

**Louisville and Jefferson County Metropolitan Sewer District, KY**

- 1 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Subordinated Bond Anticipation Notes, Series 2018, \$226,340,000, Dated: November 9, 2018 **SUMMARY LANGUAGE USED**
- 2 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Subordinated Program Notes, Series 2018, Commercial Paper Subseries 2018A-1, \$250,000,000, Dated: July 11, 2018
- 3 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Subordinated Program Notes, Series 2018, Commercial Paper Subseries 2018A-2, \$250,000,000, Dated: July 11, 2018
- 4 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Revenue Refunding Bonds, Series 2018A, \$60,380,000, Dated: May 31, 2018 **SUMMARY LANGUAGE USED**
- 5 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Revenue Bonds, Series 2017A, \$175,000,000, Dated: August 29, 2017
- 6 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Revenue Refunding Bonds, Series 2017B, \$35,725,000, Dated: August 29, 2017
- 7 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Revenue Bonds, Series 2016A, \$150,000,000, Dated: August 30, 2016
- 8 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Revenue Refunding Bonds, Series 2016B, \$28,315,000, Dated: August 30, 2016
- 9 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Revenue Refunding Bonds, Series 2016C, \$67,685,000, Dated: August 30, 2016
- 10 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Revenue Bonds, Series 2015A, \$175,000,000, AND Sewer and Drainage System Revenue Refunding Bonds, \$81,750,000, Series 2015B, Dated: October 21, 2015
- 11 Louisville and Jefferson County Metropolitan Sewer District, Sewer and Drainage System Revenue Bonds, Series 2014A, \$80,000,000, Dated: November 25, 2014
- 12 Louisville And Jefferson County Metropolitan Sewer District Sewer And Drainage System Revenue Bonds, Series 2013C, \$100,000,000 Dated: November 27, 2013
- 13 Louisville and Jefferson County Metropolitan Sewer District Sewer and Drainage System Revenue Bonds, Series 2013A, \$115,790,000 and Sewer and Drainage System Revenue Bonds, Series 2013B, \$119,515,000 Dated: May 23, 2013
- 14 Louisville and Jefferson County Metropolitan Sewer District (Commonwealth of Kentucky) Sewer and Drainage System Revenue Bonds, Series 2011A, \$263,360,000 Dated: August 24, 2011
- 15 Louisville and Jefferson County Metropolitan Sewer District (Commonwealth of Kentucky) Sewer and Drainage System Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds - Direct Payment), \$330,000,000 Dated: November 30, 2010
- 16 Louisville and Jefferson County Metropolitan Sewer District (Commonwealth of Kentucky) Sewer and Drainage System Revenue Bonds, Series 2009C (Federally Taxable - Build America Bonds - Direct Payment), \$180,000,000 Dated: November 24, 2009
- 17 Louisville and Jefferson County Metropolitan Sewer District (Commonwealth of Kentucky) Sewer and Drainage System Revenue Bonds, Series 2009B, \$225,770,000 Dated: August 15, 2009
- 18 Louisville and Jefferson County Metropolitan Sewer District (Commonwealth of Kentucky) Sewer and Drainage System Revenue Bonds, Series 2009A, \$76,275,000 Dated: May 15, 2009

**THE DISTRICT**

Series 2018, 2018A-1,A-2, 2018A, 2017A, 2016A,B,C, 2015A,B, 2014A, 2013C, 2013A,B, 2011A, 2010A, 2009C, 2009B, 2009A

**Customer History**

**Wastewater Customer**

|                    | Number of Customers | Volume (million gallons) | Revenue (in thousands) |
|--------------------|---------------------|--------------------------|------------------------|
| <b>Residential</b> |                     |                          |                        |
| FY 2018            | 235,324             | 10,611                   | 116,457                |
| <b>Commercial</b>  |                     |                          |                        |
| FY 2018            | 22,483              | 358,024                  | 69,739                 |
| <b>Industrial</b>  |                     |                          |                        |
| FY 2018            | 430                 | 3,533,061                | 24,439                 |

Series 2013AB, 2011A, 2010A, 2009C, 2009B, 2009A

**The Drainage System**

Fiscal Year 2018

Under interlocal government agreement effective January 1, 1987, the District became the sole local authority for providing flood control and storm water drainage services in the Drainage Service Area. The District is responsible for the operation, maintenance, replacement, improvements and additions to existing flood control facilities and public stormwater drainage facilities within the Drainage Service Area. The stormwater drainage system is comprised of various types of facilities to collect, convey, retain, and discharge stormwater runoff into sewers, rivers, streams, and creeks, which eventually drain into the Ohio River. These facilities include open channels, ditches, streams, ponds, pipes, culverts, conduits, bridge structures, detention basins, retention basins, pump stations, and other facilities. In fiscal year 2018, the District had approximately 228,000 drainage service accounts which provided total annual drainage charge revenues of \$63.8 million.

