Committee of the Whole

Debt & Capital Workshop
"Controlling the Gap"

April 28, 2011

Overview

Existing General Obligation Debt & Revenue Debt

- Outstanding Debt
- Affordability Test

FY 2012 Mayor's Proposed Budget

- Road Resurfacing
- Debt
- Capital Reallocation

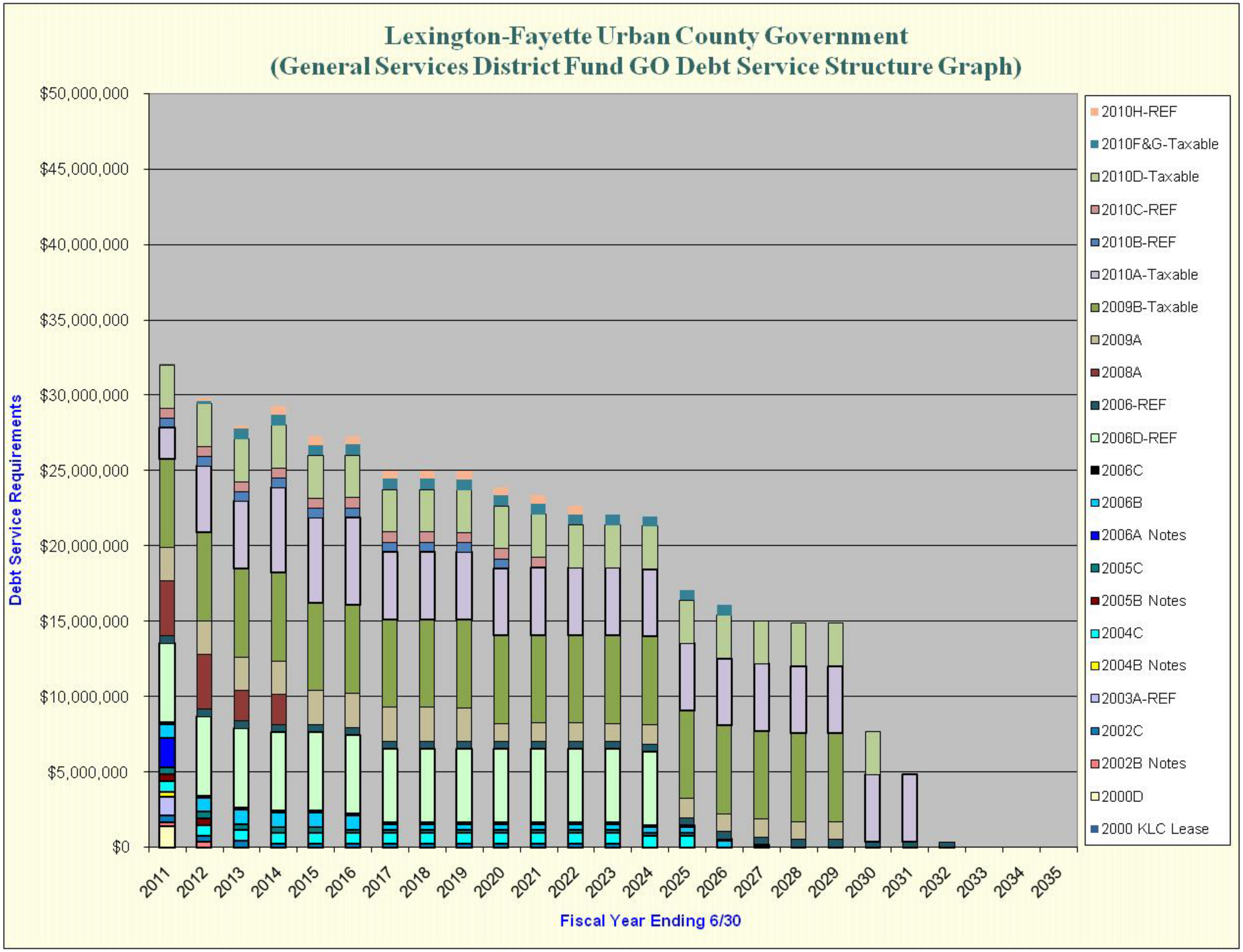
Outstanding General Obligation Debt

General Fund

- GO Debt Outstanding $387,820,000
- GO Leases $158,709,950
- FY11 Debt Service $34,438,984 (12.7%)
- FY12 Debt Service $34,127,796 (12.6%)

- Urban Service Fund (General Obligation Debt)
  - FY11 Debt Service $167,664
  - FY12 Debt Service $229,263

