



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda K. Breathitt  
Commissioner

August 28, 2012

John O. Hicks, Esq.  
105 Main Street  
P. O. Box 64  
Calhoun, Kentucky 42327

Re: Case No. 2012-00254  
North McLean County Water District

Dear Mr. Hicks:

The enclosed documents, which are extracts from records of the Kentucky Infrastructure Authority, have been filed in the record of the above-referenced case. Any objections to this action should be submitted to the Commission within five days of receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

gw  
Enclosure



Ms. Samantha Gange, Legislative Research Commission  
Ms. Kristi Morris, Nicholas County Sanitation District  
Mr. Benton Hanson, HDR Engineering  
Mr. Tom Midkiff, Office of Financial Management  
Mr. Shafiq Amawi, Division of Water

## **PROCEEDINGS**

**Chair Tony Wilder called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. A quorum was present and the press had been notified regarding the meeting. He asked board members and guests to introduce themselves.**

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

### **I. BUSINESS (Board Action Required)**

#### **A. 1. APPROVAL OF MINUTES**

**For: KIA Regular Board Meeting of February 3, 2011**

Mr. Jerry Wuetcher noted a change needed to be made in the minutes on page 17 of the Board Book where the Executive Director of the Executive Branch Ethics Commission is referenced. Mr. John Steffon should be corrected to read Mr. John Steffen.

*Mr. Ron Lovan moved to approve the minutes of the February 3rd, 2011 regular board meeting with the correction. Mr. Tom Calkins seconded, and the motion carried unanimously.*

#### **B. NEW PROJECTS/ACTION ITEMS**

#### **1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-01) IN THE AMOUNT OF \$8,906,000 TO THE CITY OF FLEMINGSBURG, FLEMING COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Flemingsburg requested a \$8,906,000 Fund A loan to construct a new SBR (sequencing batch reactor) wastewater treatment plant (WWTP). The new plant will have a design capacity of 1.13 MGD and will be located adjacent to the existing WWTP located on KY32 in Flemingsburg. The City's existing plant is beyond its design life, does not have sufficient capacity and is difficult to repair. The existing plant also has difficulty maintaining proper effluent limits and has received Notice of Violations from the Division of Water. This project qualifies for the Green Project Reserve (GPR) funding for \$1,910,000 under the GPR categories of energy efficiency and environmentally innovative. The project also qualifies for 30% of additional subsidization (estimated at \$2,671,800) in the form of principal forgiveness. The unforgiven

balance is \$6,234,200 to be repaid in 20 years with an interest rate of 1%, and an estimated annual debt service payment of \$357,164.

DOW and KIA Staff recommended the approval of the loan with the standard conditions and the following special condition: The City will pass an ordinance increasing sewer rates per the following schedule no later than July 1, 2011: (a) 15% to be effective on or before July 1, 2011; (b) 15% to be effective on or before July 1, 2012; and (c) 20% to be effective on or before July 1, 2013.

***Mr. Hank List moved to approve the resolution with the standard conditions and the special condition indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously with Mayor David Cartmell abstaining.***

**2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-05) IN THE AMOUNT OF \$1,035,517 TO THE CITY OF WILLIAMSBURG, WHITLEY COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Williamsburg requested a fund A loan in the amount of \$1,035,517 for the construction of the Ball Park Pump Station/Force Main Replacement project. The project involves the replacement of an existing 700 gallon per minute pump station with a 1,200 gpm pump station and replacement of approximately 5,200 linear feet of 8" force main with a new 12" force main. This will reduce or eliminate sanitary sewer overflows from insufficient capacity and hydraulic overload at the existing Ball Park Pump Station and force main. The City is under an agreed order with the Kentucky Energy and Environment Cabinet. The project did not qualify for Green Project Reserve Funding. The project did qualify for additional subsidization in the amount of \$310,655. The unforgiven balance of the loan is \$724,862 to be repaid in 20 years with an interest rate of 1%, and an estimated annual debt service payment of \$41,528. DOW and KIA Staff recommended the approval of the loan with the standard conditions and the following special conditions: (1) The City shall continue to work with the consulting firm New Government Directions on a cost of service study to take before the Public Service Commission; (2) The results of the cost of service study shall be provided to KIA; (3) The City shall file the results of the cost of service study with the Public Service Commission prior to March 31, 2012, requesting a rate increase adequate to cover operating expenses, existing debt service and debt service on this new KIA loan; and (4) The City shall pass an ordinance or resolution no later than June 30, 2011 committing the first \$41,528.00 of the city's occupational tax revenue to be used for the first year's debt service repayment on this KIA loan. This tax revenue would only be used if the rate increases are not implemented prior to the first required debt service payment.

Mr. Jerry Wuetcher stated that the Public Service Commission (PSC) would not address the retail rates that would be imposed by the City because that is outside the PSC's jurisdiction. He wanted to ensure understanding that the PSC would

only require that the wholesale rates recover what should be properly allocated to the wholesale customer, not the entire debt service for the loan. Mr. Tom Calkins added that the Authority is concerned with the retail rate increases.

Ms. Williams suggested and the Board concurred that special condition number 3 be changed to read: "(3) The City shall file the results of the cost of service study with the Public Service Commission prior to March 31, 2012, requesting a wholesale rate increase adequate to cover operating expenses, existing debt service and debt service on this new KIA loan that are properly allocated to the wholesale customers."

The Board also agreed that an additional special condition be added as follows: "Prior to March 31, 2012, the City shall implement a retail rate increase adequate to cover operating expenses, existing debt service and debt service on this new KIA loan that are properly allocated to the retail customers."

Ms. Linda Bridwell expressed concern regarding special condition (4). She asked if committing the city's occupational tax revenue to be used for the first year's debt service repayment on this loan meets the spirit in the language of the regulation regarding the cost of service requirement. Mr. John Covington confirmed that the commitment by the city to use these funds as additional security is appropriate.

