



California
Rural Water Association

Rural Water Financing Agency

Financing Alternatives for Utilities & Governmental Borrowers

March 2025

RAYMOND JAMES

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Section 1

OVERVIEW OF RURAL WATER FINANCING AGENCY

The Rural Water Financing Agency is a public agency designed to allow borrowers of the Agency to join together for the purposes of financing projects on a pooled basis.

The Agency can lend to governmental entity borrowers in all 50 states.

RuralWaterFinance.com

Interim Program



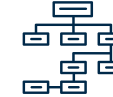
Construction financing with a USDA takeout



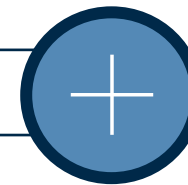
Fixed rate for the term of construction



Streamlined and efficient



All costs included in the loan rate



Flex Term Program



AA- rated, no DSRF requirement



Variety of project types and uses



Fixed rate, 1-30 years



Funding in 60-120 days

Rural Water Financing Agency

Program Case Studies

\$1,115,000,000

Rural Water Financing Agency
Interim Program
1995 – Present

500+ loans
MIG-1 rated Program

\$635,000,000

Rural Water Financing Agency
Flex-Term Program
2001 – Present

300+ loans
AA- rated Program

A Rural Water Partner

The Agency is headquartered in Bowling Green, KY and has partnership agreements in place with 19 state rural water associations

Gary Larimore is President/CEO of RWFA and the former Executive Director of KRWA



Rural Water Financing Agency

Finance Team



RURAL WATER
FINANCING AGENCY

Issuer of Debt
Program Oversight
Approvals



BORROWER MA &
BOND COUNSEL

Counsel prepares legal documents and guides Borrower through the approval process

Advisor guides Borrower on terms, structure, etc.



RAYMOND JAMES

Program management, financials & cashflows, CDU

Underwriter (Interim)

Municipal Advisor (Flex)

Rating presentations

Borrower & Investor coordination

RAYMOND JAMES



RUBIN & HAYS

RWFA Bond Counsel

Provide tax-exempt opinion

Draft legal docs

Review underlying loans



REGIONS BANK

RWFA Trustee

Debt service payments

Loan disbursements

Loan payoffs



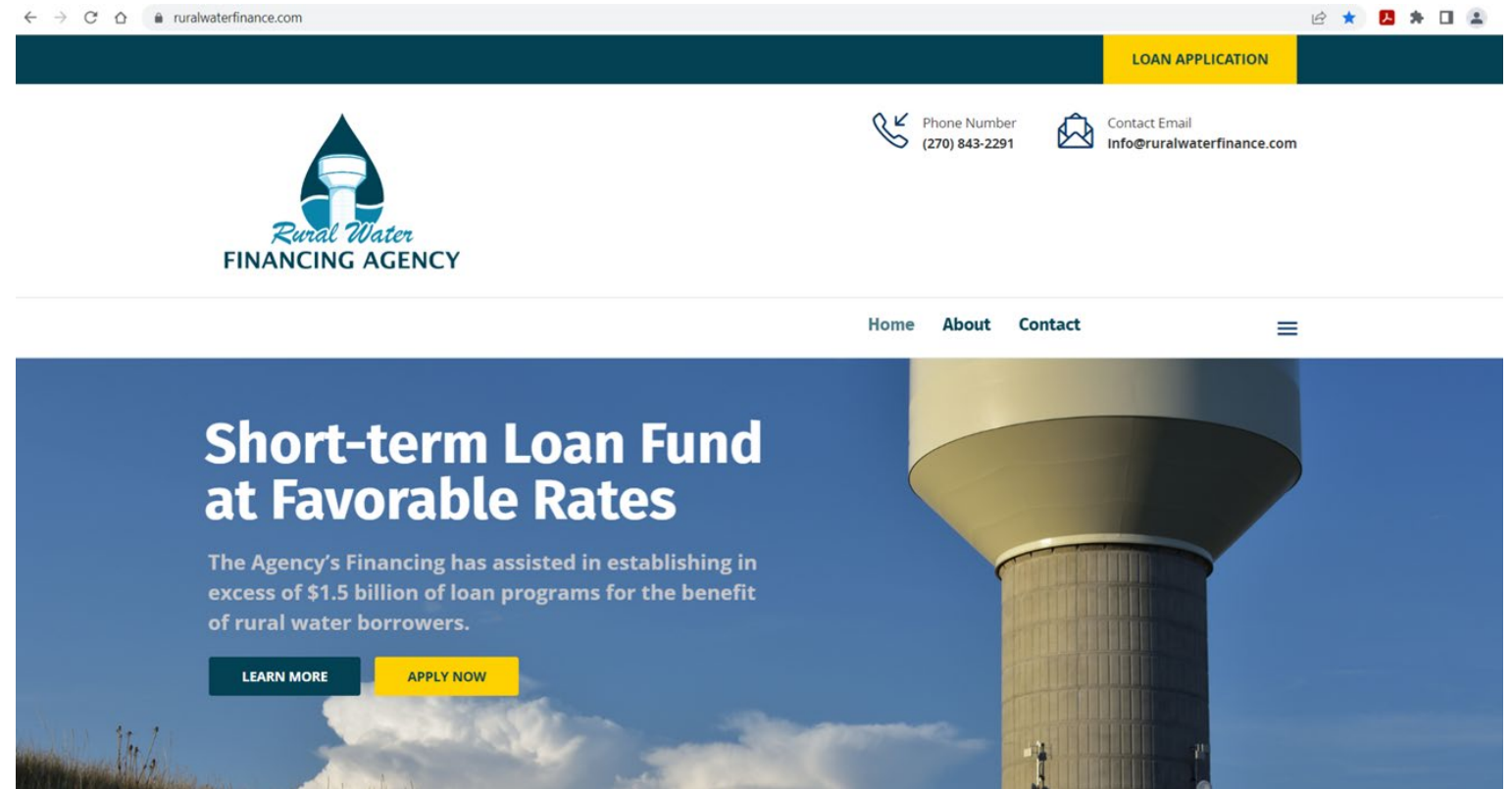
Submit an application at
RuralWaterFinance.com

