

Daniel D. Briscoe, Jr.  
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RECEIVED

MAR 01 2018

PUBLIC SERVICE  
COMMISSION

February 28, 2018

Gwen R. Pinson  
Executive Director  
Public Service Commission  
211 Sower Blvd.  
P. O. Box 615  
Frankfort, KY 40601

***Re: Application of Crittenden-Livingston Water District for Approval to Enter into a Lease Agreement for the Purpose of Refinancing Certain Outstanding Obligations – Kentucky PSC Case No. 2018-00047***

Dear Ms. Pinson:

Enclosed for filing is an original and ten (10) copies of Crittenden-Livingston Water District's responses to the Commissions Staff's first request for information.

Please return a file stamped copy and return to me in the stamped self-addressed envelope.

Thank you, and if you have any questions with regard to this matter, please call me.

Sincerely,

DINSMORE & SHOHL LLP



Daniel D. Briscoe, Jr., Esq.

Enclosures

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MAR 01 2018

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

*In the Matter of:*

APPLICATION OF CRITTENDEN-LIVINGSTON )  
COUNTY WATER DISTRICT FOR APPROVAL TO )  
ENTER INTO A LEASE AGREEMENT WITH THE )  
KENTUCKY ASSOCIATION OF COUNTIES )  
LEASING TRUST, IN AN APPROXIMATE ) CASE NO. 2018- 00047  
PRINCIPAL AMOUNT OF 2,105,000 FOR THE )  
PURPOSE OF REFINANCING CERTAIN )  
OUTSTANDING OBLIGATIONS OF THE )  
CRITTENDEN-LIVINGSTON COUNTY WATER )  
DISTRICT.

**THE DISTRICT'S RESPONSE TO COMMISSION STAFF'S  
FIRST DATA REQUEST**

Crittenden-Livingston County Water District ("the District"), by counsel, hereby files with the Public Service Commission of the Commonwealth of Kentucky (the "Commission"), its response to Commission staff's first data request.

**REQUEST NO. 1**

Refer to the application, paragraph 7. Provide an itemized list of the fees and transaction costs associated with the Lease.

**Responsible Witness:** Michael George, Senior Vice President, Compass Municipal Advisors, LLC (financial advisor to the transaction on behalf of the Kentucky Association of Counties and the District).

**RESPONSE:**

Please see the chart below for an itemized breakdown of costs associated with the District's proposed Lease transaction:

<b>Cost of Issuance</b>	
Total Underwriter's Discount (1.400%)	\$31,430.00
Financial Advisor	\$17,960.00
Bond Counsel	\$11,225.00

Program Administrator	\$2,245.00
Trustee Fee	\$1,462.54
Rating Agency Fee	\$4,095.11
Advertising	\$1,462.54

**REQUEST NO. 2**

Refer to the application, paragraph 5. Crittenden-Livingston is refunding 2,105,000. The original principal amount of the United States Department of Agricultural Rural Economic and Community Development (“RD”) Bonds was \$2,135,000. Confirm the differences in principal that Crittenden-Livingston has paid. If this cannot be confirmed, explain how the remaining principal on the RD Bonds will be financed.

**Responsible Witness:** Michael George, Senior Vice President, Compass Municipal Advisors, LLC (financial advisor to the transaction on behalf of the Kentucky Association of Counties and the District).

**RESPONSE:**

The initial amount loaned to the District by the United States Department of Agricultural Rural Economic and Community Development is less than is currently being refunded because the District has paid off some of the \$2,135,000 loan. The remaining principal of the loan is to be paid off out of the proceeds of this Lease transaction for which the District is seeking Commission approval. To account for interest, the amount of the amount of the Lease transaction for which the District is seeking Commission approval must be more than the remaining principal left outstanding on the loan. Please also note that the number authorized, \$2,105,000, is approximate (within 10%) to allow for flexibility on the day the rate is locked.

**REQUEST NO. 3**

Refer to the application, paragraph 9.

- a. Confirm that Crittenden-Livingston has not locked in an interest rate.

b. If a. is confirmed, explain how the interest rates of the estimated savings from the proposed refunding were calculated.