*Ms. Linda Bridwell moved to approve the resolution with the standard conditions and the revised special conditions. Mr. Ron Lovan seconded, and the motion carried unanimously.*

**3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-06) IN THE AMOUNT OF \$2,000,000 TO THE CITY OF VANCEBURG f/b/o VANCEBURG ELECTRIC PLANT BOARD, LEWIS COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Vanceburg f/b/o Vanceburg Electric Plant Board requested a Fund A loan in the amount of \$2,000,000 for the CSO Renovation project. Funding will be utilized for the first phase of a two phase project to eliminate sewer overflows from the sanitary sewer system. This phase will consist of equipment purchases, closed circuit television investigations of the combined and sanitary sewers along with the lateral lines, design, planning and Phase I of construction. The City entered into a consent decree with the Commonwealth in 2007 which requires the elimination of all sewer overflows. This project includes both of the CSOs and the SSO in the southern end of the system. The project did not qualify for Green Project Reserve funding. The project did qualify for 30% additional subsidization in the amount of \$600,000. The unforgiven balance of the loan is \$1,400,000 to be repaid in 20 years with an interest rate of 1%, and an estimated annual debt service payment of \$80,207.

DOW and KIA staff recommended approval of the loan with the standard conditions and the following special conditions: (1) The City must pass an

ordinance no later than May 1, 2011 increasing sewer rates per the following schedule: a) 48% (thru adjusted rate table) and a \$2 per customer per month surcharge to be effective on or before July 1, 2011; b) 5% to be effective on or before July 1, 2012; c) 5% to be effective on or before July 1, 2013; and d) 5% to be effective on or before July 1, 2014. (2) The City must pass an ordinance no later than May 1, 2011 increasing water rates per the following schedule: a) 10% to be effective on or before July 1, 2011; b) 5% to be effective on or before July 1, 2012; c) 5% to be effective on or before July 1, 2013; and d) 5% to be effective on or before July 1, 2014. (3) The City shall set-aside \$24,600 from cash on hand to cover the Income Deficiency noted for FY2012. (4) The water and sewer components of the Gas, Water and Sewer fund will be split into separate full reporting components in the financial statements beginning with the year ended June 30, 2012.

***Ms. Linda Bridwell moved to approve resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mayor David Cartmell seconded, and the motion carried unanimously.***

**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-10) IN THE AMOUNT OF \$3,400,000 TO THE LOUISVILLE JEFFERSON COUNTY METROPOLITAN SEWER DISTRICT, JEFFERSON COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The Louisville Jefferson County Metropolitan Sewer District (MSD) requested a Fund A loan in the amount of \$3,400,000 for Phase I green infrastructure improvements in the Northeast and Northwest Focus Areas. These areas are composed of several BMPs on various properties. BMPs will be selected based on specific site conditions and may include rain gardens, cisterns, dry wells, green streets, pervious pavers, green alleys, green roofs, green cross-walks, bioswales, tree wells, urban reforestation, bio-filtration and other infiltration BMPs. These projects will assist MSD in implementing its broader nonpoint source pollution program and reducing nonpoint source pollution by capturing and infiltrating stormwater runoff. Implementing these projects is necessary for MSD's compliance with its consent decree. The project qualified for the Green Project Reserve (GPR) funding for \$3,400,000 under the GPR category of green infrastructure. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 1%, and an estimated annual debt service payment of \$194,790. DOW and KIA staff recommended approval of the loan with the standard conditions.

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***Mayor David Cartmell moved to approve the resolution with the standard conditions. Mr. Tom Galkins seconded, and the motion carried unanimously.***

**5. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING**

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**FUND (B11-06) LOAN IN THE AMOUNT OF \$175,000 TO THE CITY OF BEATTYVILLE, LEE COUNTY, KENTUCKY**

Ms. Kasi White, KIA, presented the project to the board. The City of Beattyville requested a Fund B loan in the amount of \$175,000 which will provide funding for Downtown Waterline Improvements. The project is for the installation of water lines with a higher pressure capacity to provide a secondary water source to the downtown area and to serve the Southside Water Association connection. The existing lines are deteriorating and constantly in need of repairs. Replacing the lines will reduce water loss resulting in the use of fewer chemicals and production of water. Approximately 4,400 linear feet of eight and ten inch ductile iron pipe will be installed. The financing is offered as 80% principal forgiveness and 20% loan. This project ranked 2nd on the Kentucky River Area Development District Water Management Council ranking completed in the fall of 2009. The unforgiven balance of the loan is \$35,000 to be repaid in 20 years with an interest rate of 1%, and an estimated annual debt service payment of \$2,002. KIA staff recommended approval of the loan with the standard conditions and the following special condition: No later than May 9, 2011, the City shall pass the necessary ordinance increasing water rates by at least 6% to be effective on or before July 1, 2011.

*Mr. Tom Calkins moved to approve the resolution with the standard conditions and the special condition indicated in the staff recommendations. Mr. Hank List seconded, and the motion carried unanimously.*

**6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND (B11-07) LOAN IN THE AMOUNT OF \$141,700 TO THE CITY OF ELKON, TODD COUNTY, KENTUCKY**

Ms. Kasi White, KIA, presented the project to the board. The City of Elkton requested a Fund B loan in the amount of \$141,700 for the West Main, Commerce and 68/80 Sewer Extension project. Construction will include approximately 2,200 linear feet (l.f.) of 8" sewer main and 280 l.f. of 10" main extensions. These extensions will service a new business on West Main and also allow for future expansion of the wastewater system. The term of the loan is 20 years with an interest rate of 1%, and an estimated annual debt service payment of \$8,118. KIA staff recommended approval of the loan with the standard conditions and the following special condition: The City must pass an ordinance no later than April 1, 2011 increasing sewer rates per the following schedule: a) 5% to be effective on or before July 1, 2011, and b) 5% to be effective on or before July 1, 2012.

