



**COMMONWEALTH OF KENTUCKY
OFFICE OF THE GOVERNOR
DEPARTMENT FOR LOCAL GOVERNMENT
17-SLDO-022**

IN THE MATTER OF:

Marshall County, Kentucky

&

**Kentucky Rural Water Association Finance Corporation
(Marshall County Sanitation District Improvements)**

RECOMMENDED ORDER

The Fiscal Court of Marshall County, Kentucky (the "County") proposes to adopt and authorize a plan to provide funds to finance the cost to make extensions, additions, and improvements to the Marshall County Sanitation Districts #1 and #2 with funds provided to the County by the Kentucky Rural Water Association Finance Corporation (the "Program") through a certain Loan Agreement between the County and the Program (the "Loan"). The various activities involved with the Marshall County Sanitation District Improvements are hereinafter referred to as the "Project". It is proposed that the County enter into a Loan in a principal amount not to exceed \$625,000.00 (the "Loan").

The Marshall County Fiscal Court petitioned the State Local Debt Officer to approve the financing plan in accordance with KRS 66.310(2). Upon the filing of such petition with the State Local Debt Officer and pursuant to Notice published in accordance with Kentucky Revised Statutes, a hearing was scheduled for December 12, 2017 at 2:00 PM (Prevailing Eastern Time) in the third floor conference room, Department for Local

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MARSHALL CO. JUDGE'S OFFICE

Government (DLG), 1024 Capital Center Drive Suite 340, Frankfort, Kentucky. At the time and place set for the hearing, there appeared the following: Mr. Christian Juckett, Attorney with Rubin & Hays representing Kentucky Rural Water Finance Corporation; Ms Kristen Millard, Senior Vice President with Raymond James representing Kentucky Rural Water Finance Corporation; Mr. Tom Dobson Local Government Advisor Representing DLG; Mr. Jaarad Taylor, Local Government Advisor observing; and Scott Sharp Hearing Officer.

FINDINGS OF FACT

The Hearing Officer, having access to the records of the State Auditor's Office, having in his possession various documents furnished by the County, Bond Counsel, Financial Advisor, and the Department for Local Government and having testimony presented at the hearing finds as follows:

- 1: The financial condition and prospects of the County warrant a reasonable expectation that the payments required to meet the Public Project Loan can be met when due. The following table shows the estimated sources and uses of funds for the Project:**

**Marshall County Public Project Loan
(Marshall County Sanitation District Improvements)**

<u>Source of Funds</u>	
Par Amount of Bonds	\$625,000.00
Reoffering Premium	<u>\$ 7,837.10</u>
Total:	\$632,837.10

Use of Funds

Total Underwriter's Discount (1.550%)	\$ 9,687.50
Costs of Issuance	\$ 20,000.00
Deposit to Project Construction Fund	\$600,000.00
Rounding Amount	<u>\$ 3,149.60</u>
Total:	\$632,837.10

Marshall County proposes to enter into a loan to be dated January 18, 2018. It is proposed that the principal and interest requirements of the Loan be provided by revenue from the Marshall County's General Fund. The County believes that the Loan will be retired exclusively from these revenues. Nevertheless, the County covenants to levy, collect, and segregate tax to the extent general funds are insufficient to meet the annual debt service requirements of the Loan and has or will designate the Loan as a full General Obligation Loan of the County to the payment of which the full faith and credit of the County and Revenues of the County are pledged for the prompt payment thereof.

Based on the above findings and the fact that Marshall County has a reliable record of good budget management, it is therefore the opinion of the Hearing Officer that the County should be able to meet the terms of the proposed loan financing without adversely affecting other expenditures of the County.

2: The proposed financing plan for the Loan for the Project will serve the best interest of the County.

The County has determined that the Loan will serve the best interest of the taxpayers, citizens, and inhabitants of the County; that said Loan is for public purposes; and that the Project is essential in the interest of the proper performance of governmental functions of the County for the protection, safety, benefit, and well-being of the citizens of the County.

The Hearing Officer concurs with the County that the proposed financing plan for the Loan is for the public good, is a public project for a public purpose, and appears to be in the best interest of the County.

- 3: The proposed financing plan for the issuance of the Loan appears to be valid. The Fiscal Court will authorize, and take such additional steps as are necessary and required to authorize, in accordance with this Finding, the proposed plan of financing.**

Based upon the evidence presented at the hearing, it appears that the County's annual debt service will not exceed available income and revenue for the Fiscal Year in which the obligation is incurred.