Existing General Obligation Debt Service



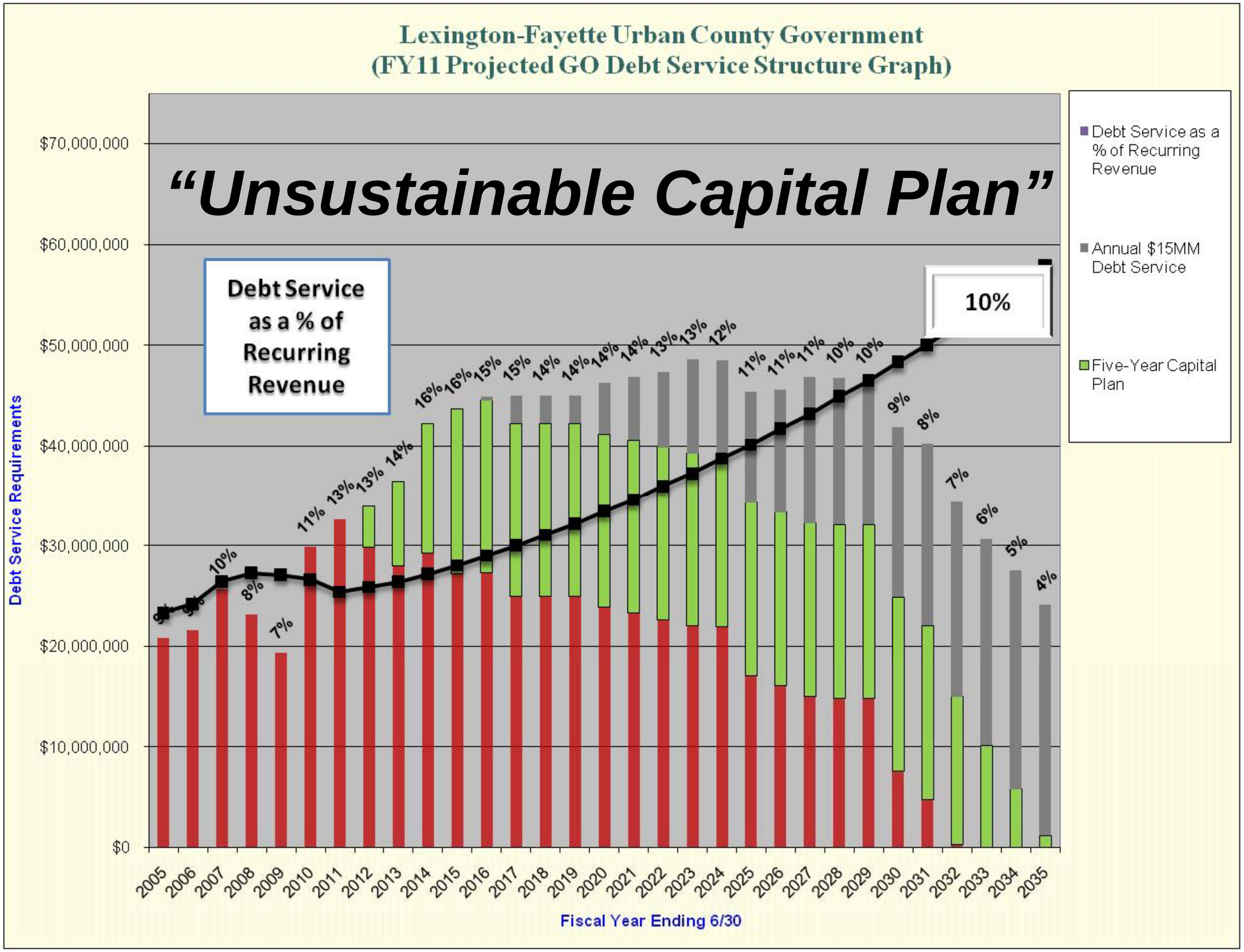
General Obligation – Affordability Test

H) TESTS OF AFFORDABILITY AND CAPACITY

Affordability Targets – General Obligation Debt
LFUCG will create and implement the following two ratios to evaluate its outstanding debt:

Evaluation Metric	**Target**
Debt Service as % of Operating Expenditures	10%
Debt Service as % of Recurring Revenue	10%

Proposed General Fund Debt Service (as of FY11)

