

**KENTUCKY INFRASTRUCTURE AUTHORITY  
Minutes of the Full Board**

**Meeting Date/Location:** February 5, 2015 – 1:00 p.m.  
Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340, Frankfort

**Members present:**

Mr. Tony Wilder, Commissioner, Department for Local Government  
Mr. Sam Ruth, Finance and Administration Cabinet  
(proxy for Secretary Lori H. Flanery, FAC)  
Ms. Lona Brewer, Energy and Environment Cabinet  
(permanent proxy for Secretary Leonard K. Peters, EEC)  
Mr. Robert Aldridge, Economic Development Cabinet  
(proxy for Secretary Larry Hayes (EDC)  
Mr. Jeff Derouen, Executive Director, Public Service Commission  
Mr. C. Ronald Lovan, representing the American Water Works Association  
Mr. Damon Talley, representing the Kentucky Rural Water Association  
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities  
Ms. Linda C. Bridwell, representing for-profit private water companies

**Members absent:**

Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association  
of Counties  
Mr. Marty T. Ivy, representing the Kentucky Municipal Utilities Association

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Mr. Paul Amburgey, E. L. Robinson Engineering  
Mr. Carl Stanley, City of Catlettsburg  
Ms. Holly Nicholas, Kentucky Engineering Group  
Mr. Wayne Macy, City of Hardinsburg  
Mr. Michael Jacobs, GRW Engineers  
Mr. Keith Riddle, City of Burkesville  
Mr. Ed Pretto, Burkesville City Water Department  
Mr. David Wakefield, City of Hardinsburg  
Ms. Amy Kramer, Northern Kentucky Water District  
Mr. John Dix, Warren County Water District  
Mr. Bryan Kirby, CEDA, Inc.  
Mr. Ashley Willoughby, Lincoln Trail Area Development District  
Mr. William Ash, City of West Point  
Mr. Phillips H. Meador, Kenvirons, Inc.  
Ms. Annette Dupont-Ewing, Kentucky Municipal Utilities Association

Ms. Ruth Webb, First Kentucky Securities  
Ms. Donna McNeil, Kentucky Rural Water Association  
Mr. John Brady, Office of Financial Management

## **PROCEEDINGS**

Chair Tony Wilder called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Mr. Wilder asked board members and guests to introduce themselves. He confirmed that a quorum was present and that the press had been notified regarding the meeting.

### **I. BUSINESS (Board Action Required)**

#### **A. 1. APPROVAL OF MINUTES**

**For: KIA Regular Board Meeting of December 4, 2014**

*Mr. Sam Ruth moved to approve the minutes of the December 4, 2014, regular board meeting. Ms. Lona Brewer seconded, and the motion carried unanimously.*

#### **B. NEW PROJECTS/ACTION ITEMS**

##### **1. APPROVAL OF THE 2015 WATER MANAGEMENT PLAN**

Mr. Adam Scott presented the 2015 Water Management Plan Executive Summary to the board. He reviewed the summary and explained the contents and the intent of the plan. The plan is all derived from information entered into the Water Resource Information System (WRIS) by the Area Development Districts (ADDs) around Kentucky. This plan is intended to address asset management through the WRIS for all systems throughout the Commonwealth. Mr. Scott, Bryan Bunch, and Rusty Anderson were commended for developing a functional system and working to assure that those inputting the information are trained in how to properly use the system.

*Mr. David Cartmell moved to approve the 2015 Water Management Plan Executive Summary. Ms. Linda Bridwell seconded, and the motion carried unanimously.*

##### **2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-033) IN THE AMOUNT OF \$1,279,500 TO THE CITY OF HARDINSBURG, BRECKINRIDGE COUNTY, KENTUCKY**

Chair Tony Wilder acknowledged the upcoming retirement of Mr. Shafiq Amawi, DOW, and expressed the appreciation of the board for his years of public service. Mr. Amawi and Ms. Jami Johnson, KIA, presented the project to the Board. The City of Hardinsburg requested a \$1,279,500 Fund “A” loan for the Hardinsburg Wastewater Treatment Plant Phosphorus removal and Effluent Monitoring Project. The project will upgrade the wastewater treatment plant (WWTP) facilities to treat and remove phosphorus. A flow monitoring station to track effluent flow in order to comply with the new Kentucky Pollution Discharge Elimination System permitting requirements will also be constructed. Mr. Damon Talley asked if phosphorus treatment projects are likely to become more frequent and was told that it being pushed by U.S. EPA. When asked if the community is ready for the required rate increase, Mayor Wayne Macy indicated that the matter has been publicly discussed, and the rate increase is on the agenda for an upcoming City Council meeting.

