 78,307,079 | 83,249,886 | 82,457,853 | 80,691,994 | 77,101,704 | 76,192,383 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | 277,588 | 678,595 | 374,457 | 420,443 | 696,467 | 600,000 |
| Accrued Liabilities | 94,188 | 123,346 | 148,109 | 157,231 | 191,414 | 200,000 |
| Total Current Liabilities | 371,776 | 801,941 | 522,566 | 577,674 | 887,881 | 800,000 |
| Liabilities Payable - Restricted Assets | | | | | | |
| Current Maturities of Long Term Debt | 2,356,702 | 2,418,809 | 2,536,579 | 2,587,893 | 2,232,936 | 2,354,971 |
| Contracts and Retainage Payable | 59,847 | 22,598 | 20,818 | 61,578 | 64,085 | 25,000 |
| Accrued Interest | 76,191 | 0 | 137,834 | 0 | 0 | 75,000 |
| Deferred Revenue | 0 | 0 | 0 | 150,000 | 46,098 | 0 |
| Total Liabilities Payable - Restricted Assets | 2,492,740 | 2,441,407 | 2,695,231 | 2,799,471 | 2,343,119 | 2,454,971 |
| Long Term Liabilities | | | | | | |
| Compensated Absences | 539,685 | 560,529 | 578,817 | 734,907 | 688,484 | 750,000 |
| Long Term Debt | 37,578,084 | 36,183,666 | 35,105,074 | 32,525,666 | 27,360,069 | 20,549,573 |
| KIA (A10-13, A12-02) | 0 | 0 | 0 | 0 | 0 | 7,734,710 |
| Total Long Term Liabilities | 38,117,769 | 36,744,195 | 35,683,891 | 33,260,573 | 28,048,553 | 29,034,283 |
| Total Liabilities | 40,982,285 | 39,987,543 | 38,901,688 | 36,637,718 | 31,279,553 | 32,289,254 |
| Equity | | | | | | |
| Total Equity | 37,324,794 | 43,262,343 | 43,556,165 | 44,054,276 | 45,822,151 | 43,903,129 |
| Total Liabilities and Equities | 78,307,079 | 83,249,886 | 82,457,853 | 80,691,994 | 77,101,704 | 76,192,383 |
| Balance Sheet Analysis | | | | | | |
| Current Ratio | 8.6 | 5.4 | 11.1 | 7.7 | 4.2 | 6.7 |
| Debt to Equity | 1.1 | 0.9 | 0.9 | 0.8 | 0.7 | 0.7 |
| Days Sales Outstanding | 54.8 | 56.3 | 57.8 | 53.1 | 53.7 | 53.7 |

**EXHIBIT 1
REGIONAL WATER RESOURCE AGENCY
CASH FLOW ANALYSIS**

| | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Audited 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 | Projected 2016 |
|--|-------------------|--------------|-------------------|-------------|-------------------|-------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Operating Revenues | | | | | | | | | | | | |
| Sewer Service Charges | 11,116,102 | 2% | 11,322,161 | 3% | 11,713,336 | 2% | 11,994,063 | 12,233,944 | 12,478,623 | 12,728,195 | 12,982,759 | 13,242,414 |
| Industrial Surcharge | 402,976 | 59% | 639,522 | -6% | 598,043 | -6% | 562,118 | 573,360 | 584,827 | 596,524 | 608,454 | 620,623 |
| Sewer Taps | 137,017 | -35% | 89,048 | 8% | 95,851 | 10% | 105,209 | 107,313 | 109,459 | 111,648 | 113,881 | 116,159 |
| Storm Water | 553,871 | 6% | 588,520 | 10% | 649,460 | -8% | 598,061 | 610,022 | 622,222 | 634,666 | 647,359 | 660,306 |
| Other | 547,389 | -37% | 343,380 | -20% | 273,853 | 38% | 378,410 | 385,978 | 393,698 | 401,572 | 409,603 | 417,795 |
| Total Revenues | 12,757,355 | 2% | 12,982,631 | 3% | 13,330,543 | 2% | 13,637,861 | 13,910,617 | 14,188,829 | 14,472,605 | 14,762,056 | 15,057,297 |
| Operating Expenses | | | | | | | | | | | | |
| Operating Expenses | 9,166,888 | 6% | 9,679,739 | 5% | 10,150,790 | 1% | 10,217,022 | 10,625,703 | 11,050,731 | 11,492,760 | 11,952,470 | 12,430,569 |
| Depreciation | 3,480,729 | 9% | 3,786,463 | 1% | 3,814,586 | 1% | 3,836,154 | 3,870,300 | 3,975,600 | 3,955,300 | 3,955,300 | 3,955,300 |
| Replacement Reserve | 0 | | 0 | | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | 12,647,617 | 6% | 13,466,202 | 4% | 13,965,376 | 1% | 14,053,176 | 14,496,003 | 15,026,331 | 15,448,060 | 15,907,770 | 16,385,869 |
| Net Operating Income | 109,738 | -541% | (483,571) | 31% | (634,833) | -35% | (415,315) | (585,386) | (837,502) | (975,455) | (1,145,714) | (1,328,572) |
| Non-Operating Income and Expenses | | | | | | | | | | | | |
| Investment Income | 621,927 | 8% | 674,164 | -54% | 307,817 | -57% | 132,304 | 132,304 | 132,304 | 132,304 | 132,304 | 132,304 |
| Miscellaneous Income | 424,819 | | 322,792 | | 728,585 | | 214,491 | 214,491 | 214,491 | 214,491 | 214,491 | 214,491 |
| Capital Contributions | 5,594,193 | | 1,256,327 | | 1,028,432 | | 2,516,554 | 1,450,000 | 1,450,000 | 1,450,000 | 1,450,000 | 1,450,000 |
| Miscellaneous Expense | (57,665) | | (63,559) | | (60,947) | | (73,870) | (65,000) | (65,000) | (65,000) | (65,000) | (65,000) |
| Total Non-Operating Income & Expenses | 6,583,274 | -67% | 2,189,724 | -8% | 2,003,887 | 39% | 2,789,479 | 1,731,795 | 1,731,795 | 1,731,795 | 1,731,795 | 1,731,795 |
| Add Non-Cash Expenses | | | | | | | | | | | | |
| Depreciation | 3,480,729 | 9% | 3,786,463 | 1% | 3,814,586 | 1% | 3,836,154 | 3,870,300 | 3,975,600 | 3,955,300 | 3,955,300 | 3,955,300 |
| Cash Available for Debt Service | 10,173,741 | -46% | 5,492,616 | -6% | 5,183,640 | 20% | 6,210,318 | 5,016,709 | 4,869,893 | 4,711,640 | 4,541,381 | 4,358,523 |
| Debt Service (enter as positive #s) | | | | | | | | | | | | |
| Existing Debt | 3,054,467 | | 3,032,595 | | 3,346,496 | | 3,185,397 | 2,704,134 | 2,703,334 | 2,701,734 | 2,709,334 | 2,705,734 |
| KIA Loan (A10-13) (original) | 0 | | 0 | | 0 | | 0 | 0 | 0 | 114,725 | 229,451 | 229,451 |
| Proposed KIA Loans (A12-14 and A12-15)) | 0 | | 0 | | 0 | | 0 | 0 | 0 | 56,697 | 113,394 | 113,394 |
| KIA Loan (A10-13) (increase) | 0 | | 0 | | 0 | | 0 | 0 | 0 | 51,147 | 102,293 | 102,293 |
| Construction Period Interest | 0 | | 0 | | 0 | | 0 | 5,000 | 35,000 | 20,000 | 0 | 0 |
| Total Debt Service | 3,054,467 | | 3,032,595 | | 3,346,496 | | 3,185,397 | 2,709,134 | 2,738,334 | 2,944,303 | 3,154,472 | 3,150,872 |
| Income After Debt Service | 7,119,274 | | 2,460,021 | | 1,837,144 | | 3,024,921 | 2,307,575 | 2,131,559 | 1,767,337 | 1,386,909 | 1,207,651 |
| Debt Coverage Ratio | 3.3 | | 1.8 | | 1.5 | | 1.9 | 1.9 | 1.8 | 1.6 | 1.4 | 1.4 |

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I.B.6.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-14) OF \$357,335 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Regional Water Resource Agency, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for \$357,335 of project expense including capitalized interest for the construction period, to the Regional Water Resource Agency for

the Locust Hills Sewer Extension Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 2.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. RWRA has deposited \$2,500,000 into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 21, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL 12064 Fund A
Owensboro East WWTP--937
HUC-11#05110005100, Panther Creek near Rome
HUC-11#05140201220, Van Buren Creek
HUC-11#05140201240, Cowhide Slough of Ohio River
Activity ID: FGL20120003

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the Regional Water Resource Agency is entitled to receive priority for funding for the Various Slip Lining Improvements and Locust Hill Sewer Extension project and is eligible to receive \$1,944,210 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW by the following dates: Locust Hill Sewer Extension, May 2012; Various Slip Lining Improvements, March 15, 2012.
2. Construction bids are expected to be opened for the Locust Hill Sewer Extension in July, 2012. The Various Slip Lining Improvements will bid in phases: Phase 1 in March 2012, phase 2 in July 2012, and phase 3 in October 2012.
3. Project specific environmental information was approved by DOW on November 8, 2011 for the Various Slip Lining Improvements, and November 15, 2011 for the Locust Hill Sewer Extension.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.
2. Loan Agreement must be executed within six (6) months from bid opening.
3. The city must agree to expend all loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.
5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.
6. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.

7. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

The SRF application has been completed by staff of the Kentucky Infrastructure Authority (KIA). If you have any questions or concerns regarding missing or additional submission requirements, please contact KIA at (502) 573-0260. Should you have any questions concerning this letter, do not hesitate to contact Alison Simpson, Project Administrator, at (502) 564-8158, extension 4591.

Sincerely,



Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:as

Enclosures

C: Mr. David Hawes, RWRA
Sheryl Chino, GRADD

| | | | | |
|---|---|--------------------------------|--------------------------|------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND A, FEDERALLY ASSISTED WASTEWATER | | KIA Loan Number: | A12-14 | |
| REVOLVING LOAN FUND | | WRIS Number | SX21059025 | |
| | | HUC Code: | 05140201240 | |
| BORROWER: | REGIONAL WATER RESOURCE AGENCY | | | |
| | DAVIESS COUNTY | | | |
| BRIEF DESCRIPTION: | The Regional Water Resource Agency (RWRA) is requesting funds for the Locust Hills Sewer Extension. The Agency is under enforcement to mitigate combined sewer overflows. The primary impact of the project will be to provide service to unsewered properties. | | | |
| PROJECT FINANCING: | | | PROJECT BUDGET | |
| KIA | \$ | 357,335 | Administrative Expenses | \$ 16,875 |
| Local Funds | | 48,735 | Legal Expenses | 6,000 |
| EPA SPAP | | 213,000 | Land, Easements | 6,000 |
| | | | Engineering Fees | 48,735 |
| | | | Construction | 470,835 |
| | | | Contingency | 70,625 |
| TOTAL | \$ | 619,070 | TOTAL | \$ 619,070 |
| REPAYMENT | | | Est. Annual | |
| | Rate | 2.00% | Payment | \$ 22,480 |
| | Term | 20 years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | Regional Water Resource Agency | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | | | |
| | Bid Opening: | 02/21/12 | | |
| | Construction Start: | 03/25/12 | | |
| | Construction Stop: | 10/15/12 | | |
| DEBT PER CUSTOMER | Existing: | \$ | 1,049 | |
| | Proposed: | \$ | 1,083 | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | | <u>Users</u> | <u>Avg. Bill</u> |
| | Current | 28,219 | \$22.23 | (for 4,000 gallons) |
| | Additional | 73 | \$22.23 | (for 4,000 gallons) |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | | Income after Debt | |
| | Debt Service | Debt Service | Service | Coverage Ratio |
| Audited 2008 | 10,173,741 | 3,054,467 | 7,119,274 | 3.3 |
| Audited 2009 | 5,492,616 | 3,032,595 | 2,460,021 | 1.8 |
| Audited 2010 | 5,183,640 | 3,346,496 | 1,837,144 | 1.5 |
| Audited 2011 | 6,210,318 | 3,185,397 | 3,024,921 | 1.9 |
| Projected 2012 | 5,016,709 | 2,709,134 | 2,307,575 | 1.9 |
| Projected 2013 | 4,869,893 | 2,738,334 | 2,131,559 | 1.8 |
| Projected 2014 | 4,711,640 | 2,944,303 | 1,767,337 | 1.6 |
| Projected 2015 | 4,541,381 | 3,154,472 | 1,386,909 | 1.4 |
| Projected 2016 | 4,358,523 | 3,150,872 | 1,207,651 | 1.4 |
| Projected 2017 | 4,162,445 | 3,121,738 | 1,040,707 | 1.3 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY
PROJECT REVIEW
SX21059025**

I. PROJECT DESCRIPTION

The Regional Water Resource Agency (RWRA) is requesting a Fund A loan in the amount of \$357,335 to complete the Locust Hills Sewer Extension project. RWRA is under enforcement with the Commonwealth of Kentucky (September 5, 2007) to mitigate combined sewer overflows (CSOs). The primary impacts of the project will be to provide service to unsewered properties.

This project proposes the extension of sanitary sewers throughout the Locust Hills subdivision. The neighborhood is currently served by separate septic systems. The project will require the installation of approximately 7,300 feet of eight inch PVC gravity sewers, thirty-six manholes and a lift station near Thurston Dermont Road with 1,300 feet of PVC force main to discharge into the new gravity sewer system that will be constructed west of the ridge in the middle of the subdivision. The flow from this neighborhood will be routed through the existing public collection system in the Thoroughbred East subdivision, ultimately being treated at the Owensboro East Wastewater Treatment Plant. This project will serve seventy-three lots within the subdivision, although three of the lots currently have service via a pump station in nearby Bordeaux Loop subdivision. Completion of this project will also result in the elimination of the pump station which currently serves approximately fifty customers.

RWRA was created by the enactment of identical ordinances by the City of Owensboro and Daviess County Fiscal Court on October 18, 1994 and October 5, 1994, respectively, for the purpose of managing, controlling and operating regional comprehensive wastewater facilities within Daviess County. RWRA is considered a related organization of the City of Owensboro and Daviess County. All operations of the RWRA are managed by its own professional staff and governed by a board of directors, which consists of four city board appointments and three county board appointments. RWRA revenue is derived 100% from its ratepayers who reside in areas of Daviess County inside and outside of the city limits.

RWRA is a regionalization model for other counties in Kentucky and nationally. The Wastewater Treatment Plant was highlighted in EPA's 2004 Annual Report on the Clean Water State Revolving Fund Programs.

II. PROJECT BUDGET

| | <u>Total</u> |
|-------------------------|-------------------|
| Administrative Expenses | \$ 16,875 |
| Legal Expenses | 6,000 |
| Land, Easements | 6,000 |
| Engineering Fees | 48,735 |
| Construction | 470,835 |
| Contingency | 70,625 |
| Total | \$ 619,070 |

III. PROJECT FUNDING

| | <u>Amount</u> | <u>%</u> |
|--------------|----------------|-------------|
| KIA | 357,335 | 100% |
| Local | 48,735 | 11% |
| EPA SPAP | 213,000 | 9% |
| Total | 619,070 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|------------------|
| Construction Loan | \$ 357,335 |
| Interest Rate | 2.00% |
| Loan Term (years) | 20 |
| Estimated Annual Debt Service | \$ 21,766 |
| Administrative Fee (0.20%) | 715 |
| Total Estimated Annual Debt Service | \$ 22,481 |

V. PROJECT SCHEDULE

| | |
|---------------------|----------|
| Bid Opening: | 02/21/12 |
| Construction Start: | 03/25/12 |
| Construction Stop: | 10/15/12 |

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

| A) Customers | Current | Proposed | Total |
|---------------------|----------------|-----------------|---------------|
| Residential | 25,634 | 73 | 25,707 |
| Commercial | 2,514 | 0 | 2,514 |
| Industrial | 71 | 0 | 71 |
| | <u>28,219</u> | <u>73</u> | <u>28,292</u> |

B) Rates

The monthly charge for wastewater utility service is:

| | |
|--------------------------------|----------------|
| Date of Last Rate Increase | 7/1/2007 |
| Minimum | \$10.71 |
| Rates Per 1,000 Gallons | 3.57 |
| System Development Fee | 7.95 |
| Cost for 4,000 gallons | \$22.23 |
| Affordability Index (Rate/MHI) | 0.6% |

The Following Fees Apply To RWRA's Sewer Extension Areas

Capacity Fee for each Equivalent Residential Unit (ERU) is \$398.00. Qualified existing users are allowed to pay in monthly installments of \$2.40/month.

System Development Fee for each ERU is currently \$1,320.00. Qualified existing users are allowed to pay this fee in monthly installments of \$7.95/month. All proposed and future customers within the project area will be charged an ERU fee of \$1,320.00 to be billed in monthly installments of \$7.95.

Assessment Fee – when the extension of service requires the construction of collection sewers within a neighborhood or area, the associated costs of the extension is pro-rated and apportioned to the served properties. These costs vary between projects. Existing property owners have the option to finance assessment fees on their monthly bill or pay the full amount in advance.

Industrial Surcharge - Commercial/Industrial customers with high-strength waste above the RWRA discharge limits will be assessed “surcharges” to offset the additional costs of treatment. Current charges are \$0.145 per pound of Biochemical Oxygen Demand (B.O.D.) and \$0.156 per pound of Total Suspended Solids (T.S.S.) for strength exceeding 265 mg/l.

VII. DEMOGRAPHICS

RWRA serves approximately 28,000 customers in Owensboro and Daviess County. In 2010, Owensboro's Median Household Income (MHI) was \$35,508 and the MHI for Daviess County was \$42,268. The median household income for the Commonwealth is \$41,197. The project will qualify for the 2% interest rate due to the regional status of the borrower.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not include Green Project Reserve (GPR) components.
- 2) Additional Subsidization – This project does not qualify for principal forgiveness.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the utility was obtained from the audited financial statements of the Regional Water Resource Agency for the years ended June 30, 2006 through 2011. Total debt service coverage has ranged from a high of 3.3 in 2008 to 1.5 in 2010 and was 1.9 in 2011.

HISTORICAL

Revenue from sewer service charges increased 8% from 2008 to 2011 due to usage increases (6%) and customer increases (2%). In aggregate, revenues increased by 6.9% since 2008. Operating expenses increased 11% due to increased benefits, repairs and utility costs.

RWRA has maintained designated reserves for a number of years. As a part of the KIA loan agreement, \$2,500,000 has been designated as a reserve. Prior to 2011 the RWRA Board had designated \$2,000,000 as an emergency capital reserve, \$1,000,000 as an operating reserve, and \$500,000 as a replacement reserve. The majority of these reserves were depleted during 2011 due to the early extinguishment of a KIA loan (A95-06) that carried a 3.8% interest rate. RWRA's intent is to replenish these reserves as soon as funds become available. The RWRA Board as also designated \$3,190,390 as a reserve for capacity.

PROJECTIONS

Projections are based on the following assumptions:

1. Revenue will increase 2% per year inclusive of the 73 customers that are anticipated to be added from the Locust Hills project.
2. Expenses will increase 4% per year.
3. Debt service assumes approval of both the \$1,785,500 loan increase to the Veteran's Drive project (A10-13) and the new request of \$1,586,875 (A12-15). The loan requests are being submitted for approval on March 1, 2012.
4. The \$2.5 million Replacement Reserve will remain fully funded.

The new debt service for all three loan requests is estimated at \$215,687 annually and will increase overall debt service to \$3,154,472 in 2015. Debt service coverage is 1.4 in 2015, which is the first full year of principal and interest payments.

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

REPLACEMENT RESERVE

\$2,500,000 has been deposited into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan.

X. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|--------------------------------|---------------------|-----------------|
| 2007 Series A Revenue Bonds | \$5,725,000 | varies |
| KIA A99-04 | 16,580,547 | 2023 |
| KIA A06-02 | 6,057,080 | 2028 |
| KIA A07-08 | 1,262,461 | 2029 |
| KIA A10-13 (i/a/o \$4,005,000) | 0 | TBD |
| Total | \$29,625,088 | |

XI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

| <u>Project Title</u> | <u>Funding Source</u> | <u>Amount</u> | <u>Type</u> |
|--------------------------------------|-----------------------|---------------|-------------|
| CDBG #2 | CDBG | \$445,860 | Grant |
| Yellow Creek Park PTP Connection | HB267 | \$57,000 | Grant |
| Glenview Subdivision Sewer Extension | HB267 | \$243,888 | Grant |
| Riverside/Highlands Sewer Extension | | \$370,500 | Grant |
| Broad Acre Sewer Extension | HB380 | \$140,000 | Grant |

XII. CONTACTS

Applicant

Name Regional Water Resource Agency
 Address 1722 Pleasant Valley Road
 Owensboro, KY 42303
 County Daviess
 Contact David Hawes
 Phone (270) 684-0174
 Email hawesdw@rwra.org

Applicant Contact

Name Green River Area Development District
 Address 3860 US Highway 60 West
 Owensboro, KY 42301
 Contact Sheryl Chino
 Phone (270) 926-4433
 Email Sheryl.Chino@gradd.com

Engineer

Name David Hawes
Firm Regional Water Resource Agency
Address 1722 Pleasant Valley Road
Owensboro, KY 42303
Phone (270) 684-0714
Email hawesdw@rwra.org

XIII. RECOMMENDATIONS

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

**REGIONAL WATER RESOURCE AGENCY
BALANCE SHEETS**

| ASSETS | Audited 2007 | Audited 2008 | Audited 2009 | Audited 2010 | Audited 2011 | Project Completion 2014 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------|
| Current Assets | | | | | | |
| Cash and Cash Equivalents | 600 | 350 | 350 | 350 | 350 | 350 |
| Accounts Receivable | 1,863,714 | 1,967,653 | 2,055,827 | 1,938,689 | 2,005,144 | 2,128,000 |
| Equity in External Investment Pool | 849,196 | 2,098,335 | 3,350,800 | 2,351,852 | 1,500,527 | 3,052,000 |
| Other Current Assets | 486,811 | 300,148 | 370,272 | 179,108 | 193,552 | 200,000 |
| Total Current Assets | 3,200,321 | 4,366,486 | 5,777,249 | 4,469,999 | 3,699,573 | 5,380,350 |
| Restricted Assets | | | | | | |
| Revenue Bond Debt Service Reserve | 680,067 | 686,078 | 677,121 | 674,776 | 674,783 | 675,000 |
| Construction Account | 0 | 0 | 0 | 0 | 0 | 0 |
| Renewal & Replacement Account - KIA | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Renewal & Replacement Account - Internal | 500,000 | 500,000 | 500,000 | 500,000 | 0 | 0 |
| Emergency Capital Reserve | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 0 | 0 |
| Operating Reserve | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 0 | 1,000,000 |
| Construction Account | 4,171,417 | 2,287,565 | 891,052 | 0 | 0 | 0 |
| Debt Service | 270,402 | 203,619 | 210,380 | 210,038 | 166,289 | 175,000 |
| Reserved Capacity Fees | 2,048,471 | 2,387,674 | 2,647,169 | 2,909,027 | 3,190,390 | 3,200,000 |
| Total Restricted Assets | 13,170,357 | 11,564,936 | 10,425,722 | 9,793,841 | 6,531,462 | 7,550,000 |
| Utility Plant | | | | | | |
| Land, System, Building and Equipment | 98,055,620 | 106,213,300 | 104,101,632 | 107,964,857 | 111,508,756 | 119,720,451 |
| Less Accumulated Depreciation () | (36,246,759) | (39,015,999) | (37,961,536) | (41,645,112) | (44,740,119) | (56,541,319) |
| Net Fixed Assets | 61,808,861 | 67,197,301 | 66,140,096 | 66,319,745 | 66,768,637 | 63,179,132 |
| Other Assets | | | | | | |
| Unamortized Bond Costs and Discount, Net | 127,540 | 121,163 | 114,786 | 108,409 | 102,032 | 82,901 |
| Total Other Assets | 127,540 | 121,163 | 114,786 | 108,409 | 102,032 | 82,901 |
| Total Assets | 78,307,079 | 83,249,886 | 82,457,853 | 80,691,994 | 77,101,704 | 76,192,383 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | 277,588 | 678,595 | 374,457 | 420,443 | 696,467 | 600,000 |
| Accrued Liabilities | 94,188 | 123,346 | 148,109 | 157,231 | 191,414 | 200,000 |
| Total Current Liabilities | 371,776 | 801,941 | 522,566 | 577,674 | 887,881 | 800,000 |
| Liabilities Payable - Restricted Assets | | | | | | |
| Current Maturities of Long Term Debt | 2,356,702 | 2,418,809 | 2,536,579 | 2,587,893 | 2,232,936 | 2,354,971 |
| Contracts and Retainage Payable | 59,847 | 22,598 | 20,818 | 61,578 | 64,085 | 25,000 |
| Accrued Interest | 76,191 | 0 | 137,834 | 0 | 0 | 75,000 |
| Deferred Revenue | 0 | 0 | 0 | 150,000 | 46,098 | 0 |
| Total Liabilities Payable - Restricted Assets | 2,492,740 | 2,441,407 | 2,695,231 | 2,799,471 | 2,343,119 | 2,454,971 |
| Long Term Liabilities | | | | | | |
| Compensated Absences | 539,685 | 560,529 | 578,817 | 734,907 | 688,484 | 750,000 |
| Long Term Debt | 37,578,084 | 36,183,666 | 35,105,074 | 32,525,666 | 27,360,069 | 20,549,573 |
| KIA (A10-13, A12-02) | 0 | 0 | 0 | 0 | 0 | 7,734,710 |
| Total Long Term Liabilities | 38,117,769 | 36,744,195 | 35,683,891 | 33,260,573 | 28,048,553 | 29,034,283 |
| Total Liabilities | 40,982,285 | 39,987,543 | 38,901,688 | 36,637,718 | 31,279,553 | 32,289,254 |
| Equity | | | | | | |
| Total Equity | 37,324,794 | 43,262,343 | 43,556,165 | 44,054,276 | 45,822,151 | 43,903,129 |
| Total Liabilities and Equities | 78,307,079 | 83,249,886 | 82,457,853 | 80,691,994 | 77,101,704 | 76,192,383 |
| Balance Sheet Analysis | | | | | | |
| Current Ratio | 8.6 | 5.4 | 11.1 | 7.7 | 4.2 | 6.7 |
| Debt to Equity | 1.1 | 0.9 | 0.9 | 0.8 | 0.7 | 0.7 |
| Days Sales Outstanding | 54.8 | 56.3 | 57.8 | 53.1 | 53.7 | 53.7 |

**EXHIBIT 1
REGIONAL WATER RESOURCE AGENCY
CASH FLOW ANALYSIS**

| | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Audited 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 | Projected 2016 |
|--|-------------------|--------------|-------------------|-------------|-------------------|-------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Operating Revenues | | | | | | | | | | | | |
| Sewer Service Charges | 11,116,102 | 2% | 11,322,161 | 3% | 11,713,336 | 2% | 11,994,063 | 12,233,944 | 12,478,623 | 12,728,195 | 12,982,759 | 13,242,414 |
| Industrial Surcharge | 402,976 | 59% | 639,522 | -6% | 598,043 | -6% | 562,118 | 573,360 | 584,827 | 596,524 | 608,454 | 620,623 |
| Sewer Taps | 137,017 | -35% | 89,048 | 8% | 95,851 | 10% | 105,209 | 107,313 | 109,459 | 111,648 | 113,881 | 116,159 |
| Storm Water | 553,871 | 6% | 588,520 | 10% | 649,460 | -8% | 598,061 | 610,022 | 622,222 | 634,666 | 647,359 | 660,306 |
| Other | 547,389 | -37% | 343,380 | -20% | 273,853 | 38% | 378,410 | 385,978 | 393,698 | 401,572 | 409,603 | 417,795 |
| Total Revenues | 12,757,355 | 2% | 12,982,631 | 3% | 13,330,543 | 2% | 13,637,861 | 13,910,617 | 14,188,829 | 14,472,605 | 14,762,056 | 15,057,297 |
| Operating Expenses | | | | | | | | | | | | |
| Operating Expenses | 9,166,888 | 6% | 9,679,739 | 5% | 10,150,790 | 1% | 10,217,022 | 10,625,703 | 11,050,731 | 11,492,760 | 11,952,470 | 12,430,569 |
| Depreciation | 3,480,729 | 9% | 3,786,463 | 1% | 3,814,586 | 1% | 3,836,154 | 3,870,300 | 3,975,600 | 3,955,300 | 3,955,300 | 3,955,300 |
| Replacement Reserve | 0 | | 0 | | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | 12,647,617 | 6% | 13,466,202 | 4% | 13,965,376 | 1% | 14,053,176 | 14,496,003 | 15,026,331 | 15,448,060 | 15,907,770 | 16,385,869 |
| Net Operating Income | 109,738 | -541% | (483,571) | 31% | (634,833) | -35% | (415,315) | (585,386) | (837,502) | (975,455) | (1,145,714) | (1,328,572) |
| Non-Operating Income and Expenses | | | | | | | | | | | | |
| Investment Income | 621,927 | 8% | 674,164 | -54% | 307,817 | -57% | 132,304 | 132,304 | 132,304 | 132,304 | 132,304 | 132,304 |
| Miscellaneous Income | 424,819 | | 322,792 | | 728,585 | | 214,491 | 214,491 | 214,491 | 214,491 | 214,491 | 214,491 |
| Capital Contributions | 5,594,193 | | 1,256,327 | | 1,028,432 | | 2,516,554 | 1,450,000 | 1,450,000 | 1,450,000 | 1,450,000 | 1,450,000 |
| Miscellaneous Expense | (57,665) | | (63,559) | | (60,947) | | (73,870) | (65,000) | (65,000) | (65,000) | (65,000) | (65,000) |
| Total Non-Operating Income & Expenses | 6,583,274 | -67% | 2,189,724 | -8% | 2,003,887 | 39% | 2,789,479 | 1,731,795 | 1,731,795 | 1,731,795 | 1,731,795 | 1,731,795 |
| Add Non-Cash Expenses | | | | | | | | | | | | |
| Depreciation | 3,480,729 | 9% | 3,786,463 | 1% | 3,814,586 | 1% | 3,836,154 | 3,870,300 | 3,975,600 | 3,955,300 | 3,955,300 | 3,955,300 |
| Cash Available for Debt Service | 10,173,741 | -46% | 5,492,616 | -6% | 5,183,640 | 20% | 6,210,318 | 5,016,709 | 4,869,893 | 4,711,640 | 4,541,381 | 4,358,523 |
| Debt Service (enter as positive #s) | | | | | | | | | | | | |
| Existing Debt | 3,054,467 | | 3,032,595 | | 3,346,496 | | 3,185,397 | 2,704,134 | 2,703,334 | 2,701,734 | 2,709,334 | 2,705,734 |
| KIA Loan (A10-13) (original) | 0 | | 0 | | 0 | | 0 | 0 | 0 | 114,725 | 229,451 | 229,451 |
| Proposed KIA Loans (A12-14 and A12-15) | 0 | | 0 | | 0 | | 0 | 0 | 0 | 56,697 | 113,394 | 113,394 |
| KIA Loan (A10-13) (increase) | 0 | | 0 | | 0 | | 0 | 0 | 0 | 51,147 | 102,293 | 102,293 |
| Construction Period Interest | 0 | | 0 | | 0 | | 0 | 5,000 | 35,000 | 20,000 | 0 | 0 |
| Total Debt Service | 3,054,467 | | 3,032,595 | | 3,346,496 | | 3,185,397 | 2,709,134 | 2,738,334 | 2,944,303 | 3,154,472 | 3,150,872 |
| Income After Debt Service | 7,119,274 | | 2,460,021 | | 1,837,144 | | 3,024,921 | 2,307,575 | 2,131,559 | 1,767,337 | 1,386,909 | 1,207,651 |
| Debt Coverage Ratio | 3.3 | | 1.8 | | 1.5 | | 1.9 | 1.9 | 1.8 | 1.6 | 1.4 | 1.4 |

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I.B.7.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-15) OF \$1,586,875 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Regional Water Resource Agency, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for \$1,586,875 of project expense including capitalized interest for the construction period, to the Regional Water Resource Agency for

the Various Slip Linings Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. RWRA has deposited \$2,500,000 into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 21, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL 12064 Fund A
Owensboro East WWTP--937
HUC-11#05110005100, Panther Creek near Rome
HUC-11#05140201220, Van Buren Creek
HUC-11#05140201240, Cowhide Slough of Ohio River
Activity ID: FGL20120003

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the Regional Water Resource Agency is entitled to receive priority for funding for the Various Slip Lining Improvements and Locust Hill Sewer Extension project and is eligible to receive \$1,944,210 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW by the following dates: Locust Hill Sewer Extension, May 2012; Various Slip Lining Improvements, March 15, 2012.
2. Construction bids are expected to be opened for the Locust Hill Sewer Extension in July, 2012. The Various Slip Lining Improvements will bid in phases: Phase 1 in March 2012, phase 2 in July 2012, and phase 3 in October 2012.
3. Project specific environmental information was approved by DOW on November 8, 2011 for the Various Slip Lining Improvements, and November 15, 2011 for the Locust Hill Sewer Extension.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.
2. Loan Agreement must be executed within six (6) months from bid opening.
3. The city must agree to expend all loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.
5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.
6. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.

7. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

The SRF application has been completed by staff of the Kentucky Infrastructure Authority (KIA). If you have any questions or concerns regarding missing or additional submission requirements, please contact KIA at (502) 573-0260. Should you have any questions concerning this letter, do not hesitate to contact Alison Simpson, Project Administrator, at (502) 564-8158, extension 4591.

Sincerely,



Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:as

Enclosures

C: Mr. David Hawes, RWRA
Sheryl Chino, GRADD

| | | | | |
|---|---|--------------------------------|--------------------------|-----------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND A, FEDERALLY ASSISTED WASTEWATER | | KIA Loan Number: | A12-15 | |
| REVOLVING LOAN FUND | | WRIS Number | SX21059042 | |
| | | HUC Code: | 05140201240 | |
| BORROWER: | REGIONAL WATER RESOURCE AGENCY | | | |
| | DAVIESS COUNTY | | | |
| BRIEF DESCRIPTION: | The Regional Water Resource Agency (RWRA) is requesting funds for a project to complete various slip linings throughout the system. The Agency is under enforcement to mitigate combined sewer overflows. The primary impact of the project will be to rehabilitate existing lines to reduce infiltration and inflow. | | | |
| PROJECT FINANCING: | | | PROJECT BUDGET | |
| KIA | \$ | 1,586,875 | Administrative Expenses | \$ 16,875 |
| Local Funds | | 215,250 | Engineering Fees | 215,250 |
| | | | Construction | 1,500,000 |
| | | | Contingency | 70,000 |
| TOTAL | \$ | 1,802,125 | TOTAL | \$ 1,802,125 |
| REPAYMENT | | | Est. Annual | |
| | Rate | 1.00% | Payment | \$ 90,914 |
| | Term | 20 years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | Regional Water Resource Agency | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | | | |
| | Bid Opening: | 03/08/12 | | |
| | Construction Start: | 04/09/12 | | |
| | Construction Stop: | 06/14/13 | | |
| DEBT PER CUSTOMER | Existing: | \$ | 1,049 | |
| | Proposed: | \$ | 1,086 | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | | <u>Users</u> | <u>Avg. Bill</u> |
| | Current | | 28,219 | \$22.23 (for 4,000 gallons) |
| | Additional | | 0 | \$22.23 (for 4,000 gallons) |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | | Income after Debt | |
| | Debt Service | Debt Service | Service | Coverage Ratio |
| Audited 2008 | 10,173,741 | 3,054,467 | 7,119,274 | 3.3 |
| Audited 2009 | 5,492,616 | 3,032,595 | 2,460,021 | 1.8 |
| Audited 2010 | 5,183,640 | 3,346,496 | 1,837,144 | 1.5 |
| Audited 2011 | 6,210,318 | 3,185,397 | 3,024,921 | 1.9 |
| Projected 2012 | 5,016,709 | 2,709,134 | 2,307,575 | 1.9 |
| Projected 2013 | 4,869,893 | 2,738,334 | 2,131,559 | 1.8 |
| Projected 2014 | 4,711,640 | 2,944,303 | 1,767,337 | 1.6 |
| Projected 2015 | 4,541,381 | 3,154,472 | 1,386,909 | 1.4 |
| Projected 2016 | 4,358,523 | 3,150,872 | 1,207,651 | 1.4 |
| Projected 2017 | 4,162,445 | 3,121,738 | 1,040,707 | 1.3 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY
PROJECT REVIEW
SX21059042**

I. PROJECT DESCRIPTION

The Regional Water Resource Agency (RWRA) is requesting a Fund A loan in the amount of \$1,586,875 to complete various slip linings throughout the system. RWRA is under enforcement with the Commonwealth of Kentucky (September 5, 2007) to mitigate combined sewer overflows (CSOs). The primary impact of the project will be to rehabilitate existing lines to reduce infiltration and inflow.

This project involves rehabilitation work that will aid in reducing I&I thus extending the life of the affected mains and reducing CSOs. Failing areas will be identified by televising the mains then the highest priority areas will be slip lined.

RWRA was created by the enactment of identical ordinances by the City of Owensboro and Daviess County Fiscal Court on October 18, 1994 and October 5, 1994, respectively, for the purpose of managing, controlling and operating regional comprehensive wastewater facilities within Daviess County. RWRA is considered a related organization of the City of Owensboro and Daviess County. All operations of the RWRA are managed by its own professional staff and governed by a board of directors, which consists of four city board appointments and three county board appointments. RWRA revenue is derived 100% from its ratepayers who reside in areas of Daviess County inside and outside of the city limits.

RWRA is a regionalization model for other counties in Kentucky and nationally. The Wastewater Treatment Plant was highlighted in EPA's 2004 Annual Report on the Clean Water State Revolving Fund Programs.

II. PROJECT BUDGET

| | <u>Total</u> |
|-------------------------|---------------------|
| Administrative Expenses | \$ 16,875 |
| Engineering Fees | 215,250 |
| Construction | 1,500,000 |
| Contingency | <u>70,000</u> |
| Total | \$ 1,802,125 |

| <u>PROJECT FUNDING</u> | Amount | % |
|-------------------------------|---------------------|-------------|
| KIA | 1,586,875 | 88% |
| Local | 215,250 | 12% |
| Total | \$ 1,802,125 | 100% |

III. **KIA DEBT SERVICE**

| | |
|--|------------------|
| Construction Loan | \$ 1,586,875 |
| Interest Rate | 1.00% |
| Loan Term (years) | 20 |
| Estimated Annual Debt Service | \$ 87,740 |
| Administrative Fee (0.20%) | 3,174 |
| Total Estimated Annual Debt Service | \$ 90,914 |

IV. **PROJECT SCHEDULE**

| | |
|---------------------|----------|
| Bid Opening: | 03/08/12 |
| Construction Start: | 04/09/12 |
| Construction Stop: | 06/14/23 |

V. **CUSTOMER COMPOSITION AND RATE STRUCTURE**

| A) Customers | Current | Proposed | Total |
|---------------------|----------------|-----------------|---------------|
| Residential | 25,634 | 0 | 25,634 |
| Commercial | 2,514 | 0 | 2,514 |
| Industrial | 71 | 0 | 71 |
| | <u>28,219</u> | <u>1</u> | <u>28,219</u> |

B) Rates

The monthly charge for wastewater utility service is:

| | |
|--------------------------------|----------------|
| Date of Last Rate Increase | 7/1/2007 |
| Minimum | \$10.71 |
| Rates Per 1,000 Gallons | 3.57 |
| System Development Fee | 7.95 |
| Cost for 4,000 gallons | \$22.23 |
| Affordability Index (Rate/MHI) | 0.6% |

The Following Fees Apply To RWRA's Sewer Extension Areas

Capacity Fee for each Equivalent Residential Unit (ERU) is \$398.00. Qualified existing users are allowed to pay in monthly installments of \$2.40/month.

