

**UNDERWRITING INFORMATION**

Customer Name: Buchanan, City of  
 Project Name: Wastewater System Improvements

Case Number:  
26-011-\*\*\*\*4527  
 Customer Identifier:  
155962422

<b>LOAN DETERMINATION</b>	<b>Water</b>	<b>Waste</b>	<b>Total</b>
Monthly Cost Per EDU (excluding Assessments & GO Bonds)	0.00	60.69	
Number of EDUs .....	0	2,053	
Wholesale Cost/ 1,000 Gal .....	0.00	0.00	
Wholesale Income Per Month .....	0	0	
<b>Total Sales</b> .....	<b>0</b>	<b>1,495,159</b>	<b>1,495,159</b>
Other Income (Annual) .....	0	349,600	349,600
<b>Total Annual Income</b> .....	<b>0</b>	<b>1,844,759</b>	<b>1,844,759</b>
O&M (Less Interest & Depreciation) .....	0	860,000	860,000
Replacement Reserve - Short Lived Assets .....	0	52,667	52,667
Other Annual Expenses .....	0	0	0
Debt Service & Reserve .....			663,875
<b>Total Cash Outflow (Annual)</b> .....			<b>1,576,542</b>
<b>Balance Available for New Loan Payment</b> .....			<b>268,217</b>
Commerical Credit (Maximum Loan Amount) .....			5,022,323
USDA (Maximum Loan Amount) .....			7,463,000
<b>PROJECT FINANCING</b>			
<b>Total Project Cost less Deobligations</b> .....			<b>9,545,000</b>
Previously Funded Loan .....			0
Previously Funded Grant .....			0
Applicant Contribution .....			2,086,000
Other Funding Sources .....			0
Contribution Connection/ Tap Fees .....			0
Proposed Loan Amount .....			7,459,000
Proposed Grant Amount .....			0
<b>Total Project Funding</b> .....			<b>9,545,000</b>
Current Ratio	<b>1.35</b>	Debt Service Ratio	<b>1.09</b>
Total Monthly Water EDU Cost	<b>0.00</b>	% of Project MHI (Water)	<b>0.00%</b>
Total Monthly Sewer EDU Cost	<b>60.69</b>	% of Project MHI (Sewer)	<b>2.11%</b>
(the above includes Assessments and GO Bonds)			

**UNDERWRITING INFORMATION**

**SUPPORTING SCHEDULES**

**Monthly Cost Per EDU - Water**

<u>Average Monthly Cost from Above</u>	0.00	<u>Monthly Cost from Assessments &amp; GO Taxes</u>	0.00
<u>Monthly Cost Per EDU</u>	0.00	<u>Average Monthly Cost including Assessments &amp; GO Taxes</u>	0.00
		<u>Total Cost/EDU as Percentage of Project MHI</u>	0.00%

**Monthly Cost Per EDU -Sewer**

<u>System Name</u>	<u>System MHI</u>	<u>Avg Monthly User Cost</u>	
Portland (EDU 2,028)	46,496	35.92	
Cedar Springs (EDU 1,834)	42,943	49.83	
Marine City (EDU 2,015)	44,073	67.19	
<u>Average Monthly Cost from Above</u>	50.98	<u>Monthly Cost from Assessments &amp; GO Taxes</u>	0.00
<u>Monthly Cost Per EDU</u>	60.69	<u>Average Monthly Cost including Assessments &amp; GO Taxes</u>	60.69
		<u>Total Cost/EDU as Percentage of Project MHI</u>	2.11%

**Similar System Comments**

The similar system information is from the shared folder maintained by the Michigan RD State Office. All three communities have a similar EDU count.