***Mr. Damon Talley moved to approve the Fund A loan A15-033 in the amount of \$1,279,500 to the City of Hardinsburg with the standard conditions and one special condition that the sewer rate ordinance will be amended no later than July 1, 2015, to increase revenues by \$100,000. At least fifty percent of the increase must be effective by July 1, 2016, with the remainder being effective by July 1, 2017. Ms. Linda Bridwell seconded, and the motion was unanimously approved.***

**3. AN ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-063) IN THE AMOUNT OF \$250,000 TO THE CITY OF WEST POINT, HARDIN COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Jami Johnson, KIA, presented the project to the Board. The City of West Point requested a \$250,000 Fund A loan for the West Point Sewer Rehabilitation Phase III Project. This project will repair failing sanitary sewer lines, manholes, and drainage areas to reduce and prevent infiltration and inflow into the sewer treatment system. The scope of work will reduce inflow and infiltration (I&I) to improve the City’s wastewater treatment plant (WWTP) ability to treat true wastewater discharges and improve its cost of operation. Since it will be replacing an existing component, it will have minimum impact on surrounding land uses and help improve local environmental conditions by reducing chances for overflows and illicit discharges and reduce groundwater penetration into the sewer collection system. The project will prepare the City for replacement of the WWTP or conveyance of wastewater to another treatment facility within the next five to ten years. Both alternatives are currently under evaluation. Mr. Damon Talley asked about the readiness of citizens for the rate increases and for potential bigger projects. He was told the city is trying to both address pressing issues and consider long term needs. The community knows about the upcoming rate increases and is aware of potential upcoming needs.

***Ms. Linda Bridwell moved to approve the Fund A Loan A15-063 in the amount of \$250,000 to the City of West Point with the standard conditions***

***and the special condition that the sewer rate ordinance will be amended no later than July 1, 2015 to increase revenues by \$67,000. At least one third of the increase must be effective by July 1, 2015, one third must be effective by July 1, 2016 and one third must be effective by July 1, 2017. Mr. Ron Lovan seconded, and the motion was unanimously approved.***

4. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B15-003) OF \$1,500,000 TO THE NORTHERN KENTUCKY WATER DISTRICT, KENTON COUNTY, KENTUCKY**

Mr. Ron Lovan recused himself and left the room prior to discussion of this project. Ms. Jami Johnson, KIA, presented the project to the Board. The Northern Kentucky Water District requested a \$1,500,000 Infrastructure Revolving loan for the Latonia Lakes Water Main Replacement Project. The project will replace approximately 14,000 linear feet of small diameter cast iron water mains with larger PVC lines. This will increase hydraulic capacity, reduce water loss from breaks and flushing of the existing unlined pipes, and reduce the number of complaints from discolored water. The project timeline is being accelerated from the District's original replacement plans to accommodate the Kenton County Fiscal Court's anticipated \$2.3 million road maintenance plan for the area. Coordination of water main replacements with the roadway improvements should result in a significant restoration cost savings to the District.

The Northern Kentucky Water District conducted an income survey of the 102 active households in the project area, with the results qualifying the project for a .75 percent interest rate. Due to the fact that the District maintains an Improvement, Repair and Replacement account, a reserve will not be required. Mr. Damon Talley inquired if an income survey such as the one conducted by Northern Kentucky Water District can be done by any borrower. Ms. Johnson and Mr. John Covington responded that it has been done in the past and is permitted by Kentucky Administrative Regulation. Ms. Amy Kramer thanked the staff for their guidance through the process and thanked the board for their approval of the loan.

***Mr. Sam Ruth moved to approve the Fund B loan B15-003 in the amount of \$1,500,000 to the Northern Kentucky District with the standard conditions. Mr. David Cartmell seconded, and the motion was approved with Mr. Jeff Derouen abstaining.***

5. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B15-004) OF \$270,000 TO THE CITY OF CATLETTSBURG, BOYD COUNTY, KENTUCKY**

Ms. Brandi Armstrong, KIA, presented the project to the Board. The City of Catlettsburg requested a Fund "B" loan in the amount of \$270,000 for the US-23 to I-64 Sewer Extension Project. The project will install 2,750 linear feet of four

and eight inch force main sewer lines and one pump station. The sewer lines will provide service to a new construction site. The site will contain a 36,000 square foot building that will house 160 full time employees with plans of additional jobs in the coming years.

