



Rural Water Financing Agency

Financing Alternatives for Utilities & Governmental Borrowers

July 2024

RAYMOND JAMES

Table of contents



Section 1 | Overview of Rural Water Financing Agency

Section 2 | Interim Program

Section 3 | Flex Term Program

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



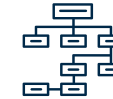
Construction financing with a USDA takeout



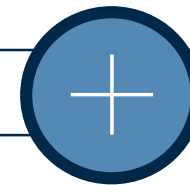
Fixed rate for the term of construction



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

A Rural Water Partner

The Agency is headquartered in Bowling Green, KY and has partnership agreements in place with 15 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 495 loans
- MIG-1 rated Program
- Assisted other states in setting up similar programs (\$2.7 billion, 760 projects)

\$550,000,000

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

- Funded 306 loans
- AA- rated Program
- No borrower reserve requirement
- \$23M Program-level Reserve

Rural Water Financing Agency

Finance Team



RURAL WATER FINANCING AGENCY	ILLINOIS RURAL WATER ASSOCIATION	BORROWER MA & BOND COUNSEL	RAYMOND JAMES	RUBIN & HAYS	REGIONS BANK
<p>Issuer of Debt</p> <p>Program Oversight</p> <p>Approvals</p>	<p>Sponsor</p> <p>Broadcast to Borrowers</p> <p>Broadcast to Engineers</p> <p>Broadcast to Counsels and other state organizations</p>	<p>Counsel prepares legal documents and guides Borrower through the approval process</p> <p>Advisor guides Borrower on terms, structure, etc.</p>	<p>Program management, financials & cashflows</p> <p>Lead continuing disclosure</p> <p>Rating presentations</p> <p>Borrower coordination</p> <p>Investor coordination</p>	<p>RWFA Bond Counsel</p> <p>Provide tax-exempt opinion</p> <p>Draft legal docs</p> <p>Review underlying loans</p>	<p>RWFA Trustee</p> <p>Debt service payments</p> <p>Loan disbursements</p> <p>Loan payoffs</p>

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

The screenshot shows the website for Rural Water Financing Agency. At the top, there is a dark teal navigation bar with a yellow 'LOAN APPLICATION' button on the right. 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 'Home', 'About', and 'Contact' links, along with a hamburger menu icon. The main content area is 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

INTERIM PROGRAM

Purposes & Benefits



COMPETITIVE RATES & TERMS

- Est. 2-year rate: 5.15%
- Est. investment rate: 5.25%
- Includes all RWFA costs (underwriting, RWFA bond counsel, rating, etc.)
- Fixed rate for the term of construction
- Average cost on closed loans: **1.95%**

ECONOMIES OF SCALE

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

MEETS REGULATIONS

- Meets USDA regulations
- USDA does not provide construction financing; USDA requires the borrower to obtain from other sources

