



# Rural Water Financing Agency

Financing Alternatives for Utilities & Governmental Borrowers

February 2025

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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](http://RuralWaterFinance.com)

## Interim Program



Construction financing with a USDA takeout



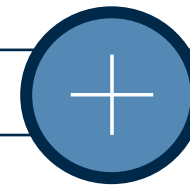
Fixed rate for the term of construction



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

# A Rural Water Partner

The Agency is headquartered in Bowling Green, KY and has partnership agreements in place with 18 state rural water associations

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



# Rural Water Financing Agency

## Program Case Studies



**\$1,115,000,000**

Rural Water Financing Agency\*  
Interim Program  
1995 – Present

- Funded 500+ loans
- MIG-1 rated Program
- Assisted other states in setting up similar programs (\$2.7 billion, 760 projects)

**\$617,000,000**

Rural Water Financing Agency\*  
Flex-Term Program  
2001 – Present

- Funded 300+ loans
- AA- rated Program
- No borrower reserve requirement
- \$25M Program-level Reserve

# 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.



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Program management, financials & cashflows  
Underwriter (Interim Program)  
Municipal Advisor (Flex Program)  
Lead continuing disclosure  
Rating presentations  
Borrower coordination  
Investor coordination



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](https://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

The screenshot shows the website for Rural Water Financing Agency. At the top, there is a dark teal navigation bar with a yellow button labeled "LOAN APPLICATION". Below this is the agency's logo, which features a stylized water drop containing a water tower, with the text "Rural Water FINANCING AGENCY" underneath. To the right of the logo are contact details: a phone icon with "Phone Number (270) 843-2291" and an envelope icon with "Contact Email Info@ruralwaterfinance.com". A secondary navigation bar contains links for "Home", "About", and "Contact", along with a hamburger menu icon. The main content area features a large banner with a background image of a water tower against a blue sky with clouds. The banner text reads: "Short-term Loan Fund at Favorable Rates". Below this, a sub-headline states: "The Agency's Financing has assisted in establishing in excess of \$1.5 billion of loan programs for the benefit of rural water borrowers." At the bottom of the banner are two buttons: a dark teal "LEARN MORE" button and a yellow "APPLY NOW" button.



# 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**

# Flex Term Program: Purposes & Benefits



## QUICK ACCESS TO FLEXIBLE TERMS

- 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

## HIGHLY RATED

- AA- rated by S&P
- As of 2/10/25, the average true interest cost is estimated at:
  - **3.98% (15 Year)**
  - **4.65% (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

## RESERVE BENEFIT

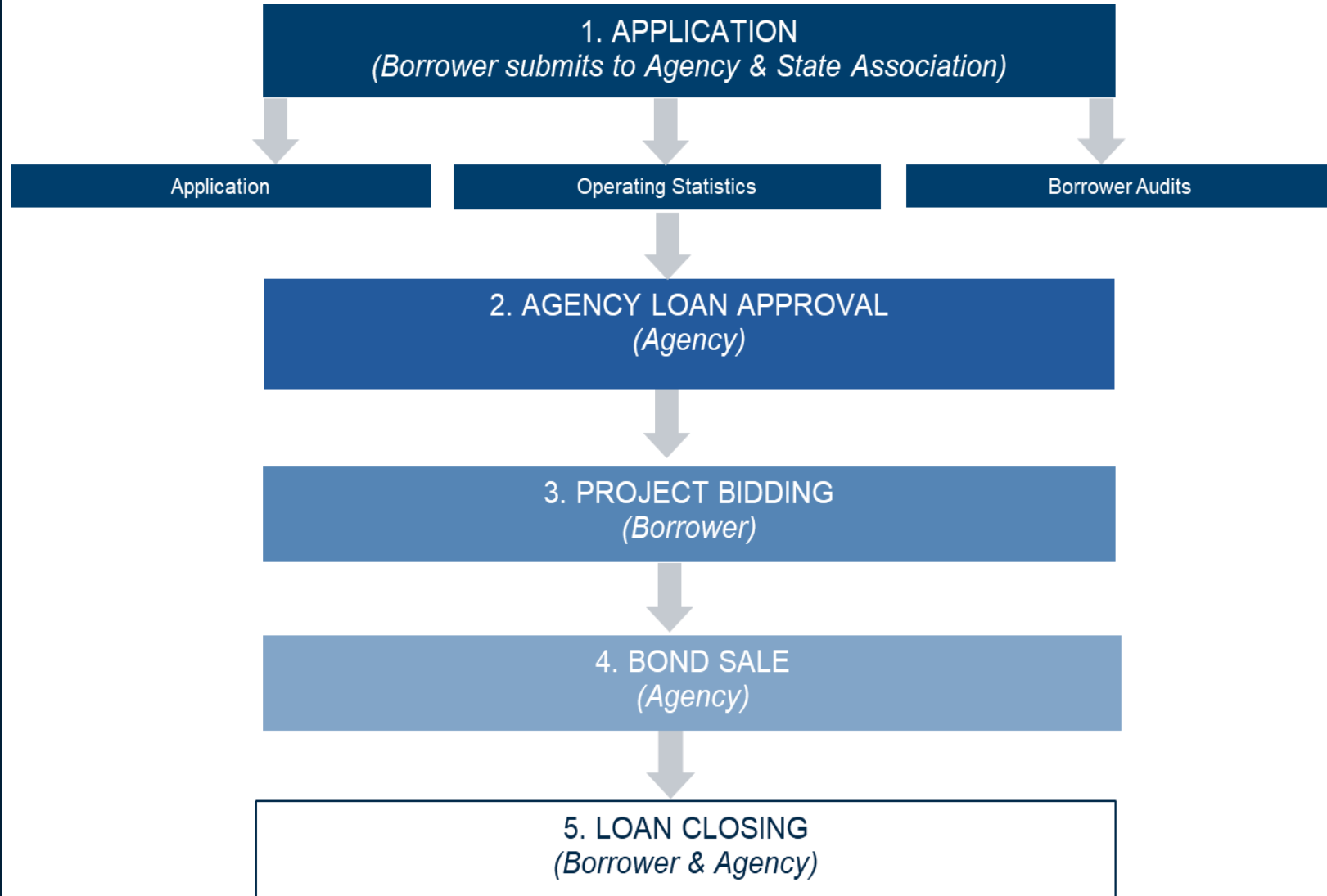
- No reserve fund requirement for Borrower
- Borrower has access to RWFA Program Reserve (approx. \$26M)