***Mr. Jeff Derouen moved to approve the Fund B loan B15-004 in the amount of \$270,000 to the City of Catlettsburg with the standard conditions and two special conditions. The first condition is that The City of Catlettsburg shall increase sewer rates sufficient to generate an additional \$22,500 in cash flow effective no later than April 1, 2015. The second special condition is that The City of Catlettsburg shall increase sewer rates sufficient to generate an additional \$26,000 in cash flow effective no later than January 1, 2016. Both increases must be passed prior to the issuance of an Assistance Agreement. Mr. Damon Talley seconded, and the motion received all “aye” votes.***

6. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A GOVERNMENTAL AGENCIES PROGRAM FUND C LOAN (C15-003) IN THE AMOUNT OF \$1,090,050 TO THE WARREN COUNTY WATER DISTRICT, WARREN COUNTY, KENTUCKY**

Ms. Brandi Armstrong presented the project to the Board. The Warren County Water District requested a Fund “C” loan in the amount of \$1,090,050 for the Alvaton Area Sewer Extension project. The project will construct 13,900 linear feet of eight inch force main, 8,000 linear feet of twelve inch gravity and sewer and 4,000 linear feet of eight inch gravity sewer, as well as one lift station. The lines will provide sanitary sewer service to an elementary school and previously unserved areas. The County has in their zoning ordinance a requirement of service for new development if sewer is available within 2,000 feet of existing service. In response to his question, Mr. Damon Talley was told that the mandatory sewer ordinance was put in place in the late 1990s by the Warren County/Bowling Green Planning Commission

***Mr. Damon Talley moved to approve the Infrastructure Revolving Fund C loan C15-003 in the amount of \$1,090,050 to the Warren County Water District with the standard conditions. Ms. Linda Bridwell seconded, and the motion was approved with Mr. Jeff Derouen abstaining.***

Chair Tony Wilder left the meeting and relinquished the chair to Vice Chair Damon Talley.

7. **A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER EVOLVING FUND LOAN (F15-017) IN THE AMOUNT OF \$811,600 TO THE CITY OF BURKESVILLE, CUMBERLAND COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Brandi Armstrong, KIA, presented the project to the Board. The City of Burkesville requested a Fund “F” loan in the amount of \$811,600 for the Kentucky State Road 61 Water Distribution Extension project.

The project will install 9,600 linear feet of six inch water main lines along KY 61, and 2,000 linear feet of two to six inch water line loops. A new master meter will be placed at the end of the main along KY 61 with the intent to provide an additional water source to the Cumberland County Water District.

Mr. Jeff Derouen inquired if there is already an agreement in place with Cumberland County Water District. He was told that the City of Burkesville currently sells them water, and this project will provide an additional connection point for them.

***Ms. Linda Bridwell moved to approve the Fund F Loan F15-017 in the amount of \$811,600 to the City of Burkesville with the standard conditions. Ms. Lona Brewer seconded, and the motion was unanimously approved.***

**8. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES**

This is a routine resolution allowing KIA to reimburse expenses that are paid out of the Authority's funds with bond proceeds. The projects listed below are covered under this resolution:

<b>APPLICANT</b>	<b>FUND</b>	<b>AMOUNT</b>
City of Hardinsburg	A15-033	\$ 1,279,500
City of West Point	A15-063	\$ 250,000
Northern Kentucky Water District	B15-003	\$ 1,500,000
City of Catlettsburg	B15-004	\$ 270,000
Warren County Water District	C15-003	\$1,090,050
City of Burkesville	F15-017	\$ 811,600

***Ms. Linda Bridwell moved to approve the resolution. Mr. Sam Ruth seconded, and the motion carried unanimously.***

**II. DISCUSSION OF BOND ISSUE TO FUND PROJECTS AND REFINANCE EXISTING DEBT AND RESOLUTION AUTHORIZING ISSUANCE OF KENTUCKY INFRASTRUCTURE AUTHORITY DEBT**

Mr. John Covington discussed the preliminary resolutions to issue bonds to refinance existing debt and also provide additional funds for projects. He explained the potential to save by refinancing at this time, in some cases up to eight percent and aggregate around five percent. The Authority is considering the possibility of a bond issue or looking at ways to generate some additional capital for the Fund C program. The Authority also has authorization to issue leverage bonds. The Office of Financial Management has reviewed the proposal as developed by Morgan Stanley, and bond counsel has developed the resolutions that would allow the agency to proceed with preparation for potential bond issues. Mr. Covington and Kentucky

Infrastructure Authority staff recommended that the preliminary resolutions be approved in order to move forward with further investigation into the possibility of issuing bonds. The Executive Committee will make the final decision. Mr. Jeff Derouen inquired as to exactly what these preliminary bond resolutions authorize. Mr. Covington explained that it is standard procedure to have the board authorize staff to proceed with looking into the possibilities and developing a final plan for the bonds and amounts to be issued. The Executive Committee has then been the body to approve the final resolutions granting authorization to proceed. Mr. Covington will provide an update for board members at the next board meeting

