

Kansas Public Water Supply Loan Fund 2019 Intended Use Plan



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Prepared by:

Kansas Department of Health and Environment
Division of Environment
Bureau of Water
Curtis State Office Building
1000 Jackson St,
Topeka KS, 66612

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I. INTRODUCTION

In 1996 the Safe Drinking Water Act (SDWA) established the Drinking Water State Revolving Fund (DWSRF) to assist public water supply systems in financing the costs of infrastructure needed to achieve or maintain compliance with SDWA requirements, and to protect public health. The Kansas Public Water Supply Loan Fund (KPWSLF) was established in 1994 by K.S.A. 65-163d through 65-163u. The Environmental Protection Agency (EPA) makes capitalization grant money available to the state for operation of the KPWSLF.

Both state and federal law require preparation of an annual intended use plan (IUP), to identify projects and activities to be supported by the federal appropriation. The IUP is submitted to the EPA as part of the application for a capitalization grant. EPA regulations require the IUP to include the following elements:

A list of projects to be assisted by the KPWSLF, including a description of the project and population served;

The criteria and methods established to distribute the funds;

A description of the financial status of the KPWSLF;

A description of the long and short-term goals for the KPWSLF;

A description of non-project activities (set-asides) to be funded from the capitalization grant, and;

A description of how assistance will be provided to disadvantaged communities.

The SDWA requires states to give priority to projects that address the most serious risks to human health, that are necessary to achieve compliance with the SDWA, and to assist public water supply systems most in need on a per-household basis. State law requires KDHE to encourage regional cooperative public water supply projects in accordance with the regionalization strategy of the state water plan.

This 2019 Intended Use Plan will also address requirements made through appropriation laws passed in recent years. Specifically, these requirements are (1) to make all Kansas Public Water Supply Loan Fund (KPWSLF) loans executed after October 30, 2009, comply with Davis-Bacon Act Requirements; (2) to provide additional subsidy in the form of a grant, principal forgiveness, or a negative interest rate loan; and (3) require all loans executed after January 16, 2014 to comply with American Iron and Steel (AIS) requirements.

Due to delayed appropriation bills for federal fiscal year 2018, the 2018 capitalization grant allotments were not provided to KDHE until May 22, 2018. KDHE submitted the grant application on May 23, 2018, but the grant was not awarded before the publication of this IUP.

Allotments for the FFY 2019 EPA capitalization grant have not been determined as of the date of publication of this document and any special conditions or required program changes are also unknown.

As of May 31, 2018, Kansas had been awarded \$234,467,411 in capitalization grants from FFY 1997 thru FFY 2018.

This Intended Use Plan can be amended to add projects or other provisions as needed after a public hearing with 30 days' notice. KDHE anticipates amending this IUP in December 2018 or January 2019.

II. LIST OF KPWSLF PROJECTS

In April of 2018, letters soliciting projects were sent to over 800 public water suppliers eligible to receive assistance from the Kansas Public Water Supply Loan Fund. These projects were combined with the projects left over from the 2018 Project Priority List (PPL) to create the 2019 Project Priority List. Twenty additional eligible projects for \$315M were submitted for consideration of placement on the 2019 PPL. All projects are listed in order of project ranking and projects with the same ranking are further sorted by increasing project amount. The 2019 PPL has the largest cumulative amount (\$400M) in the history of the program due to the \$267M project for the City of Wichita. The 2019 PPL can be found in Appendix A.

In order to maximize the use of available funds, all projects on the PPL will receive loan applications. This will ensure projects that are ready to proceed will have access to loan funds. If any of these projects do not submit the loan application by the deadline established in the application transmittal letter, or if any system notifies KDHE that they are no longer interested in a KPWSLF loan, the projects will be removed from the PPL. Systems can notify KDHE in writing if they are not ready to proceed with the application but still want to be left on the Project Priority List for the next funding cycle.

Any project that is funded by a KPWSLF loan agreement executed after October 30, 2009 will comply with Davis-Bacon Act Requirements as required by EPA and the Department of Labor. Any project that is funded by a KPWSLF loan agreement executed after January 16, 2014 will comply with the American Iron and Steel (AIS) requirement unless federal law does not require it.

III. CRITERIA AND METHODS FOR DISTRIBUTING FUNDS

The Kansas Department of Health and Environment developed a Project Priority System to rank all projects submitted for funding. The system provides a clear, objective order of ranking for public water supply infrastructure improvements. The Project Priority System is attached as Appendix C.

The funding order of projects may not be identical to the priority ranking found in the PPL (Appendix A). Readiness to proceed is an important factor, however, the general order of project ranking will be followed to the extent a project's sponsor is ready to proceed. KDHE always reserves the right to fund lower priority ranking projects over higher priority ranking projects, if a higher priority project's sponsor has not taken the steps necessary to expeditiously apply for funding. If a project must be bypassed because of a delay, it will be funded when it is ready to proceed, if loan funds are available and if the project still has a favorable priority rating. The ability to bypass projects which are not ready to proceed, will give a greater probability that all available loan funds can be committed. Additionally, KDHE may elevate any eligible project to the project priority list due to emergency conditions as determined by the Secretary; however the

application process is the same as non-emergency projects except that emergency projects do not need 30 days' notice for their public hearing.

As of May 31, 2018, the KPWSLF had \$24,748,66 of existing funds available for commitment. Funds do not need to be available at the time of loan commitment, only at the time of loan disbursements. Additional funds will be realized during the program year from the 2018 and 2019 capitalization grants as well as the state match funds required for 2019 grant award (estimated \$25M total) and from funds that revolve (estimated at \$21M). With these assumptions KDHE will have \$70M available for commitment and in addition, KDHE will issue bonds during any program year when funds available for disbursement are projected to reach a shortfall. Funds available for disbursements are currently projected to last throughout the 2019 program year.

The PPL lists all eligible and current projects that have been submitted for loan fund consideration. Historically only about 30% of the projects listed on the PPL complete loan applications due to project abandonment or delays due to project readiness to proceed. If municipalities that are provided with a loan application do not complete it by the deadline given to them, and they are otherwise nonresponsive, they will be bypassed and removed from the PPL. All projects are considered above the funding line.

State law requires KDHE to make 20% of the total dollar amount in loans to be made available from the Fund to public water supply systems with populations less than 5,000 people. The SDWA requires 15% of the total amount available for assistance from the Fund each year to be made available to systems serving less than 10,000 people. These requirements were established to ensure small systems have access to loan funds. Historically, no small system has been denied loan funding due to lack of available funds and KDHE does not anticipate that to change. The Fund will "plan to make available" funds equal to the cumulative 2019 PPL project total of \$400,521,038. Because of the large cost of the project for the City of Wichita, the small system requirements will not be met. However, both the state law and federal law have exceptions to their provisions if small systems have not requested assistance in amounts sufficient to meet these requirements, which is the case for the 2019 PPL. Projects for systems with populations of 5,000 or less represent 11% of the estimated amount of available loan funds in the 2019 IUP and projects for systems that serve less than 10,000 represent 14% of the estimated available loan funds in the 2019 IUP.

