



Ross, Sinclair & Associates, LLC

July 28, 2014

325 W Main Street
Suite 300
Lexington, KY
40507

859/977-6600
fax: 859/381-1357

Mr. Jim Palm, Superintendent
Southgate Independent Board of Education
6 William F. Blatt Avenue
Southgate, KY 41071

RE: Kentucky School Boards Insurance Trust (KSBIT)

Dear Superintendent:

Recently, you should have received two invoices from the Kentucky School Boards Insurance Trust Funds (KISBIT-WC and KISBIT-PL). These invoices cover your court-approved assessments to the Workers Compensation Fund as well as to the Property and Liability Fund. There were payment options included on each invoice from which you could select in meeting this obligation.

INVESTMENT
BANKING

FINANCIAL
ADVISORY

PUBLIC
FINANCE

BROKERAGE
SERVICES

One of those options was to finance the assessment through the Kentucky Interlocal School Transportation Association (KISTA). At KISTA we encourage you, if at all possible, to select an interest free installment option offered to your district by the Rehabilitator. In that regard, you will find enclosed a sheet illustrating those payments for your district's six year option.

If you find those options are not conducive with your district's current financial state, then KISTA stands ready to assist with additional financing options for you. On the same sheet you will find two sample illustrations of a 10 and a 15 year financing for your obligations. We can be very flexible in the number of years up to 20 years. If you participate in the KISTA financing, your first payment will not be due until FY 2015-16. To receive the financing options available to you, please contact Joe Nance (jnance@rsanet.com), or Bob Tarvin (btarvin@rsanet.com) at Ross, Sinclair & Associates, LLC, (800-255-0795).

700 Walnut Street
Suite 600
Cincinnati, OH
45202
513/381-3939
fax: 513/381-0124

If you desire financing, it is imperative that you make this contact immediately because there will only be one bond issue sold. Therefore, each board of education that participates in the financing will have to adopt a bond resolution to do so during the month of August. If you have additional questions, please do not hesitate to contact Mr. Nance or Mr. Tarvin.

Sincerely,

Jack Moreland
President, KISTA Board

One Riverfront Plaza
401 West Main Street
Louisville, KY
40202
502/491-3939
fax: 502/491-9979

MEMBER FINRA/SPIC

Enclosure:

ROSS, SINCLAIRE & ASSOCIATES, LLC

KSBIT-WC

IN REHABILITATION

Kentucky School Boards Insurance Trust
Workers Compensation Fund
10400 Linn Station Road Suite 211
Louisville, KY 40223
(502) 499-6290
WWW.KSBIT-WC.COM

SOUTHGATE IND. BOARD OF EDUCATION
James R. Palm
Wm. Blatt and Evergreen
Southgate, KY 41071

July 15, 2014

Dear KSBIT Workers' Compensation Fund Member:

On June 4, 2014, the Franklin Circuit Court issued an order instructing the Rehabilitator to assess the former members of the Kentucky School Boards Insurance Trust Workers' Compensation Fund. The attached invoice reflects the court-ordered assessment plan. Court orders and other information are available at www.ksbit-wc.com.

The attached invoice includes a breakdown for each year covered under the court-approved assessment, as well as premium and loss summaries. The Kentucky Special Fund assessment has been applied at the rate applicable to each year. The Court has ordered that each members' assessment be calculated pro-rata 60% based on member's earned premium and 40% based on member's excess losses. The invoice consists of three pages. The first page (Remittance) and the second page show the breakdown of the assessment for each year based on both the premiums and the losses and it also shows the total assessment due. The third page shows a breakdown of the premium and excess loss portion for each year of the assessment. PLEASE RETURN THE REMITTANCE COPY WITH YOUR PAYMENT INDICATING THE SELECTED PAYMENT OPTION.

In addition, it is important to note that the assessment amount does not include the \$5.5 million in surplus notes currently in litigation. Once that case is resolved, an additional assessment is possible.

The following payment options are being offered:

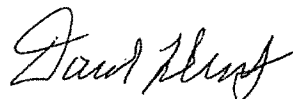
- Pay the full amount of the invoice by August 31, 2014;
- Pay 25 percent of the full amount by August 31, 2014 and the remaining balance in equal payments over 2-6 years. With each yearly payment due on August 31st; or
- Finance your assessment through the Kentucky Interlocal School Transportation Association (KISTA) or other source. If you finance your premium, the full amount is due by September 30, 2014.

If you have questions, please contact Joseph N. Pope, or David Hurt, the Deputy Rehabilitators, at 502-499-6290 x114 or x106. Also email JoeP@KSBIT-WC.com or DavidH@KSBIT-WC.com.