**Number of EDUs - Water**

<u>Avg Res Usage</u>	0
<u>Number Res Users</u>	0
<u>Number Other Users</u>	0

**Number of EDUs - Sewer**

<u>User Type</u>	<u># Users</u>	<u>Vol Per User</u>	<u>Cal EDUs</u>	<u>OR?</u>	<u># EDUs</u>
Residential	1,814	3,611	1,814	N	1,814
Other	239	3,248	239	N	239
<b>TOTALS</b>	<b>2,053</b>	<b>6,859</b>	<b>2,053</b>		<b>2,053</b>

**UNDERWRITING INFORMATION**

<u>Avg Res Usage</u>	3,611
<u>Number Res Users</u>	1,814
<u>Number Other Users</u>	239

**EDU Comments**

This EDU calculation is based on the volume flow in the last page of the PER.

**Wholesale Cost/1,000 gal - Water**

<u>Average Monthly Cost/ 1000 Gal</u>	0.00
<u>Average Ann Cost/ 1000 Gal</u>	0.00
<u>Wholesale Cost Per 1000 Gal</u>	0.00

**Wholesale Cost/1,000 gal - Sewer**

<u>Average Monthly Cost/ 1000 Gal</u>	0.00
<u>Average Ann Cost/ 1000 Gal</u>	0.00
<u>Wholesale Cost Per 1000 Gal</u>	0.00

**Similar System Bulk Comments**

None

**Wholesale Income - Water**

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**Wholesale Income - Sewer**

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**Wholesale Income Comments**

**UNDERWRITING INFORMATION**

None

**Other Income (Annual)**

<u>Other Income (Annual) Item</u>	<u>Other Income (Annual) Source</u>	<u>Amount</u>
Interest Income	Interest Income	9,600.00
Other	Penalties - Sewer Bills	19,200.00
Other	Unclassified	20,800.00
Other	Leachate Treatment	300,000.00
<b>TOTALS</b>		<b>349,600</b>
<b>Other Income (Annual)</b>	<b>Water</b>	<b>0.00</b>
	<b>Monthly EDU Cost from Assessments &amp; GO Taxes (Water)</b>	<b>0.00</b>
	<b>Sewer</b>	<b>349,600.00</b>
	<b>Monthly EDU Cost from Assessments &amp; GO Taxes (Sewer)</b>	<b>0.00</b>

**Other Income (Annual) Comments**

The above 4 figures are from RD Apply. The ready to serve and sewer sales that were listed in RD Apply as other income were removed from this screen. Ready to serve and sewer sales are part of the cost per EDU.  
 The Southeast Berrien County Landfill (SEBCL) currently pays all of the cost associated with leachate treatment.  
 The City adopted a Sewer Use Ordinance and building the new Sewer Surcharge Schedules were completed with the intention of ensuring the SEBCL was paying what they should be.

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The current billing system Buchanan has for the Landfill includes a base wastewater rate that applies to all Township wastewater users, plus surcharge rates based on the loadings of the leachate that is discharged to Buchanan.

The SEBCL is permitted as an industrial user by the City. Their individual industrial discharge permit provides the structures of how their discharges are tested and monitored. That data is used to develop monthly surcharges.

**O&M Expense (less Interest & Depreciation)**

<u>O &amp; M Expense Item</u>	<u>User Desc</u>	<u>Amount</u>
Utilities		100,000.00
Salaries/Benefits		520,000.00
Other	Miscellaneous	6,000.00
Other	Annual Permit	7,000.00
Other	Property Taxes & Capital Outlay	42,000.00
Engineering		30,000.00
Contract Services - Other	Accounting/Audit	20,000.00
Administrative/Office		15,000.00
Repairs/Maintenance		70,000.00
Insurance		24,000.00
Supplies		26,000.00
<b>TOTALS</b>		<b>860,000</b>

**UNDERWRITING INFORMATION**

<b>O&amp;M Expenses</b>	<b>Water</b>	0.00
	<b>Sewer</b>	860,000.00

**O&M Comments**

FY 2024 is the projected first full year of operation. O&M matches the PER and RD Apply

Per the audit, the operating expense cost of sewage treatment is:

- 2017 \$943,509
- 2018 \$1,160,197
- 2019 \$1,025,112
- 2020 \$779,367

**Replacement Reserve - Short Lived Assets**

<b>1 - 5 Years</b>				
<b>5 - 10 Years</b>				
<b>10 - 15 Years</b>				
<u>User Desc</u>	<u>Replacement Cost</u>	<u>Reserve On Hand</u>	<u>Annual Reserve Amt</u>	
LS Pumps (>300 gpm, 4 each)	200,000.00	0.00	13,333.33	
LS Pumps (<300 gpm, 10 each)	250,000.00	0.00	16,666.67	
LS Controls (7 stations)	140,000.00	0.00	9,333.33	
WWTP Short Lived Assets	200,000.00	0.00	13,333.33	
<b>TOTALS</b>	<b>790,000</b>		<b>52,667</b>	
<b>Replacement Reserve -Totals</b>				
<u>User Desc</u>	<u>Replacement Cost</u>	<u>Reserve On Hand</u>	<u>Annual Reserve Amt</u>	
<b>TOTALS</b>	<b>790,000</b>		<b>52,667</b>	
<b>Replacement Reserve</b>	<b>Water</b>	<b>0.00</b>	<b>Sewer</b>	<b>52,667.00</b>

**Replacement Reserve - Short Lived Assets Comments**

This matches the PER and RD Apply. The above SLA schedule was pushed into CPAP from RD Apply.

**UNDERWRITING INFORMATION**

**Other Annual Expenses**

<b>Other Annual Expense</b>	<b>Water</b>	0.00	<b>Sewer</b>	0.00
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**Other Annual Expenses Comments**

None

**Debt Service and Reserve**

Type Loan	Owed To	Org Amt	Balance	Term	Ann Pay Amt	Ann Res Amt	IR
Exist Other Loan	SRF	2,945,000.00	1,050,000.00	20	113,875.00	0.00	2.5000%
Exist Other Loan	Capital One	9,185,000.00	8,990,000.00	20	550,000.00	0.00	2.8000%
<b>TOTALS</b>		<b>12,130,000</b>	<b>10,040,000</b>		<b>663,875</b>		
Total Payment Plus Reserve		663,875.00					

**Debt Service Comments**

A copy of the Capital One - Revenue Bond was uploaded to CPAP. It does not have a bond reserve. As a replacement for a bond reserve they used bond proceeds to purchase an insurance policy (surety) with a \$22,749.51 premium. This is on page 3 of the attachment.

A copy of the SRF bond transcript is in CPAP. The balance was confirmed with the 2020 audit.

**Commercial Credit (Maximum Loan Amount)**

Lender Name	Terms	Interest Rate	Reserve Percent	Max Loan Amount
Co Bank	20	3.5000%	10.00%	3,465,024.86
Co Bank	30	4.5000%	10.00%	3,971,234.52
Live Oak Bank	10	4.2500%	10.00%	1,953,170.46
Live Oak Bank	40	5.2500%	10.00%	4,044,348.97
Bendzinski - Bond Market Comments (	20	2.2600%	10.00%	3,888,276.19
Bendzinski - Bond Market Comments (	30	2.6200%	10.00%	5,022,323.37
<u>Maximum Commercial Credit Loan</u>	5,022,323.00			

**Commercial Credit Comments**

Other credit terms are from the commercial lender criteria maintained by the Michigan RD State Office. Bendzinski comments are as of the week ending May 21, 2021. The 1780-6 with other lender criteria is uploaded to CPAP. The owners certification of other credit was completed in RD Apply.