One of the purposes for the revolving loan fund stated in the SDWA is to provide assistance to those systems most in need, on a per household income basis. The SDWA provides the opportunity to assist economically disadvantaged communities by allowing 30% of the capitalization grant to be used for loan subsidies, including principal forgiveness. The KPWSLF has not developed disadvantaged community criteria, but the KDHE project priority system includes a scoring criterion based on the applicant's median household income compared to the statewide median household income. This helps assure lower income communities have access to the Loan Fund.

Another purpose of the revolving loan fund stated in the SDWA is to facilitate compliance with national primary drinking water regulations or otherwise significantly further the health protection objectives found in the SDWA. KDHE is the state drinking water enforcement agency as well as the SRF implementation agency. Both of these programs are managed by the Public Water Supply Section of KDHE and managers from both programs attend monthly enforcement meetings. The project ranking criteria used in the Project Priority List (PPL) provides the highest ranking points to projects that would return a system to compliance with drinking water regulations. All projects

listed on the PPL further the health protection of users by either improving water quality or insuring integrity of public water supply infrastructure to prevent contamination and insure access to safe drinking water. All eligible systems in Kansas are made aware that loan funding from KDHE can be available for a qualifying project.

IV. FINANCIAL STATUS OF THE KPWSLF

The KPWSLF is operating as a cash flow leveraged loan program. In a cash flow leveraged loan program the EPA capitalization grant is directly loaned out and the repayments of those loans are pledged as security for repayment of state issued revenue bonds (leveraged bonds). The revenue bond proceeds are also loaned to municipalities and such loans are pledged as security for repayment of the state issued revenue bonds. Since a portion of loans are funded with EPA capitalization grant funds, which the program does not pay interest on but does receive interest payments from once they are loaned out, the pool of loans can be offered at interest rates less than the market rate.

The Fund anticipates issuing state match bonds during the program year to obtain matching funds for the 2019 capitalization grant. Leveraged bonds are issued according to cash flow needs (cash needed for disbursements), not necessarily for loan commitment needs. Because there can be up to a two year delay between loan execution and project construction, the cash available for disbursements does not need to be equal to the total loan commitment amount at any given time. Although the Fund may need to issue bonds in the future to accommodate the cash flow needs of loans committed during the 2019 program year, KDHE does not anticipate the need to issue leveraged bonds during the program year as available cash exceeds the estimated amount needed for loan disbursements which is \$30M to \$40M.

The Kansas Public Water Supply Loan Fund is audited annually by a certified public accounting firm in accordance with auditing standards generally accepted in the United States of America and applicable standards contained in Government Auditing Standards issued by the Comptroller General of the United States. The most recent audit provided an unmodified opinion.

As of May 31, 2018, KDHE had 313 loan agreements or offers in place for a total of \$679,185,484.69. Loans have been finalized (projects completed) for 283 of those agreements and 152 of the loans have been repaid in full. Existing loan agreements had a commitment balance amount of \$62,343,665.21 (amount needed to fully disburse existing loans).

For the 2019 PPL, the KPWSLF estimates \$400.5M will be made available for commitment to new loans. The Sources and Uses table in Appendix B shows estimated financial resources and the planned utilization of those resources for the 2019 program year (note values are for disbursement amounts not commitment amounts). The table further separates amounts between loans, set-asides, and fees. The table shows existing loan disbursement sources from recycled funds of \$87M, however to fully disburse all existing loan agreements and potential new loans for all of the projects on the PPL, \$462.8MM would be needed (total uses for loans). The \$375M shortfall of funds will be reduced by an estimated \$25M when the 2018 and 2019 capitalization grant is awarded, and the state match for the 2019 award is deposited and further reduced by \$21M when future recycled funds become available during the year. The remaining shortfall of \$328.7M would be obtained by issuing bonds but bonds would only be issued when needed to meet cash flow needs which is not anticipated for 2019. The Sources and Uses table depends on a large amount of bond proceeds to be listed to meet the EPA policy requiring that the sources and uses

amounts are equal. It is worth noting that the need to issue bonds is mostly dependent on the City of Wichita executing a loan for its project on the 2019 PPL and the cash disbursements needs for that single project will likely be spread over 5 to 6 years. KPWSLF bond issues would be sized appropriately to accommodate cash flow needs each for individual year.

KDHE has discontinued the practice of committing specific types of funds for specific loans at loan execution; instead, the source of funds used for disbursements will be determined at the time of each disbursement request. This practice will allow for capitalization grant funds to be disbursed as a first priority therefore reducing unliquidated obligations of federal grants. KDHE expects to fully disburse the loan portion of the 2018 and 2019 capitalization grants and the set aside portions of the 2016 capitalization grant during the program year.

At least once a year, a cash flow analysis for the next 22 year period is performed to aid in making long and short term financial decisions for the Fund. The last cash flow analysis was performed in March 2018 and the summary is attached as Appendix G. Formal monthly meetings between KDHE, the Kansas Development Finance Authority (bond issuer and financial advisor) and the Kansas Department of Administration (SRF program accounting) are also held to discuss financial planning and make funding decisions.

More detailed financial information can be found in the KPWSLF Annual Report. The most recent report covers the program year through June 30, 2017. This and future annual reports can be found on the KDHE web site www.kdheks.gov/pws/loansgrants/loanfunddocumentsadministration.html.

V. INTEREST RATES AND ADDITIONAL SUBSIDY

In accordance with K.A.R 28-15-52, the KPWSLF gross interest rate will be set at 60% of the previous three months' average of the Bond Buyers 20 Year General Obligation Bond Index. The 2012 thru 2015 capitalization grants require at least 20% but no more than 30% to be used as additional subsidy and the 2016 thru 2018 capitalization grants require exactly 20% to be used as additional subsidy. The Fund will meet this requirement by awarding principal forgiveness for (1) projects that return a non-compliant public water supply system to compliance with MCL requirements (this will include any project that would reestablish the use of existing source water infrastructure that was discontinued from use because it caused a compliance violation for the system – but Total Organic Carbon (TOC) MCL violations will not qualify for principal forgiveness), (2) projects for systems with an ETT score greater than 10 on the EPA Enforcement Response Targeting Tool (as long as the project will put or maintain the system on the path of compliance), (3) projects that would result in system consolidation (two or more systems combine and only one system exists afterward), (4) projects that would allow or implement the creation and operation of a Public Wholesale Water Supply District, and (5) projects that remove and replace all known lead appurtenances in the system and known lead service lines that are privately owned. This will encourage projects that satisfy goals of both state and federal laws.

In December of 2016 the Kansas Department of Commerce, Kansas Department of Health and Environment, and the U.S. Department of Agriculture – Rural Development executed a Memorandum of Understanding forming a partnership to promote, foster and implement regional water projects. The purpose of the partnership is to advance the development of regional water projects through a collaborative effort in each of the agency's water funding programs. KDHE has agreed to provide principal forgiveness for qualifying projects. However, once a regional

project has been submitted to the partnership for review, KDHE has agreed not to unilaterally fund a project for those entities without the agreement of the other two agencies.

Principal forgiveness will be calculated at 30% of the disbursed loan amount associated with the qualifying portion of project. Principal forgiveness will only be available to qualifying loans as funds remain available. Qualifying loans that are executed after KDHE has met its minimum requirement for additional subsidy, may not receive any principal forgiveness or receive principal forgiveness in an amount less than 30% of the qualifying disbursed loan amount.