**Responsible Witness:** Michael George, Senior Vice President, Compass Municipal Advisors, LLC (financial advisor to the transaction on behalf of the Kentucky Association of Counties and the District).

**RESPONSE:**

A. The District has not locked in a rate, and cannot do so until the Commission approves the Lease.

B. Current interest rates are estimated by financial advisors via the overall debt market—because interest rates can change daily, there is some variability in the estimate. The true interest cost is not fixed until the deal is finalized (at the then-market prevailing interest rate) and until that point, the financial advisor uses its experience to estimate what the interest rate will likely be.

**REQUEST NO. 4**

Refer to the application, Exhibit A. Estimated Debt Service.

a. Refer to the estimated debt service for the Kentucky Association of Counties Finance Corporation Lease.

(1) Confirm that the Crittenden-Livingston’s proposed refunding of the RD Bonds consists of a series of notes with varying interest rates and lengths of term, and not just a single note.

(2) If confirmed, explain why the refinancing of the notes is a series of notes of varying interest rates and lengths of term, and not just a single note.

(3) The two schedules illustrate annual and bi-annual interest payments. Confirm if the proposed financing includes annual or semiannual interest payments.

b. Provide the estimated net savings associated with this refinancing.

c. Provide the calculation of the NPV with and without fees and expenses in Excel spreadsheet format, with formulas intact and unprotected, and all rows and columns fully accessible.

**Responsible Witness:** Michael George, Senior Vice President, Compass Municipal Advisors, LLC (financial advisor to the transaction on behalf of the Kentucky Association of Counties and the District).

**RESPONSE:**

(1) There is no note securing the repayment of the loan; instead, the District enters into the Lease Agreement to secure the repayment of the loan. The Lease Agreement, which is like a note, contains a payment schedule. The payments made under the Lease are sufficient to retire the previous debt. The Lease Agreement itself secures the repayment of the RD Bonds, much the way a note would, by laying out the District's payment obligations.

(2) This is not applicable, as there is no note as part of this refunding, only the Lease schedule mentioned above.

(3) The District can elect to pay semi-annually or annually. In this case, the District plans to pay semi-annually, however, the annual interest obligation to the District will not change depending on how often they make payments.

(b) We have updated the estimated savings for the deal (because of changes in interest rate since the initial submission), which is attached at Exhibit A.

(c) We have enclosed an Excel spreadsheet showing the NPV with and without fees as Exhibit D.

**REQUEST NO. 5**

Refer to the application, Exhibit C. Debt Service for Prior Obligations. Provide a complete chart similar to Exhibit A.

**Responsible Witness:** Michael George, Senior Vice President, Compass Municipal Advisors, LLC (financial advisor to the transaction on behalf of the Kentucky Association of Counties and the District).

**RESPONSE:**

Please see the attached Exhibit B.

**REQUEST NO. 6**

Provide the Board of Commissioner's resolution for Crittenden-Livingston Water District approving the proposed financing activity.

**Responsible Witness:** Ronnie Slayden, the District.

**RESPONSE:**

Please see the attached Exhibit C.

**REQUEST NO. 7**

Crittenden-Livingston has not requested Commission approval by any certain date. Provide the date by which Crittenden-Livingston would need approval.

**Responsible Witness:** Ronnie Slayden, the District; Michael George, Senior Vice President, Compass Municipal Advisors, LLC (financial advisor to the transaction on behalf of the Kentucky Association of Counties and the District).

**RESPONSE:**

We are currently in a rising interest rate environment—meaning, the longer it takes for District to complete this transaction, the less money the District will save. For that reason, we respectfully request Commission approval for this transaction as soon as possible, and by March 12<sup>th</sup>, 2018, if possible.

**CERTIFICATION**

I hereby certify that, for the data requests for which I have been identified as the responsible witness, I have supervised the preparation of Crittenden-Livingston County Water District's responses to the Commission Staff's data requests, and that the responses contained therein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.



