

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

**ELECTRONIC APPLICATION OF WESTERN)
PULASKI COUNTY WATER DISTRICT FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY TO CONSTRUCT A SYSTEM) Case No. 2024-00348
IMPROVEMENTS PROJECT AND AN ORDER)
AUTHORIZING THE ISSUANCE OF SECURITIES)
PURSUANT TO 278.300)**

**** *** **** ***** **** *** ****

APPLICATION

The Applicant, Western Pulaski County Water District ("Western Pulaski District"), files this Electronic Application pursuant to KRS 278.020(1), KRS 278.300 and KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") grant Western Pulaski District a Certificate of Public Convenience and Necessity ("CPCN") to construct a system improvements project (the "Project") and an order authorizing the issuance of securities to finance said Project. In support of this Application, and in compliance with the rules and regulations of the Commission, Western Pulaski District states as follows:

1. Western Pulaski District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the Pulaski County Judge/Executive, which Order is on file in the County Court Order Books in the office of the Pulaski County Clerk. Western Pulaski District is now, and has been since its inception, regulated by the Commission, and

all records and proceedings of the Commission with reference to Western Pulaski District are incorporated in this Application by reference. Western Pulaski District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of Western Pulaski District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of Western Pulaski District is as follows:

Western Pulaski County Water District
c/o Ms. Tammy Vaught, Office Manager
2128 West Highway 80
Somerset, Kentucky 42503
Telephone: (606) 679-1569
Fax: (606) 677-9449
Email: tamora.vaught@gmail.com

4. A general description of Western Pulaski District's system property, together with a statement of the original cost, is contained in Western Pulaski District's Annual Report for 2023 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. Pursuant to 807 KAR 5:001, Section 15 - Applications for Certificates of Public Convenience and Necessity, Western Pulaski District hereby responds as follows:

(i) Section 15(2)(a): Facts Relied Upon to Show Public Necessity: The proposed Project, the need for the Project and the alternatives considered are described in **Exhibit "A"** attached hereto. The Project was bid on July 11, 2024 and exceeded the original budgeted amount of funding as stated in the recommendation letter of Monarch Engineering, Inc (attached hereto as **Exhibit "B"**). Western Pulaski District subsequently applied a loan increase

from the Kentucky Infrastructure Authority ("KIA") and was granted same on September 5, 2024. The notice to proceed with the Project will not be delivered until the Commission has issued the CPCN.

- (ii) Section 15(2)(b): Copies of Permits: Required permits are attached hereto as **Exhibit "C"**.
- (iii) Section 15(2)(c): Description of Proposed Location or Route. Construction of the Project is being performed within the boundaries of Western Pulaski District and is detailed in the location map referred to in paragraph 5(iv) below. The proposed Project will not compete with any other public utilities and will not result in any wasteful duplication.
- (iv) Section 15(2)(d)(1): Maps to Suitable Scale: one electronic storage medium map to suitable scale showing the location of the proposed Project, as well as the location of like facilities owned by others located anywhere within the map area is being filed with this Application.
- (v) Section 15(2)(d)(2): Plans and Specifications: The signed, sealed and dated Plans and Specifications in .pdf format on electronic storage medium are being filed with this Application.
- (vi) Section 15(2)(e) Financing: Western Pulaski District is financing the Project with the proceeds of a 20 year loan from the Kentucky Infrastructure Authority Infrastructure Revolving Loan Fund (B22-004), approved by KIA on July 7, 2022, in the principal amount not to exceed \$4,500,000 at an interest rate of 1.00% per annum (the "Original KIA Loan"). Due to a cost

overrun, Western Pulaski District applied to KIA for an loan increase in the amount of \$555,000, which increase was approved by KIA on September 5, 2024 (hereinafter, the Original KIA Loan and the aforementioned increase shall be collectively referred to as the ("KIA Loan")). The KIA Loan will be evidenced by an Assistance Agreement between Western Pulaski District and KIA and Western Pulaski District has received a conditional commitment letter from KIA dated August 1, 2022 and a subsequent conditional commitment letter for the loan increase dated September 19, 2024 (collectively, the "Commitment"). A copy of the Commitment is attached hereto as **Exhibit "D"**.

- (vii) Section 15(2)(f) Statement of Estimated Annual Cost of Operation: a statement of the estimated annual cost of operation after the Project is placed in service is attached hereto as **Exhibit "E"**.

6. The detailed Statements of Net Position; Statements of Revenue, Expenses and Changes in Net Position; and Statements of Cash Flows for the twelve month periods ending on December 31, 2022 and 2023 are attached hereto as **Exhibit "F"** respectively.

7. Pursuant to 807 KAR 5:001, Section 12 - Financial Exhibit; Western Pulaski District hereby responds as follows:

- (i) Section 12(1)(a): Western Pulaski District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes have occurred since December 31, 2023.

- (ii) Section 12(2)(a), (b) and (c) Stock: Western Pulaski District does not have any authorized, issued or outstanding stock as of the date hereof.
 - (iii) Section 12(2)(d) Mortgages: Western Pulaski District does not have any outstanding mortgages as of the date hereof.
 - (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of Western Pulaski District is contained in the financial statements which have been filed with the Commission and are incorporated herein by reference.
 - (v) Section 12(2)(h) Dividends: Western Pulaski District has no outstanding stock and therefore pays no dividends.
 - (vi) Section 12(2)(i) Financial Statements: See **Exhibit "F"** attached hereto.
8. Pursuant to 807 KAR 5:001, Section 18, Western Pulaski District hereby responds as follows:
- (i) Section 18(1)(a): Western Pulaski District has complied with the requirements of 807 KAR 5:001, Section 14.
 - (ii) Section 18(1)(b): A general description of Western Pulaski District's property, its field of operation and a statement of original cost of said property and the cost to Western Pulaski District is contained in Western Pulaski District's 2023 Annual Report on file with this Commission.
 - (iii) Section 18(1)(c): Western Pulaski District is not issuing any stock as part of this financing. The information concerning the proposed KIA Loan is contained in this Application and the supporting exhibits. The KIA Loan will

be secured by and payable from the gross revenues of Western Pulaski District's water system.

- (iv) Section 18(1)(d): Western Pulaski District is not refunding any outstanding obligations in connection with this Project. The proceeds of the KIA Loan are being used for the construction of the Project described in **Exhibit "A"**.
- (v) Section 18(1)(e): See paragraph 5(i) above and paragraph 8(x) below.
- (vi) Section 18(1)(f): Western Pulaski District is not refunding any outstanding obligations in connection with this Project.
- (vii) Section 18(1)(g): Written notification of the proposed issuance of the KIA Loan is being provided to the State Local Debt Officer (see **Exhibit "G"** attached hereto).
- (viii) Section 18(2)(a): See paragraph #7 above.
- (ix) Section 18(2)(b): Western Pulaski District does not have any outstanding trust deeds or mortgages.
- (x) Section 18(2)(c): A detailed estimate of the acquired property, arranged according to the Uniform System of Accounts for Class A/B Water Districts and Associations is attached hereto as **Exhibit "H"**.

9. Copies of the bid tabulations as certified by the Engineers for the Project are attached hereto as **Exhibit "I"**.

10. The Final Project Budget is attached hereto as **Exhibit "J"**.


11. No rate adjustment is being requested in connection with this Application.

12. As stated in Paragraph 5(i), the Project was bid on July 11, 2024 and said bids expired on October 18, 2024. Western Pulaski District has asked the winning bidder (Caldwell Tanks, Inc.) for a 90 day bid extension. Caldwell Tanks has advised Western Pulaski District that it is agreeable to a 90 day extension, however the bonding company used by Caldwell Tanks only allows for an extension of 30 days at a time. Caldwell Tanks has indicated that is will issue three 30 day extensions for a cumulative bid extension date of January 18, 2025. A copy of the first 30 day bid extension letter of Caldwell Tanks is attached hereto as **Exhibit "K"**. Accordingly, Western Pulaski District respectfully requests that the Commission issue its Order on or before **January 10, 2025** in order to provide Western Pulaski District with sufficient time to finalize the contract with Caldwell Tanks prior to the bid expiration date.


WHEREFORE, the Western Pulaski County Water District respectfully requests that the Commission take the following actions:

- A. Grant Western Pulaski District a Certificate of Public Convenience and Necessity to construct the Project on or before **January 10, 2025**;
- B. Authorize the issuance of securities and execution of the KIA Assistance Agreement evidencing the KIA Loan in the principal amount not to exceed \$5,055,000; and
- C. Grant Western Pulaski District any other relief to which it is entitled.

Western Pulaski County Water District

By  _____
Joel L. Wilson, Chairman
2128 West Highway 80
Somerset, Kentucky 42503
Telephone: (606) 679-1569
Fax: (606) 677-9449
Email: tamora.vaught@gmail.com

Rubin & Hays

By  _____
W. Randall Jones
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7534
Fax: (502) 569-7555
Counsel for Western Pulaski County Water District
wrjones@rubinhays.com

STATE OF KENTUCKY)
) SS
COUNTY OF PULASKI)

The affiant, Joel L. Wilson, being first duly sworn, states: That is the Chairman of the Western Pulaski County Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 7th day of November, 2024.



Joel L. Wilson, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Joel L. Wilson, Chairman of the Western Pulaski County Water District on this the 7 day of November, 2024.

My Commission expires: 12/27/25.




Notary Public

Notary ID#: KYNP41388

CERTIFICATE OF SERVICE

The undersigned, in accordance with 807 KAR 5:001, Section 8, hereby certifies that Western Pulaski County Water District's electronic filing of the foregoing Application is a true and accurate copy of the same document being transmitted via electronic filing to the Kentucky Public Service Commission on November 8, 2024; that there are currently no parties that the Kentucky Public Service Commission has excused from participation by electronic means in this proceeding.



W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7534
Fax: (502) 569-7555
Counsel for Western Pulaski County Water District
wrjones@rubinhays.com

LIST OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
A	Project Description and Necessity
B	Engineer's Letter of Recommendation
C	Copy of Permits
D	KIA Commitment Letters
E	Estimated Annual Cost of Operation
F	Financial Statements
G	Notification to the State Local Debt Officer
H	Detailed Estimate of Acquired Property by USOA numbers
I	Certified Bid Tabulations
J	Final Project Budget
K	Contractor Bid Extension Letter

EXHIBIT A

Public Necessity and Project Description

PROGRAM NARRATIVE – PROJECT NECESSITY

WESTERN PULASKI COUNTY WATER DISTRICT BOURBON WATER STORAGE TANK REPLACEMENT

The Western Pulaski County Water District is proposing to replace an existing 300,000-gallon elevated water storage tank with a new 1,000,000-gallon elevated composite water storage tank. Additionally, 600 LF of 12-inch ductile iron water main will be installed to connect the new tank to the KY Highway 914 Bypass Water Main.

The necessity of the project is due to the growth along the KY Highway 914 Bypass and in the western portion of the county and the need for the replacement of the existing water storage tank. The existing 300,000-gallon water storage tank has significant corrosion and is in desperate need of repairs and paint, and no longer meets the needs of the system demand. The new larger tank will be a 1,000,000-gallon elevated composite tank in lieu of the current multi-leg elevated water storage tank and will provide improved pressure stabilization and an increased usable storage volume.

The 600 LF of 12-inch ductile iron water main will connect the new tank to a recently installed 16-inch and 12-inch ductile iron water transmission main installed along the KY Highway 914 Bypass. Ductile iron pipe was chosen in lieu of PVC due to the terrain and rock environment of the ground that it will be installed.

The only alternative was to construct a new tank at a different location in the vicinity of the existing tank at the same elevation. But due to a new proposed site location being within the restricted flight zone of the Lake Cumberland Regional Airport, the location would not have been permitted. Therefore, the only feasible location would be to construct at the same site as the existing water storage tank.

The Western Pulaski County Water District will own and operate the proposed new water storage tank and water main. The Western Pulaski County Water District purchases all of its water from the City of Somerset, which has more than sufficient water treatment capacity to serve the proposed area.

The project is being funded with a loan in the amount of \$4,500,000 with an additional \$555,000 in supplemental funds from the Kentucky Infrastructure Authority (KIA) Fund B Loan Program for a total project cost of \$5,055,000. Competitive bids were received on July 11, 2024, and all bids exceeded the available project funding, thus the request for the additional supplemental funds from KIA.

EXHIBIT B

Engineers Letter of Recommendation



July 15, 2024

Mr. Joel L. Wilson, Chairman
Western Pulaski County Water District
2128 West Highway 80
Somerset, Kentucky 42503

Re: Western Pulaski County Water District
WPCWD – Bourbon Storage Tank Replacement Project
KIA Fund B 22-004

Dear Mr. Wilson:

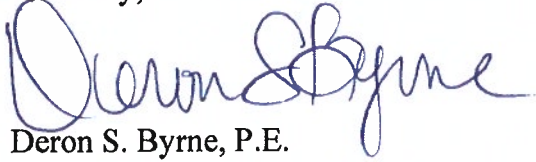
On July 11, 2024, bids were received by the Western Pulaski County Water District for the Bourbon Storage Tank Replacement Project. Three bids were submitted on the project and the lowest base bid was submitted by Caldwell Tanks, Inc. located in Louisville, Kentucky for an amount of \$4,094,000.00. A copy of the summarized bid tabulation of all bids received is attached along with a final project budget.

In reviewing the Kentucky Infrastructure Authority Conditional Commitment Letter dated July 8, 2022, the amount of funds available for development is \$4,500,000.00. As indicated on the attached Final Project Budget, the total project cost including a ten percent contingency, engineering fees, and other expenses is \$5,055,000.00 which exceeds the amount of allocated financing and leaves a shortfall in the amount of \$555,000.00. Therefore, based on the competitive nature of the bids received, and the necessity of the Bourbon Tank Replacement, we recommend that the Western Pulaski County Water District consider awarding a contract to Caldwell Tanks, Inc. for an amount of \$4,094,000.00 and seek additional funding from the Kentucky Infrastructure Authority (KIA) in the amount of \$555,000.00. This recommendation is contingent upon approval by Kentucky Infrastructure Authority and the Kentucky Public Service Commission.