The additional subsidy requirements and progress towards satisfying them are tracked for each applicable grant and reported in the KPWSLF Annual Report. While KDHE estimates at least the minimum principal forgiveness amounts for the 2012 thru 2017 capitalization grants will be provided to existing executed loans, the final amounts cannot be determined until projects are completed and loan agreements are amended to the final amounts used. The additional subsidy for the 2012 thru 2015 capitalization grants will likely be provided during the 2019 program year, the additional subsidy for the 2016 and 2017 grants will likely not be provided until the 2020 program year.

Possible projects on the 2019 PPL are eligible for an estimated \$1,844,057 in principal forgiveness which would exceed the remaining required additional subsidy amount of \$1,162,396 associated with the 2018 grant. If additional subsidy is not a requirement of the 2019 grant, this will require that projects seeking principal forgiveness must be further prioritized to determine if principal forgiveness will be made available. KDHE will commit principal forgiveness funds according to the priority ranking found in the 2019 Intended Use Plan for eligible loans meeting the application submittal deadline of October 31, 2018. Once the potential principal forgiveness amounts of the highest-ranking projects cumulatively reach \$1,162,396, principal forgiveness will no longer be available for lower ranked projects. Furthermore, the lowest ranked project in which principal forgiveness is available may receive less principal forgiveness than anticipated due to the limited amount of funds available. This principal forgiveness prioritization in no way effects the project ranking priority or the eligibility for loan funding.

VI. EQUIVALENCY PROJECTS

The KWPSLF must designate in the Intended Use Plan a project or group of projects equal to the capitalization grant amount that will be required to submit an audit that complies with the Single Audit Act requirements, comply with the Federal Funding Accountability and Transparency Act reporting requirements, and comply other federal crosscutter requirements. At the time of loan execution KDHE will determine if such loan will be required to comply with these requirements. Because it is unknown which projects listed on the PPL will actually execute loan agreements, it is not possible to list specific loans that will meet these requirements for the anticipated 2018 and 2019 capitalization grants. Equivalency loans will be listed in the annual report.

VII. SHORT AND LONG-TERM GOALS OF THE KPWSLF

The state will pursue the following short-term goals as it implements the program.

1. Provide funding options for systems to correct problems that have caused enforcement actions.

2. Provide funding for replacement of deteriorating infrastructure.
3. Provide funding for technical assistance to small systems.
4. Encourage projects that consolidate or interconnect in a regional manner which would reduce public health risks or make more efficient use of source water capacity and treatment processes.
5. Assure small public water supply systems are included in the loan program by providing at least 20% of available loan funds to systems serving a population of less than 5000.
6. Spend down grant funds within 2 years from the date of the grant award for all open and future capitalization grants.
7. Complete capitalization grant applications within 3 months of the establishment of final allotment amounts by EPA.
8. Deposit and spend any required state match prior to capitalization grant award.

The state will pursue the following long-term goals, as it implements the program.

1. Maintain a well-managed perpetual program to allow a source of funds to be available to systems in need.
2. Encourage systems to choose projects with the most long term cost effective solutions.
3. Encourage systems to implement projects that have little if any significant impact to the environment.
4. Continue to implement and expand the Capacity Development Program.
5. Explore ways to make the program more affordable/desirable to systems.
6. Comply with state and federal laws and the state/EPA capitalization grant agreement.
7. Assist water suppliers in meeting SDWA requirements.
8. Protect public health.

VIII. RECYCLED FUNDS

Recycled funds are revenues in excess of the amounts needed to make bond principal and interest payments. As of May 31, 2018, the Fund had approximately \$87M in recycled funds available for disbursement and anticipates another \$21M to be added during the 2019 program year.

The KPWSLF has historically utilized pre-spending of bond proceeds using recycled funds. Pre-spending bond proceeds will help assure that the Fund meets the one and three year spend down requirements for bond proceeds and avoid penalties imposed by tax laws. Although no leveraged bond issues are expected in the near future, this practice will likely continue. The KPWSLF might

also choose to pre-spend anticipated grant funds using recycled funds in the future. This will enhance the Fund's ability to expeditiously use cap grant funds.

IX. DESCRIPTION OF NON-PROJECT ACTIVITIES TO BE FUNDED

Sections 1452(g)(2) and 1452(k)(1) of the SDWA provides the state certain opportunities to reserve a portion of the capitalization grant to assist with administration of the loan fund and other program requirements. The following is a list of set-asides and uses that can be utilized:

- A. administration of the KPWSLF (can use the greatest of \$400,000; 1/5 percent of the current valuation of the fund; or an amount equal to 4 percent of all grant awards to the fund under this section for the fiscal year)
- B. technical assistance to systems serving 10,000 or fewer persons (up to 2%);
- C. state program management (up to 10%)
 - 1) to administer the State PWSS program;
 - 2) to develop and implement a capacity development strategy.
- D. other authorized activities (up to 15%)

Any funds, which are reserved but not spent, will not be lost. The actual amounts spent during the program year will differ from the amounts shown as reserved for the 2018 and 2019 grant. Funds from previous grants and work plans will be spent in addition to (or prior to) the reserved amounts for the 2018 and 2019 grant. It is KDHE's goal to have approximately 2 years of funds reserved in any set-aside to minimize unliquidated obligations.

For the 2018 capitalization grant the KPWSLF anticipates using \$450,000 for SRF Program Administration (4% minus a reserve a credit of \$65,480 for future capitalization grants), 2% for Technical Assistance (\$257,740), 4% (\$515,480) for State Program Management, and 2% (\$257,740) for Other Authorized Activities.

For the 2019 capitalization grant the KPWSLF anticipates using \$450,000 for SRF Program Administration (4% minus reserving a credit of \$65,480 for future capitalization grants), 2% for Technical Assistance (\$257,740), and 4% (\$515,480) for State Program Management. These amounts are subject to change once KDHE is provided with the actual 2019 capitalization grant allotment amount.

Any changes and/or reservation of set-aside credits will be described in the grant application and recorded in future IUPs and Annual Reports. The state has the option of transferring unspent set-asides to the loan fund in future years and reserve authority to take transferred or unreserved funds from future grants.

A. SRF Program Administration

Activities funded with this set-aside include financial reviews, project design review and approval, project ranking, priority list management, tracking of loan repayments, construction inspection, National Information Management System (NIMS) and Project Benefits Reporting (PBR) data maintenance, updating the needs survey, processing of loan disbursements, and any other costs

associated with the operation of the KPWSLF.

SRF Administration Set-Aside Spending Plan

Grant	Amount Available	FY2019 Spending	FY2020 Spending	FY2021 Spending
2017	\$350,000	\$350,000		
2018	\$450,000	\$100,000	\$350,000	
2019 (est.)	\$450,000		\$100,000	\$350,000
FY spending Totals		\$450,000	\$450,000	\$350,000

B. Small System Technical Assistance

Funds from this set-aside are used to provide technical assistance to public water suppliers serving less than 10,000 people. Work conducted under this set-aside will be implemented through contracts with service providers and assistance to provide training services to small systems through KDHE’s Area Wide Optimization Program (AWOP). Any balance not used during the program year will be used for continued technical assistance to small systems in the future.