**RATES AND CHARGES**

Series 2013AB, 2011A, 2010A, 2009C, 2009B, 2009A

**Wastewater Service and Drainage Service Charges**

Fiscal Year 2018

The District derives its revenue for wastewater service and drainage service from the collection of rates, rentals and charges established in accordance with the provisions of the Act, for services rendered within the Service Area to customers served by the District's facilities. The District has no power to levy ad valorem taxes upon any property for any purpose whatsoever. Wastewater Service Rates, based on water consumed, are billed and collected by Louisville Water Company ("Louisville Water Company"), (a Kentucky corporation wholly owned as a public enterprise by the Louisville/Jefferson County Metro Government) for the District under terms of an agreement executed in January, 2013. These rates are billed simultaneously with the water bill on a single statement payable in total for both wastewater and water service rendered, and are subject to a late penalty of 5%. In the event of nonpayment of any such wastewater rates, rentals, or charges for a period of more than 30 days after they become due and payable, Louisville Water Company is required by law to discontinue water service. Louisville Water Company bills and collects the District's wastewater service charges. The bills are rendered bimonthly except for larger industrial/commercial accounts which are billed monthly. Louisville Water Company also bills and collects all of the District's drainage charges as additions to the water/sewer billings. The District wastewater service rates include a fixed service charge based on the size of the public water meter serving the property plus a charge for each 1,000 gallons of water consumed on the premises. Each customer has the option of installing private meters to record water usage which does not enter the sewers. Industrial and commercial customers may use this option to obtain credit for water which does not enter the sewers. Drainage service rates are charged based on measured impervious areas with one equivalent service unit assigned for each 2,500 square feet of impervious area (residential unit).

**Rate History**

Fiscal Year 2018

| Fiscal Year | Date of Rate Increase | Wastewater      |  | Stormwater      |  | Estimated Revenue EPA Consent Decree Surcharge |
|-------------|-----------------------|-----------------|--|-----------------|--|--|
|             |                       | % Rate Increase | Annual Additional Revenue from Rate Increase | % Rate Increase | Annual Additional Revenue from Rate Increase |  |
| FY18        | 8/1/2017              | 6.9%            | \$15,670,755                                 | 6.9%            | \$4,890,014                                  | \$50,428,868                                   |
| FY17        | 8/1/2016              | 6.9%            | \$11,372,934                                 | 6.9%            | \$4,089,777                                  | \$46,820,874                                   |
| FY16        | 8/1/2015              | 5.5%            | \$9,696,633                                  | 5.5%            | \$3,321,536                                  | \$43,615,098                                   |
| FY15        | 8/1/2014              | 5.5%            | \$9,833,128                                  | 5.5%            | \$2,859,578                                  | \$42,537,541                                   |
| FY14        | 8/1/2013              | 5.8%            | \$9,320,500                                  | 5.8%            | \$2,710,500                                  | \$39,786,081                                   |
| FY13        | 8/1/2012              | 6.5%            | \$9,705,399                                  | 6.5%            | \$2,417,697                                  | \$37,443,729                                   |
| FY12        | 8/1/2011              | 6.5%            | \$9,395,795                                  | 6.5%            | \$2,417,718                                  | \$35,131,054                                   |
| FY11        | 8/1/2010              | 6.5%            | \$8,683,175                                  | 6.5%            | \$2,246,123                                  | \$32,466,988                                   |
| FY10        | 8/1/2009              | 6.5%            | \$8,466,545                                  | 6.5%            | \$2,095,583                                  | \$30,118,121                                   |
| FY09        | 8/1/2008              | 6.5%            | \$8,017,688                                  | 6.5%            | \$2,015,401                                  | \$28,938,332                                   |
| FY08        | 8/15/2007             | 0.0%            | -  | 0.0%            | -  | \$22,774,998                                   |
| FY07        | 8/1/2006              | 6.9%            | \$6,414,405                                  | 6.9%            | \$1,957,887                                  | -  |
| FY06        | 8/1/2005              | 6.5%            | \$5,655,634                                  | 6.5%            | \$1,671,724                                  | -  |
| FY05        | 8/1/2004              | 6.5%            | \$5,184,032                                  | 6.5%            | \$1,526,281                                  | -  |
| FY04        | 8/1/2003              | 6.5%            | \$5,012,659                                  | 6.5%            | \$1,407,505                                  | -  |
| FY03        | 8/1/2002              | 6.5%            | \$4,540,000                                  | 6.5%            | \$1,326,000                                  | -  |
| FY02        | 8/1/2001              | 5.0%            | \$3,313,000                                  | 5.0%            | \$921,000                                    | -  |
| FY01        | 8/1/2000              | 5.0%            | \$3,100,000                                  | 5.0%            | \$860,000                                    | -  |