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July 15, 2023
Page Two

Sincerely,

A handwritten signature in blue ink that reads "Deron S. Byrne". The signature is fluid and cursive, with the first name "Deron" being the most prominent.

Deron S. Byrne, P.E.
Project Engineer

/dsb.

cc: Julie Bickers
Kentucky Infrastructure Authority

EXHIBIT C

Required Permits



Andy Beshear
GOVERNOR

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

300 Sower Boulevard
Frankfort, Kentucky 40601
Phone: (502) 564-2150
Fax: 502-564-4245

Rebecca W. Goodman
SECRETARY

Anthony R. Hatton
COMMISSIONER

February 10, 2023

Joe McClendon
Western Pulaski Co Water District
2128 W Hwy 80
Somerset, KY 42503

RE: Bourbon Water Storage Tank Replacement
& WLE
Pulaski County, KY
Western Pulaski Co Water District
AI #: 34092, APE20220007
PWSID #: 1000363-22-007

Dear Mr. McClendon:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of a 1.0-million-gallon elevated water storage tank and approximately 600 linear feet of 16-inch DI water line. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

If you have any questions concerning this project, please contact Daniel Kulik at 502-782-6998.

Sincerely,

Terry Humphries, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

TH:DK

Enclosures

c: Monarch Engineering Inc
Pulaski County Health Department
Division of Plumbing

Distribution-Major Construction
Western Pulaski Co Water District
Facility Requirements

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PORT000000130 (Bourbon Water Storage Tank Replacement and WLE) 600 linear feet of 16 inch DI water line:

Narrative Requirements:

Condition No.	Condition
T-1	Construction of this project shall not result in the water system's inability to supply consistent water service in compliance with 401 KAR 8:010 through 8:600. [401 KAR 8:100 Section 5]
T-2	The public water system shall not implement a change to the approved plans without the prior written approval of the cabinet. [401 KAR 8:100 Section 4(3)]
T-3	A proposed change to the approved plans affecting sanitary features of design shall be submitted to the cabinet for approval in accordance with Section 2 of this administrative regulation. [401 KAR 8:100 Section 4(2)]
T-4	During construction, a set of approved plans and specifications shall be available at the job site. Construction shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 3(1)]
T-5	Unless construction begins within two (2) years from the date of approval of the final plans and specifications, the approval shall expire. [401 KAR 8:100 Section 3(3)]
T-6	Upon completion of construction, a professional engineer shall certify in writing that the project has been completed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 4(1)]
T-7	The system shall be designed to maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow. [Recommended Standards for Water Works 8.2.1, Drinking Water General Design Criteria IV.1.a]
T-8	Water lines should be hydraulically capable of a flow velocity of 2.5 ft/s while maintaining a pressure of at least 20 psi. [Drinking Water General Design Criteria IV.1.b]
T-9	The normal working pressure in the distribution system at the service connection shall not be less than 30 psi under peak demand flow conditions. Peak demand is defined as the maximum customer water usage rate, expressed in gallons per minute (gpm), in the pressure zone of interest during a 24 hour (diurnal) time period. [Drinking Water General Design Criteria IV.1.d]
T-10	When static pressure exceeds 150 psi, pressure reducing devices shall be provided on mains or as part of the meter setting on individual service lines in the distribution system. [Drinking Water General Design Criteria IV.1.c]
T-11	The minimum size of water main in the distribution system where fire protection is not to be provided should be a minimum of three (3) inch diameter. Any departure from minimum requirements shall be justified by hydraulic analysis and future water use, and can be considered only in special circumstances. [Recommended Standards for Water Works 8.2.2, Drinking Water General Design Criteria IV.2.b]

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Western Pulaski Co Water District
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PORT000000130 (Bourbon Water Storage Tank Replacement and WLE) 600 linear feet of 16 inch DI water line:

Narrative Requirements:

Condition No.	Condition
T-12	Water mains not designed to carry fire-flows shall not have fire hydrants connected to them. [Recommended Standards for Water Works 8.4.1.b]
T-13	Flushing devices should be sized to provide flows which will give a velocity of at least 2.5 feet per second in the water main being flushed. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-14	No flushing device shall be directly connected to any sewer. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-15	Pipe shall be constructed to a depth providing a minimum cover of 30 inches to top of pipe. [Drinking Water General Design Criteria IV.3.a]
T-16	Water mains shall be covered with sufficient earth or other insulation to prevent freezing. [Recommended Standards for Water Works 8.7]
T-17	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a depth of at least six inches below the bottom of the pipe. [Recommended Standards for Water Works 8.7]
T-18	Water line installation shall incorporate the provisions of the AWWA standards and/or manufacturer's recommended installation procedures. [Recommended Standards for Water Works 8.7]
T-19	All materials used for the rehabilitation of water mains shall meet ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-20	Packing and jointing materials used in the joints of pipe shall meet the standards of AWWA and the reviewing authority. [Recommended Standards for Water Works 8.1]
T-21	All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.7]
T-22	All materials including pipe, fittings, valves and fire hydrants shall conform to the latest standards issued by the ASTM, AWWA and ANSI/NSF, where such standards exist, and be acceptable to the Division of Water. [Recommended Standards for Water Works 8.1]
T-23	Water mains which have been used previously for conveying potable water may be reused provided they meet the above standards and have been restored practically to their original condition. [Recommended Standards for Water Works 8.1]

Distribution-Major Construction
Western Pulaski Co Water District
Facility Requirements

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PORT000000130 (Bourbon Water Storage Tank Replacement and WLE) 600 linear feet of 16 inch DI water line:

Narrative Requirements:

Condition No.	Condition
T-24	Manufacturer approved transition joints shall be used between dissimilar piping materials. [Recommended Standards for Water Works 8.1]
T-25	The minimum size of water main which provides for fire protection and serving fire hydrants shall be six inch diameter. [Recommended Standards for Water Works 8.2, Drinking Water General Design Criteria IV.2.a]
T-26	Pipes and pipe fittings containing more than 8% lead shall not be used. All products shall comply with ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-27	Gaskets containing lead shall not be used. Repairs to lead joint pipe shall be made using alternative methods. [Recommended Standards for Water Works 8.1]
T-28	Pipe materials shall be selected to protect against both internal and external pipe corrosion. [Recommended Standards for Water Works 8.1]
T-29	Dead end mains shall be equipped with a means to provide adequate flushing. [Recommended Standards for Water Works 8.2]
T-30	The hydrant lead shall be a minimum of six inches in diameter. Auxiliary valves shall be installed on all hydrant leads. [Recommended Standards for Water Works 8.4.3]
T-31	A sufficient number of valves shall be provided on water mains to minimize inconvenience and sanitary hazards during repairs. [Recommended Standards for Water Works 8.3]
T-32	Wherever possible, chambers, pits or manholes containing valves, blowoffs, meters, or other such appurtenances to a distribution system, shall not be located in areas subject to flooding or in areas of high groundwater. Such chambers or pits should drain to the ground surface, or to absorption pits underground. The chambers, pits and manholes shall not connect directly to any storm drain or sanitary sewer. Blowoffs shall not connect directly to any storm drain or sanitary sewer. [Recommended Standards for Water Works 8.6]
T-33	At high points in water mains where air can accumulate provisions shall be made to remove the air by means of air relief valves. [Recommended Standards for Water Works 8.5.1]
T-34	Automatic air relief valves shall not be used in situations where flooding of the manhole or chamber may occur. [Recommended Standards for Water Works 8.5.1]
T-35	The open end of an air relief pipe from automatic valves shall be extended to at least one foot above grade and provided with a screened, downward facing elbow. [Recommended Standards for Water Works 8.5.2.c]

Distribution-Major Construction
Western Pulaski Co Water District
Facility Requirements

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PORT0000000130 (Bourbon Water Storage Tank Replacement and WLE) 600 linear feet of 16 inch DI water line:

Narrative Requirements:

Condition No.	Condition
T-36	Discharge piping from air relief valves shall not connect directly to any storm drain, storm sewer, or sanitary sewer. [Recommended Standards for Water Works 8.5.2.d]
T-37	Water pipe shall be constructed with a lateral separation of 10 feet or more from any gravity sanitary or combined sewer measured edge to edge where practical. If not practical a variance may be requested to allow the water pipe to be installed closer to the gravity sanitary or combined sewer provided the water pipe is laid in a separate trench or undisturbed shelf located on one side of the sewer with the bottom of the pipe at least 18 inches above the top of the gravity sanitary or combined sewer pipe. [Drinking Water General Design Criteria IV.3.b]
T-38	Water lines crossing sanitary, combined or storm sewers shall be laid to provide a minimum vertical distance of 18 inches between the outside of the water main and the outside of the sanitary, combined or storm sewer with preference to the water main located above the sanitary, combined or storm sewer. [Drinking Water General Design Criteria IV.3.c]
T-39	At crossings, one full length of water pipe shall be located so both joints will be as far from the sewer as possible. [Recommended Standards for Water Works 8.8.3.b]
T-40	There shall be no connection between the distribution system and any pipes, pumps, hydrants, or tanks whereby unsafe water or other contaminating materials may be discharged or drawn into the system. [Recommended Standards for Water Works 8.10.1]
T-41	Water utilities shall have a cross connection program conforming to 401 KAR 8. [Recommended Standards for Water Works 8.10.1]
T-42	Installed pipe shall be pressure tested and leakage tested in accordance with the appropriate AWWA Standards. [Recommended Standards for Water Works 8.7.6]
T-43	New, cleaned and repaired water mains shall be disinfected in accordance with AWWA Standard C651. The specifications shall include detailed procedures for the adequate flushing, disinfection, and microbiological testing of all water mains. In an emergency or unusual situation, the disinfection procedure shall be discussed with the Division of Water. [Recommended Standards for Water Works 8.7.7]
T-44	A minimum cover of five feet shall be provided over pipe crossing underwater. [Recommended Standards for Water Works 8.9.2]
T-45	Valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair; the valves shall be easily accessible, and not subject to flooding for pipes crossing underwater. [Recommended Standards for Water Works 8.9.2.b]
T-46	Permanent taps or other provisions to allow insertion of a small meter to determine leakage and obtain water samples on each side of the valve closest to the supply source for pipes crossing. [Recommended Standards for Water Works 8.9.2.c]

Distribution-Major Construction
Western Pulaski Co Water District
Facility Requirements

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STOR000000002 (Bourbon Water Storage Tank Replacement and WLE) 1 MG Elevated Storage Tank:

Narrative Requirements:

Condition No.	Condition
T-1	Construction of this project shall not result in the water system's inability to supply consistent water service in compliance with 401 KAR 8:010 through 8:600. [401 KAR 8:100 Section 5]
T-2	The public water system shall not implement a change to the approved plans without the prior written approval of the cabinet. [401 KAR 8:100 Section 4(3)]
T-3	A proposed change to the approved plans affecting sanitary features of design shall be submitted to the cabinet for approval in accordance with Section 2 of this administrative regulation. [401 KAR 8:100 Section 4(2)]
T-4	During construction, a set of approved plans and specifications shall be available at the job site. Construction shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 3(1)]
T-5	Unless construction begins within two (2) years from the date of approval of the final plans and specifications, the approval shall expire. [401 KAR 8:100 Section 3(3)]
T-6	Upon completion of construction, a professional engineer shall certify in writing that the project has been completed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 4(1)]
T-7	The system shall be designed to maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow. [Recommended Standards for Water Works 8.2.1, Drinking Water General Design Criteria IV.1.a]
T-8	Water storage tanks shall have a minimum 100% turnover rate of once per 72 hours. [Drinking Water General Design Criteria IV.6.a]
T-9	Minimum water level for all gravity storage tanks shall maintain a minimum design pressure of 30 psi for all potential points of use supplied by the tank. [Drinking Water General Design Criteria IV.6.b]
T-10	Separate inlet and outlet is required on storage tanks; and the inlet has to be in the upper half of the tank (unless there is a separate mixing system). [Drinking Water General Design Criteria IV.6.c]
T-11	The maximum variation between high and low levels in storage structures providing pressure to a distribution system should not exceed 30 feet. [Recommended Standards for Water Works 7.3.1]
T-12	Finished water storage structures which provide pressure directly to the distribution system shall be designed so they can be isolated from the distribution system and drained for cleaning or maintenance without causing a loss of pressure in the distribution system. [Recommended Standards for Water Works 7.3.2]

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Activity ID No.:APE20220007

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STOR000000002 (Bourbon Water Storage Tank Replacement and WLE) 1 MG Elevated Storage Tank:

Narrative Requirements:

Condition No.	Condition
T-13	The storage structure drain shall discharge to the ground surface with no direct connection to a sewer or storm drain. [Recommended Standards for Water Works 7.3.2]
T-14	Adequate controls shall be provided to maintain levels in distribution system storage structures. Level indicating devices should be provided at a central location. [Recommended Standards for Water Works 7.3.3]
T-15	The minimum storage capacity (or equivalent capacity) for systems not providing fire protection shall be equal to the average daily consumption. [Recommended Standards for Water Works 7.0.1.b]
T-16	The system should be designed to facilitate turnover of water in the reservoir. [Recommended Standards for Water Works 7.0.6]
T-17	Excessive storage capacity should be avoided to prevent potential water quality deterioration problems. [Recommended Standards for Water Works 7.0.1.c]
T-18	The overflow pipe shall be of sufficient diameter to permit waste of water in excess of the filling rate. [Recommended Standards for Water Works 7.0.7.d]
T-19	Finished water storage structures shall be designed with reasonably convenient access to the interior for cleaning and maintenance. [Recommended Standards for Water Works 7.0.8]
T-20	Finished water storage structures shall be vented. Vents shall prevent the entrance of surface water, rainwater, bird, and animals. The overflow pipe shall not be considered a vent. Open construction between the sidewall and roof is not permissible. [Recommended Standards for Water Works 7.0.9]
T-21	Finished water storage structures and their appurtenances, especially the riser pipes, overflows, and vents, shall be designed to prevent freezing. Equipment used for freeze protection that will come into contact with the potable water shall meet ANSI/NSF Standard 61. [Recommended Standards for Water Works 7.0.13]
T-22	If a flapper valve is utilized, a screen shall be provide inside the valve. Provisions must be included to prevent the flapper from freezing shut. [Recommended Standards for Water Works 7.0.7.e]
T-23	The roof and sidewalls of all water storage structures must be watertight with no openings except properly constructed vents, manholes, overflows, risers, drains, pump mountings, control ports, or piping for inflow and outflow. [Recommended Standards for Water Works 7.0.10]
T-24	Any pipes running through the roof or sidewall of a metal storage structure must be welded, or properly gasketed. In concrete tanks, these pipes shall be connected to standard wall castings which were poured in place during the forming of the concrete. [Recommended Standards for Water Works 7.0.10.a]