## VARIETY OF PROJECT TYPES

- 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



# Villages of Hutsonville & Louisville, Illinois

**\$700,000 & \$715,000**

Rural Water Financing Agency  
Flex Term Loans to:

Village of Hutsonville (IL) &  
Village of Louisville (IL)

Series 2024B

## Contacts

### **Will Glass**

Raymond James // 309.750.0899

### **Don Craig**

IL Rural Water Assoc // 217.561.1061

## Village of Hutsonville Background

- The **Village of Hutsonville** in Crawford County, Illinois sent an RFP to several financing firms, including Raymond James, for ideas for financing the costs of capital improvements to the waterworks and sewerage system. The Village and their municipal advisor ultimately decided to move forward with Raymond James and Rural Water Financing Agency.
- The Village wanted a fixed rate loan that could be amortized over a long period of time that they could pay from the net water and sewer revenues received from system users.
- Raymond James provided the idea to work through the RWFA and the Flexible Term Program because of their unique capabilities and specialization helping rural communities finance water infrastructure needs and their track record of providing fixed rate low interest cost loans that can be repaid over a longer period than is typical from a commercial bank.

## Successful outcome

- Both Villages benefitted from Rural Water Financing Agency Flexible Term Program by applying for loans for their projects and were ultimately able to get their financing in place quickly (**approx. 90 days**).
- The loans each had 25-year terms and are able to be refinanced at no penalty after ten years.
- The net interest cost of the loans was under 4.5% over 25 years at a fixed interest rate.
- The loan proceeds remain invested until they are needed for the project and the current investment rate is greater than 5% which provides a lower cost of funds based on when the funds are needed.
- Economies of scale were achieved by combining these two loans into one offering from Rural Water Financing Agency thereby lowering issuance expenses and passing on the lower costs to the Villages.

## Village of Louisville Background

- The **Village of Louisville** in Clay County, Illinois had a need for sewer lagoon improvements for which they had already started work on and had taken out a line of credit to provide the required financing.
- The Village wanted to pay off this line of credit and amortize the costs of the project over a longer period of time and lower their interest costs.
- Raymond James was brought in by the Village to look at available financing options and the Rural Water Financing Agency was identified as a loan provider that could provide a fixed rate loan for up to 30 years.