System Development Fee for each ERU is currently \$1,320.00. Qualified existing users are allowed to pay this fee in monthly installments of \$7.95/month. All proposed and future customers within the project area will be charged an ERU fee of \$1,320.00 to be billed in monthly installments of \$7.95.

Assessment Fee – when the extension of service requires the construction of collection sewers within a neighborhood or area, the associated costs of the extension is pro-rated and apportioned to the served properties. These costs vary between projects. Existing property owners have the option to finance assessment fees on their monthly bill or pay the full amount in advance.

Industrial Surcharge - Commercial/Industrial customers with high-strength waste above the RWRA discharge limits will be assessed “surcharges” to offset the additional costs of treatment. Current charges are \$0.145 per pound of Biochemical Oxygen Demand (B.O.D.) and \$0.156 per pound of Total Suspended Solids (T.S.S.) for strength exceeding 265 mg/l.

VI. DEMOGRAPHICS

RWRA serves approximately 28,000 customers in Owensboro and Daviess County. In 2010, Owensboro’s Median Household Income (MHI) was \$35,508 and the MHI for Daviess County was \$42,268. The median household income for the Commonwealth is \$41,197. All slip lining projects will be done in one of the following census tracts:

| Geography Daviess County, Kentucky | Median Household Income | Households: Total | Individual blocks in Group |
|------------------------------------|-------------------------|-------------------|---|
| Block Group 1, Census Tract 3 | \$ 17,452 | 520 | 1054,1055 |
| Block Group 1, Census Tract 4 | \$ 21,313 | 576 | 1004,1005,1013-1031,1037-1060,1070-1072,1074-1078 |
| Block Group 2, Census Tract 4 | \$ 12,974 | 352 | 2000-2010,2015-2018,2020-2035 |
| Block Group 3, Census Tract 4 | \$ 17,794 | 678 | 3000-3047,3050-3057,3061-3063 |
| Block Group 4, Census Tract 4 | \$ 15,433 | 460 | 4000-4025 |
| Block Group 5, Census Tract 4 | \$ 26,176 | 601 | 5010-5030,5033-5041 |
| Block Group 1, Census Tract 5 | \$ 26,250 | 637 | 1000,1001,1026-1029 |
| Block Group 1, Census Tract 8 | \$ 19,750 | 413 | 1000 |
| Block Group 1, Census Tract 9 | \$ 36,630 | 516 | 1007-1011 |
| Block Group 2, Census Tract 9 | \$ 36,696 | 589 | 2004,2007,2010,2013,2014 |
| Average MHI | \$23,046.80 | | |

The project will qualify for the 1% interest rate due to the MHI of the service area.

VII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not include Green Project Reserve (GPR) components.
- 2) Additional Subsidization – This project does not qualify for principal forgiveness.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the utility was obtained from the audited financial statements of the Regional Water Resource Agency for the years ended June 30, 2006 through 2011. Total debt service coverage has ranged from a high of 3.3 in 2008 to 1.5 in 2010 and was 1.9 in 2011.

HISTORICAL

Revenue from sewer service charges increased 8% from 2008 to 2011 due to usage increases (6%) and customer increases (2%). In aggregate, revenues increased by 6.9% since 2008. Operating expenses increased 11% due to increased benefits, repairs and utility costs.

RWRA has maintained designated reserves for a number of years. As a part of the KIA loan agreement, \$2,500,000 has been designated as a reserve. Prior to 2011 the RWRA Board had designated \$2,000,000 as an emergency capital reserve, \$1,000,000 as an operating reserve, and \$500,000 as a replacement reserve. The majority of these reserves were depleted during 2011 due to the early extinguishment of a KIA loan (A95-06) that carried a 3.8% interest rate. RWRA's intent is to replenish these reserves as soon as funds become available. The RWRA Board as also designated \$3,190,390 as a reserve for capacity.

PROJECTIONS

Projections are based on the following assumptions:

1. Revenue will increase 2% per year inclusive of the 73 customers that are anticipated to be added from the Locust Hills project.
2. Expenses will increase 4% per year.
3. Debt service assumes approval of both the \$1,785,500 loan increase to the Veteran's Drive project (A10-13) and the new request of \$357,335 (A12-14). The loan requests are being submitted for approval on March 1, 2012.
4. The \$2.5 million Replacement Reserve will remain fully funded.

The new debt service for all three loan requests is estimated at \$215,687 annually and will increase overall debt service to \$3,154,472 in 2015. Debt service coverage is 1.4 in 2015, which is the first full year of principal and interest payments.

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

REPLACEMENT RESERVE

\$2,500,000 has been deposited into the Replacement Reserve Account and will be maintained for the life of all RWRA loans. No additional reserve will be required as a result of this loan.

IX. DEBT OBLIGATIONS

| | Outstanding | Maturity |
|--------------------------------|---------------------|----------|
| 2007 Series A Revenue Bonds | \$5,725,000 | varies |
| KIA A99-04 | 16,580,547 | 2023 |
| KIA A06-02 | 6,057,080 | 2028 |
| KIA A07-08 | 1,262,461 | 2029 |
| KIA A10-13 (i/a/o \$4,005,000) | 0 | TBD |
| Total | \$29,625,088 | |

X. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

| Project Title | Funding Source | Amount | Type |
|--------------------------------------|----------------|-----------|-------|
| CDBG #2 | CDBG | \$445,860 | Grant |
| Yellow Creek Park PTP Connection | HB267 | \$57,000 | Grant |
| Glenview Subdivision Sewer Extension | HB267 | \$243,888 | Grant |
| Riverside/Highlands Sewer Extension | | \$370,500 | Grant |
| Broad Acre Sewer Extension | HB380 | \$140,000 | Grant |

XI. CONTACTS

Applicant

Name Regional Water Resource Agency
Address 1722 Pleasant Valley Road
Owensboro, KY 42303
County Daviess
Contact David Hawes
Phone (270) 684-0174
Email hawesdw@rwra.org

Applicant Contact

Name Green River Area Development District
Address 3860 US Highway 60 West
Owensboro, KY 42301
Contact Sheryl Chino
Phone (270) 926-4433
Email Sheryl.Chino@gradd.com

Engineer

| | |
|---------|--|
| Name | David Hawes |
| Firm | Regional Water Resource Agency |
| Address | 1722 Pleasant Valley Road Owensboro, KY 42303 |
| Phone | (270) 684-0714 |
| Email | hawesdw@rwra.org |

XII. RECOMMENDATIONS

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

**REGIONAL WATER RESOURCE AGENCY
BALANCE SHEETS**

| ASSETS | Audited 2007 | Audited 2008 | Audited 2009 | Audited 2010 | Audited 2011 | Project Completion 2014 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------------------|
| Current Assets | | | | | | |
| Cash and Cash Equivalents | 600 | 350 | 350 | 350 | 350 | 350 |
| Accounts Receivable | 1,863,714 | 1,967,653 | 2,055,827 | 1,938,689 | 2,005,144 | 2,128,000 |
| Equity in External Investment Pool | 849,196 | 2,098,335 | 3,350,800 | 2,351,852 | 1,500,527 | 3,052,000 |
| Other Current Assets | 486,811 | 300,148 | 370,272 | 179,108 | 193,552 | 200,000 |
| Total Current Assets | 3,200,321 | 4,366,486 | 5,777,249 | 4,469,999 | 3,699,573 | 5,380,350 |
| Restricted Assets | | | | | | |
| Revenue Bond Debt Service Reserve | 680,067 | 686,078 | 677,121 | 674,776 | 674,783 | 675,000 |
| Construction Account | 0 | 0 | 0 | 0 | 0 | 0 |
| Renewal & Replacement Account - KIA | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Renewal & Replacement Account - Internal | 500,000 | 500,000 | 500,000 | 500,000 | 0 | 0 |
| Emergency Capital Reserve | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 0 | 0 |
| Operating Reserve | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 0 | 1,000,000 |
| Construction Account | 4,171,417 | 2,287,565 | 891,052 | 0 | 0 | 0 |
| Debt Service | 270,402 | 203,619 | 210,380 | 210,038 | 166,289 | 175,000 |
| Reserved Capacity Fees | 2,048,471 | 2,387,674 | 2,647,169 | 2,909,027 | 3,190,390 | 3,200,000 |
| Total Restricted Assets | 13,170,357 | 11,564,936 | 10,425,722 | 9,793,841 | 6,531,462 | 7,550,000 |
| Utility Plant | | | | | | |
| Land, System, Building and Equipment | 98,055,620 | 106,213,300 | 104,101,632 | 107,964,857 | 111,508,756 | 119,720,451 |
| Less Accumulated Depreciation () | (36,246,759) | (39,015,999) | (37,961,536) | (41,645,112) | (44,740,119) | (56,541,319) |
| Net Fixed Assets | 61,808,861 | 67,197,301 | 66,140,096 | 66,319,745 | 66,768,637 | 63,179,132 |
| Other Assets | | | | | | |
| Unamortized Bond Costs and Discount, Net | 127,540 | 121,163 | 114,786 | 108,409 | 102,032 | 82,901 |
| Total Other Assets | 127,540 | 121,163 | 114,786 | 108,409 | 102,032 | 82,901 |
| Total Assets | 78,307,079 | 83,249,886 | 82,457,853 | 80,691,994 | 77,101,704 | 76,192,383 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | 277,588 | 678,595 | 374,457 | 420,443 | 696,467 | 600,000 |
| Accrued Liabilities | 94,188 | 123,346 | 148,109 | 157,231 | 191,414 | 200,000 |
| Total Current Liabilities | 371,776 | 801,941 | 522,566 | 577,674 | 887,881 | 800,000 |
| Liabilities Payable - Restricted Assets | | | | | | |
| Current Maturities of Long Term Debt | 2,356,702 | 2,418,809 | 2,536,579 | 2,587,893 | 2,232,936 | 2,354,971 |
| Contracts and Retainage Payable | 59,847 | 22,598 | 20,818 | 61,578 | 64,085 | 25,000 |
| Accrued Interest | 76,191 | 0 | 137,834 | 0 | 0 | 75,000 |
| Deferred Revenue | 0 | 0 | 0 | 150,000 | 46,098 | 0 |
| Total Liabilities Payable - Restricted Assets | 2,492,740 | 2,441,407 | 2,695,231 | 2,799,471 | 2,343,119 | 2,454,971 |
| Long Term Liabilities | | | | | | |
| Compensated Absences | 539,685 | 560,529 | 578,817 | 734,907 | 688,484 | 750,000 |
| Long Term Debt | 37,578,084 | 36,183,666 | 35,105,074 | 32,525,666 | 27,360,069 | 20,549,573 |
| KIA (A10-13, A12-02) | 0 | 0 | 0 | 0 | 0 | 7,734,710 |
| Total Long Term Liabilities | 38,117,769 | 36,744,195 | 35,683,891 | 33,260,573 | 28,048,553 | 29,034,283 |
| Total Liabilities | 40,982,285 | 39,987,543 | 38,901,688 | 36,637,718 | 31,279,553 | 32,289,254 |
| Equity | | | | | | |
| Total Equity | 37,324,794 | 43,262,343 | 43,556,165 | 44,054,276 | 45,822,151 | 43,903,129 |
| Total Liabilities and Equities | 78,307,079 | 83,249,886 | 82,457,853 | 80,691,994 | 77,101,704 | 76,192,383 |
| Balance Sheet Analysis | | | | | | |
| Current Ratio | 8.6 | 5.4 | 11.1 | 7.7 | 4.2 | 6.7 |
| Debt to Equity | 1.1 | 0.9 | 0.9 | 0.8 | 0.7 | 0.7 |
| Days Sales Outstanding | 54.8 | 56.3 | 57.8 | 53.1 | 53.7 | 53.7 |

**EXHIBIT 1
REGIONAL WATER RESOURCE AGENCY
CASH FLOW ANALYSIS**

| | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Audited 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 | Projected 2016 |
|--|-------------------|--------------|-------------------|-------------|-------------------|-------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Operating Revenues | | | | | | | | | | | | |
| Sewer Service Charges | 11,116,102 | 2% | 11,322,161 | 3% | 11,713,336 | 2% | 11,994,063 | 12,233,944 | 12,478,623 | 12,728,195 | 12,982,759 | 13,242,414 |
| Industrial Surcharge | 402,976 | 59% | 639,522 | -6% | 598,043 | -6% | 562,118 | 573,360 | 584,827 | 596,524 | 608,454 | 620,623 |
| Sewer Taps | 137,017 | -35% | 89,048 | 8% | 95,851 | 10% | 105,209 | 107,313 | 109,459 | 111,648 | 113,881 | 116,159 |
| Storm Water | 553,871 | 6% | 588,520 | 10% | 649,460 | -8% | 598,061 | 610,022 | 622,222 | 634,666 | 647,359 | 660,306 |
| Other | 547,389 | -37% | 343,380 | -20% | 273,853 | 38% | 378,410 | 385,978 | 393,698 | 401,572 | 409,603 | 417,795 |
| Total Revenues | 12,757,355 | 2% | 12,982,631 | 3% | 13,330,543 | 2% | 13,637,861 | 13,910,617 | 14,188,829 | 14,472,605 | 14,762,056 | 15,057,297 |
| Operating Expenses | | | | | | | | | | | | |
| Operating Expenses | 9,166,888 | 6% | 9,679,739 | 5% | 10,150,790 | 1% | 10,217,022 | 10,625,703 | 11,050,731 | 11,492,760 | 11,952,470 | 12,430,569 |
| Depreciation | 3,480,729 | 9% | 3,786,463 | 1% | 3,814,586 | 1% | 3,836,154 | 3,870,300 | 3,975,600 | 3,955,300 | 3,955,300 | 3,955,300 |
| Replacement Reserve | 0 | | 0 | | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | 12,647,617 | 6% | 13,466,202 | 4% | 13,965,376 | 1% | 14,053,176 | 14,496,003 | 15,026,331 | 15,448,060 | 15,907,770 | 16,385,869 |
| Net Operating Income | 109,738 | -541% | (483,571) | 31% | (634,833) | -35% | (415,315) | (585,386) | (837,502) | (975,455) | (1,145,714) | (1,328,572) |
| Non-Operating Income and Expenses | | | | | | | | | | | | |
| Investment Income | 621,927 | 8% | 674,164 | -54% | 307,817 | -57% | 132,304 | 132,304 | 132,304 | 132,304 | 132,304 | 132,304 |
| Miscellaneous Income | 424,819 | | 322,792 | | 728,585 | | 214,491 | 214,491 | 214,491 | 214,491 | 214,491 | 214,491 |
| Capital Contributions | 5,594,193 | | 1,256,327 | | 1,028,432 | | 2,516,554 | 1,450,000 | 1,450,000 | 1,450,000 | 1,450,000 | 1,450,000 |
| Miscellaneous Expense | (57,665) | | (63,559) | | (60,947) | | (73,870) | (65,000) | (65,000) | (65,000) | (65,000) | (65,000) |
| Total Non-Operating Income & Expenses | 6,583,274 | -67% | 2,189,724 | -8% | 2,003,887 | 39% | 2,789,479 | 1,731,795 | 1,731,795 | 1,731,795 | 1,731,795 | 1,731,795 |
| Add Non-Cash Expenses | | | | | | | | | | | | |
| Depreciation | 3,480,729 | 9% | 3,786,463 | 1% | 3,814,586 | 1% | 3,836,154 | 3,870,300 | 3,975,600 | 3,955,300 | 3,955,300 | 3,955,300 |
| Cash Available for Debt Service | 10,173,741 | -46% | 5,492,616 | -6% | 5,183,640 | 20% | 6,210,318 | 5,016,709 | 4,869,893 | 4,711,640 | 4,541,381 | 4,358,523 |
| Debt Service (enter as positive #s) | | | | | | | | | | | | |
| Existing Debt | 3,054,467 | | 3,032,595 | | 3,346,496 | | 3,185,397 | 2,704,134 | 2,703,334 | 2,701,734 | 2,709,334 | 2,705,734 |
| KIA Loan (A10-13) (original) | 0 | | 0 | | 0 | | 0 | 0 | 0 | 114,725 | 229,451 | 229,451 |
| Proposed KIA Loans (A12-14 and A12-15)) | 0 | | 0 | | 0 | | 0 | 0 | 0 | 56,697 | 113,394 | 113,394 |
| KIA Loan (A10-13) (increase) | 0 | | 0 | | 0 | | 0 | 0 | 0 | 51,147 | 102,293 | 102,293 |
| Construction Period Interest | 0 | | 0 | | 0 | | 0 | 5,000 | 35,000 | 20,000 | 0 | 0 |
| Total Debt Service | 3,054,467 | | 3,032,595 | | 3,346,496 | | 3,185,397 | 2,709,134 | 2,738,334 | 2,944,303 | 3,154,472 | 3,150,872 |
| Income After Debt Service | 7,119,274 | | 2,460,021 | | 1,837,144 | | 3,024,921 | 2,307,575 | 2,131,559 | 1,767,337 | 1,386,909 | 1,207,651 |
| Debt Coverage Ratio | 3.3 | | 1.8 | | 1.5 | | 1.9 | 1.9 | 1.8 | 1.6 | 1.4 | 1.4 |

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I.B.8.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-16) OF \$1,930,000 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Wastewater Revolving Loan Program (Fund A) with the Lexington-Fayette Urban County Government, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund A loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Wastewater Revolving Fund loan for \$1,930,000 of project expense including capitalized interest for the construction period, to the Lexington-Fayette Urban County

Government for the Blue Sky Wastewater Treatment Plant Project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an interest rate of 2.0%. In addition to debt service, a 0.2% annual administration fee on the unpaid loan balance will be charged. From annual revenues, \$4,825 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$48,250 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 22, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: CWL 12002
Lexington Town Branch WWTP--1073
Activity ID: FGL20100023
Watershed: Baughman Fork of Boone Creek
HUC 11#: 05100205070
Fund A KIA A12-16

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the Lexington-Fayette Urban County Government is entitled to receive priority for funding for the Blue Sky WWTP Elimination and is eligible to receive 1,930,000 from the Clean Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW on 6/30/2012.
2. Construction bids are expected to be opened on 9/1/2012.
3. Project specific environmental information is incomplete as of 2/22/2012.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.
2. Loan Agreement must be executed within six (6) months from bid opening.
3. The city must agree to expend all loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated

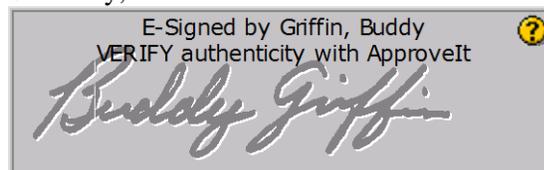
project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.

5. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.
6. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

Please forward the draft binding commitment letter to this office for review when completed. Should you have any questions concerning this letter, do not hesitate to contact Cathy Arnett, Project Administrator, at (502) 564-8158, extension 4594.

Sincerely,



Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:CA

Enclosures

C: Honorable James Gray, Mayor
Mr. Charles H Martin, LFUCG

| | | | | |
|---|--|---------------------------|-------------------|------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND A, FEDERALLY ASSISTED WASTEWATER | | KIA Loan Number: | A12-16 | |
| REVOLVING LOAN FUND | | WRIS Number | SX21067007 | |
| | | HUC Code: | 05100205070 | |
| BORROWER: | LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT | | | |
| | FAYETTE COUNTY | | | |
| BRIEF DESCRIPTION: | <p>The Lexington-Fayette Urban County Government is negotiating acquisition of the Blue Sky Wastewater Treatment Plant. LFUCG is developing plans to eliminate the WWTP and replace it with a sanitary pumping station and force main. Existing flows would be conveyed to the West Hickman Wastewater Treatment Plant. This would resolve existing compliance issues. The system was under sanctions from previous enforcement actions that were initiated by the State. This project is a proposed State Supplemental Environmental Project that was negotiated by LFUCG and the Energy and Environment Cabinet.</p> | | | |
| PROJECT FINANCING: | | PROJECT BUDGET | | |
| Fund A Loan | \$ 1,930,000 | Engineering Fees | \$ | 294,745 |
| KIA Grant (88T-2005) (CPBOC date :4/10/06) | 600,000 | Construction | | 2,235,255 |
| TOTAL | \$ 2,530,000 | TOTAL | \$ | 2,530,000 |
| REPAYMENT | | | Est. Annual | |
| | Rate | 2.00% | Payment | \$121,419 |
| | Term | 20 years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | not applicable | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | | | |
| | Bid Opening: | September 1, 2012 | | |
| | Construction Start: | October 15, 2012 | | |
| | Construction Stop: | February 1, 2013 | | |
| DEBT PER CUSTOMER | Existing: | \$ | 693 | |
| | Proposed: | \$ | 549 | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | |
| | Current | 106,503 | \$ 20.65 | (for 4,000 gallons) |
| | Additional | 0 | \$ 20.65 | (for 4,000 gallons) |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | Income after Debt | | |
| | Debt Service | Debt Service | Service | Coverage Ratio |
| Audited 2008 | 374,828 | 5,503,346 | (5,128,518) | 0.07 |
| Audited 2009 | 9,942,219 | 5,662,985 | 4,279,234 | 1.76 |
| Audited 2010 | 15,793,116 | 7,038,061 | 8,755,055 | 2.24 |
| Audited 2011 | 17,223,538 | 7,117,597 | 10,105,941 | 2.42 |
| Projected 2012 | 17,241,700 | 8,518,359 | 8,723,341 | 2.02 |
| Projected 2013 | 17,517,680 | 9,782,921 | 7,734,759 | 1.79 |
| Projected 2014 | 17,847,980 | 6,298,718 | 11,549,262 | 2.83 |
| Projected 2015 | 18,184,880 | 6,286,205 | 11,898,675 | 2.89 |
| Projected 2016 | 18,528,680 | 6,260,236 | 12,268,444 | 2.96 |
| Projected 2017 | 18,879,280 | 6,239,648 | 12,639,632 | 3.03 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
 WASTEWATER REVOLVING LOAN FUND (FUND "A")
 LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY
 PROJECT REVIEW
 SX21067007**

I. PROJECT DESCRIPTION

The Lexington-Fayette Urban County Government is negotiating acquisition of the Blue Sky Wastewater Treatment Plant. LFUCG is developing plans to eliminate the WWTP and replace it with a sanitary pumping station and force main. Existing flows would be conveyed to KY0021504. This would resolve existing compliance issues. The system was under sanctions from previous enforcement actions that were initiated by the State. This project is a proposed State Supplemental Environmental Project that was negotiated by LFUCG and the Energy and Environment Cabinet.

II. PROJECT BUDGET

| | |
|------------------|---------------------|
| | Total |
| Engineering Fees | \$ 294,745 |
| Construction | 2,235,255 |
| Total | \$ 2,530,000 |

III. PROJECT FUNDING

| | | |
|------------------|---------------------|-------------|
| | Amount | % |
| Fund A Loan | \$ 1,930,000 | 76% |
| KIA Grant (2005) | 600,000 | 24% |
| Total | \$ 2,530,000 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|-------------------|
| Construction Loan | \$ 1,930,000 |
| Interest Rate | 2.00% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 117,559 |
| Administrative Fee (0.20%) | 3,860 |
| Total Estimated Annual Debt Service | \$ 121,419 |

V. PROJECT SCHEDULE

| | |
|--------------------|----------------|
| Bid Opening | September 2012 |
| Construction Start | October 2012 |
| Construction Stop | February 2013 |

VI. RATE STRUCTURE

| | |
|---------------------|----------------|
| A) Customers | Current |
| Residential | 99,109 |
| Commercial | 7,378 |
| Industrial | 16 |
| Total | 106,503 |

Lexington also provides sewer service to 132 customers in Jessamine County. The University of Kentucky is a major contributor to the sewer revenues, contributing 7.5% of total revenues annually.

B) Rates

The monthly charge for wastewater utility service is:

| | Residential | | Non-Residential | |
|------------------------------------|-------------|----------|-----------------|----------|
| | Current | Prior | Current | Prior |
| Date of Last Rate Increase | 7/1/2011 | 7/1/2010 | 7/1/2011 | 7/1/2010 |
| First 100 cubic feet | 4.83 | 4.75 | 5.86 | 5.76 |
| Each Additional 100 cubic feet | 3.64 | 3.58 | 4.41 | 4.34 |
| Residential Bill for 4,000 gallons | \$20.65 | \$20.31 | \$25.03 | \$24.63 |
| Percent Increase | 1.7% | | 1.6% | |

Rates are adjustable each July 1 based on the Consumer Price Index for All Urban Consumers for the prior twelve months ending in April before the adjustment.

VII. DEMOGRAPHICS

In 2010, the population of the Urban Service Area was 287,537 with a Median Household Income (MHI) of \$46,874. The median household income for the Commonwealth is \$41,197. Based on the regional nature of the project, the loan qualifies for the 2% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR).
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information for the Sewer Department of the Lexington-Fayette Urban County Government (LFUCG) was obtained from the audited financial statements for the years ended June 30, 2008 - 2011. This analysis excludes activity for the storm water fund.

HISTORICAL

Revenues have increased 77% from \$27,532,422 in 2008 to \$48,849,035 in 2011. Sewer rates were increased 50% effective May 1, 2008 and an additional 35% on July 1, 2009. Operating expenses increased 12% from \$28,658,656 to \$32,198,460 during the same period. The debt coverage ratio improved from 0.1 in 2008 to 2.4 in 2011. The balance sheet reflects a debt to equity ratio of 0.4.

PROJECTED

Projections are based on the following assumptions:

- * Revenue increases will offset expense inflation
- * A replacement reserve of \$48,000 will be funded annually.
- * The new debt service is estimated at \$121,419 annually and will increase overall debt service to \$6,298,718 in 2014.

Debt service coverage is 2.8 in 2014 and improves slightly each year thereafter. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

The annual replacement cost is \$4,825. This amount should be added to the replacement account each December 1 until the balance reaches \$48,250 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

| | Outstanding | Maturity |
|---------------------------------|---------------------|----------|
| 2001 A Sewer Revenue Bonds | \$ 4,330,000 | 2013 |
| 2001 B Sewer Revenue Bonds | 6,160,000 | 2012 |
| 2009 A Sewer Revenue Bonds | 35,960,000 | 2024 |
| 2010 A Sewer Revenue Bonds | 13,605,000 | 2021 |
| KIA (A2 09-09) (Radcliffe Road) | 109,330 | 2030 |
| KIA (A2 09-09) (Streetscape) | 1,229,309 | 2030 |
| KIA (A09-01 i/a/o \$17,208,000) | 13,766,388 | Est 2033 |
| Total | \$75,160,027 | |

XI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

| Project Title | Funding Source | Amount | Type |
|---|-----------------------|---------------|-------------|
| Unsewered Areas Various Water Sewer and Stormwater Improvements | HB 380 | 1,400,000 | Grant |
| Expansion Area 2a | HB 380 | 2,600,000 | Grant |
| South Elkhorn Pump Station | HB 608 | 3,100,000 | Grant |
| Leesway Underserved Areas | EPA | 1,146,000 | Grant |
| | HB 608 | 600,000 | Grant |

XII. CONTACTS

| Applicant | |
|------------------|---|
| Name | Lexington-Fayette Urban Government |
| Address | 200 East Main Street Lexington, KY 40507 |
| County | Fayette |
| Contact | James Gray |
| Phone | (859) 258-3100 |
| Email | Mayor@lfucg.com |

| Applicant Contact | |
|--------------------------|--|
| Name | Division of Water Quality Lexington-Fayette Urban County Government |
| Address | 301 Lisle Industrial Avenue Lexington, KY 40507 |
| Contact | Charles H. Martin, P.E. |
| Phone | (859) 425-2455 |
| Email | chmartin@lfucg.com |

XIII. RECOMMENDATIONS

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

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
BALANCE SHEETS (June)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>Project Completion 2013</u> |
|---|--------------------|--------------------|--------------------|--------------------|--|
| ASSETS | | | | | |
| Current Assets - Non Restricted | | | | | |
| Cash | 8,706,044 | 219,834 | 7,345,592 | 3,329,716 | 7,444,300 |
| Investments | 3,003,941 | 1,039,529 | 18,307,994 | 36,917,243 | 37,000,000 |
| Receivables | 6,934,205 | 4,639,567 | 5,806,484 | 2,799,165 | 2,892,500 |
| Internal Balances | 0 | 0 | 0 | 2,903,087 | 0 |
| Inventories | 5,671 | 4,159 | 4,775 | 5,739 | 6,000 |
| Total Non-Restricted Current Assets | 18,649,861 | 5,903,089 | 31,464,845 | 45,954,950 | 47,342,800 |
| Restricted Assets - Current | | | | | |
| Reserved for Maintenance and Operation | 5,815,329 | 5,920,705 | 5,851,543 | 5,854,664 | 5,865,000 |
| Reserved for Sinking Fund | 4,764,525 | 4,752,488 | 4,752,488 | 5,235,067 | 5,275,000 |
| Total Restricted Current Assets | 10,579,854 | 10,673,193 | 10,604,031 | 11,089,731 | 11,140,000 |
| Total Current Assets | 29,229,715 | 16,576,282 | 42,068,876 | 57,044,681 | 58,482,800 |
| Restricted Assets - Non Current | | | | | |
| Reserved for Construction & Capital Acquisitions | 8,030,252 | 6,966,914 | 5,275,778 | 3,626,461 | 3,500,000 |
| Reserved for Depreciation | 1,785,750 | 1,593,000 | 3,430,396 | 3,432,225 | 3,500,000 |
| Reserved for Debt Service | 4,079,311 | 5,569,225 | 8,612,473 | 8,612,473 | 8,600,000 |
| Total Non Current Restricted Assets | 13,895,313 | 14,129,139 | 17,318,647 | 15,671,159 | 15,600,000 |
| Capital Asstes | | | | | |
| Total Fixed Assets | 193,284,634 | 207,615,275 | 217,305,832 | 214,564,607 | 207,945,373 |
| Unamortized Bond Costs | 352,119 | 286,490 | 1,766,616 | 1,656,407 | 1,435,989 |
| Total Non-Current Assets | 207,532,066 | 222,030,904 | 236,391,095 | 231,892,173 | 224,981,362 |
| Total Assets | 236,761,781 | 238,607,186 | 278,459,971 | 288,936,854 | 283,464,162 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 1,151,631 | 2,225,076 | 1,728,209 | 1,886,667 | 2,000,000 |
| Accrued Payroll | 204,156 | 264,883 | 205,537 | 313,333 | 320,000 |
| Due to Other Funds | (1,033,020) | 1,786,498 | 2,825,674 | 0 | 0 |
| Other | 584,337 | 460,211 | 1,046,155 | 550,001 | 500,000 |
| Compensated Absences | 273,458 | 291,105 | 308,103 | 350,392 | 360,000 |
| Total Current Liab. Payable from Non-Restricted Assets | 1,180,562 | 5,027,773 | 6,113,678 | 3,100,393 | 3,180,000 |
| Current Liabilities Payable From Restricted Assets | | | | | |
| Accounts, Contracts and Retainage Payable | 250,315 | 779,651 | 959,292 | 269,096 | 300,000 |
| Bonds Payable | 3,855,000 | 4,040,000 | 4,510,000 | 5,990,000 | 3,903,160 |
| Interest Payable | 909,525 | 836,862 | 1,466,939 | 1,329,282 | 1,300,000 |
| Total Current Liabilities Payable from Restricted Assets | 5,014,840 | 5,656,513 | 6,936,231 | 7,588,378 | 5,503,160 |
| Total Current Liabilities | 6,195,402 | 10,684,286 | 13,049,909 | 10,688,771 | 8,683,160 |
| Non-Current Liabilities | | | | | |
| Unearned Revenues & Other | 186,074 | 271,823 | 289,063 | 458,935 | 450,000 |
| Bonds Payable | 31,860,000 | 27,820,000 | 60,055,000 | 67,831,388 | 54,543,228 |
| KIA (A09-01 undrawn balance) | 0 | 0 | 0 | 0 | 6,441,612 |
| KIA Proposed Loan | 0 | 0 | 0 | 0 | 1,930,000 |
| Compensated Absences | 630,622 | 671,410 | 710,621 | 808,307 | 900,000 |
| Total Non-Current Liabilities | 32,676,696 | 28,763,233 | 61,054,684 | 69,098,630 | 64,264,840 |
| Total Liabilities | 38,872,098 | 39,447,519 | 74,104,593 | 79,787,401 | 72,948,000 |
| NET ASSETS | | | | | |
| Total Retained Earnings | 197,889,683 | 199,159,667 | 204,355,378 | 209,149,453 | 210,516,162 |

EXHIBIT 1
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
CASH FLOW ANALYSIS (June Year End)

| | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Audited 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 | Projected 2016 | Projected 2017 |
|--|--------------------|--------------|-------------------|-------------|-------------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues | | | | | | | | | | | | | |
| User Charges | 25,884,142 | 36% | 35,213,276 | 29% | 45,578,971 | 0% | 45,663,797 | 46,577,100 | 47,508,600 | 48,458,800 | 49,428,000 | 50,416,600 | 51,424,900 |
| Fees | 1,223,820 | -14% | 1,048,864 | 2% | 1,072,452 | 42% | 1,523,169 | 1,553,600 | 1,584,700 | 1,616,400 | 1,648,700 | 1,681,700 | 1,715,300 |
| Exactions | 343,998 | -42% | 198,914 | 45% | 287,677 | 208% | 885,730 | 903,400 | 921,500 | 939,900 | 958,700 | 977,900 | 997,500 |
| Other | 80,462 | 16% | 93,293 | 381% | 448,880 | 73% | 776,339 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Total Revenues | 27,532,422 | 33% | 36,554,347 | 30% | 47,387,980 | 3% | 48,849,035 | 49,534,100 | 50,514,800 | 51,515,100 | 52,535,400 | 53,576,200 | 54,637,700 |
| Operating Expenses | | | | | | | | | | | | | |
| Treatment Plant | 8,164,345 | 3% | 8,447,048 | 1% | 8,502,531 | -1% | 8,411,093 | 8,579,300 | 8,750,900 | 8,925,900 | 9,104,400 | 9,286,500 | 9,472,200 |
| Collection System | 5,411,212 | -18% | 4,427,863 | -3% | 4,297,166 | 29% | 5,544,184 | 5,655,100 | 5,768,200 | 5,883,600 | 6,001,300 | 6,121,300 | 6,243,700 |
| Administration | 15,083,099 | -5% | 14,325,685 | 32% | 18,974,390 | -4% | 18,243,183 | 18,608,000 | 18,980,200 | 19,359,800 | 19,747,000 | 20,141,900 | 20,544,700 |
| Depreciation | 6,417,656 | 0% | 6,393,816 | 11% | 7,113,944 | 1% | 7,214,960 | 7,250,000 | 7,678,600 | 7,678,600 | 7,678,600 | 7,678,600 | 7,678,600 |
| Replacement Reserve | | | 0 | | | | | | 47,820 | 47,820 | 47,820 | 47,820 | 47,820 |
| Total Expenses | 35,076,312 | -4% | 33,594,412 | 16% | 38,888,031 | 1% | 39,413,420 | 40,092,400 | 41,225,720 | 41,895,720 | 42,579,120 | 43,276,120 | 43,987,020 |
| Net Operating Income | (7,543,890) | -139% | 2,959,935 | 187% | 8,499,949 | 11% | 9,435,615 | 9,441,700 | 9,289,080 | 9,619,380 | 9,956,280 | 10,300,080 | 10,650,680 |
| Non-Operating Income and Expenses | | | | | | | | | | | | | |
| Investment Income | 1,461,986 | | 494,577 | -88% | 57,657 | 826% | 533,814 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Other | 39,076 | | 93,891 | | 121,566 | | 39,149 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Total Non-Operating Income & Expenses | 1,501,062 | -61% | 588,468 | -70% | 179,223 | 220% | 572,963 | 550,000 | 550,000 | 550,000 | 550,000 | 550,000 | 550,000 |
| Add Non-Cash Expenses | | | | | | | | | | | | | |
| Depreciation | 6,417,656 | 0% | 6,393,816 | 11% | 7,113,944 | 1% | 7,214,960 | 7,250,000 | 7,678,600 | 7,678,600 | 7,678,600 | 7,678,600 | 7,678,600 |
| Cash Available for Debt Service | 374,828 | 2552% | 9,942,219 | 59% | 15,793,116 | 9% | 17,223,538 | 17,241,700 | 17,517,680 | 17,847,980 | 18,184,880 | 18,528,680 | 18,879,280 |
| Debt Service | | | | | | | | | | | | | |
| Existing Debt | 5,503,346 | | 5,662,985 | | 7,038,061 | | 7,117,597 | 8,518,359 | 9,553,244 | 5,960,783 | 5,948,270 | 5,922,301 | 5,901,713 |
| KIA A09-01 (undrawn balance) | | | | | | | | | 108,258 | 216,516 | 216,516 | 216,516 | 216,516 |
| Proposed KIA Loan | | | | | | | | | 121,419 | 121,419 | 121,419 | 121,419 | 121,419 |
| Total Debt Service | 5,503,346 | | 5,662,985 | | 7,038,061 | | 7,117,597 | 8,518,359 | 9,782,921 | 6,298,718 | 6,286,205 | 6,260,236 | 6,239,648 |
| Income After Debt Service | (5,128,518) | | 4,279,234 | | 8,755,055 | | 10,105,941 | 8,723,341 | 7,734,759 | 11,549,262 | 11,898,675 | 12,268,444 | 12,639,632 |
| Debt Coverage Ratio | 0.1 | | 1.8 | | 2.2 | | 2.4 | 2.0 | 1.8 | 2.8 | 2.9 | 3.0 | 3.0 |

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I.B.9.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F12-03) OF \$1,875,000 TO THE CITY OF CAMPBELLSVILLE, TAYLOR COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Drinking Water Revolving Loan Program (Fund F) with the City of Campbellsville, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund F loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Drinking Water Revolving Fund loan for \$1,875,000 of project expense including capitalized interest for the construction period, to the City of Campbellsville for the Waterline Improvements project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff at the time of the

issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 35% will be deducted from the approved loan amount. The unforgiven principal balance of \$1,218,750 shall be repaid.

Section 4. The loan shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.25% annual administration fee on the unpaid loan balance will be charged. From annual revenues, \$4,700 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$47,000 maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 23, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: DWL12048
Campbellsville Municipal Water System—
3999
Watershed Name: Big Pitman Creek
HUC 11# 0510001090
Activity ID: FGL20120001
DWSRF F12-03

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Campbellsville is entitled to receive priority for funding for their Waterline Improvements Project and is eligible to receive \$1,875,000 from the Drinking Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications are expected to be submitted to DOW in March 2012.
2. Construction bids are expected to be opened in June 2012.
3. Project specific environmental information is expected to be submitted to DOW in March 2012.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.
2. Loan Agreement must be executed within six (6) months from bid opening.
3. The city must agree to expend all loan funds within six months of the date of initiation of operation.