Distribution-Major Construction
Western Pulaski Co Water District
Facility Requirements

Activity ID No.:APE20220007

Page 7 of 9

STOR000000002 (Bourbon Water Storage Tank Replacement and WLE) 1 MG Elevated Storage Tank:

Narrative Requirements:

Condition No.	Condition
T-25	Openings in the roof of a storage structure designed to accommodate control apparatus or pump columns, shall be curbed and sleeved with proper additional shielding to prevent contamination from surface or floor drainage. [Recommended Standards for Water Works 7.0.10.b]
T-26	Valves and controls should be located outside the storage structure so that the valve stems and similar projections will not pass through the roof or top of the reservoir. [Recommended Standards for Water Works 7.0.10.c]
T-27	Every catwalk over finished water in a storage structure shall have a solid floor with sealed raised edges, designed to prevent contamination from shoe scrapings and dirt. [Recommended Standards for Water Works 7.0.14]
T-28	The discharge pipes from water storage structures shall be located in a manner that will prevent the flow of sediment into the distribution system. [Recommended Standards for Water Works 7.0.15]
T-29	Smooth-nosed sampling tap(s) shall be provided to facilitate collection of water samples for both bacteriological and chemical analyses. The sample tap(s) shall be easily accessible. [Recommended Standards for Water Works 7.0.19]
T-30	Sewers, drains, standing water, and similar sources of possible contamination must be kept at least 50 feet from water storage facilities. Gravity sewers constructed of water main quality pipe, pressure tested in place without leakage, may be used at distances greater than 20 feet but less than 50 feet. [Recommended Standards for Water Works 7.0.2.c]
T-31	The roof of the storage structure shall be well drained. Downspout pipes shall not enter or pass through the reservoir. [Recommended Standards for Water Works 7.0.10.d]
T-32	Porous material, including wood and concrete block shall not be used for potable water contact applications. [Recommended Standards for Water Works 7.0.11]
T-33	All finished water storage structures shall have suitable watertight roofs which exclude birds, animals, insects, and excessive dust. [Recommended Standards for Water Works 7.0.3]
T-34	Fencing, locks on access manholes, and other necessary precautions shall be provided to prevent trespassing, vandalism, and sabotage. [Recommended Standards for Water Works 7.0.4]
T-35	Ladders, ladder guards, balcony railings, and safely located entrance hatches shall be provided where applicable. [Recommended Standards for Water Works 7.0.12.a]

Distribution-Major Construction
Western Pulaski Co Water District
Facility Requirements

Activity ID No.:APE20220007

STOR000000002 (Bourbon Water Storage Tank Replacement and WLE) 1 MG Elevated Storage Tank:

Narrative Requirements:

Condition No.	Condition
T-36	All water storage structures shall be provided with an overflow which is brought down to an elevation between 12 and 24 inches above the ground surface, and discharges over a drainage inlet structure or a splash plate. All overflow pipes shall be located so that any discharge is visible. [Recommended Standards for Water Works 7.0.7]
T-37	No drain on a water storage structure may have a direct connection to a sewer or storm drain. [Recommended Standards for Water Works 7.0.5]
T-38	The design shall allow draining the storage facility for cleaning or maintenance without causing loss of pressure in the distribution system. [Recommended Standards for Water Works 7.0.5]
T-39	No overflow may be connected directly to a sewer or a storm drain. [Recommended Standards for Water Works 7.0.7]
T-40	Proper protection shall be given to metal surfaces by paints or other protective coatings, by cathodic protective devices, or by both. [Recommended Standards for Water Works 7.0.17]
T-41	Paint systems shall meet ANSI/NSF standard 61. [Recommended Standards for Water Works 7.0.17.a]
T-42	Interior paint must be applied, cured, and used in a manner consistent with the ANSI/NSF approval. [Recommended Standards for Water Works 7.0.17.a]
T-43	After curing, the coating shall not transfer any substance to the water which will be toxic or cause taste or odor problems. [Recommended Standards for Water Works 7.0.17.a]
T-44	Wax coatings for the tank interior shall not be used on new tanks. [Recommended Standards for Water Works 7.0.17.b]
T-45	Old wax coating must be completely removed before using another tank coating. [Recommended Standards for Water Works 7.0.17.b]
T-46	Finished water storage structures shall be disinfected in accordance with AWWA Standard C652. Two or more successive sets of samples, taken at 24-hour intervals, shall indicate microbiologically satisfactory water before the facility is placed into operation. [Recommended Standards for Water Works 7.0.18.a]
T-47	The disinfection procedure specified in AWWA Standard C652 chlorination method 3, section 4.3 which allows use of the highly chlorinated water held in the storage tank for disinfection purposes, is prohibited unless the initial heavily chlorinated water is properly disposed. [Recommended Standards for Water Works 7.0.18.c]

Distribution-Major Construction
Western Pulaski Co Water District
Facility Requirements

Activity ID No.:APE20220007

Page 9 of 9

STOR000000002 (Bourbon Water Storage Tank Replacement and WLE) 1 MG Elevated Storage Tank:

Narrative Requirements:

Condition No.	Condition
T-48	The overflow for an elevated tank shall open downward and be screened with a four mesh, non-corrodible screen. [Recommended Standards for Water Works 7.0.7.c]
T-49	Elevated storage tanks shall have at least one of the access manholes framed at least four inches above the surface of the roof at the opening. All other manholes or access ways shall be bolted and gasketed. [Recommended Standards for Water Works 7.0.8.1]
T-50	Elevated storage tank vents shall open downward, and be fitted with either four mesh non-corrodible screen, or with finer mesh non-corrodible screen in combination with an automatically resetting pressure-vacuum relief mechanism. [Recommended Standards for Water Works 7.0.9.e]
T-51	Elevated tanks with riser pipes over eight inches in diameter shall have protective bars over the riser openings inside the tank. [Recommended Standards for Water Works 7.0.12.b]
T-52	Railings or handholds shall be provided on elevated tanks where persons must transfer from the access tube to the water compartment. [Recommended Standards for Water Works 7.0.12.c]
T-53	When an internal overflow pipe is used on elevated tanks, it should be located in the access tube. For vertical drops on other types of storage facilities, the overflow pipe should be located on the outside of the structure. [Recommended Standards for Water Works 7.0.7.a]
T-54	If a water circulation system is used, it is recommended that the circulation pipe be located separately from the riser pipe. [Recommended Standards for Water Works 7.0.13]
T-55	Reservoirs with pre-cast concrete roof structures must be made watertight with the use of a waterproof membrane or similar product. [Recommended Standards for Water Works 7.0.10.f]



Mail Processing Center
 Federal Aviation Administration
 Southwest Regional Office
 Obstruction Evaluation Group
 10101 Hillwood Parkway
 Fort Worth, TX 76177

Aeronautical Study No.
 2024-ASO-3871-OE
 Prior Study No.
 2023-ASO-27888-OE

Issued Date: 04/16/2024

Deron S Byrne
 Monarch Engineering, Inc.
 556 Carlton Dr
 Lawrenceburg, KY 40342

**** DETERMINATION OF NO HAZARD TO AIR NAVIGATION ****

The Federal Aviation Administration has conducted an aeronautical study under the provisions of 49 U.S.C., Section 44718 and if applicable Title 14 of the Code of Federal Regulations, part 77, concerning:

Structure:	Water Tower Bourbon Water Storage Tank
Location:	Somerset, KY
Latitude:	37-02-20.63N NAD 83
Longitude:	84-38-44.01W
Heights:	1120 feet site elevation (SE)
	93 feet above ground level (AGL)
	1213 feet above mean sea level (AMSL)

This aeronautical study revealed that the structure would have no substantial adverse effect on the safe and efficient utilization of the navigable airspace by aircraft or on the operation of air navigation facilities. Therefore, pursuant to the authority delegated to me, it is hereby determined that the structure would not be a hazard to air navigation provided the following condition(s) is(are) met:

As a condition to this Determination, the structure is to be marked/lighted in accordance with FAA Advisory circular 70/7460-1 M, Obstruction Marking and Lighting, paint/red lights-Chapters 3(Marked),4,5(Red),&15.

Any failure or malfunction that lasts more than thirty (30) minutes and affects a top light or flashing obstruction light, regardless of its position, should be reported immediately to (877) 487-6867 so a Notice to Air Missions (NOTAM) can be issued. As soon as the normal operation is restored, notify the same number.

It is required that FAA Form 7460-2, Notice of Actual Construction or Alteration, be e-filed any time the project is abandoned or:

- At least 10 days prior to start of construction (7460-2, Part 1)
- Within 5 days after the construction reaches its greatest height (7460-2, Part 2)

See attachment for additional condition(s) or information.

This determination expires on 10/16/2025 unless:

- (a) the construction is started (not necessarily completed) and FAA Form 7460-2, Notice of Actual Construction or Alteration, is received by this office.
- (b) extended, revised, or terminated by the issuing office.
- (c) the construction is subject to the licensing authority of the Federal Communications Commission (FCC) and an application for a construction permit has been filed, as required by the FCC, within 6 months of the date of this determination. In such case, the determination expires on the date prescribed by the FCC for completion of construction, or the date the FCC denies the application.

NOTE: REQUEST FOR EXTENSION OF THE EFFECTIVE PERIOD OF THIS DETERMINATION MUST BE E-FILED AT LEAST 15 DAYS PRIOR TO THE EXPIRATION DATE. AFTER RE-EVALUATION OF CURRENT OPERATIONS IN THE AREA OF THE STRUCTURE TO DETERMINE THAT NO SIGNIFICANT AERONAUTICAL CHANGES HAVE OCCURRED, YOUR DETERMINATION MAY BE ELIGIBLE FOR ONE EXTENSION OF THE EFFECTIVE PERIOD.

This determination is subject to review if an interested party files a petition that is received by the FAA on or before May 16, 2024. In the event an interested party files a petition for review, it must contain a full statement of the basis upon which the petition is made. Petitions can be submitted to the Manager, Rules and Regulations Group via email at OEPetitions@faa.gov, or via mail to Federal Aviation Administration, Air Traffic Organization, Rules and Regulations Group, Room 425, 800 Independence Ave, SW., Washington, DC 20591. FAA encourages the use of email to ensure timely processing.

This determination becomes final on May 26, 2024 unless a petition is timely filed. In which case, this determination will not become final pending disposition of the petition. Interested parties will be notified of the grant of any review. Any questions regarding your petition, contact Rules and Regulations Group via telephone (202) 267-8783.

This determination is based, in part, on the foregoing description which includes specific coordinates, heights, frequency(ies) and power. Any changes in coordinates, heights and frequencies or use of greater power, except those frequencies specified in the Colo Void Clause Coalition; Antenna System Co-Location; Voluntary Best Practices, will void this determination. Any future construction or alteration, including increase to heights, power or the addition of other transmitters, requires separate notice to the FAA. This determination includes all previously filed frequencies and power for this structure.

If construction or alteration is dismantled or destroyed, you must submit notice to the FAA within 5 days after the construction or alteration is dismantled or destroyed.

This determination does include temporary construction equipment such as cranes, derricks, etc., which may be used during actual construction of the structure. However, this equipment shall not exceed the overall heights as indicated above. Equipment which has a height greater than the studied structure requires separate notice to the FAA.

This determination concerns the effect of this structure on the safe and efficient use of navigable airspace by aircraft and does not relieve the sponsor of compliance responsibilities relating to any law, ordinance, or regulation of any Federal, State, or local government body.

This aeronautical study considered and analyzed the impact on existing and proposed arrival, departure, and en route procedures for aircraft operating under both visual flight rules and instrument flight rules; the impact on all existing and planned public-use airports, military airports and aeronautical facilities; and the cumulative impact resulting from the studied structure when combined with the impact of other existing or proposed

structures. The study disclosed that the described structure would have no substantial adverse effect on air navigation.

An account of the study findings, aeronautical objections received by the FAA during the study (if any), and the basis for the FAA's decision in this matter can be found on the following page(s).

This determination cancels and supersedes prior determinations issued for this structure.

If we can be of further assistance, please contact Chris Smith, at (817) 222-5928, or chris.smith@faa.gov. On any future correspondence concerning this matter, please refer to Aeronautical Study Number 2024-ASO-3871-OE.

Signature Control No: 613012399-619056147

(DNH)

Eric F Johnston

Manager, Obstruction Evaluation Group

Attachment(s)

Additional Information

Map(s)

Additional information for ASN 2024-ASO-3871-OE

Abbreviations

AGL - Above Ground Level

AMSL - Above Mean Sea Level

CAT - Category

CFR - Code of Federal Regulations

MDA - Minimum Descent Altitude

NEH - No Effect Height

nm - nautical mile

TPA - Traffic Pattern Airspace

Part 77 - Title 14 CFR Part 77, Safe, Efficient Use and Preservation of the Navigable Airspace

Our study has disclosed that this proposed water tank replacement, located approximately 1.68 nm southwest, is within the protected surfaces at LAKE CUMBERLAND RGNL Airport (SME), KY. At the proposed height, this structure will penetrate these protected airport surfaces at SME:

> 77.17 (a)(5) The surface of a takeoff and landing area of an airport or any imaginary surface established under 77.19, 77.21, or 77.23.