# 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

### Nick Roederer

Raymond James // 502.560.1274

### Scott Young / Gary Larimore

KRWA / RWFA // 270.843.2291

## 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	ECONOMIES OF SCALE	APPEALING TERMS	MEETS REGULATIONS / CASHFLOW BENEFIT
<ul style="list-style-type: none"> <li>• Est. 2-year rate: 4.70%</li> <li>• Est. investment rate: 4.37%</li> <li>• Includes all RWFA costs (underwriting, RWFA bond counsel, rating, etc.)</li> <li>• Fixed rate for the term of debt (12-30 mo. avg)</li> <li>• Average cost on closed loans: <b>1.97%</b></li> </ul>	<ul style="list-style-type: none"> <li>• Standardized and consistent loan process</li> <li>• Benefits to borrowers, counsels, advisors, USDA and others</li> </ul>	<ul style="list-style-type: none"> <li>• No minimum, No maximum loan amount</li> <li>• Interest is capitalized from loan proceeds, borrower does not pay interest from operations</li> <li>• Prepayable without penalty after 6-9 months</li> <li>• USDA oversight ensures their takeout</li> </ul>	<ul style="list-style-type: none"> <li>• Meets USDA regulations – USDA requires interim financing</li> <li>• Serves as an interest rate hedge for USDA projects</li> <li>• Borrower can defer principal</li> </ul>