**UNDERWRITING INFORMATION**

**USDA (Maximum Loan Amount)**

**Maximum Loan Calculation**

State NonMetro MHI	<b>52,097.00</b>
Poverty Income	<b>26,500.00</b>
Project MHI	<b>34,521.00</b>
Percent Project MHI of SNMHI	<b>66.26%</b>
Project Is Necessary to Alleviate a Health or Sanitary Problem?	<b>Yes</b>
Balance Available for Repayment	<b>268,217.18</b>
Interest Rate Level	<b>Poverty</b>
Interest Rate	<b>1.3750%</b>
Repayment Period	<b>40</b>
Percent Reserve Required	<b>10.00%</b>
Maximum Loan Amount	<b>7,463,000.00</b>

**MHI Comments**

The is from the blended MHI worksheet. The system has the following residential connections:

Buchanan City 1,677  
Buchanan Township 137

**Project Cost**

<u>Project Cost Item</u>	<u>User Desc</u>	<u>Amount</u>
Legal Services	Curcio Law Firm PLC	6,000.00
Contingencies	(\$166,000 Non RD Funds)	748,000.00
Eng - Design	Basic Services (\$156,000 NonRD fund	732,000.00
Eng - Inspection	(\$20,000 Non RD Funds)	94,000.00
Other	BakerTilly Municipal Advisors	20,000.00
Other	Miscellaneous	20,000.00
Other	Construction costs (\$1,655,000 Non	7,478,000.00
Bond Counsel	Dickinson Wright PLLC	30,000.00
Eng - Additional Services	(\$89,000 Non RD Funds)	417,000.00
<b>TOTALS</b>		<b>9,545,000</b>

**UNDERWRITING INFORMATION**

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Total Construction Contract Cost	0.00	
Total Soft Cost	7,554,000.00	
Total Engineering/Arch Cost	1,243,000.00	
Contingency Cost	748,000.00	0.00%
<b>Total Project Cost</b>	<b>9,545,000.00</b>	
less Deobligations	0.00	
<b>Total Project Cost less Deobligations</b>	<b>9,545,000.00</b>	

**Project Cost Comments**

The project budget figures were pushed into CPAP from RD Apply. They match the PER. The engineering fees match the fees on the draft engineering agreement.



**Applicant Contribution Calculations**

**General Fund**

Current Assets	6,177,477.00
less Current Liabilities	189,076.00

**less General Funds Retained**

Retained for general operations	3,902,401.00
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**Balance Available General Fund**

2,086,000.00

**Enterprise Fund**

plus Current Assets Enterprise Fund	1,746,591.00
less Current Liabilities Enterprise Fund	1,292,439.00

**Total Balance Available**

**(General Fund + Enterprise Fund)** 2,540,152.00

Operation and Maintenance	454,152.00
Customer Deposits	0.00
Debt Service	

Replacement Reserve - Short Lived Assets	1 to 5 Years
	5 to 10 Years
	10 to 15 Years

Capital Improvements
Interest Expense (Deferral Period)
Cost of Issuance of Other Credit
Other

**less Total Reserves** 454,152.00

**Available for Applicant Contribution** 2,086,000.00

**Amount To Be Contributed** 2,086,000.00

**Applicant Contribution Comments**

**Other Funding Sources**

**Other Funding Comments**

NA

**UNDERWRITING INFORMATION**

**Contribution Connection/Tap Fees**

Number New Connections:  
Connection/Tap Fee Per Connection:  
Contribution Connection Tap Fees: **0.00**

**Contribution Connection/Tap Fees Comments**

N A

**Grant Eligibility**

State NonMetro MHI	<b>52,097.00</b>
Poverty Income	<b>26,500.00</b>
Project MHI	<b>34,521.00</b>
Percent Project MHI of SNMHI	<b>66.26%</b>
Project Is Necessary to Alleviate a Health or Sanitary Problem?	<b>Yes</b>
Total Project Cost	<b>9,545,000.00</b>
Ineligible Grant Project Cost	
Interest	
Initial O&M	
Other	<b>0.00</b>
Total	<b>0.00</b>
Total Grant Eligible Project Cost	<b>9,545,000.00</b>

**Grant Eligibility Comments**