77.19 (a) Horizontal surface. A horizontal plane 150 feet above the established airport elevation. Exceeds by 136 feet.

NOTE: The ground exceeds the obstruction standard by 43 feet.

>The proposal would lie within the TPA climb and descent area for all runways for all categories of aircraft, exceeds the conical surface by 22 feet.

Note: Aircraft categories are based on approach speed, CAT A = less than 91 knots, CAT B = 91- 120 knots, CAT C = 121-140 knots, CAT D = 141-165 knots, CAT E 165 + knots.

The proposal was not circularized for public comment because current FAA obstruction evaluation policy exempts from circularization of proposals that would replace an existing structure at the same or lower height as the original structure, and marked and/or lighted under the same provisions as the original structure.

AERONAUTICAL STUDY FOR POSSIBLE INSTRUMENT FLIGHT RULES (IFR) EFFECT DISCLOSED THE FOLLOWING:

> The proposed structure would have no effect on any existing or proposed IFR arrival/departure routes, operations, or procedures.

> The proposed structure would have no effect on any existing or proposed IFR en route routes, operations, or procedures.

> The proposed structure would have no effect on any existing or proposed IFR minimum flight altitudes.

AERONAUTICAL STUDY FOR POSSIBLE VISUAL FLIGHT RULES (VFR) EFFECT DISCLOSED THE FOLLOWING:

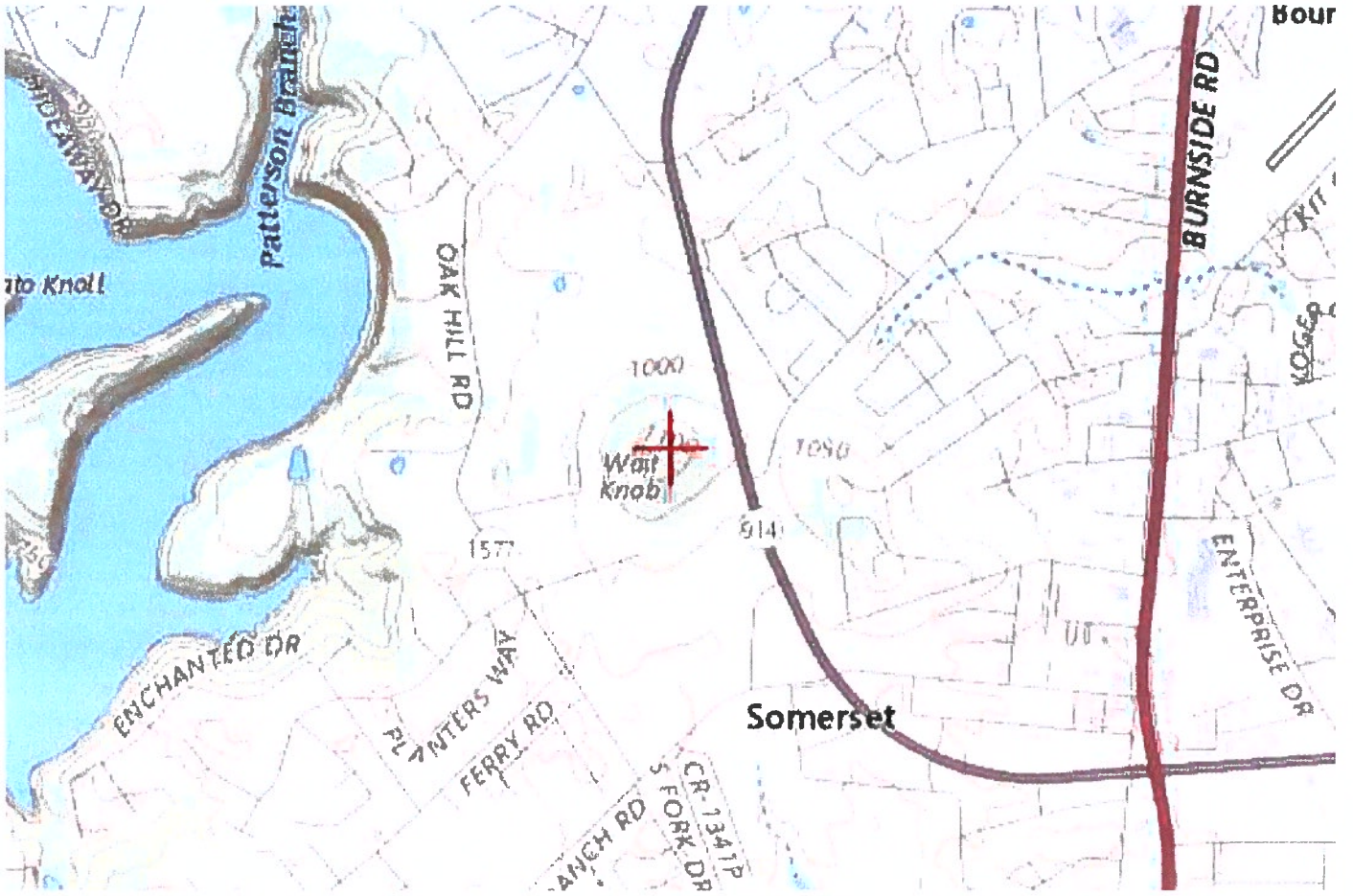
The latest SME Airport Master Plan, dated April 13, 2021, indicates that SME has approximately 27,997 operations per year, although no specific information is available as to the number of operations per category of aircraft. The Airport Master Plan identifies that the following are based at SME: 25 single engine aircraft, 4 multi engine aircraft, 5 jet aircraft, and 6 helicopters. The water tank will be located within portions of the TPA. Aircraft operating at normal TPA altitudes and standard rates of descent would have reasonable clearance above this structure.

> The structure will be appropriately obstruction marked/lighted to make it more conspicuous to airmen should circumnavigation be necessary.

The cumulative impact of the structure, when combined with other proposed and existing structures is not considered significant. Study did not disclose any significant adverse effect on existing or proposed public-use or military airports or navigational facilities. Nor would the structure affect the capacity of any known existing or planned public-use or military airport.

Therefore, it is determined that the proposed structure would not have a substantial adverse effect on the safe and efficient utilization of the navigable airspace by aircraft or on any air navigation facility and would not be a hazard to air navigation provided the conditions set forth in this determination are met.

TOPO Map for ASN 2024-ASO-3871-OE



Sectional Map for ASN 2024-ASO-3871-OE

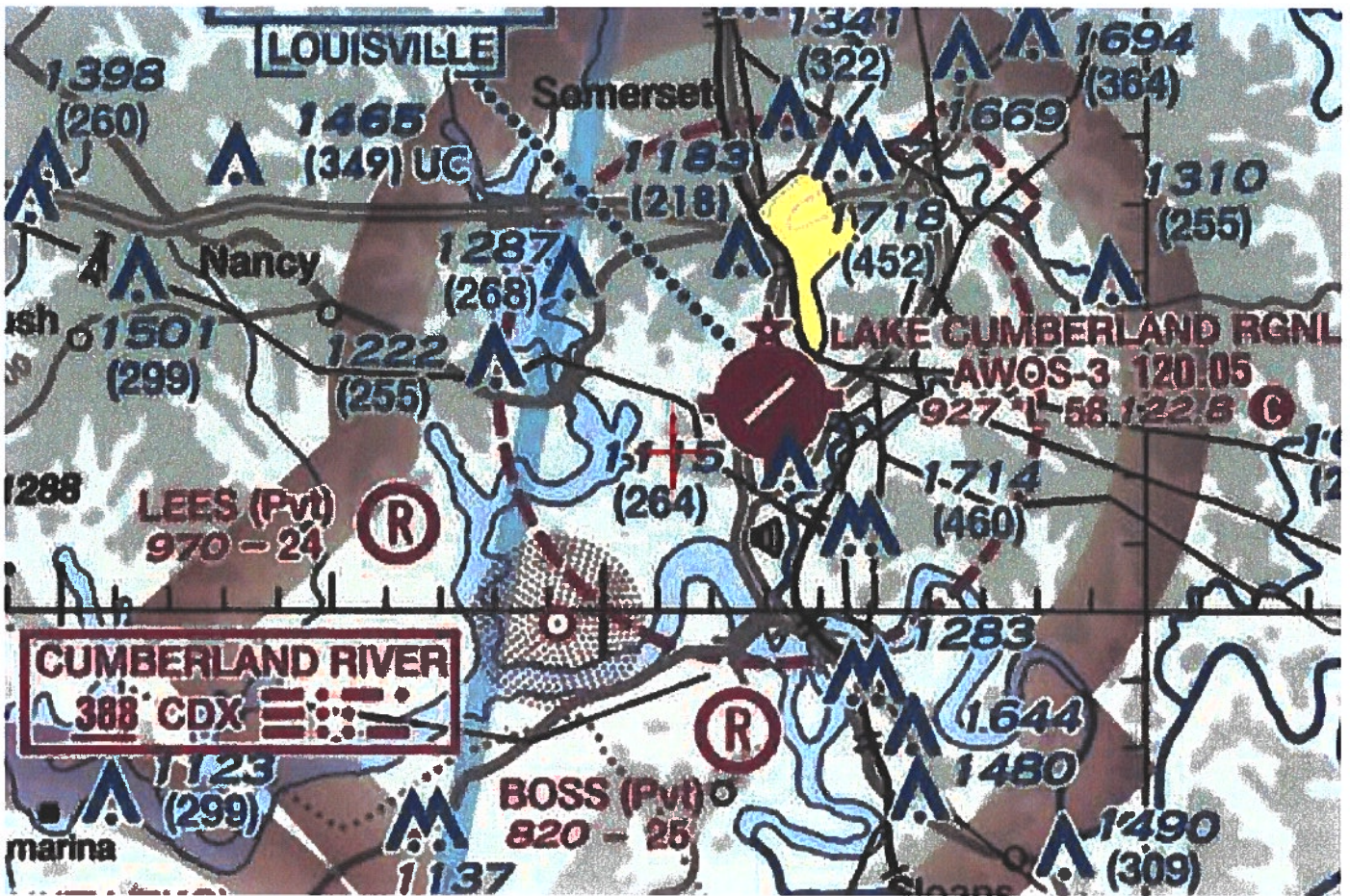


EXHIBIT D

KIA Commitment Letters



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Executive Director

August 1, 2022

Joel Wilson, Chairman
Western Pulaski County Water District
2128 W Hwy 80
Somerset, KY 42503

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (B22-004)**

Dear Chairman Wilson:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On July 7, 2022, the Authority approved your loan for the WPCWD - Bourbon Water Storage Tank Replacement project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$4,500,000, without prior authorization, of which the Authority is the sole source of the funding. The final loan amount will be equal to the amount of funds disbursed for the project. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Western Pulaski County Water District upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by July 8, 2023 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

TEAM
KENTUCKY

An Equal Opportunity Employer M/F/D

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,

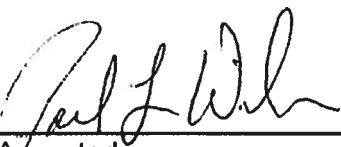
Milward Dedman

Milward Dedman
Deputy Executive Director

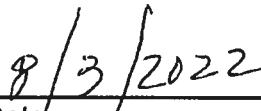
Attachments

cc: David Bowles, Monarch Engineering Inc.
Monarch Engineering Inc., David Bowles

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Complete the attached "Authorization for Electronic Deposit of Vendor Payment Form" and the "ACH Debit Authorization Form" **and return to the US Bank address at the bottom of each form**. Also included are the "Legal Counsel Certification Letter" sample and the "Statement of Approval of Projections of Revenue and Expenses" for you to complete at the appropriate time. These forms and an SRF loan checklist guide can be found in Attachment C of this letter.



Accepted



Date

ATTACHMENT A

Conditions

Western Pulaski County Water District
B22-004

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$4,500,000.
2. The loan shall bear interest at the rate of 1.00% per annum commencing with the first draw of funds.
3. The loan shall be repaid over a period not to exceed 20 years from the date of the last draw of funds.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day. Please complete and return the authorization form in Attachment C of this letter to U.S. Bank for processing.
5. Full principal payments will commence on June 1, or December 1, immediately succeeding the date of the last draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the last draw of funds, then the first principal payment date shall be the June 1, or December 1, which is at least six months from the date of the last draw of funds. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of 0.20% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
7. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.

8. The Authority loan funds must be expended within six months of the official date of initiation of operation.
9. The Authority requires that an annual financial audit be provided for the life of the loan.
10. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
11. The borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. Upon completion of final design of the facilities in the attached project description, favorable approval shall be obtained of such design by all appropriate parties as required by Kentucky statute or administrative regulation.
2. The Borrower must provide certification from their legal counsel stating that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable state and local procurement laws.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the Attachment B description shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding, or any new funding sources not reflected in Attachment B shall be immediately reported and may cause this loan to be subject to further consideration.
4. Upon receipt of construction bids a tabulation of such bids and engineer's recommendations on compliance with bid specifications and recommendation for award, shall be forwarded to the Authority for final approval and sizing of this loan and the project.

5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The Committee meets monthly. Any special conditions listed in Attachment B must be satisfied before the project is presented before the Committee.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. Based on the final "as bid" project budget, the borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by your consultant engineer.
8. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Authority.
9. The Borrower must provide documentation of Clearinghouse Endorsement and Clearinghouse Comments.
10. The Borrower must complete and return the "Authorization for Electronic Deposit of Borrower Payment" form in Attachment C of this letter to U.S. Bank.
11. The Borrower will implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
12. The Borrower will provide Final Design Plans in an AutoCAD Drawing File Format (DWG), referenced to the appropriate (North, South or Single) Kentucky State Plane Coordinate System (NAD83-Survey Feet) on a Compact Disc (CD). The recipient shall provide the Authority a digital copy (pdf) of the record drawings from the project within three months of construction completion.