CASHFLOW BENEFIT

- Serves as an interest rate hedge
- Borrower can defer principal

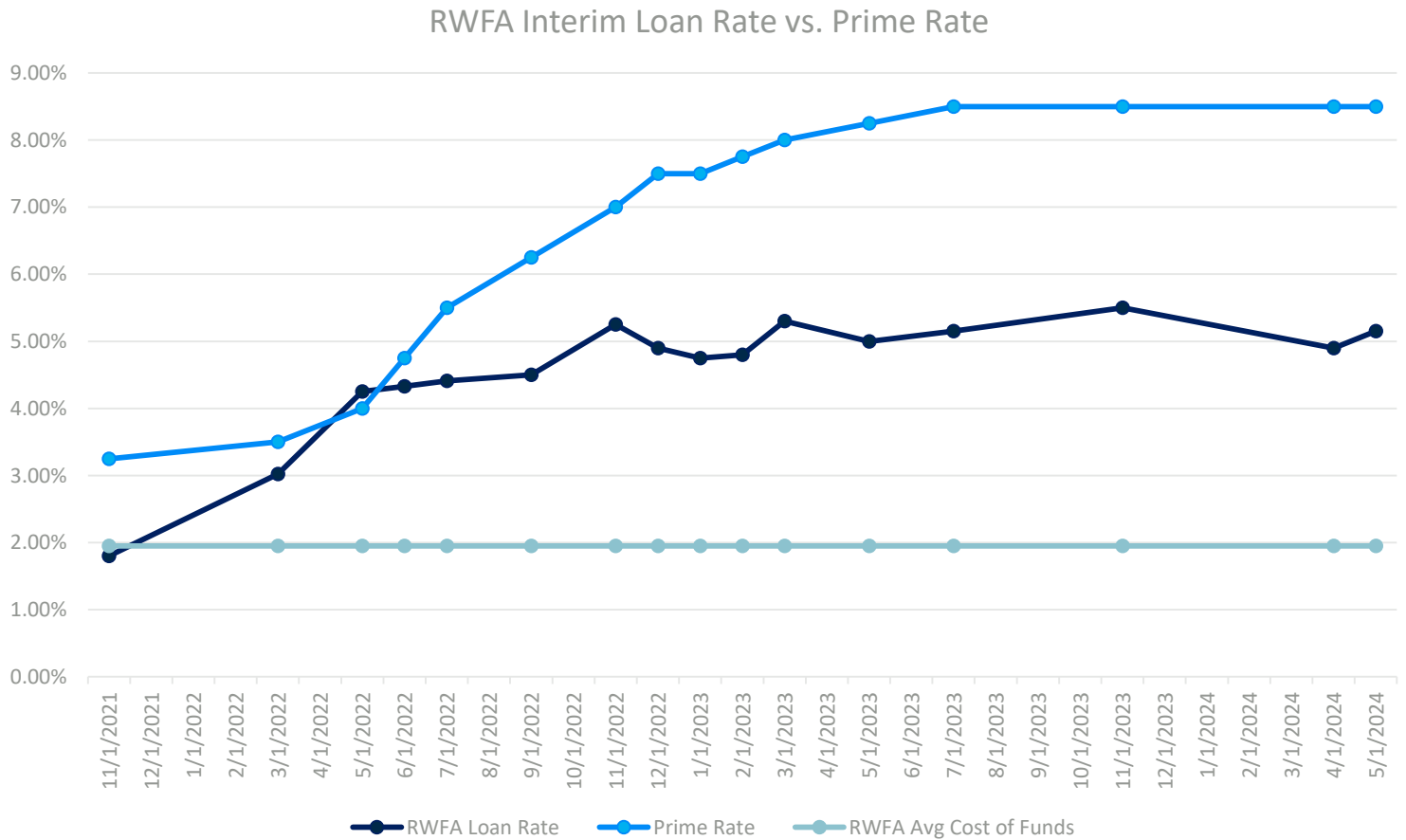
Interim Program: Loan Rate History

RWFA Interim Loan Rate vs. Prime Rate

5.15% Current RWFA Loan Rate

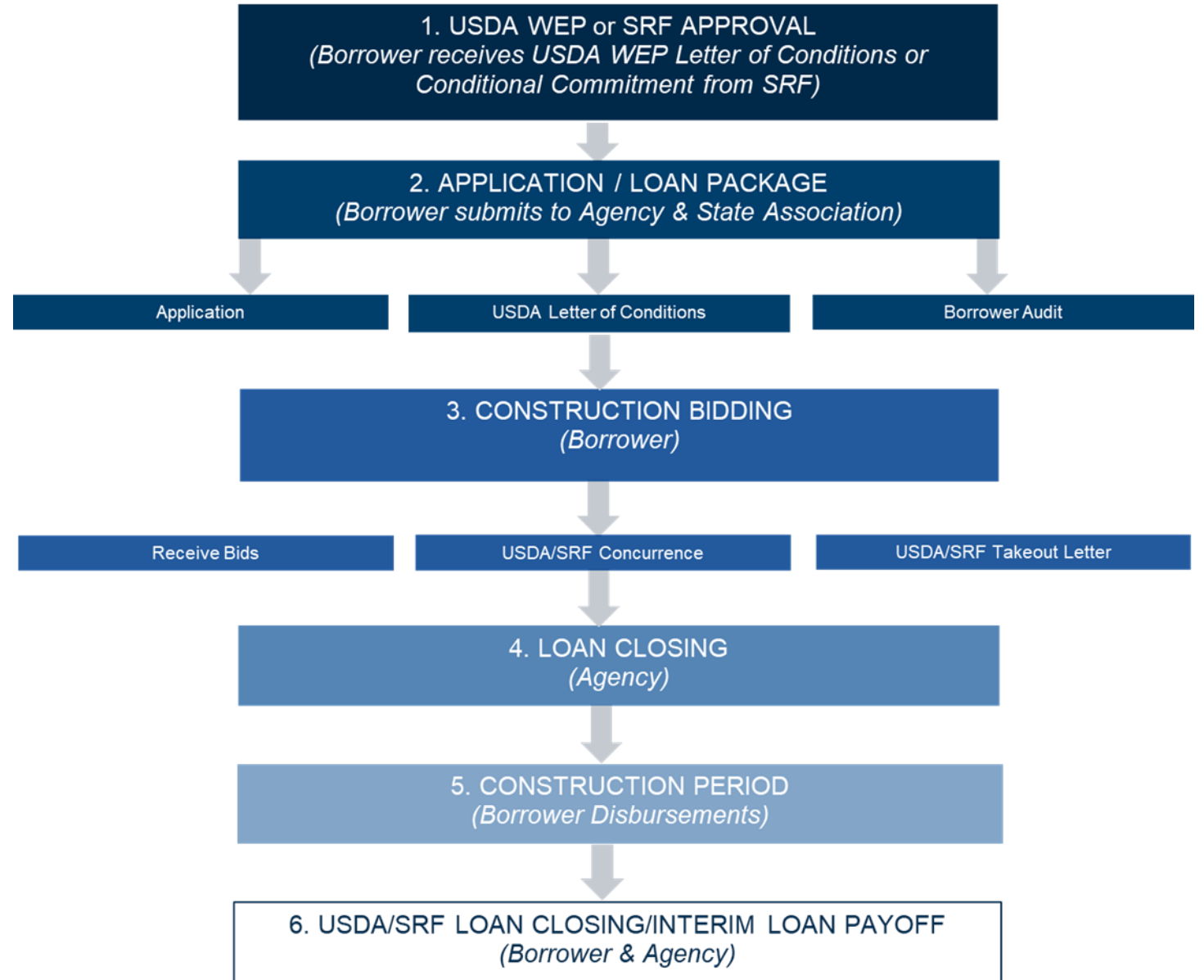
1.95% Average RWFA Cost of
Funds

8.50% Current Prime Rate



Interim Program: Process

Streamlined & Efficient



Interim Program: Details



Anticipated market
issuances of 3-4 times
per year



Security

- Loan agreements between Borrower and Agency
- Loans will be secured by the proceeds of the USDA loan. If the USDA does not close, the loan will be secured by revenues of the system, or in some cases, a general obligation of the borrower

Market Access

- Rating
 - All the Agency's issuances have been rated MIG-1 (highest short-term rating from Moody's)
- Underwriting
 - Raymond James has been underwriting MIG-1 rated notes with USDA takeouts since 2003 and has developed a substantial group of institutional investors

Terms

- Maturity
 - Generally 18-36 months
- Loan Size
 - No minimum, no maximum
- Optional Call
 - Yes, after 6-9 months
- Interest
 - Capitalized from loan proceeds
- USDA Oversight
 - Approves all disbursements, onsite monthly during construction and provides oversight throughout the process

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
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%**

Section 3

FLEX TERM PROGRAM

Flex Term Program

Borrower & Project Eligibility

Eligible Borrowers

Public Agencies (non-profits are not eligible)

- 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
- No population restrictions

Eligible Projects

Any governmental-type project

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 60-120 days

HIGHLY RATED

- AA- rated by S&P
- As of 6/28/24, the average true interest cost is estimated at:
 - **3.90% (15 Year)**
 - **4.40% (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. \$24M)

VARIETY OF PROJECT TYPES

- Acquisition, construction, improvement
- Refinancing
- Interim funding prior to USDA takeout letter
- Match funding & cost overruns
- Secured by G.O., taxes or revenue

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.