Assistance will be provided in the areas of compliance, operation and maintenance, with a focus on systems with drinking water violations to return to compliance. Systems will benefit in resolving MCL and treatment technique violations, and responding to water quality complaints and emergency low-pressure problems. Systems operating surface water treatment plants will receive training in operational tests, chemical dosages, filter operations, and record keeping. Funds from this set aside could also be used to provide assistance in monitoring and analyzing harmful algal blooms associated with small systems.

Technical Assistance Set-Aside Spending Plan

Grant	Amount Available	FY2019 Spending	FY2020 Spending	FY2021 Spending
2017	\$57,115	\$57,115		
2018	\$257,740	\$150,000	\$107,740	
2019 (est.)	\$257,740		\$92,260	\$165,480
FY spending Totals		\$207,115	\$200,000	\$165,480

C. State Program Management

Funds from this set-aside will be used to pay salary and costs for the Capacity Development Program, and to pay salary and costs for the Public Water Supply Supervision Program which includes the Operator Certification Program. Up to 10% of the capitalization grant can be used for these activities. Any balance not used during the program year will be used for continued State

Program Management costs in the future.

State Program Management Set-Aside Spending Plan

Grant	Amount Available	FY2019 Spending	FY2020 Spending	FY2021 Spending
2017	\$250,000	\$250,000		
2018	\$515,480	\$150,000	\$365,480	
2019 (est.)	\$515,480		\$54,520	\$460,960
FY spending Totals		\$400,000	\$420,000	\$460,960

D. Other Authorized Activities

Funds will be used to fund KanCap training, asset management training, capacity development technical assistance, technical assistance with financial planning and rate setting, operator training, development and implementation of an AWOP as a component of the Capacity Development Strategy, development and implementation of a drinking water protection program as a component of the Capacity Development Strategy, development and implementation of a harmful algal bloom monitoring and analysis program as a component of the Capacity Development Strategy, and development of training and reporting tools associated with asset management, rate setting, and TFM surveys.

Other Authorized Activities Set-Aside Spending Plan

Grant	Amount available	FY2019 Spending	FY2020 Spending	FY2021 Spending
2016	\$200,000	\$200,000		
2017	\$187,840		\$187,840	
2018	\$257,740			\$257,740
FY spending Totals		\$200,000	\$187,840	\$257,740

SUMMARY OF CAPITALIZATION GRANT USES

	FFY 2018
Direct Loan	11,406,040
Administration	450,000
Technical Assistance	257,740
State Program Management	515,480
Other Authorized Activities	257,740
Total	\$12,887,000

	Estimated FFY 2019
Direct Loan	11,663,780
Administration	450,000
Technical Assistance	257,740
State Program Management	515,480
Other Authorized Activities	0
Total	\$12,887,000

HISTORY OF CREDITS TOWARD FUTURE GRANTS

Year of Capitalization Grant	Technical Assistance Set Aside	State Program Management Set Aside	Administration Set Aside
1997		\$422,071	
1998		\$485,000	
1999		\$485,000	
2000	\$145,717	\$485,000	
2001			\$1,674
2002		\$181,626	\$369,388
2003	\$183,584	\$485,000	
2004	\$190,442		
2005	-\$50,000		-\$371,062
2006	-\$125,422		
2007	-\$60,420		
2008	-\$62,080		
2009	-\$84,500		
ARRA	\$390,000		\$780,000
2010		\$1,660,500	
2011	-\$57,610		-\$25,147
2012	-\$70,380		\$200,000
2013	-\$93,960		
2014			\$201,600
2015			
2016			-\$189,460
2017	-\$93,920		
2018			\$65,480
Totals	\$211,451	\$4,204,197	\$1,032,473

X. RATES AND USES OF FEES

Every recipient is charged a one-time 0.25% Loan Origination Fee (LOF) and pays a service fee on outstanding balances due semiannually (this service fee rate is included in the gross loan interest rate). For loans with an effective date after May 31, 2018 the service fee is calculated differently through the first 4 years of repayments than in the remaining years of repayments. Through the first 4 years of repayments the service fee will be equal to the gross interest rate minus 0.35%. For the remaining years of repayments, the service fee will be equal to 0.35%. The LOF is typically capitalized in the loan amount, but recipients can make that payment from their own funds if desired.

Fees obtained from the LOF are used to pay for financial reviews and technical assistance in completing loan applications. As of May 31, 2018, there was a balance of \$471,604.33 in the

Loan Origination Fee account. The service fee on outstanding balances is used to pay for KPWSLF expenses such as accounting services, legal services associated with bonds, annual bond service fees, annual dues for the Council of Infrastructure Financing Authorities, and as state match for capitalization grants. The service fee account is also used for non-KPWSLF expenses such as software and computer equipment for the Public Water Supply section, salary, benefits and other operating costs for the Public Water Supply Supervision Program, and annual dues for the Association of State Drinking Water Administrators and the Western State Water Council. As of May 31, 2018, the balance of the service fee account was \$3,409,817.55.

XI. CROSS COLLATERALIZATION

The KPWSLF and KWPCRF are cross collateralized and process is explained in detail in the Operating Agreement between KDHE and EPA.

Both SRF programs use the same bond indenture referred to as the Master Financing Indenture (MFI). The MFI is structured as a cross-collateralization mechanism as all interest revenues are pledged to the MFI State Match bonds and all other revenues are pledged to the MFI Leveraged Bonds. The KPWSLF and KWPCRF will maintain and operate the loan programs as separate entities with separate accounting of all loan disbursements, interest revenues, principal revenues, State Match debt service, Leveraged debt service, State Match bond issuance amounts, Leveraged bond issuance amounts, State Match bond proceeds, Leveraged bond proceeds, and any other fund or account established in the MFI.

If cross-collateralization is used to pay debt service on MFI bonds, KDHE accounting will show revenue from one program was needed to pay debt service of the other program. That amount will be treated as a loan (without interest) to be repaid once the borrowing program has available funds in its portion of the Program Equity Fund. In the unlikely event that State Match debt service could not be paid using the corresponding program's portion of interest revenues in the MFI, an amount necessary needed to pay the State Match debt service of the program would be transferred from the corresponding program's Service Fee account to the State Match debt service account (Service Fees are an interest component of the loan repayments). This will assure that the assets of one program are not used, even temporarily, to pay for the other program's State Match debt service.

Furthermore, the MFI will not issue any bonds unless it can show that the program which receives bond proceeds can pay 100% of the debt service of the corresponding bonds (in other words, without using cross-collateralization).

XII. CASH DRAW RATIO

The non-set-aside portion of the 2018 and 2019 capitalization grants will be direct loaned. KDHE will determine which loans receive capitalization grant funds at the time of disbursement. The 2018 capitalization grant will require a state match of \$2,577,400. The Fund has \$1,500,000 of State Match that was deposited and disbursed in October 2017 (used for loan disbursements among 10 loans) of which \$1,402,036.40 was designated as State Match to the 2017 capitalization grant. This left \$97,963.60 available for State Match of the 2018 capitalization grant. The remaining amount of \$2,479,436.40 needed for the state match of the 2018 capitalization grant was obtained from \$2,600,000.00 of bond proceeds that were deposited on April 5, 2019 and disbursed among 8 loan agreements by

April 30, 2018. Because the entire State Match requirement was disbursed prior to any grant draws, the draw ratio for the 2018 capitalization grant will be 100%. Documentation of the state match deposit and spending will be submitted with the 2018 grant application. State match details regarding the 2019 capitalization grant will be determined once EPA makes grant allotments.