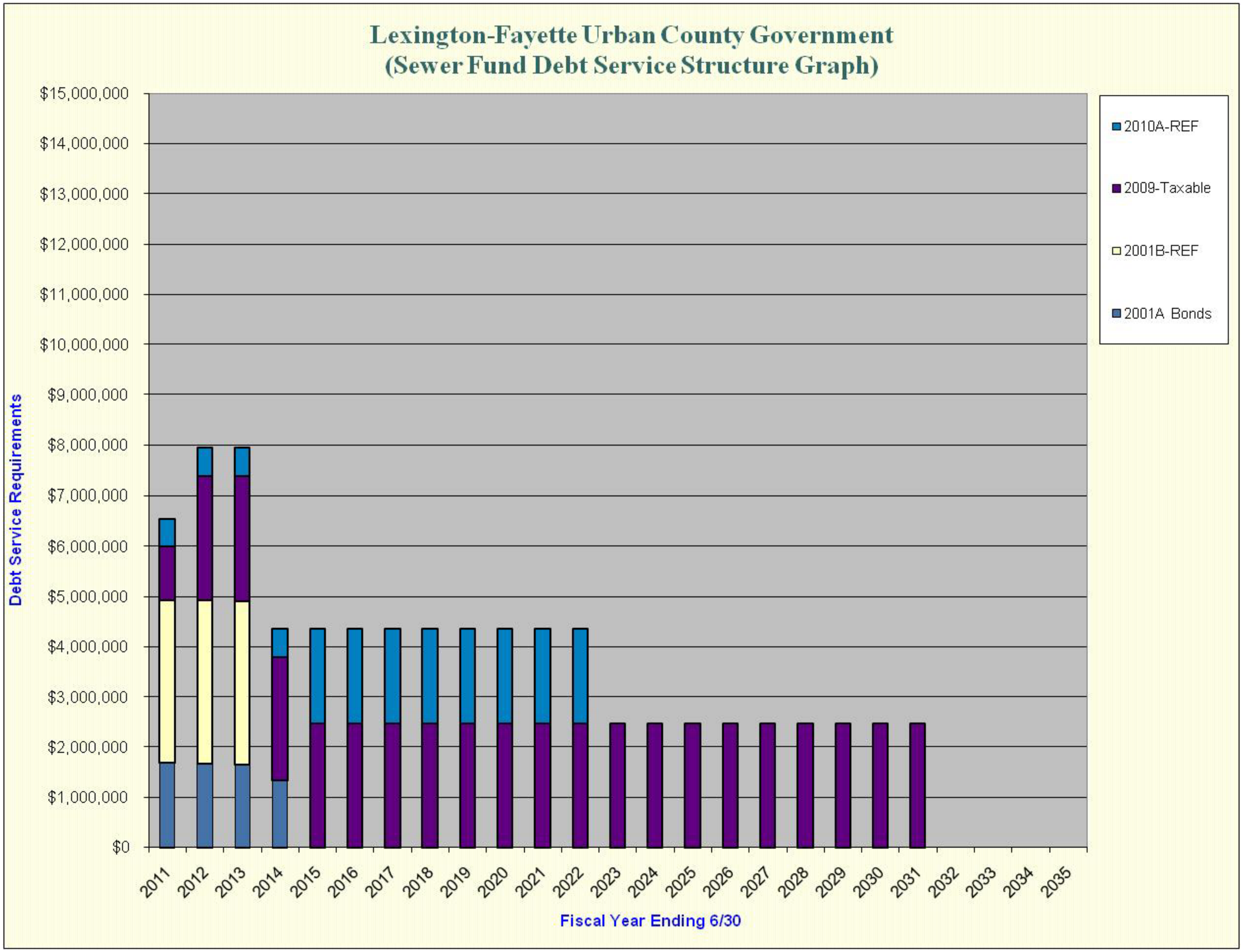


Outstanding Revenue Debt Obligations

Sewer Fund

❖ Debt Outstanding	$64,565,000
❖ State Revolving Loan	N/A
❖ FY11 Debt Service	$7,866,426
❖ FY12 Debt Service	$11,108,100

Existing Sewer Revenue Debt Service



Revenue Debt – Revenue Affordability Test

BOND COVENANTS

The "net income and revenues" of the System, as defined in the bond ordinance, must provide coverage of 125% of Maximum Annual Debt Service.

FY12 MPB – Road Resurfacing

Propose Funding

Municipal Road Aid Fund	$2,148,110
County Road Aid Fund	$728,600
Coal Severance Fund	$100,000
Mineral Severance Fund	$100,000
	$3,076,710

FY12 MPB – Debt

Propose Issue of Bond for Police and Fire Pension Liability

- Par Amount $31MM
- Amortization 20-year
- Taxable

Capital Improvement Project Review

- No Capital Bonding due to Financial Forecast and Affordability Test
- Analysis of Unspent Bond Balance on Closed or Dormant Projects
- Review of Bond Documents
- Determine Current Available Bond Proceeds
- Recommend Funding Limited Number of Projects

FY12 MPB – Capital Bond Reallocation

USE FUNDING FROM:			PROVIDE FUNDING FOR:	
WAYFINDER, 2008A	$234,257		SWITCHES & SERVER	$497,365
ARTSCENTR, 2008A	$40,959		PDR	$1,000,000
COMPTEQUP, 2008A	$2,478		ELEVATOR REPAIR	$700,000
GOVT, CTR, 2009A	$1,409,660		PARKS_ADA	$59,652
FIRE STATION LAND, 2009A	$138,925		KENTUCKY THEATER FIRE SUS.	$150,000
SOFTWARE, 2008A	$65,991		SENIOR CITIZEN RENOVATION	$227,342
EMS, EXIT, 2009A	$15,000			
GOVTCTR, 2010A	$1,000,000		COUNCIL PROJECTS	$1,000,000
VEHICLES, 2005A	$258,034			
VERSAILLES BUILDING #2, 2009A	$117,055			
SENIOR CITIZEN DESIGN	$352,000			
	$3,634,359			$3,634,359