4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.
5. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.
6. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

Upon compliance with the general and special conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

Please forward the draft binding commitment letter to this office for review when completed. Should you have any questions concerning this letter, do not hesitate to contact Cathy Arnett Project Administrator, at (502) 564-8158, extension 4594.

Sincerely,



Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:CA

Enclosures

C: Honorable Tony Young, Mayor
Deron S. Byrne, PE, Monarch Engineering, Inc.
David Bowles, PE, Monarch Engineering, Inc.

| | | | | |
|--|---|---------------------------|------------------------------------|----------------|
| EXECUTIVE SUMMARY | | Reviewer: | Kasi White | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND F, FEDERALLY ASSISTED DRINKING WATER | | KIA Loan Number: | F12-03 | |
| REVOLVING LOAN FUND | | WRIS Number | WX211217003 | |
| BORROWER: | CITY OF CAMPBELLSVILLE | | | |
| | TAYLOR COUNTY | | | |
| BRIEF DESCRIPTION: | <p>This project involves the replacement of approximately 24,000 LF of two inch and smaller piping with six inch piping. The lines experience leaks, particularly during freeze/thaw conditions. Also the restrictions inside the pipes along with the small size result in low pressure during peak demand. The lines scheduled for replacement are galvanized and the condition is so poor that making repairs to them results in additional damage due of the line. Some of the lines are in narrow alleys and streets or very close to or under buildings making it difficult for the city to perform work on them. The few shutoff valves that are known to exist are mostly inoperable resulting in the inability to shut off the water system when a repair is required. Leaks are usually fixed under pressure due to this and the fact that there is no way to isolate the system. In extreme cases the water tanks have been shut off just to isolate one area where a repair is required. All new lines will be equipped with a gate valve on each end and each segment will have a hydrant that can be used to flush the individual line without affecting other connected areas of the water system.</p> | | | |
| PROJECT FINANCING: | | PROJECT BUDGET | | |
| Fund F Loan | \$ 1,875,000 | Administrative Expenses | \$ 25,000 | |
| | | Legal Expenses | 25,000 | |
| | | Engineering Fees | 202,500 | |
| | | Construction | 1,473,150 | |
| | | Contingency | 149,350 | |
| TOTAL | \$ 1,875,000 | TOTAL | \$ 1,875,000 | |
| REPAYMENT | | Est. Annual | | |
| | Rate | 1.0% | Payment \$ 70,433 | |
| | Term | 20 years | 1st Payment 6 Mo. after first draw | |
| PROFESSIONAL SERVICES | Engineer | Monarch Engineering, Inc. | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | Bid Opening: | June, 2012 | |
| | | Construction Start: | July, 2012 | |
| | | Construction Stop: | March, 2013 | |
| DEBT PER CUSTOMER | Existing: | \$ 602 | | |
| | Proposed: | \$ 631 | | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | Users | Avg. Bill | |
| | Current | 9,246 | \$ 15.04 (for 4,000 gallons) | |
| | Additional | 0 | \$ 15.04 (for 4,000 gallons) | |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | Income after Debt | | |
| | Debt Service | Debt Service | Service | Coverage Ratio |
| Audited 2008 | 1,176,529 | 857,538 | 318,991 | 1.4 |
| Audited 2009 | 909,297 | 868,910 | 40,387 | 1.0 |
| Audited 2010 | 862,809 | 908,202 | (45,393) | 1.0 |
| Audited 2011 | 989,330 | 877,822 | 111,508 | 1.1 |
| Projected 2012 | 821,800 | 858,470 | (36,670) | 1.0 |
| Projected 2013 | 698,500 | 471,238 | 227,262 | 1.5 |
| Projected 2014 | 569,400 | 564,128 | 5,272 | 1.0 |
| Projected 2015 | 565,200 | 564,018 | 1,182 | 1.0 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
 DRINKING WATER STATE REVOLVING FUND (FUND "F")
 CITY OF CAMBELLSVILLE, TAYLOR COUNTY
 PROJECT REVIEW
 WX21217003**

I. PROJECT DESCRIPTION

The City of Campbellsville is requesting a \$1,875,000 Fund F loan for the Waterline Improvements project. This project involves the replacement of approximately 24,000 LF of two inch and smaller piping with six inch piping. The lines experience leaks, particularly during freeze / thaw conditions. Also the restrictions inside the pipes along with the small size result in low pressure during peak demand. The lines that are scheduled for replacement are galvanized and the condition is so poor that making repairs to them results in additional damage due to the disturbance of the line. Some of the lines are in narrow alleys and streets or very close to or under buildings making it difficult for the city to perform work on them. The few shutoff valves that are known to exist are mostly inoperable resulting in the inability to shut off the water system when a repair is required. Leaks are usually fixed under pressure due to this and the fact that there is no way to isolate the system. In extreme cases the water tanks have been shut off just to isolate one area where a repair is required. All new lines will be equipped with a gate valve on each end and each segment will have a hydrant that can be used to flush the individual line without affecting other connected areas of the water system.

The City obtains its water from Green River Lake Reservoir. They supply water to the Marion County Water District, Green-Taylor Water District, Columbia-Adair Utilities District, Larue County Water District and East Casey County Water District.

II. PROJECT BUDGET

| | <u>Total</u> |
|-------------------------|---------------------|
| Administrative Expenses | \$ 25,000 |
| Legal Expenses | 25,000 |
| Engineering Fees | 202,500 |
| Construction | 1,473,150 |
| Contingency | 149,350 |
| Total | \$ 1,875,000 |

III. PROJECT FUNDING

| | <u>Amount</u> | <u>%</u> |
|--------------|---------------------|-------------|
| Fund F Loan | \$ 1,875,000 | 100% |
| Total | \$ 1,875,000 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|-------------------|
| Construction Loan | \$ 1,875,000 |
| Less: Principal Forgiveness (35%) | <u>\$ 656,250</u> |
| Amortized Loan Amount | \$ 1,218,750 |
| Interest Rate | 1.0% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 67,386 |
| Administrative Fee (0.25%) | <u>\$ 3,047</u> |
| Total Estimated Annual Debt Service | \$ 70,433 |

V. PROJECT SCHEDULE

| | |
|--------------------|------------|
| Bid Opening | June 2012 |
| Construction Start | July 2012 |
| Construction Stop | March 2013 |

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

| | |
|-------------|----------------|
| Customers | <u>Current</u> |
| Residential | 8,009 |
| Commercial | <u>1,237</u> |
| Total | 9,246 |

B) Rates

Rates were last increased in September 2001 (city customers) and July 2004 (county customers) resulting in the below rate structure.

| | <u>City</u> | <u>County</u> |
|--------------------------------|-------------|---------------|
| First 1,000 | \$ 7.12 | \$ 13.70 |
| Next 9,000 | 2.64 | 6.24 |
| Next 40,000 | 2.36 | 5.58 |
| Next 50,000 | 1.92 | 4.45 |
| Next 100,000 | 1.53 | 3.60 |
| Next 300,000 | 1.41 | 3.35 |
| Next 500,000 | 1.22 | 2.85 |
| Next 1,000,000 | <u>1.05</u> | <u>2.13</u> |
| Cost for 4,000 gallons | \$ 15.04 | \$ 29.38 |
| Affordability Index (Rate/MHI) | 0.7% | |

VII. DEMOGRAPHICS

In 2010, the City had a population of 11,119 with a Median Household Income (MHI) of \$25,136. The median household income for the Commonwealth is \$41,197. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for a 1% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for \$1,875,000. The breakdown of the GPR to the respective "green" categories is listed below:
 - a. Green Infrastructure - \$0
 - b. Water Efficiency - \$1,875,000
 - c. Energy Efficiency - \$0
 - d. Environmentally Innovative - \$0
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$656,250.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from audited financial statements for the years ended June 30, 2008 through 2011.

HISTORICAL

Revenues have increased about 2% from \$4,609,530 in 2008 to \$4,705,993 in 2011. City water rates have not been adjusted since September 2001 and county rates haven't been adjusted since July 2004. Operating expenses have increased 6% from \$3,602,769 in 2008 to \$3,826,581 in 2011. The debt coverage ratio declined from 1.4 in 2008 to slightly below 1.0 in 2010 and improved to 1.1 in 2011.

The balance sheet reflects a debt to equity ratio of 0.2 and a current ratio of 0.8 at the end of 2011 while unrestricted cash represented slightly over one month of operating expenses. Restricted funds are primarily composed of sinking fund, customer deposits, construction funds and a depreciation replacement account.

PROJECTED

- 1) Revenues will increase 1/2% per year for all years.
- 2) Expenses will increase 4% per year.
- 3) An annual replacement reserve of \$4,700 will be required during the first 10 years of repayment.
- 4) A debt service reserve of \$300,000 will be required to held as additional security on the loan until such time as the results of a Rate Study are provided to KIA and acted upon accordingly. In fiscal years 2014 and 2015 a portion of this reserve may be released if needed to maintain a 1:1 ratio.
- 5) Debt service on a proposed Rural Development Loan in the amount of \$1,650,000 for the Batesville Tank project is estimated at \$68,272 annually.
- 6) Debt service on the proposed loan is estimated at \$70,433 per year.

Debt service coverage is 1.0 in FY2014 which is the first year of full principal and interest repayment on the proposed KIA and RD funded debt. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is \$4,700. This amount should be added to the replacement account each December 1 until the balance reaches \$47,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|---------------------------|---------------------|-----------------|
| KIA (B94-01) | \$ 1,410,864 | 2029 |
| KIA (C88-02) | 380,000 | 2018 |
| KIA (C89-56a) | 591,990 | 2018 |
| Kentucky League of Cities | 415,000 | 2012 |
| Kentucky League of Cities | 1,705,000 | 2029 |
| RD 2009 | 575,800 | 2049 |
| RD 2010 | 482,000 | 2050 |
| Total | \$ 5,560,654 | |

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

| <u>Date</u> | <u>Project Title</u> | <u>Funding Source</u> | <u>Amount</u> | <u>Type</u> |
|-------------|-------------------------------|-----------------------|---------------|-------------|
| 2008 | Raw Waterline Replacement | HB608 | 500,000 | Grant |
| 2008 | South Campbellsville - Sewer | HB608 | 500,000 | Grant |
| 2008 | South Campbellsville - Sewer | EPA | 955,600 | Grant |
| 2009 | Spurlington Transmission Main | RD | 364,000 | Grant |
| 2010 | Raw Water Intake | RD | 187,000 | Grant |
| 2011 | 1.0 MG Batesville Tank | RD | 700,000 | Grant |
| 2008 | 1.0 MG Batesville Tank | HB608 | 750,000 | Grant |

XII. CONTACTS

Applicant

Name City of Campbellsville
Address 110 S. Columbia Avenue, Suite B
Campbellsville, KY 42718
Contact Tony W. Young
Phone (270) 465-7011
Email Mayor@campbellsville.us

Applicant Contact

Name Monarch Engineering, Inc.
Address 556 Carlton Drive
Lawrenceburg, KY 40342
Contact Deron S. Byrne, P.E.
Phone (502) 839-1310
Email dbyrne@monarchengineering.net

Engineer

Name David M. Bowles, P.E.
Firm Monarch Engineering, Inc.
Address 556 Carlton Drive
Lawrenceburg, KY 40342
Phone (502) 839-1310
Email dbowles@monarchengineering.net

XIII. RECOMMENDATIONS

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

- 1) KIA shall receive a copy of a resolution or before July 1, 2012 restricting \$300,000 in funds for the Debt Service Reserve for the KIA Loan F12-03. These funds will be made available by released reserve funds from a recently repaid KLC loan.
- 2) No later than July 1, 2012, the City shall provide documentation reflecting the account number and balance of the location where the \$300,000 in debt service reserve funds are being held. This account should be classified as restricted.
- 3) Prior to February 1, 2013, the City shall have a User Rate Study for water and sewer rates conducted by an independent third party.
- 4) Prior to February 1, 2013, the City shall provide a copy of a User Rate Study results to KIA.
- 5) The City further covenants and agrees that if such rate study results reflect the need for an increased rate adjustment that they will implement any such adjustments no later than May 1, 2013.

**CITY OF CAMPBELLVILLE
BALANCE SHEETS (JUNE YEAR END)**

| ASSETS | Audited 2008 | Audited 2009 | Audited 2010 | Audited 2011 | Upon Completion 2013 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------------------|
| Current Assets | | | | | |
| Cash | 582,184 | 456,286 | 352,242 | 388,922 | 579,514 |
| Certificates of Deposit | 2,026,702 | 1,867,671 | 0 | 0 | 0 |
| Accounts Receivable | 319,297 | 307,320 | 320,853 | 271,702 | 272,800 |
| Inventory | 233,496 | 198,255 | 232,306 | 233,826 | 233,826 |
| Other Current Assets | 0 | 77,772 | 281,599 | 4,182 | 4,182 |
| Total Current Assets | 3,161,679 | 2,907,304 | 1,187,000 | 898,632 | 1,090,322 |
| Restricted Assets | | | | | |
| Cash and Investments | 697,804 | 702,669 | 2,289,777 | 2,447,579 | 2,447,579 |
| Total Restricted Assets | 697,804 | 702,669 | 2,289,777 | 2,447,579 | 2,447,579 |
| Utility Plant | | | | | |
| Construction in Process | 1,390,259 | 883,831 | 1,754,201 | 60,742 | 0 |
| Land, System, Building and Equipment | 42,288,500 | 45,707,792 | 48,114,585 | 50,764,617 | 52,639,617 |
| Total | 43,678,759 | 46,591,623 | 49,868,786 | 50,825,359 | 52,639,617 |
| Less Accumulated Depreciation () | (17,217,400) | (18,177,879) | (19,154,764) | (20,124,663) | (22,083,861) |
| Net Fixed Assets | 26,461,359 | 28,413,744 | 30,714,022 | 30,700,696 | 30,555,756 |
| Other Assets | | | | | |
| Unamortized Bond Costs and Discount, Net | 353,651 | 302,449 | 257,024 | 211,599 | 120,749 |
| Total Other Assets | 353,651 | 302,449 | 257,024 | 211,599 | 120,749 |
| Total Assets | 30,674,493 | 32,326,166 | 34,447,823 | 34,258,506 | 34,214,406 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 143,266 | 141,326 | 182,795 | 94,335 | 195,000 |
| Accrued Payroll | 75,320 | 85,124 | 102,999 | 133,983 | 110,000 |
| Customer Deposits | 105,571 | 105,507 | 108,409 | 108,678 | 108,678 |
| Compensated Absences | 19,434 | 16,213 | 12,259 | 35,641 | 35,641 |
| Accrued Interest | 19,242 | 17,402 | 33,978 | 15,865 | 15,865 |
| C.P. Revenue Bonds Payable | 623,511 | 642,293 | 666,202 | 672,403 | 287,044 |
| C.P. - Note Payable | 0 | 316,159 | 40,120 | 0 | 0 |
| Deferred Revenue | 45,563 | 39,488 | 33,413 | 21,263 | 21,263 |
| Total Current Liabilities | 1,031,907 | 1,363,512 | 1,180,175 | 1,082,168 | 773,491 |
| Long Term Liabilities | | | | | |
| Revenue Bonds Payable | 5,811,349 | 5,169,055 | 5,084,854 | 4,894,451 | 4,325,485 |
| Accrued Compensated Absences | 211,715 | 215,702 | 230,970 | 230,970 | 245,000 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 1,218,750 |
| Total Long Term Liabilities | 6,023,064 | 5,384,757 | 5,315,824 | 5,125,421 | 5,789,235 |
| Total Liabilities | 7,054,971 | 6,748,269 | 6,495,999 | 6,207,589 | 6,562,726 |
| Retained Earnings: | | | | | |
| Invested in Capital Assets Net of Related Debt | 20,026,499 | 22,286,237 | 24,922,846 | 25,140,042 | 25,193,227 |
| Restricted | 697,802 | 702,667 | 2,289,775 | 2,447,579 | 2,447,579 |
| Unrestricted | 2,895,221 | 2,588,993 | 739,203 | 463,296 | 10,874 |
| Total Retained Earnings | 23,619,522 | 25,577,897 | 27,951,824 | 28,050,917 | 27,651,680 |
| Total Liabilities and Equities | 30,674,493 | 32,326,166 | 34,447,823 | 34,258,506 | 34,214,406 |
| Balance Sheet Analysis | | | | | |
| Current Ratio | 3.1 | 2.1 | 1.0 | 0.8 | 1.4 |
| Debt to Equity | 0.3 | 0.3 | 0.2 | 0.2 | 0.2 |
| Working Capital | 2,129,772 | 1,543,792 | 6,825 | (183,536) | 316,831 |
| Percent of Total Assets in Working Capital | 6.9% | 4.8% | 0.0% | -0.5% | 0.9% |
| Days Sales in Accounts Receivable | 25.3 | 24.3 | 25.8 | 21.1 | 21.1 |

| EXHIBIT 1 | | | | | | | | | | | |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|------------------|------------------|------------------|------------------|
| CITY OF CAMPBELLSVILLE | | | | | | | | | | | |
| CASH FLOW ANALYSIS (JUNE YEAR END) | | | | | | | | | | | |
| | Audited | % | Audited | % | Audited | % | Audited | Projected | Projected | Projected | Projected |
| | 2008 | Change | 2009 | Change | 2010 | Change | 2011 | 2012 | 2013 | 2014 | 2015 |
| Operating Revenues | | | | | | | | | | | |
| Charges for Services | 4,516,142 | 0% | 4,516,268 | -2% | 4,429,919 | 4% | 4,595,018 | 4,600,000 | 4,623,000 | 4,646,100 | 4,669,300 |
| Service Charges and Other | 93,388 | 8% | 100,562 | 3% | 104,042 | 7% | 110,975 | 100,000 | 100,500 | 101,000 | 101,500 |
| Total Revenues | 4,609,530 | 0% | 4,616,830 | -2% | 4,533,961 | 4% | 4,705,993 | 4,700,000 | 4,723,500 | 4,747,100 | 4,770,800 |
| Operating Expenses | | | | | | | | | | | |
| Operating Expenses | 3,602,769 | 7% | 3,861,251 | -2% | 3,773,435 | 1% | 3,826,581 | 3,968,200 | 4,115,000 | 4,267,300 | 4,425,200 |
| Depreciation | 937,031 | 3% | 960,579 | 2% | 981,758 | -1% | 969,900 | 969,900 | 989,298 | 1,042,900 | 1,063,758 |
| Replacement Reserve | | | | | | | | | | 10,400 | 10,400 |
| Total Expenses | 4,539,800 | 6% | 4,821,830 | -1% | 4,755,193 | 1% | 4,796,481 | 4,938,100 | 5,104,298 | 5,320,600 | 5,499,358 |
| Net Operating Income | 69,730 | -394% | (205,000) | 8% | (221,232) | -59% | (90,488) | (238,100) | (380,798) | (573,500) | (728,558) |
| Non-Operating Income and Expenses | | | | | | | | | | | |
| Interest Income | 169,768 | | 153,718 | | 95,198 | | 113,208 | 90,000 | 90,000 | 90,000 | 90,000 |
| Other | 0 | | 0 | | 7,085 | | (3,290) | 0 | 0 | 0 | 0 |
| Contribution from "Reserve" | | | | | | | | 0 | 0 | 10,000 | 140,000 |
| Total Non-Operating Income & Expenses | 169,768 | -9% | 153,718 | -33% | 102,283 | 7% | 109,918 | 90,000 | 90,000 | 100,000 | 230,000 |
| Add Non-Cash Expenses | | | | | | | | | | | |
| Depreciation | 937,031 | 3% | 960,579 | 2% | 981,758 | -1% | 969,900 | 969,900 | 989,298 | 1,042,900 | 1,063,758 |
| Cash Available for Debt Service | 1,176,529 | -23% | 909,297 | -5% | 862,809 | 15% | 989,330 | 821,800 | 698,500 | 569,400 | 565,200 |
| Debt Service (enter as positive #'s) | | | | | | | | | | | |
| Existing Principal | 636,110 | | 623,511 | | 642,293 | | 712,523 | 686,244 | 281,922 | 287,044 | 296,812 |
| Existing Interest | 221,428 | | 245,399 | | 265,909 | | 165,299 | 172,226 | 148,006 | 138,379 | 128,501 |
| Proposed KIA Loan | | | | | | | | | 41,310 | 70,433 | 70,433 |
| RD Loan | | | | | | | | | | 68,272 | 68,272 |
| Total Debt Service | 857,538 | | 868,910 | | 908,202 | | 877,822 | 858,470 | 471,238 | 564,128 | 564,018 |
| Income After Debt Service | 318,991 | | 40,387 | | (45,393) | | 111,508 | (36,670) | 227,262 | 5,272 | 1,182 |
| Debt Coverage Ratio | 1.4 | | 1.0 | | 1.0 | | 1.1 | 1.0 | 1.5 | 1.0 | 1.0 |

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I.B.10.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F12-05) OF \$922,850 TO THE CITY OF CENTERTOWN, OHIO COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Drinking Water Revolving Loan Program (Fund F) with the City of Centertown, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund F loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Drinking Water Revolving Fund loan for \$922,850 of project expense including capitalized interest for the construction period, to the City of Centertown for the Water System Improvements Phase III and Phase IV project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority

staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 35% will be deducted from the approved loan amount. The unforgiven principal balance of \$599,853 shall be repaid.

Section 4. The loan shall be repayable over 30 years at an interest rate of 1.0%. In addition to debt service, a 0.25% annual administration fee on the unpaid loan balance will be charged. From annual revenues, \$2,300 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$23,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

STEVEN L. BESHEAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 23, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: DWL12032; Fund F
Centertown Water System--34051
Activity ID: FGL20120003
HUC11: 05110004130 and 05110003100
Watershed Name: Rough River, near Lake
Washburn and Green River, near South
Carrollton
Project Name: Water System Improvements-
Phase III and IV
Binding Commitment

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Centertown is entitled to receive priority for funding for their Water System Improvements-Phase III and IV project and is eligible to receive \$922,850.00 from the Drinking Water State Revolving Fund. The following information is provided:

1. Project specific environmental information was submitted to DOW on October 31, 2011.
2. Plans and specifications are expected to be submitted to DOW in April 2012.
3. Construction bids are expected to be opened in August 2012.

The KIA conditional commitment letter should include the following general conditions to satisfy federal requirements:

1. The project must have undergone a complete environmental review resulting in a Categorical Exclusion Determination (CED), a Finding of No Significant Impact (FONSI), or an Environmental Impact Statement (EIS) with a Record of Decision issued by the Department for Environmental Protection before bidding the project.

2. The borrower must receive DOW approval of the Plans and Specifications with regard to SRF funding before bidding the project.
3. The Authority to Award (bid) package must be submitted to DOW for approval before the contract can be awarded. DOW must perform the Disadvantaged Business Enterprise (DBE) reviews and conduct a preconstruction and project management conference.
4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.
5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.
6. Loan Agreement must be executed within six (6) months from bid opening.
7. The city must agree to expend all loan funds within six months of the date of initiation of operation

Upon compliance with the general conditions, the DOW will issue its final project certification prior to finalizing the loan agreement.

The SRF application review has been completed by staff of the KIA. If you have any questions or concerns regarding missing items or additional submission requirements, please contact Sandy Williams at (502) 573-0260. Should you have any questions concerning this letter, do not hesitate to contact Joel Murphy, Project Manager, at (502) 564-8158, extension 4592.

Sincerely,



Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:jjm

Enclosures

c: Honorable Larry Smith, City of Centertown
Sheryl Chino, Green River ADD
Joseph Pavoni, GRW Engineers

| | | | | |
|--|---|---------------------------|---|---------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND F, FEDERALLY ASSISTED DRINKING WATER | | KIA Loan Number: | F12-05 | |
| REVOLVING LOAN FUND | | WRIS Number | WX21183030, WX21183031 | |
| BORROWER: | CITY OF CENTERTOWN | | | |
| | OHIO COUNTY | | | |
| BRIEF DESCRIPTION: | <p>This project involves construction of planned Phases III and IV of improvements to the City's water distribution system. Phase III will replace older small diameter asbestos cement pipe lines and create better looping in the downtown portion of the system. Phase IV includes the installation of various sized water mains. Together the projects will replace approximately 18,000 LF of older 4-inch main with new 6-inch main from the intersection of KY 69 and KY 85 to the Kronos area (past Matanzas Road); install approximately 12,000 LF of new 4-inch main along Matanzas Road from KY 69 to Kirtley River Road; install approximately 6,500 LF of new 3-inch water main along Kirtley River Road from where it intersects with Oak Grove Lane to Cave Hill Lane, then up to an existing line on KY 85 near the Big Rivers Electric Corporation DB Wilson Station; replace approximately 2,000 LF of older 2-inch water main with new 2-inch water main on Kronos Loop.</p> | | | |
| PROJECT FINANCING: | | | PROJECT BUDGET | |
| Fund F Loan | \$ | 922,850 | Administrative Expenses | \$ 25,350 |
| | | | Legal Expenses | 7,500 |
| | | | Land, Easements | 10,000 |
| | | | Engineering Fees | 170,500 |
| | | | Construction | 645,000 |
| | | | Contingency | 64,500 |
| TOTAL | \$ | 922,850 | TOTAL | \$ 922,850 |
| REPAYMENT | | | Est. Annual | |
| | Rate | 1.0% | Payment | \$ 24,693 |
| | Term | 30 years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | GRW Engineers, Inc. | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | Bid Opening: | | April 2012 | |
| | Construction Start: | | June 2012 | |
| | Construction Stop: | | February 2013 | |
| DEBT PER CUSTOMER | Existing: | \$ | 1,615 | |
| | Proposed: | \$ | 2,613 | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | | <u>Users</u> | <u>Avg. Bill</u> |
| | Current | 546 | \$ | 40.46 (for 4,000 gallons) |
| | Additional | 0 | \$ | 40.46 (for 4,000 gallons) |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | | Income after Debt | |
| | Debt Service | Debt Service | Service | Coverage Ratio |
| Audited 2008 | 3,373 | 0 | 3,373 | n/a |
| Audited 2009 | 58,482 | 0 | 58,482 | n/a |
| Audited 2010 | 112,557 | 0 | 112,557 | n/a |
| Audited 2011 | 80,655 | 18,404 | 62,251 | 4.4 |
| Projected 2012 | 73,283 | 36,327 | 36,956 | 2.0 |
| Projected 2013 | 74,828 | 36,328 | 38,500 | 2.1 |
| Projected 2014 | 80,254 | 61,021 | 19,233 | 1.3 |
| Projected 2015 | 81,984 | 61,021 | 20,963 | 1.3 |
| Projected 2016 | 83,749 | 61,021 | 22,728 | 1.4 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
CITY OF CENTERTOWN, OHIO COUNTY
PROJECT REVIEW
WX21183030 and WX21183031**

I. PROJECT DESCRIPTION

The City of Centertown is requesting a Fund "F" loan in the amount of \$922,850 for the Water System Improvements - Phases III and IV projects. The City is completing a major upgrade to their water distribution system. The upgrade will significantly increase storage and pressure in the system, which in large part was built in the early 1970's and consists of small diameter asbestos cement pipe. The increased pressure is expected to have an adverse effect on some of the older lines where breaks are considered likely to happen. Phase III will replace the older, predominantly four inch lines, and create better looping in the downtown portion of the system. Phase IV includes the installation of various sized water mains. Together the projects will:

1. Replace approximately 18,000 LF of older 4-inch main with new 6-inch main from the intersection of KY 69 and KY 85 to the Kronos area (past Matanzas Road).
2. Install approximately 12,000 LF of new 4-inch main along Matanzas Road from KY 69 to Kirtley River Road.
3. Install approximately 6,500 LF of new 3-inch water main along Kirtley River Road from where it intersects with Oak Grove Lane to Cave Hill Lane, then up to an existing line on KY 85 near the Big Rivers Electric Corporation DB Wilson Station.
4. Replace approximately 2,000 LF of older 2-inch water main with new 2-inch water main on Kronos Loop (the old main was apparently constructed using improper fittings and is not in good condition).

The new 6-inch, 4-inch, and 3-inch mains will create better hydraulics/pressures (less friction loss) from Centertown's new 150,000 gallon water storage tank to the western part of their system and create looping for redundancy where it is sorely needed in the western part of the Centertown system. Some of these lines were part of the original water improvements plan that could not be implemented at the time due to cost constraints. The looping allows water to reach the DB Wilson Station from three different locations instead of just one "umbilical cord" and allows water to reach a new Armstrong Coal facility (recently placed on the system) from two different locations now instead of just one "umbilical" cord.

The 6-inch main, in particular, will be constructed so that Centertown can valve off the western part of their system (west of the storage tank) and serve it via the Ohio County Water District during the summer months when the water from Hartford may have poor chlorine residual.

II. PROJECT BUDGET

| | <u>Total</u> |
|-------------------------|-------------------|
| Administrative Expenses | \$ 25,350 |
| Legal Expenses | 7,500 |
| Land, Easements | 10,000 |
| Engineering Fees | 170,500 |
| Construction | 645,000 |
| Contingency | 64,500 |
| Total | \$ 922,850 |

III. PROJECT FUNDING

| | <u>Amount</u> | <u>%</u> |
|--------------|-------------------|-------------|
| Fund F Loan | \$ 922,850 | 100% |
| Total | \$ 922,850 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|------------------|
| Construction Loan | \$ 922,850 |
| Less: Principal Forgiveness (35%) | \$ 322,998 |
| Amortized Loan Amount | \$ 599,853 |
| Interest Rate | 1.0% |
| Loan Term (Years) | 30 |
| Estimated Annual Debt Service | \$ 23,194 |
| Administrative Fee (0.25%) | 1,500 |
| Total Estimated Annual Debt Service | \$ 24,693 |

V. PROJECT SCHEDULE

| | |
|--------------------|---------------|
| Bid Opening | April 2012 |
| Construction Start | June 2012 |
| Construction Stop | February 2013 |

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

| <u>A) Customers</u> | <u>Current</u> |
|---------------------|----------------|
| Residential | 517 |
| Commercial | 23 |
| Industrial | 6 |
| Total | 546 |

B) Rates

| Effective Date | Inside City | | Outside City | |
|------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | Current 7/1/2009 | Prior 6/7/2008 | Current 7/1/2009 | Prior 6/7/2008 |
| First 2,000 gal (min. bill) | \$24.00 | \$19.20 | \$38.82 | \$31.07 |
| 2,000 - 10,000 gallons | 8.23 | 6.58 | 10.93 | 8.74 |
| 10,000 - 20,000 gallons | 6.06 | 4.85 | 7.08 | 5.66 |
| 20,000 - 50,000 gallons | 5.56 | 4.45 | 5.56 | 4.45 |
| 50,000 - 100,000 gallons | 4.05 | 3.24 | 4.55 | 3.64 |
| Over 100,000 gallons | 3.04 | 2.43 | 4.05 | 3.24 |
| Residential Bill for 4,000 gallons | \$40.46 | \$32.36 | \$60.68 | \$48.55 |
| % Increase from previous period | 25.0% | 20.0% | 25.0% | 20.0% |
| Affordability Index | 1.5% | 1.2% | 2.3% | 1.8% |

VII. DEMOGRAPHICS

In 2010, the City had a population of 500 with a Median Household Income (MHI) of \$31,765. The median household income for the Commonwealth is \$41,197. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for a 1% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for \$380,000. The breakdown of the GPR to the respective "green" categories is listed below:
 - a. Green Infrastructure - \$0
 - b. Water Efficiency - \$380,000 (water line replacements)
 - c. Energy Efficiency - \$0
 - d. Environmentally Innovative - \$0
- 2) Additional Subsidization – This project qualifies for additional subsidization (in the amount of \$322,998).

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from audited financial statements for the years ended June 30, 2008 through 2011 for the Water Fund.

HISTORICAL

Revenues increased 53% from 224,523 in 2008 to \$343,544 in 2011 primarily due to rate increases of 20% and 25% at the beginning of 2009 and 2010, respectively.

Purchased water costs decreased 16% while operating expenses increased 57% during the same period. Payroll costs and supplies expense accounted for most of the increase. Cash available for debt service increased from \$3,373 in 2008 to \$80,655 in 2011. Prior to 2011 there was no debt service on the system. In 2011 the debt coverage ratio was 4.4.

The balance sheet reflects a current ratio of 5.5 and a debt to equity ratio of 0.4. The debt on the system is comprised of two KIA loans that were incurred in 2010 and 2011.

PROJECTED

1. Revenues and expenses will increase by 2% per year for general growth and inflation.
2. The addition of the Big Rivers Electric Corporation’s DB Wilson plant will add approximately \$12,000 in revenues and \$5,600 in purchased water cost beginning in 2014.
3. A replacement reserve of \$2,300 will need to be funded annually for ten years.
4. Debt service coverage is 1.3 in 2014 when principal and interest payments begin.

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

REPLACEMENT RESERVE

The annual replacement cost is \$2,300. This amount should be added to the replacement account each December 1 until the balance reaches \$23,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|----------------|--------------------|-----------------|
| KIA (F08-09) | \$ 782,065 | Dec-40 |
| KIA (F2 09-04) | 99,862 | Dec-30 |
| Total | \$ 881,927 | |

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

| <u>Project Title</u> | <u>Funding Source</u> | <u>Amount</u> | <u>Type</u> |
|---------------------------|-----------------------|---------------|-------------|
| Water System Improvements | HB380 | 1,100,000 | Grant |
| Water System Improvements | HB608 | 500,000 | Grant |
| Water System Improvements | HB410 | 410,000 | Grant |

XII. CONTACTS

| | |
|------------------|---|
| Applicant | |
| Name | City of Centertown |
| Address | 816 Main Street, P.O. Box 516 Centertown, KY 42328 |
| County | Ohio |
| Contact | Larry Smith |
| Phone | (270) 232-5067 |

| | |
|--------------------------|--|
| Applicant Contact | |
| Name | Green River Area Development District |
| Address | 3860 U.S. Highway 60 West Owensboro, KY 42301 |
| Contact | Sheryl Chino |
| Phone | (270) 926-4443 |
| Email | SherylChino@gradd.com |

| | |
|-----------------|---|
| Engineer | |
| Name | Joe Pavoni |
| Firm | GRW Engineers, Inc. |
| Address | 11909 Shelbyville Road, Suite 100 Louisville, KY 40243 |
| Phone | (502) 489-8484 |
| Email | Jpavoni@grwinc.com |

XIII. RECOMMENDATIONS

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

**CITY OF CENTERTOWN
BALANCE SHEETS (JUNE YEAR END)**

| | <u>Audited 2008</u> | <u>Audited 2009</u> | <u>Audited 2010</u> | <u>Audited 2011</u> | <u>Upon Completion 2013</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash | 90,483 | 117,468 | 297,252 | 469,502 | 545,000 |
| Accounts Receivable | 26,982 | 31,456 | 32,484 | 29,088 | 30,300 |
| Inventory | 12,811 | 15,950 | 24,297 | 24,294 | 25,000 |
| Total Current Assets | 130,276 | 164,874 | 354,033 | 522,884 | 600,300 |
| Restricted Assets | | | | | |
| Investments | 2,634 | 120,220 | 192,731 | 37,059 | 45,000 |
| KIA Reserves | 0 | 0 | 0 | 0 | 15,000 |
| Total Restricted Assets | 2,634 | 120,220 | 192,731 | 37,059 | 60,000 |
| Utility Plant | | | | | |
| Land, System, Building and Equipment | 325,781 | 325,781 | 414,270 | 441,940 | 4,185,118 |
| Construction in Progress | 224,839 | 261,542 | 2,165,155 | 2,820,328 | 0 |
| Total | 550,620 | 587,323 | 2,579,425 | 3,262,268 | 4,185,118 |
| Less Accumulated Depreciation () | (227,845) | (236,943) | (253,284) | (272,829) | (500,629) |
| Net Fixed Assets | 322,775 | 350,380 | 2,326,141 | 2,989,439 | 3,684,489 |
| Total Assets | 455,685 | 635,474 | 2,872,905 | 3,549,382 | 4,344,789 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 13,533 | 14,453 | 151,420 | 23,186 | 27,500 |
| Other Liabilities | 805 | 1,032 | 1,539 | 2,041 | 2,500 |
| Customer Meter Deposits | 25,870 | 29,431 | 32,785 | 36,075 | 37,500 |
| Interfund Payable | 32,200 | 9,590 | 16,546 | 9,758 | 9,758 |
| C.P. Long Term Debt | 0 | 0 | 0 | 27,577 | 28,133 |
| Total Current Liabilities | 72,408 | 54,506 | 202,290 | 98,637 | 105,391 |
| Long Term Liabilities | | | | | |
| Long Term Debt | 0 | 0 | 378,015 | 854,350 | 798,919 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 599,853 |
| Total Long Term Liabilities | 0 | 0 | 378,015 | 854,350 | 1,398,772 |
| Total Liabilities | 72,408 | 54,506 | 580,305 | 952,987 | 1,504,163 |
| Retained Earnings: | | | | | |
| Invested in Capital Assets Net of Related Debt | 322,775 | 350,380 | 1,948,126 | 2,107,512 | 2,257,584 |
| Restricted | 2,634 | 120,220 | 192,731 | 37,059 | 60,000 |
| Unrestricted | 57,868 | 110,368 | 151,743 | 451,824 | 523,042 |
| Total Retained Earnings | 383,277 | 580,968 | 2,292,600 | 2,596,395 | 2,840,626 |
| Total Liabilities and Equities | 455,685 | 635,474 | 2,872,905 | 3,549,382 | 4,344,789 |
| Balance Sheet Analysis | | | | | |
| Current Ratio | 1.8 | 3.0 | 1.8 | 5.3 | 5.7 |
| Debt to Equity | 0.2 | 0.1 | 0.3 | 0.4 | 0.5 |
| Days Sales in Accounts Receivable | 43.9 | 42.5 | 34.8 | 30.9 | 30.9 |

**EXHIBIT 1
CITY OF CENTERTOWN
CASH FLOW ANALYSIS (JUNE YEAR END)**

| | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Audited 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 | Projected 2016 |
|--|-------------------------|---------------------|-------------------------|---------------------|-------------------------|---------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Operating Revenues | | | | | | | | | | | | |
| Charges for Services | 224,523 | 20% | 270,092 | 26% | 341,002 | 1% | 343,544 | 350,415 | 357,423 | 376,321 | 383,847 | 391,524 |
| Total Revenues | 224,523 | 20% | 270,092 | 26% | 341,002 | 1% | 343,544 | 350,415 | 357,423 | 376,321 | 383,847 | 391,524 |
| Operating Expenses | | | | | | | | | | | | |
| Purchased Water | 116,773 | -16% | 98,119 | 9% | 106,948 | -8% | 98,170 | 100,133 | 102,136 | 109,779 | 111,975 | 114,215 |
| Operating Expenses | 107,933 | 10% | 118,796 | 5% | 125,092 | 36% | 169,607 | 172,999 | 176,459 | 179,988 | 183,588 | 187,260 |
| Depreciation | 9,091 | 0% | 9,098 | 80% | 16,341 | 22% | 19,885 | 113,900 | 113,900 | 144,700 | 144,700 | 144,700 |
| Replacement Reserve | 0 | | 0 | | 0 | | 0 | 7,500 | 7,500 | 9,800 | 9,800 | 9,800 |
| Total Expenses | 233,797 | -3% | 226,013 | 10% | 248,381 | 16% | 287,662 | 394,532 | 399,995 | 444,267 | 450,063 | 455,975 |
| Net Operating Income | (9,274) | -575% | 44,079 | 110% | 92,621 | -40% | 55,882 | (44,117) | (42,572) | (67,946) | (66,216) | (64,451) |
| Non-Operating Income and Expenses | | | | | | | | | | | | |
| Interest Income | 93 | | 446 | | 595 | | 888 | 500 | 500 | 500 | 500 | 500 |
| Other | 3,463 | | 4,859 | | 3,000 | | 4,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| Total Non-Operating Income & Expenses | 3,556 | 49% | 5,305 | -32% | 3,595 | 36% | 4,888 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 |
| Add Non-Cash Expenses | | | | | | | | | | | | |
| Depreciation | 9,091 | 0% | 9,098 | 80% | 16,341 | 22% | 19,885 | 113,900 | 113,900 | 144,700 | 144,700 | 144,700 |
| Cash Available for Debt Service | 3,373 | 1634% | 58,482 | 92% | 112,557 | -28% | 80,655 | 73,283 | 74,828 | 80,254 | 81,984 | 83,749 |
| Debt Service | | | | | | | | | | | | |
| Existing Principal | 0 | | 0 | | 0 | | 13,686 | 27,577 | 27,854 | 28,133 | 28,415 | 28,700 |
| Existing Interest | 0 | | 0 | | 0 | | 4,718 | 8,750 | 8,474 | 8,195 | 7,913 | 7,628 |
| Proposed KIA Loan | | | | | | | | | | 24,693 | 24,693 | 24,693 |
| Total Debt Service | 0 | | 0 | | 0 | | 18,404 | 36,327 | 36,328 | 61,021 | 61,021 | 61,021 |
| Income After Debt Service | 3,373 | | 58,482 | | 112,557 | | 62,251 | 36,956 | 38,500 | 19,233 | 20,963 | 22,728 |
| Debt Coverage Ratio | n/a | | n/a | | n/a | | 4.4 | 2.0 | 2.1 | 1.3 | 1.3 | 1.4 |

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I.B.11.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F12-06) OF \$3,000,000 TO THE CITY OF STURGIS, UNION COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Federally Assisted Drinking Water Revolving Loan Program (Fund F) with the City of Sturgis, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority will, in the near future, authorize and issue a series of its Infrastructure Authority Revenue Bonds for the purpose of funding loans to various governmental agencies, such series of Bonds to be known as Kentucky Infrastructure Authority Revenue Bonds with the appropriate Series designation; and

WHEREAS, the Authority wishes to establish terms and conditions on said Fund F loans prior to the issuance of Authority Revenue Bonds and recognizes that additional planning and design of the financed projects are required.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Federally Assisted Drinking Water Revolving Fund loan for \$3,000,000 of project expense including capitalized interest for the construction period, to the City of Sturgis for the Sturgis Water System/Union County Water District Consolidation project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority

staff at the time of the issuance of bonds based on adjustment in project costs of not more than (10%) ten percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. Principal forgiveness of 35% will be deducted from the approved loan amount. The unforgiven principal balance of \$1,950,000 shall be repaid.