XIII. PUBLIC REVIEW

A public hearing on the FY2019 Intended Use Plan and Priority Ranking System was held on June 26, 2018. A copy of the meeting notice was published in the Kansas Register. The hearing attendance list and a summary of the hearing are included in Appendix D.

Appendix A

Project Priority List

2019 Project Priority List

July 1, 2018

Municipality Name	Project #	Priority Rating	Project Description	Loan Request \$	Cumulative Amount \$	Population Served	Potential PF \$
Englewood	2880	38	Construct New Wells to Resolve Nitrate Compliance	\$1,000,000	\$1,000,000	77	\$300,000
Brewster	2963	33	New Well and Connecting Waterline	\$750,000	\$1,750,000	300	\$225,000
KC Board of Public Utilities	2950	23	Replace Ground Storage Reservoir	\$10,000,000	\$11,750,000	180,419	
KC Board of Public Utilities	2951	23	Replace Small Diameter Waterlines	\$10,000,000	\$21,750,000	180,419	
Phillipsburg	2983	21	Replace Storage Facility	\$1,000,000	\$22,750,000	2,543	
University Park Water Dist.	2959	15	Expand to Connect Unserved Community	\$150,000	\$22,900,000	199	
Public Wholesale WSD # 23	2964	15	Construct Connection to Howard, Elk Co. RWD #2, and Severy	\$4,096,856	\$26,996,856	13,658	\$1,229,057
Lucas	2978	13	Replace Waterline	\$45,000	\$27,041,856	393	
St. Frances	2984	13	Loop Distribution System	\$115,910	\$27,157,766	1,294	
Melvern	2910	13	Waterline Replacement	\$181,335	\$27,339,101	369	
Palmer	2967	13	Replace Waterlines	\$230,000	\$27,569,101	106	
Phillipsburg	2949	13	Waterline Replacement	\$500,000	\$28,069,101	2,543	
Ashland	2977	13	Replace Aging Waterlines and Well	\$800,000	\$28,869,101	807	
Humboldt	2970	13	Water Treatment Plant Rehab, Storage Rehab, and Waterline Replacement	\$1,000,000	\$29,869,101	1,973	
Toronto	2971	13	Replace Waterlines	\$1,000,000	\$30,869,101	778	
Coffeyville	2943	13	Install AMI Metering System	\$1,600,000	\$32,469,101	15,000	
Downs	2976	13	Replace Water Treatment Plant	\$2,500,000	\$34,969,101	844	
Independence	2933	13	Rehabilitate Water Treatment Plant	\$3,100,000	\$38,069,101	12,668	
Newton	2962	13	Replace Ground Storage and Rehabilitate Elevated Storage	\$3,700,000	\$41,769,101	19,105	
Garnett	2966	13	Replace Water Treatment Plant	\$12,966,768	\$54,735,869	6,905	
Cambridge	2974	11	Replace Waterlines	\$200,000	\$54,935,869	83	
Cunningham	2929	11	New Well, Transmission Main and Disinfection Treatment Improvements	\$250,000	\$55,185,869	470	
Barber Co. RWD #3	2944	11	Replace Wells	\$300,000	\$55,485,869	305	
Assaria	2958	11	Replace Cast Iron Waterlines	\$308,875	\$55,794,744	407	
Simpson	2972	11	Replace Waterlines	\$350,000	\$56,144,744	84	
Smith Co. RWD #1	2973	11	New Wells and Looping	\$800,000	\$56,944,744	380	
Solomon	2980	11	Replace Waterlines	\$1,634,294	\$58,579,038	1,040	
Salina	2957	11	2017 Water Main Replacement	\$4,250,000	\$62,829,038	48,179	
Kiowa	2937	11	Waterline Replacement including Lead Service Lines and Well Improvements	\$7,900,000	\$70,729,038	1,104	\$90,000
Washington	2969	11	Replace Waterlines	\$8,000,000	\$78,729,038	1,076	
Salina	2917	11	South Wellfield and Water Treatment Plant Improvements	\$31,700,000	\$110,429,038	48,710	
Wichita	2979	11	New Water Treatment Plant	\$267,342,000	\$377,771,038	500,000	
Rose Hill	2941	10	Install Chlorine Booster System	\$150,000	\$377,921,038	4,322	
Bonner Springs	2955	10	Re-drill Well #3	\$400,000	\$378,321,038	4,665	
Emporia	2968	10	Replace Waterlines	\$1,000,000	\$379,321,038	32,605	
Saline Co. RWD #4	2975	10	New Water Storage to Resolve Pressure Issues	\$1,000,000	\$380,321,038	768	
Bonner Springs	2864	10	Waterline Replacement and Looping	\$1,300,000	\$381,621,038	7,419	
Douglas Co. RWD #3	2960	10	Expand to Connect Unserved Community and Install Automated Meters	\$1,400,000	\$383,021,038	4,663	
Silver Lake	2981	10	Replace Waterlines	\$1,500,000	\$384,521,038	1,426	
St. George	2932	10	New Wells to Meet Demand, Replace Waterlines and Rehabilitate Storage	\$2,000,000	\$386,521,038	921	
Leavenworth Water Department	2965	10	New Horizontal Collector Well	\$6,900,000	\$393,421,038	52,488	
Scott City	2982	10	WTP Rehab, New Storage, Well Improvements, & Waterline Replacement	\$7,100,000	\$400,521,038	3,890	

Total Potential Principal Forgiveness \$1,844,057

11% of funds on PPL for systems with population of less than 5,000 for entire list

14% of funds on PPL for systems with population of less than 10,000 for entire list

Appendix B

Sources and Uses Table

Sources and Uses

For Program year 2019
Amounts as of May 31, 2018

Sources:

Funds Available for Loan Disbursements

Existing

Recycled Funds Unexpended (repayments, interest earnings)	\$87,092,331
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Estimated

2018 Grant Unexpended - Loans	\$11,406,040
State Match Required for 2019 Grant (future bond proceeds)	\$2,600,000
2019 Grant Unexpended - Loans (grant not allotted)	\$11,663,780
Future Leveraged Bond Proceeds (need not anticipated for 2019, listed only for balancing purposes)	\$328,700,455
Future Recycled Funds	\$21,402,097

Total Sources for Loans \$462,864,703

Funds Available to be Used for Set-asides and Fees

Existing

2016 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$264,646
2017 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$862,389

SRF Service Fees Unexpended	\$3,409,817
Loan Origination Fees Unexpended	\$471,604

Estimated

2018 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$1,480,960
2019 Grant Unexpended - Administration, Technical Assistance, State Program Management, Other Authorized Activities	\$1,223,220
Future Collection of SRF Service Fees	\$500,000
Future Collection of Loan Origination Fees	\$40,000

Total Sources for Set Asides and Fees \$8,252,636

Total Sources \$471,117,339

Uses:

Funds to be Used for Loans

Funds Needed to Meet Existing Loan Commitments	\$62,343,665
Funds Needed for Loan Disbursements to Fund all 2019 PPL projects	\$400,521,038

Total Uses for Loans \$462,864,703

Funding Uses for Set Asides and Fees

SRF Administration thru SFY 2020	\$1,266,084
Technical Assistance thru SFY 2020	\$592,403
State Program Management thru SFY 2020	\$1,288,663
Other Authorized Activities thru SFY 2020	\$684,065
SRF and PWSS Administration from Fees	\$3,909,817
Loan Financial Reviews	\$511,604

Total Uses for Set Asides and Fees \$8,252,636

Total Uses \$471,117,339

Appendix C

Project Priority System

State of Kansas
Kansas Department of Health and Environment
Division of Environment
Bureau of Water

State Fiscal Year 2019
Kansas Public Water Supply Loan Fund
Project Priority System

July 1, 2018

Kansas Department of Health and Environment
Kansas Public Water Supply Loan Fund
Project Priority System
FY 2019

I. INTRODUCTION

The SDWA and Kansas Statutes establishing the public water supply loan fund require KDHE to develop a project priority system; including ranking criteria to determine which projects should receive loans. In preparing a priority list, the Secretary is required to exclude projects from applicants who have not adopted and implemented water conservation plans consistent with Kansas Water Office guidelines. KDHE is also required to ensure that at least 20% of loan fund monies are made available to communities of less than 5000 people.

II. PRIORITY RATING CRITERIA

The priority rating criteria are used to numerically rank projects for potential funding assistance from the Kansas Public Water Supply Loan Fund. State law and the SDWA both provide guidance on factors to be considered when ranking projects.

The SDWA requires priority be given to projects that address the most serious risks to human health, that are necessary to assure compliance with requirements of the SDWA (national primary drinking water regulations) and to assist public water supplies most in need, on a per household basis according to state affordability criteria.

Kansas statutes require KDHE to give consideration to projects consistent with the public water supply regionalization strategies developed in the Kansas Water Plan. Since no regionalization strategies have been proposed, the rating criteria cannot address this issue. However, the rating criteria do award points for system consolidation.

The Bureau of Water will consider the following factors in determining the numerical scores of each project:

- 1) Water quality issues, including compliance with maximum contaminant levels, treatment techniques, aesthetic factors, and unregulated contaminants.
- 2) Consolidation of systems;
- 3) Improvements to reliability;
- 4) State median and applicant household income levels;
- 5) Special categories; and
- 6) KDHE adjustment

III. IDENTIFICATION OF POTENTIAL PROJECTS

Potential projects for inclusion on the project priority list may be identified by public water supply officials, by KDHE, through participation in national needs surveys, through routine inspection and special studies; or by federal, state, or local agencies.

Projects may also be identified by the Secretary of KDHE in accordance with section IV.4 as necessary for correction of an emergency condition.

IV. ADMINISTRATIVE PROCEDURES

KDHE will use the following procedures in administering the priority system.

1. The Bureau of Water will prepare annually, a priority list of all projects to be included in the Intended Use Plan for possible funding during state fiscal year. The Project Priority List (PPL) will include the rank for each project.
2. The Bureau of Water will give public notice of the PPL and hold a minimum of one public hearing to receive comments. The Bureau of Water will provide information upon request, on the detailed calculation of the priority rank of a project.
3. If the PPL includes a funding line based on estimated money available, the highest ranking projects equal to the money available will be given the first opportunity to apply for funding. If there is no funding line in the PPL all projects will have an opportunity to apply for funding.
4. The Secretary of KDHE may amend the PPL and the Intended Use Plan to include a project requested by the Bureau of Water as needed to protect public health, or to meet emergency needs.
5. A project must be listed in the PPL prepared by KDHE to receive a loan; unless funded under the emergency provision of IV.4 or the bypass provision of IV.6.
6. If projects above the funding line (if there is a funding line) in the PPL fail to apply for or execute loans, those funds will be made available to the highest ranked projects ready to proceed that are below the funding line. This ability to bypass projects is necessary to assure available funds are obligated on a timely basis.
7. Kansas law requires 20% of available loan funds to be made available to public water suppliers that serve less than 5000 people. If available, projects serving less than 5000 people, totaling at least 30% of available loan funds, will be included above the funding line in the PPL to assure sufficient projects to meet the 20% requirement. Projects from public water suppliers serving less than 5000 population will be indicated on the Project Priority List and may be placed above the funding line (if a funding line exists) regardless of priority ranking, if necessary to meet the 20% requirement.

V. PROJECT RATING PROCEDURE

Projects identified in accordance with Section IV, other than projects identified in accordance with section IV.4, will be ranked by the rating system set forth below. The highest point total denotes the highest priority for funding. A separate ranking will be prepared for each project. Projects will receive points, up to the stated maximum, for each applicable category.

1. Water quality issues:

Acute MCL or treatment technique violation corrected	Up to 35 points
Chronic MCL or treatment technique violation corrected	Up to 30 points
Impending MCL violation corrected	Up to 20 points
Unregulated contaminant correction	Up to 15 points
Compliance with existing administrative order	Up to 10 points
Secondary MCL correction	Up to 10 points

2. Consolidation of two or more water systems 10 points each

3. Reliability improvement:

Second source for single source systems	Up to 15 points
Low water pressure (less than 20 psi)	Up to 15 points
Water restrictions in last 3 years	Up to 10 points
Plant rehabilitation	Up to 10 points
Storage (less than 24 hours)	Up to 10 points
Excessive water loss	Up to 10 points
Distribution system looping	Up to 10 points

4. Beneficiaries income:

LT 80% of State Median Household Income (SMHI)	3 points
GT 80% of SMHI but LT SMHI	1 point

5. Special categories:

Upgrade to meet future regulations	Up to 15 points
Plant expansion	Up to 15 points
Water treatment waste discharges	Up to 15 points
Extend distribution system to unserved area	Up to 15 points

6. KDHE point adjustment Up to 35 points

System implements an Asset Management Program	Up to 10 points
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BACKGROUND

The following background is provided to explain the factors KDHE will consider when awarding points under the project rating criteria. For some criteria, water quality issues for example, KDHE will award points up to a maximum value. For other rating criteria, consolidation for example, the points to be awarded are set in the criterion.

1. Water Quality Issues

This group considers a project's ability to correct violations of drinking water standards. Acute MCL and treatment technique violations are those violations which may have an immediate public health impact, or which require public notices to be given under the acute MCL violation provision of the public notification regulations. Only nitrate MCL violations and acute coliform MCL violations are covered by this provision at the present time. Violations of surface water treatment requirements will be included as an acute violation. Chronic MCL violations are those MCL violations which have health impacts over a longer period of time. Projects to provide treatment for an impending violation will also be considered in this category. Generally, an impending violation would be scored if an identifiable plume of contamination was threatening a water source. Secondary MCL violations are violations which cause aesthetic impacts. Existence of an administrative order to correct an MCL violation will also be considered in this category. KDHE will also consider projects providing treatment for unregulated contaminants which may have health impacts under this category. Extensions of distribution systems to areas with documented water quality problems may also receive points under this section.