*Ms. Linda Bridwell moved to approve the resolution with the standard conditions and the special condition indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously.*

**7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND (B11-08) LOAN IN THE AMOUNT OF \$250,000 TO THE MCLEAN COUNTY FISCAL COURT OR NORTH MCLEAN COUNTY WATER DISTRICT, MCLEAN COUNTY, KENTUCKY**

Ms. Sandy Williams, KIA, presented the project to the board. The McLean County Fiscal Court, for the benefit of the North McLean County Water District and the citizens of McLean County, requested a Fund B loan in the amount of \$250,000. Upon agreement of both parties, the loan may be assigned by the fiscal court to the water district at the discretion of the Authority. Funding will be used to construct a water line and master meter beginning at the Calhoun tank and tying into a ten inch line on KY 250. This line will be both shorter and larger and will result in higher quality service to customers of the North McLean County Water District. The water district has had to cut off the water supply to poultry farms to provide an adequate and safe water supply to other customers. The financing is offered as 80% principal forgiveness and 20% loan. The unforgiven balance of the loan is \$50,000 to be repaid in 20 years with an interest rate of 2%, and an estimated annual debt service payment of \$3,146. KIA staff recommended approval of the loan with the standard conditions and the following special condition: The KIA loan commitment may be assigned by the McLean County Fiscal Court to the North McLean Water District upon written agreement of both parties and approval of the KIA Executive Director.

After discussion by the Board, a second special condition was added to the conditions of the loan as follows: If the loan is not assigned by the McLean County Fiscal Court to the North McLean County Water District, then the parties shall enter into a memorandum of agreement, prior to the execution of the loan agreement, which states that North McLean County Water District will annually transfer \$3,146 to the McLean County Fiscal Court until the KIA loan B11-08 is paid in full.

***Ms. Linda Bridwell moved to approve the resolution with the standard conditions and the amended special conditions in the staff recommendations. Mr. Tom Galkins seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining. Mr. Wuetcher abstained due to any potential application submitted by the North McLean County Water District to the Public Service Commission for authorization to enter into a loan agreement with KIA for the requested loan or for approval of the proposed construction project.***

**8. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A GOVERNMENTAL AGENCIES PROGRAM FUND C LOAN (C11-01) IN THE AMOUNT OF \$621,000 TO THE BRACKEN COUNTY WATER DISTRICT, BRACKEN COUNTY, KENTUCKY**

Ms. Kasi White, KIA, presented the project to the board. The Bracken County Water District (BCWD) requested a Fund C loan in the amount of \$621,000 to replace approximately 11,220 linear feet of 12" PVC water main from the pump



house. The current water main is 25 years old and was constructed in ground that is extremely rocky. Updated pumps have caused additional pressure on the line and the new main will be able to handle the additional pressure. The term of the loan is 20 years with an interest rate of 3%, and an estimated annual debt service payment of \$42,758. KIA staff recommended approval of the loan with the standard conditions.

***Mayor David Cartmell moved to approve the resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining. Mr. Wuetcher abstained due to any potential application submitted by the Bracken County Water District to the Public Service Commission for authorization to enter into a loan agreement with KIA for the requested loan or for approval of the proposed construction project.***

**11. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-02) LOAN IN THE AMOUNT OF \$2,250,000 TO THE CITY OF WILLIAMSTOWN, GRANT COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Williamstown requested a Fund F loan in the amount of \$2,250,000 for the US 25N Water Main Replacement Phase II and III project. The project is for the replacement of approximately 7,160 linear feet of 6" water main with 12" on US 25N, Helton Road and Industrial Road. Also, 2,125 linear feet of 6" main on Garnett and Kelly Avenues and Sayer Drive. The loan does not qualify for Green Project Reserve funding. The project does not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$142,675. DOW and KIA staff recommended approval of the loan with the standard conditions.

***Mr. Tom Galkins moved to approve the resolution with the standard conditions. Ms. Linda Bridwell seconded, and the motion carried unanimously.***

**Chair Wilder called for a recess of the meeting. Chair Wilder reconvened the meeting after a 5 minute recess.**

**9. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND (B11-03) LOAN IN THE AMOUNT OF \$550,000 TO THE NICHOLAS COUNTY SANITATION DISTRICT NO. 2, NICHOLAS COUNTY, KENTUCKY**

Mr. Brad Montgomery and Mr. Joe Pavoni, both of GRW Engineers, made a presentation to the Board regarding the Nicholas County Sanitation District No. 2 Lake Carnico Sanitary System Project. They reviewed the project's background, the proposed treatment, collection, treatment, and disposal, proposed system map, and project costs. Ms. Kristi Morris, representing the Nicholas County Sanitation District No. 2 and the Nicholas County Health Department, Mr. Craig

Sheehan, representing the Kentucky Department of Public Health, and Mr. David Duttlinger, representing the Bluegrass Area Development District, also contributed to the discussion of the project.

Chair Wilder reminded the Board that this project was tabled during last month's meeting and was now being brought before the Board again.

KIA staff recommended approval of the loan with the standard conditions and the following special conditions: (1) Re-authorization and re-allocation of the \$125,000 HB608 grant currently designated to the Nicholas County Fiscal Court to NCSD2 for the Lake Carnico project or a commitment of outside funds in the amount of \$125,000; (2) Upon bidding the project and prior to the award of the construction contracts, the District shall approve and provide a copy of the following to the Authority a) a copy of the signed Wastewater Sewer Use Ordinance detailing the operation of the newly constructed infrastructure including a mandatory hook-up clause for the affected customers, and b) a copy of the signed Wastewater User Charge Ordinance detailing the user rates to be charged to the affected customers. The User Charges assessed will be in an amount sufficient to cover the anticipated Operation, Maintenance and Reserve of the system as well as Debt Service requirements of the Authority loan to cover the life of the loan; and (3) NCSD2 will submit audited financial statements to the Authority within 180 days of each fiscal year end for the life of the loan beginning with the first full year of operation of the new infrastructure.