Any special conditions listed in Attachment B must be resolved.

ATTACHMENT B

Executive Summary and Credit Analysis

Western Pulaski County Water District
B22-004

EXECUTIVE SUMMARY		Reviewer	Alex Fisher	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	July 7, 2022	
FUND B, INFRASTRUCTURE		KIA Loan Number	B22-004	
REVOLVING LOAN FUND		WRIS Number	WX21199141	
BORROWER		WESTERN PULASKI COUNTY WATER DISTRICT PULASKI COUNTY		
BRIEF DESCRIPTION				
The Western Pulaski County Water District is requesting a Fund B loan for \$4,500,000 for the Bourbon Water Storage Tank Replacement project. This project will replace an existing 300,000 gallon elevated water storage tank with a new 1,000,000 gallon elevated composite water storage tank. Additional 600 LF of 12 inch water main will be installed to connect the new tank to the KY Hwy 914 Bypass water main.				
PROJECT FINANCING		PROJECT BUDGET		
Fund B Loan	\$4,500,000	RD Fee %	Actual %	
				Administrative Expenses \$12,000
				Legal Expenses 5,000
		Eng - Design / Const 6.9%	6.9%	277,000
		Eng - Insp 3.7%	3.7%	148,000
		Eng - Other		28,000
		Construction		3,648,000
		Contingency		364,000
		Other		18,000
TOTAL	\$4,500,000	TOTAL		\$4,500,000
REPAYMENT	Rate	1.00%	Est. Annual Payment	\$257,810
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Monarch Engineering Inc.		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Jun-23		
	Construction Start	Aug-23		
	Construction Stop	Aug-24		
DEBT PER CUSTOMER	Existing	\$1,105		
	Proposed	\$1,479		
RESIDENTIAL RATES				
	Current	<u>Users</u>	<u>Avg. Bill</u>	
		8,950	\$30.20	(for 4,000 gallons)
REGIONAL COORDINATION This project is consistent with regional planning recommendations.				
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2019	1,159,522	2,459,045	(1,299,523)	0.5
Audited 2020	868,061	426,522	441,539	2.0
Audited 2021	1,045,714	700,196	345,518	1.5
Projected 2022	956,601	362,120	594,481	2.6
Projected 2023	1,699,852	661,500	1,038,352	2.6
Projected 2024	1,661,284	789,468	871,816	2.1
Projected 2025	1,633,470	924,650	708,820	1.8
Projected 2026	1,605,100	802,484	802,616	2.0

Reviewer: Alex Fisher
Date: July 7, 2022
Loan Number: B22-004

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)
WESTERN PULASKI COUNTY WATER DISTRICT, PULASKI COUNTY
PROJECT REVIEW
WX21199141**

I. PROJECT DESCRIPTION

The Western Pulaski County Water District is requesting a Fund B loan for \$4,500,000 for the Bourbon Water Storage Tank Replacement project. This project will replace an existing 300,000-gallon elevated water storage tank with a new 1,000,000-gallon elevated composite water storage tank. Additional 600 LF of 12-inch water main will be installed to connect the new tank to the KY Hwy 914 Bypass water main.

Western Pulaski County Water District serves over 8,900 residential and 27 commercial customers.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 12,000
Legal Expenses	5,000
Engineering Fees - Design	277,000
Engineering Fees - Inspection	148,000
Engineering Fees - Other	28,000
Construction	3,648,000
Contingency	364,000
Other	18,000
Total	\$ 4,500,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$ 4,500,000	100%
Total	\$ 4,500,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 4,500,000
Less: Principal Forgiveness	<u>0</u>
Amortized Loan Amount	\$ 4,500,000
Interest Rate	1.00%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 248,810
Administrative Fee (0.20%)	<u>9,000</u>
Total Estimated Annual Debt Service	\$ 257,810

V. PROJECT SCHEDULE

Bid Opening	June 2023
Construction Start	August 2023
Construction Stop	August 2024

VI. RATE STRUCTURE

A. Customers

<u>Customers</u>	<u>Current</u>
Residential	8,923
Commercial	27
Industrial	<u>0</u>
Total	8,950

B. Rates

WATER	<u>Proposed</u>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase		07/16/18	8/1/2012
Minimum (2,000 gallons)	\$21.54	\$17.58	14.34
Next 1,000 Gallons	7.73	6.31	5.82
Cost for 4,000 gallons	<u>\$37.00</u>	<u>\$30.20</u>	<u>\$25.98</u>
Increase %	22.5%	16.2%	
Affordability Index (Rate/MHI)	1.0%	0.8%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2016-2020, the Utility's service area population was 17,482 with a Median Household Income (MHI) of \$44,149. The median household income for the Commonwealth is \$50,589. The project will qualify for a 1.0% interest rate.

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2019 through June 30, 2021. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 4.6% from \$3.39 million in 2019 to \$3.54 in 2021 while operating expenses increased 31.2% from \$0.99 million to \$1.31 million during the same period primarily due to increased salary and pension costs. Consolidated cash flow before debt service averaged \$1.02 million in the 3 audited years. The debt coverage ratio was 0.5, 2.0, and 1.5 in 2019, 2020, and 2021 respectively.

The balance sheet reflects a current ratio of 4.4, a debt-to-equity ratio of 1.1, 39.6 days of sales in accounts receivable, and 11.5 months of operating expenses in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Water revenues increase to the proposed PSC case rate in fiscal year 2023.
- 2) Expenses will increase 2% annually due to inflation.
- 3) Debt service coverage is 2.1 in 2024 when principal and interest repayments begin.

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

The Western Pulaski County Water District is regulated by the Public Service Commission and will need to apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for the \$4.5 million loan and District must receive a Certificate of Public Convenience and Necessity (CPCN), pursuant to KRS 278.020.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$226,000 total) of the final amount borrowed to be funded annually (\$11,300 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 2002A RD USDA	\$ 649,000	2042
Series 2002B RD USDA	394,000	2042
Series 2010 RD USDA	734,000	2049
Series 2012E Ky RWFC	1,040,000	2035
Series 2013 RD USDA	1,222,500	2053
Series 2018 RD USDA	2,115,000	2057
KIA B20-004	839,232	2041
KIA F16-004	2,897,348	2041
Total	\$ 9,891,080	

X. CONTACTS

Legal Applicant	
Entity Name	Western Pulaski County Water District
Authorized Official	Joel Wilson (Chairman)
County	Pulaski
Email	tamora.vaught@gmail.com
Phone	(606) 679-3793
Address	2128 W Hwy 80 Somerset, KY 42503

Applicant Contact	
Name	Joe McClendon
Organization	Western Pulaski County Water District
Email	joe-mcclendon@hotmail.com
Phone	(606) 679-1569
Address	1059 W Hwy 80 Somerset, KY 42503

Consulting Engineer/Project Admin

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

XI. RECOMMENDATIONS

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

By August 31, 2022, the Western Pulaski County Water District will need a resolution from the Western Pulaski County Water District Board, demonstrating their intentions to increase revenues as necessary and authorized by the PSC to meet the loan requirements over the life of the loan. The proposed water rate increase currently with PSC case #2021-00445 will exceed the 1.1 debt coverage ratio requirement with the Kentucky Infrastructure Authority.

WESTERN PULASKI COUNTY WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)

	Audited <u>2019</u>	Audited <u>2020</u>	Audited <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>	Projected <u>2024</u>	Projected <u>2025</u>	Projected <u>2026</u>
Balance Sheet								
Assets								
Current Assets	2,907,410	2,876,444	3,005,446	3,597,276	4,719,229	5,591,045	6,299,865	7,102,482
Other Assets	16,450,828	18,117,282	20,052,789	19,543,416	19,034,043	22,923,470	22,312,897	21,702,324
Total	19,358,238	20,993,726	23,058,235	23,140,692	23,753,272	28,514,515	28,612,762	28,804,806
Liabilities & Equity								
Current Liabilities	404,792	759,515	689,894	937,698	953,253	1,201,456	1,096,806	1,077,406
Long Term Liabilities	9,144,256	10,222,892	11,587,333	10,930,188	10,498,724	14,324,457	13,760,340	13,221,223
Total Liabilities	9,549,048	10,982,407	12,277,227	11,867,886	11,451,977	15,525,913	14,857,146	14,298,629
Net Assets	9,809,190	10,011,319	10,781,008	11,272,807	12,301,295	12,988,602	13,755,617	14,506,177
Cash Flow								
Revenues	3,385,440	3,359,390	3,542,581	3,517,727	4,287,712	4,287,712	4,287,712	4,287,712
Operating Expenses	2,355,181	2,594,575	2,663,258	2,689,467	2,716,201	2,754,769	2,782,583	2,810,953
Other Income	129,263	103,246	166,391	128,341	128,341	128,341	128,341	128,341
Cash Flow Before Debt Service	1,159,522	868,061	1,045,714	956,601	1,699,852	1,661,284	1,633,470	1,605,100
Debt Service								
Existing Debt Service	2,459,045	426,522	700,196	362,120	661,500	660,563	666,840	544,674
Proposed KIA Loan	0	0	0	0	0	128,905	257,810	257,810
Total Debt Service	2,459,045	426,522	700,196	362,120	661,500	789,468	924,650	802,484
Cash Flow After Debt Service	(1,299,523)	441,539	345,518	594,481	1,038,352	871,816	708,820	802,616
Ratios								
Current Ratio	7.2	3.8	4.4	3.8	5.0	4.7	5.7	6.6
Debt to Equity	1.0	1.1	1.1	1.1	0.9	1.2	1.1	1.0
Days Sales in Accounts Receivable	41.6	46.3	39.6	39.6	39.6	39.6	39.6	39.6
Months Operating Expenses in Unrestricted Cash	12.3	10.2	11.5	14.0	18.5	22.1	24.9	28.1
Debt Coverage Ratio	0.5	2.0	1.5	2.6	2.6	2.1	1.8	2.0

ATTACHMENT C

Forms

Western Pulaski County Water District
B22-004

Fund B/C LOAN CONDITIONS CHECKLIST

Congratulations on receiving a conditional commitment of funding from KIA's Fund B/C Loan Program. Borrowers will now be assigned a Compliance Analyst to help guide them through the rest of the loan process based on which Area Development District (ADD) they are located. Please submit all documents to one of the following contacts:

- Julie Bickers (Julie.Bickers@ky.gov, 502-892-3455): Purchase, Pennyrite, Green River, Barren River, Lake Cumberland, Cumberland Valley, Big Sandy, Kentucky River
- Debbie Landrum (Debbie.Landrum@ky.gov, 502-892-3454): Lincoln Trail, KIPDA, Northern KY, Bluegrass, Buffalo Trace, Gateway, FIVCO

After all of the conditions of the Conditional Commitment Letter have been fulfilled, KIA will initiate the Assistance Agreement with the borrower. The Assistance Agreement must be fully executed before any funds may be disbursed. The following is a list of items needed to process your loan (forms can be found here <https://kia.ky.gov/FinancialAssistance/Pages/Forms.aspx>):

Before bid opening, submit the following items to the designated agency.

Submit

To:

- | | | |
|--------|--------------------------|---|
| KIA | <input type="checkbox"/> | Conditional Commitment Letter (this letter is sent to the borrower via email shortly following KIA board approval and is to be signed by the authorizing official) |
| USBANK | <input type="checkbox"/> | Authorization for Electronic Deposit/Debit of Borrower Disbursements/ Payment (these forms are attached to the loan commitment letter sent after KIA board approval and are to be signed by the authorizing official and forwarded to US Bank) |
| KIA | <input type="checkbox"/> | Ecclearinghouse Endorsement (if not already submitted with loan application) |
| DOW | <input type="checkbox"/> | Plans and specifications (Kentucky Division of Water will review and KIA will need copy of approval letter) |
| KIA | <input type="checkbox"/> | Proof of compliance with any special condition identified in the Conditional Commitment Letter (e.g. adopted ordinance). |

After the project has opened bids, please submit the following items to the designated agency assigned below. It is imperative that the remaining standard conditions are fulfilled by the deadlines set forth in the Conditional Commitment Letter.

Submit

To:

- | | | |
|-----|--------------------------|---|
| KIA | <input type="checkbox"/> | Bid Advertisement |
| KIA | <input type="checkbox"/> | Bid Tabulation and Engineer's Recommendation |
| KIA | <input type="checkbox"/> | As-Bid Budget |
| KIA | <input type="checkbox"/> | Procurement Certification (KIA sends to borrower after bid opening for signature.) |
| KIA | <input type="checkbox"/> | Certification of obtainable revenue projections (KIA sends to borrower after bid opening for signature.) |
| KIA | <input type="checkbox"/> | Certification of clear site (KIA sends to borrower after bid opening for signature.) |
| KIA | <input type="checkbox"/> | Plans and specifications approval from the Kentucky Division of Water |
| KIA | <input type="checkbox"/> | Public Service Commission (PSC) approval , (CPCN and Authorization to Incur Debt) if applicable. |

KIA Loan # B22-004

ACH DEBIT AUTHORIZATION FORM

**AUTHORIZATION AGREEMENT FOR PRE-ARRANGED PAYMENTS
(DEBITS)**

The undersigned hereby authorizes U.S. Bank National Association Corporate Trust Department ("U.S. Bank") to initiate debit entries to the Checking Savings (specify type) account indicated below at the bank named below:

BANK NAME _____ BRANCH _____
CITY _____ STATE _____ ZIP CODE _____
BANK TRANSIT/ABA NO. _____ ACCOUNT NO. _____

This authority is to remain in full force and effect until U.S. Bank has received written notification from the undersigned of its termination in such time and in such manner as to afford U.S. Bank a reasonable opportunity to act. The undersigned has the right to stop payment of a debit entry by reasonable prior written notification to U.S. Bank. After the above account has been charged, the undersigned has the right to have the amount of any erroneous debit immediately credited to its account by U.S. Bank up to 30 days following issuance of a statement.

