

UNDERWRITING INFORMATION

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

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

LOAN DETERMINATION	Water	Waste	Total
Monthly Cost Per EDU (excluding Assessments & GO Bonds)	50.86	0.00	
Number of EDUs	2,091	0	
Wholesale Cost/ 1,000 Gal	0.00	0.00	
Wholesale Income Per Month	0	0	
Total Sales	1,276,179	0	1,276,179
Other Income (Annual)	31,896	0	31,896
Total Annual Income	1,308,075	0	1,308,075
O&M (Less Interest & Depreciation)	740,000	0	740,000
Replacement Reserve - Short Lived Assets	33,333	0	33,333
Other Annual Expenses	0	0	0
Debt Service & Reserve			121,250
Total Cash Outflow (Annual)			894,583
Balance Available for New Loan Payment			413,492
Commerical Credit (Maximum Loan Amount)			7,742,000
USDA (Maximum Loan Amount)			10,746,000
PROJECT FINANCING			
Total Project Cost less Deobligations			10,738,000
Previously Funded Loan			0
Previously Funded Grant			0
Applicant Contribution			0
Other Funding Sources			0
Contribution Connection/Tap Fees			0
Proposed Loan Amount			10,738,000
Proposed Grant Amount			0
Total Project Funding			10,738,000
Current Ratio	1.35	Debt Service Ratio	1.14
Total Monthly Water EDU Cost	50.86	% of Project MHI (Water)	1.76%
Total Monthly Sewer EDU Cost	0.00	% of Project MHI (Sewer)	0.00%
(the above includes Assessments and GO Bonds)			

SUPPORTING SCHEDULES

Monthly Cost Per EDU - Water

<u>System Name</u>	<u>System MHI</u>	<u>Avg Monthly User Cost</u>		
Berrien Springs (EDU 2,141)	41,131	22.12		
Cedar Springs (EDU 1,836)	42,943	29.66		
Mattawan (EDU 1,950)	44,420	29.78		
<u>Average Monthly Cost from Above</u>	27.19		<u>Monthly Cost from Assessments & GO Taxes</u>	0.00
<u>Monthly Cost Per EDU</u>	50.86		<u>Average Monthly Cost including Assessments & GO Taxes</u>	50.86
			<u>Total Cost/EDU as Percentage of Project MHI</u>	1.76%

Monthly Cost Per EDU -Sewer

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

Similar System Comments

The above information for similar system was obtained from the Michigan RD CP Shared file. All three communities source their water from wells they own. All three are similar in regards to the EDU count.

Berrien Springs is located in the same county as Buchanan. Mattawan is the adjacent county. Cedar Springs is 125 miles north of Buchanan.

Number of EDUs - Water

<u>User Type</u>	<u># Users</u>	<u>Vol Per User</u>	<u>Cal EDUs</u>	<u>OR?</u>	<u># EDUs</u>
Residential	1,855	4,221	1,855	N	1,855
Other	236	3,653	236	N	236
TOTALS	2,091	7,874	2,091		2,091
<u>Avg Res Usage</u>	4,221				
<u>Number Res Users</u>	1,855				
<u>Number Other Users</u>	236				

Number of EDUs - Sewer

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UNDERWRITING INFORMATION

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

EDU Comments

This is the volume flow data on the last page of the PER that was submitted 8 9 2021. The City has spent much time pulling this data. I inquired with the engineer about the the low volume per other user. They came back to to the COVID pandemic. During the last 12 months schools have been shut, many individuals are no longer working from their office and restaurants have had limited access to interior dining. Prein & Newhof speculated that COVID resulted in the the low volume per other user.

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

N A

Wholesale Income - Water

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Wholesale Income - Sewer

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UNDERWRITING INFORMATION

Wholesale Income Comments

N A

Other Income (Annual)

<u>Other Income (Annual) Item</u>	<u>Other Income (Annual) Source</u>	<u>Amount</u>		
Other	Hydrant Rental	3,996.00		
Interest Income	Interest Income	5,400.00		
Other	Penalties - Water Bills	10,800.00		
Other	Unclassified	11,700.00		
TOTALS		31,896		
Other Income (Annual)	Water	31,896.00	Monthly EDU Cost from Assessments & GO Taxes (Water)	0.00
	Sewer	0.00	Monthly EDU Cost from Assessments & GO Taxes (Sewer)	0.00

Other Income (Annual) Comments

The above four lines are from RD Apply. The ready-to-serve and water sales were removed from this screen. These two revenue sources are part of the cost per EDU.

O&M Expense (less Interest & Depreciation)

<u>O & M Expense Item</u>	<u>User Desc</u>	<u>Amount</u>
Utilities		60,000.00
Salaries/Benefits		490,000.00
Other		35,000.00
Engineering		20,000.00
Contract Services - Other	Accounting/Audit	20,000.00
Administrative/Office		15,000.00
Repairs/Maintenance		70,000.00
Insurance		18,000.00
Supplies		12,000.00
TOTALS		740,000
O&M Expenses	Water	740,000.00
	Sewer	0.00

O&M Comments

FY 2024 is the first projected full year of operation. The above O&M numbers were pushed into CPAP from RD Apply. These figures match the PER.