The project was discussed thoroughly by the Board.

*Ms. Linda Bridwell moved that the project be taken off the table in order to vote on the resolution. Mr. Jerry Wuetcher seconded, and the motion carried unanimously.*

*Mr. Ron Lovan moved to approve the resolution with the standard conditions and the special conditions indicated in the staff recommendations. Ms. Linda Bridwell seconded, and the motion carried unanimously.*

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

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

APPLICANT	FUND	AMOUNT
City of Flemingsburg	A	\$ 8,906,000
City of Williamsburg	A	\$ 1,035,517
City of Vanceburg	A	\$ 2,000,000

Louisville Jefferson Co MSD	A	\$ 3,400,000
City of Beattyville	B	\$ 175,000
City of Elkton	B	\$ 141,700
McLean County Fiscal Court	B	\$ 250,000
Nicholas County Sanitation District No. 2	B	\$ 550,000
Bracken County Water District	C	\$ 621,000
City of Williamstown	F	\$ 2,250,000

***Ms. Linda Bridwell moved to approve the resolution. Mr. Tom Calkins seconded, and the motion carried unanimously.***

**II. EXECUTIVE DIRECTOR'S REPORT**

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

- A. The US House of Representative's Appropriations Committee recommended for the FY 2011 Continuing Resolution reducing the Clean Water State Revolving Fund's Capitalization Grant appropriation by \$1.31 billion from requested \$2 billion. The Drinking Water State Revolving Fund's Capitalization Grant appropriation was reduced by \$457 million from the \$1.2 billion request. Mr. Covington was told these numbers may not be the final numbers but to anticipate significant cuts in the Capitalization Grant.
- B. Senate Bill 153 was introduced during the 2011 Regular Session of the Kentucky General Assembly and provided for local legislative body approval for changes in charges by non-taxing districts that produce increased revenues. This bill was meant to apply to water districts, sewer districts, and water commissions. This bill died in the Senate. Some of the provisions of this bill however were added to HB26. Mr. Covington explained that, if the bill were to pass, it would create a new section of KRS Chapter 220 to require sanitation district user fees, charges, and rates to be approved by the majority of the fiscal courts that participate in the district if the rate increase is greater than 5 percent; and, require that rate increases not occur more than once within a 12-month period. This could impact loans the Authority would make to any sewer districts or sanitation commissions.

**III. STATUS REPORT FOR FUNDS**

- A. 2003 Coal/Tobacco Development Grants
- B. IEDF Fund Grants
- C. 2020 Account / Fund B Grants
- D. Funds A, A2, B, B1, C, F, F2

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
 Tentatively scheduled for  
 Thursday, April 7, 2011  
 1024 Capital Center Drive, Suite 340  
 Frankfort, Kentucky

*There being no further business Ms. Linda Bridwell moved to adjourn. Mr. Tom Calkins seconded and the motion carried unanimously. The March 3rd, 2010, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.*

Submitted by:

*Sandy Williams*  
Sandy Williams, Secretary  
Kentucky Infrastructure Authority

4-1-2011  
Date



**Board Meeting Booklet**  
**for**  
**March 3, 2010**

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





# AGENDA

KENTUCKY INFRASTRUCTURE AUTHORITY  
FULL BOARD MEETING  
1024 CAPITAL CENTER DRIVE, SUITE 340  
March 3, 2011 – 1:00 p.m.

## Call to Order:

Chair Tony Wilder

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

## I. BUSINESS *(Board Action Required)*

### A. Minutes

- |  |                   |   |
|--|-------------------|---|
| 1. Consideration of Approval of the <b>Minutes</b> of the <b>Kentucky Infrastructure Authority Regular Board Meeting of February 3, 2011</b><br><i>(Attachment I.A.1.)</i> | Chair Tony Wilder | 9 |
|--|-------------------|---|

### B. New Projects/Action Items

- |  |  |    |
|--|--|----|
| 1. Resolution and Order of the Board of Directors for Approval of a <b>Fund A loan (A11-01)</b> in the amount of <b>\$8,906,000</b> to the <b>City of Flemingsburg, Fleming County, Kentucky</b><br>(SX21069003)<br><i>(Attachment I.B.1.)</i>   | Mr. Shafiq Amawi, DOW<br>Ms. Kasi White, KIA     | 21 |
| 2. Resolution and Order of the Board of Directors for Approval of a <b>Fund A loan (A11-05)</b> in the amount of <b>\$1,035,517</b> to the <b>City of Williamsburg, Whitley County, Kentucky</b><br>(SX21235232)<br><i>(Attachment I.B.2.)</i>   | Mr. Shafiq Amawi, DOW<br>Ms. Sandy Williams, KIA | 35 |
| 3. Resolution and Order of the Board of Directors for Approval of a <b>Fund A loan (A11-06)</b> in the amount of <b>\$2,000,000</b> to the <b>City of Vanceburg f/b/o Vanceburg Electric Plant Board, Lewis County, Kentucky</b> (SX21135014)<br><i>(Attachment I.B.3.)</i>                | Mr. Shafiq Amawi, DOW<br>Ms. Kasi White, KIA     | 51 |
| 4. Resolution and Order of the Board of Directors for Approval of a <b>Fund A loan (A11-10)</b> in the amount of <b>\$3,400,000</b> to the <b>Louisville Jefferson County Metropolitan Sewer District, Jefferson County, Kentucky</b> (SX1111121, SX1111122)<br><i>(Attachment I.B.4.)</i> | Mr. Shafiq Amawi, DOW<br>Ms. Kasi White, KIA     | 67 |
| 5. Resolution and Order of the Board of Directors for Approval of a <b>Fund B loan (B11-06)</b> in the amount of <b>\$175,000</b> to the <b>City of Beattyville, Lee County, Kentucky</b><br>(WX21129006)<br><i>(Attachment I.B.5.)</i>  | Ms. Kasi White, KIA                              | 85 |
| 6. Resolution and Order of the Board of Directors for Approval of a <b>Fund B loan (B11-07)</b> in the amount of <b>\$141,700</b> to the   | Ms. Kasi White, KIA                              | 97 |