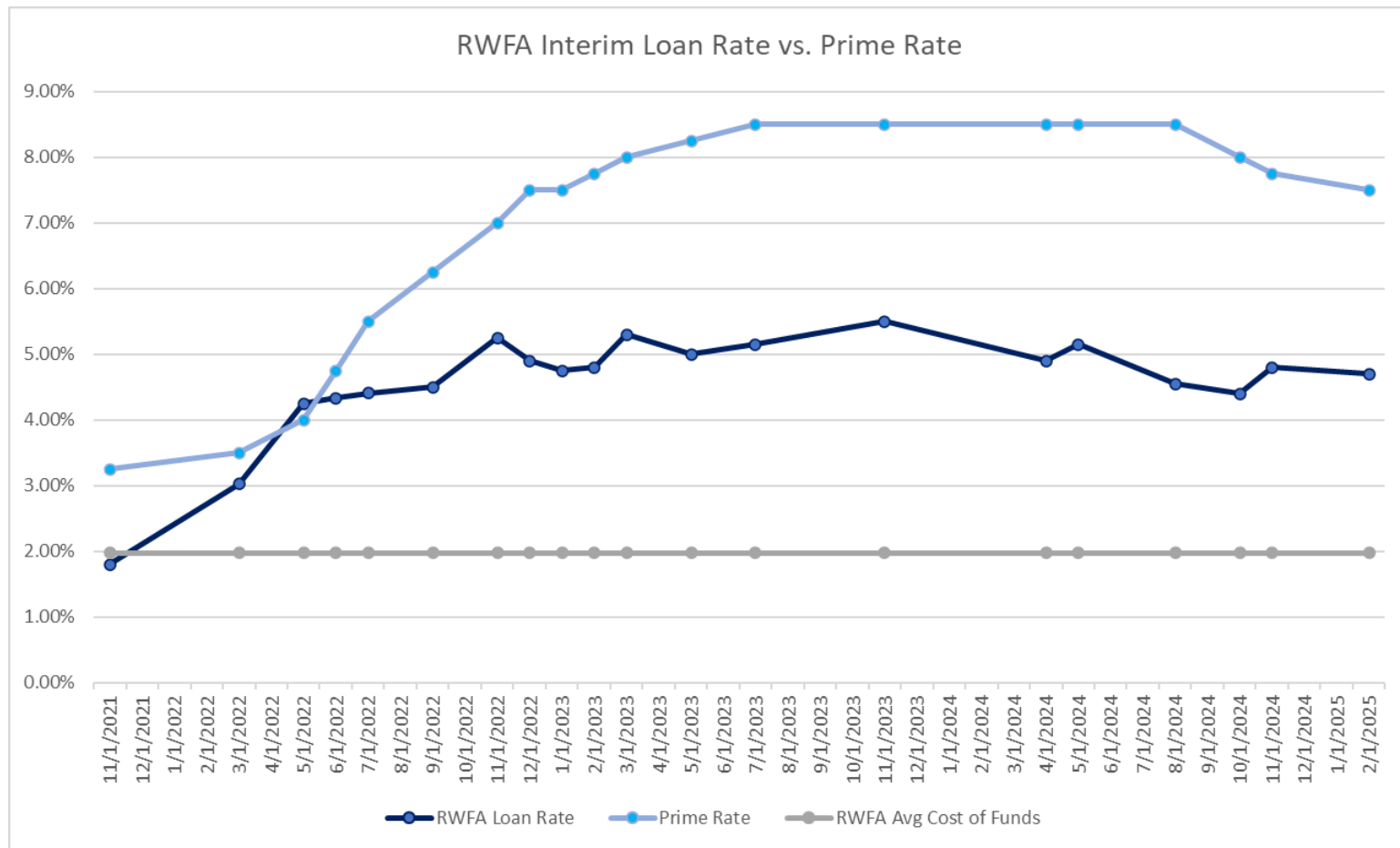
# Interim Program: Loan Rate History

## RWFA Interim Loan Rate vs. Prime Rate

**4.70%** Current RWFA Loan Rate

**1.97%** Average RWFA Cost of Funds

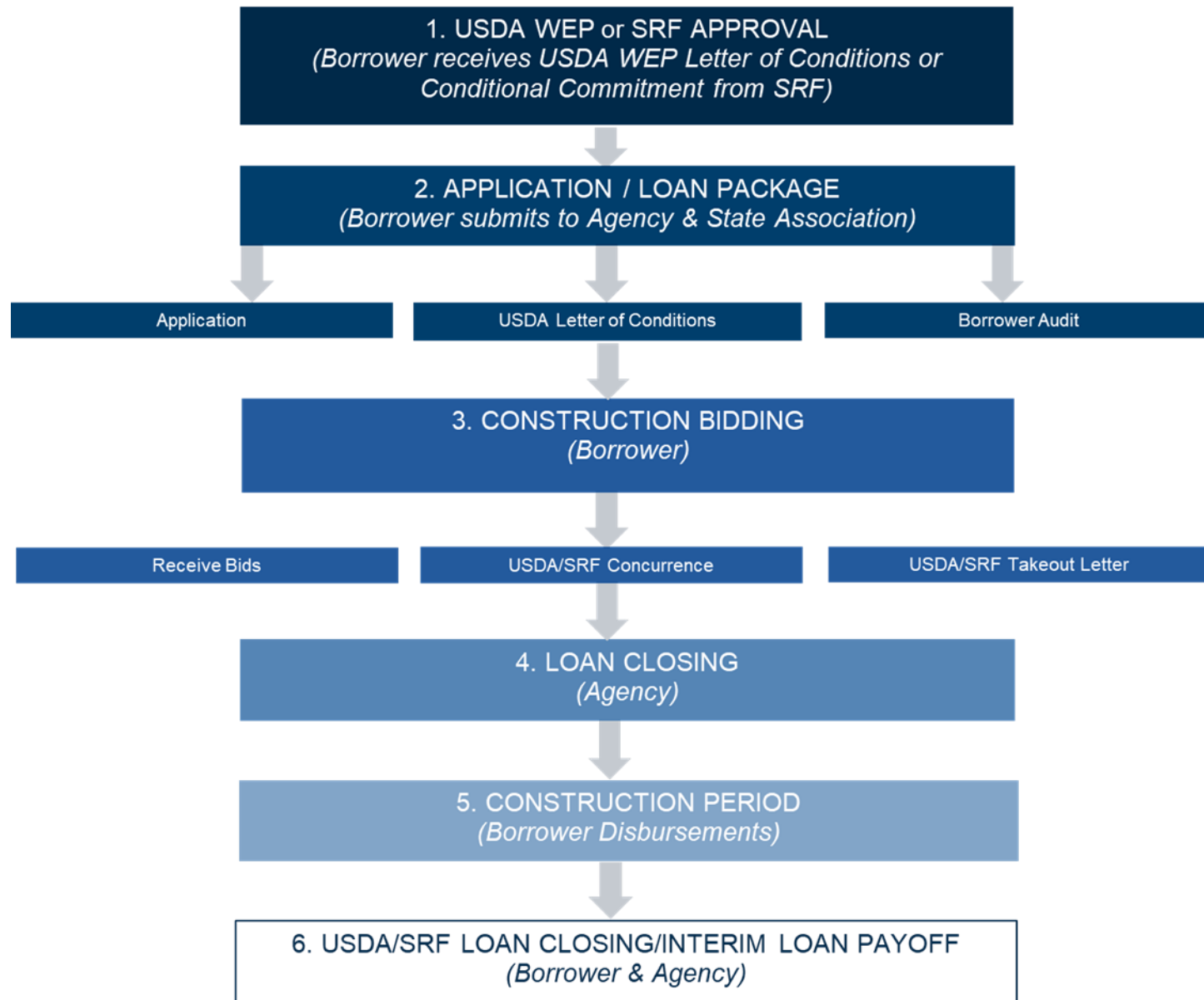
**7.50%** Current Prime Rate



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

# Interim Program: Process

Streamlined & Efficient



# Millville City, Utah



**\$14,731,000**

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

May 2022 – March 2024

## Contacts

**Nick Roederer**

Raymond James // 502.560.1274

**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
<b>Total Project</b>	<b>\$30,300,000</b>

- 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)
<b>Total Payoff</b>	<b>\$7,944,537</b>	<b>\$6,478,705</b>	<b>\$14,423,242</b>

## 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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