Section 4. The loan shall be repayable over 20 years at an interest rate of 1.0%. In addition to debt service, a 0.25% annual administration fee on the unpaid loan balance will be charged. From annual revenues, \$7,500 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$75,000 maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

February 28, 2012

Mr. John Covington
Executive Director
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: DWL12034 Fund F
Union Co Water District--34125
HUC-11#05140205120
Watershed: Trade Water River, below Blackford
Activity ID: FGL20120001

Dear Mr. Covington:

The Division of Water (DOW) hereby certifies that the City of Sturgis is entitled to receive priority for funding for the Sturgis/Union Co. Consolidation project and is eligible to receive \$3,000,000 from the Drinking Water State Revolving Fund. The following requirements have been addressed as follows:

1. Plans and specifications were issued a technical approval by DOW on March 31, 2011.
2. Construction bids are expected to be opened in February 2013.
3. Project specific environmental information is expected to be submitted to DOW in March 2012.

The binding commitment letter should include the following general conditions to satisfy federal requirements:

1. The Authority to Award (bid) package must be submitted to DOW for approval within 14 days of bid opening. DOW must perform the DBE reviews, conduct a pre-construction and project management conference.
2. Loan Agreement must be executed within six (6) months from bid opening.
3. The city must agree to expend all loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Kentucky Infrastructure Authority (KIA) as reflected in the credit analysis shall be provided to KIA prior to their loan closing and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported to KIA and may cause this loan to be subject to further consideration.
5. The borrower must complete and submit any missing or incomplete parts of the Application to KIA upon request.
6. The borrower must receive DOW approval of the Plans and Specifications before bidding the project.
7. The borrower must receive DOW approval of the Environmental Assessment before bidding the project.

The SRF application has been completed by staff of the Kentucky Infrastructure Authority (KIA). If you have any questions or concerns regarding missing or additional submission requirements, please contact KIA at (502) 573-0260. Should you have any questions concerning this letter, please contact Alison Simpson, Project Administrator, at (502) 564-8158, extension 4591.

Sincerely,



Buddy Griffin, Supervisor
SRF & SPAP Section
Water Infrastructure Branch

BG:as

Enclosures

C: The Honorable Thomas Holt, Mayor of Sturgis
Pete Conrad, GRADD
Ron Gastineau, Gastineau & Associates, Inc.
Rod Martin, Hunter Martin & Associates, Inc.

| | | | | |
|--|--|--|----------------------------------|-----------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Kasi White | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND F, FEDERALLY ASSISTED DRINKING WATER | | KIA Loan Number: | F12-06 | |
| REVOLVING LOAN FUND | | WRIS Number | WX21225034 | |
| BORROWER: | CITY OF STURGIS | | | |
| | UNION COUNTY | | | |
| BRIEF DESCRIPTION: | <p>This project involves the elimination of finished water production at the Sturgis Water Plant by constructing an inter-connect to purchase water from the Union County Water District. The project components include building or replacing approximately 75,000 linear feet (LF) of four to ten inch PVC water lines, two pump stations, a 500,000 gallon water tank and a master meter between the two entities. The City is operating under two Agreed Orders which are expected to be resolved by completion of this project.</p> | | | |
| PROJECT FINANCING: | | PROJECT BUDGET | | |
| Fund F Loan | \$ 3,000,000 | Administrative Expenses | \$ 75,000 | |
| CDBG | 1,000,000 | Legal Expenses | 10,300 | |
| | | Engineering Fees | 436,218 | |
| | | Construction | 3,104,207 | |
| | | Contingency | 374,275 | |
| TOTAL | \$ 4,000,000 | TOTAL | \$ 4,000,000 | |
| REPAYMENT | | Rate | 1.0% | |
| | | Term | 20 years | |
| | | Est. Annual Payment | \$ 112,693 | |
| | | 1st Payment | 6 Mo. after first draw | |
| PROFESSIONAL SERVICES | Engineer | Hunter Martin & Associates, Inc. Gastineau and Associates, Inc. | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | Bid Opening: | June 2012 | |
| | | Construction Start: | August 2012 | |
| | | Construction Stop: | August 2013 | |
| DEBT PER CUSTOMER | Existing: | \$ 418 | | |
| | Proposed: | \$ 2,046 | | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | |
| | Current | 1,094 | \$ 35.89 (for 4,000 gallons) | |
| | Additional | 0 | \$ 35.89 (for 4,000 gallons) | |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for Debt Service | Debt Service | Income after Debt Service | Coverage Ratio |
| Audited 2008 | 62,591 | 105,131 | (42,540) | 0.6 |
| Audited 2009 | 59,830 | 139,038 | (79,208) | 0.4 |
| Audited 2010 | 170,185 | 207,928 | (37,743) | 0.8 |
| Audited 2011 | 104,069 | 63,063 | 41,006 | 1.7 |
| Projected 2012 | 91,478 | 69,903 | 21,575 | 1.3 |
| Projected 2013 | 92,693 | 82,286 | 10,407 | 1.1 |
| Projected 2014 | 132,332 | 133,466 | (1,134) | 1.0 |
| Projected 2015 | 197,636 | 181,994 | 15,642 | 1.1 |
| Projected 2016 | 189,787 | 180,581 | 9,206 | 1.1 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
CITY OF STURGIS, UNION COUNTY
PROJECT REVIEW
WX21225034**

I. PROJECT DESCRIPTION

The City of Sturgis is requesting a Fund "F" loan in the amount of \$4,000,000 for the Sturgis Water System / Union County Water District Consolidation project. The project involves the elimination of finished water production at the Sturgis Water Plant by constructing an inter-connect to purchase water from the Union County Water District. The project components include building or replacing approximately 75,000 linear feet (LF) of four to ten inch PVC water lines, two pump stations, a 500,000 gallon water tank and a master meter between the two entities. The City's existing plant has been in operation since 1978. The project will also resolve a problematic transmission line that has failed an average of once per month. The travel time of finished water will be shortened thus reducing the formation of disinfection by products while allowing City water personnel to concentrate on maintaining and improving the existing distribution system.

The City is under two Agreed Orders. The first is due to violations of total Trihalomethanes (TTHM) and Total Haloacetic Acids (HAA5). The second order is due to a lack of proper record keeping and monitoring of the water treatment plant, intake structure and distribution system. Since 2004 the City has received twenty three notices of violation for TTHM and ten notices for HAA5.

Rates for the Union County Water District are subject to PSC jurisdiction. The District purchases water from the City of Morganfield which currently produces two million gallons of water per day but has the capacity to produce six million gallons per day.

Debt service and reserve funding for the project will be paid by the Union County Fiscal Court.

II. PROJECT BUDGET

| | <u>Total</u> |
|-------------------------|---------------------|
| Administrative Expenses | \$ 75,000 |
| Legal Expenses | 10,300 |
| Engineering Fees | 436,218 |
| Construction | 3,104,207 |
| Contingency | 374,275 |
| Total | \$ 4,000,000 |

III. PROJECT FUNDING

| | Amount | % |
|--------------|---------------------|-------------|
| Fund F Loan | \$ 3,000,000 | 75% |
| CDBG | 1,000,000 | 25% |
| Total | \$ 4,000,000 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|-------------------|
| Construction Loan | \$ 3,000,000 |
| Less: Principal Forgiveness (35%) | \$ 1,050,000 |
| Amortized Loan Amount | \$ 1,950,000 |
| Interest Rate | 1.0% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 107,818 |
| Administrative Fee (0.25%) | \$ 4,875 |
| Total Estimated Annual Debt Service | \$ 112,693 |

V. PROJECT SCHEDULE

| | |
|--------------------|-------------|
| Bid Opening | June 2012 |
| Construction Start | August 2012 |
| Construction Stop | August 2013 |

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

| | Current |
|-------------|---------|
| Residential | 986 |
| Commercial | 108 |
| Total | 1,094 |

B) Rates

Rates were last increased in April 2010 by approximately 11% resulting in the below rate structure.

| | Current | Prior |
|--------------------------------|---------|---------|
| Minimum (1,000 gallons) | \$13.78 | \$12.53 |
| Next 4,000 Gallons | 7.37 | 6.58 |
| Next 5,000 Gallons | 4.60 | 4.11 |
| Next 40,000 Gallons | 3.81 | 3.31 |
| All Over 50,000 Gallons | 2.86 | 2.38 |
| Cost for 4,000 gallons | \$35.89 | \$32.27 |
| Affordability Index (Rate/MHI) | 1.5% | |

VII. DEMOGRAPHICS

In 2010, the City had a population of 1,870 with a Median Household Income (MHI) of \$29,213. The median household income for the Commonwealth is \$41,197. Based on median household income falling below 80% of that of the Commonwealth, the project will qualify for a 1% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$1,050,000.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the City's audited financial statements for the years ended June 30, 2008 through 2011 for the Water Fund.

HISTORICAL

Revenues increased 10% from \$457,842 in 2008 to \$504,908 in 2011. Rates were increase 10% in March 2008 and 11% in April 2010. Operating expenses have been flat at slightly over \$400,000 with the exception of 2010 when they declined 21% as the result of reduced personnel and contracted services costs. The debt coverage ratio was negative from 2008 through 2010 (0.6, 0.4, 0.8, respectively) and improved to 1.7 in 2011. The improvement was due to a reduction in debt service requirements of about \$145,000 in 2011. The balance sheet reflects a current ratio of 0.7 and a debt to equity ratio of 0.5.

PROJECTED

Projects are based on the following assumptions:

- 1) Revenues will be flat for customer growth.
- 2) Within 90 days of any rate adjustment of purchased water costs (currently \$1,136.97 for the first 300,000 gallons each month then \$2.88 per thousand gallons thereafter), the city will increase the rate structure to accommodate the increase in the purchase cost.
- 3) Operating expenses increase 3%.
- 4) Operating expenses will be reduced by approximately \$191,300 in 2015 for the elimination of the water treatment plant

- 5) The cash flow projection reflects a revenue shortfall of approximately \$35,000 in 2015 that will necessitate a rate increase. However, given the length of time before this will be required, KIA will require a rate study upon completion of the project with the result of the rate study determining the amount, if any, and timing of a rate adjustment since the city will be moving from a water producer to a water purchaser.
- 6) A replacement reserve of \$7,500 funded annually for ten years.
- 7) The Union County Fiscal Court, by virtue of a Memorandum of Agreement, has agreed to provide funds to cover all debt service payments as well as funding for the Replacement Reserve requirement in an amount not to exceed four (\$4) million dollars. Based on the current amortization and total reserve, as of right now, the total payments are expected to total approximately \$2.32MM.

The debt coverage ratio is 1.1 in FY2015 which is the first full year of principal and interest repayments. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is \$7,500. This amount should be added to the replacement account each December 1 until the balance reaches \$75,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

| | | |
|-------------------|--------------------|-----------------|
| | <u>Outstanding</u> | <u>Maturity</u> |
| Series 2010 Bonds | \$ 457,600 | Feb-24 |
| Total | \$ 457,600 | |

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

| <u>Project Title</u> | <u>Funding Source</u> | <u>Amount</u> | <u>Type</u> |
|--------------------------|-----------------------|---------------|-------------|
| Water Improvements | HB380 | 625,000 | Grant |
| Water Improvements | HB608 | 300,000 | Grant |
| Sewer Plant Improvements | HB380 | 2,000,000 | Grant |
| Water Improvements | CDBG | 1,000,000 | Grant |
| Water Intake Generator | HB1 | 261,500 | Grant |

XII. CONTACTS

Applicant

Name City of Sturgis
Address P.O. Box 98
Sturgis, KY 42459
Contact Thomas Holt
Phone (270) 333-2166
Email cosgov@earthlink.com

Applicant Contact

Name Green River Area Development
District
Address 3860 U.S. Hwy 60 West
Owensboro, KY 42301
Contact Pete Conrad
Phone (270) 926-4433
Email PeteConrad@gradd.org

Co-Engineer

Name Rod Martin
Hunter Martin &
Firm Associates, Inc.
Address 3220 Lone Oak Road
Paducah, KY 42003
Phone (270) 554-2737
Email rod@huntermartin.com

Co-Engineer

Name Ron Gastineau
Firm Gastineau and Associates, Inc.
Address 3465 Rabbits Foot Trail
Lexington, KY 40503
Phone (859) 421-4641
Email regksg@windstream.net

XIII. RECOMMENDATIONS

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

- 1) Prior to bidding, the City must obtain a commitment from the Community Development Block Grant program or other funding source in the amount of \$1,000,000 and provide a copy of such commitment to KIA.
- 2) Prior to bidding, the City will provide a copy of the executed Memorandum of Agreement, in a form that is satisfactory to KIA, with the Union County Fiscal Court that provides for the County to fund both debt service and maintenance and reserve requirements for the life of the loan.
- 3) Prior to bidding, the City will provide a copy of the executed water purchase agreement with the Union County Water District (UCWD) which will establish the rate and billing procedures as well as the Lease Agreement for the tank and lines to the master meter which will revert in ownership to UCWD once the loan is repaid.
- 4) The City shall have a User Rate Study for water and sewer rates conducted by an independent third party within ninety (90) days of completion of this proposed project.
- 5) The City shall provide a copy of a User Rate Study results to KIA upon completion.
- 6) The City further covenants and agrees that if such rate study results reflect the need for rate adjustments that they will implement any such adjustments no later than sixty (60) days after completion of the study.
- 7) The City will include a provision in their rate ordinance to adjust rates within ninety (90) days of a purchased water rate increase imposed pursuant to their water purchase contract.

**CITY OF STURGIS (WATER SYSTEM)
BALANCE SHEETS (JUNE YEAR END)**

| ASSETS | Audited <u>2008</u> | Audited <u>2009</u> | Audited <u>2010</u> | Audited <u>2011</u> | Upon Completion <u>2014</u> |
|--|------------------------|------------------------|------------------------|------------------------|-----------------------------------|
| Current Assets | | | | | |
| Cash | 31,158 | 14,949 | 84,671 | 84,471 | 115,320 |
| Investments | 0 | 0 | 8,806 | 9,483 | 10,000 |
| Accounts Receivable | 48,021 | 48,696 | 53,067 | 54,636 | 54,600 |
| Due from Other Funds | 1,071 | 2,305 | 2,727 | 4,525 | 4,500 |
| Prepays | 23,832 | 0 | 0 | 0 | 0 |
| Total Current Assets | 104,082 | 65,950 | 149,271 | 153,115 | 184,420 |
| Restricted Assets | | | | | |
| Total Restricted Assets | 250,543 | 240,249 | 91,403 | 96,340 | 110,000 |
| Utility Plant | | | | | |
| Land, System, Building and Equipment | 3,701,235 | 3,708,001 | 3,768,570 | 3,947,450 | 7,947,450 |
| Construction in Progress | 42,087 | 73,867 | 0 | 0 | 0 |
| Total | 3,743,322 | 3,781,868 | 3,768,570 | 3,947,450 | 7,947,450 |
| Less Accumulated Depreciation () | (2,293,801) | (2,380,847) | (2,322,600) | (2,427,240) | (2,297,240) |
| Net Fixed Assets | 1,449,521 | 1,401,021 | 1,445,970 | 1,520,210 | 5,650,210 |
| | | 38,546 | (13,298) | 178,880 | |
| Other Assets | | | | | |
| Unamortized Bond Costs and Discount, Net | 0 | 0 | 18,848 | 17,461 | 13,300 |
| Total Other Assets | 0 | 0 | 18,848 | 17,461 | 13,300 |
| Total Assets | 1,804,146 | 1,707,220 | 1,705,492 | 1,787,126 | 5,957,929 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 36,165 | 20,234 | 30,003 | 118,560 | 30,000 |
| Other Liabilities | 11,178 | 10,932 | 9,611 | 3,930 | 10,000 |
| Due to Other Funds | 33,832 | 29,832 | 29,832 | 27,234 | 27,234 |
| Customer Deposits | 6,381 | 7,605 | 7,777 | 8,850 | 8,850 |
| Interest Payable | 27,169 | 24,891 | 617 | 5,126 | 5,000 |
| C.P. Debt | 68,695 | 62,485 | 54,400 | 57,600 | 104,959 |
| Total Current Liabilities | 183,420 | 155,979 | 132,240 | 221,300 | 186,043 |
| Long Term Liabilities | | | | | |
| Long Term Debt | 699,002 | 603,761 | 457,600 | 400,000 | 227,200 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 1,905,841 |
| Total Long Term Liabilities | 699,002 | 603,761 | 457,600 | 400,000 | 2,133,041 |
| Total Liabilities | 882,422 | 759,740 | 589,840 | 621,300 | 2,319,084 |
| Retained Earnings: | | | | | |
| Invested in Capital Assets Net of Related Debt | 666,148 | 709,884 | 933,353 | 1,057,484 | 3,407,210 |
| Restricted | 212,028 | 227,693 | 78,672 | 83,343 | 110,000 |
| Unrestricted | 43,548 | 9,903 | 103,627 | 24,999 | 121,636 |
| Total Retained Earnings | 921,724 | 947,480 | 1,115,652 | 1,165,826 | 3,638,845 |
| Total Liabilities and Equities | 1,804,146 | 1,707,220 | 1,705,492 | 1,787,126 | 5,957,929 |
| Balance Sheet Analysis | | | | | |
| Current Ratio | 0.6 | 0.4 | 1.1 | 0.7 | 1.0 |
| Debt to Equity | 1.0 | 0.8 | 0.5 | 0.5 | 0.6 |
| Days Sales in Accounts Receivable | 38.3 | 38.0 | 39.4 | 39.5 | 39.5 |

| EXHIBIT 1 | | | | | | | | | | | | |
|--|-----------------|-------------|-----------------|--------------|-----------------|--------------|----------------|-----------------|-----------------|-----------------|------------------|------------------|
| CITY OF STURGIS (WATER SYSTEM) | | | | | | | | | | | | 7% |
| CASH FLOW ANALYSIS (JUNE YEAR END) | | | | | | | | | | | | |
| | Audited | % | Audited | % | Audited | % | Audited | Projected | Projected | Projected | Projected | Projected |
| | 2008 | Change | 2009 | Change | 2010 | Change | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Operating Revenues | | | | | | | | | | | | |
| Charges for Services | 448,445 | 2% | 457,007 | 1% | 462,728 | 7% | 493,769 | 493,770 | 493,770 | 493,770 | 493,770 | 528,770 |
| Penalties | 8,782 | 3% | 9,050 | 6% | 9,563 | 2% | 9,708 | 9,710 | 9,710 | 9,710 | 9,710 | 9,710 |
| Miscellaneous | 615 | 185% | 1,750 | 1034% | 19,849 | -93% | 1,431 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 |
| Rate Increase | 0 | | 0 | | 0 | | 0 | 0 | 0 | 0 | 35,000 | 0 |
| Total Revenues | 457,842 | 2% | 467,807 | 5% | 492,140 | 3% | 504,908 | 504,980 | 504,980 | 504,980 | 539,980 | 539,980 |
| Operating Expenses | | | | | | | | | | | | |
| Purchased Water | 0 | | 0 | | 0 | | 0 | 0 | 0 | 0 | 194,400 | 194,400 |
| Operating Expenses | 400,967 | 3% | 412,835 | -21% | 325,477 | 24% | 402,429 | 414,502 | 426,937 | 439,745 | 452,937 | 466,525 |
| Eliminate Cost of Water Treatment Plant | 0 | | 0 | | 0 | | 0 | 0 | 0 | 0 | (191,300) | (197,039) |
| Depreciation | 90,446 | -4% | 87,046 | 7% | 93,495 | 12% | 104,639 | 104,640 | 106,733 | 108,867 | 208,867 | 213,045 |
| Replacement Reserve | 0 | | 0 | | 0 | | 0 | 0 | 0 | 0 | 7,500 | 7,500 |
| Total Expenses | 491,413 | 2% | 499,881 | -16% | 418,972 | 21% | 507,068 | 519,142 | 533,670 | 548,612 | 672,404 | 684,431 |
| Net Operating Income | (33,571) | -4% | (32,074) | -328% | 73,168 | -103% | (2,160) | (14,162) | (28,690) | (43,632) | (132,424) | (144,451) |
| Non-Operating Income and Expenses | | | | | | | | | | | | |
| Interest Income | 5,716 | -15% | 4,858 | -28% | 3,522 | -55% | 1,590 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Union County Debt Service (KIA Loan) | 0 | | 0 | | 0 | | 0 | 0 | 13,650 | 66,097 | 120,193 | 120,193 |
| Total Non-Operating Income & Expenses | 5,716 | -15% | 4,858 | -28% | 3,522 | -55% | 1,590 | 1,000 | 14,650 | 67,097 | 121,193 | 121,193 |
| Add Non-Cash Expenses | | | | | | | | | | | | |
| Depreciation | 90,446 | -4% | 87,046 | 7% | 93,495 | 12% | 104,639 | 104,640 | 106,733 | 108,867 | 208,867 | 213,045 |
| Cash Available for Debt Service | 62,591 | -4% | 59,830 | 184% | 170,185 | -39% | 104,069 | 91,478 | 92,693 | 132,332 | 197,636 | 189,787 |
| Debt Service | | | | | | | | | | | | |
| Existing Principal | 63,541 | | 101,451 | | 154,246 | | 54,400 | 57,600 | 57,600 | 57,600 | 60,800 | 60,800 |
| Existing Interest | 41,590 | | 37,587 | | 53,682 | | 8,663 | 12,303 | 11,036 | 9,769 | 8,501 | 7,088 |
| Proposed KIA Loan | | | | | | | | | 13,650 | 66,097 | 112,693 | 112,693 |
| Total Debt Service | 105,131 | | 139,038 | | 207,928 | | 63,063 | 69,903 | 82,286 | 133,466 | 181,994 | 180,581 |
| Income After Debt Service | (42,540) | | (79,208) | | (37,743) | | 41,006 | 21,575 | 10,407 | (1,134) | 15,642 | 9,206 |
| Debt Coverage Ratio | 0.6 | | 0.4 | | 0.8 | | 1.7 | 1.3 | 1.1 | 1.0 | 1.1 | 1.1 |

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I.B.12.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B12-01) OF \$505,000 TO THE CITY OF OLIVE HILL, CARTER COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Infrastructure Revolving Loan Program with the City of Olive Hill, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority intends to utilize money in the Infrastructure Revolving Fund to make the loan to the governmental agency for the aforementioned purposes; and

WHEREAS, the Authority wishes to establish terms and conditions on said Infrastructure Revolving Fund loans.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Infrastructure Revolving Fund loan commitment for \$505,000 of project expense, to the City of Olive Hill for the Water System Improvements project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff based on adjustment in project costs of not more than (10%) ten

percent of the project cost authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable in 20 years at an annual interest rate of 1.0% subject to determination of the tax status of the project. In addition to debt service, a 0.2% annual administration fee on the unpaid, principal balance will be charged. From annual revenues, \$1,300 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$13,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

| | | | | |
|---|--|-------------------------------|----------------------------------|-----------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Sandy Williams | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND B, INFRASTRUCTURE | | KIA Loan Number: | B-12-01 | |
| REVOLVING LOAN FUND | | WRIS Number | WX21043022 | |
| BORROWER: | CITY OF OLIVE HILL | | | |
| | CARTER COUNTY | | | |
| BRIEF DESCRIPTION: | <p>This project involves construction of a chemical storage building and a floating raw water intake structure and the development of a water loss reduction plan and hydraulic model of the Olive Hill Water system. The City is under an Agreed Order that requires compliance by November 2012. Two floods in 2010 resulted in significant damage to their systems and repairs were needed to make the water potable again. However, additional upgrades are still needed. The City also has a significant water loss problem and is mandated to develop a water loss reduction plan.</p> | | | |
| PROJECT FINANCING: | | PROJECT BUDGET | | |
| Fund B Loan | \$ 505,000 | Administrative Expenses | \$ 20,000 | |
| | | Water Loss Reduction Plan | 95,000 | |
| | | Engineering Fees | 58,622 | |
| | | Construction | 292,375 | |
| | | Contingency | 39,003 | |
| TOTAL | \$ 505,000 | TOTAL | \$ 505,000 | |
| REPAYMENT | | Rate | 1.0% | |
| | | Term | 20 years | |
| | | Est. Annual Payment | \$ 28,932 | |
| | | 1st Payment | 6 Mo. after first draw | |
| PROFESSIONAL SERVICES | Engineer | E.L. Robinson Engineering Co. | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | | Bid Opening: | March 7, 2012 | |
| | | Construction Start: | April 1, 2012 | |
| | | Construction Stop: | September 1, 2012 | |
| DEBT PER CUSTOMER | Existing: | \$ 630 | | |
| | Proposed: | \$ 646 | | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | <u>Users</u> | <u>Avg. Bill</u> | |
| | Current | 2,472 | \$ 20.00 (for 4,000 gallons) | |
| | Additional | 0 | \$ 20.00 (for 4,000 gallons) | |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for Debt Service | Debt Service | Income after Debt Service | Coverage Ratio |
| Audited 2008 | 265,546 | 304,727 | (39,181) | 0.9 |
| Audited 2009 | 411,338 | 342,486 | 68,852 | 1.2 |
| Audited 2010 | (314,524) | 277,719 | (592,243) | -1.1 |
| Audited 2011 | 71,606 | 291,882 | (220,276) | 0.2 |
| Projected 2012 | 179,723 | 297,889 | (118,166) | 0.6 |
| Projected 2013 | 335,070 | 282,793 | 52,277 | 1.2 |
| Projected 2014 | 308,480 | 266,711 | 41,769 | 1.2 |
| Projected 2015 | 281,092 | 197,240 | 83,852 | 1.4 |
| Projected 2016 | 252,882 | 195,215 | 57,667 | 1.3 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
 INFRASTRUCTURE REVOLVING LOAN FUND (FUND "B")
 CITY OF OLIVE HILL, CARTER COUNTY
 PROJECT REVIEW
 WX21043022**

I. PROJECT DESCRIPTION

The City of Olive Hill is requesting a Fund "B" loan in the amount of \$505,000 for the Water System Improvements project. This project involves construction of a chemical storage building and a floating raw water intake structure and the development of a water loss reduction plan and hydraulic model of the Olive Hill Water system. The City is under an Agreed Order that requires compliance by November 2012. Two floods in 2010 resulted in significant damage to their systems and repairs were needed to make the water potable again. However, additional upgrades are still needed. The City also has a significant water loss problem and is mandated to develop a water loss reduction plan.

II. PROJECT BUDGET

| | Total |
|---------------------------|-------------------|
| Administrative Expenses | \$ 20,000 |
| Water Loss Reduction Plan | 95,000 |
| Engineering Fees | 58,622 |
| Construction | 292,375 |
| Contingency | 39,003 |
| Total | \$ 505,000 |

III. PROJECT FUNDING

| | Amount | % |
|--------------|-------------------|-------------|
| Fund B Loan | \$ 505,000 | 100% |
| Total | \$ 505,000 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|------------------|
| Construction Loan | \$ 505,000 |
| Interest Rate | 1.0% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 27,922 |
| Administrative Fee (0.20%) | \$ 1,010 |
| Total Estimated Annual Debt Service | \$ 28,932 |

V. PROJECT SCHEDULE

| | |
|--------------------|-------------------|
| Bid Opening | March 7, 2012 |
| Construction Start | April 1, 2012 |
| Construction Stop | September 1, 2012 |

VI. RATE STRUCTURE

A. Customers

| | |
|-------------|---------|
| Customers | Current |
| Residential | 2,345 |
| Commercial | 127 |
| Industrial | 0 |
| Total | 2,472 |

B. Rates

| 5/8" – 3/4" Meter | City | | Outside City | |
|--------------------------------|-----------|-----------|--------------|-----------|
| | Current | Prior | Current | Prior |
| Date of Last Rate Increase | 1/25/2012 | 9/20/2005 | 1/25/2012 | 9/20/2005 |
| Minimum (2,000 gallons) | \$11.25 | \$9.00 | \$20.00 | \$16.00 |
| 2,000 - 50,000 Gallons (000) | 6.90 | 5.50 | 10.00 | 8.00 |
| Over 50,000 Gallons | 6.90 | 5.50 | 7.50 | 6.00 |
| Cost for 4,000 gallons | \$25.05 | \$20.00 | \$40.00 | \$32.00 |
| Increase % | 25.3% | 35.0% | 25.0% | 35.0% |
| Affordability Index (Rate/MHI) | 1.1% | 0.9% | 1.8% | 1.5% |
| Debt Surcharge | \$1.11 | \$0.00 | \$1.11 | \$0.00 |

VII. DEMOGRAPHICS

In 2010, the City’s population was 1,931 with a Median Household Income (MHI) of \$26,154. The median household income for the Commonwealth is \$41,197. The project will qualify for a 1% interest rate.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Audited financial statements were provided for the years ended June 30, 2008 through 2011. The Utility Fund is used to account for gas, water, sewer, electric and garbage services. The income statement is divided into each sub category however the balance sheet is reported for the combined utilities. The primary scope of the analysis below is limited to the water operation.

HISTORY

Water revenues decreased 4% from \$925,034 in 2008 to \$887,489 in 2011 while expenses increased 13% from \$781,422 in 2008 to \$884,003 in 2011. Water rates have not been adjusted since September 2005. In 2010, water expenses increased by about \$275,000 due to a significant flood event that occurred in May. A second flood occurred in July 2010 (fiscal 2011). Expenses in 2011 were about \$130,000 higher than 2009 but flood related amounts were not quantified. For the utility in aggregate operating cash flow after debt service was negative \$592,243 in 2010 and negative \$220,276 in 2011.

The balance sheet reflects a current ratio of 1.6 and a debt to equity ratio of 0.2.

PROJECTIONS

Projections are based on the following assumptions:

- The scope of the forecast is limited to the water operation. Revenues and expenses for all other utility components will remain constant.
- Water revenues will be flat for volume but will increase for the surcharge and rate increase for four months of 2012.
- Aggregate cash flow for the utility is projected to be negative by approximately \$120,000 for 2012.
- Water expenses will increase 3% per year.
- A replacement reserve of \$1,300 will be funded each year
- Debt service on the proposed loan will be \$28,932 annually.
- The debt coverage ratio will be 1.2 in 2013 when principal and interest payments begin.

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

REPLACEMENT RESERVE

The annual replacement cost is \$1,300. This amount should be added to the replacement account each December 1 until the balance reaches \$13,000 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|------------------------------------|---------------------|-----------------|
| Series 1980 Revenue Bonds | \$ 733,000 | Feb-19 |
| Series 2001 KADD Bonds | 540,000 | Dec-25 |
| KIA (A93-01) | 213,128 | Jun-14 |
| Gas System Loan | 55,493 | Dec-12 |
| Commercial Bank of Grayson (Truck) | 15,031 | Mar-13 |
| Total | \$ 1,556,652 | |

X. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

| Project Title | Funding Source | Amount | Type |
|---------------------------|-----------------------|---------------|-------------|
| Water System Improvements | HB380 | 500,000 | Grant |
| Sewer Extension | HB380 | 250,000 | Grant |
| Blueberry Hill Sewer | HB608 | 415,000 | Grant |
| Biggs Hill Tank | HB608 | 450,000 | Grant |

XI. CONTACTS

| | |
|------------------|--|
| Applicant | |
| Name | City of Olive Hill |
| Address | 225 Roger Patton Drive Olive Hill, KY 41165 |
| County | Carter |
| Contact | Cheri James |
| Phone | (606) 286-5532 |
| Email | cjamescoh@yahoo.com |

| | |
|--------------------------|------------------------------------|
| Applicant Contact | |
| Name | CEDA, Inc. |
| Address | P.O. Box 855 Richmond, KY 40476 |
| Contact | Bryan Kirby |
| Phone | (859) 624-3396 |
| Email | bryan@cedainc.net |

| | |
|-----------------|--|
| Engineer | |
| Name | Paul Amburgey |
| Firm | E.L. Robinson Engineering Co. |
| Address | 3145 Greenup Avenue Ashland, KY 41101 |
| Phone | (606) 326-1890 |
| Email | pamburgey@elrobinson.com |

XII. RECOMMENDATIONS

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

**CITY OF OLIVE HILL
BALANCE SHEETS (JUNE YEAR END)**

| ASSETS | Audited <u>2008</u> | Audited <u>2009</u> | Audited <u>2010</u> | Audited <u>2011</u> | Upon Completion <u>2013</u> |
|--|------------------------|------------------------|------------------------|------------------------|-----------------------------------|
| Current Assets | | | | | |
| Cash | 715,600 | 581,327 | 633,286 | 471,205 | 405,316 |
| Investments | 158,450 | 159,857 | 161,699 | 162,378 | 165,000 |
| Accounts Receivable | 520,985 | 591,286 | 502,199 | 465,820 | 529,200 |
| Grants Receivable | 220,798 | 0 | 142,068 | 0 | 0 |
| Interest Receivable | 4,821 | 2,740 | 1,552 | 1,552 | 1,500 |
| Inventory | 157,286 | 238,963 | 161,589 | 176,700 | 175,000 |
| Total Current Assets | 1,777,940 | 1,574,173 | 1,602,393 | 1,277,655 | 1,276,016 |
| Restricted Assets | | | | | |
| Investments | 204,000 | 204,000 | 204,000 | 204,000 | 204,000 |
| Total Restricted Assets | 204,000 | 204,000 | 204,000 | 204,000 | 204,000 |
| Utility Plant | | | | | |
| Land, System, Building and Equipment | 13,397,224 | 13,734,337 | 18,713,746 | 18,812,106 | 19,317,106 |
| Construction In Progress | 2,205,019 | 4,551,450 | 0 | 0 | 0 |
| Total | 15,602,243 | 18,285,787 | 18,713,746 | 18,812,106 | 19,317,106 |
| Less Accumulated Depreciation () | (6,540,199) | (6,856,698) | (7,254,887) | (7,665,404) | (8,503,271) |
| Net Fixed Assets | 9,062,044 | 11,429,089 | 11,458,859 | 11,146,702 | 10,813,835 |
| Total Assets | 11,043,984 | 13,207,262 | 13,265,252 | 12,628,357 | 12,293,851 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 547,709 | 265,625 | 292,821 | 263,287 | 279,300 |
| Accrued Wages | 17,500 | 21,683 | 23,362 | 28,567 | 30,300 |
| Other Accrued Liabilities | 14,772 | 35,438 | 43,027 | 57,228 | 60,700 |
| C.P. Long Term Debt | 168,567 | 251,025 | 214,081 | 227,154 | 181,966 |
| Customer Deposits | 168,640 | 117,552 | 159,821 | 160,628 | 160,628 |
| Accrued Interest | 2,958 | 19,175 | 18,790 | 17,068 | 15,000 |
| Compensated Absences | 37,191 | 38,523 | 35,770 | 36,261 | 40,000 |
| Total Current Liabilities | 957,337 | 749,021 | 787,672 | 790,193 | 767,894 |
| Long Term Liabilities | | | | | |
| Long Term Debt | 1,976,033 | 1,707,674 | 1,556,903 | 1,329,498 | 910,812 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 505,000 |
| Total Long Term Liabilities | 1,976,033 | 1,707,674 | 1,556,903 | 1,329,498 | 1,415,812 |
| Total Liabilities | 2,933,370 | 2,456,695 | 2,344,575 | 2,119,691 | 2,183,706 |
| Retained Earnings: | | | | | |
| Invested in Capital Assets Net of Related Debt | 6,917,444 | 9,470,390 | 9,687,875 | 9,590,050 | 9,216,057 |
| Restricted | 204,000 | 204,000 | 204,000 | 204,000 | 204,000 |
| Unrestricted | 989,170 | 1,076,177 | 1,028,802 | 714,616 | 690,088 |
| Total Retained Earnings | 8,110,614 | 10,750,567 | 10,920,677 | 10,508,666 | 10,110,145 |
| Total Liabilities and Equities | 11,043,984 | 13,207,262 | 13,265,252 | 12,628,357 | 12,293,851 |
| Balance Sheet Analysis | | | | | |
| Current Ratio | 1.9 | 2.1 | 2.0 | 1.6 | 1.7 |
| Debt to Equity | 0.4 | 0.2 | 0.2 | 0.2 | 0.2 |
| Working Capital | 820,603 | 825,152 | 814,721 | 487,462 | 508,122 |
| Percent of Total Assets in Working Capital | 7.4% | 6.2% | 6.1% | 3.9% | 4.1% |
| Days Sales in Accounts Receivable | 40.7 | 45.3 | 40.8 | 37.3 | 40.0 |

**EXHIBIT 1
CITY OF OLIVE HILL
CASH FLOW ANALYSIS (JUNE YEAR END)**

| | Audited 2008 | % Change | Audited 2009 | % Change | Audited 2010 | % Change | Audited 2011 | Projected 2012 | Projected 2013 | Projected 2014 | Projected 2015 | Projected 2016 |
|---|------------------|-------------|------------------|--------------|------------------|--------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues | | | | | | | | | | | | |
| Electric | 2,450,062 | 3% | 2,531,142 | 2% | 2,592,854 | 2% | 2,633,566 | 2,633,566 | 2,633,566 | 2,633,566 | 2,633,566 | 2,633,566 |
| Water | 925,034 | -3% | 896,305 | -4% | 862,327 | 3% | 887,489 | 972,126 | 1,154,589 | 1,154,589 | 1,154,589 | 1,154,589 |
| Gas | 800,971 | 6% | 845,715 | -34% | 560,691 | -3% | 542,036 | 542,036 | 542,036 | 542,036 | 542,036 | 542,036 |
| Sewer | 312,737 | -3% | 303,788 | -5% | 288,115 | -6% | 271,563 | 271,563 | 271,563 | 271,563 | 271,563 | 271,563 |
| Sanitation | 188,340 | 0% | 188,968 | 3% | 194,128 | 17% | 227,297 | 227,297 | 227,297 | 227,297 | 227,297 | 227,297 |
| Total Revenues | 4,677,144 | 2% | 4,765,918 | -6% | 4,498,115 | 1% | 4,561,951 | 4,646,588 | 4,829,051 | 4,829,051 | 4,829,051 | 4,829,051 |
| Operating Expenses (excludes depreciation) | | | | | | | | | | | | |
| Electric | 2,406,048 | 0% | 2,394,685 | 10% | 2,645,944 | -1% | 2,620,952 | 2,620,952 | 2,620,952 | 2,620,952 | 2,620,952 | 2,620,952 |
| Water | 781,422 | -3% | 754,579 | 37% | 1,031,407 | -14% | 884,003 | 860,523 | 886,339 | 912,929 | 940,317 | 968,527 |
| Gas | 739,102 | 0% | 738,895 | -27% | 540,614 | -5% | 511,092 | 511,092 | 511,092 | 511,092 | 511,092 | 511,092 |
| Sewer | 303,928 | -7% | 282,387 | 46% | 410,993 | -25% | 307,021 | 307,021 | 307,021 | 307,021 | 307,021 | 307,021 |
| Sanitation | 181,098 | 2% | 184,034 | 0% | 183,681 | -9% | 167,277 | 167,277 | 167,277 | 167,277 | 167,277 | 167,277 |
| Replacement Reserve | | | | | | | | | 1,300 | 1,300 | 1,300 | 1,300 |
| Total Expenses | 4,411,598 | -1% | 4,354,580 | 11% | 4,812,639 | -7% | 4,490,345 | 4,466,865 | 4,493,981 | 4,520,571 | 4,547,959 | 4,576,169 |
| Operating Income | | | | | | | | | | | | |
| Electric | 44,014 | | 136,457 | | (53,090) | | 12,614 | 12,614 | 12,614 | 12,614 | 12,614 | 12,614 |
| Water | 143,612 | | 141,726 | | (169,080) | | 3,486 | 111,603 | 268,250 | 241,660 | 214,272 | 186,062 |
| Gas | 61,869 | | 106,820 | | 20,077 | | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 | 30,944 |
| Sewer | 8,809 | | 21,401 | | (122,878) | | (35,458) | (35,458) | (35,458) | (35,458) | (35,458) | (35,458) |
| Sanitation | 7,242 | | 4,934 | | 10,447 | | 60,020 | 60,020 | 60,020 | 60,020 | 60,020 | 60,020 |
| Reserve | 0 | | 0 | | 0 | | 0 | 0 | (1,300) | (1,300) | (1,300) | (1,300) |
| Net Operating Income | 265,546 | | 411,338 | | (314,524) | | 71,606 | 179,723 | 335,070 | 308,480 | 281,092 | 252,882 |
| Cash Available for Debt Service | 265,546 | 55% | 411,338 | -176% | (314,524) | -123% | 71,606 | 179,723 | 335,070 | 308,480 | 281,092 | 252,882 |
| Debt Service (enter as positive #'s) | | | | | | | | | | | | |
| Existing Principal | 211,320 | | 235,901 | | 187,715 | | 214,332 | 227,154 | 191,532 | 181,966 | 119,000 | 123,000 |
| Existing Interest | 93,407 | | 106,585 | | 90,004 | | 77,550 | 70,735 | 62,329 | 55,813 | 49,308 | 43,283 |
| Proposed KIA Loan | | | | | | | | | 28,932 | 28,932 | 28,932 | 28,932 |
| Total Debt Service | 304,727 | | 342,486 | | 277,719 | | 291,882 | 297,889 | 282,793 | 266,711 | 197,240 | 195,215 |
| Income After Debt Service | (39,181) | | 68,852 | | (592,243) | | (220,276) | (118,166) | 52,277 | 41,769 | 83,852 | 57,667 |
| Debt Coverage Ratio | 0.9 | | 1.2 | | (1.1) | | 0.2 | 0.6 | 1.2 | 1.2 | 1.4 | 1.3 |

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I.B.13.