**City of Elkton, Todd County, Kentucky**  
 (SX21219017)  
*(Attachment I.B.6.)*

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|-----|---|--|-----|
| 7.  | Resolution and Order of the Board of Directors for Approval of a <b>Fund B loan (B11-08)</b> in the amount of <b>\$250,000</b> to the <b>McLean County Fiscal Court f/b/o North McLean Water District, McLean County, Kentucky</b> (WX21149025)<br><i>(Attachment I.B.7.)</i>   | Ms. Sandy Williams, KIA                          | 109 |
| 8.  | Resolution and Order of the Board of Directors for Approval of a <b>Fund C loan (C11-01)</b> in the amount of <b>\$621,000</b> to the <b>Bracken County Water District, Bracken County, Kentucky</b> (WX21023026)<br><i>(Attachment I.B.8.)</i>   | Ms. Kasi White, KIA                              | 121 |
| 9.  | Resolution and Order of the Board of Directors for Approval of a <b>Fund F loan (F11-02)</b> in the amount of <b>\$2,250,000</b> to the <b>City of Williamstown, Grant County, Kentucky</b> (WX21081019)<br><i>(Attachment I.B.9.)</i>  | Mr. Shafiq Amawi, DOW<br>Ms. Sandy Williams, KIA | 133 |
| 10. | Resolution and Order of the Board of Directors for Approval of a <b>Fund B loan (B11-03)</b> in the amount of <b>\$550,000</b> to the <b>Nicholas County Sanitation District, Nicholas County, Kentucky</b> (SX21181003)<br><i>(Attachment I.B.10.)</i>   | Ms. Kasi White, KIA                              | 147 |
| 11. | Resolution and Order of the Board of Directors Authorizing and Approving the Issuance of Obligations of the Kentucky Infrastructure Authority to <b>Reimburse Capital Expenditures</b> made by Governmental Agencies Pursuant to Loans made by the Kentucky Infrastructure Authority to such Governmental Agencies<br><i>(Attachment I.B.11.)</i> | Ms. Sandy Williams, KIA                          | 159 |

**II. EXECUTIVE DIRECTOR'S REPORT**

Mr. John Covington, KIA

**III. STATUS REPORTS FOR FUNDS**

Mr. John Covington, KIA

- |    |   |  |     |
|----|---|--|-----|
| A. | 2003 Coal/Tobacco Development Fund Grants |  | 163 |
| B. | 2020 Account / Fund B Grants              |  | 177 |
| C. | IEDF Fund Grants                          |  | 183 |
| D. | Funds A, A2, B, B1, C, F, F2              |  | 203 |

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

Mr. John Covington, KIA

*Next KIA Board Meeting:*  
**Tentatively set for Thursday, April 7, 2010**  
 Kentucky Infrastructure Authority  
 1024 Capital Center Drive, Suite 340, Frankfort

**V. ADJOURN**

Chair Tony Wilder

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**I.B.7.**



**A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B11-08) OF \$250,000 TO THE MCLEAN COUNTY FISCAL COURT f/b/o NORTH MCLEAN COUNTY WATER DISTRICT, MCLEAN COUNTY, KENTUCKY**

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

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

**WHEREAS**, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Infrastructure Revolving Loan Program with the McLean County Fiscal Court f/b/o North McLean County Water District, subject to final determination of amount when the factors involving such financing have been determined; and

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

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

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

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

Section 2. The Authority hereby authorizes the issuance of a conditional Infrastructure Revolving Fund loan commitment for \$250,000 of project expense, to the McLean County Fiscal Court f/b/o North McLean County Water District for the North McLean Water District Line Extensions and Replacements project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Authority staff based on adjustment in project costs of not more than (10%) ten

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

Section 3. Principal forgiveness of 80% will be deducted from the approved loan amount. The unforgiven principal balance of \$50,000 shall be repaid.

Section 4. The unforgiven principal shall be repayable in 20 years at an annual interest rate of 2.0% subject to determination of the tax status of the project. In addition to debt service, a 0.2% annual administration fee on the unpaid, unforgiven principal balance will be charged. From annual revenues, \$6,250 must be set aside in a borrower held replacement reserve. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 5. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 3rd day of March, 2011.