Questions?

Don Craig	Nick Roederer	Will Glass
Illinois Rural Water Association	Raymond James	Raymond James
(217) 561-1061	(502) 560-1274	(309) 750-0899
Gary@ruralwaterfinance.com	Nick.Roederer@raymondjames.com	Will.Glass@raymondjames.com

Disclaimer

The information contained herein is solely intended to facilitate discussion of potentially applicable financing applications and is not intended to be a specific buy/sell recommendation, nor is it an official confirmation of terms. Any terms discussed herein are preliminary until confirmed in a definitive written agreement. While we believe that the outlined financial structure or marketing strategy is the best approach under the current market conditions, the market conditions at the time any proposed transaction is structured or sold may be different, which may require a different approach.

The analysis or information presented herein is based upon hypothetical projections and/or past performance that have certain limitations. No representation is made that it is accurate or complete or that any results indicated will be achieved. In no way is past performance indicative of future results. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change without notice. Examples are merely representative and are not meant to be all-inclusive.

Raymond James shall have no liability, contingent or otherwise, to the recipient hereof or to any third party, or any responsibility whatsoever, for the accuracy, correctness, timeliness, reliability or completeness of the data or formulae provided herein or for the performance of or any other aspect of the materials, structures and strategies presented herein. This Presentation is provided to you for the purpose of your consideration of the engagement of Raymond James as an underwriter and not as your financial advisor or Municipal Advisor (as defined in Section 15B of the Exchange Act of 1934, as amended), and we expressly disclaim any intention to act as your fiduciary in connection with the subject matter of this Presentation. The information provided is not intended to be and should not be construed as a recommendation or “advice” within the meaning of Section 15B of the above-referenced Act. Any portion of this Presentation which provides information on municipal financial products or the issuance of municipal securities is only given to provide you with factual information or to demonstrate our experience with respect to municipal markets and products. Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 requires that we make the following disclosure to you at the earliest stages of our relationship, as underwriter, with respect to an issue of municipal securities: the underwriter’s primary role is to purchase securities with a view to distribution in an arm’s-length commercial transaction with the issuer and it has financial and other interests that differ from those of the issuer.

Raymond James does not provide accounting, tax or legal advice; however, you should be aware that any proposed transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or legal counsel.

Raymond James and affiliates, and officers, directors and employees thereof, including individuals who may be involved in the preparation or presentation of this material, may from time to time have positions in, and buy or sell, the securities, derivatives (including options) or other financial products of entities mentioned herein. In addition, Raymond James or affiliates thereof may have served as an underwriter or placement agent with respect to a public or private offering of securities by one or more of the entities referenced herein.

This Presentation is not a binding commitment, obligation, or undertaking of Raymond James. No obligation or liability with respect to any issuance or purchase of any Bonds or other securities described herein shall exist, nor shall any representations be deemed made, nor any reliance on any communications regarding the subject matter hereof be reasonable or justified unless and until (1) all necessary Raymond James, rating agency or other third party approvals, as applicable, shall have been obtained, including, without limitation, any required Raymond James senior management and credit committee approvals, (2) all of the terms and conditions of the documents pertaining to the subject transaction are agreed to by the parties thereto as evidenced by the execution and delivery of all such documents by all such parties, and (3) all conditions hereafter established by Raymond James for closing of the transaction have been satisfied in our sole discretion. Until execution and delivery of all such definitive agreements, all parties shall have the absolute right to amend this Presentation and/or terminate all negotiations for any reason without liability therefor. Thomson Reuters Municipal Market Data (“MMD”) is a proprietary yield curve which provides the offer-side of AAA rated state general obligation bonds as determined by the MMD analyst team. Raymond James & Associates, Inc., member New York Stock Exchange/SIPC.