NAME OF ENTITY: _____
ADDRESS _____
TAX IDENTIFICATION NUMBER: _____

By _____ Dated _____
Authorized Signer

Send to: U.S. Bank via Email

KentuckyInfrastructureAuth@usbank.com

**AUTHORIZATION FOR ELECTRONIC DEPOSIT
OF BORROWER PAYMENT
KENTUCKY INFRASTRUCTURE AUTHORITY
KIA Loan # B22-004**

Borrower Information:

Name: _____

Address: _____

City: _____ State: KY Zip: _____

Federal I.D. #: _____ Telephone: _____

Contact Name: _____

Email: _____

Financial Institution Information:

Bank Name: _____

Branch: _____ Telephone: _____

City: _____ State: KY Zip: _____

Transit / ABA No: _____

Account Name: _____

Account Number: _____

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: _____ Date: _____

Name Printed: _____ Job Title: _____

Send to: U.S. Bank via Email

KentuckyInfrastructureAuth@usbank.com

TRANSPARENCY ACT REPORTING INFORMATION FORM

CLEAN WATER STATE REVOLVING FUND AND DRINKING WATER STATE REVOLVING FUND

This form is required for projects funded in whole or in part from the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund. This form is to be completed and returned with the signed Conditional Commitment Letter from the Kentucky Infrastructure Authority.

Borrower Information:

Name:	
Unique Entity ID (generated by SAM.gov)*:	
KIA Loan Number:	B22-004
Street Address	
City, State and Zip (Zip must include 4 digit extension)	
Federal Congressional District(s) of Borrower Utility Service Area:	

*If the Unique Entity ID provided above is registered under a different name than the recipient of funding, please provide the registration name below:

Unique Entity ID Name	
-----------------------	--

*If the recipient has not yet obtained a Unique Entity ID, please do so no later than 30 days after the KIA Board approval date of your loan request and provide notification to KIA of the number once issued.

Physical Location of Project (Primary Place of Performance)

Street Address	
City, State and Zip (Zip must include 4 digit extension)	
Federal Congressional District(s) of Project Location	

Reliance upon Federal Assistance (please answer the below questions Yes or No):

Did recipient receive 80% or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards) during the last fiscal year?	
Did recipient receive \$25 million or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards) during the last fiscal year?	
Does the public have access to compensation of senior executives of the recipient through periodic reports filed under Section 13A or 15D of the Securities Exchange Act of 1934 or Section 6104 of the Internal Revenue Code of 1986?	

Unique Entity ID Registration Information: <https://sam.gov>

SAMPLE LETTER

[Letterhead of Counsel for Water Utility]

[Date]

Kentucky Infrastructure Authority
100 Airport Road
Frankfort, Kentucky 40601

RE: Loan#
 City of xxxxx

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the XXXXXXXXXXXXX, hereinafter referred to as the "Water Utility ". I am familiar with the organization and existence of the Water Utility and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the water project (the "Project") with respect to which the funding commitment by and between the Kentucky Infrastructure Authority ("Authority") and the Water Utility.

I have reviewed the commitment letter by and between the Authority and the Water Utility and the documentation regarding procurement with respect to the Project.

Based upon my review I am of the opinion that:

The Water Utility has prepared construction specifications in accordance with all procurement procedures including those for construction, land, equipment and professional services that are a part of the project are in compliance with all applicable state and local procurement laws.

Respectfully,

COMPLETE AFTER BID OPENING

**STATEMENT OF APPROVAL
OF PROJECTIONS OF REVENUE AND EXPENSES**

Borrower Name: _____

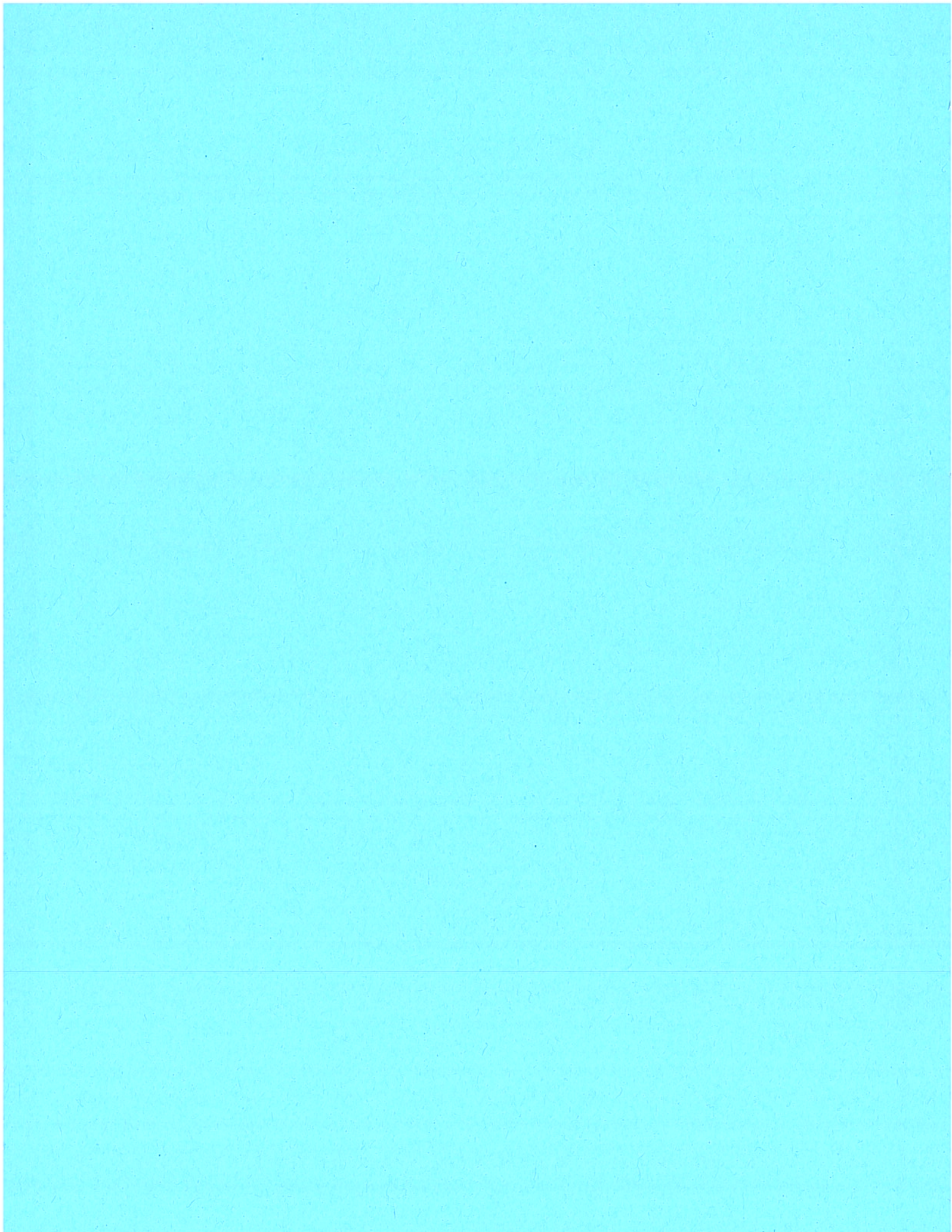
Loan No.: _____

I hereby certify that the revenue projections in the attached descriptions are still obtainable and that projections of operating expenses have not materially changed based on the "as-bid" budget submitted for the Project.

Signed: _____

Borrower

Date





KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Executive Director

September 19, 2024

Joel Wilson, Chairman
Western Pulaski County Water District
2128 W Hwy 80
Somerset, KY 42503

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (B22-004 (Increase))**

Dear Chairman Wilson:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On September 5, 2024, the Authority approved your request for a loan increase in the amount of \$555,000, subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$5,055,000, without prior authorization, of which the Authority is the sole source of the funding. The final loan amount will be equal to the amount of funds disbursed for the project. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Western Pulaski County Water District upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by September 19, 2025 (six months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

TEAM
KENTUCKY™

An Equal Opportunity Employer M/F/D

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,




Milward Dedman
Deputy Executive Director

Attachments

cc: David Bowles, Monarch Engineering Inc.
Monarch Engineering Inc., David Bowles

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also included in Attachment C of this letter is the "Statement of Approval of Projections of Revenue and Expenses" for you to complete after bid opening.



Accepted

9/24/24

Date

ATTACHMENT A

Conditions

Western Pulaski County Water District B22-004 (Increase)

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$5,055,000.
2. The loan shall bear interest at the rate of 1.00% per annum commencing with the first draw of funds.
3. The loan shall be repaid over a period not to exceed 20 years from the date of the last draw of funds.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day.
5. Full principal payments will commence on June 1, or December 1, immediately succeeding the date of the last draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the last draw of funds, then the first principal payment date shall be the June 1, or December 1, which is at least six months from the date of the last draw of funds. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of 0.20% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
7. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.

8. The Authority loan funds must be expended within six months of the official date of initiation of operation.
9. The Authority requires that an annual financial audit be provided for the life of the loan.
10. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
11. The borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

All standard conditions set forth in the original Conditional Commitment Letter dated July 8, 2022, must be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement.

ATTACHMENT B

Executive Summary and Credit Analysis

**Western Pulaski County Water District
B22-004 (Increase)**

EXECUTIVE SUMMARY		Reviewer	Sandy Sanders	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	September 5, 2024	
FUND B, INFRASTRUCTURE		KIA Loan Number	B22-004 (Increase)	
REVOLVING LOAN FUND		WRIS Number	WX21199141	
BORROWER	WESTERN PULASKI COUNTY WATER DISTRICT PULASKI COUNTY			
BRIEF DESCRIPTION				
<p>The Western Pulaski County Water District is requesting a Fund B loan increase in the amount of \$555,000 for the Bourbon Water Storage Tank Replacement project. The original loan was approved by the KIA board on July 7, 2022. The increase will bring the total KIA loan amount up to \$5,055,000. No additional work is being funded with the increased funding request. Three competitive bids were received with the base bid reflecting a marked increase in material costs. The overall project will replace an existing 300,000 gallon elevated water storage tank with a new 1,000,000 gallon elevated composite water storage tank. Additionally, 600 LF of 12 inch water main will be installed to connect the new tank to the KY Hwy 914 Bypass water main.</p>				
PROJECT FINANCING		PROJECT BUDGET		
Fund B Loan	\$4,500,000	Administrative Expenses	\$7,500	
Fund B Loan Increase	555,000	Legal Expenses	7,500	
		Eng - Design / Const	307,132	
		Eng - Insp	162,122	
		Eng - Other	15,888	
		Construction	4,094,000	
		Contingency	409,858	
		Other	51,000	
TOTAL	\$5,055,000	TOTAL	\$5,055,000	
REPAYMENT	Rate	1.00%	Est. Annual Payment \$289,606	
	Term	20 Years	1st Payment 6 Mo. after first draw	
PROFESSIONAL SERVICES	Engineer	Monarch Engineering Inc.		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Jul-24		
	Construction Start	Jan-25		
	Construction Stop	Mar-26		
DEBT PER CUSTOMER	Existing	\$1,530		
	Proposed	\$1,948		
RESIDENTIAL RATES				
	Current	Users	Avg. Bill	
		8,950	\$36.51 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2021	1,045,714	700,196	345,518	1.5
Audited 2022	707,942	494,340	213,602	1.4
Audited 2023	1,215,014	867,562	347,452	1.4
Projected 2024	1,191,377	704,362	487,015	1.7
Projected 2025	1,377,010	710,564	666,446	1.9
Projected 2026	1,299,601	733,127	566,474	1.8
Projected 2027	1,233,496	877,743	355,753	1.4
Projected 2028	1,166,069	875,880	290,189	1.3

Reviewer: Sandy Sanders
Date: Sept. 5, 2024
Loan Number: B22-004 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)
WESTERN PULASKI COUNTY WATER DISTRICT, PULASKI COUNTY
PROJECT REVIEW
WX21199141**

I. PROJECT DESCRIPTION

The Western Pulaski County Water District is requesting a Fund B loan increase in the amount of \$555,000 for the Bourbon Water Storage Tank Replacement project. The original loan was approved by the KIA board on July 7, 2022. The increase will bring the total KIA loan amount up to \$5,055,000. No additional work is being funded with the increased funding request. Three competitive bids were received with the base bid reflecting a marked increase in material costs. The overall project will replace an existing 300,000-gallon elevated water storage tank with a new 1,000,000-gallon elevated composite water storage tank. Additionally, 600 LF of 12-inch water main will be installed to connect the new tank to the KY Hwy 914 Bypass water main.

Western Pulaski County Water District serves over 8,900 residential and 27 commercial customers.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 7,500
Legal Expenses	7,500
Engineering Fees - Design	307,132
Engineering Fees - Inspection	162,122
Engineering Fees - Other	15,888
Construction	4,094,000
Contingency	409,858
Other	51,000
Total	\$ 5,055,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$ 4,500,000	89%
Fund B Loan Increase	555,000	11%
Total	\$ 5,055,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 5,055,000
Less: Principal Forgiveness	<u>0</u>
Amortized Loan Amount	\$ 5,055,000
Interest Rate	1.00%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 279,496
Administrative Fee (0.20%)	<u>10,110</u>
Total Estimated Annual Debt Service	\$ 289,606

V. PROJECT SCHEDULE

Bid Opening:	July 11, 2024
Construction Start:	January 16, 2025
Construction Stop:	March 16, 2026

VI. RATE STRUCTURE

A. Customers

<u>Customers</u>	<u>Current</u>
Residential	8,923
Commercial	27
Industrial	<u>0</u>
Total	8,950

B. Rates

WATER	<u>Proposed</u>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	09/27/24	01/25/24	09/27/23
Minimum (2,000 gallons)	\$22.43	\$21.11	\$20.21
Next 1,000 Gallons	8.17	7.70	7.25
Cost for 4,000 gallons	\$38.77	\$36.51	\$34.71
Increase %	6.2%	5.2%	0.4%
Affordability Index (Rate/MHI)	1.1%	1.0%	0.9%

VII. DEMOGRAPHICS

Based on Census data from the American Community Survey 5-Year Estimate 2016-2020, the Utility's service area population was 17,482 with a Median Household Income (MHI) of \$44,149. The MHI for the Commonwealth was \$50,589. The loan will qualify for a 1.0% interest rate.