Interim Program:

- ✓ Finance team contact info
- ✓ USDA Letter of Conditions
- ✓ Latest audit

Flex Term Program:

- ✓ Finance team contact info
- ✓ Operating information
- ✓ Last three audits



Section 2

FLEX TERM PROGRAM

Flex Term Program

Borrower & Project Eligibility

Eligible Borrowers

Public Agencies (non-profits are not eligible), regardless of population

- **Revenue** supported: have and maintain a 1.20x debt service coverage ratio (rate and tax increases can be taken into consideration in the analysis)
- **General Obligation** supported: analysis of the governmental entity

Eligible Projects

Any governmental-type project

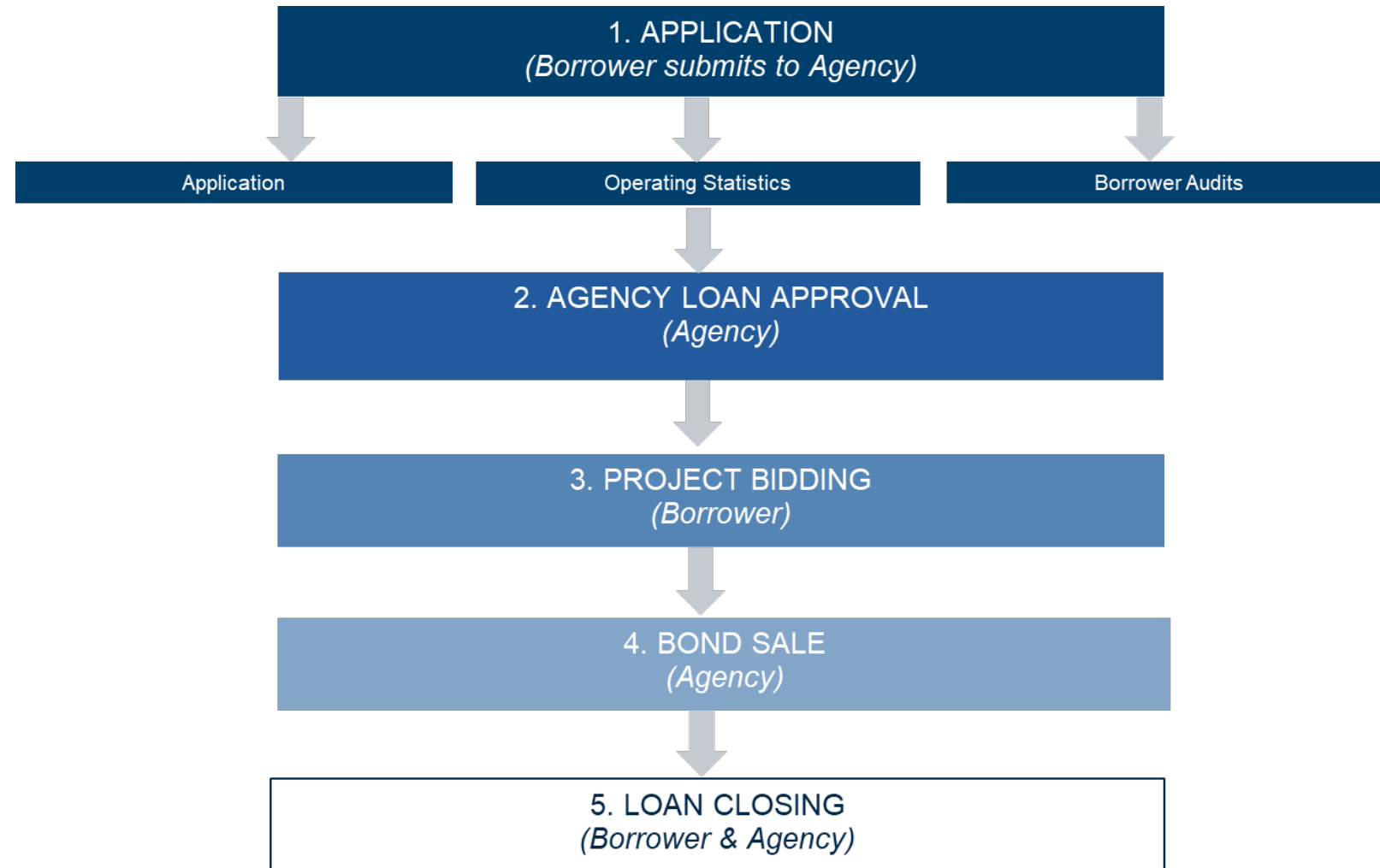
- Utilities, City, County, Special District, Schools, etc.
- Cannot fund electric-only or gas-only projects

Projects are not subject to Davis Bacon, BABAA, American Iron and Steel

QUICK ACCESS TO FLEXIBLE TERMS	HIGHLY RATED	RESERVE BENEFIT	VARIETY OF PROJECT TYPES
• 1-30 Year Maturity • Fixed Rate • Amortization options • Access to funds in approximately 60-120 days • Anticipated market issuances of 4-5 times per year	• AA- rated by S&P • As of 3/10/25, the average true interest cost is estimated at: • 4.02% (15 Year) • 4.74% (30 Year) • The interest rate is locked in on the day the Program Bonds are sold • Costs of issuance vary by size of borrower; a detailed estimate is available upon request	• No reserve fund requirement for Borrower • Borrower has access to RWFA Program Reserve (approx. \$26M)	• Acquisition, construction, improvement • Refinancing • Interim funding prior to USDA takeout letter • Match funding & cost overruns • No minimum size, \$30M maximum

Flex Term Program: Process

Streamlined & Efficient



Rural Water Financing Agency Series 2024 C



\$21,725,000

Rural Water Financing Agency
Flex Term Loans to 4 borrowers

Sale Date: June 25, 2024
Closing Date: July 9, 2024

Contacts

Nick Roederer

Raymond James // 502.560.1274

Scott Young / Gary Larimore

KRWA / RWFA // 270.843.2291

Background

- The Series 2024 C Bonds were issued to fund loans to 4 borrowers for various projects, as well as to fund additional program debt service reserve funds.
- Borrowers were from Utah and Kentucky
- The sizes of the loans ranged from \$320,000 to \$10,275,000, and maturities varied from 20-30 years.
- This was a competitive bid transaction and six underwriters placed bids.
- The True Interest Costs on the loans ranged from 4.109% to 4.464% (depending on the maturity).

Successful outcome

- Two of the borrowers were able to access the market through this program within 30 days of submitting an application (two had a slightly longer process because of required state regulatory approvals).
- All borrowers and/or their municipal advisors were pleased with the outcome and were kept abreast of estimated interest rates and the potential effect on their debt service on a weekly basis leading up to the bond sale.