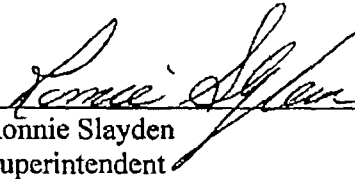
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Michael George  
Senior Vice President  
Compass Municipal Advisors, LLC  
Financial Advisor to the Kentucky Association of  
Counties Finance Corporation

Date: 2/28/18

**CERTIFICATION**

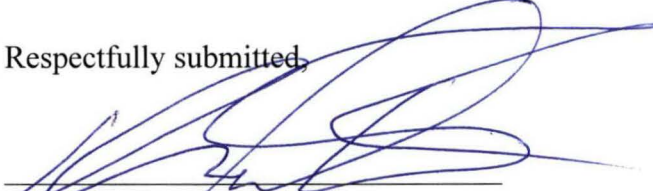
I hereby certify that, for the data requests for which I have been identified as the responsible witness, I have supervised the preparation of Crittenden-Livingston County Water District's responses to the Commission Staff's data requests, and that the responses contained therein are true and accurate to the best of my knowledge, information, and belief formed after reasonable inquiry.

  
\_\_\_\_\_  
Ronnie Slayden  
Superintendent  
Crittenden-Livingston County Water District

Date: 2/28/2018



Respectfully submitted,



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Daniel D. Briscoe, Jr.

**DINSMORE & SHOHL LLP**

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(859) 431-0673 (fax)

**Counsel to the District**

## Exhibit A

### Debt Service Comparison

Date	Total P+I	Expenses	DSR	Net New D/S	Old Net D/S	Savings
08 01 2018	29,217.50	-	(991.83)	28,218.57	47,528.00	19,301.43
08 01 2019	158,325.00	5,189.45	(2,907.00)	160,967.45	159,555.00	(1,052.45)
08 01 2020	155,325.00	5,875.00	(2,907.00)	158,293.00	159,517.50	1,224.50
08 01 2021	157,225.00	5,687.50	(2,907.00)	160,005.50	159,345.00	(660.50)
08 01 2022	154,025.00	5,587.50	(2,907.00)	156,965.50	159,037.50	2,432.00
08 01 2023	155,725.00	5,287.50	(2,907.00)	158,165.50	158,595.00	489.50
08 01 2024	157,225.00	5,075.00	(2,907.00)	159,393.00	158,995.00	(398.00)
08 01 2025	158,625.00	4,850.00	(2,907.00)	155,568.00	159,215.00	3,647.00
08 01 2026	154,925.00	4,925.00	(2,907.00)	154,943.00	159,277.50	1,634.50
08 01 2027	156,025.00	4,387.50	(2,907.00)	157,925.50	159,160.00	1,654.50
08 01 2028	152,525.00	4,137.50	(2,907.00)	155,755.50	157,862.50	4,187.00
08 01 2029	154,450.00	3,917.50	(2,907.00)	155,430.50	158,385.00	2,954.50
08 01 2030	155,950.00	3,625.00	(2,907.00)	156,668.00	157,785.00	1,097.00
08 01 2031	157,012.50	3,350.00	(2,907.00)	157,455.50	157,622.50	367.00
08 01 2032	152,987.50	3,062.50	(2,907.00)	153,143.00	158,682.50	5,549.50
08 01 2033	153,875.00	2,775.00	(2,907.00)	153,743.00	158,315.00	4,572.00
08 01 2034	154,587.50	2,475.00	(2,907.00)	154,155.50	157,712.50	3,557.00
08 01 2035	154,800.00	2,162.50	(2,907.00)	154,055.50	157,862.50	3,807.00
08 01 2036	105,500.00	1,897.50	(2,907.00)	104,430.50	108,667.50	4,437.00
08 01 2037	107,900.00	1,625.00	(2,907.00)	105,718.00	108,772.50	3,054.50
08 01 2038	104,400.00	1,400.00	(2,907.00)	101,893.00	108,497.50	6,604.50
08 01 2039	104,700.00	1,175.00	(2,907.00)	102,968.00	108,042.50	5,074.50
08 01 2040	198,900.00	937.50	(86,453.50)	103,384.00	108,385.00	5,001.00
<b>Total</b>	<b>\$3,287,330.00</b>	<b>\$78,914.46</b>	<b>(158,499.43)</b>	<b>\$3,207,746.02</b>	<b>\$3,286,140.00</b>	<b>\$78,394.98</b>

#### PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	30,385.89
Effects of changes in DSR investments	90,200.71
Effects of changes in Expenses	(50,080.52)
<b>Net PV Cashflow Savings @ 3.318% (Bond Yield)</b>	<b>60,506.08</b>
Contingency or Rounding Amount	2,134.96
<b>Net Present Value Benefit</b>	<b>\$62,641.04</b>
Net PV Benefit: \$2,112,000 Refunded Principal	2.566%
Net PV Benefit: \$2,245,000 Refunding Principal	2.590%

#### Refunding Bond Information

Refunding Dated Date	3/27/2018
Refunding Delivery Date	3/27/2018

## Exhibit B

### Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
07-01-2014	-	-	34,312.50	34,312.50
01-01-2018	42,000.00	4.500%	34,312.50	76,312.50
07-01-2018	-	-	33,367.50	33,367.50
01-01-2020	44,000.00	4.500%	33,367.50	77,367.50
07-01-2020	-	-	32,377.50	32,377.50
01-01-2021	46,000.00	4.500%	32,377.50	78,377.50
07-01-2021	-	-	31,342.50	31,342.50
01-01-2022	48,000.00	4.500%	31,342.50	79,342.50
07-01-2022	-	-	30,262.50	30,262.50
01-01-2023	50,000.00	4.500%	30,262.50	80,262.50
07-01-2023	-	-	29,137.50	29,137.50
01-01-2024	52,000.00	4.500%	29,137.50	81,137.50
07-01-2024	-	-	27,947.50	27,947.50
01-01-2025	55,000.00	4.500%	27,947.50	82,947.50
07-01-2025	-	-	26,730.00	26,730.00
01-01-2026	57,000.00	4.500%	26,730.00	83,730.00
07-01-2026	-	-	25,447.50	25,447.50
01-01-2027	60,000.00	4.500%	25,447.50	85,447.50
07-01-2027	-	-	24,097.50	24,097.50
01-01-2028	62,000.00	4.500%	24,097.50	86,097.50
07-01-2028	-	-	22,702.50	22,702.50
01-01-2029	65,000.00	4.500%	22,702.50	87,702.50
07-01-2029	-	-	21,340.00	21,340.00
01-01-2030	68,000.00	4.500%	21,340.00	89,240.00
07-01-2030	-	-	19,710.00	19,710.00
01-01-2031	71,000.00	4.500%	19,710.00	90,710.00
07-01-2031	-	-	18,112.50	18,112.50
01-01-2032	75,000.00	4.500%	18,112.50	93,112.50
07-01-2032	-	-	16,425.00	16,425.00
01-01-2033	78,000.00	4.500%	16,425.00	94,425.00
07-01-2033	-	-	14,670.00	14,670.00
01-01-2034	81,000.00	4.500%	14,670.00	95,670.00
07-01-2034	-	-	12,847.50	12,847.50
01-01-2035	85,000.00	4.500%	12,847.50	97,847.50
07-01-2035	-	-	10,935.00	10,935.00
01-01-2036	88,000.00	4.500%	10,935.00	98,935.00
07-01-2036	-	-	8,932.50	8,932.50
01-01-2037	93,000.00	4.500%	8,932.50	101,832.50
07-01-2037	-	-	6,840.00	6,840.00
01-01-2038	97,000.00	4.500%	6,840.00	103,840.00
07-01-2038	-	-	4,657.50	4,657.50
01-01-2039	101,000.00	4.500%	4,657.50	105,657.50
07-01-2039	-	-	2,385.00	2,385.00
01-01-2040	106,000.00	4.500%	2,385.00	108,385.00
<b>Total</b>	<b>\$1,625,000.00</b>	<b>-</b>	<b>\$709,600.00</b>	<b>\$2,434,000.00</b>