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended December 31, 2021 through December 31, 2023. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 15.3% from \$3.54 million in 2021 to \$4.08 in 2023 while operating expenses increased 16.9% from \$2.66 million to \$3.11 million during the same period primarily due to increased transmission and distribution maintenance expenses as well as salary and pension costs. Consolidated cash flow before debt service averaged \$0.99 million in the 3 audited years. The debt coverage ratio was 1.5, 1.4, and 1.4 in 2021, 2022, and 2023 respectively.

The balance sheet reflects a current ratio of 2.5, a debt-to-equity ratio of 1.6, 40.4 days of sales in accounts receivable, and 6.4 months of operating expenses in unrestricted cash in 2023.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Water revenues increase to the proposed PSC case rate in fiscal years 2024 and 2025.
- 2) Expenses will increase 2% annually due to inflation.
- 3) Debt service coverage is 1.8 in 2026 when principal and interest repayments begin.

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

The Western Pulaski County Water district is regulated by the Public Service Commission (PSC) and will need to apply to the PSC, pursuant to KRS 278.300, for debt authorization for the \$5,055,000 loan and must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020.

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$252,000 total) of the final amount borrowed to be funded annually (\$12,600 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 2002A RD USDA	\$ 628,000	2042
Series 2002B RD USDA	381,000	2042
Series 2010 RD USDA	715,000	2049
Series 2012E Ky RWFC	760,000	2035
Series 2013 RD USDA	1,195,000	2053
Series 2018 RD USDA	2,076,500	2057
KIA B20-004	1,033,760	2041
KIA F16-003	3,032,427	2042
Citizens National Bank	3,873,876	NA
Total	\$13,695,563	

X. CONTACTS

Legal Applicant

Entity Name	Western Pulaski County Water District
Authorized Official	Joel Wilson (Chairman)
County	Pulaski
Email	tamora.vaught@gmail.com
Phone	(606) 679-1569
Address	2128 W Hwy 80 Somerset, KY 42503

Applicant Contact

Name	Joe McClendon
Organization	Western Pulaski County Water District
Email	joe-mcclendon@hotmail.com
Phone	(606) 679-1569
Address	1059 W Hwy 80 Somerset, KY 42503

Consulting Engineer/Project Admin

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

XI. RECOMMENDATIONS

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

**WESTERN PULASKI COUNTY WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	<u>Audited 2021</u>	<u>Audited 2022</u>	<u>Audited 2023</u>	<u>Projected 2024</u>	<u>Projected 2025</u>	<u>Projected 2026</u>	<u>Projected 2027</u>	<u>Projected 2028</u>
Balance Sheet								
Assets								
Current Assets	3,005,446	2,230,945	2,574,433	2,835,825	3,529,871	4,096,346	4,452,098	4,742,287
Other Assets	20,052,789	22,078,124	25,359,238	24,771,016	24,182,794	28,535,797	27,833,800	27,131,803
Total	23,058,235	24,309,069	27,933,671	27,606,841	27,712,665	32,632,142	32,285,898	31,874,090
Liabilities & Equity								
Current Liabilities	689,894	1,886,875	1,048,285	1,089,508	964,991	1,231,862	1,244,680	1,280,999
Long Term Liabilities	11,587,333	12,134,589	16,087,076	15,479,735	15,107,817	19,529,208	18,888,101	18,216,075
Total Liabilities	12,277,227	13,801,284	17,133,341	16,549,243	16,072,808	20,761,090	20,132,781	19,497,074
Net Assets	10,781,008	10,507,805	10,800,330	11,057,598	11,639,857	11,871,052	12,153,117	12,377,016
Cash Flow								
Revenues	3,542,581	3,537,999	4,083,161	4,188,656	4,437,827	4,437,827	4,437,827	4,437,827
Operating Expenses	2,883,258	2,989,653	3,114,601	3,188,093	3,251,631	3,328,040	3,395,145	3,462,572
Other Income	166,391	159,598	248,464	190,814	190,814	190,814	190,814	190,814
Cash Flow Before Debt Service	1,045,714	707,942	1,215,014	1,191,377	1,377,010	1,299,801	1,233,496	1,166,069
Debt Service								
Existing Debt Service	700,196	494,340	867,562	704,362	710,584	588,324	588,137	586,274
Proposed KIA Loan	0	0	0	0	0	144,803	289,606	289,606
Total Debt Service	700,196	494,340	867,562	704,362	710,584	733,127	877,743	875,880
Cash Flow After Debt Service	345,518	213,602	347,452	487,015	666,446	566,474	355,753	290,189
Ratios								
Current Ratio	4.4	1.3	2.5	2.7	3.7	3.3	3.6	3.7
Debt to Equity	1.1	1.3	1.6	1.5	1.4	1.7	1.7	1.6
Days Sales in Accounts Receivable	39.6	38.8	40.4	40.4	40.4	40.4	40.4	40.4
Months Operating Expenses in Unrestricted Cash	11.5	6.5	6.4	8.1	10.4	12.2	13.3	14.3
Debt Coverage Ratio	1.5	1.4	1.4	1.7	1.9	1.8	1.4	1.3

COMPLETE AFTER BID OPENING

**STATEMENT OF APPROVAL
OF PROJECTIONS OF REVENUE AND EXPENSES**

Borrower Name: WESTERN PULASKI COUNTY WATER DISTRICT

Loan No.: B22-004 (INCREASE)

I hereby certify that the revenue projections in the attached descriptions are still obtainable and that projections of operating expenses have not materially changed based on the "as-bid" budget submitted for the Project.

Signed:  _____

Western Pulaski County Water District

Borrower

9/24/24
Date

ATTACHMENT C

Forms

**Western Pulaski County Water District
B22-004 (Increase)**



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Executive Director

July 11, 2023

Joel Wilson, Chairman
Western Pulaski County Water District
2128 W Hwy 80
Somerset, KY 42503

KENTUCKY INFRASTRUCTURE AUTHORITY INFRASTRUCTURE REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (B22-004) EXTENSION

Dear Chairman Wilson:

The Kentucky Infrastructure Authority ("the Authority") has approved an extension of the Infrastructure Revolving Loan Fund loan B22-004 for the WPCWD – Bourbon Water Storage Tank Replacement Project. The Authority has extended the deadline for the District to meet the conditions set forth in the conditional commitment letter for a period of six (6) months. The original expiration date was July 8, 2023. The new expiration date will be January 8, 2024. If the project does not meet the conditions by the new expiration date, the commitment may be rescinded.

All original terms and conditions from the commitment letter dated July 8, 2022, shall remain in effect.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project to benefit both your community and the Commonwealth.

Sincerely,

A handwritten signature in blue ink that reads "Milward Dedman".

Milward Dedman
Deputy Executive Director

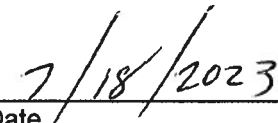
TEAM
KENTUCKY..

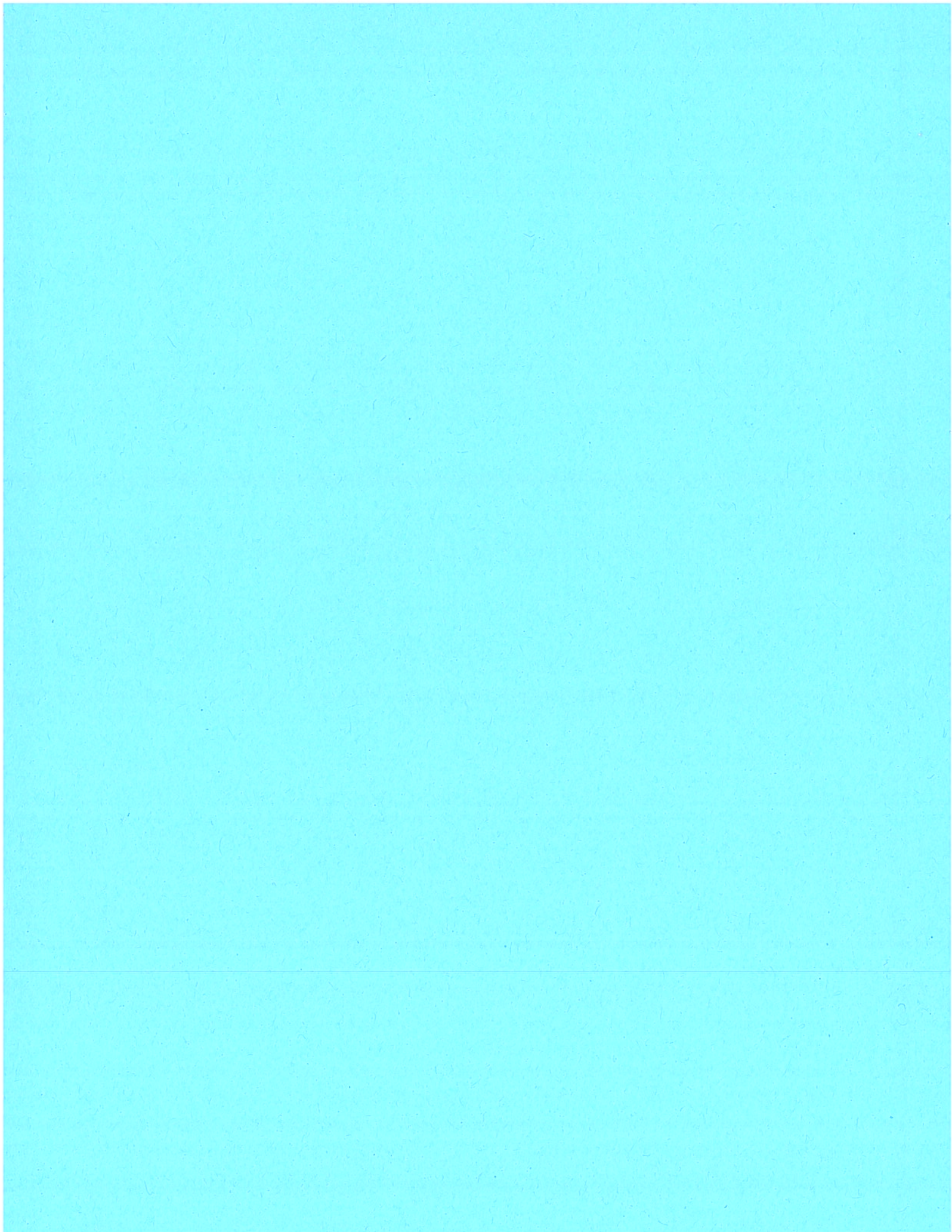
An Equal Opportunity Employer M/F/D

Commitment Letter Extension
Western Pulaski County Water District
July 11, 2023
Page 2

Please sign and return a copy of this letter indicating your acceptance of this commitment letter extension and its terms.


Accepted


Date





KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Executive Director

January 15, 2024

Joel Wilson, Chairman
Western Pulaski County Water District
2128 W Hwy 80
Somerset, KY 42503

KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (B22-004)
EXTENSION #2

Dear Chairman Wilson:

The Kentucky Infrastructure Authority ("the Authority") has approved an extension of the Infrastructure Revolving Loan Fund loan B22-004 for the WPCWD – Bourbon Water Storage Tank Replacement Project. The Authority has extended the deadline for the District to meet the conditions set forth in the conditional commitment letter for a period of six (6) months. The original expiration date was July 8, 2023. The first extension expiration date was January 8, 2024. This second extension expiration date will be July 8, 2024. If the project does not meet the conditions by the new expiration date, the commitment may be rescinded.

All original terms and conditions from the commitment letter dated July 8, 2022, shall remain in effect.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project to benefit both your community and the Commonwealth.

Sincerely,

A handwritten signature in black ink that reads "Milward Dedman".

Milward Dedman
Deputy Executive Director

TEAM
KENTUCKY™

An Equal Opportunity Employer M/F/D

Please sign and return a copy of this letter indicating your acceptance of this commitment letter extension and its terms.