- 4: Section 158 of the Constitution of the Commonwealth of Kentucky states in part, "Cities, towns, counties, and taxing districts shall not incur indebtedness to an amount exceeding the following maximum percentages on the value to the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness; ...and counties and taxing districts, two percent (2%), unless in case of emergency, the public health or safety should so require."**

Based on the assessment previous to the petition to incur the indebtedness mentioned in this decision, Marshall County's 2% debt capacity is listed at \$50,199,604.00. According to the county's September 30, 2017 Financial Statement, Marshall County has stated its indebtedness at \$2,797,500.00. As the amount of bond issuance requested keeps the county under its 2% capacity, the approval of this loan meets the constitutional requirement.

CONCLUSIONS OF LAW

Upon review of the evidence presented at the time of and subsequent to the hearing, the Hearing Officer concludes that Marshall County Fiscal Court has met the three statutory requirements and the Kentucky Constitutional requirement that permits the county to enter into the Loan.

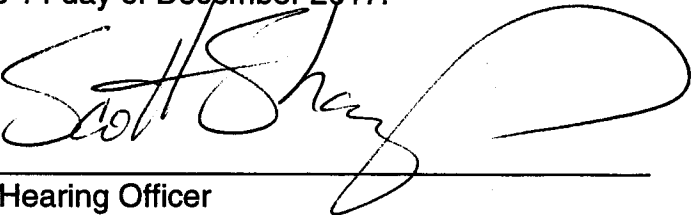
RECOMMENDED ORDER

WHEREFORE, the Hearing Officer, on the basis of the foregoing findings, hereby recommends the approval of the form of the proposed Loan Agreement and the plan for financing the Project with funds provided to the County by the Program.

Upon approval the County may enter into this loan at any time within the current fiscal year (2017-2018). A copy of the executed loan agreement must be submitted to the State Local Debt Office within seven (7) days of its execution.

Various statements and tables contained within this decision were taken directly from documents related to this financing and provided to the State Local Debt Office.

The Hearing Officer hereby notes the designation of Regions Bank as Paying Agent. Dated at Frankfort, Kentucky, this 14 day of December 2017.



Hearing Officer

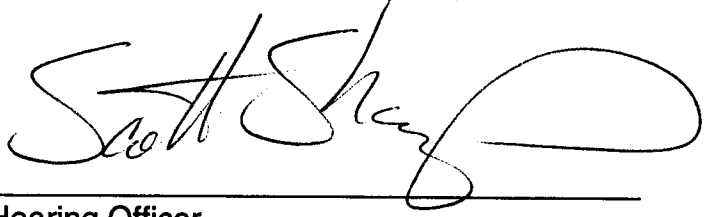
EXCEPTIONS and APPEAL RIGHTS

Written exceptions to this Recommended Order must be filed with the State Local Debt Officer at 1024 Capital Center Drive, Suite 340, Frankfort, Kentucky 40601. Written exceptions must be received by close of business December 28, 2017 in order to be considered a part of this record.

Any decision of the State Local Debt Officer may be appealed in accordance with KRS Chapter 13B. Additionally, a decision by the State Local Debt Officer approving or disapproving a county's proposal to issue bonds may be appealed under KRS 66.310(6) or (7). KRS 66.310(6) states in pertinent part as follows: "Within thirty (30) days after the date of a decision by the state local debt officer approving a county's proposal to issue bonds, any interested party or taxpayer of the county may appeal to the Circuit Court of the county proposing to issue the bonds." KRS 66.310(7) states in pertinent part as follows: "A county proposing to issue bonds may appeal a decision of the state local debt officer disapproving the issuance of the bonds by filing a complaint with the Franklin Circuit Court within thirty (30) days after the date of the decision."

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order has been served upon the following by mailing same, postage prepaid, this the 14 day of December 2017:



Hearing Officer

- (1) Honorable Kevin Neal
Marshall County Judge Executive
1101 Main Street
Benton, KY 42025
- (2) Marshall County Fiscal Court Clerk
1101 Main Street
Benton, KY 42025
- (3) Mr. Christian Juckett
Rubin & Hays
450 South Third Street
Louisville, KY 40202