2. Consolidation

Kansas law requires the department to encourage regional cooperative projects. Up to 10 points will be added for each system to be served by a project. (Two systems, maximum of 20 points)

3. Reliability Issues

Projects which add supplemental sources of water to systems with single sources are important to assure the reliability of a system and will receive points under this category. KDHE will consider the level of water restriction imposed when awarding points under this category. Restrictions on domestic consumption are viewed as more significant than outdoor restrictions. KDHE will also consider efforts made by an applicant to locate and reduce water losses and promote water conservation. Projects which rehabilitate treatment plants, add storage to meet peak needs, and loop dead end lines are also considered to improve reliability. KDHE will give greater weight to projects which correct low pressure problems, when the problems are documented by field measurements.

4. **Beneficiaries Income**

This section allows additional points to be awarded based on the applicant's median household income and the state median household income. Data found on the U.S. Census Bureau web site, will be used for this purpose.

5. **Special Categories**

Projects can receive additional ranking points if they meet any of these special categories.

6. **KDHE point adjustment**

This category allows KDHE to award a maximum of 35 discretionary points when circumstances exist which are not adequately accommodated by the categories described above. These circumstances can include, but are not limited to extra points for systems that utilize asset management programs and complete KanCap board member training classes.

Appendix D

Public Participation Summary

sources and types of regulated air pollutants emitted from the facility; the emission limitations, standards, and requirements applicable to each source; and the monitoring, record keeping, and reporting requirements applicable to each source as of the effective date of permit issuance.

Mid-Continent Fractionation and Storage, LLC – Con-way Fractionator, PO Box 645, Tulsa, OK 74101-0645, owns and operates LNG fractionation facility located at 1407 5th Ave., McPherson, Kansas.

A copy of the proposed permit, permit application, all supporting documentation, and all information relied upon during the permit application review process are available for public review during normal business hours of 8:00 a.m. to 5:00 p.m. at the KDHE, Bureau of Air (BOA), 1000 SW Jackson, Suite 310, Topeka, KS 66612-1366 and at the North Central District Office (NCDO), 2501 Market Place, Suite D, Salina, KS 67401. To obtain or review the proposed permit and supporting documentation, contact Matthew Reynolds, 785-296-1719, at the central office of the KDHE or Joshua Webb, 785-827-9639 at the NCDO. The standard departmental cost will be assessed for any copies requested. The proposed permit, accompanied with supporting information, is available, free of charge, at the KDHE BOA Public Notice website, <http://www.kdheks.gov/bar/publicnotice.html>.

Please direct written comments or questions regarding the proposed permit to Matthew Reynolds, KDHE, BOA, 1000 SW Jackson, Suite 310, Topeka, KS 66612-1366. In order to be considered in formulating a final permit decision, written comments must be received no later than noon Monday, June 18, 2018.

A person may request a public hearing be held on the proposed permit. The request for a public hearing shall be in writing and set forth the basis for the request. The written request must be submitted to Matthew Reynolds, KDHE BOA, 1000 SW Jackson, Suite 310, Topeka, KS 66612-1366, no later than noon Monday, June 18, 2018 in order for the secretary of Health and Environment to consider the request.

The U.S. Environmental Protection Agency has a 45-day review period, which will start concurrently with the public comment period, within which to object to the proposed permit. If the EPA has not objected in writing to the issuance of the permit within the 45-day review period, any person may petition the administrator of the EPA to review the permit. The 60-day public petition period will directly follow the EPA's 45-day review period. Interested parties may contact KDHE to determine if the EPA's 45-day review period has been waived.

Any such petition shall be based only on objections to the permit that were raised with reasonable specificity during the public comment period provided for in this notice, unless the petitioner demonstrates that it was impracticable to raise such objections within such period, or unless the grounds for such objection arose after such period. Contact Ward Burns, U.S. EPA, Region 7, Air Permitting and Compliance Branch, 11201 Renner Blvd., Lenexa, KS 66219, 913-551-7960, to determine when the 45-day EPA review period ends and the 60-day petition period commences.

Jeff Andersen
Secretary

Doc. No. 046303

State of Kansas

Department of Health and Environment

Notice of Hearing for Kansas Public Water Supply Loan Fund 2019 Intended Use Plan

A public hearing will be conducted at 1:00 p.m. Tuesday, June 26, 2018, in the Azure Conference Room of the Curtis State Office Building, 1000 SW Jackson, 4th floor, Topeka, Kansas, to discuss the Kansas Public Water Supply Loan Fund (KPWSLF) 2019 Intended Use Plan (IUP). The Intended Use Plan will make additions to the Project Priority List and include estimates and uses of anticipated Capitalization Grants from the Environmental Protection Agency (EPA). Copies of the draft IUP can be obtained online at:

www.kdheks.gov/pws/loansgrants/loanfunddocumentsadministration.html

Any individual with a disability may request accommodation to participate in the public hearing. Requests for accommodation should be made at least five working days before the hearing by contacting Linda White at 785-296-5514.

Comments can be presented at the hearing or in writing prior to the hearing. Written comments should be addressed to Linda White, Bureau of Water, Kansas Department of Health and Environment, 1000 SW Jackson St., Suite 420, Topeka, KS 66612.

Jeff Andersen
Secretary

Doc. No. 046306

State of Kansas

Kansas Development Finance Authority

Notice of Hearing

A public hearing will be conducted at 9:00 a.m. Thursday, May 31, 2018, in the offices of the Kansas Development Finance Authority (K DFA), 534 S. Kansas Ave., Suite 800, Topeka, Kansas, on the proposal for the K DFA to issue its Agricultural Development Revenue Bonds for the projects numbered below in the respective maximum principal amounts. The bonds will be issued to assist the borrowers named below (who will be the owners and operators of the projects) to finance the cost in the amount of the bonds, which are then typically purchased by a lender bank who then, through the K DFA, loans the bond proceeds to the borrower for the purposes of acquiring the project. The projects shall be located as shown:

Project No. 001009 Maximum Principal Amount: \$212,500. Owner/Operator: Brock S. and Melissa L. Bruna; Description: Acquisition of 160 acres of agricultural land and related improvements and equipment to be used by the owner/operator for farming purposes (the "Project"). The Project is being financed by the Lender for Brock S. and Melissa L. Bruna (the "Beginning Farmer") and is located at Section 12, Little Blue Township, Washington County, Kansas, approximately 6 miles north of Barnes, KS on K-148 and 2 miles east on 16th Road.

Project No. 001010 Maximum Principal Amount: \$61,200. Owner/Operator: Thayne D. Rawson; Description: Acquisition of 78 acres of agricultural land and re-

FY2019 IUP
Summary of Public Hearing
June 26, 2018

FY2019 IUP Public Hearing
Attendance List

June 26, 2018

Name
William Carr

From
KDHE

No one from the public attended the hearing so no presentation was made.

Appendix E

List of Ineligible Projects and Activities

List of Ineligible Projects and Activities

In accordance with K.A.R. 28-15-56, the following projects and activities are ineligible for participation in the Kansas Public Water Supply Loan Fund.

Dams, or rehabilitation of dams;

Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy;

Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;

Laboratory fees for routine monitoring;

Operation and maintenance expenses;

Projects needed mainly for fire protection;

Projects for systems that lack adequate technical, managerial and financial capability, unless assistance will ensure compliance;

Projects for systems in significant non-compliance, unless funding will ensure compliance;

Projects primarily intended to serve future growth.