Rural Water Financing Agency Series 2024 D



\$11,880,000

Rural Water Financing Agency
Flex Term Loan to:
Warren County Water District (KY)

Series 2022D and 2024D

Contacts

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Background

- Warren County is one of the fastest growing counties in Kentucky, and the Water District has the need to drastically expand its capacity, run new lines to the expanding footprint and to a major industrial park.
- Because of the fluidity of the projects, potential grant funding and the need to determine the amount of the rate increase needed to fund the full projects, Warren County Water District opted to fund the bond-funded side of their project in three phases:
 - 1) Series 2022D Bond Anticipation Note #1: **\$11,370,000**
 - 2) Series 2024D Bond Anticipation Note #2: **\$11,880,000**
 - 3) Long term financing: **\$27,000,000 (est.)**
- The District's first Note was issued in October 2022 was refunded and extended for one year in July 2024. Prior to maturity of the 2024D BAN, RWFA and/or Warren County Water District will issue the long-term funding.

Successful outcome

- The Water District benefits included:
 - 1) A shortened time period to receive the first tranche of funds,
 - 2) Provided additional time for the District to refine the finance plan to determine other potential sources of project funding (grants and subsidized funds) before approaching the rating agency
- The Series 2022D BAN was issued to yield 3.50% and the Series 2024D BAN was issued to yield 3.25%. The Water District was very pleased with the results.

Section 3

INTERIM PROGRAM

Purposes & Benefits



COMPETITIVE RATES

- Est. 2-year rate: 4.70%
- Est. investment rate: 4.25%
- Includes all RWFA costs (underwriting, RWFA bond counsel, rating, etc.)
- Fixed rate for the term of debt (12-30 mo. avg)
- Average cost on closed loans: **1.97%**

ECONOMIES OF SCALE

- Standardized and consistent loan process
- Benefits to borrowers, counsels, advisors, USDA and others

APPEALING TERMS

- No minimum, No maximum loan amount
- Interest is capitalized from loan proceeds, borrower does not pay interest from operations
- Prepayable without penalty after 6-9 months
- USDA oversight ensures their takeout

MEETS REGULATIONS / CASHFLOW BENEFIT

- Meets USDA regulations – USDA requires interim financing
- Serves as an interest rate hedge for USDA projects
- Borrower can defer principal