**A RESOLUTION (THE PRELIMINARY BOND RESOLUTION) OF THE BOARD OF THE KENTUCKY INFRASTRUCTURE AUTHORITY (AUTHORITY) AUTHORIZING THE EXECUTION OF A SERIES TRUST INDENTURE BY AND BETWEEN THE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION, LOUISVILLE KENTUCKY; PROVIDING FOR THE ISSUANCE OF KENTUCKY INFRASTRUCTURE AUTHORITY WASTEWATER REVOLVING FUND PROGRAM REVENUE REFUNDING BONDS, GOVERNMENTAL AGENCIES PROGRAM REVENUE REFUNDING AND IMPROVEMENT BONDS AND DRINKING WATER REVOLVING FUND PROGRAM REVENUE REFUNDING BONDS IN AGGREGATE PRINCIPAL AMOUNTS NOT TO EXCEED \$4,250,000, \$1,750,000 AND \$3,500,000 RESPECTIVELY, UNDER THE TERMS OF GENERAL TRUST INDENTURES AND SERIES TRUST INDENTURES; AUTHORIZING THE EXECUTION AND DELIVERY OF SUPPLEMENTAL FINANCING AGREEMENTS BETWEEN THE AUTHORITY AND THE FINANCE AND ADMINISTRATION CABINET OF THE COMMONWEALTH OF KENTUCKY; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; AUTHORIZING THE SALE OF SAID BONDS; AND REPEALING ALL RESOLUTIONS OR PARTS THEREOF IN CONFLICT WITH THE PROVISIONS HEREOF.**

*Ms. Linda Bridwell moved to approve the preliminary bond resolution for Wastewater Revolving Fund Program Revenue Refunding Bonds, Governmental Agencies Program Revenue Refunding and improvement Bonds, and Drinking Water Revolving Fund Program Revenue Refunding Bonds. Mr. Sam Ruth seconded, and the motion carried unanimously.*

**A RESOLUTION (THE PRELIMINARY BOND RESOLUTION) OF THE BOARD OF THE KENTUCKY INFRASTRUCTURE AUTHORITY (AUTHORITY) AUTHORIZING THE EXECUTION OF A SERIES TRUST INDENTURE BY AND BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION, LOUISVILLE, KENTUCKY; PROVIDING FOR THE ISSUANCE OF KENTUCKY INFRASTRUCTURE AUTHORITY WASTEWATER AND DRINKING WATER REVOLVING FUND PROGRAM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2015A, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$180,750,000 UNDER THE TERMS OF A SERIES TRUST INDENTURE AND THE GENERAL TRUST INDENTURE DATED AS OF MARCH 1, 2010 BETWEEN THE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW TRUST AGREEMENT BETWEEN THE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS; AUTHORIZING THE SALE OF**

**SAID BONDS; AND REPEALING ALL RESOLUTIONS OR PARTS THEREOF IN CONFLICT WITH THE PROVISIONS HEREOF.**

***Ms. Linda Bridwell moved to approve the preliminary bond resolution for Kentucky Infrastructure Authority Wastewater and Drinking Water Revolving Fund Program Revenue Refunding and Improvement Bonds, Series 2015A. Ms. Lona Brewer seconded, and the motion carried unanimously.***

**III. EXECUTIVE DIRECTOR'S REPORT**

Kentucky Infrastructure Authority Executive Director John Covington reviewed HB 276, which amends KRS 224A.111 governing loans made by the Kentucky Infrastructure authority using the federally assisted wastewater fund to provide for a 30 year payback and to commence principal and interest payments on the loan no later than one year after initiation of operations. This revision codifies existing procedures and matches state law with federal law. Board members expressed a willingness to assist if any issues arise with the progress of the legislation.

Mr. Covington reported on the status of Fund A and Fund F funding. He informed the board that all invitations to submit applications for both Clean Water and Drinking Water have been sent out. It appears that the Clean Water funds could have \$30 million left over. The Authority has initiated outreach to identify additional projects. Borrowers who might be interested in SRF funding have been contacted, and polled Area Water Management Councils. There may be some funds left over for Drinking Water projects, but responses have not yet been received to invitations for Drinking Water funding.

**IV. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2**

**V. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Tentatively set for Thursday, March 5, 2015  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Mr. Sam Ruth moved to adjourn. Ms. Lona Brewer seconded and the motion carried unanimously. The February 5, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:



Jeffrey A. Abshire, Secretary  
Kentucky Infrastructure Authority



Date