Source: 40CFR Part 35.3500, 35.3520 (e), and (f)

Appendix F

State Match

	EPA Grant	Grant Award Date	SM requirement	2014 SM Bonds 12/18/14	2015 SM Bonds 12/21/15	2017 SM Bonds 10/10/2017	2018 SM Bonds 4/5/18	Anticipated 2019 SM Bonds Jan 2019
FFY 2016	\$9,473,000	06/09/16	\$1,894,600	\$370,963.60	\$1,523,636.40			
FFY 2017	\$9,392,000	9/27/2017	\$1,878,400		\$476,363.60	\$1,402,036.40		
FFY 2018	\$12,887,000		\$2,577,400			\$97,963.60	\$2,479,436.40	
FFY 2019**	\$12,887,000		\$2,577,400				\$120,563.60	\$2,456,836.40
Total SMBond Proceeds per Issue				\$2,200,000	\$2,000,000	\$1,500,000	\$2,600,000	\$2,456,836

** Grant not yet allotted amounts are estimated.

Appendix G

Cash Flow Analysis Summary

Kansas Development Finance Authority
MFI Bonds - DW
Cashflow Analysis

Projected Revenue Coverage

(Semiannual Rollover)

Period	MFI DW	MFI DW	MFI DW	Transfer from	Revenue Fund	MFI DW	Lev. Bonds	MFI DW	MFI DW	MFI DW	MFI DW
Ending	Loan Interest	MFI DW	State Match	Interest Acct to	Principal	Loan Principal	Debt Service	Periodic	Annual	Annual	Annual
	Repayments	Earnings	Debt Service	Principal Acct.	Beg Balance	Repayments		Surplus	Surplus	SM Coverage	Lev Coverage
9/1/2018	2,026,054	758,467		2,784,522		9,319,004	1,867,785	10,235,741			
3/1/2019	2,546,483	736,552	2,650,856	632,180	10,235,741	20,101,961	9,567,785	11,166,356	21,402,097	2.29 : 1	2.87 : 1
9/1/2019	2,460,443	698,480		3,158,923		13,420,808	1,706,285	14,873,446			
3/1/2020	2,400,672	690,064		3,090,737	14,873,446	8,992,681	10,896,285	1,187,132	16,060,579		2.27 : 1
9/1/2020	2,352,601	572,158		2,924,759		10,766,074	1,500,035	12,190,798			
3/1/2021	2,227,568	669,805		2,897,373	12,190,798	6,644,602	10,725,035	(1,183,060)	11,007,739		1.90 : 1
9/1/2021	2,160,614	660,460		2,821,075		9,039,925	1,269,770	10,591,229			
3/1/2022	2,051,223	745,311		2,796,533	10,591,229	6,753,502	11,969,770	(2,419,734)	8,171,495		1.62 : 1
9/1/2022	1,961,785	726,073		2,687,859		6,835,099	1,003,758	8,519,200			
3/1/2023	1,871,308	794,348		2,665,656	8,519,200	6,870,077	7,963,758	1,571,976	10,091,177		2.13 : 1
9/1/2023	1,780,692	807,045		2,587,737		6,895,351	864,558	8,618,530			
3/1/2024	1,690,005	876,114		2,566,119	8,618,530	6,977,681	8,019,558	1,524,242	10,142,772		2.14 : 1
9/1/2024	1,598,111	888,429		2,486,541		7,056,506	721,458	8,821,589			
3/1/2025	1,505,257	959,123		2,464,380	8,821,589	7,130,433	3,171,458	6,423,356	15,244,945		4.92 : 1
9/1/2025	1,411,521	1,010,632		2,422,153		6,597,581	672,458	8,347,276			
3/1/2026	1,327,627	1,077,532		2,405,159	8,347,276	6,483,860	5,102,458	3,786,561	12,133,838		3.10 : 1
9/1/2026	1,245,447	1,107,946		2,353,393		6,572,413	583,858	8,341,949			
3/1/2027	1,162,100	1,174,804		2,336,904	8,341,949	6,621,701	8,388,858	569,747	8,911,696		1.99 : 1
9/1/2027	1,078,264	1,179,484		2,257,748		6,263,131	427,758	8,093,122			
3/1/2028	1,000,679	1,244,351		2,245,031	8,093,122	6,009,756	7,002,758	1,252,029	9,345,151		2.26 : 1
9/1/2028	927,444	1,254,490		2,181,934		5,962,201	296,258	7,847,877			
3/1/2029	855,077	1,317,396		2,172,473	7,847,877	5,782,773	6,156,258	1,798,989	9,646,866		2.50 : 1
9/1/2029	785,719	1,331,911		2,117,630		5,153,133	179,058	7,091,705			
3/1/2030	726,371	1,388,768		2,115,139	7,091,705	5,019,483	5,154,058	1,980,564	9,072,270		2.70 : 1
9/1/2030	669,429	1,404,735		2,074,165		4,971,273	77,070	6,968,368			
3/1/2031	613,540	1,460,606		2,074,146	6,968,368	5,013,044	3,747,070	3,340,120	10,308,488		3.70 : 1
9/1/2031	557,324	1,487,450		2,044,774		4,957,414		7,002,189			
3/1/2032	502,361	1,543,592		2,045,953	7,002,189	4,863,526		6,909,479	13,911,668		
9/1/2032	449,312	1,598,992		2,048,304		4,884,855		6,933,158			
3/1/2033	396,221	1,654,581		2,050,803	6,933,158	4,290,435		6,341,237	13,274,396		
9/1/2033	353,179	1,705,436		2,058,614		4,338,991		6,397,605			
3/1/2034	309,661	1,756,741		2,066,402	6,397,605	4,289,067		6,355,468	12,753,073		
9/1/2034	266,672	1,807,710		2,074,382		3,878,289		5,952,671			
3/1/2035	227,673	1,855,456		2,083,129	5,952,671	3,752,997		5,836,126	11,788,797		
9/1/2035	189,899	1,902,270		2,092,169		3,358,361		5,450,530			
3/1/2036	142,387	1,946,000		2,088,387	5,450,530	2,978,572		5,066,959	10,517,488		
9/1/2036	111,530	1,986,661		2,098,191		2,386,726		4,484,917			
3/1/2037	83,775	2,022,666		2,106,441	4,484,917	2,108,430		4,214,871	8,699,788		
9/1/2037	61,903	2,056,511		2,118,414		1,934,638		4,053,052			
3/1/2038	42,409	2,089,062		2,131,471	4,053,052	1,813,726		3,945,197	7,998,249		
9/1/2038	22,681	2,120,750		2,143,431		1,437,323		3,580,754			
3/1/2039	7,913	2,149,523		2,157,436	3,580,754	483,870		2,641,306	6,222,060		
9/1/2039	3,651	2,170,653		2,174,304		302,329		2,476,634			
3/1/2040	855	2,190,466		2,191,321	2,476,634	94,981		2,286,302	4,762,936		
	44,165,445	59,579,603	2,650,856	101,094,192		249,408,583	109,035,210	241,467,565	241,467,565		