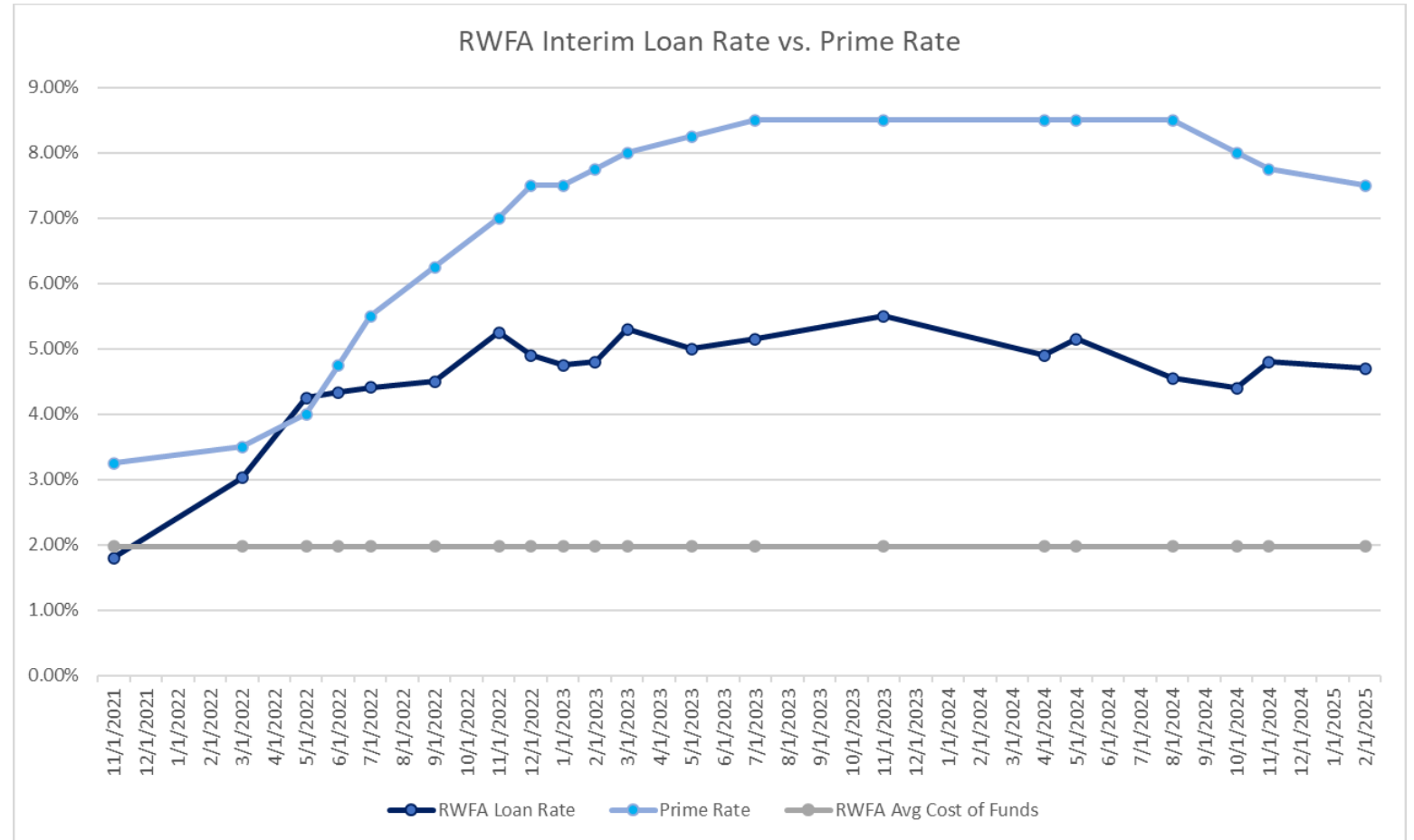
Interim Program: Loan Rate History

RWFA Interim Loan Rate vs. Prime Rate

4.70% Current RWFA Loan Rate

1.97% Average RWFA Cost of Funds

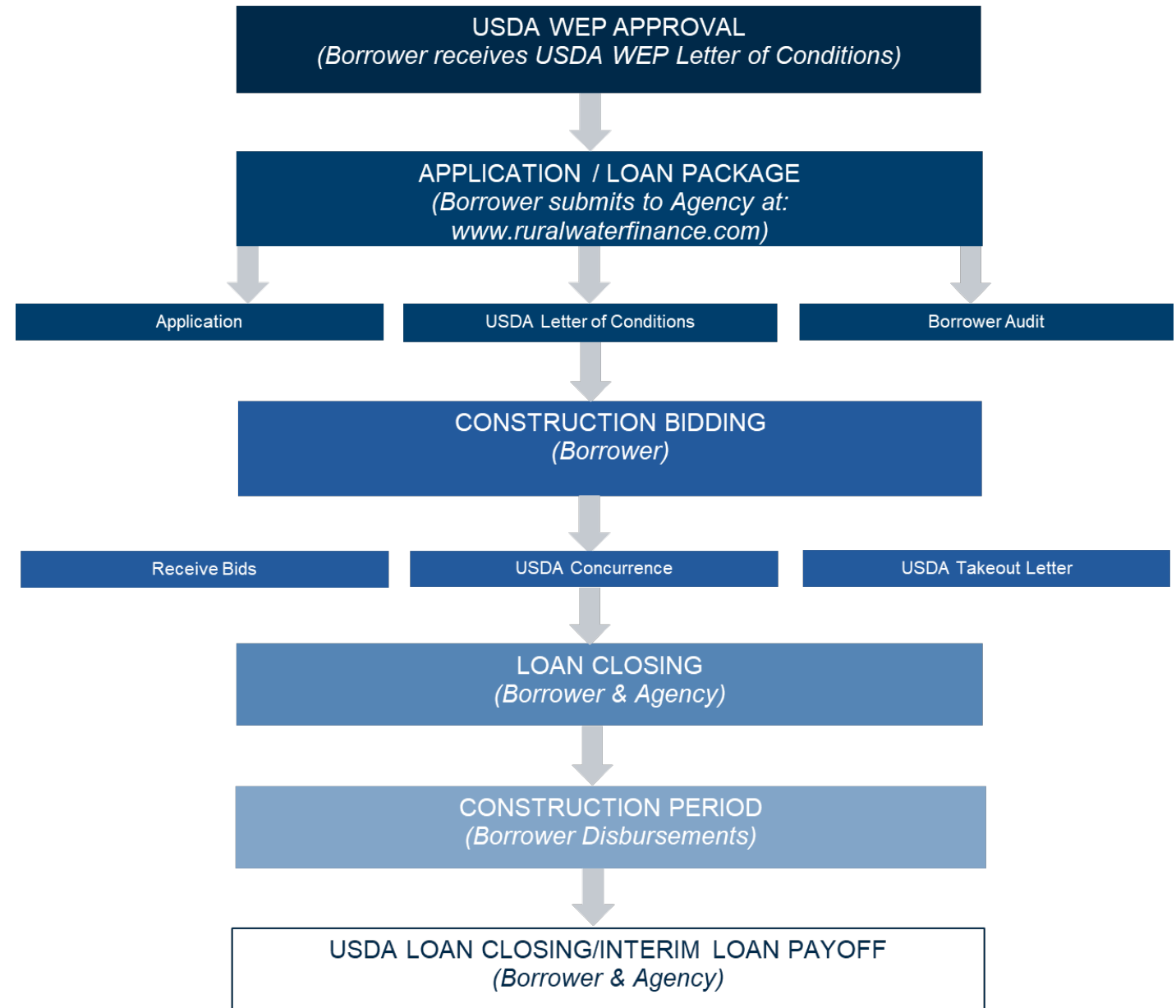
7.50% Current Prime Rate



RWFA loan rates are based on short-term tax-exempt bond rates (MMD published daily)

Interim Program: Process

Streamlined & Efficient



Rural Water Financing Agency Series 2023 A



\$26,750,000

Rural Water Financing Agency
Interim Loans to 13 borrowers

Sale Date: March 21, 2023
Maturity Date: November 1, 2025

Contacts

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Background

- The Series 2023 A Bonds were issued to fund loans to 7 initial borrowers and 6 subsequent borrowers, all for a variety of water and sewer projects with a USDA takeout commitment.
- Borrowers were from Kentucky, Iowa, Idaho, Utah and Wisconsin.
- The sizes of the loans ranged from \$414,000 to \$8,250,000, and maturities varied from 6 - 30 months.

Successful outcome

- The net interest costs on the closed loans so far has ranged from 1.06% to 3.07% (depending on the borrower's draw schedule and earnings).
- All borrowers were pleased with the outcome and the process that allowed them to construct their projects while waiting for the USDA direct loan to close.

