



CITY OF MIDWAY

P.O. Box 4275
Midway, Kentucky 40347-4275

Grayson Vandegrift, Mayor

July 11th, 2018

To the Members of the Midway City Council,

At our upcoming city council meeting, I am going to ask you, as a legislative body, to grant me the authority to cash in a certificate of deposit at Community Trust Bank and use those funds to pay off the remaining debt on the "new" wastewater plant. As you know, we have paid off the debt on the old plant, and there is \$196,885 remaining on the new plant. The loaning agency, Kentucky Infrastructure Authority has assured us that this loan can be paid off early, and they are in the process of figuring whatever final service charges there may be, but they have assured us it will not be much over \$197,000 in total once all services are added to the final payment.

We have three certificates of deposits at three different central Kentucky banks, together totaling \$473,482.89. The CD we have at Community Trust Bank is for \$285,490, and the remaining sum of roughly \$88,000 would be rolled into a new CD at the same bank. This would leave the city with approximately \$276,482.89 in CD's for a rainy-day fund. As our last audit showed, we have a net cash position of approximately \$900,000 and have enjoyed general fund budget surpluses each of the last 4 years.

At our current loan rates, we are paying roughly \$30,000 twice a year, with interest and services charges averaging over \$9000 annually. By paying this loan off early, we will not only save money we are currently paying in interest, we will also generate approximately \$9000 per month into sewer revenue. By doing this, we will be taking the penultimate step in lowering sewer rates for our citizens. If you as a body approve this plan to pay off our largest remaining debt, I would propose that we let the sewer fund build up some revenue for a few months, and later, assess that fund and its future projections. Once we feel that our sewer fund is sufficiently increased, I would then ask you as a body to vote on lowering sewer rates at least 25%, to begin with.

Our current financial position is so healthy that I see no reason why we should continue to pay interest on a debt we are able to pay off. Furthermore, just as we are planning to cut property taxes later this summer, cutting sewer rates will help to make Midway a city that is more affordable for everyone, and will be a major step in fixing one of Midway's longest running problems. Please consider this proposal over the next several days, I will entertain a motion on the issue at our city council meeting this Monday evening, July 16.

Sincerely,

Grayson Vandegrift, Mayor
City of Midway