A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B12-02) OF \$220,000 TO THE CITY OF LEWISBURG, LOGAN COUNTY, KENTUCKY

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Infrastructure Revolving Loan Program with the City of Lewisburg, subject to final determination of amount when the factors involving such financing have been determined; and

WHEREAS, the Authority intends to utilize money in the Infrastructure Revolving Fund to make the loan to the governmental agency for the aforementioned purposes; and

WHEREAS, the Authority wishes to establish terms and conditions on said Infrastructure Revolving Fund loans.

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby authorizes the issuance of a conditional Infrastructure Revolving Fund loan commitment for \$220,000 of project expense, to the City of Lewisburg for the Radio Meters project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff based on adjustment in project costs of not more than (10%) ten percent of the project cost

authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable in 20 years at an annual interest rate of 1.0% subject to determination of the tax status of the project. In addition to debt service, a 0.2% annual administration fee on the unpaid, principal balance will be charged. From annual revenues, \$500 must be set aside in a borrower held replacement reserve each December 1 until the balance reaches \$5,000 and maintained for the life of the loan. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

| | | | | |
|--|---|---------------------------|--------------------------|-----------------------------|
| EXECUTIVE SUMMARY | | Reviewer: | Kasi White | |
| KENTUCKY INFRASTRUCTURE AUTHORITY | | Date: | March 1, 2012 | |
| FUND B, INFRASTRUCTURE | | KIA Loan Number: | B12-02 | |
| REVOLVING LOAN FUND | | WRIS Number | WX21141020 | |
| BORROWER: | CITY OF LEWISBURG | | | |
| | LOGAN COUNTY | | | |
| BRIEF DESCRIPTION: | <p>This project is for the replacement of all existing water meters that are approximately forty years old with radio read meters. The newer meters will provide more accurate reporting of water use throughout the system while saving approximately five days of manual meter reading time each month.</p> | | | |
| PROJECT FINANCING: | PROJECT BUDGET | | | |
| Fund B Loan | \$ | 220,000 | Equipment | 200,000 |
| | | | Contingency | 20,000 |
| TOTAL | \$ | 220,000 | TOTAL | \$ 220,000 |
| REPAYMENT | | | Est. Annual | |
| | Rate | 1.0% | Payment | \$ 12,604 |
| | Term | 20 years | 1st Payment | 6 Mo. after first draw |
| PROFESSIONAL SERVICES | Engineer | n/a | | |
| | Bond Counsel | Peck, Shaffer, & Williams | | |
| PROJECT SCHEDULE | Bid Opening: | | April, 2012 | |
| | Construction Start: | | May, 2012 | |
| | Construction Stop: | | December, 2012 | |
| DEBT PER CUSTOMER | Existing: | \$ | 1,429 | |
| | Proposed: | \$ | 1,537 | |
| OTHER DEBT | See Attached | | | |
| OTHER STATE-FUNDED PROJECTS LAST 5 YRS | See Attached | | | |
| RESIDENTIAL RATES | | | <u>Users</u> | <u>Avg. Bill</u> |
| | Current | | 1,032 | \$31.15 (for 4,000 gallons) |
| | Additional | | 0 | \$36.45 (for 4,000 gallons) |
| REGIONAL COORDINATION | This project is consistent with regional planning recommendations. | | | |
| CASHFLOW | Cash Available for | | Income after Debt | |
| | Debt Service | Debt Service | Service | Coverage Ratio |
| Audited 2008 | 163,312 | 127,017 | 36,295 | 1.3 |
| Audited 2009 | 130,207 | 129,520 | 687 | 1.0 |
| Audited 2010 | 80,499 | 124,173 | (43,674) | 0.6 |
| Audited 2011 | 44,201 | 125,276 | (81,075) | 0.4 |
| Projected 2012 | 71,978 | 125,054 | (53,076) | 0.6 |
| Projected 2013 | 149,891 | 129,519 | 20,372 | 1.2 |
| Projected 2014 | 142,966 | 135,985 | 6,981 | 1.1 |
| Projected 2015 | 150,833 | 135,988 | 14,845 | 1.1 |
| Projected 2016 | 143,486 | 135,324 | 8,162 | 1.1 |

**KENTUCKY INFRASTRUCTURE AUTHORITY
 INFRASTRUCTURE REVOLVING LOAN FUND (FUND "B")
 CITY OF LEWISBURG, LOGAN COUNTY
 PROJECT REVIEW
 WX21141020**

I. PROJECT DESCRIPTION

The City of Lewisburg is requesting a Fund "B" loan in the amount of \$220,000 for the Radio Read Meter Conversion project. The project is for the replacement of all existing water meters that are approximately forty years old with radio read meters. The newer meters will provide more accurate reporting of water use throughout the system while saving approximately five days of manual meter reading time each month.

The City purchases water from the Logan/Todd Regional Water Commission.

II. PROJECT BUDGET

| | |
|--------------|-------------------|
| | <u>Total</u> |
| Equipment | 200,000 |
| Contingency | 20,000 |
| Total | \$ 220,000 |

III. PROJECT FUNDING

| | | |
|--------------|-------------------|-------------|
| | <u>Amount</u> | <u>%</u> |
| Fund B Loan | \$ 220,000 | 100% |
| Total | \$ 220,000 | 100% |

IV. KIA DEBT SERVICE

| | |
|--|------------------|
| Construction Loan | \$ 220,000 |
| Interest Rate | 1.0% |
| Loan Term (Years) | 20 |
| Estimated Annual Debt Service | \$ 12,164 |
| Administrative Fee (0.20%) | \$ 440 |
| Total Estimated Annual Debt Service | \$ 12,604 |

V. PROJECT SCHEDULE

| | |
|--------------------|---------------|
| Bid Opening | April 2012 |
| Construction Start | May 2012 |
| Construction Stop | December 2012 |

VI. RATE STRUCTURE

A. Customers

| | |
|-------------|--------------|
| | Current |
| Residential | 994 |
| Commercial | 37 |
| Industrial | 1 |
| Total | <u>1,032</u> |

B. Rates

The city last raised rates in February 2010 resulting in the below rate structure.

| | <u>City</u> | <u>Out of City</u> |
|--------------------------------|----------------|--------------------|
| Minimum (2,000 gallons) | \$17.45 | \$23.00 |
| Next 3,000 | 6.85 | 11.75 |
| Next 5,000 | 6.25 | 10.19 |
| Over 10,000 | 5.75 | 7.19 |
| Cost for 4,000 gallons | <u>\$31.15</u> | <u>\$46.50</u> |
| Affordability Index (Rate/MHI) | 1.2% | 1.8% |

VII. DEMOGRAPHICS

In 2010, the City's population was 1,080 with a Median Household Income (MHI) of \$30,588. The median household income for the Commonwealth is \$41,197. The project will qualify for a 1% interest rate.

VIII. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended June 30, 2008 through 2011 for the Water Fund.

HISTORY

Revenues increased 2% from \$532,576 in 2008 to \$543,646 in 2011. Rates were increased in February 2010 to offset a \$0.44 per thousand gallon purchased water rate increase. Customer count was flat.

Purchased water expenses increased 44% while operating expenses were flat. The purchased cost per 1,000 gallons increased 13% from \$3.31 to \$3.75 in January of 2010. The City has fixed a number of line leaks recently resulting in significant decrease in water purchases. Cash flow available for debt service has declined each year from \$163,312 in 2008 to 44,201 in 2011 while debt service has averaged about \$126,000

per year. The debt coverage ratio declined from 1.3 in 2008 to 0.4 in 2011.

The balance sheet reflects a debt to equity ratio of 1.4 and a current ratio of 6.0. Operating cash equals approximately 6.5 months of operating expenses and purchased water cost. The City maintains a depreciation fund and bond sinking fund restricted by bond ordinance. In August 2007 the City received a \$906,250 legal settlement, of which \$500,000 was allocated to the Water Fund. The proceeds are required to be spent for the City's Sewer Reconstruction project and Water Systems Upgrade. Substantially all of the water system's capital spending of \$374,000 during the past four years was funded with proceeds from the settlement.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will be flat for customer volume but increase 1% in 2013 for improvements from more accurate meters
- 2) Within 90 days of any rate adjustment of purchased water costs (currently \$3.75 per thousand gallons), the city will increase the rate structure to accommodate the increase.
- 3) Water rates will be increased prior to July 1, 2012 by an amount sufficient to generate \$80,000 in additional revenue for fiscal 2013. This increase is necessary to fund debt service and reserve funding on the proposed KIA loan (\$13,154) and the operating deficit for the water fund.
- 4) Operating expenses will increase 3% per year.
- 5) Purchased water cost will decrease by \$35,000 for 2012 as a due to reduced water loss from line breaks that were fixed.
- 6) A replacement reserve of \$500 will be funded each year
- 7) Debt service on the proposed loan will be \$12,604 annually.

Debt service coverage is 1.2 in 2013 when principal and interest repayments begin. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund B loan.

REPLACEMENT RESERVE

The annual replacement cost is \$500. This amount should be added to the replacement account each December 1 until the balance reaches \$5,000 and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

| | <u>Outstanding</u> | <u>Maturity</u> |
|--------------------------------|---------------------|-----------------|
| Series 1989 Water System Bonds | \$ 354,100 | 2029 |
| Series 1990 Water System Bonds | 389,000 | 2030 |
| Series 1999 Water System Bonds | 119,800 | 2038 |
| Series 2002 Water System Bonds | 445,000 | 2026 |
| Series 2003 Water System Bonds | 166,500 | 2043 |
| Total | \$ 1,474,400 | |

X. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

| Project Title | Funding Source | Amount | Type |
|----------------------|-----------------------|---------------|-------------|
| Sewer Project | HB608 | 200,000 | Grant |

XI. CONTACTS

Applicant

Name City of Lewisburg
Address P.O. Box 239
Lewisburg, KY 42256
County Logan
Contact Angela Swinney
Phone (270) 755-4828
Email lewisky@logantele.com

Applicant Contact

Name Barren River Area Development District
Address 177 Graham Avenue
Bowling Green, KY 42101
Contact Chuck Noble
Phone (270) 842-0768
Email cnoble@bradd.org

XII. RECOMMENDATIONS

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

- 1) No later than April 15, 2012 KIA shall receive proof of the passage of a resolution and/or ordinance by the city implementing a rate increase that will generate additional revenues of approximately \$80,000 to adequately meet all outstanding bond debt service coverage requirements as well as pay the debt service on the proposed KIA Fund B12-02 loan.
- 2) The city will include a provision in their rate ordinance to adjust rates within 90 days of a purchased water rate increase imposed pursuant to their water purchase contract.

**CITY OF LEWISBURG WATER DEPARTMENT
BALANCE SHEETS (JUNE YEAR END)**

| | Audited 2008 | Audited 2009 | Audited 2010 | Preliminary 2011 | Upon Completion 2013 |
|--|-------------------------|-------------------------|-------------------------|-----------------------------|-------------------------------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash | 323,098 | 395,001 | 348,560 | 274,200 | 241,496 |
| Accounts Receivable | 66,438 | 71,795 | 67,528 | 66,935 | 77,400 |
| Interest Receivable | 2,451 | 3,987 | 618 | 624 | 0 |
| Due from Other Funds | 21,257 | 21,257 | 31,457 | 31,457 | 31,457 |
| Prepaid Expenses | 7,847 | 8,166 | 0 | 1,623 | 0 |
| Materials and Supplies | 0 | 0 | 0 | 6,603 | 0 |
| Total Current Assets | 421,091 | 500,206 | 448,163 | 381,442 | 350,353 |
| Restricted Assets | | | | | |
| Depreciation Fund | 163,937 | 174,211 | 185,205 | 199,548 | 220,000 |
| Bond Sinking Fund | 178,833 | 181,777 | 183,600 | 184,227 | 185,000 |
| Deposits | 77,627 | 0 | 0 | 0 | 0 |
| Rockwell Funds | 502,374 | 384,908 | 76,626 | 19,153 | 0 |
| Total Restricted Assets | 922,771 | 740,896 | 445,431 | 402,928 | 405,000 |
| Utility Plant | | | | | |
| Net Fixed Assets | 2,049,757 | 2,091,857 | 2,226,702 | 2,125,412 | 2,137,412 |
| Other Assets | | | | | |
| Bond Issue Cost | 18,144 | 17,136 | 16,128 | 15,120 | 13,104 |
| Total Other Assets | 18,144 | 17,136 | 16,128 | 15,120 | 13,104 |
| Total Assets | 3,411,763 | 3,350,095 | 3,136,424 | 2,924,902 | 2,905,869 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 24,181 | 25,435 | 26,007 | 38,672 | 35,000 |
| Accrued Liabilities | 8,608 | 7,703 | 12,168 | 8,139 | 10,000 |
| Due to Other Funds | 1,300 | 1,300 | 7,665 | 17,279 | 17,279 |
| Total Current Liabilities | 34,089 | 34,438 | 45,840 | 64,090 | 62,279 |
| Liabilities Payable - Restricted Assets | | | | | |
| Construction Payable | 0 | 2,880 | 0 | 0 | 0 |
| Accrued Interest | 38,893 | 37,655 | 34,377 | 35,402 | 32,000 |
| C.P. LTD | 51,438 | 49,600 | 52,200 | 55,500 | 59,000 |
| Deposits | 65,435 | 75,024 | 81,945 | 91,834 | 92,000 |
| Deferred Revenue | 502,374 | 382,028 | 76,876 | 19,578 | 0 |
| Total Liabilities Payable - Restricted Assets | 658,140 | 547,187 | 245,398 | 202,314 | 183,000 |
| Long Term Liabilities | | | | | |
| Long Term Debt | 1,581,343 | 1,526,600 | 1,474,400 | 1,418,900 | 1,307,200 |
| Proposed KIA Loan | 0 | 0 | 0 | 0 | 220,000 |
| Total Long Term Liabilities | 1,581,343 | 1,526,600 | 1,474,400 | 1,418,900 | 1,527,200 |
| Total Liabilities | 2,273,572 | 2,108,225 | 1,765,638 | 1,685,304 | 1,772,479 |
| Retained Earnings: | | | | | |
| Invested in Capital Assets Net of Related Debt | 416,976 | 532,793 | 716,229 | 666,132 | 551,212 |
| Restricted | 381,504 | 355,988 | 368,805 | 367,526 | 405,000 |
| Unrestricted | 339,711 | 353,089 | 285,752 | 205,940 | 177,178 |
| Total Retained Earnings | 1,138,191 | 1,241,870 | 1,370,786 | 1,239,598 | 1,133,390 |
| Total Liabilities and Equities | 3,411,763 | 3,350,095 | 3,136,424 | 2,924,902 | 2,905,869 |
| Balance Sheet Analysis | | | | | |
| Current Ratio | 12.4 | 14.5 | 9.8 | 6.0 | 5.6 |
| Debt to Equity | 2.0 | 1.7 | 1.3 | 1.4 | 1.6 |
| Days Sales in Accounts Receivable | 45.5 | 50.3 | 47.6 | 44.9 | 44.9 |

| EXHIBIT 1 | | | | | | | | | | | |
|--|----------------|---------------|----------------|---------------|-----------------|---------------|-----------------|------------------|------------------|------------------|------------------|
| CITY OF LEWISBURG WATER DEPARTMENT | | | | | | | | | | | |
| CASH FLOW ANALYSIS (JUNE YEAR END) | | | | | | | | | | | |
| | Audited | % | Audited | % | Audited | % | Audited | Projected | Projected | Projected | Projected |
| | 2008 | Change | 2009 | Change | 2010 | Change | 2011 | 2012 | 2013 | 2014 | 2015 |
| Operating Revenues | | | | | | | | | | | |
| Water Revenues | 509,790 | -2% | 501,146 | -1% | 497,784 | 5% | 522,624 | 522,624 | 527,850 | 607,800 | 607,800 |
| Tap Fees | 7,875 | -31% | 5,463 | -87% | 700 | 421% | 3,650 | 3,650 | 3,687 | 3,687 | 3,687 |
| Penalties | 11,068 | -8% | 10,149 | -2% | 9,911 | 1% | 9,970 | 9,970 | 10,070 | 10,070 | 10,070 |
| Other | 3,843 | 11% | 4,271 | 111% | 9,026 | -18% | 7,402 | 7,402 | 7,476 | 7,476 | 7,476 |
| Additional Revenues Needed - Fund Debt | | | | | | | | | 13,104 | | |
| Add'l Revenues Needed - Fund Existing Deficit | | | | | | | | | 66,846 | | 15,000 |
| Total Revenues | 532,576 | -2% | 521,029 | -1% | 517,421 | 5% | 543,646 | 543,646 | 629,033 | 629,033 | 644,033 |
| Operating Expenses | | | | | | | | | | | |
| Purchased Water | 197,905 | 5% | 208,136 | 13% | 234,766 | 21% | 285,206 | 249,296 | 249,296 | 249,296 | 249,296 |
| Operating Expenses | 217,112 | -11% | 193,203 | 8% | 208,016 | 5% | 217,594 | 224,122 | 230,846 | 237,771 | 244,904 |
| Depreciation | 85,141 | 0% | 85,099 | 9% | 92,470 | 10% | 101,289 | 103,000 | 105,000 | 116,000 | 116,000 |
| Replacement Reserve | 0 | | 0 | | 0 | | 0 | 0 | 500 | 500 | 500 |
| Total Expenses | 500,158 | -3% | 486,438 | 10% | 535,252 | 13% | 604,089 | 576,418 | 585,642 | 603,567 | 610,700 |
| Net Operating Income | 32,418 | 7% | 34,591 | -152% | (17,831) | 239% | (60,443) | (32,772) | 43,391 | 25,466 | 33,333 |
| Non-Operating Income and Expenses | | | | | | | | | | | |
| Interest Income | 45,753 | -77% | 10,517 | -44% | 5,860 | -43% | 3,355 | 1,750 | 1,500 | 1,500 | 1,500 |
| Total Non-Operating Income & Expenses | 45,753 | -77% | 10,517 | -44% | 5,860 | -43% | 3,355 | 1,750 | 1,500 | 1,500 | 1,500 |
| Add Non-Cash Expenses | | | | | | | | | | | |
| Depreciation | 85,141 | 0% | 85,099 | 9% | 92,470 | 10% | 101,289 | 103,000 | 105,000 | 116,000 | 116,000 |
| Cash Available for Debt Service | 163,312 | -20% | 130,207 | -38% | 80,499 | -45% | 44,201 | 71,978 | 149,891 | 142,966 | 150,833 |
| Debt Service (enter as positive #'s) | | | | | | | | | | | |
| Existing Principal | 47,652 | | 51,438 | | 49,600 | | 52,200 | 55,500 | 56,200 | 59,000 | 61,800 |
| Existing Interest | 79,365 | | 78,082 | | 74,573 | | 73,076 | 69,554 | 67,017 | 64,381 | 61,584 |
| Proposed KIA Loan | 0 | | 0 | | 0 | | 0 | 0 | 6,302 | 12,604 | 12,604 |
| Total Debt Service | 127,017 | | 129,520 | | 124,173 | | 125,276 | 125,054 | 129,519 | 135,985 | 135,988 |
| Income After Debt Service | 36,295 | | 687 | | (43,674) | | (81,075) | (53,076) | 20,372 | 6,981 | 14,845 |
| Debt Coverage Ratio | 1.3 | | 1.0 | | 0.6 | | 0.4 | 0.6 | 1.2 | 1.1 | 1.1 |
| APPROXIMATE RATE INCREASE NEEDED TO PRODUCE ADDITIONAL REVENUES | | | | | | | | | 15% | | 2% |

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I.B.14.

**A RESOLUTION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY
AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF
THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE
CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES
PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE
AUTHORITY TO SUCH GOVERNMENTAL AGENCIES**

WHEREAS, the Board of Directors of the Kentucky Infrastructure Authority (the "Authority") has heretofore approved the undertaking of the projects described in further detail in Exhibit A (collectively, the "Project"); and

WHEREAS, the Authority anticipates making loans to governmental agencies pursuant to the provisions of Chapter 224A of the Kentucky Revised Statutes (the "Act") for the Project and the governmental agencies may be expected to pay and/or incur costs with respect to the Project ("Prior Capital Expenditures") on or after the date of this resolution and prior to the issuance of the obligations (the "Obligations") which will finance the Project.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Kentucky Infrastructure Authority as follows:

Section 1. The Board of Directors hereby approves the use of the Obligations to finance the costs of the Project in the maximum principal amount set forth in Exhibit A plus costs of issuance related thereto and amounts required to fund a debt service reserve, if any, and declares its intent that any Prior Capital Expenditures made by the governmental agencies pursuant to loans made by the Authority will be made in anticipation of the issuance of such Obligations to reimburse said Prior Capital Expenditures. This declaration is made pursuant to Treas. Reg. §1.150-2.

Section 2. The Executive Director and Treasurer of the Authority are hereby authorized and directed to reimburse, not later than eighteen months after the later of (i) the date of the expenditure or (ii) the date the item was placed in service, but in any event not later than three years after the original expenditure, only those Prior Capital Expenditures made with respect to assets having a reasonably expected economic life of at least one year, and in addition, eligible preliminary expenditures paid and incurred prior to commencement of the Project.

Section 3. The Authority finds and determines that, consistent with the Authority's budgetary and financial circumstances, it does not have funds currently available and does not expect to have funds available in the future that may be allocated on a long-term basis, other than the proceeds of the Obligations, to finance the Prior Capital Expenditures.

Section 4. The Authority hereby directs the Executive Director, Secretary, and Treasurer to take the following action at the time the Prior Capital Expenditures are reimbursed from proceeds of the Obligations: (i) evidence the reimbursement on the books and records maintained with respect to the Obligations, and (ii) identify either the actual prior expenditure to be reimbursed or, in the case of reimbursement of a fund or account, the fund or account from which the expenditure was paid.

Section 5. The books, records and proceedings of the Authority with respect to this resolution shall be made reasonably available by the Authority for its inspection by the general public at the Authority's administrative office every business day during normal business hours commencing no later than 30 days after the passage of this resolution. Said books, record and proceedings of the Authority with respect to this resolution will continue to be reasonably available to the general public until the date of issuance of the Obligations.

Section 6. This Resolution shall be in full force and effect from and after its adoption.

Passed and adopted this 1st of March, 2012.

TONY WILDER, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

SANDY WILLIAMS, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

PECK, SHAFFER & WILLIAMS LLP
LEGAL COUNSEL TO THE
KENTUCKY INFRASTRUCTURE AUTHORITY

EXHIBIT A

| <u>APPLICANT</u> | <u>FUND</u> | <u>AMOUNT</u> |
|--------------------------------------|--------------------|----------------------|
| City of Ashland | A12-11 | \$ 4,500,000 |
| City of Murray | A12-12 | \$46,000,000 |
| Grant County Sanitary Sewer District | A2 09-35 | \$ 433,178 |
| Grant County Sanitary Sewer District | A12-13 | \$ 913,300 |
| Regional Water Resource Agency | A10-13 | \$ 5,790,500 |
| Regional Water Resource Agency | A12-14 | \$ 357,335 |
| Regional Water Resource Agency | A12-15 | \$ 1,586,875 |
| Lexington-Fayette Urban Co Gov | A12-16 | \$ 1,930,000 |
| | | |
| City of Olive Hill | B12-01 | \$ 505,000 |
| City of Lewisburg | B12-02 | \$ 220,000 |
| | | |
| City of Campbellsville | F12-03 | \$ 1,875,000 |
| City of Centertown | F12-05 | \$ 922,850 |
| City of Sturgis | F12-06 | \$ 3,000,000 |

FUNDS A, A2, B, B1, B2, C, F, F2

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND ---- (FUND A)**

AVAILABLE FUNDS FFY 1989:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$33,237,382 |
| UNUSED TITLE II GRANT FUNDS | \$5,873,998 |
| BOND PROCEEDS (20%) | \$7,822,276 |
| ADMINISTRATION (4%) | (\$1,564,455) |
| NET 89 SRF FUNDS | <u>\$45,369,201</u> |

AVAILABLE FUNDS FFY 1990:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$17,798,449 |
| BOND PROCEEDS (20%) | \$3,559,690 |
| ADMINISTRATION (4%) | (\$711,938) |
| NET 90 SRF FUNDS | <u>\$20,646,201</u> |

AVAILABLE FUNDS FFY 1991:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$31,258,282 |
| BOND PROCEEDS (20%) | \$6,251,656 |
| ADMINISTRATION (4%) | (\$1,250,331) |
| NET 91 SRF FUNDS | <u>\$36,259,607</u> |

AVAILABLE FUNDS FFY 1992:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$25,429,111 |
| BOND PROCEEDS (20%) | \$5,085,822 |
| ADMINISTRATION (4%) | (\$1,017,164) |
| NET 92 SRF FUNDS | <u>\$29,497,769</u> |

AVAILABLE FUNDS FFY 1993:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$24,462,603 |
| BOND PROCEEDS (20%) | \$4,892,521 |
| ADMINISTRATION (4%) | (\$978,504) |
| NET 93 SRF FUNDS | <u>\$28,376,620</u> |

AVAILABLE FUNDS FFY 1994:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$15,178,779 |
| BOND PROCEEDS (20%) | \$3,035,756 |
| ADMINISTRATION (4%) | (\$607,151) |
| NET 94 SRF FUNDS | <u>\$17,607,384</u> |

AVAILABLE FUNDS FFY 1995:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$15,676,353 |
| BOND PROCEEDS (20%) | \$3,135,271 |
| ADMINISTRATION (4%) | (\$627,054) |
| NET 95 SRF FUNDS | <u>\$18,184,570</u> |

AVAILABLE FUNDS FFY 1996:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$25,678,432 |
| BOND PROCEEDS (20%) | \$5,135,686 |
| ADMINISTRATION (4%) | (\$1,027,137) |
| NET 96 SRF FUNDS | <u>\$29,786,981</u> |

ADDITIONAL FUNDS FFY 1997:

| | |
|------------------------------|--------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$7,912,200 |
| BOND PROCEEDS (20%) | \$1,582,440 |
| ADMINISTRATION (4%) | (\$316,488) |
| NET ADD'L 97 SRF FUNDS | <u>\$9,178,152</u> |

AVAILABLE FUNDS FFY 1998:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$17,138,187 |
| BOND PROCEEDS (20%) | \$3,427,637 |
| ADMINISTRATION (4%) | (\$685,527) |
| NET 98 SRF FUNDS | <u>\$19,880,297</u> |

AVAILABLE FUNDS FFY 1999:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$17,139,573 |
| BOND PROCEEDS (20%) | \$3,427,914 |
| ADMINISTRATION (4%) | (\$685,582) |
| NET 98 SRF FUNDS | <u>\$19,881,905</u> |

AVAILABLE FUNDS FFY 2000:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$17,081,460 |
| BOND PROCEEDS (20%) | \$3,416,292 |
| ADMINISTRATION (4%) | (\$683,258) |
| NET 00 SRF FUNDS | <u>\$19,814,494</u> |

AVAILABLE FUNDS FFY 2001:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$16,929,594 |
| BOND PROCEEDS (20%) | \$3,385,919 |
| ADMINISTRATION (4%) | (\$677,184) |
| NET 01 SRF FUNDS | <u>\$19,638,329</u> |

AVAILABLE FUNDS FFY 2002:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$16,967,313 |
| BOND PROCEEDS (20%) | \$3,393,463 |
| ADMINISTRATION (4%) | (\$678,692) |
| NET 02 SRF FUNDS | <u>\$19,682,084</u> |

AVAILABLE FUNDS FFY2003:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$16,857,027 |
| BOND PROCEEDS (20%) | \$3,371,405 |
| ADMINISTRATION (4%) | (\$674,281) |
| NET 03 SRF FUNDS | <u>\$19,554,151</u> |

AVAILABLE FUNDS FFY2004:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$16,867,224 |
| BOND PROCEEDS (20%) | \$3,373,445 |
| ADMINISTRATION (4%) | (\$674,688) |
| NET 04 SRF FUNDS | <u>\$19,565,981</u> |

AVAILABLE FUNDS FFY2005:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$13,714,668 |
| BOND PROCEEDS (20%) | \$2,742,934 |
| ADMINISTRATION (4%) | (\$548,586) |
| NET 05 SRF FUNDS | <u>\$15,909,016</u> |

AVAILABLE FUNDS FFY2006:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$11,145,123 |
| BOND PROCEEDS (20%) | \$2,229,025 |
| ADMINISTRATION (4%) | (\$445,804) |
| NET 06 SRF FUNDS | <u>\$12,928,344</u> |

AVAILABLE FUNDS FFY2007:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$13,621,905 |
| BOND PROCEEDS (20%) | \$2,724,381 |
| ADMINISTRATION (4%) | (\$544,876) |
| NET 07 SRF FUNDS | <u>\$15,801,410</u> |

AVAILABLE FUNDS FFY2008:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$8,648,100 |
| BOND PROCEEDS (20%) | \$1,729,620 |
| ADMINISTRATION (4%) | (\$345,924) |
| NET 08 SRF FUNDS | <u>\$10,031,796</u> |

AVAILABLE FUNDS FFY2009:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$8,648,100 |
| BOND PROCEEDS (20%) | \$1,729,620 |
| ADMINISTRATION (4%) | (\$345,924) |
| NET 09 SRF FUNDS | <u>\$10,031,796</u> |

AVAILABLE FUNDS FFY2010:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$25,932,000 |
| BOND PROCEEDS (20%) | \$5,186,400 |
| ADMINISTRATION (4%) | (\$1,037,280) |
| NET 09 SRF FUNDS | <u>\$30,081,120</u> |

AVAILABLE FUNDS FFY2011:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$18,794,000 |
| BOND PROCEEDS (20%) | \$3,758,800 |
| ADMINISTRATION (4%) | (\$751,760) |
| NET 09 SRF FUNDS | <u>\$21,801,040</u> |

NET FY 1989-2011 SRF FUNDS **\$489,508,248**

CURRENT REVOLVING/SURPLUS FUND BALANCE **\$252,509,935**

2010 A - Leverage - Balance **\$0**
Balance Available for Loan **\$3,271,724**

| TOTAL PROJECT AMOUNT | KIA LOAN AMOUNT | DATE APPROVED |
|-------------------------|--------------------|------------------|
|-------------------------|--------------------|------------------|

PROJECTS APPROVED IN SFY 1989:

| | | | | | |
|---------------|------------------------|---------------------|--------------------|----------|---------------------------|
| 1 | PIKEVILLE, CITY OF (1) | \$3,047,285 | \$3,199,217 (c) | 05-03-89 | (AMD. 11-19-90 & 9-16-91) |
| 2 | MANCHESTER, CITY OF | \$4,451,803 | \$2,209,119 (c) | 5-03-89 | |
| 3 | JENKINS, CITY OF | \$2,724,307 | \$1,654,780 (c) | 5-03-89 | |
| TOTALS | | \$10,223,395 | \$7,063,116 | | |

PROJECTS APPROVED IN SFY 1990:

| | | | | | |
|---------------|-------------------------|---------------------|--------------------|------------------|-------------------------|
| 4 | MT. WASHINGTON, CITY OF | \$1,957,322 | \$908,187 (c) | 8-07-89 | |
| 5 | MAYFIELD, CITY OF | \$4,067,194 | \$3,425,343 (c) | 8-07-89 | (AMD. 8-16-90) |
| 6 | DANVILLE, CITY OF | \$634,900 | \$418,055 (c) | 8-07-89; 70/7/04 | Assumed from Perryville |
| 7 | JACKSON, CITY OF (1) | \$3,241,350 | \$1,606,068 (c) | 9-27-89 | (AMD. 11-12-92) |
| 8 | SOUTH SHORE, CITY OF | \$2,982,085 | \$2,031,315 (c) | 12-13-89 | (AMD. 6-20-91) |
| TOTALS | | \$12,882,851 | \$8,388,968 | | |

PROJECTS APPROVED IN SFY 1991:

| | | | | | |
|---------------|----------------------------|---------------------|---------------------|----------|---------------------------|
| 9 | LEWISBURG, CITY OF | \$751,974 | \$667,388 (c) | 8-16-90 | |
| 10 | PROVIDENCE, CITY OF (1) | \$3,803,625 | \$2,828,680 (c) | 8-16-90 | |
| 11 | PROVIDENCE, CITY OF (2) | \$820,069 | \$820,069 (c) | 8-16-90 | |
| 12 | CAMPTON, CITY OF | \$669,615 | \$367,641 (c) | 8-16-90 | (AMD. 11-19-90) |
| 13 | BOWLING GREEN, CITY OF (1) | \$9,459,163 | \$6,570,011 (c) | 11-19-90 | |
| 14 | BOWLING GREEN, CITY OF (2) | \$2,616,756 | \$2,616,756 (c) | 11-19-90 | |
| 15 | ELIZABETHTOWN, CITY OF | \$9,851,000 | \$9,226,158 (c) | 1-31-91 | |
| 16 | PINEVILLE, CITY OF (1) | \$3,169,900 | \$2,293,544 (c) | 3-28-91 | (AMD. 11-12-92 & 12-1-93) |
| 17 | BUTLER, CITY OF | \$373,850 | \$187,950 (c) | 3-28-91 | |
| 18 | LONDON, CITY OF | \$7,148,495 | \$6,305,753 (c) | 6-20-91 | |
| TOTALS | | \$38,664,447 | \$31,883,950 | | |