Accepted

January 16, 2024

Date

EXHIBIT E

Estimated Annual Cost of Operation

ESTIMATED ANNUAL COST OF OPERATION (1st full year of Operation)
 Year Ending 2026

A. Operating Income:	
Water Sales	\$4,437,837
Disconnect/Reconnect/Late Charge Fees	
Other (Describe)	-
Less Allowances and Deductions	-
Total Operating Income	\$4,437,837
B. Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by NARUC)	
Source of Supply Expense	\$1,536,884
Pumping Expense	98,150
Water Treatment Expense	
Transmission and Distribution Expense	227,068
Customer Accounts Expense	36,216
Administrative and General Expense	1,430,722
Total Operating Expenses	\$3,329,040
Net Operating Income	\$1,108,797
C. Non Operating Income:	
Interest Income	\$31,372
Other (Identify)	
Total Non-Operating Income	\$31,372
D. Net Income	\$1,140,169
E. Debt Repayment:	
RUS Interest	\$216,406
RUS Principal	371,918
Non-RUS Interest	48,930
Non-RUS Principal	240,432
Total Debt Repayment	\$874,381
F. Balance Available for Coverage	\$265,788
G. Reserve Accounts	
Replacement Reserves - Short Lived Assets	\$240,788
Debt Reserve	25,000
Total Reserves	\$265,788

EXHIBIT F

Financial Statements

WESTERN PULASKI COUNTY WATER DISTRICT
Statements of Net Position
December 31, 2023 and 2022

Assets	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 1,651,299	\$ 1,616,486
Accounts receivable	452,327	373,971
Grant receivable	237,296	-
Prepaid assets	821	7,798
Inventory	<u>232,690</u>	<u>232,690</u>
Total Current Assets	<u>2,574,433</u>	<u>2,230,945</u>
Non-current Assets		
Restricted Assets		
Cash - Surcharge fund	166,258	-
Cash - Depreciation fund	260,450	514,890
Cash - Bond and interest	<u>643,249</u>	<u>520,452</u>
Total Restricted Assets	<u>1,069,957</u>	<u>1,035,342</u>
Capital Assets		
Construction in progress	4,266,339	1,332,389
Land and land rights	331,066	494,938
Utility plant in service	29,329,787	28,519,173
Equipment	902,943	797,658
Accumulated depreciation	<u>(11,222,003)</u>	<u>(10,677,031)</u>
Net Capital Assets	<u>23,608,132</u>	<u>20,467,127</u>
Total Non-current Assets	<u>24,678,089</u>	<u>21,502,469</u>
Total Assets	<u>27,252,522</u>	<u>23,733,414</u>
Deferred Outflows		
Outflows relating to net pension and OPEB liabilities	<u>681,149</u>	<u>575,655</u>

The accompanying notes are an integral part of the financial statements.
Page 7

WESTERN PULASKI COUNTY WATER DISTRICT
Statements of Net Position, Concluded
December 31, 2023 and 2022

Liabilities	<u>2023</u>	<u>2022</u>
Current Liabilities		
Accounts payable	\$ 248,083	\$ 273,237
Construction accounts payable	296,191	895,745
Customer deposits	315,035	280,669
Accrued liabilities	38,782	45,826
Accrued interest	102,553	80,542
Current maturities of long-term debt	463,209	451,867
Total Current Liabilities	<u>1,463,853</u>	<u>2,027,886</u>
Long-term Liabilities		
Customer advances for construction	125,806	65,780
Accrued compensated absences	42,367	34,422
Long-term debt, less current maturities	13,232,354	9,688,077
Net OPEB liability	404,116	363,592
Net pension liability	1,480,574	1,211,144
Total Long-term Liabilities	<u>15,285,217</u>	<u>11,363,015</u>
Total Liabilities	<u>16,749,070</u>	<u>13,390,901</u>
Deferred Inflows		
Inflows relating to net pension and OPEB liabilities	<u>384,271</u>	<u>410,363</u>
Net Position		
Net Position		
Invested in capital assets, net of related debt	9,853,674	9,431,438
Restricted for equipment replacement	260,450	514,890
Restricted for debt retirement	643,249	520,452
Restricted for water loss reduction	166,258	-
Unrestricted	(123,301)	41,025
Total Net Position	<u>\$ 10,800,330</u>	<u>\$ 10,507,805</u>

The accompanying notes are an integral part of the financial statements.

WESTERN PULASKI COUNTY WATER DISTRICT
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Residential water sales	\$ 3,493,987	\$ 3,184,765
Commercial water sales	326,248	227,278
Miscellaneous service revenues	<u>262,926</u>	<u>125,956</u>
Total operating revenues	<u>4,083,161</u>	<u>3,537,999</u>
Operating expenses:		
Water purchases	1,478,653	1,420,890
Utilities	98,150	113,864
Transmission and distribution expense	20,148	120,938
Meter readers	74,924	89,005
Office expense	70,933	92,272
Transportation expenses	73,766	48,185
Insurance	99,874	60,762
Directors' fees	12,000	12,000
Employees' salaries and wages	727,324	600,881
Employees' pensions and benefits	293,040	249,500
Actuarial pension and OPEB expense	178,368	161,618
Payroll taxes	50,303	51,467
Depreciation and amortization	599,422	584,358
PSC tax assessment	4,606	5,289
Professional fees	65,207	58,226
Bad debts	9,457	12,586
Miscellaneous	<u>36,216</u>	<u>53,788</u>
Total operating expenses	<u>3,892,391</u>	<u>3,735,629</u>
Operating income (loss)	<u>190,770</u>	<u>(197,630)</u>
Non-operating revenue (expenses):		
Rents from water property	-	6,665
Gain (Loss) on sale of property	(40,586)	-
Interest income	31,372	13,039
Interest expense on long-term debt	<u>(414,709)</u>	<u>(241,834)</u>
Total non-operating revenue (expenses)	<u>(423,923)</u>	<u>(222,130)</u>
Income/(loss) before capital contributions	<u>(233,153)</u>	<u>(419,760)</u>
Capital contributions		
Grant revenue	310,596	-
Tap fees	<u>215,082</u>	<u>146,557</u>
Total capital contributions	<u>525,678</u>	<u>146,557</u>
Increase (decrease) in net position	292,525	(273,203)
Net position:		
Beginning of year	<u>10,507,805</u>	<u>10,781,008</u>
End of year	<u>\$ 10,800,330</u>	<u>\$ 10,507,805</u>

The accompanying notes are an integral part of the financial statements.

WESTERN PULASKI COUNTY WATER DISTRICT
Statement of Cash Flows
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 4,039,171	\$ 3,551,550
Cash payments to suppliers for goods and services	(2,107,458)	(2,262,942)
Cash payments to employees for services	(1,024,419)	(865,386)
Net cash provided by (used) in operating activities	<u>907,294</u>	<u>423,222</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(474,864)	(310,163)
Proceeds from debt	4,030,483	559,027
Interest paid on long-term debt	(392,698)	(184,177)
Proceeds from sale of property	123,286	-
Additions to capital assets	(3,904,299)	(2,122,004)
Increase (decrease) in construction payable	(599,554)	796,161
Increase (decrease) in customer advances	60,026	65,780
Grant proceeds	73,300	-
Tap fees	215,082	146,557
Net cash provided by (used) in financing activities	<u>(869,238)</u>	<u>(1,048,819)</u>
Cash flows from investing activities:		
Rental income	-	6,665
Interest income	31,372	13,039
Net cash provided by (used) in investing activities	<u>31,372</u>	<u>19,704</u>
Net increase (decrease) in cash and cash equivalents	69,428	(605,893)
Cash and cash equivalents, beginning of year	2,651,828	3,257,721
Cash and cash equivalents, end of year	<u>\$ 2,721,256</u>	<u>\$ 2,651,828</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 190,770	\$ (197,630)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	599,422	584,358
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(78,356)	10,780
(Increase) decrease in prepaid assets	6,977	-
(Increase) decrease in inventory	-	(163,922)
Increase (decrease) in actuarial pension/OPEB	178,368	161,618
Increase (decrease) in accounts payable	(25,154)	15,904
Increase (decrease) in customer deposits	34,366	2,771
Increase (decrease) in accrued liabilities	901	9,343
Net cash provided (used) by operating activities	<u>\$ 907,294</u>	<u>\$ 423,222</u>

The accompanying notes are an integral part of the financial statements.

EXHIBIT G

Notification to the State Local Debt Officer

RUBIN & HAYS

— ATTORNEYS AT LAW —

KENTUCKY HOME TRUST BUILDING
450 South Third Street,
Louisville, Kentucky 40202
(502) 569-7525

November 1, 2024

Honorable Matt Sawyers
Commissioner and State Local Debt Officer
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Western Pulaski County Water District Notice of Intent to Issue Securities

Dear Commissioner Sawyers:

Pursuant to the regulations of the Kentucky Public Service Commission, specifically 807 KAR 5:001: Section 18(1)(g), please be advised that the Western Pulaski County Water District (“District”) hereby notifies the State Local Debt Officer that the District intends on issuing securities in the form of a loan from the Kentucky Infrastructure Authority for the purpose of financing certain improvements to the water system of the District.

We will file the appropriate documents with your office in accordance with the requirements of KRS 65.117, once the securities are issued.

Very truly yours,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures

EXHIBIT H

Detailed Estimate of Acquired Property by USOA Numbers

**WESTERN PULASKI COUNTY WATER DISTRICT
 WATER SYSTEM IMPROVEMENTS
 BOURBON WATER STORAGE TANK REPLACEMENT
 BREAKDOWN OF PROJECT COSTS BY USOA
 ACCOUNT NUMBER: 330**

ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL COST
1	Erosion & Sedimentation Controls	1	LS	\$20,418.00	\$20,418.00
2	Site Preparation, Grading, & Excavation	1	LS	391,843.00	391,843.00
3	1 MG Composite Elevated Water Storage Tank				
3A	4A) Foundation	1	LS	342,767.00	342,767.00
3B	4B) Concrete Support Pedestal	1	LS	535,000.00	535,000.00
3C	4C) Welded Steel Reservoir	1	LS	1,568,985.00	1,568,985.00
3D	4D) Appurtenances & Accessories	1	LS	474,087.00	474,087.00
3E	4E) Coatings & Disinfection	1	LS	300,000.00	300,000.00
4	Yard Piping & Appurtenances	1	LS	274,819.00	274,819.00
5	Miscellaneous Site Improvements (Access Road, Parking Area, Security Fence, Etc)	1	LS	69,468.00	69,468.00
6	Ex. 300,000 Gallon Water Storage Tank Demolition	1	LS	88,000.00	88,000.00
7	Final Site Restoration & Cleanup	1	LS	28,613.00	28,613.00
CONSTRUCTION SUBTOTAL					\$4,094,000.00

EXHIBIT I

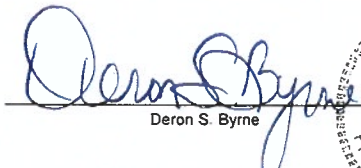

Certified Bid Tabulations

MONARCH ENGINEERING, INC
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
WESTERN PULASKI COUNTY WATER DISTRICT
BOURBON WATER STORAGE TANK REPLACEMENT
&
WATER MAIN EXTENSION
PULASKI COUNTY, KENTUCKY
BID DATE: JULY 11, 2024 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Caldwell Tanks, Inc. 4000 Tower Road Louisville, KY 40219		Landmark Structures 1665 Harmon Road Fort Worth, TX 76177		Phoenix Fabricators & Erectors, Inc. 182 South County Road 900 East Avon, IN 46123	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT							
1	Erosion & Sedimentation Controls	1 LS	\$20,418.00	\$20,418.00	\$20,000.00	\$20,000.00	\$25,000.00	\$25,000.00
2	Site Preparation, Grading, & Excavation	1 LS	391,843.00	391,843.00	140,000.00	140,000.00	90,000.00	90,000.00
3	1,000,000 Gallon Composite Elevated Water Storage Tank							
3A	Foundation	1 LS	342,767.00	342,767.00	590,000.00	590,000.00	1,317,049.00	1,317,049.00
3B	Concrete Support Pedestal	1 LS	535,000.00	535,000.00	1,374,000.00	1,374,000.00	1,292,790.00	1,292,790.00
3C	Welded Steel Reservoir	1 LS	1,568,985.00	1,568,985.00	1,020,000.00	1,020,000.00	1,234,091.00	1,234,091.00
3D	Appurtenances & Accessories	1 LS	474,087.00	474,087.00	400,000.00	400,000.00	200,000.00	200,000.00
3E	Coatings & Disinfection	1 LS	300,000.00	300,000.00	220,000.00	220,000.00	274,675.00	274,675.00
4	Yard Piping & Appurtenances	1 LS	274,819.00	274,819.00	320,000.00	320,000.00	300,000.00	300,000.00
5	Miscellaneous Site Improvements (Access Road, Parking Area, Lined Ditches, etc.)	1 LS	69,468.00	69,468.00	100,000.00	100,000.00	30,000.00	30,000.00
6	300,000 Gallon Storage Tank Demolition	1 LS	88,000.00	88,000.00	180,000.00	180,000.00	121,400.00	121,400.00
7	Final Site Restoration & Cleanup	1 LS	28,613.00	28,613.00	10,000.00	10,000.00	7,500.00	7,500.00
	TOTAL BASE BID			\$4,094,000.00		\$4,374,000.00		\$4,892,505.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00 A.M. LOCAL TIME, THURSDAY, JULY 11, 2024 AT THE WESTERN PULASKI COUNTY WATER DISTRICT.

BY:   7/15/2024
 Deron S. Byrne Date

Project No. 2240

EXHIBIT J

Final Project Budget

**FINAL PROJECT BUDGET
WESTERN PULASKI COUNTY WATER DISTRICT
PULASKI COUNTY, KENTUCKY
BOURBON WATER STORAGE TANK REPLACEMENT
WATER SYSTEM IMPROVEMENTS
JULY 15, 2024**

PROJECT COSTS

DEVELOPMENT	\$4,094,000.00
CONTINGENCY	409,857.72
ENGINEERING DESIGN	307,131.88
CONSTRUCTION INSPECTION	162,122.40
LEGAL & ADMINISTRATION	15,000.00
SCADA/TELEMETRY SYSTEM UPGRADES	51,000.00
ENVIRONMENTAL ASSESSMENT	5,000.00
SURVEY SERVICES - FAA 1-A CERTIFICATION	3,188.00
GEOTECHNICAL INVESTIGATION	<u>7,700.00</u>
TOTAL PROJECT COSTS	\$5,055,000.00

PROJECT FUNDING

KENTUCKY INFRASTRUCTURE AUTHORITY (KIA) - FUND B LOAN	\$4,500,000.00
SUPPLEMENTAL KIA LOAN FUNDS	<u>555,000.00</u>
TOTAL PROJECT FUNDING	\$5,055,000.00

EXHIBIT K

Contractor Bid Extension Letter



October 31, 2024

Deron S. Byrne, P.E.
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY 40342

Re: Bourbon 1,000,000 Gallon Water Storage Tank Replacement

Dear Mr. Byrne,

Caldwell Tanks will extend the specified bid validity by thirty (30) calendar days for the referenced project. Based on the bid date of July 11, 2024, an original ninety (90) day hold period, and a thirty (30) day extension, our records indicate that the bid is currently valid until November 08, 2024.

Thank you and we are looking forward to a successful project.

Regards,

A handwritten signature in black ink that reads "Eric Monske". The signature is written in a cursive style with a long horizontal stroke at the end.

Eric Monske
Regional Sales Manager