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TONY WILDER, CHAIR  
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

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SANDY WILLIAMS, SECRETARY  
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

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LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE AUTHORITY

<b>EXECUTIVE SUMMARY</b>		Reviewer:	Sandy Williams
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date:	March 3, 2011
<b>FUND B, INFRASTRUCTURE</b>		KIA Loan Number:	<b>B11-08</b>
<b>REVOLVING LOAN FUND</b>		WRIS Number	<b>WX21149025</b>
<b>BORROWER:</b>	<b>MCLEAN COUNTY FISCAL COURT OR NORTH MCLEAN COUNTY WATER DISTRICT</b>		
<b>BRIEF DESCRIPTION:</b>	<b>MCLEAN COUNTY</b>		
<p>The McLean County Fiscal Court, for the benefit of the North McLean County Water District and the citizens of McLean County, is requesting a Fund B loan in the amount of \$250,000. Upon agreement of both parties, the loan may be assigned by the fiscal court to the water district at the discretion of the Authority. Funding will be used to construct a water line and master meter beginning at the Calhoun tank and tying into a ten inch line on KY250. This line will be both shorter and larger and will result in higher quality service to customers of the North McLean County Water District. The water district has had to cut off the water supply to poultry farms to provide an adequate and safe water supply to other customers.</p>			
<b>PROJECT FINANCING:</b>	<b>PROJECT BUDGET</b>		
Fund B Loan	\$ 250,000	Administrative Expenses	\$ 9,275
HB380 141C-2007 (CPBOC 04/17/2007)	200,000	Engineering Fees	132,760
HB608 303N-2008 (CPBOC 09/15/2009)	250,000	Construction	583,336
North McLean County Water District	37,871	Contingency	12,500
<b>TOTAL</b>	<b>\$ 737,871</b>	<b>TOTAL</b>	<b>\$ 737,871</b>
<b>REPAYMENT</b>		Est. Annual	
	Rate	2.00%	Payment \$ 3,146
	Term	20 years	1st Payment 6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	DLZ Kentucky, Inc.	
	Bond Counsel	Peck, Shaffer, & Williams	
<b>PROJECT SCHEDULE</b>			
	Bid Opening:	May 1, 2011	
	Construction Start:	July 1, 2011	
	Construction Stop:	November 1, 2011	
<b>DEBT PER CUSTOMER</b>	Existing:	\$ 145	
	Proposed:	\$ 174	
<b>OTHER DEBT</b>	See Attached		
<b>OTHER STATE-FUNDED PROJECTS LAST 5 YRS</b>	See Attached		
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>
	Current	145 \$	25.66 (for 4,000 gallons)
	Additional	174 \$	25.66 (for 4,000 gallons)
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.		
<b>CASHFLOW</b>	<b>Cash Available for</b>	<b>Income after Debt</b>	
	<b>Debt Service</b>	<b>Debt Service</b>	<b>Service Coverage Ratio</b>
Audited 2005	167,258	92,260	74,998 1.81
Audited 2006	153,342	46,065	107,277 3.33
Audited 2007	160,859	31,108	129,751 5.17
Audited 2008	118,883	30,209	88,674 3.94
Audited 2009	118,917	30,310	88,607 3.92
Prelim 2010	111,263	22,168	89,095 5.02
Projected 2011	107,931	20,107	87,824 5.37
Projected 2012	104,485	23,757	80,728 4.40
Projected 2013	101,412	23,223	78,189 4.37
Projected 2014	98,073	23,651	74,422 4.15
Projected 2015	94,456	24,401	70,055 3.87

**KENTUCKY INFRASTRUCTURE AUTHORITY  
WASTEWATER REVOLVING LOAN FUND (FUND "A")  
NORTH MCLEAN COUNTY WATER DISTRICT, MCLEAN COUNTY  
PROJECT REVIEW  
WX21149025**

**I. PROJECT DESCRIPTION**

The McLean County Fiscal Court, for the benefit of the North McLean County Water District and the citizens of McLean County, is requesting a Fund B loan in the amount of \$250,000. Upon agreement of both parties, the loan may be assigned by the fiscal court to the water district at the discretion of the Authority. Funding will be used to construct a water line and master meter beginning at the Calhoun tank and tying into a ten inch line on KY250. This line will be both shorter and larger and will result in higher quality service to customers of the North McLean County Water District. The water district has had to cut off the water supply to poultry farms to provide an adequate and safe water supply to other customers.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 9,275
Engineering Fees	132,760
Construction	583,336
Contingency	12,500
<b>TOTAL</b>	<b>\$737,871</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund B Loan	250,000	34%
HB380 141C-2007 (CPBOC 04/17/2007)	200,000	27%
HB608 303N-2008 (CPBOC 09/15/2009)	250,000	34%
North McLean County Water District	37,871	5%
<b>Total</b>	<b>737,871</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Construction Loan	\$250,000
Less: Principal Forgiveness (80%)	<u>\$200,000</u>
Amortized Loan Amount	\$ 50,000
Interest Rate	2.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 3,046
Administrative Fee (0.20%)	<u>100</u>
<b>Total Estimated Annual Debt Service</b>	<b>\$ 3,146</b>

**V. PROJECT SCHEDULE**

Bid Opening: May 1, 2011  
Construction Start: July 1, 2011  
Construction Stop: November 1, 2011

**VI. CUSTOMER BREAKDOWN AND RATE STRUCTURE**

Customers	Current	Proposed	Total
Residential Customers	1,265	0	1,265
Commercial Customers	27	0	27
Commercial Customers	4	0	4
Total	1,296	0	1,296

The monthly charge for water utility service is:

Date of Last Rate Increase	3/11/2010
Minimum Bill	\$14.88
Rates Per 1,000 Gallons	\$ 5.39
Cost for 4,000 gallons	\$25.66
Affordability Index (Rate/MHI)	1.0%

**VII. DEMOGRAPHICS**

In 2000, the County's population was 9,938 with a Median Household Income (MHI) of \$29,675. The median household income for the Commonwealth is \$33,672. The project will qualify for a 2% interest rate.

**VIII. FINANCIAL ANALYSIS (See Exhibit 1)**

This loan request is in the name of the McLean County Fiscal Court but may be assigned to the North McLean County Water District. However, the primary source of repayment is water revenue generated by the North McLean County Water District. The Fiscal Court and the Water District will enter into an agreement that an amount equal to the annual debt service payments will be transferred from the district to the court each year that the loan is outstanding unless the loan commitment is assigned to the water district.