Per the audit, the operating expense cost of water is:

- 2017 \$654,994
- 2018 \$528,576
- 2019 \$610,720
- 2020 \$627,962

Replacement Reserve - Short Lived Assets

1 - 5 Years			
5 - 10 Years			
User Desc	Replacement Cost	Reserve On Hand	Annual Reserve Amt
Chemical Feed Equipment	10,000.00	0.00	1,000.00
TOTALS	10,000		1,000
10 - 15 Years			
User Desc	Replacement Cost	Reserve On Hand	Annual Reserve A
Well Pump Controls (4 each)	60,000.00	0.00	4,000.00
Elevated Tank Painting (2 each)	400,000.00	0.00	26,666.67
SCADA	25,000.00	0.00	1,666.67
TOTALS	485,000		32,333
Replacement Reserve -Totals			
User Desc	Replacement Cost	Reserve On Hand	Annual Reserve A
TOTALS	495,000		33,333
Replacement Reserve	Water 33,333.00	Sewer 0.00	

Replacement Reserve - Short Lived Assets Comments

The above SLA schedule was pushed in RD Apply from CPAP. It matches the PER.

Other Annual Expenses

Other Annual Expense	Water 0.00	Sewer 0.00
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Other Annual Expenses Comments

None

UNDERWRITING INFORMATION

Debt Service and Reserve

Type Loan	Owed To	Org Amt	Balance	Term	Ann Pay Amt	Ann Res Amt	IR
Exist Other Loan	DWRF	3,105,000.00	1,050,000.00	20	121,250.00	0.00	2.5000%
TOTALS		3,105,000	1,050,000		121,250		
Total Payment Plus Reserve		121,250.00					

Debt Service Comments

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

Commercial Credit (Maximum Loan Amount)

Lender Name	Terms	Interest Rate	Reserve Percent	Max Loan Amount
Bendzinski - Bond Market Comments	30	2.6200%	10.00%	7,742,566.79
Bendzinski - Bond Market Comments (20	2.2600%	10.00%	5,994,285.08
Co Bank	20	3.5000%	10.00%	5,341,787.94
Co Bank	30	4.5000%	10.00%	6,122,176.18
Live Oak Bank	10	4.2500%	10.00%	3,011,067.11
Live Oak Bank	40	5.2500%	10.00%	6,234,891.65
<u>Maximum Commercial Credit Loan</u>				7,742,000.00

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	52,097.00
Poverty Income	26,500.00
Project MHI	34,641.00
Percent Project MHI of SNMHI	66.49%
Project Is Necessary to Alleviate a Health or Sanitary Problem?	No
Balance Available for Repayment	413,491.78
Interest Rate Level	Intermediate
Interest Rate	1.7500%
Repayment Period	40
Percent Reserve Required	10.00%
Maximum Loan Amount	10,746,000.00

MHI Comments

This is from the blended MHI worksheet.

The sytem has the following residentail conections:

- Buchanan City 1,696
- Buchanan Township 142
- Niles Township 17

Project Cost

<u>Project Cost Item</u>	<u>User Desc</u>	<u>Amount</u>
Legal Services	Curcio Law Firm PLC	6,000.00
Contingencies		842,000.00
Eng - Design	Basic Services	825,000.00
Eng - Inspection		470,000.00
Other	Bakertilly Municipal Advisors	17,000.00
Other	Miscellaneous	20,000.00
Other	Construction Costs	8,415,000.00
Bond Counsel	Dickinson Wright PLLC	36,000.00
Eng - Additional Services		107,000.00
TOTALS		10,738,000

UNDERWRITING INFORMATION

Total Construction Contract Cost	0.00	
Total Soft Cost	8,494,000.00	
Total Engineering/Arch Cost	1,402,000.00	
Contingency Cost	842,000.00	0.00%
Total Project Cost	10,738,000.00	
less Deobligations	0.00	
Total Project Cost less Deobligations	10,738,000.00	

Project Cost Comments

Engineering fees on the CPAP project budget match the draft engineering agreement. This budget matches the PER and RD Apply.

UNDERWRITING INFORMATION

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
Owner contribution on the sewer project	2,086,000.00

Balance Available General Fund

0.00

Enterprise Fund

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

Total Balance Available

454,152.00

(General Fund + Enterprise Fund)

Operation and Maintenance	370,000.00
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	84,152.00

less Total Reserves

454,152.00

Available for Applicant Contribution

0.00

Amount To Be Contributed

0.00

Applicant Contribution Comments

Other Funding Sources

Other Funding Comments

None

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

None

Grant Eligibility

State NonMetro MHI	52,097.00
Poverty Income	26,500.00
Project MHI	34,641.00
Percent Project MHI of SNMHI	66.49%
Project Is Necessary to Alleviate a Health or Sanitary Problem?	No
Total Project Cost	10,738,000.00
Ineligible Grant Project Cost	
Interest	
Initial O&M	
Other	0.00
Total	0.00
Total Grant Eligible Project Cost	10,738,000.00

Grant Eligibility Comments