Sincerely,



Joseph N. Pope, Jr. CPA, CFE
Deputy Rehabilitator



David Hurt, CPA, CFE
Deputy Rehabilitator

KSBIT-Workers Compensation Fund**Assessment Invoice****REMITTANCE COPY**

Mbr 1181
SOUTHGATE IND. BOARD OF EDUCATION
James R. Palm
Wm. Blatt and Evergreen
Southgate, KY 41071

Please make checks payable to:

**KSBIT-Workers Compensation Fund
10400 Linn Station Rd, Suite 211
Louisville, KY 40223-3839**

Year	Premium Assessment per Summary	Loss Assessment per Summary	Total Assessment (Prem + Loss)	Kentucky Special Fund (KYSFA)	Total Amount Due (Asmt + KYSFA)
1990	71	-	71	12	83
1991	117	-	117	20	136
1992	331	-	331	39	370
1993	403	-	403	47	450
1994	61	-	61	7	68
1995	-	-	-	-	-
1996	128	-	128	12	140
1997	215	-	215	19	235
1998	485	-	485	44	529
1999	360	-	360	32	392
2000	234	-	234	21	255
2001	337	-	337	30	368
2003	440	-	440	51	491
2004	12	-	12	1	14
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
Total	3,194	-	3,194	335	
Total Amount Due					\$ 3,530

PAYMENT OPTIONS:☐**\$ 3,530****Full Payment Enclosed**☐**\$ 3,530****Plan to Participate in Bond Issue (Full Payment due September 30, 2014)**☐**\$ 882****25% Payment Enclosed
and****\$ 2,647****Remaining Balance to be paid in Equal Payments over 2-6yrs beginning
August 31, 2015 (choose one)**☐**2 years**☐**3 years**☐**4 years**☐**5 years**☐**6 years**

KSBIT-Workers Compensation Fund**Assessment Invoice****MEMBERS COPY**

SOUTHGATE IND. BOARD OF EDUCATION

Mbr #1181

James R. Palm

Wm. Blatt and Evergreen

Southgate, KY 41071

Year	Premium Assessment per Summary	Loss Assessment per Summary	Total Assessment (Prem + Loss)	Total SFA Tax	Total Amount Due (Asmt + SFA)
1990	71	-	71	12	83
1991	117	-	117	20	136
1992	331	-	331	39	370
1993	403	-	403	47	450
1994	61	-	61	7	68
1995	-	-	-	-	-
1996	128	-	128	12	140
1997	215	-	215	19	235
1998	485	-	485	44	529
1999	360	-	360	32	392
2000	234	-	234	21	255
2001	337	-	337	30	368
2003	440	-	440	51	491
2004	12	-	12	1	14
2005	-	-	-	-	-
2006	-	-	-	-	-
2007	-	-	-	-	-
2008	-	-	-	-	-
2009	-	-	-	-	-
2010	-	-	-	-	-
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
Total	3,194	-	3,194	335	
Total Amount Due					\$ 3,530
% of Total Assessment to Members Earned Premium					12.1%

Please make checks payable to:**KSBIT-Workers Compensation Fund****10400 Linn Station Rd, Suite 211****Louisville, KY 40223-3839**

KSBIT-Workers Compensation Fund Assessment Summary

SOUTHGATE IND. BOARD OF EDUCATION

James R. Palm

Wm. Blatt and Evergreen

Southgate, KY 41071

Mbr #1181

Premium Assessment					
Year	60% Total Assessment All Members (A)	Total Earned Premium All Members (B)	Member Earned Premium (C)	Premium Factor (C/B=PFx)	Premium Assessment Amount (A x PFX)
1990	272,588	5,332,952	1,383	0.000259	71
1991	450,995	6,686,366	1,731	0.000259	117
1992	1,307,330	7,766,663	1,967	0.000253	331
1993	1,486,656	8,558,452	2,320	0.000271	403
1994	257,786	10,978,410	2,588	0.000236	61
1995	-	12,585,647	2,460	0.000195	-
1996	731,827	10,986,135	1,928	0.000175	128
1997	1,260,127	7,299,359	1,248	0.000171	215
1998	1,472,660	4,182,203	1,377	0.000329	485
1999	1,039,809	3,565,464	1,233	0.000346	360
2000	507,706	3,036,844	1,398	0.000460	234
2001	765,788	4,979,127	2,193	0.000440	337
2003	1,569,452	9,987,964	2,803	0.000281	440
2004	30,636	10,759,866	4,327	0.000402	12
2005	-	10,102,443	7,804	0.000772	-
2006	-	10,200,230	7,820	0.000767	-
2007	327,571	8,371,141	-	-	-
2008	494,351	7,588,116	-	-	-
2009	937,552	7,228,044	-	-	-
2010	1,367,620	6,826,506	-	-	-
2011	1,979,570	7,455,403	-	-	-
2012	1,640,911	7,932,610	-	-	-
2013	1,183,731	8,416,215	-	-	-
Total	19,084,666	147,937,840*	26,496*		3,194