PROJECTS APPROVED IN SFY 1992:

| | | | | | |
|---------------|--------------------------------------|---------------------|---------------------|----------|-------------------------|
| 19 | BOYD COUNTY FISCAL COURT | \$3,789,000 | \$2,237,342 (c) | 7-24-91 | |
| 20 | WILLIAMSBURG, CITY OF | \$1,024,110 | \$931,344 (c) | 9-16-91 | |
| 21 | GREENUP, CITY OF | \$453,800 | \$442,739 (c) | 9-16-91 | (AMD. 1-23-93) |
| 22 | GEORGETOWN, CITY OF | \$6,009,300 | \$6,119,705 (c) | 9-16-91 | |
| 23 | STANFORD, CITY OF | \$1,177,312 | \$685,289 (c) | 9-16-91 | |
| 24 | HICKMAN, CITY OF | \$2,641,171 | \$1,779,494 (c) | 9-18-91 | (AMD. 11-12-92) |
| 25 | BRANDENBURG, CITY OF | \$2,091,294 | \$1,802,290 (c) | 11-01-91 | (AMD. 5-13-92) |
| 26 | MIDDLESBORO, CITY OF | \$832,085 | \$175,785 (c) | 11-01-91 | |
| 27 | CAMPBELL/KENTON S.D. (MELBOURNE) | \$1,196,365 | \$773,156 (c) | 11-01-91 | (AMD. 9-10-92) |
| 28 | MURRAY, CITY OF | \$5,121,690 | \$5,161,272 (c) | 11-01-91 | |
| 29 | CUMBERLAND, CITY OF | \$1,366,700 | \$680,417 (c) | 12-04-91 | |
| 30 | WHEELWRIGHT, CITY OF | \$971,000 | \$361,675 (c) | 12-04-91 | |
| 31 | EMINENCE, CITY OF | \$4,071,300 | \$1,328,600 (c) | 2-25-92 | (REAP. 2-16-94) |
| 32 | PADUCAH-MCCRACKEN JOINT SEWER AGENCY | \$1,889,950 | \$1,495,501 (c) | 5-13-92 | (ASSUMED FROM REIDLAND) |
| 33 | FLEMINGSBURG, CITY OF | \$1,128,194 | \$1,142,183 (c) | 5-13-92 | |
| 34 | WEBSTER COUNTY FISCAL COURT | \$3,211,937 | \$2,378,237 (c) | 5-13-92 | (REAP. 9-27-94) |
| TOTALS | | \$36,975,208 | \$27,495,029 | | |

PROJECTS APPROVED IN SFY 1993:

| | | | | | |
|---------------|--------------------------------|---------------------|---------------------|----------|-------------------------------|
| 35 | FRANKLIN, CITY OF (1) | \$497,979 | \$497,979 (c) | 9-10-92 | AMD. |
| 36 | CORINTH, CITY OF | \$1,089,866 | \$200,766 (c) | 11-12-92 | |
| 37 | PLEASUREVILLE, CITY OF | \$2,976,200 | \$785,200 (c) | 11-12-92 | (AMD. 3-31-95) |
| 38 | HOPKINSVILLE, CITY OF (1) | \$9,845,968 | \$9,693,741 (c) | 12-17-92 | (AMD. 9-1-94) |
| 39 | MARTIN, CITY OF | \$2,295,847 | \$579,212 (c) | 12-17-92 | |
| 40 | OLIVE HILL, CITY OF | \$3,245,120 | \$2,426,003 (c) | 01-29-93 | (AMD 10/6/05) |
| 41 | NICHOLASVILLE PUBLIC UTILITIES | \$16,340,413 | \$15,740,449 (c) | 05-05-93 | (REAP. 3-31-95)(AMD.12-18-98) |
| TOTALS | | \$36,291,393 | \$29,923,350 | | |

PROJECTS APPROVED IN SFY 1994:

| | | | | | |
|---------------|--------------------------------------|---------------------|---------------------|------------------|--------------------------------------|
| 42 | PINEVILLE, CITY OF (2) | \$940,000 | \$418,542 (c) | 07-07-93 | (REAP. 3-31-95) |
| 43 | IRVINE, CITY OF | \$2,883,563 | \$1,658,248 (c) | 08-31-93 | (REAP. 3-31-95 & AMD. 8-29-96) |
| 44 | BENHAM, CITY OF | \$1,916,066 | \$853,191 (c) | 08-31-93 | (REAP. 3-31-95) |
| 45 | PRINCETON, CITY OF (Part 1) | \$3,722,362 | \$2,365,520 (c) | 12-01-93 | (REAP. 5-30-95) |
| 46 | PRINCETON, CITY OF (Part 2) | \$1,045,618 | \$597,712 (c) | 12-01-93 | (REAP. 5-30-95) |
| 47 | HOPKINSVILLE, CITY OF | \$885,720 | \$646,748 (c) | 02-16-94; 4-7-11 | (REAP. 8-30-95) Assumed from Crofton |
| 48 | LEDBETTER SANITATION DISTRICT #1 | \$4,767,980 | \$3,624,359 (c) | 05-11-94 | (AMD.5-30-95)(AMD.7-13-98) |
| 49 | HAZARD, CITY OF | \$7,746,540 | \$6,511,067 (c) | 05-11-94 | |
| 50 | SHELBY COUNTY SANITATION DISTRICT #1 | \$2,100,000 | \$1,402,737 (c) | 05-11-94 | (Assumed from Shelby Co SD #1) |
| 51 | LAGRANGE, CITY OF | \$898,515 | \$832,777 (c) | 06-29-94 | (AMD. 7-17-95) |
| 52 | MADISONVILLE, CITY OF | \$15,713,000 | \$15,552,994 (c) | 06-29-94 | |
| 53 | DAWSON SPRINGS, CITY OF | \$846,480 | \$816,170 (c) | 06-29-94 | |
| 54 | CATLETTSBURG, CITY OF | \$5,678,656 | \$3,200,000 (s) | 06-29-94 | (REAP. 12-5-95)(AMD.12-4-96) |
| TOTALS | | \$49,144,500 | \$38,480,065 | | |

| TOTAL PROJECT AMOUNT | KIA AMOUNT | DATE APPROVED |
|-------------------------|---------------|------------------|
|-------------------------|---------------|------------------|

PROJECTS APPROVED IN SFY 1995:

| | | | | | |
|---------------|---|---------------------|---------------------|------------------|---|
| 55 | HOPKINSVILLE, CITY OF | \$401,000 | \$240,264 (c) | 08-30-94; 4-7-11 | Assumed from Pembroke |
| 56 | MT. STERLING, CITY OF | \$1,110,540 | \$1,055,969 (c) | 08-30-94 | |
| 57 | WEST LIBERTY, CITY OF | \$737,972 | \$329,764 (c) | 08-30-94 | (AMD. 2-26-96) |
| 58 | MT. VERNON, CITY OF | \$998,650 | \$652,162 (c) | 08-30-94 | (REAP. 2-26-96) (REAP.3-6-97) |
| 59 | WORTHINGTON, CITY OF | \$790,000 | \$388,332 (c) | 08-30-94 | |
| 60 | SOMERSET, CITY OF | \$2,759,200 | \$2,631,067 (c) | 08-30-94 | |
| 61 | PERRY COUNTY S.D. #1 | \$845,790 | \$601,673 (c) | 08-30-94 | (AMD. 6/1/97) |
| 62 | BOYD COUNTY (PHASE II) | \$6,990,000 | \$6,270,000 (s) | 09-27-94 | (AMD. 2-2-95)(AMD 12-10-99) |
| 63 | FRANKLIN, CITY OF (2) | \$2,600,080 | \$2,572,240 (c) | 09-27-94 | |
| 64 | BRODHEAD, CITY OF | \$899,411 | \$502,650 (c) | 11-29-94 | |
| 65 | NEWPORT, CITY OF | \$1,759,645 | \$1,596,327 (c) | 11-29-94 | (AMD. 8-29-96) |
| 66 | PIKEVILLE, CITY OF (2) | \$3,466,413 | \$2,134,015 (c) | 11-29-94 | (AMD. 8-30-95) (AMD.6-19-97)(ASSUMED FROM REIDLAND) |
| 67 | PADUCAH-MCCRACKEN JOINT SEWER AGENCY | \$3,798,069 | \$3,516,117 (c) | 11-29-94 | |
| 68 | HOPKINSVILLE, CITY OF (2) | \$3,715,533 | \$3,191,098 (c) | 02-02-95 | |
| 69 | JENKINS, CITY OF (2) | \$719,755 | \$719,755 (c) | 02-02-95 | |
| 70 | RUSSELL, CITY OF | \$244,730 | \$71,666 (c) | 02-02-95 | |
| 71 | LEBANON, CITY OF | \$6,491,336 | \$5,805,838 (c) | 03-31-95 | |
| 72 | REGIONAL WATER RESOURCE AGENCY (O'BORO) | \$11,885,276 | \$7,160,493 (c) | 03-31-95 | |
| 73 | MOREHEAD, CITY OF (RCSD) | \$3,347,424 | \$3,130,152 (c) | 03-31-95 | (Assumed from RCSD) |
| 74 | GREENUP CO. ENVIRONMENTAL COMMISSION | \$3,798,920 | \$3,370,168 (c) | 5-30-95 | (AMD. 3/16/99) |
| 75 | BOYD / GREENUP SANITATION DISTRICT #1 | \$391,116 | \$371,573 (c) | 5-30-95 | |
| 76 | PIKEVILLE, CITY OF | \$1,953,260 | \$462,584 (c) | 5-30-95; 3/2/06 | Assumed from Mtn WD |
| TOTALS | | \$59,704,120 | \$46,773,907 | | |

PROJECTS APPROVED IN SFY 1996:

| | | |
|---------------|------------|------------|
| NONE | \$0 | \$0 |
| TOTALS | \$0 | \$0 |

PROJECTS APPROVED IN SFY 1997:

| | | | | | |
|---------------|--------------------------------------|---------------------|---------------------|-----------------|-----------------------|
| 77 | HARLAN, CITY OF | \$6,053,575 | \$2,546,299 (c) | 7-18-96 | (REAP. 4-27-98) |
| 78 | HAWESVILLE, CITY OF | \$871,000 | \$435,000 (c) | 7-18-96 | |
| 79 | EMINENCE, CITY OF | \$1,381,339 | \$945,408 (c) | 7-18-96 | |
| 80 | SCOTTSVILLE, CITY OF | \$4,608,815 | \$3,959,472 (c) | 7-18-96 | |
| 81 | ELKHORN CITY, CITY OF | \$926,726 | \$926,726 (c) | 7-18-96 | (AMD 4-1-98) |
| 82 | GRAYSON, CITY OF | \$3,635,970 | \$3,424,567 (s) | 7-18-96 | (AMD. 9-1-98) |
| 83 | MOREHEAD, CITY OF | \$2,357,176 | \$781,381 (c) | 7-18-96 | |
| 84 | JACKSON, CITY OF | \$719,287 | \$681,983 (c) | 8-29-96 | |
| 85 | LAWRENCE, COUNTY OF | \$1,566,000 | \$868,219 (c) | 3-6-97 | (AMD 11/1/01) |
| 86 | GREENUP CO. ENVIRONMENTAL COMMISSION | \$2,368,793 | \$2,331,195 (c) | 3-6-97 | |
| 87 | HARDIN CO WATER DISTRICT 1 | \$4,846,450 | \$4,809,652 (c) | 6-19-97; 3/6/08 | Assumed from Radcliff |
| 88 | WARREN COUNTY WATER DISTRICT (1) | \$1,082,400 | \$980,781 (c) | 6-19-97 | |
| TOTALS | | \$30,417,531 | \$22,690,683 | | |

PROJECTS APPROVED IN SFY 1998:

| | | | | | |
|---------------|----------------------------------|---------------------|---------------------|-----------------|---------------------------|
| 89 | CRESTWOOD, CITY OF | \$351,516 | \$351,516 (c) | 8-14-97; 3/2/06 | (A1) Assump. fell through |
| 90 | PARIS, CITY OF | \$723,734 | \$402,667 (c) | 11-10-97 | (A1) |
| 91 | LEWISPORT, CITY OF | \$2,279,000 | \$1,074,308 (c) | 11-10-97 | |
| 92 | MAYSVILLE, CITY OF | \$12,538,828 | \$11,722,252 (c) | 2-26-98 | |
| 93 | WARREN COUNTY WATER DISTRICT (2) | \$265,000 | \$253,057 (c) | 2-26-98 | |
| 94 | PRESTONSBURG, CITY OF | \$4,392,500 | \$919,183 (s) | 2-26-98 | |
| 95 | CRESTWOOD, CITY OF | \$10,358,404 | \$6,146,750 (+) | 4-27-98; 3/2/06 | Assump. fell through |
| TOTALS | | \$30,908,982 | \$20,869,733 | | |

PROJECTS APPROVED IN SFY 1999:

| | | | | | |
|---------------|------------------------------------|---------------------|---------------------|----------|---------------|
| 96 | PARIS, CITY OF | \$7,528,385 | \$5,943,287 (c) | 9-1-98 | |
| 97 | MIDWAY, CITY OF | \$282,250 | \$141,125 (c) | 10-13-98 | (A1) |
| 98 | MAYFIELD, CITY OF | \$1,401,962 | \$1,160,472 (c) | 10-13-98 | |
| 99 | WURLAND, CITY OF | \$125,900 | \$103,950 (c) | 12-18-98 | (A1) |
| 100 | DANVILLE, CITY OF | \$7,712,132 | \$7,615,106 (c) | 12-18-98 | (AMD 01/8/04) |
| 101 | LEWIS COUNTY SANITATION DIST NO. 1 | \$2,924,800 | \$620,001 (c) | 04-27-99 | AMD 10/7/99 |
| TOTALS | | \$19,975,429 | \$15,583,941 | | |

PROJECTS APPROVED IN SFY 2000:

| | | | | | |
|---------------|-----------------------|---------------------|---------------------|----------|------------|
| 102 | MOREHEAD, CITY OF | \$1,100,372 | \$279,000 (c) | 09-01-99 | |
| 103 | HOPKINSVILLE, CITY OF | \$889,478 | \$834,891 (c) | 09-01-99 | AMD 6/8/00 |
| 104 | RWRA-OWENSBORO | \$26,264,248 | \$25,963,257 (c) | 12/10/99 | AMD 6/2/05 |
| 105 | SOUTH SHORE, CITY OF | \$502,790 | \$188,849 (c) | 12/10/99 | |
| 106 | MOREHEAD, CITY OF | \$592,695 | \$257,300 (c) | 4/4/00 | |
| 107 | MIDWAY, CITY OF | \$4,337,596 | \$702,589 (c) | 6/6/2000 | |
| TOTALS | | \$33,687,179 | \$28,225,886 | | |

| TOTAL PROJECT AMOUNT | KIA AMOUNT | DATE APPROVED |
|-------------------------|---------------|------------------|
|-------------------------|---------------|------------------|

PROJECTS APPROVED IN SFY 2001:

| | | | | | | |
|---------------|-----------------------|---------------------|--------------------|-----|------------------------------------|---------------------|
| 108 | PIKEVILLE, CITY OF | \$1,205,484 | \$1,116,574 | (c) | 07/18/2000; 5/16/01 9/6/01; 3/2/06 | Assumed from Mtn WD |
| 109 | WURLAND, CITY OF | \$1,717,540 | \$1,561,400 | (c) | 07/18/00 | AMD 9/29/00 |
| 110 | LEITCHFIELD, CITY OF | \$6,146,196 | \$5,355,560 | (c) | 8/29/00 | |
| 111 | CLOVERPORT, CITY OF | \$57,500 | \$57,500 | (c) | 11/22/00 | (A1) |
| 112 | WHITE PLAINS, CITY OF | \$2,250,400 | \$669,700 | (c) | 12/21/00 | |
| 113 | MANCHESTER, CITY OF | \$5,060,376 | \$1,053,589 | (c) | 1/25/01 | |
| 114 | ARLINGTON, CITY OF | \$677,333 | \$167,567 | (c) | 6/7/01 | |
| TOTALS | | \$17,114,829 | \$9,981,890 | | | |

PROJECTS APPROVED IN SFY2002:

| | | | | | | |
|---------------|-----------------------------------|---------------------|---------------------|-----|--------|-----------------|
| 115 | CARROLLTON, CITY OF | \$6,997,101 | \$2,518,301 | (c) | 8/9/01 | AMD 9/6/01 |
| 116 | MT. STERLING WAT & SEW COMMISSION | \$13,908,185 | \$11,936,783 | (c) | 2/7/02 | |
| 117 | SHEPHERDSVILLE, CITY OF | \$9,976,728 | \$7,581,466 | (c) | 2/7/02 | |
| 118 | MARION, CITY OF | \$312,715 | \$312,715 | (c) | 3/7/02 | (A1) AMD 1/9/03 |
| 119 | GREENVILLE, CITY OF | \$2,242,571 | \$2,223,347 | (c) | 3/7/02 | |
| 120 | LEBANON JUNCTION, CITY OF | \$2,898,419 | \$1,813,385 | (c) | 4/4/02 | AMD 7/1/05 |
| 121 | HARRODSBURG, CITY OF | \$4,418,916 | \$3,314,760 | (c) | 5/2/02 | |
| 122 | WURLAND, CITY OF | \$1,782,900 | \$1,782,872 | (c) | 6/6/02 | |
| TOTALS | | \$42,537,535 | \$31,483,629 | | | |

PROJECTS APPROVED IN SFY 2003

| | | | | | | |
|---------------|--------------------------------------|---------------------|---------------------|-----|---------|-------------|
| 123 | SALYERSVILLE, CITY OF | \$7,662,832 | \$2,035,486 | (c) | 8/15/02 | AMD 9/19/03 |
| 124 | LONDON, CITY OF | \$15,262,069 | \$9,864,503 | (c) | 10/3/02 | |
| 125 | Paducah McCracken Joint Sewer Agency | \$1,497,900 | \$1,382,413 | (c) | 2/6/03 | |
| 126 | Boyd & Greenup Co Sanitation Dist #1 | \$849,503 | \$694,844 | (c) | 5/1/03 | |
| TOTALS | | \$25,272,304 | \$13,977,246 | | | |

PROJECTS APPROVED IN SFY 2004

| | | | | | | |
|---------------|----------------------------------|---------------------|---------------------|-----|-------------------|------|
| 127 | HOPKINSVILLE, CITY OF | \$4,979,920 | \$4,682,517 | (c) | 8/7/03 | |
| 128 | MOUNTAIN WATER DISTRICT | \$729,158 | \$184,695 | (c) | 9/4/03 | |
| 129 | BENTON, CITY OF | \$1,823,194 | \$293,902 | (c) | 12/4/03; 10/7/04 | |
| 130 | PADUCAH-MCCRACKEN JSA | \$1,401,000 | \$1,229,425 | (c) | 12/4/03 | |
| 131 | MARION, CITY OF | \$1,775,704 | \$515,296 | (c) | 3/4/04 | |
| 132 | MOREHEAD, CITY OF | \$11,233,204 | \$7,189,123 | (c) | 3/4/04; AMD 11/05 | |
| 133 | PADUCAH-MCCRACKEN JSA | \$1,040,275 | \$908,403 | (c) | 3/4/04 | |
| 134 | JESSAMINE-SOUTH ELKHORN WAT DIST | \$298,200 | \$196,861 | (c) | 4/1/04 | (A1) |
| 135 | BEREA, CITY OF | \$9,011,045 | \$5,000,000 | (c) | 4/1/04; 1/6/05 | |
| 136 | HOPKINSVILLE WATER ENV AUTH | \$2,469,924 | \$2,469,924 | (c) | 05/06/04; 3/2/06 | |
| 137 | SOUTHERN WAT & SEW DIST | \$3,750,000 | \$68,037 | (c) | 05/06/04 | |
| TOTALS | | \$38,511,624 | \$22,738,183 | | | |

PROJECTS APPROVED IN SFY 2005

| | | | | | | |
|---------------|--------------------------------|---------------------|---------------------|-----|-----------------|--|
| 138 | LAWRENCEBURG, CITY OF | \$8,319,703 | \$7,889,974 | (c) | 7/1/04 | |
| 139 | LORETTO, CITY OF | \$5,563,468 | \$2,245,865 | (c) | 7/1/04; 9/14/05 | |
| 140 | SANITATION DISTRICT #1 | \$39,028,077 | \$32,401,491 | (c) | 8/5/04; 10/1/06 | |
| 141 | HODGENVILLE, CITY OF | \$2,639,104 | \$968,539 | (c) | 10/7/04 | |
| 142 | CARROLLTON, CITY OF | \$10,870,148 | \$4,288,600 | (c) | 5/5/05 | |
| 143 | WINCHESTER MUNICIPAL UTILITIES | \$23,212,000 | \$21,000,000 | (c) | 6/23/05 | |
| TOTALS | | \$89,632,500 | \$68,794,469 | | | |

PROJECTS APPROVED IN SFY 2006

| | | | | | | |
|---------------|--------------------------|---------------------|---------------------|-----|---------|--|
| 144 | ALEXANDRIA, CITY OF | \$2,535,785 | \$426,220 | (c) | 7/7/05 | |
| 145 | PAINTSVILLE, CITY OF | \$954,415 | \$429,715 | (c) | 10/6/05 | |
| 146 | CYNTHIANA, CITY OF | \$10,902,650 | \$5,671,622 | (c) | 12/1/05 | |
| 147 | WESTERN MASON SD | \$4,644,000 | \$802,000 | (c) | 12/1/05 | |
| 148 | LEDBETTER WATER DISTRICT | \$3,326,078 | \$2,326,078 | (c) | 3/2/06 | |
| 149 | RICHMOND, CITY OF | \$2,152,200 | \$2,152,200 | (c) | 6/1/06 | |
| TOTALS | | \$24,515,128 | \$11,807,835 | | | |

| TOTAL PROJECT AMOUNT | KIA AMOUNT | DATE APPROVED |
|-------------------------|---------------|------------------|
|-------------------------|---------------|------------------|

PROJECTS APPROVED IN SFY 2007

| | | | |
|---------------------------------|--------------|------------------|------------------|
| 150 REGIONAL WAT RES AGENCY | \$9,405,000 | \$7,196,879 (c) | 7/13/06 |
| 151 N MADISON CO SD | \$1,925,000 | \$307,952 (c) | 8/3/06 |
| 152 BOYD CO SANITATION DIST #2 | \$1,918,000 | \$666,811 (c) | 10/5/06 |
| 153 N MADISON CO SD | \$12,736,123 | \$8,104,622 (c) | 10/5/06; 12/7/06 |
| 154 OHIO CO REG WASTEWATER DIST | \$15,940,000 | \$6,607,612 | 11/2/06 |
| 155 CITY OF NICHOLASVILLE | \$12,459,352 | \$12,053,913 (c) | 12/7/06; 4/1/09 |
| 156 CITY OF BOWLING GREEN | \$5,155,190 | \$5,130,100 (c) | 12/7/06 |
| 157 CITY OF BEAVER DAM | \$1,311,900 | \$597,921 (c) | 6/21/07 |
| 158 CITY OF FALMOUTH | \$5,619,316 | \$2,812,236 (c) | 6/21/07 |

| | | | |
|--------------|---------------------|---------------------|--|
| TOTAL | \$66,469,881 | \$43,478,046 | |
|--------------|---------------------|---------------------|--|

PROJECTS APPROVED IN SFY 2008

| | | | |
|------------------------------------|--------------|-----------------|--------------------------|
| 159 CITY OF BARLOW | \$169,500 | \$168,954 (c) | 9/6/07 (A1) |
| 160 CITY OF WHITESBURG | \$7,474,000 | \$1,040,900 | 9/6/07 |
| 161 CITY OF OWENSBORO | \$24,531,634 | \$22,900,578 | 10/4/07 |
| 162 CITY OF ALEXANDRIA | \$316,441 | \$186,073 (c) | 11/1/07 |
| 163 CITY OF MURRAY | \$1,469,778 | \$1,227,741 (c) | 11/1/07 |
| 164 CITY OF RICHMOND | \$57,843,022 | \$54,690,822 | 11/1/07 |
| 165 REGIONAL WATER RESOURCE AGENCY | \$1,709,375 | \$1,425,488 (c) | 11/1/07 |
| 166 Paducah McCracken JSA | \$4,146,560 | \$1,600,000 | 2/7/08 |
| 167 Bowling Green, City of | \$54,235,960 | \$54,235,960 | 4/3/08; 11/12/09; 8/4/11 |
| 168 Sanitation District #1 | \$83,147,554 | \$70,000,000 | 4/3/08; 6/4/09 |
| 169 Elizabethtown, City of | \$21,192,000 | \$21,192,000 | 4/3/08 |
| 170 Nicholasville, City of | \$9,554,625 | \$7,494,225 | 4/3/08 |
| 171 Somerset, City of | \$14,897,000 | \$8,477,690 | 4/3/08 |
| 172 Williamstown, City of | \$18,748,000 | \$17,848,000 | 6/2/08 |

| | | | |
|--------------|----------------------|----------------------|--|
| TOTAL | \$299,435,449 | \$262,488,430 | |
|--------------|----------------------|----------------------|--|

PROJECTS APPROVED IN SFY 2009

| | | | |
|---|--------------|-----------------|---------------------------|
| 173 Hopkinsville, City of | \$4,916,100 | | 9/4/08; withdrawn 5/11/10 |
| 174 Lexington-Fayette Urban County Govt | \$18,354,000 | \$17,208,000 | 1/8/09 |
| 175 Paducah McCracken JSA | \$14,323,800 | \$10,000,000 | 4/9/09 |
| 176 Mt Washington, City of | \$15,000,000 | \$9,500,000 | 5/7/09; 9/1/10 |
| 177 Sanitation District #1 | \$5,802,300 | \$4,920,300 | 6/4/09; 6/30/11 |
| 178 Sanitation District #1 | \$7,062,000 | \$5,459,988 (c) | 6/4/09 |
| 179 Sanitation District #1 | \$20,108,000 | \$15,230,000 | 6/4/09 |
| 180 Sanitation District #1 | \$6,968,000 | \$5,768,000 | 6/4/09 |
| 181 Sanitation District #1 | \$3,287,000 | \$2,470,000 | 6/4/09 |
| 182 Sanitation District #1 | \$12,065,000 | \$9,900,000 | 6/4/09 |

| | | | |
|--------------|----------------------|---------------------|--|
| TOTAL | \$107,886,200 | \$80,456,288 | |
|--------------|----------------------|---------------------|--|

PROJECTS APPROVED IN SFY 2010

| | | | |
|---|--------------|---------------|------------------------------------|
| 183 Kentucky Horse Park | \$1,950,000 | \$1,000,000 | 8/6/09 |
| 184 Maysville, City of | \$11,000,000 | \$11,000,000 | 9/3/09 |
| 185 Prestonsburg, City of | \$272,000 | \$272,000 | 10/1/09; 2/4/10 |
| 186 Prestonsburg, City of | \$786,000 | \$786,000 | 10/1/09; 2/4/10 |
| 187 Louisville & Jefferson Co. Metro. Sewer Dist. | \$4,847,095 | \$0 | 10/1/09 withdrawn 10/12/10 |
| 188 Hopkinsville, City of | \$7,500,000 | \$7,500,000 | 11/12/09 |
| 189 Hardinsburg, City of | \$550,000 | \$550,000 | 11/12/09 |
| 190 Princeton, City of | \$2,475,000 | \$683,354 (c) | 12/3/09; 2/4/10 |
| 191 Ashland, City of | \$7,720,231 | \$7,709,331 | 1/7/10; 2/3/11 |
| 192 Winchester, City of | \$37,000,000 | \$36,600,000 | 2/4/10 |
| 193 Prestonsburg, City of | \$4,530,405 | \$1,860,405 | 2/4/10 |
| 194 Oldham Co Env Auth - SX21185017 | \$2,400,000 | \$2,400,000 | 5/6/10; 7/7/11 |
| 195 Oldham Co Env Auth - SX21185029 | \$1,477,000 | \$1,000,000 | 5/6/10; 1/5/12 |
| 196 Oldham Co Env Auth - SX21185024 | \$2,123,000 | \$2,123,000 | 5/6/10; 1/5/12 |
| 197 Lexington Fayette Urban County Government | \$10,500,000 | \$10,500,000 | 6/3/10; 10/14/10 |
| 198 Lexington Fayette Urban County Government | \$7,028,375 | \$0 | 6/3/10; 10/14/10 withdrawn 1/31/12 |

| | | | |
|--------------|----------------------|---------------------|--|
| Total | \$102,159,106 | \$83,984,090 | |
|--------------|----------------------|---------------------|--|

| TOTAL PROJECT AMOUNT | KIA AMOUNT | DATE APPROVED |
|-------------------------|---------------|------------------|
|-------------------------|---------------|------------------|

PROJECTS APPROVED IN SFY 2011

| | | | | |
|------------|---------------------------------------|--------------------|--------------------|-----------------------|
| 199 | Oldham Env Auth - SX21185028 | \$500,000 | \$250,000 | 7/1/10;1/5/12 |
| 200 | Sanitation District #1 SX21117126 | \$19,935,700 | \$17,146,500 | 7/1/10 |
| 202 | Bardstown, City of SX21179019 | \$1,980,000 | \$1,980,000 | 12/9/10; 6/10/11 |
| 203 | LaCenter, City of SX21007015 | \$895,000 | \$895,000 | 12/9/10 |
| 204 | Livermore, City of SX21049008 | \$2,105,000 | \$1,105,000 | 12/9/10 |
| 205 | Morehead, City of SX21205034 | \$3,000,000 | \$3,000,000 | 12/9/10 |
| 206 | Regional Water Resource Agency | \$6,085,000 | \$5,790,000 | 12/9/10;3/1/12 |
| 207 | Campton, City of | \$3,217,200 | \$1,400,000 | 2/3/11 |
| 208 | Hardinsburg, City of | \$400,000 | \$400,000 | 2/3/11 |
| 209 | Louisa, City of | \$2,058,580 | \$1,400,000 | 2/3/11 |
| 210 | Flemingsburg, City of | \$8,906,000 | \$8,906,000 | 3/3/11 |
| 211 | Louisville-Jefferson Co MSD | \$3,400,000 | \$3,400,000 | 3/3/11 |
| 212 | Vanceburg, City of | \$3,400,000 | \$2,000,000 | 3/3/11 |
| 213 | Williamsburg, City of | \$1,035,517 | \$1,035,517 | 3/3/11 |
| 214 | Hopkinsville, City of | \$500,000 | \$500,000 | 4/7/11 |
| 215 | Hopkinsville, City of | \$26,641,000 | \$26,641,000 | 4/7/11 |
| 216 | Hopkinsville, City of | \$7,300,000 | \$7,100,000 | 4/7/11 |
| 217 | Pineville, City of | \$500,000 | \$500,000 | 5/5/11 |
| 218 | Sanitation District #1 | \$17,225,660 | \$14,188,155 | 5/5/11 |
| 219 | Sanitation District #1 | \$19,000,000 | \$15,187,500 | 5/5/11 |
| 220 | Sanitation District #1 | \$9,572,000 | \$7,778,000 | 5/5/11 |
| 221 | West Liberty, City of | \$3,937,950 | \$3,937,950 | 5/5/11 |

| | | |
|--------------|----------------------|----------------------|
| Total | \$141,594,607 | \$124,540,622 |
|--------------|----------------------|----------------------|

PROJECTS APPROVED IN SFY 2012

| | | | | |
|------------|---|---------------------|---------------------|---------------|
| 223 | Oldham Co Env Authority | \$400,000 | \$400,000 | 7/7/11 |
| 224 | Southern Water & Sewer | \$2,505,944 | \$850,000 | 8/4/11 |
| 225 | Hodgenville, City of | \$1,635,000 | \$1,635,000 | 11/10/11 |
| 226 | Burkesville, City of | \$1,000,000 | \$1,000,000 | 11/10/11 |
| 227 | Bloomfield, City of | \$4,370,635 | \$2,195,635 | 11/10/11 |
| 228 | Harrodsburg, City of | \$418,500 | \$418,500 | 12/8/11 |
| 229 | Grant Co Sanitary SD | \$1,226,700 | \$1,161,700 | 1/5/12 |
| 230 | Barbourville, City of | \$5,651,270 | \$5,651,270 | 2/2/12 |
| 232 | Sanitation District #1 of Northern Ky | \$1,001,717 | \$851,857 | 2/2/12 |
| 233 | Sanitation District #1 of Northern Ky | \$1,152,200 | \$959,000 | 2/2/12 |
| 234 | Winchester, City of | \$1,010,000 | \$1,000,000 | 2/2/12 |
| 235 | Harrodsburg, City of | \$1,157,000 | \$706,000 | 2/2/12 |
| 236 | Jamestown, City of | \$2,500,000 | \$2,500,000 | 2/2/12 |
| 237 | Paducah McCracken County JSA | \$8,400,000 | \$8,000,000 | 2/2/12 |
| 238 | Ashland, City of | \$4,500,000 | \$4,500,000 | 3/1/12 |
| 239 | Murray, City of | \$46,000,000 | \$46,000,000 | 3/1/12 |
| 240 | Grant Co Sanitary SD | \$913,300 | \$913,300 | 3/1/12 |
| 241 | Lexington-Fayette Urban County Governm | \$2,530,000 | \$1,930,000 | 3/1/12 |
| 242 | Regional Water Resource Agency | \$619,070 | \$357,335 | 3/1/12 |
| 243 | Regional Water Resource Agency | \$1,802,125 | \$1,586,875 | 3/1/12 |

| | | |
|--------------|---------------------|---------------------|
| Total | \$88,793,461 | \$82,616,472 |
|--------------|---------------------|---------------------|

GRAND TOTALS - COMMITMENTS

| | |
|------------------------|------------------------|
| \$1,402,797,659 | \$1,113,725,829 |
|------------------------|------------------------|

bold, italics - pending board approval

(c) - Final amounts; Loan has been closed

(s) - Amount represented in the assistance agreement

(A1) - Planning and Design Loan

(+)-Const Amt; AA amnt represents Const + Plan & Design

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND ---- (FUND A2)
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**

AVAILABLE FUNDS FFY 2009:

| | |
|--------------------------|----------------------------|
| FEDERAL ARRA GRANT FUNDS | \$49,878,100 |
| ADMINISTRATION (4%) | <u>(\$1,995,124)</u> |
| NET ARRA FUNDS | <u><u>\$47,882,976</u></u> |

| | TOTAL PROJECT AMOUNT | KIA AMOUNT | FIRST USE FUNDS | DATE APPROVED |
|--|----------------------------|----------------------------|---------------------------------|-----------------------------------|
| PROJECTS APPROVED IN SFY 2009: | | | | |
| 1 Sanitation District #1 | \$395,000 | \$395,000 (c) | \$395,000 | 6/4/09 |
| 2 Sanitation District #1 | \$1,755,545 | \$1,371,545 | \$1,371,545 | 6/4/09; 1/7/10; 1/25/10 |
| 3 Sanitation District #1 | \$1,578,539 | \$1,578,539 | \$1,578,539 | 6/4/09 |
| 4 Sanitation District #1 | \$834,241 | \$834,241 | \$834,241 | 6/4/09 |
| 5 Lexington Fayette Urban Co Govt | \$2,620,000 | \$2,620,000 (c) | \$2,620,000 | 6/25/09 |
| 6 Lexington Fayette Urban Co Govt | \$537,000 | \$237,000 (c) | \$237,000 | 6/25/09 |
| 7 Louisa, City of | \$1,150,000 | \$1,139,716 (c) | \$1,139,716 | 6/25/09 |
| 8 Pineville, City of | \$2,193,000 | \$2,193,000 | \$2,193,000 | 6/25/09; 1/7/10 |
| 9 Shepherdsville, City of | \$8,500,000 | \$3,000,000 | \$3,000,000 | 6/25/09 |
| TOTALS | <u>\$19,563,325</u> | <u>\$13,369,041</u> | <u>\$13,369,041</u> | |
| PROJECTS APPROVED IN SFY 2010: | | | | |
| 10 Calvert City, City of | \$1,083,128 | \$1,046,065 | \$1,046,065 | 7/9/09; 1/7/10 |
| 11 Princeton, City of | \$2,475,000 | \$1,103,744 | \$1,103,744 | 7/9/09; 2/4/10 |
| 12 Northern Madison Co Sanitation District | \$1,000,000 | \$510,000 (c) | \$510,000 | 8/6/09 |
| 13 Kentucky Horse Park | \$1,950,000 | \$950,000 | \$950,000 | 8/6/09 |
| 14 Sanitation District #4 of Boyd County | \$475,000 | \$400,000 (c) | \$400,000 | 8/6/09 |
| 15 Ashland, City of | \$250,252 | \$246,646 (c) | \$246,646 | 8/20/09; 1/25/10 |
| 16 Covington, City of | \$1,200,000 | \$1,197,390 (c) | \$1,197,390 | 8/20/09 |
| 17 Bowling Green, City of | \$134,996 | \$134,996 (c) | \$134,996 | 8/20/09 |
| 18 Frankfort, City of | \$962,035 | \$800,000 (c) | \$800,000 | 8/20/09 |
| 19 Wilder, City of | \$215,889 | \$114,302 (c) | \$114,302 | 9/3/09; 1/25/10 |
| 20 Richmond, City of | \$125,000 | \$125,000 (c) | \$125,000 | 9/3/09 |
| 21 Maysville, City of | \$2,000,000 | \$500,000 (c) | \$500,000 | 9/3/09 |
| 22 Prestonsburg, City of | \$4,530,405 | \$2,670,000 | \$2,670,000 | 10/1/09 |
| 23 Kentucky Department of Parks | \$500,000 | \$500,000 | \$500,000 | 10/1/09 |
| 24 Kentucky Department of Parks | \$358,008 | \$355,867 (c) | \$355,867 | 10/1/09; 1/25/10 |
| 25 Kentucky Department of Parks | \$1,457,402 | \$1,366,291 | \$1,366,291 | 10/1/09; 1/25/10 |
| 26 Morehead, City of | \$801,203 | \$801,203 (c) | \$801,203 | 10/1/09 |
| 27 Morehead, City of | \$1,293,013 | \$1,293,013 (c) | \$1,293,013 | 10/1/09 |
| 28 Winchester, City of | \$693,000 | \$600,000 (c) | \$600,000 | 10/1/09 |
| 29 Russellville, City of | \$952,300 | \$799,967 (c) | \$799,967 | 10/1/09 |
| 30 Kuttawa, City of | \$530,000 | \$300,000 (c) | \$300,000 | 10/1/09 |
| 31 Paintsville, City of | \$1,400,000 | \$1,150,000 | \$1,150,000 | 10/1/09 |
| 32 Louisville & Jefferson Co. Metro. Sewer Dist. | \$17,500,000 | \$5,000,000 | \$5,000,000 | 10/1/09 |
| 33 Falmouth, City of | \$611,898 | \$611,898 (c) | \$611,898 | 10/1/09; 11/12/09 |
| 34 Calvert City, City of | \$850,000 | \$816,069 (c) | \$816,069 | 10/1/09; 12/16/09 |
| 35 Sacramento, City of | \$750,000 | \$749,991 (c) | \$749,991 | 10/1/09 |
| 36 Grant Co. Sanitary Sewer Dist. | \$2,114,713 | \$433,718 (c) | \$433,718 | 10/1/09; 3/1/12 |
| 37 Mayfield, City of | \$975,000 | \$975,000 (c) | \$975,000 | 10/1/09 |
| 38 Warsaw, City of | \$3,841,156 | \$2,060,156 | \$2,060,156 | 11/12/09 In amt is \$2,060,155.54 |
| 39 Madisonville, City of | \$3,800,000 | \$3,800,000 (c) | \$3,800,000 | 11/12/09 |
| 40 Meade Co Riverport Authority | \$482,642 | \$482,642 | \$482,642 | 12/3/09; 1/25/10 |
| 41 Troublesome Creek Env Authority | \$3,425,000 | \$1,500,000 | \$1,500,000 | 12/3/09 |
| 42 Ohio Co Regional Waste Water District | \$465,303 | \$465,303 | \$465,303 | 12/3/09; 1/25/10; 2/17/11 |
| 43 Mountain Water District | \$750,000 | \$750,000 | \$750,000 | 12/3/09; 2/4/10 |
| TOTALS | <u>\$59,462,343</u> | <u>\$34,609,260</u> | <u>\$34,609,260</u> | |
| GRAND TOTALS - COMMITMENTS | <u>\$79,025,668</u> | <u>\$47,978,302</u> | <u>\$47,978,302</u> | |
| BALANCE AVAILABLE FOR LOAN | | | <u><u>(\$95,326)</u></u> | |

bold, italics - pending board approval

(c) - Final amounts; Loan has been closed

(s) - Amount represented in the assistance agreement

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND ---- (FUND B)**

| | |
|------------------------------------|---------------|
| TOTAL AUTHORIZATIONS FYS 1989-90: | \$20,000,000 |
| TOTAL AUTHORIZATIONS FYS 1991-92: | \$14,000,000 |
| TOTAL AUTHORIZATIONS FYS 1993-94: | \$15,000,000 |
| TOTAL DEAUTHORIZATION FYS 1995-96: | (\$3,504,592) |
| TOTAL AUTHORIZATION FYS 1996-98: | \$0 |
| TOTAL AUTHORIZATION FYS 2000-2002: | \$0 |
| TOTAL AUTHORIZATION FYS 2002-2004: | \$0 |
| TOTAL AUTHORIZATION FYS 2004-2006: | \$0 |
| TOTAL AUTHORIZATION FYS 2006-2008: | \$0 |