Financial information for the North McLean County Water District was obtained from the audited financial statements of for the years ended December 31, 2005 through 2009.

**HISTORICAL**

Over the past 5 years, the water district has experienced strong cashflow. Although water revenues have declined for 4 of the past 5 years, the cost for purchased water



has remained steady between 41 and 44 percent of revenue. Operating expenses have increased slightly each year, but the increases have not overtaken the decline in revenue and cash available for debt service has remained strong. The district only has one outstanding debt issue with total debt service less than \$25,000 through the 2025 maturity. The utility showed positive balances in cash available for debt service all five years, ranging between 1.81 and 5.17.

As of December 2009, the balance sheet shows approximately \$188,000 in outstanding revenue bonds associated with the utility system.

**PROJECTED**

Projections are based on the following assumptions:

- \* Water revenues are projected to increase 2% per year as a result of the increased capacity provided by the project.
- \* Expenses are projected to increase by 4% annually.
- \* A replacement reserve of \$625 will be funded annually.
- \* The new debt service is estimated to be \$3,146 annually and will increase overall debt service to \$23,757 in 2012.

Debt service coverage is 4.40 in 2012 when principal and interest repayments begin.

Based on the proforma assumptions, the utility shows adequate cashflow to repay the KIA Fund B loan.

**REPLACEMENT RESERVE**

The annual replacement cost is \$625. This amount should be added to the replacement account each December 1 until the balance reaches \$6,250 and maintained for the life of the loan.

**IX. DEBT OBLIGATIONS**

<b>Debt Issue</b>	<b>Outstanding</b>	<b>Maturity</b>
1985 Revenue Bonds	\$188,000	2025
<b>Total</b>	<b>\$188,000</b>	

**X. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS**

<b>Project Title</b>	<b>Funding Source</b>	<b>Amount</b>	<b>Type</b>
US 431 Water Tank	HB608	\$250,000	Grant
Nucklos Water Line	HB380	\$30,000	Grant
Nucklos Water Line	HB608	\$77,770	Grant
NMCWD Water Line Extensions	HB608	\$250,000	Grant
NMCWD Water Line Extensions	HB380	\$200,000	Grant

## **XI. CONTACTS**

### **Applicant**

McLean County Fiscal Court OR  
Name North McLean County Water District  
Address 210 Main Street, P.O. Box 127  
Calhoun, KY 42327  
County McLean  
Contact Kelly Thurman  
Phone (270) 273-3213  
Email

### **Applicant Contact**

Name DLZ Kentucky, Inc.  
Address 201 Brighton Park Blvd  
Frankfort, KY 40601  
Contact Michael Hesse, PE  
Phone (502) 695-2300  
Email mhesse@dlz.com

### **Engineer**

Name Michael Hesse, PE  
Firm DLZ Kentucky, Inc.  
Address 201 Brighton Park Blvd  
Frankfort, KY 40601  
Phone (502) 695-2300  
Email mhesse@dlz.com

## **XII. RECOMMENDATIONS**

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

1. The KIA loan commitment may be assigned by the McLean County Fiscal Court to the North McLean Water District upon written agreement of both parties and approval of the KIA Executive Director.

**EXHIBIT 1  
NORTH MCLEAN COUNTY WATER DISTRICT  
CASH FLOW ANALYSIS**

	Audited 2005	% Change	Audited 2006	% Change	Audited 2007	% Change	Audited 2008	% Change	Audited 2009	% Change	Prelim 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015
<b>Operating Revenues</b>	556,004	-2%	544,263	11%	602,693	-6%	565,385	-8%	552,774	-2%	547,246	558,191	569,355	580,742	592,357	604,204
Water Revenues	15,803	10%	17,325	-3%	16,879	-10%	15,236	8%	16,465	0%	16,465	16,794	17,130	17,473	17,822	18,178
<b>Total Revenues</b>	571,807	-2%	561,588	10%	619,572	-6%	580,621	-2%	569,239	-1%	563,711	574,985	586,485	598,215	610,179	622,382
<b>Operating Expenses</b>	40,48%		40,67%		43,45%		44,28%		43,03%		235,316	244,729	254,518	264,699	275,287	286,298
Purchased Water	225,044	-2%	221,337	18%	261,841	-4%	250,359	-5%	237,872	-1%	235,316	244,729	254,518	264,699	275,287	286,298
Operating Expenses	184,582	10%	203,741	6%	216,331	4%	224,201	-1%	222,132	0%	222,132	226,575	231,107	235,729	240,444	245,253
Depreciation	44,248	0%	44,127	7%	47,286	17%	55,422	-4%	53,452	0%	53,452	53,452	53,452	53,452	53,452	53,452
Replacement Reserve												625	625	625	625	625
<b>Total Expenses</b>	453,874	3%	489,205	12%	525,458	1%	529,982	-3%	513,456	0%	510,900	524,756	539,702	572,952	588,255	604,075
<b>Net Operating Income</b>	117,933	-22%	92,383	2%	94,114	-46%	50,639	10%	55,783	-5%	52,811	50,229	46,783	25,263	21,924	18,307
<b>Non-Operating Income and Expenses</b>																
Interest on Investments	5,077	232%	16,832	16%	19,459	-43%	11,181	-45%	6,116	-18%	5,000	4,250	4,250	4,250	4,250	4,250
Other	0		0		0		1,641		3,566		0	4,250	4,250	4,250	4,250	4,250
<b>Total Non-Operating Income &amp; Expenses</b>	5,077	232%	16,832	16%	19,459	-34%	12,822	-24%	9,682	-48%	5,000	4,250	4,250	4,250	4,250	4,250
<b>Add Non-Cash Expenses</b>																
Depreciation	44,248	0%	44,127	7%	47,286	17%	55,422	-4%	53,452	0%	53,452	53,452	53,452	53,452	53,452	53,452
<b>Cash Available for Debt Service</b>	167,258	-8%	153,342	5%	160,859	-26%	118,883	0%	118,917	-6%	111,263	107,931	104,485	101,412	98,073	94,456
<b>Debt Service</b> <small>(enter as positive \$)</small>																
Existing Principal	70,876		28,061		14,000		14,000		15,000		15,000	6,000	7,000	7,000	8,000	11,000
Existing Interest	21,384		18,004		17,108		16,209		15,310		7,168	14,107	13,611	13,077	12,505	10,256
Proposed KIA Loan																
<b>Total Debt Service</b>	92,260		46,065		31,108		30,209		30,310		22,168	20,107	23,757	23,223	23,651	24,401
<b>Income After Debt Service</b>	74,998		107,277		129,751		88,674		88,607		89,095	87,824	80,728	78,189	74,422	70,055
<b>Debt Coverage Ratio</b>	1.81		3.33		5.17		3.94		3.92		5.02	5.37	4.40	4.37	4.15	3.87