Millville City, Utah



\$14,731,000

Rural Water Financing Agency
Interim Loan to:
Millville City, Utah

May 2022 – March 2024

Contacts

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Dale Pierson

Rural Water Assoc of Utah // 801.756.5123

Background

- Millville, UT received the following funding commitments to install a wastewater collection system throughout the City:

USDA Loans	\$14,731,000
USDA Grants	9,349,000
DEQ Loan	500,000
DEQ Grant	5,500,000
Applicant	220,000
Total Project	\$30,300,000

- The City applied to RWFA for a \$14,731,000 Interim Loan on 3/24/22
- RWFA had funds available from an earlier pool at 1.80% and on 5/11/22, RWFA made the following loans:
 - \$8,250,000 RWFA Loan #1 @ 1.80% / 5.30%
 - \$6,481,000 RWFA Loan #2 @ 4.25%
- As the project progressed, USDA closed out on the first \$8,250,000 Loan in August 2023 and the second \$6,481,000 loan in March 2024

	Loan #1	Loan #2	Total
Project Draws	\$7,830,660	\$6,316,570	\$14,147,230
Plus: Loan Interest	310,544	517,985	828,529
Less: Interest Earnings	(196,667)	(355,850)	(552,517)
Total Payoff	\$7,944,537	\$6,478,705	\$14,423,242

Successful outcome

- \$8,250,000 RWFA Loan cost: 1.06%
- \$6,481,000 RWFA Loan cost: 1.33%
- Blended cost of funds: 1.18%**



Questions?

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