Series 2013A,B, 2011A, 2010A, 2009C, 2009B, 2009A

**Security and Source of Payment For The Current Bonds**

Fiscal Year Ended June 30,

| Series | Dated Date | Original Principal Amount | Amount Outstanding |
|--------|------------|---------------------------|--------------------|
| 2009A  | 5/9/2009   | 76,275                    | 6,640              |
| 2009B  | 8/12/2009  | 225,770                   | 52,975             |
| 2009C  | 11/18/2019 | 180,000                   | 180,000            |
| 2010A  | 4/17/2010  | 330,000                   | 330,000            |
| 2011A  | 2/23/2011  | 263,360                   | 250,565            |
| 2013A  | 4/23/2013  | 115,790                   | 115,790            |
| 2013B  | 4/23/2013  | 119,515                   | 115,550            |
| 2013C  | 11/27/2013 | 100,000                   | 99,500             |
| 2014A  | 11/4/2014  | 80,000                    | 79,850             |
| 2015A  | 10/21/2015 | 175,000                   | 173,735            |
| 2015B  | 10/21/2015 | 81,750                    | 76,685             |
| 2016A  | 8/11/2016  | 150,000                   | 149,760            |
| 2016B  | 8/11/2016  | 28,315                    | 28,095             |
| 2016C  | 8/11/2016  | 67,685                    | 67,685             |
| 2017A  | 8/22/2017  | 175,000                   | 175,000            |
| 2017B  | 8/22/2017  | 35,725                    | 34,520             |
| 2018A  | 5/31/2018  | 60,380                    | 60,380             |
| Total  |            | 2,264,565                 | 1,996,730          |

Series 2013AB, 2011A, 2010A, 2009C, 2009B, 2009A

**Historic Revenues and Expenses and Capital Improvement Program (Except Projected)**

Louisville/Jefferson County, Kentucky, Metropolitan Sewer District Sewer and Drainage System Revenues and Expenses

| Fiscal Year 2018                                |          |
|---|----------|
| AVAILABLE REVENUES:                             |          |
| Rates, Fees, Rentals and Charges:               |          |
| Wastewater service charges                      | 210,636  |
| Stormwater service charges                      | 63,868   |
| Revenue enhancement program (included above)    |          |
| Total Rates, Fees, Rentals and Charges          | 274,504  |
| Other Available Revenues:                       |          |
| Other operating income                          | 4,645    |
| Current assessment payments                     | 1,232    |
| BAB interest reimbursement                      | 10,249   |
| Investment income                               | 6,280    |
| Less: capitalized investment income             | -        |
| Total Other Available Revenues                  | 22,406   |
| TOTAL AVAILABLE REVENUES                        | 296,910  |
| SENIOR BOND DEBT SERVICE                        |          |
| Current maturities of long-term debt            | 33,906   |
| Interest expense (senior lien)                  | 95,041   |
| Less: Capitalized interest expense              | (21,859) |
| AGGREGATE NET DEBT SERVICE                      | 107,088  |
| 110% OF AGGREGATE NET DEBT SERVICE              | 117,797  |
| OPERATING EXPENSES:                             |          |
| Labor (excludes GASB 68)                        | 64,718   |
| Utilities                                       | 16,640   |
| Materials and supplies                          | 8,647    |
| Professional Services                           | 3,985    |
| Maintenance and repairs                         | 7,208    |
| Billing and collections                         | 5,755    |
| Chemicals and fuel                              | 5,706    |
| Biosolids disposal                              | 2,616    |
| All other                                       | 17,665   |
| Less: Capitalized Overhead                      | (39,140) |
| TOTAL OPERATING EXPENSES                        | 93,800   |
| NET REVENUES                                    | 203,110  |
| SENIOR DEBT SERVICE COVERAGE RATIO <sup>1</sup> | 190%     |
| SUBORDINATED DEBT SERVICE                       | (17,699) |
| TOTAL DEBT SERVICE COVERAGE RATIO <sup>2</sup>  | 163%     |

<sup>1</sup>Excludes GASB 68 pension expense and GASB 75 OPEB expense

<sup>2</sup>Excludes GASB 68 pension expense and GASB 75 OPEB expense