TOTAL 1989-2008: \$45,495,408

**Revolving Available to Loan/Grant Before
Current Meeting \$4,281,366**

| | TOTAL INFRASTRUCTURE AMOUNT | KIA GRANT AMOUNT | KIA Loan AMOUNT | GENERATED PRIVATE INVESTMENT | JOBS CREATED | DATE APPROVED | COMMENTS |
|--------------------------------------|--|---------------------------------|--------------------------------|---|-------------------------|--------------------------|----------------------------------|
| PROJECTS APPROVED IN FY 1989: | | | | | | | |
| 1 | WILMORE, CITY OF | \$1,059,938 | \$407,770 (c) | \$13,700,000 | 257 | 12-21-88 | |
| 2 | AUBURN, CITY OF | \$2,175,540 | \$1,475,540 (c) | \$2,225,000 | 96 | 12-21-88 | |
| 3 | SOMERSET, CITY OF | \$2,402,764 | \$1,500,000 (c) | \$75,000,000 | 326 | 12-21-88 | |
| 4 | HENRY COUNTY | \$775,627 | \$287,984 (c) | \$4,380,000 | 210 | 03-22-89 | (REAP. 1-31-91 & AMD. 6-20-91) |
| 5 | GRAVES COUNTY | \$3,717,000 | \$3,717,000 (c) | \$31,037,070 | 600 | 05-03-89 | |
| TOTALS | | \$10,130,869 | \$7,388,294 | \$126,342,070 | 1,489 | | |
| PROJECTS APPROVED IN FY 1990: | | | | | | | |
| 6 | LAWRENCEBURG, CITY OF | \$301,000 | \$86,114 (c) | \$426,187 | 30 | 08-07-89 | |
| 7 | LEITCHFIELD, CITY OF | \$1,296,200 | \$699,674 (c) | \$2,470,000 | 200 | 08-07-89 | |
| 8 | LIBERTY, CITY OF | \$319,573 | \$163,822 (c) | \$1,533,133 | 140 | 08-07-89 | |
| 9 | BEREA, CITY OF | \$1,200,000 | \$340,000 (c) | \$0 | 750 | 08-07-89 | |
| 10 | GAMALIEL, CITY OF | \$2,040,263 | \$490,425 (c) | \$2,000,000 | 125 | 09-27-89 | (REAP. 3-28-91 & AMD. 6-26-92) |
| 11 | GRAYSON, CITY OF (1) | \$1,875,000 | \$1,000,000 (c) | \$10,000,000 | 300 | 12-13-89 | |
| 12 | LEBANON JUNCTION, CITY OF | \$701,900 | \$148,649 (c) | \$7,500,000 | 200 | 04-25-90 | |
| 13 | MT. VERNON, CITY OF | \$864,347 | \$456,480 (c) | \$20,000,000 | 154 | 04-25-90 | (AMD. 3-28-91) |
| 14 | RUSSELLVILLE, CITY OF | \$1,591,673 | \$1,434,750 (c) | \$0 | 0 | 04-25-90 | |
| TOTALS | | \$10,189,956 | \$4,819,914 | \$43,929,320 | 1,899 | | |
| PROJECTS APPROVED IN FY 1991: | | | | | | | |
| 15 | RICHMOND, CITY OF | \$1,508,300 | \$250,000 (c) | \$1,500,000 | 100 | 09-26-90 | |
| 16 | WARREN COUNTY W.D. (Chg) | \$638,035 | \$229,035 (c) | \$14,000,000 | 280 | 09-26-90 | |
| 17 | LAUREL COUNTY FISCAL COURT | \$964,742 | \$319,969 (c) | \$2,900,000 | 74 | 09-26-90 | |
| 18 | MOUNTAIN WATER DISTRICT (Mtn. Top B | \$890,977 | \$186,711 (c) | \$2,250,000 | 500 | 11-19-90 | |
| 19 | MONTICELLO, CITY OF (1) | \$336,450 | \$366,293 (c) | \$2,300,000 | 432 | 06-20-91 | |
| 20 | JEFFERSON COUNTY / KROGER | \$1,425,575 | \$1,310,251 (c) | \$23,950,000 | 101 | 06-20-91 | (AMD. 3-17-93) |
| TOTALS | | \$5,764,079 | \$2,662,259 | \$46,900,000 | 1,487 | | |
| PROJECTS APPROVED IN FY 1992: | | | | | | | |
| 21 | NEWPORT, CITY OF | \$4,017,704 | \$2,931,899 (c) | \$2,931,899 | 220 | 09-16-91 | (AMD. 7-23-92; 6-29-94; 12/9/04) |
| 22 | HODGENVILLE, CITY OF | \$125,900 | \$114,931 (c) | \$400,000 | 16 | 11-01-91 | |
| 23 | SCOTTSVILLE, CITY OF | \$4,252,173 | \$2,660,800 (c) | \$0 | 260 | 12-04-91 | |
| 24 | MONTICELLO, CITY OF (2) | \$2,610,040 | \$1,495,628 (c) | \$0 | | 12-04-91 | |
| 25 | WARREN COUNTY WATER DISTRICT (W. | \$121,000 | \$92,809 (c) | \$32,000,000 | 200 | 02-25-92 | |
| 26 | WARREN COUNTY WATER DISTRICT (Se | \$297,000 | \$203,233 (c) | \$0 | | 02-25-92 | |
| 27 | LIVERMORE, CITY OF | \$86,039 | \$86,039 (c) | \$0 | 12 | 06-26-92 | |
| TOTALS | | \$11,509,856 | \$7,585,339 | \$35,331,899 | 708 | | |
| PROJECTS APPROVED IN FY 1993: | | | | | | | |
| 28 | MARION, CITY OF | \$1,218,460 | \$379,510 (c) | \$1,412,000 | 40 | 12-17-92 | |
| 29 | DAVIESS COUNTY FISCAL COURT | \$1,765,510 | \$1,634,610 (c) | \$340,000,000 | 280 | 01-29-93 | |
| 30 | COVINGTON, CITY OF | \$516,140 | \$460,327 (c) | \$18,000,000 | 500 | 01-29-93 | |
| 31 | HOPKINSVILLE, CITY OF | \$8,688,679 | \$5,000,000 (c) | \$0 | 500 | 05-05-93 | (REAP. 3-31-95) |
| TOTALS | | \$12,188,789 | \$7,474,447 | \$359,412,000 | 1,320 | | |
| PROJECTS APPROVED IN FY 1994: | | | | | | | |
| 32 | GRAYSON, CITY OF (2) | \$1,712,759 | \$1,412,759 (c) | \$0 | 155 | 08-31-93 | |
| 33 | PIKEVILLE, CITY OF | \$5,037,889 | \$611,397 (c) | \$4,396,000 | 93 | 08-31-93 | |
| 34 | LANCASTER, CITY OF | \$1,710,420 | \$781,462 (c) | \$0 | 100 | 09-29-93 | |

| | | TOTAL INFRASTRUCTURE AMOUNT | KIA GRANT AMOUNT | KIA Loan AMOUNT | GENERATED PRIVATE INVESTMENT | JOBS CREATED | DATE APPROVED | COMMENTS |
|---|-------------------------------|-----------------------------------|------------------------|-----------------------|------------------------------------|-----------------|---|----------|
| 35 | GALLATIN COUNTY | \$4,089,434 | | \$4,000,000 (c) | \$400,089,434 | 400 | 09-29-93 (AMD. 6-29-94, REAP. 3-31-95) | |
| 36 | CAMPBELLSVILLE, CITY OF | \$4,905,000 | | \$1,905,000 (s) | \$0 | 295 | 12-05-95 (REAP.)(AMD. 7-13-98) | |
| | TOTALS | \$17,455,502 | | \$8,710,618 | \$404,485,434 | 1,043 | | |
| <u>PROJECTS APPROVED IN FY 1995:</u> | | | | | | | | |
| 37 | HENDERSON, CITY OF (phase 1) | \$7,445,372 | | \$3,188,731 (c) | \$0 | 1,500 | 08-30-94 (AMD. 7-5-96) | |
| | (phase 2) | | | \$581,512 (c) | \$0 | | 08-30-94 | |
| * 38 | WEBSTER COUNTY WATER DISTRICT | \$1,268,460 | | \$638,000 (c) | \$0 | 58 | 05-30-95 | |
| | TOTALS | \$8,713,832 | | \$4,408,243 | \$0 | 1,558 | | |
| <u>PROJECTS APPROVED IN FY 1996:</u> | | | | | | | | |
| * 39 | OAK GROVE, CITY OF | \$787,990 | | \$498,295 (c) | \$0 | 134 | 05-14-96 | |
| 40 | MOUNT STERLING, CITY OF | \$2,467,009 | | \$2,467,009 (c) | \$0 | 400 | 05-14-96 | |
| | TOTALS | \$3,254,999 | | \$2,965,304 | \$0 | 534 | | |
| <u>PROJECTS APPROVED IN FY 1997:</u> | | | | | | | | |
| 41 | CORBIN, CITY OF | \$583,878 | | \$300,000 (c) | \$0 | 30 | 8-29-96 | |
| 42 | HICKORY WATER DISTRICT | \$1,028,000 | | \$528,000 (c) | \$0 | 95 | 12-4-96 (REAP. 9-1-98) | |
| | TOTALS | \$1,611,878 | | \$828,000 | \$0 | 125 | | |
| <u>PROJECTS APPROVED IN FY 1998:</u> | | | | | | | | |
| * 42 | PRESTONSBURG, CITY OF | \$4,392,500 | | \$600,000 (c) | \$0 | 77 | 2-26-98 \$50M inc. app. 2-5-99 | |
| * 43 | PAINTSVILLE, CITY OF | \$8,070,950 | | \$1,772,800 (c) | \$0 | 400 | 2-26-98 (REAP. 12-10-99) | |
| | TOTALS | \$12,463,450 | | \$2,372,800 | \$0 | 477 | | |
| <u>PROJECTS APPROVED IN FY 1999:</u> | | | | | | | | |
| * 44 | HARDINSBURG, CITY OF | \$5,239,680 | | \$131,231 (c) | \$0 | 14 | 7-13-98 | |
| * 45 | PRESTONSBURG, CITY OF | \$1,591,200 | | \$795,600 (c) | \$0 | 400 | 4-27-99 | |
| | TOTALS | \$6,830,880 | | \$926,831 | \$0 | 414 | | |
| <u>PROJECTS APPROVED IN FY 2000:</u> | | | | | | | | |
| * 46 | GALLATIN CO WATER DISTRICT | \$1,100,000 | | \$744,796 (c) | \$95,000,000 | 130 | 09/01/1999; AMD 4/4/00 | |
| * 47 | CARROLTON, CITY OF (CELOTEX) | \$184,300 | | \$112,200 (c) | \$75,000,000 | 122 | 12/10/1999; AMD 9/1/01 | |
| | TOTALS | \$1,284,300 | | \$856,996 | \$170,000,000 | 122 | | |
| <u>PROJECTS APPROVED IN FY2005:</u> | | | | | | | | |
| * 48 | UNION COUNTY FISCAL COURT | \$1,550,000 | | \$0 | \$0 NA | | 11/04/2004 commitment expired | |
| * 40 | OWENTON, CITY OF | \$736,890 | | \$0 | \$0 NA | | 11/04/2004 commitment expired | |
| * 41 | HART CO FISCAL COURT | \$3,192,000 | | \$2,170,999 | \$0 NA | | 03/03/2005 | |
| * 42 | BOONE COUNTY WATER DISTRICT | \$3,548,148 | | \$2,506,118 (c) | \$0 NA | 6/2/05; 7/1/10 | assumed from Boone Co FC | |
| | TOTALS | \$9,027,038 | | \$4,677,117 | \$0 | | | |
| <u>PROJECTS APPROVED IN FY2006:</u> | | | | | | | | |
| * 43 | GRAVES CO WATER DISTRICT | \$596,776 | | \$596,776 (c) | \$0 NA | | 1/1/2005; 7/26/06; 10/2/08 Assumed from Fancy Farm WD | |
| * 44 | GRAVES CO WATER DISTRICT | \$152,176 | | \$152,176 (c) | \$0 NA | | 9/1/2005; 10/2/08 Assumed from Fancy Farm WD | |
| * 45 | WESTERN MASON SANITATION DIST | \$4,644,000 | | \$560,272 (c) | \$0 NA | | 12/01/2005 | |
| * 46 | BONNIEVILLE, CITY OF | \$3,160,000 | | \$0 | \$0 NA | | 12/01/2005 commitment expired | |
| * 47 | Elkton, City of | \$808,000 | | \$808,000 | \$0 NA | | 03/02/2006 | |
| * 48 | MT VERNON, CITY OF | \$2,055,000 | | \$945,000 (c) | \$0 NA | | 05/04/2006 | |
| | TOTALS | \$11,415,953 | | \$3,062,225 | \$0 | | | |
| <u>PROJECTS APPROVED IN FY2007:</u> | | | | | | | | |
| * 49 | GUTHRIE, CITY OF | \$640,000 | | \$0 | \$0 NA | | 08/03/2006 Withdrawn | |
| * 50 | OWINGSVILLE, CITY OF | \$4,367,250 | | \$797,250 (c) | \$0 NA | | 2006;10/01/2009 338,997 ln; 50,000 grant | |
| * 51 | JAMESTOWN, CITY OF | \$13,065,000 | | \$3,588,700 (c) | \$0 NA | | 12/07/2006 3,038,700 ln; 550,000 grant | |
| * 52 | CONNECTGRADD | \$2,400,000 | | \$1,200,000 | \$0 NA | | 02/08/2007 broadband | |
| * 53 | ALBANY, CITY OF | \$7,366,000 | | \$750,000 | \$0 NA | | 05/10/2007 EO 2007-298 GF | |
| * 54 | GRAVES CO WATER DISTRICT | \$849,154 | | \$849,154 (c) | \$0 NA | | 5/10/2007; 10/2/08 S Graves WD | |
| | TOTALS | \$28,687,403 | | \$7,185,103 | \$0 | | | |

| | TOTAL INFRASTRUCTURE AMOUNT | KIA GRANT AMOUNT | KIA Loan AMOUNT | GENERATED PRIVATE INVESTMENT | JOBS CREATED | DATE APPROVED | COMMENTS |
|-------------------------------------|--------------------------------------|------------------------|-----------------------|------------------------------------|------------------------|-------------------|--------------------------------|
| PROJECTS APPROVED IN FY2008: | | | | | | | |
| * 55 | CAVELAND ENVIRONMENTAL | \$2,910,000 | | \$125,000 | \$0 NA | 09/06/2007 | sewer |
| * 56 | HOPKINSVILLE ELECT & EN NET | \$3,000,000 | | \$3,000,000 | \$0 NA | 10/04/2007 | fiber optic communications |
| * 57 | MARION CO WATER DISTRICT | \$750,000 | | \$340,000 | \$0 NA | 10/04/2007 | water |
| * 58 | WILLIAMSBURG, CITY OF | \$3,237,440 | | \$400,000 (c) | \$0 NA | 10/04/2007 | water |
| * 59 | LOGAN TODD REG WAT COMM | \$1,500,000 | | \$400,000 (c) | \$0 NA | 11/01/2007 | water |
| * 60 | BURGIN, CITY OF | \$50,000 | | \$50,000 (c) | \$0 NA | 11/01/2007 | water |
| 61 | PRESTONSBURG, CITY OF | \$2,700,000 | | \$2,700,000 (c) | \$0 NA | 12/06/2007 | purchase Auxier Water |
| 62 | GLASGOW, CITY OF | \$1,200,000 | | \$1,200,000 (c) | \$0 NA | 2/7/2008; 10/9/08 | broadband |
| 63 | LANCASTER, CITY OF | \$690,000 | | \$490,000 (c) | \$0 NA | 03/06/2008 | sewer |
| 64 | WHITLEY CO WATER DISTRICT | \$2,708,000 | | \$848,000 | \$0 NA | 3/6/08; 7/27/11 | water |
| 65 | HINDMAN, CITY OF | \$500,000 | | \$500,000 (c) | \$0 NA | 04/03/2008 | water |
| 66 | WALTON, CITY OF | \$4,000,000 | | \$1,000,000 (c) | \$0 NA | 06/05/2008 | sewer |
| TOTALS | | \$23,245,440 | | \$11,053,000 | \$0 | | |
| PROJECTS APPROVED IN FY2009: | | | | | | | |
| 67 | CARROLLTON, CITY OF | \$2,949,731 | | \$900,000 | \$0 NA | 8/7/08; 12/8/11 | sewer |
| 68 | LOUISA, CITY OF | \$1,075,000 | | \$1,000,000 | \$0 NA | 08/07/2008 | sewer |
| 69 | PRESTONSBURG, CITY OF | \$841,000 | | \$841,000 (c) | \$0 NA | 10/02/2008 | water meters |
| 70 | LEBANON, CITY OF | \$1,119,707 | | \$582,883 (c) | \$0 NA | 12/04/2008 | water |
| 71 | MuniNet | \$2,500,000 | | \$2,500,000 | \$0 NA | 06/25/09; 4/7/11 | broadband; assumed from Murray |
| 72 | PINEVILLE, CITY OF | \$350,000 | | \$0 | \$0 NA | 06/25/2009 | sewer - withdrawn 9/24/09 |
| TOTALS | | \$8,835,438 | | \$5,823,883 | \$0 | | |
| PROJECTS APPROVED IN FY2010: | | | | | | | |
| 73 | Prestonsburg, City of | \$2,670,000 | | \$0 | \$0 NA | 10/01/2009 | sewer |
| 74 | Falmouth, City of | \$564,835 | | \$564,835 | \$0 NA | 10/01/2009 | sewer |
| 75 | Bullitt Co Sanitation District | \$500,000 | | \$500,000 | \$0 NA | 02/04/2010 | sewer |
| 76 | Hart Co Industrial Authority | \$2,300,000 | | \$1,000,000 | \$3,000,000 | 40 | 02/04/2010 sewer |
| 77 | Marshall Co. Fiscal Court | \$1,000,000 | \$800,000 | \$200,000 | \$0 NA | | 06/03/2010 80% grant/ 20% loan |
| TOTALS | | \$7,034,835 | \$800,000 | \$2,264,835 | \$3,000,000 | 40 | |
| PROJECTS APPROVED IN FY2011: | | | | | | | |
| 78 | Bullitt Co Sanitation District | \$500,000 | \$0 | \$500,000 | \$0 NA | 08/05/2010 | sewer |
| 79 | Greenville, City of | \$1,115,000 | \$0 | \$1,115,000 | \$0 NA | 10/14/2010 | sewer |
| 80 | Marion, City of | \$2,100,000 | \$0 | \$1,246,754 | \$0 NA | 10/14/2010 | water |
| 81 | Princeton, City of | \$430,645 | \$0 | \$430,645 | \$0 NA | 12/9/10; 7/1/11 | sewer |
| 82 | Bracken Co Water District | \$475,000 | \$380,000 | \$95,000 | \$0 NA | 12/09/2010 | water |
| 83 | Caneyville, City of | \$445,000 | \$0 | \$110,000 | \$0 NA | 12/09/2010 | sewer |
| 84 | Crab Orchard, City of | \$1,660,000 | \$400,000 | \$410,000 | \$0 NA | 12/09/2010 | water |
| 85 | Flatwoods, City of | \$887,500 | \$468,000 | \$117,000 | \$0 NA | 02/03/2011 | |
| 86 | Graves County Water District | \$1,111,266 | \$220,000 | \$780,000 | \$0 NA | 02/03/2011 | |
| 87 | Mt. Washington, City of | \$700,000 | \$560,000 | \$140,000 | \$0 NA | 02/03/2011 | |
| 88 | White Plains, City of | \$657,000 | \$525,600 | \$131,400 | \$0 NA | 02/03/2011 | |
| 89 | Beattyville, City of | \$675,000 | \$140,000 | \$35,000 | \$0 NA | 03/03/2011 | water |
| 90 | Elkton, City of | \$141,700 | \$0 | \$141,700 | \$0 NA | 03/03/2011 | water |
| 91 | Nicholas County Sanitation District | \$2,641,000 | \$0 | \$550,000 | \$0 NA | 03/03/2011 | sewer |
| 92 | North McLean Co WD | \$737,871 | \$200,000 | \$50,000 | \$0 NA | 03/03/2011 | water |
| 93 | MuniNet | \$2,033,947 | \$0 | \$2,033,947 | \$0 NA | 04/07/2011 | broadband |
| TOTALS | | \$16,310,929 | \$2,893,600 | \$7,886,446 | \$0 | | |
| PROJECTS APPROVED IN FY2012: | | | | | | | |
| 94 | Crittenden-Livingston Water District | \$300,000 | \$0 | \$300,000 | \$0 NA | 08/04/2011 | water |
| 95 | <i>Lewisburg, City of</i> | <i>\$220,000</i> | <i>\$0</i> | <i>\$220,000</i> | <i>\$0 NA</i> | <i>03/01/2012</i> | <i>water</i> |
| 96 | <i>Olive Hill, City of</i> | <i>\$505,000</i> | <i>\$0</i> | <i>\$505,000</i> | <i>\$0 NA</i> | <i>03/01/2012</i> | <i>water</i> |
| TOTALS | | \$1,025,000 | \$0 | \$1,025,000 | \$0 | | |
| GRAND TOTALS | | \$206,980,426 | \$3,693,600 | \$93,976,655 | \$1,189,400,723 | 11216 | |

bold, italics - pending board approval

* Bonds have not been sold for these projects

+ Projects were funded under the master note

(c) - Final amounts; Loan has been closed

(s) - Amount represented in the assistance agreement

| | |
|-----------------------------------|---------------------|
| TOTAL AUTHORIZATION FYS 1991-94 | \$6,000,000 |
| TOTAL DEAUTHORIZATION FYS 95-96 | (\$78,822) |
| TOTAL AUTHORIZATION FYS 1997-98 | \$0 |
| TOTAL AUTHORIZATION FYS 1998-2000 | \$13,000,000 (rf) |
| TOTAL AUTHORIZATION FYS 2001-2002 | \$3,925,000 (rf) |
| | <u>\$22,846,178</u> |

**KENTUCKY INFRASTRUCTURE AUTHORITY
WATER RESOURCES GRANT----- (FUND B1)**

| TOTAL INFRASTRUCTURE AMOUNT | KIA AMOUNT | DATE APPROVED | COMMENTS |
|-----------------------------------|---------------|------------------|----------|
|-----------------------------------|---------------|------------------|----------|

PROJECTS APPROVED JULY 1, 1991 THROUGH JUNE 30, 1992:

| | | | | |
|--|----------------------------|---------------------------|---------|----------------|
| 1 ELKHORN WATER DISTRICT | \$383,000 | \$151,233 (c) | 9-16-91 | |
| 2 BEAVER-ELKHORN WATER DISTRICT (PH II) | \$2,262,200 | \$1,383,547 (c) | 9-16-91 | (REAP. 5-5-93) |
| 3 BEAVER-ELKHORN WATER DISTRICT (PH III) | \$3,386,325 | \$616,453 (c) | 9-16-91 | (REAP. 5-5-93) |
| 4 WACO WATER DISTRICT | \$304,525 | \$300,000 (c) | 9-16-91 | |
| 5 NORTH MERCER WATER DISTRICT | \$1,833,000 | \$500,000 (c) | 9-16-91 | |
| 6 WEBSTER COUNTY WATER DISTRICT | \$2,269,500 | \$1,500,000 (c) | 9-16-91 | |
| 7 ANDERSON COUNTY | \$361,638 | \$270,000 (c) | 9-16-91 | |
| 8 GEORGETOWN, CITY OF | \$3,474,350 | \$400,000 (c) | 9-16-91 | |
| 9 LYNCH, CITY OF | \$502,500 | \$499,945 (c) | 9-16-91 | |
| TOTALS | <u>\$14,777,038</u> | <u>\$5,621,178</u> | | |

PROJECTS APPROVED JULY 1, 1992 THROUGH JUNE 30, 1994:

| | | | | |
|---|-------------------------|-------------------------|----------|----------------|
| 10 DAVIESS COUNTY FISCAL COURT (East Daviess County Water Association) | \$300,000 | \$300,000 (c) | 11-12-92 | (AMD. 9-29-93) |
| TOTALS | <u>\$300,000</u> | <u>\$300,000</u> | | |

PROJECTS PER SPECIAL PROVISIONS DURING 1998 GENERAL SESSION

| | | | | |
|------------------------------|----------------------------|---------------------------------|------------|--|
| 11 MEADE COUNTY FISCAL COURT | \$4,204,225 | \$2,500,000 | 12/18/1998 | |
| 12 CITY OF RICHMOND | \$8,400,000 | \$4,000,000 | 09/01/1998 | |
| 13 CITY OF MIDWAY | \$4,760,971 | \$3,500,000 | 06/06/2000 | |
| 14 CITY OF HINDMAN | \$3,000,000 | \$3,000,000 | 07/28/1999 | |
| TOTALS | <u>\$20,365,196</u> | <u>\$13,000,000</u> (rf) | | |

PROJECTS APPROVED JULY 1, 1998 THROUGH JUNE 30, 1999:

| | | | | |
|----------------------------------|---------------------------|-----------------------|---------|--|
| 15 WATER RESOURCE DEV COMMISSION | \$1,053,000 | 753,000 (rf) | 4-27-99 | |
| TOTALS | <u>\$1,053,000</u> | <u>753,000</u> | | |

PROJECTS PER SPECIAL PROVISIONS DURING 2000 GENERAL SESSION

| | | | | |
|---|----------------------------|---------------------------------|----------------------|--|
| 16 HORTON CAMP INF AT GREEN RIVER ST PARK | 650,000.00 | 650,000.00 | 06/06/2000 | |
| 17 FLEMING CO WATER COMM | 75,000.00 | 75,000.00 | 02/01/2001 (AA date) | |
| 18 FLEMING CO '201' SEWER PLANNING | 50,000.00 | 50,000.00 | 10/01/2001 (AA date) | |
| 19 CITY OF WURLAND | 25,000.00 | 25,000.00 | 10/01/2001 (AA date) | |
| 20 SPURLOCK & LITTLE MUD CREEK | 300,000.00 | 300,000.00 | 08/17/2001 (AA date) | |
| 21 PIKE COUNTY - TAYLOR FORK | 50,000.00 | 50,000.00 | 08/06/2001 (AA date) | |
| 22 SOUTHERN MADISON WATER DISTRICT | 200,000.00 | 200,000.00 | 03/01/2001 (AA date) | |
| 23 HENDERSON CO WATER DISTRICT | 500,000.00 | 500,000.00 | 08/20/2001 (AA date) | |
| 24 LEWIS CO WATER & SEWER | 500,000.00 | 500,000.00 | 11/22/2000 | |
| 25 GREEN CO WATER & SEWER | 500,000.00 | 500,000.00 | 08/06/2001 (AA date) | |
| 26 LARUE COUNTY FISCAL COURT | 750,000.00 | 750,000.00 | 08/06/2001 (AA date) | |
| 27 CARROL COUNTY FISCAL COURT | 250,000.00 | 250,000.00 | 08/01/2001 (AA date) | |
| 28 CITY OF RACELAND | 25,000.00 | 25,000.00 | 09/21/2001 (AA date) | |
| 29 CITY OF WORTHINGTON | 25,000.00 | 25,000.00 | 08/06/2001 (AA date) | |
| 30 CITY OF FLATWOODS | 25,000.00 | 25,000.00 | 10/01/2001 (AA date) | |
| TOTALS | <u>3,925,000.00</u> | <u>3,925,000.00</u> (rf) | | |

| TOTAL INFRASTRUCTURE AMOUNT | KIA AMOUNT | DATE APPROVED | COMMENTS |
|-----------------------------------|---------------|------------------|----------|
|-----------------------------------|---------------|------------------|----------|

PROJECTS APPROVED JULY 1, 2001 THROUGH JUNE 30, 2002:

| | | | | | |
|----|---|------------|--------------|-------------|------------|
| 31 | Columbia-Campbellsville | WX21001008 | \$3,415,000 | \$55,000 | 12/06/2001 |
| 32 | Bath County Water District | WX21011002 | \$2,253,000 | \$1,150,000 | 12/06/2001 |
| 33 | City of Paris | WX21017002 | \$2,300,000 | \$1,000,000 | 12/06/2001 |
| 34 | City of Ashland | WX21019006 | \$2,362,626 | \$750,000 | 12/06/2001 |
| 35 | Bracken County Water District | WX21023001 | \$1,810,000 | \$93,500 | 12/06/2001 |
| 36 | City of Murray | WX21035005 | \$1,126,000 | \$0 | 12/06/2001 |
| 37 | Center Ridge Water District | WX21035011 | \$262,200 | \$262,200 | 12/06/2001 |
| 38 | West Carroll Water District | WX21041301 | \$2,200,000 | \$500,000 | 12/06/2001 |
| 39 | Rattlesnake Ridge Water District | WX21043001 | \$4,130,000 | \$440,000 | 12/06/2001 |
| 40 | Christian County Water District | WX21047011 | \$2,200,000 | \$1,000,000 | 12/06/2001 |
| 41 | Owensboro Municipal Utilities | WX21059001 | \$2,500,000 | \$1,000,000 | 12/06/2001 |
| 42 | Consumers Water District | WX21083002 | \$1,117,868 | \$1,000,000 | 12/06/2001 |
| 43 | City of Caneyville | WX21085001 | \$486,000 | \$186,000 | 12/06/2001 |
| 44 | Grayson County Water District | WX21085009 | \$2,878,000 | \$1,000,000 | 12/06/2001 |
| 45 | City of Cumberland | WX21095662 | \$1,600,000 | \$400,000 | 12/06/2001 |
| 46 | Henderson Water Utility | WX21101005 | \$600,000 | \$600,000 | 12/06/2001 |
| 47 | Wood Creek water District | WX21125527 | \$350,364 | \$350,364 | 12/06/2001 |
| 48 | Louisa Water District | WX21127001 | \$5,570,570 | \$1,000,000 | 12/06/2001 |
| 49 | Electric Plant Board of the City of Vanceburg | WX21135001 | \$4,077,000 | \$977,000 | 12/06/2001 |
| 50 | City of Sacramento | WX21149002 | \$150,000 | \$150,000 | 12/06/2001 |
| 51 | Western Lewis Rectorville Water District | WX21161001 | \$1,399,000 | \$275,000 | 12/06/2001 |
| 52 | Edmonton Water Works | WX21169001 | \$2,222,782 | \$595,782 | 12/06/2001 |
| 53 | Tri-Village Water District | WX21187205 | \$1,800,000 | \$800,000 | 12/06/2001 |
| 54 | City of Falmouth | WX21191311 | \$1,000,000 | \$300,000 | 12/06/2001 |
| 55 | City of Hazard | WX21193009 | \$5,500,000 | \$250,000 | 12/06/2001 |
| 56 | Buffalo Trail Water Association | WX21201005 | \$1,500,000 | \$750,000 | 12/06/2001 |
| 57 | US 60 Water District | WX21211026 | \$1,375,000 | \$650,000 | 12/06/2001 |
| 58 | Taylorville Water Works | WX21215087 | \$3,500,000 | \$430,400 | 12/06/2001 |
| 59 | Campbellsville-Greensburg | WX21217004 | \$3,181,900 | \$0 | 12/06/2001 |
| 60 | Cadiz-Trigg County Regional Water Commissio | WX21221002 | \$14,000,000 | \$70,000 | 12/06/2001 |
| 61 | City of Midway | WX21239003 | \$766,000 | \$150,000 | 12/06/2001 |
| 62 | City of Booneville | WX21189002 | \$687,000 | \$130,000 | 06/06/2002 |

TOTALS \$78,320,310 \$16,315,246 (rif)

PROJECTS APPROVED JULY 1, 2006 THROUGH JUNE 30, 2007:

| | | | | | |
|----|-----------------------------------|--|-----------|-----------|------------------|
| 63 | Knott Co Water & Sewer | | \$500,000 | \$500,000 | 10/05/2006 |
| 64 | Bath Co WD | | \$514,340 | \$250,000 | 12/07/2006 |
| 65 | Western Pulaski Co Water District | | \$620,000 | \$620,000 | 5/10/07; 6/21/07 |
| 66 | City of Harlan | | \$200,000 | \$200,000 | 06/21/2007 |

TOTALS \$1,834,340 \$1,570,000 (rif)

PROJECTS APPROVED IN FY2008:

| | | | | | |
|----|------------------------------|--|-----------|-----------|------------|
| 67 | City of Arlington | | \$190,750 | \$190,750 | 07/19/2007 |
| 68 | City of Elkton | | \$200,000 | \$200,000 | 07/19/2007 |
| 69 | City of Georgetown | | \$80,000 | \$80,000 | 07/19/2007 |
| 70 | Morehead Utility Plant Board | | \$373,900 | \$373,900 | 07/19/2007 |

TOTALS \$844,650 \$844,650

GRAND TOTALS \$121,419,534 \$41,484,424

bold, italics - pending board approval

(s) - Amount represented in the assistance agreement

(c) - Grant has been closed.

(rif) - To be funded out of the revolving loan funds

**KENTUCKY INFRASTRUCTURE AUTHORITY
WATER RESOURCES LOAN ----- (FUND B2)
GATEWAY, BIG SANDY, KENTUCKY RIVER AND CUMBERLAND VALLEY DEVELOPMENT DISTRICTS**

| | |
|-----------------------------------|----------------------------|
| TOTAL AUTHORIZATION FYS 1991-94 | \$30,000,000 |
| TOTAL DEAUTHORIZATION FYS 1995-96 | (\$1,716,586) |
| TOTAL AUTHORIZATION FYS 1997-98 | \$0 |
| TOTAL AUTHORIZATION FYS 1998-99 | \$0 |
| TOTAL 1991 - 1998 | <u>\$28,283,414</u> |

| TOTAL INFRASTRUCTURE AMOUNT | KIA AMOUNT | INTEREST RATE | AREA DEVELOPMENT DISTRICT | DATE APPROVED | COMMENTS |
|-----------------------------------|---------------|------------------|---------------------------------|------------------|----------|
|-----------------------------------|---------------|------------------|---------------------------------|------------------|----------|

PROJECTS APPROVED JULY 1, 1991 THROUGH JUNE 30, 1992:

| | | | | | | | |
|---------------|--|----------------------------|----------------------------|-------|--------------|----------|---|
| 1 | MOUNTAIN WATER DISTRICT (Indian Creek) | \$2,712,760 | \$337,760 (c) | 3.0% | BIG SANDY | 07-24-91 | |
| 2 | MARTIN COUNTY WATER DISTRICT NO. 2 | \$2,481,566 | \$1,329,826 (c) | 3.0% | BIG SANDY | 09-16-91 | (REAP. 5-5-93) |
| 3 | HYDEN / LESLIE CO. WATER DISTRICT | \$2,196,941 | \$1,965,619 (c) | 3.0% | KY. RIVER | 09-16-91 | |
| 4 | SOUTHERN WATER & SEWER (Phase I) | \$1,045,700 | \$514,888 (c) | 3.0% | BIG SANDY | 09-16-91 | (REAP. 1-29-93), Assumed from Beaver Elkhorn 12-21-00 |
| 5 | SOUTHERN WATER & SEWER (Phase II) | \$2,262,200 | \$847,982 (c) | 3.0% | BIG SANDY | 09-16-91 | (REAP. 5-5-93), Assumed from Beaver Elkhorn 12-21-00 |
| 6 | SOUTHERN WATER & SEWER (Phase III) | \$3,386,325 | \$2,831,354 (c) | 3.0% | BIG SANDY | 09-16-91 | (REAP. 5-5-93 & 2-2-95), Assumed from Beaver Elkhorn 12-21-00 |
| 7 | MANCHESTER, CITY OF | \$1,766,705 | \$970,439 (c) | 2.9% | CUMB. VALLEY | 11-01-91 | |
| 8 | MOREHEAD, CITY OF | \$449,442 | \$359,646 (c) | 2.9% | GATEWAY | 11-01-91 | |
| 9 | MOUNTAIN WATER DISTRICT (Multi-Area) | \$5,165,093 | \$5,165,093 (c) | 2.9% | BIG SANDY | 11-01-91 | |
| 10 | PIKEVILLE, CITY OF | \$903,718 | \$897,868 (c) | 2.9% | BIG SANDY | 11-01-91 | |
| 11 | PINEVILLE, CITY OF | \$829,099 | \$829,099 (c) | 2.9% | CUMB. VALLEY | 11-01-91 | |
| 12 | BARBOURVILLE, CITY OF | \$4,500,000 | \$1,924,831 (c) | 2.9% | CUMB. VALLEY | 11-01-91 | |
| 13 | CORBIN, CITY OF | \$1,449,838 | \$833,000 (c) | 2.9% | CUMB. VALLEY | 12-04-91 | |
| 14 | PRESTONSBURG, CITY OF | \$2,173,278 | \$1,960,288 (c) | 2.9% | BIG SANDY | 12-04-91 | |
| 15 | HARLAN, CITY OF | \$1,434,170 | \$1,434,170 (c) | 2.9% | CUMB. VALLEY | 12-04-91 | |
| 16 | WHITESBURG, CITY OF | \$1,332,179 | \$932,179 (c) | 2.7% | KY. RIVER | 05-13-92 | |
| 17 | CLAY COUNTY FISCAL COURT (North Manchester Water Association) | \$2,805,321 | \$2,621,001 (c) | 2.95% | CUMB. VALLEY | 05-13-92 | |
| 18 | ROCKCASTLE COUNTY FISCAL COURT (Western Rockcastle Water Association) | \$778,500 | \$364,572 (c) | 2.95% | CUMB. VALLEY | 05-13-92 | |
| TOTALS | | <u>\$37,672,835</u> | <u>\$26,119,616</u> | | | | |

PROJECTS APPROVED JULY 1, 1992 THROUGH JUNE 30, 1993:

| | | | | | | | |
|---------------|---|---------------------------|---------------------------|-------|-----------|----------|--|
| 19 | JACKSON COUNTY FISCAL COURT (Jackson County Water Association) | \$1,858,645 | \$1,792,633 (c) | 2.45% | KY. RIVER | 11-12-92 | |
| TOTALS | | <u>\$1,858,645</u> | <u>\$1,792,633</u> | | | | |

PROJECTS APPROVED JULY 1, 1993 THROUGH JUNE 30, 1994:

| | | | | | | | |
|---------------------|------------------------------------|----------------------------|----------------------------|------|--------------|---------|-----------------|
| 20 | LAUREL COUNTY WATER DISTRICT NO. 2 | \$1,324,000 | \$450,000 (c) | 1.6% | CUMB. VALLEY | 5-11-94 | (REAP. 12-5-95) |
| TOTALS | | <u>\$1,324,000</u> | <u>\$450,000</u> | | | | |
| GRAND TOTALS | | <u>\$40,855,480</u> | <u>\$28,362,249</u> | | | | |

(s) - Amount represented in the assistance agreement.
(c) - Final Amount; Loan has been closed.