Loss Assessment				
40% Total Assessment All Members (D)	Total Excess Loss All Members (E)	Member Excess Loss (F)	Loss Factor (F/E=LFx)	Loss Assessment Due (D x LFx)
181,725	3,503,145	-	-	-
300,664	4,959,591	-	-	-
871,554	3,747,411	-	-	-
991,104	3,698,789	-	-	-
171,858	2,160,393	-	-	-
-	1,749,272	-	-	-
487,885	2,708,089	-	-	-
840,084	2,587,558	-	-	-
981,773	2,715,753	-	-	-
693,206	2,847,734	-	-	-
338,470	1,469,021	-	-	-
510,526	1,382,326	-	-	-
1,046,301	4,236,657	-	-	-
20,424	1,235,280	-	-	-
-	718,446	-	-	-
-	743,819	-	-	-
218,380	1,184,598	-	-	-
329,568	984,977	-	-	-
625,034	1,309,429	-	-	-
911,746	1,152,809	-	-	-
1,319,714	1,966,128	-	-	-
1,093,940	1,658,020	-	-	-
789,154	2,110,690	-	-	-
12,723,110	47,618,400*	- *	-	-

*Total for assessed years only.

Estimates for Illustration Only**Southgate Ind. School District**KSBIT Rehabilitator Installment Option with No Interest

	<u>Workers Compensation</u>	<u>Property & Liability Fund</u>	<u>Installment Total</u>
8/31/2014	\$883	\$0	\$883
8/31/2015	\$441	\$0	\$441
8/31/2016	\$441	\$0	\$441
8/31/2017	\$441		\$441
8/31/2018	\$441		\$441
8/31/2019	\$441		\$441
8/31/2020	\$441		\$441
TOTAL	\$3,530	\$0	\$3,530

Sample KISTA 10 year Option Payments

	<u>Workers Compensation</u>	<u>Property & Liability Fund</u>	<u>Installment Total</u>	<u>Projected KISTA Payments</u>	<u>Total Payments with Financing</u>
9/1/2014	\$0	\$0	\$0	\$0	\$0
9/1/2015	\$0	\$0	\$0	\$436	\$436
9/1/2016	\$0	\$0	\$0	\$436	\$436
9/1/2017	\$0	\$0	\$0	\$436	\$436
9/1/2018	\$0	\$0	\$0	\$436	\$436
9/1/2019	\$0	\$0	\$0	\$436	\$436
9/1/2020	\$0	\$0	\$0	\$436	\$436
9/1/2021	\$0	\$0	\$0	\$436	\$436
9/1/2022	\$0	\$0	\$0	\$436	\$436
9/1/2023	\$0	\$0	\$0	\$436	\$436
9/1/2024	\$0	\$0	\$0	\$436	\$436
TOTAL					\$4,360

Sample KISTA 15 year Option Payments

	<u>Workers Compensation</u>	<u>Property & Liability Fund</u>	<u>Installment Total</u>	<u>Projected KISTA Payments</u>	<u>Total Payments with Financing</u>
9/1/2014	\$0	\$0	\$0	\$0	\$0
9/1/2015	\$0	\$0	\$0	\$343	\$343
9/1/2016	\$0	\$0	\$0	\$343	\$343
9/1/2017	\$0	\$0	\$0	\$343	\$343
9/1/2018	\$0	\$0	\$0	\$343	\$343
9/1/2019	\$0	\$0	\$0	\$343	\$343
9/1/2020	\$0	\$0	\$0	\$343	\$343
9/1/2021	\$0	\$0	\$0	\$343	\$343
9/1/2022	\$0	\$0	\$0	\$343	\$343
9/1/2023	\$0	\$0	\$0	\$343	\$343
9/1/2024	\$0	\$0	\$0	\$343	\$343
9/1/2025	\$0	\$0	\$0	\$343	\$343
9/1/2026	\$0	\$0	\$0	\$343	\$343
9/1/2027	\$0	\$0	\$0	\$343	\$343
9/1/2028	\$0	\$0	\$0	\$343	\$343
9/1/2029	\$0	\$0	\$0	\$343	\$343
TOTAL					\$5,143

Estimates Only - Final Numbers Determined on Day of Bond Sale