RESOLUTION NO. 17-1

A RESOLUTION OF THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT APPROVING AN INTERLOCAL COOPERATION AGREEMENT BETWEEN THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT AND OTHER PARTIES THERETO REGARDING THE KENTUCKY ASSOCIATION OF COUNTIES FINANCE CORPORATION

WHEREAS, public agencies in the State have experienced and are continuing to experience difficulty in economically funding or financing various governmental purposes at reasonable costs; and

WHEREAS, public agencies will enter into or have heretofore entered into an Interlocal Cooperation Agreement dated as of May 1, 2010 attached hereto as Exhibit A (the "Agreement"), as authorized under Sections 65.210 through Section 65.300, inclusive, of the Kentucky Revised Statutes, as amended (the "Interlocal Cooperation Act"), which authorizes public agencies to cooperate and act jointly in exercising any and all powers, privileges and authority capable of exercise by such public agencies in their respective individual capacities; and

WHEREAS, in order to provide a vehicle for economically funding or financing various governmental purposes of public agencies in the Commonwealth of Kentucky, the Kentucky Association of Counties Finance Program (the "Program") has been established under the Agreement and under the Program the Kentucky Association of Counties Finance Corporation (the "Corporation") has been or will be established; and

WHEREAS, the Program will benefit the public health, safety and general welfare of the citizens of the Crittenden-Livingston County Water District (the "Public Agency"); and

WHEREAS, in order for the Public Agency to participate in the Program, it must enter into the Agreement, as prescribed by Section 65.250 of the Kentucky Revised Statutes, which provided for the creation of the Program;

NOW, THEREFORE, be it resolved by the governing body of the Crittenden-Livingston County Water District, as follows:

Section 1. Purpose. The Public Agency hereby finds, determines and declares that all statements of fact set forth in the preambles to this Resolution are true and correct in all respects, and such preambles are incorporated into the body of this Resolution by reference as if set forth at length herein. The Public Agency further finds, determines and declares that the entering into or issuance by the Corporation of obligations described in the Agreement will be in the best interest of the Public Agency and is in the furtherance of the public purposes and functions of the Public Agency and in the public interest.

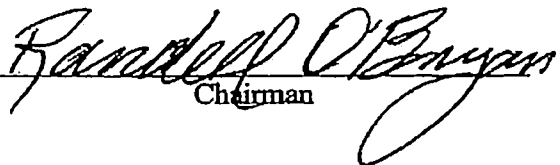
Section 2. Approval of Interlocal Cooperation Agreement. The Agreement among this Public Agency and the other public agencies that will enter into or have entered into the Agreement is hereby specifically approved in the form attached hereto as Exhibit A, recognizing

that such Agreement has been approved by the Attorney General of Kentucky as required by Section 65.260 of the Kentucky Revised Statutes.

Section 3. Repeal of Conflicting Actions. All ordinances, resolutions, orders or other legislative or administrative actions or parts thereof of this governing body in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 4. Effective Date of Resolution. This Resolution shall become effective immediately upon the date of its passage.

ENACTED AND ADOPTED at a duly convened meeting of the governing body of the Crittenden-Livingston County Water District this 27<sup>th</sup> day of NOV, 2017.

  
Chairman

Attest:

  
Secretary

**CERTIFICATION**

I, the undersigned, do hereby certify that I am the duly qualified and acting Secretary of the Crittenden-Livingston County Water District and as such Secretary, I further certify that the foregoing is a true, correct and complete copy of a Resolution as appears to me in official records of the Crittenden-Livingston County Water District, duly adopted by said governing body at a duly convened meeting held on the date set forth therein, signed by the Chairman, duly filed, recorded and indexed in my office and now in force and effect, and that all action taken in connection with such Resolution was in compliance with the requirements of Kentucky law, all as appears from the official records of said governing body in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand this 27<sup>th</sup> day of Nov.,  
2017.

  
Secretary

DOCUMENT NO: 419766  
RECORDED ON: 1/5/2018 9:32:00 AM  
COUNTY CLERK: SONYA WILLIAMS  
COUNTY: LIVINGSTON COUNTY  
BOOK: MC8 PAGE: 372 - 374 MISC

Signed: 