**KENTUCKY INFRASTRUCTURE AUTHORITY
GOVERNMENTAL AGENCIES PROGRAM ----- (FUND C)**

| | TOTAL PROJECT AMOUNT | KIA AMOUNT | DATE APPROVED | COMMENTS | |
|---|--------------------------------------|---------------------|---------------------|----------|--|
| ORIGINAL KENTUCKY POLLUTION ABATEMENT AUTHORITY LOANS (42) REFINANCED BY THE KENTUCKY INFRASTRUCTURE AUTHORITY (1989) \$32,025,000 | | | | | |
| <u>PROJECTS APPROVED IN FY 1989:</u> | | | | | |
| 1 | CAMPBELLSVILLE, CITY OF | \$3,450,000 | \$2,500,000 | (c) | |
| 2 | CARLISLE, CITY OF | \$3,958,731 | \$1,764,950 | (c) | |
| 3 | CRITTENDEN, CITY OF | \$1,725,300 | \$913,800 | (c) | |
| 4 | EDMONTON, CITY OF | \$740,728 | \$505,728 | (c) | |
| 5 | FULTON, CITY OF | \$1,200,000 | \$380,000 | (c) | |
| 6 | INEZ, CITY OF | \$5,692,657 | \$825,477 | (c) | |
| 7 | PADUCAH-MCCRACKEN JOINT SEWER COI | \$1,844,500 | \$1,844,500 | (c) | ASSUMED FROM CITY OF PADUCAH |
| 8 | RUSSELL, CITY OF | \$2,851,000 | \$2,851,000 | (c) | |
| 9 | STANFORD, CITY OF | \$1,782,000 | \$590,000 | (c) | |
| 10 | TOMPKINSVILLE, CITY OF | \$720,000 | \$445,000 | (c) | |
| 11 | WEST LIBERTY, CITY OF | \$3,086,995 | \$1,805,854 | (c) | |
| 12 | HARDIN COUNTY WATER DISTRICT #2 | \$3,597,502 | \$932,502 | (c) | |
| 13 | PADUCAH-MCCRACKEN JOINT SEWER COI | \$1,528,626 | \$1,528,626 | (c) | ASSUMED FROM MCCRACKEN CO SEWER |
| 14 | PADUCAH-MCCRACKEN JOINT SEWER COI | \$2,099,125 | \$2,099,125 | (c) | ASSUMED FROM MCCRACKEN CO SEWER |
| 15 | OLDHAM COUNTY WATER DISTRICT | \$1,191,282 | \$1,330,500 | (c) | |
| 16 | LOUISVILLE WATER COMPANY | \$2,593,497 | \$1,094,330 | (c) | ASSUMED FROM KENTUCKY TURNPIKE WATER DISTRICT 3/7/02 |
| | TOTALS | \$38,061,943 | \$21,411,392 | | |
| <u>PROJECTS APPROVED IN FY 1990:</u> | | | | | |
| 17 | BULLOCK-PEN WATER DISTRICT | \$779,649 | \$399,049 | (c) | 08-07-89 |
| 18 | BOYD COUNTY SANITATION DISTRICT #2 | \$2,525,506 | \$1,477,350 | (c) | 08-07-89 (AMD. 8-16-90 & 12-4-91) |
| 19 | FLEMINGSBURG, CITY OF | \$1,218,286 | \$1,066,000 | (c) | 08-07-89 |
| 20 | FRANKLIN, CITY OF | \$695,690 | \$687,204 | (c) | 05-03-89 (AMD. 8-7-89) |
| 21 | PINEVILLE, CITY OF | \$3,099,590 | \$308,767 | (c) | 09-27-89 |
| 22 | EDMONSON COUNTY WATER DISTRICT | \$860,117 | \$507,767 | (c) | 12-13-89 |
| 23 | HENDERSON COUNTY WATER DISTRICT # | \$581,609 | \$550,000 | (c) | 12-13-89 (AMD. 6-20-91) |
| 24 | EAST LOGAN COUNTY WATER DISTRICT | \$1,253,120 | \$514,303 | (c) | 12-13-89 |
| 25 | MCKEE, CITY OF | \$562,789 | \$185,289 | (c) | 04-25-90 |
| | TOTALS | \$11,576,356 | \$5,695,729 | | |
| <u>PROJECTS APPROVED IN FY 1991:</u> | | | | | |
| 26 | U.S. 60 WATER DISTRICT | \$391,065 | \$202,400 | (c) | 08-16-90 |
| 27 | EDMONTON, CITY OF | \$727,621 | \$502,621 | (c) | 08-16-90 |
| 28 | MUNFORDVILLE, CITY OF | \$107,320 | \$100,850 | (c) | 09-26-90 |
| 29 | LEXINGTON-SOUTH ELKHORN WATER DIS | \$1,750,000 | \$1,712,000 | (c) | 03-28-91 |
| 30 | PADUCAH-MCCRACKEN JOINT SEWER COI | \$583,445 | \$450,884 | (c) | 03-28-91 ASSUMED FROM REIDLAND WSD |
| 31 | SOUTH GRAVES COUNTY WATER DISTRICT | \$728,605 | \$728,605 | (c) | 06-20-91 (REAP. 12-17-92)(AMD. 11-10-97)(AMD 8-7-03) |
| 32 | TRIMBLE COUNTY WATER DISTRICT | \$342,103 | \$328,603 | (c) | 06-20-91 (REAP. 9-16-91) |
| 33 | HENDERSON COUNTY WATER DISTRICT # | \$633,013 | \$325,000 | (c) | 06-20-91 |
| | TOTALS | \$5,263,172 | \$4,350,963 | | |
| <u>PROJECTS APPROVED IN FY 1992:</u> | | | | | |
| 34 | TOMPKINSVILLE, CITY OF | \$648,200 | \$306,200 | (c) | 07-24-91 |
| 35 | WALTON, CITY OF | \$140,577 | \$140,577 | (c) | 07-24-91 |
| 36 | WILMORE, CITY OF | \$745,155 | \$228,355 | (c) | 09-16-91 |
| 37 | EDMONSON COUNTY WATER DISTRICT | \$197,959 | \$92,747 | (c) | 09-16-91 |
| 38 | HENDRON WATER DISTRICT | \$596,100 | \$556,100 | (c) | 11-01-91 |
| 39 | BULLOCK-PEN WATER DISTRICT | \$1,067,019 | \$518,169 | (c) | 11-01-91 |
| 40 | U.S. 60 WATER DISTRICT | \$494,603 | \$459,905 | (c) | 12-04-91 |
| 41 | FULTON, CITY OF | \$409,587 | \$384,508 | (c) | 05-13-92 |
| 42 | BULLOCK-PEN WATER DISTRICT | \$62,111 | \$29,254 | (c) | 05-13-92 |
| | TOTALS | \$4,361,311 | \$2,715,815 | | |
| <u>PROJECTS APPROVED IN FY 1993:</u> | | | | | |
| 43 | GEORGETOWN, CITY OF | \$554,870 | \$162,870 | (c) | 11-12-92 (AMD. 6-29-94)(Assumed from Stamping Ground 3/2/06) |
| 44 | PIKEVILLE, CITY OF | \$1,317,639 | \$419,771 | (c) | 11-12-92 |
| 45 | NORTH MARSHALL COUNTY WATER DISTRICT | \$1,414,199 | \$1,414,199 | (c) | 12-17-92 |
| 46 | TAYLORSVILLE, CITY OF | \$188,000 | \$188,000 | (c) | 03-03-93 |
| 47 | WURLAND, CITY OF | \$336,885 | \$264,145 | (c) | 05-05-93 |
| | TOTALS | \$3,811,593 | \$2,448,985 | | |

| | TOTAL PROJECT AMOUNT | KIA AMOUNT | | DATE APPROVED | COMMENTS |
|--------------------------------------|---|---------------------|--------------------|------------------|--|
| PROJECTS APPROVED IN FY 1994: | | | | | |
| 48 | WHITESBURG, CITY OF | \$1,701,993 | \$381,855 | (c) | 09-29-93 |
| 49 | JONATHAN CREEK WATER DISTRICT | \$2,768,000 | \$2,302,500 | (c) | 09-29-93 (AMD 9/7/03) |
| 50 | NORTHERN ROCKCASTLE COUNTY WATER DISTRICT | \$455,226 | \$265,226 | (c) | 09-29-93 |
| 51 | Shelbyville, City of | \$2,100,000 | \$697,263 | (c) | 05-11-94 Assumed from Shelby Co SD #1 |
| 52 | LAUREL COUNTY WATER DISTRICT #2 | \$1,324,000 | \$900,950 | (c) | 05-11-94 (AMD. 12-5-95) |
| | TOTALS | \$8,349,219 | \$4,547,794 | | |
| PROJECTS APPROVED IN FY 1995: | | | | | |
| 53 | CARLISLE, CITY OF | \$715,000 | \$425,895 | (c) | 11-29-94 |
| ** 54 | HENRY COUNTY WATER DISTRICT #2 | \$8,426,000 | \$5,026,000 | (s)(n) | 03-31-95 (AMD. 12-5-95) |
| 55 | CALHOUN, CITY OF | \$506,100 | \$453,299 | (c) | 5-30-95 |
| | TOTALS | \$9,647,100 | \$5,905,194 | | |
| PROJECTS APPROVED IN FY 1996: | | | | | |
| 56 | OLDHAM COUNTY WATER DISTRICT | \$1,174,500 | \$1,062,256 | (c) | 2-26-95 |
| 57 | HOPKINSVILLE, CITY OF | \$1,156,400 | \$912,970 | (c) | 12-4-96; 4-7-11 assumed from Oak Grove |
| | TOTALS | \$2,330,900 | \$1,975,226 | | |
| PROJECTS APPROVED IN FY 1997: | | | | | |
| 58 | EAST PENDLETON WATER DISTRICT | \$202,004 | \$219,856 | (c) | 6-19-97 |
| | TOTALS | \$202,004 | \$219,856 | | |
| PROJECTS APPROVED IN FY 1998: | | | | | |
| | TOTALS | \$0 | \$0 | | |
| PROJECTS APPROVED IN FY 1999: | | | | | |
| 59 | LOUISA, CITY OF | \$387,500 | \$442,857 | (c) | 7/13/98 (AMD 9-1-99) |
| * 60 | WEBSTER COUNTY WATER DISTRICT | \$6,165,911 | \$4,000,000 | (c) | 9/1/98 |
| 61 | MEADE COUNTY WATER DISTRICT | \$4,204,225 | \$407,608 | (c) | 12/18/98 |
| | TOTALS | \$10,757,636 | \$4,850,465 | | |
| PROJECTS APPROVED IN FY 2001: | | | | | |
| 62 | BARLOW, CITY OF | \$416,000 | \$237,714 | (c) | 3/1/01 |
| | TOTALS | \$416,000 | \$237,714 | | |
| PROJECTS APPROVED IN FY 2002: | | | | | |
| 63 | OLDHAM COUNTY WATER DISTRICT | \$7,043,642 | \$5,560,339 | (c) | 7/12/01 |
| | TOTALS | \$7,043,642 | \$5,560,339 | | |
| PROJECTS APPROVED IN FY 2003: | | | | | |
| * 64 | MCCREARY COUNTY FISCAL COURT | 7,996,000 | 1,474,999 | (c) | 09/05/2002 |
| * 65 | NICHOLASVILLE, CITY OF | 4,310,000 | 4,160,000 | (c) | 10/03/2002 |
| 66 | SOUTHERN WATER & SEWER | 6,874,900 | 0 | | 01/09/2003 Withdrawn - Replaced with Coal Sev |
| 67 | MEADE COUNTY WATER DISTRICT | 919,760 | 0 | | 06/05/2003 Withdrawn - Replaced with Fd F loan |
| | TOTAL | \$7,996,000 | \$5,634,999 | | |
| PROJECTS APPROVED IN FY 2004: | | | | | |
| 68 | KNOTT CO WATER & SEWER DISTRICT | \$2,628,821 | \$640,367 | | 08/07/2003 |
| * 69 | CAWOOD WATER DISTRICT | \$2,020,000 | \$500,000 | | 12/04/2003 |
| * 70 | BLACK MTN UTILITIES DISTRICT | \$2,295,000 | \$250,000 | (c) | 01/08/2004 |
| | TOTAL | \$6,943,821 | \$1,390,367 | | |
| PROJECTS APPROVED IN FY 2005: | | | | | |
| * 71 | NORTONVILLE, CITY OF | \$5,300,000 | \$2,809,000 | | 09/02/2004 |
| * 72 | JOHNSON CO FISCAL COURT | \$1,317,000 | \$0 | | 12/09/2004 Withdrawn |
| * 73 | PEAKS MILL WATER DISTRICT | \$1,626,900 | \$946,900 | (c) | 05/05/2005 |
| | TOTAL | \$8,243,900 | \$3,755,900 | | |
| PROJECTS APPROVED IN FY 2007: | | | | | |
| * 74 | MAYFIELD, CITY OF | \$393,250 | \$389,255 | (c) | 05/10/2007 |
| | TOTAL | \$393,250 | \$389,255 | | |

| | TOTAL PROJECT AMOUNT | KIA AMOUNT | DATE APPROVED | COMMENTS |
|---|--------------------------------------|-----------------------|--------------------------|---|
| <u>PROJECTS APPROVED IN FY 2008:</u> | | | | |
| * 75 | SOUTHEAST DAVIESS CO WD | \$1,219,995 | \$796,140 | 11/01/2007 water |
| * 76 | WEST DAVIESS CO WD | \$1,378,708 | \$948,348 (c) | 11/01/2007 water |
| * 77 | NORTHERN KY WATER DISTRICT | \$6,000,000 | \$6,000,000 | 06/05/2008 water |
| | TOTAL | \$8,598,703 | \$7,744,488 | |
| <u>PROJECTS APPROVED IN FY 2009:</u> | | | | |
| * 78 | UNION, CITY OF | \$1,147,500 | \$248,294 (c) | 10/02/2008 sewer |
| | TOTAL | \$1,147,500 | \$248,294 | |
| <u>PROJECTS APPROVED IN FY 2010:</u> | | | | |
| * 79 | BARDSTOWN, CITY OF | \$1,800,000 | \$1,800,000 | 10/01/2009; 8/4/2011 industrial park transmission |
| * 80 | BARDSTOWN, CITY OF | \$5,050,000 | \$3,500,000 | 10/01/2009 water |
| | TOTAL | \$6,850,000 | \$5,300,000 | |
| <u>PROJECTS APPROVED IN FY 2011:</u> | | | | |
| * 81 | Bracken Co Water District | \$621,000 | \$621,000 | 03/03/2011 water main replacement |
| | TOTAL | \$621,000 | \$621,000 | |
| <u>PROJECTS APPROVED IN FY 2012:</u> | | | | |
| * 82 | Warren Co Water District | \$1,114,400 | \$823,900 | 10/06/2011 Buchanan Park Sewer Extension |
| * 83 | Muninet Fiber Agency | \$3,173,049 | \$3,173,049 | 02/02/2012 Cable Build Project #2 |
| | TOTAL | \$4,287,449 | \$3,996,949 | |
| | KIA TOTALS | \$146,902,499 | \$89,000,723 | |
| | GRAND TOTALS (including KPAA) | | \$121,025,723 | |
| | Funds committed; not issued: | | \$32,440,884 | |

bold, italics - pending board approval

* Bonds have not been sold for these projects.

** Withdrew from bond sale.

(s) - Amount represented in the assistance agreement.

(c) - Final Amount. Includes capitalized interest and Note Program costs.

(n) - Participating in BAN's

KENTUCKY INFRASTRUCTURE AUTHORITY
SAFE DRINKING WATER STATE REVOLVING FUND CFDA #66.468 ---- (FUND F)

AVAILABLE FUNDS FY 1997:

| | |
|-------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$12,558,800 |
| BOND PROCEEDS (20%) | \$2,511,760 |
| ADMINISTRATION (4%) | (\$502,352) |
| OTHER SET ASIDES (As Amended) | <u>(\$1,928,773)</u> |
| NET 97 SRF FUNDS | \$12,639,435 |

AVAILABLE FUNDS FY 1998:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$10,851,600 |
| BOND PROCEEDS (20%) | \$2,170,320 |
| ADMINISTRATION (4%) | (\$434,064) |
| OTHER SET ASIDES | <u>(\$1,085,160)</u> |
| NET 98 SRF FUNDS | \$11,502,696 |

AVAILABLE FUNDS FY 1999:

| | |
|------------------------------|------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$11,373,500 |
| BOND PROCEEDS (20%) | \$2,274,700 |
| ADMINISTRATION (4%) | (\$454,940) |
| OTHER SET ASIDES | (\$808,335) |
| LAND ACQUISITION SET ASIDE | <u>\$357,500</u> |
| NET 98 SRF FUNDS | \$12,742,425 |

AVAILABLE FUNDS FY 2000:

| | |
|------------------------------|---------------|
| FEDERAL TITLE VI GRANT FUNDS | \$11,820,400 |
| BOND PROCEEDS (20%) | \$2,364,080 |
| ADMINISTRATION (4%) | (\$472,816) |
| OTHER SET ASIDES | (\$1,296,086) |
| LAND ACQUISITION SET ASIDE | <u>\$0</u> |
| NET 00 SRF FUNDS | \$12,415,578 |

AVAILABLE FUNDS FY 2001:

| | |
|------------------------------|---------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$11,869,300 |
| BOND PROCEEDS (20%) | \$2,373,860 |
| ADMINISTRATION (4%) | (\$474,772) |
| OTHER SET ASIDES | (\$1,913,832) |
| LAND ACQUISITION SET ASIDE | \$252,130 |
| NET 01 SRF FUNDS | <u>\$12,106,686</u> |

AVAILABLE FUNDS FY 2002:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$9,805,100 |
| BOND PROCEEDS (20%) | \$1,961,020 |
| ADMINISTRATION (4%) | (\$392,204) |
| OTHER SET ASIDES | <u>(\$1,372,714)</u> |
| NET 02 SRF FUNDS | \$10,001,202 |

AVAILABLE FUNDS FY 2003:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$9,746,200 |
| BOND PROCEEDS (20%) | \$1,949,240 |
| ADMINISTRATION (4%) | (\$389,848) |
| OTHER SET ASIDES | <u>(\$1,383,960)</u> |
| NET 03 SRF FUNDS | \$9,921,632 |

AVAILABLE FUNDS FY 2004:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$10,110,200 |
| BOND PROCEEDS (20%) | \$2,022,040 |
| ADMINISTRATION (4%) | (\$404,408) |
| OTHER SET ASIDES | <u>(\$1,668,183)</u> |
| NET 04 SRF FUNDS | \$10,059,649 |

AVAILABLE FUNDS FY 2005:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$10,088,800 |
| BOND PROCEEDS (20%) | \$2,017,760 |
| ADMINISTRATION (4%) | (\$403,552) |
| OTHER SET ASIDES | <u>(\$1,715,096)</u> |
| NET 05 SRF FUNDS | \$9,987,912 |

AVAILABLE FUNDS FY 2006:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$8,630,300 |
| BOND PROCEEDS (20%) | \$1,726,060 |
| ADMINISTRATION (4%) | (\$345,212) |
| OTHER SET ASIDES | <u>(\$1,855,515)</u> |
| NET 06 SRF FUNDS | \$8,155,633 |

AVAILABLE FUNDS FY 2007:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$8,630,000 |
| BOND PROCEEDS (20%) | \$1,726,000 |
| ADMINISTRATION (4%) | (\$345,200) |
| OTHER SET ASIDES | <u>(\$1,596,550)</u> |
| NET 07 SRF FUNDS | \$8,414,250 |

AVAILABLE FUNDS FY 2008:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$8,543,000 |
| BOND PROCEEDS (20%) | \$1,708,600 |
| ADMINISTRATION (4%) | (\$341,720) |
| OTHER SET ASIDES | <u>(\$1,836,745)</u> |
| NET 08 SRF FUNDS | \$8,073,135 |

AVAILABLE FUNDS FY 2009:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$8,543,000 |
| BOND PROCEEDS (20%) | \$1,708,600 |
| ADMINISTRATION (4%) | (\$341,720) |
| OTHER SET ASIDES | <u>(\$1,173,780)</u> |
| NET 09 SRF FUNDS | \$8,736,100 |

AVAILABLE FUNDS FY 2010:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$19,592,000 |
| BOND PROCEEDS (20%) | \$3,918,400 |
| ADMINISTRATION (4%) | (\$783,680) |
| OTHER SET ASIDES | <u>(\$4,564,936)</u> |
| NET 10 SRF FUNDS | \$18,161,784 |

AVAILABLE FUNDS FY 2011:

| | |
|------------------------------|----------------------|
| FEDERAL TITLE VI GRANT FUNDS | \$13,379,000 |
| BOND PROCEEDS (20%) | \$2,675,800 |
| ADMINISTRATION (4%) | (\$535,160) |
| OTHER SET ASIDES | <u>(\$3,210,960)</u> |
| NET 10 SRF FUNDS | \$12,308,680 |

NET FY 97-11 SRF FUNDS \$165,226,797

CURRENT REVOLVING/SURPLUS FUND BALANCE \$ 35,462,573

2010A - Leverage \$0

BALANCE AVAILABLE FOR LOAN \$ 466,480

| | TOTAL PROJECT AMOUNT | KIA LOAN AMOUNT | | DATE APPROVED | COMMENTS |
|-------------------------------------|-----------------------------------|---------------------|---------------------|---------------------|--|
| PROJECTS APPROVED IN FY 2000 | | | | | |
| 1 | HICKMAN, CITY OF | \$52,500 | \$31,500 (s) | 12/10/1999 | F1 |
| 2 | BOWLING GREEN, CITY OF | \$3,441,785 | \$3,049,314 (c) | 04/04/00 | |
| 3 | PROVIDENCE, CITY OF | \$130,880 | \$58,440 (c) | 04/04/00 | F1 |
| 4 | GRAYSON, CITY OF | \$170,000 | \$88,000 (c) | 04/04/00 | F1 |
| | TOTALS | \$3,795,165 | \$3,227,254 | | |
| PROJECTS APPROVED IN FY2001 | | | | | |
| 5 | PRINCETON, CITY OF | \$3,858,000 | \$1,500,000 (c) | 07/18/2000 | |
| 6 | HARDINSBURG, CITY OF | \$2,096,910 | \$500,000 (c) | 07/18/2000 | |
| 7 | PROVIDENCE, CITY OF | \$3,442,422 | \$2,383,982 (c) | 9/29/00 | |
| 8 | SPRINGFIELD, CITY OF | \$5,791,000 | \$610,000 (c) | 8/29/00 | |
| 9 | MOREHEAD, CITY OF | \$13,325,000 | \$5,500,000 (c) | | /00; Amd 5/16/01; Amd 5/1/03 Combined from 2 proj. |
| 10 | HICKMAN, CITY OF | \$1,642,623 | \$869,023 (c) | 9/29/00 | |
| 11 | GREATER FLEMING CO REG WAT COM | \$357,500 | \$357,500 (c) | 12/21/00; 2/1/05 | Land Acq Set Aside |
| 12 | ASHLAND, CITY OF | \$2,512,626 | \$2,190,384 (c) | 3/1/01 | |
| 13 | GRAYSON COUNTY WATER DISTRICT | \$4,400,000 | \$3,930,850 (c) | 4/5/01 | |
| 14 | PINEVILLE, CITY OF | \$173,222 | \$173,222 (c) | 5/3/01 | |
| | TOTALS | \$37,599,303 | \$18,014,961 | | |
| PROJECTS APPROVED IN FY2002 | | | | | |
| 15 | LOGAN/TODD REG WAT COM | \$7,773,200 | \$6,442,400 (c) | 07/12/01 | |
| 16 | CRITTENDEN/LIVINGSTON CO WD | \$1,500,000 | \$1,451,881 (c) | 07/12/01 | |
| 17 | BULLOCK PEN WATER DISTRICT | \$408,088 | \$350,367 (c) | 10/4/01 | |
| 18 | MOUNTAIN WATER DISTRICT | \$5,369,590 | \$1,197,072 (c) | 10/4/01 | |
| 19 | GRAYSON, CITY OF | \$5,896,855 | \$2,808,855 (c) | | 11/1/01; 12/12/02 Exec Com |
| 20 | LOGAN/TODD REG WAT COM | \$27,369,858 | \$4,000,000 (c) | 2/7/02 | |
| 21 | NORTH LOGAN WATER DIST | \$800,000 | \$447,000 (c) | 3/7/02 | |
| 22 | TAYLORSVILLE, CITY OF | \$2,800,000 | \$1,241,766 (c) | 5/2/02 | |
| 23 | HOPKINSVILLE, CITY OF | \$1,513,593 | \$1,513,593 (c) | 6/6/02 | |
| 24 | LOUISA, CITY OF | \$6,736,238 | \$3,645,811 (c) | 6/6/02 | |
| 25 | BOONEVILLE, CITY OF | \$687,000 | \$554,103 (c) | 6/6/02 | |
| | TOTALS | \$60,854,422 | \$23,652,849 | | |
| PROJECTS APPROVED IN FY2003 | | | | | |
| 26 | MADISON CO UTILITY DISTRICT | \$3,560,000 | \$3,299,999 (c) | 7/11/02; 1/1/05 | |
| 27 | BOWLING GREEN MUNICIPAL UTILITIES | \$12,244,000 | \$3,980,000 (c) | 9/25/02 | |
| 28 | GREATER FLEMING REG WAT COMM | \$252,130 | \$252,130 (c) | 10/3/02 | Land Acq Set Aside |
| 29 | BRACKEN CO WATER DISTRICT | \$928,000 | \$928,000 (c) | 10/3/02 | |
| 30 | BULLOCK PEN WATER DISTRICT | \$1,229,000 | \$1,210,604 (c) | 12/12/02 Exec Com | |
| 31 | CITY OF ASHLAND | \$14,459,550 | \$4,000,000 (c) | 6/5/03 | |
| | TOTALS | \$32,672,680 | \$13,670,733 | | |
| PROJECTS APPROVED IN FY2004 | | | | | |
| 32 | CARROLL CO WATER DISTRICT | \$1,956,156 | \$1,908,662 (c) | 9/4/03 | |
| 33 | PAINTSVILLE, CITY OF | \$1,056,500 | \$500,000 (c) | 9/4/03 | F1 |
| 34 | EDDYVILLE, CITY OF | \$3,768,000 | \$1,563,625 (c) | 11/6/03 | |
| 35 | HARLAN, CITY OF | \$5,020,000 | \$1,597,552 (c) | 11/6/03 | |
| 36 | GREATER FLEMING REG WAT COM | \$13,059,330 | \$4,000,000 (c) | 12/4/03; 1/8/04 | |
| 37 | MEADE COUNTY WATER DISTRICT | \$919,760 | \$394,760 (c) | 12/4/03 | |
| 38 | HENDERSON WATER UTILITY | \$1,541,362 | \$0 | 2/12/04 | withdrawn |
| | TOTALS | \$27,321,108 | \$9,964,599 | | |
| PROJECTS APPROVED IN FY2005 | | | | | |
| 39 | MCCREARY CO WATER DISTRICT | \$4,206,815 | \$1,455,400 (c) | 10/7/04 | |
| 40 | MANCHESTER, CITY OF | \$359,500 | \$359,500 (c) | 3/3/05 | F1 |
| 41 | RICHMOND, CITY OF | \$14,690,222 | \$8,000,000 (c) | 5/5/05 | |
| | TOTALS | \$19,256,537 | \$9,814,900 | | |
| PROJECTS APPROVED IN FY 2006 | | | | | |
| 42 | HARDINSBURG, CITY OF | \$14,498,150 | \$4,400,000 (c) | 12/1/05; amd 8/1/07 | |
| 43 | COLUMBIA-ADAIR CO WAT COM | \$14,000,000 | \$4,520,000 (c) | 6/1/06 | |
| 44 | HOPKINSVILLE, CITY OF | \$6,844,310 | \$4,000,000 (c) | 6/1/06 | |
| | TOTALS | \$35,342,460 | \$12,920,000 | | |

| | TOTAL PROJECT AMOUNT | KIA AMOUNT | DATE APPROVED | COMMENTS |
|-------------------------------------|--|----------------------|---------------------|---------------------------|
| PROJECTS APPROVED IN FY 2007 | | | | |
| 45 | NORTHERN KY WATER DISTRICT | \$6,865,000 | \$4,000,000 (c) | 10/5/06 |
| 46 | ADAIR CO WATER DISTRICT | \$3,302,000 | \$1,000,000 (c) | 6/21/07 |
| 47 | JESSAMINE SOUTH ELKHORN WD | \$1,750,000 | \$1,750,000 | 6/21/07 |
| TOTALS | | \$11,917,000 | \$6,750,000 | |
| PROJECTS APPROVED FY 2008 | | | | |
| 48 | LETCHER CO WAT & SEW DISTRICT | \$1,193,000 | \$781,000 (c) | 10/4/07 |
| 49 | RICHMOND, CITY OF | \$7,108,951 | \$4,000,000 (c) | 10/4/07 |
| 50 | MADISON CO UTILITY DIST | \$1,284,510 | \$1,105,016 (c) | 11/1/07; 10/9/08 |
| 52 | NICHOLASVILLE, CITY OF | \$13,090,400 | \$8,800,000 (c) | 11/1/07; 4/1/09 |
| 53 | BULLOCK PEN WATER DISTRICT | \$2,320,700 | \$2,192,700 (c) | 12/6/07 |
| 54 | HARDINBURG, CITY OF | \$4,165,000 | \$1,999,250 (c) | 12/6/07 |
| 55 | BEREA, CITY OF | \$9,739,630 | \$5,000,000 (c) | 2/7/08; inc 11/6/08 |
| 56 | FRANKFORT, CITY OF | \$6,841,000 | \$6,841,000 | 2/7/08 |
| 57 | MANCHESTER, CITY OF | \$7,849,078 | \$1,989,578 (c) | 2/7/08; 2/5/09 |
| 58 | MEADE CO WATER DISTRICT | \$2,480,949 | \$753,447 (c) | 2/7/08 |
| 59 | WESTERN FLEMING WATER DISTRICT | \$2,568,000 | \$2,518,000 | 2/7/08 |
| 60 | HOPKINSVILLE, CITY OF | \$14,000,000 | \$8,800,000 | 3/6/08; 5/7/09; 12/1/11 |
| 61 | NORTHERN KY WATER DISTRICT | \$6,565,000 | \$4,000,000 | 3/6/08 |
| 62 | OHIO CO WATER DISTRICT | \$19,698,500 | \$5,000,000 | 3/6/08; 6/4/09 |
| 63 | CENTERTOWN, CITY OF | \$2,866,652 | \$1,097,430 | 3/6/08; 6/25/09 |
| TOTALS | | \$101,771,370 | \$54,877,421 | |
| PROJECTS APPROVED FY2009 | | | | |
| 64 | PAINTSVILLE, CITY OF | \$29,135,364 | \$6,519,566 | 12/4/08 |
| TOTALS | | \$29,135,364 | \$6,519,566 | |
| PROJECTS APPROVED FY2010 | | | | |
| 65 | PADUCAH, CITY OF | \$7,510,000 | \$7,500,000 | 9/3/09 |
| 66 | HARDINBURG, CITY OF | \$4,700,500 | \$3,251,590 | 11/12/09 |
| 67 | NORTHERN KY WATER DISTRICT | \$45,300,000 | \$24,000,000 | 12/3/09; 12/9/10; 10/6/11 |
| 68 | Columbia Adair Water Commission | \$1,694,000 | \$1,694,000 | 6/3/10 |
| TOTALS | | \$59,204,500 | \$36,445,590 | |
| PROJECTS APPROVED FY2011 | | | | |
| 69 | Adair Co Water District | \$4,133,000 | \$4,000,000 | 7/1/10 |
| 70 | Louisa, City of | \$1,700,000 | \$1,700,000 | 7/1/10 |
| 71 | Madison County Utilities District | \$940,225 | \$940,225 | 12/9/10 |
| 72 | Hardinsburg, City of | \$4,198,000 | \$4,000,000 | 2/3/11 |
| 73 | Williamstown, City of | \$2,250,000 | \$2,250,000 | 3/3/11 |
| 74 | Bullock Pen Water District | \$1,633,000 | \$1,633,000 | 4/7/11 |
| 75 | Brandenburg, City of | \$3,080,000 | \$2,080,000 | 4/7/11 |
| 76 | Barbourville, City of | \$6,000,000 | \$4,000,000 | 5/5/11 |
| 77 | Barlow, City of | \$230,000 | \$230,000 | 5/5/11 |
| 78 | West Liberty, City of | \$3,050,300 | \$3,050,300 | 5/5/11 |
| TOTALS | | \$27,214,525 | \$23,883,525 | |
| PROJECTS APPROVED FY2012 | | | | |
| 79 | Breathitt Co Water District | \$2,500,000 | \$2,500,000 | 7/7/11 |
| 80 | Adair Co WD dba Columbia Adair Utilities | \$3,439,000 | \$1,500,000 | 8/4/11 |
| 81 | Jessamine South Elkhorn WD | \$3,025,300 | \$3,025,300 | 11/10/11 |
| 82 | Hodgenville, City of | \$774,183 | \$774,183 | 11/10/11 |
| 83 | East Casey County WD | \$1,545,000 | \$1,545,000 | 11/10/11 |
| 84 | Nicholasville, City of | \$6,351,000 | \$4,000,000 | 11/10/11 |
| 85 | Harrodsburg, City of | \$438,000 | \$438,000 | 12/8/11 |
| 86 | Bowling Green Municipal Utilities | \$1,316,378 | \$1,316,378 | 12/8/11 |
| 87 | Carrollton, City of | \$1,850,270 | \$1,850,270 | 12/8/11 |

| | TOTAL PROJECT AMOUNT | KIA AMOUNT | DATE APPROVED | COMMENTS |
|---|-----------------------------------|----------------------|----------------------|---------------|
| PROJECTS APPROVED IN FY 2012 (Continued) | | | | |
| 88 | Mount Vernon, City of | \$2,600,000 | \$2,600,000 | 1/5/12 |
| 89 | Lyon Co WD | \$2,000,000 | \$2,000,000 | 1/5/12 |
| 90 | <i>Campbellsville, City of</i> | <i>\$1,875,000</i> | <i>\$1,875,000</i> | <i>3/1/12</i> |
| 91 | <i>Centertown, City of</i> | <i>\$922,850</i> | <i>\$922,850</i> | <i>3/1/12</i> |
| 92 | <i>Sturgis, City of</i> | <i>\$4,000,000</i> | <i>\$3,000,000</i> | <i>3/1/12</i> |
| | TOTALS | \$32,636,981 | \$27,346,981 | |
| | GRAND TOTALS - COMMITMENTS | \$478,721,415 | \$247,088,379 | |

bold, italics - pending board approval

(c) - Final amounts; Loan has been closed

(s) - Amount represented in the assistance agreement

(F1) - Planning and Design Loan

KENTUCKY INFRASTRUCTURE AUTHORITY
SAFE DRINKING WATER STATE REVOLVING FUND CFDA #66.468 ---- (FUND F2)
AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

AVAILABLE FUNDS FFY 2009:

| | |
|--------------------------|---------------------|
| FEDERAL ARRA GRANT FUNDS | \$20,450,000 |
| ADMINISTRATION (4%) | (\$818,000) |
| OTHER SET ASIDES | (\$715,750) |
| NET ARRA FUNDS | <u>\$18,916,250</u> |

| | TOTAL PROJECT AMOUNT | KIA AMOUNT | FIRST USE FUNDS | DATE APPROVED |
|---------------------------------------|----------------------------|----------------------------|-------------------------------|------------------|
| PROJECTS APPROVED IN SFY 2009: | | | | |
| 1 CENTERTOWN, CITY OF | \$2,866,652 | \$222,606 | \$222,606 | 6/25/09 |
| 2 SPRINGFIELD, CITY OF | \$4,000,000 | \$947,901 (c) | \$947,901 | 6/25/09 |
| TOTALS | <u>\$6,866,652</u> | <u>\$1,170,507</u> | <u>\$1,170,507</u> | |
| PROJECTS APPROVED IN SFY 2010: | | | | |
| 3 BREATHITT CO WATER DISTRICT | \$1,322,000 | \$572,000 (c) | \$572,000 | 7/9/09; 11/24/09 |
| 4 WHITESBURG, CITY OF | \$171,840 | \$171,794 (c) | \$171,794 | 7/9/09 |
| 5 MCKEE, CITY OF | \$1,100,000 | \$1,099,903 (c) | \$1,099,903 | 8/6/09 |
| 6 BLACK MTN UTILITY DISTRICT | \$2,650,000 | \$500,000 (c) | \$500,000 | 8/6/09 |
| 7 ELKTON, CITY OF | \$174,800 | \$174,374 (c) | \$174,374 | 8/20/09 |
| 8 BLUEGRASS STATION | \$3,498,452 | \$1,900,000 | \$1,900,000 | 8/20/09 |
| 9 DAWSON SPRINGS, CITY OF | \$2,120,000 | \$2,120,000 (c) | \$2,120,000 | 8/20/09 |
| 10 BURKESVILLE, CITY OF | \$1,153,000 | \$1,153,000 (c) | \$1,153,000 | 9/3/09 |
| 11 LOUISVILLE WATER COMPANY | \$18,508,832 | \$4,173,200 | \$4,173,200 | 9/3/09; 2/4/10 |
| 12 JACKSON, CITY OF | \$1,500,000 | \$1,500,000 (c) | \$1,500,000 | 9/3/09 |
| 13 PRESTONBURG, CITY OF | \$805,000 | \$805,000 (c) | \$805,000 | 10/1/09 |
| 14 WINCHESTER, CITY OF | \$1,100,000 | \$741,450 (c) | \$741,450 | 10/1/09 |
| 15 CAMPTON, CITY OF | \$6,966,088 | \$683,200 | \$683,200 | 10/1/09 |
| 16 WESTERN MASON WATER DISTRICT | \$578,000 | \$500,000 (c) | \$500,000 | 10/1/09 |
| 17 GREENUP, CITY OF | \$2,915,099 | \$1,590,604 | \$1,590,604 | 11/12/09 |
| TOTALS | <u>\$44,563,111</u> | <u>\$17,684,526</u> | <u>\$17,684,526</u> | |
| GRAND TOTALS - COMMITMENTS | <u>\$51,429,763</u> | <u>\$18,855,033</u> | <u>\$18,855,033</u> | |
| BALANCE AVAILABLE FOR LOAN | | | <u><u>\$61,217</u></u> | |

bold, italics - pending board approval

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