**NORTH MCLEAN COUNTY WATER DISTRICT  
BALANCE SHEETS**

<b>ASSETS</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Project Completion</b>
<b>Current Assets</b>						
Cash	141,569	124,940	138,563	151,325	228,815	316,639
Customer Deposit Checking	30,522	35,726	33,894	33,865	37,684	37,684
Certificates of Deposit	101,635	104,353	107,476	175,014	160,401	160,401
Accounts Receivable	51,264	50,574	53,322	48,596	49,118	48,627
Due From Other Governments	0	25,000	387	385	400	400
Inventory	10,412	12,629	12,710	14,251	22,262	21,149
Other	8,429	5,453	5,554	5,599	5,230	5,230
<b>Total Current Assets</b>	<b>343,831</b>	<b>358,675</b>	<b>351,906</b>	<b>429,035</b>	<b>503,910</b>	<b>590,130</b>
<b>Restricted Assets</b>						
Sinking Fund	36,430	37,859	38,775	36,269	5,971	36,269
Replacement and Extension Fund	24,768	27,292	29,692	33,301	29,581	29,877
Escrow Account						
Debt Service Reserve Fund						
Debt Service Fund						
<b>Total Restricted Assets</b>	<b>61,198</b>	<b>65,151</b>	<b>68,467</b>	<b>69,570</b>	<b>35,552</b>	<b>66,146</b>
<b>Utility Plant</b>						
Land, System, Building and Equipment	1,874,544	2,106,481	2,399,172	2,517,667	2,574,128	3,311,999
<b>Less Accumulated Depreciation ( )</b>	<b>(616,722)</b>	<b>(660,849)</b>	<b>(707,934)</b>	<b>(759,316)</b>	<b>(811,004)</b>	<b>(847,898)</b>
<b>Net Fixed Assets</b>	<b>1,257,822</b>	<b>1,445,632</b>	<b>1,691,238</b>	<b>1,758,351</b>	<b>1,763,124</b>	<b>2,464,101</b>
<b>Total Assets</b>	<b>1,662,851</b>	<b>1,869,458</b>	<b>2,111,611</b>	<b>2,256,956</b>	<b>2,302,586</b>	<b>3,120,377</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Accounts Payable	14,772	18,924	17,232	15,872	16,241	16,403
Taxes Payable	2,487	2,515	2,197	2,414	1,963	1,963
Customer Deposits	3,500	2,700	2,700	2,700	2,500	2,700
Bonds Payable	12,000	14,000	14,000	15,000	6,000	7,000
Other	0	0	0	0	172	0
C.P. KIA Loan	0	0	0	0	0	2,056
<b>Total Current Liabilities</b>	<b>32,759</b>	<b>38,139</b>	<b>36,129</b>	<b>35,986</b>	<b>26,876</b>	<b>30,122</b>
<b>Long Term Liabilities</b>						
Revenue Bonds	231,000	217,000	203,000	188,000	182,000	168,000
Notes Payable	16,061	0	0	0	0	0
Customer Deposits	25,055	26,628	27,203	27,845	29,690	29,690
KIA Loan	0	0	0	0		47,944
<b>Total Long Term Liabilities</b>	<b>272,116</b>	<b>243,628</b>	<b>230,203</b>	<b>215,845</b>	<b>211,690</b>	<b>245,634</b>
<b>Total Liabilities</b>	<b>304,875</b>	<b>281,767</b>	<b>266,332</b>	<b>251,831</b>	<b>238,566</b>	<b>275,756</b>
<b>Retained Earnings:</b>						
Invested in Capital Assets Net of Related Debt	998,761	1,214,632	1,474,238	1,555,351	1,575,124	2,239,101
Restricted	61,198	65,151	68,467	69,570	35,552	66,146
Unrestricted	298,017	307,908	302,574	380,204	453,344	539,373
<b>Total Retained Earnings</b>	<b>1,357,976</b>	<b>1,587,691</b>	<b>1,845,279</b>	<b>2,005,125</b>	<b>2,064,020</b>	<b>2,844,621</b>
<b>Total Liabilities and Equities</b>	<b>1,662,851</b>	<b>1,869,458</b>	<b>2,111,611</b>	<b>2,256,956</b>	<b>2,302,586</b>	<b>3,120,377</b>
<b>Balance Sheet Analysis</b>						
Current Ratio	10.50	9.40	9.74	11.92	18.75	19.59
Debt to Equity	0.22	0.18	0.14	0.13	0.12	0.10
Working Capital	311,072	320,536	315,777	393,049	477,034	560,008
Percent of Total Assets in Working Capital	18.71%	17.15%	14.95%	17.42%	20.72%	17.95%
Percent of Operating Revenue in Receivables	32.7	32.9	31.4	30.5	31.5	31.5

