

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: June 4, 2015 – 1:00 p.m.
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Mr. Damon Talley, representing the Kentucky Rural Water Association
Mr. Paul Gannoe, 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
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities
Mr. Marty T. Ivy, representing the Kentucky Municipal Utilities Association

Members absent:

Mr. Tony Wilder, Commissioner, Department for Local Government
Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association
of Counties
Mr. C. Ronald Lovan, representing the American Water Works Association

Guests:

Mr. Jory Becker, Division of Water
Mr. Walt Beasley, Ohio County Water
Mr. Brad Alley, Green River Area Development District
Mr. Sandy Broughman, U.S. 60 Water District
Mr. Neal Hall, CTI Engineers
Mr. Joe Pavoni, GRW
Mr. Ron Gilkerson, GRW
Mr. Todd Solomon, GRW
Mr. Ronald D, McLean County Regional Water Commission
Mr. Joe Howell, McLean County Regional Water Commission
Mr. Bob Pickerill, Bell Engineering
Ms. Denise Pitts, Office of Financial Management
Mr. Josh Nacey, Legislative Research Commission
Mr. Joe Schepers, Regional Water Resource Agency, Daviess County
Mr. David Hawes, Regional Water Resource Agency, Daviess County
Mr. Sean O'Bryan, Regional Water Resource Agency, Daviess County
Mr. John Brady, Office of Financial Management
Ms. Donna McNeil, Kentucky Rural Water Association
Mr. Jack Rose, City of Murray
Mr. Kelly Thurman, McLean County

PROCEEDINGS

Chair Tony Wilder was unable to attend the meeting. In his absence Vice Chair, Damon Talley, called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Vice Chair Talley confirmed that a quorum was present and that the press had been notified regarding the meeting. Mr. Talley asked board members and guests to introduce themselves.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of May 7, 2015

Ms. Linda Bridwell moved to approve the minutes of the May 7, 2015, regular board meeting. Ms. Lona Brewer seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A12-12) INCREASING THE AMOUNT TO \$61,515,000 TO THE CITY OF MURRAY, CALLOWAY COUNTY, KENTUCKY

Mr. Jory Becker, DOW and Mr. Jeff Abshire, KIA discussed the City of Murray's request for an increase of \$15,515,000 to a loan that was previously approved for \$46,000,000 on March 1, 2012. The increase is due to: 1) the original estimate assumed a shorter construction cycle that was not achievable, resulting in engineering cost increases during the construction period, 2) upgrading the piping network at the plant was considerably more complex and costly than originally estimated, 3) construction inflation since the original cost estimates were approved which was at the low point of the last economic downturn, and 4) necessary scope changes that were identified during the design process.

The original project description is: This project involves the upgrade and increase the capacity of the Bee Creek Wastewater Treatment Plant and collection system. The upgrade will increase the capacity of the plant from 5.25 million gallons per day (MGD) to 8.75 MGD. The proposed improvements will resolve KPDES permit violations, Whole Effluent Toxicity (WET) test failures, and existing sanitary sewer overflows while providing capacity to treat current and projected flows.

Ms. Linda Bridwell inquired how far this got the organization on the terms of their agreed order. Mr. Jeff Abshire stated this includes everything in the order.

Ms. Linda Bridwell moved to approve Fund A, (A12-12) in the amount of \$61,515,000 to the City of Murray with the standard conditions. Mr. Marty Ivy seconded, and the motion was unanimously approved.

Vice Chair Talley advised that the board would consider in sequence three projects to the Regional Water Resource Agency (RWRA), listed in the agenda as Action Item 2, Fund A Loan A15-002, Action Item 3, Fund A Loan A-15-027, and Action Item 4, Fund A Loan A-15-099.

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 (A15-002) IN THE AMOUNT OF \$7,282,500 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Mr. Jeff Abshire, KIA, presented the Fund A loan, (A15-002) project to the Board. The Regional Water Resource Agency (RWRA) requested a Fund “A” loan in the amount of \$7,282,500 for the Southwest Master Pump Station and Airport Bittel Road project. Phase 1 of the project will construct a pump station and force main to redistribute flows that have been diverted from the Combined Sewer System to the East Plant. The redirection will move flows to the Max Rhoads Wastewater Plant and will reduce the need for expansion at the East plant as well as aid in future separation projects in line with the systems combined sewer overflow program. Phase 2 of this project will provide sewer service to unsewered homes within the Airport and Bittel Road area.

3. **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 (A15-027) IN THE AMOUNT OF \$1,425,000 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Mr. Jeff Abshire, KIA, presented the Fund A loan, (A15-027) project to the Board. The Regional Water Resource Agency (RWRA) requested a Fund “A” loan in the amount of \$1,425,000 for the Hayden Road and Pleasant Valley Road Subdivision project. The project will install 21,020 linear feet of 8 inch PVC sewer lines to unsewered homes in the Hayden Road and Pleasant Valley road subdivision. The project will eliminate 200 failing septic systems.

Mr. David Hawes addressed the group to mention that some 10” pipe will be used instead of all 8” as stated in the summary.

4. **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 (A15-099) IN THE AMOUNT OF \$3,296,951 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY**

Mr. Jory Decker, DOW, and Ms. Jeff Abshire KIA, presented the Fund A loan, (A15-099) project to the Board. The Regional Water Resource Agency (RWRA) requested a Fund “A” loan in the amount of \$3,296,951 for the Treatment Plant Ultraviolet (UV) Disinfection and Electrical Remediation project. The project will install an UV disinfection system at both Max Rhodes and David Hawes wastewater treatment plants

as well as an electrical remediation component at the Hawes plant. The project will replace the current chlorination/de-chlorination systems in place. The Hawes plant will undergo critical electrical infrastructure remediation to support the new UV system. The new process will eliminate the need to store hazardous chemicals at the treatment facility and would further mitigate any risk of contamination with the environment. RWRA was created by the enactment of identical ordinances by the City of Owensboro and Daviess County Fiscal Court in October of 1994 for the purpose of managing, controlling, and operating regional wastewater treatment facilities.

Mr. John Covington noted that with this Board book, staff did an Executive Summary with a cumulative snapshot of the three RWRA loans reviewed.

Ms. Linda Bridwell moved to approve Fund A loan (A 15-002) in the amount of \$7,282,500, Fund A loan (A 15-027) in the amount of \$1,425,000, and Fund A loan (A 15-099) in the amount of \$3,296,951 to the Regional Water Resource Agency, all with the standard conditions. Mr. Paul Gannoe seconded, and the motion was unanimously approved.

5. 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 (A15-097) IN THE AMOUNT OF \$1,139,000 TO THE CITY OF FULTON, FULTON COUNTY, KENTUCKY

Mr. Jory Decker, DOW, and Ms. Jeff Abshire, KIA, presented the Fund A loan, (A15-97) project to the Board. The City of Fulton requested a Fund “A” loan in the amount of \$1,139,000 for the Sewer Wetlands Addition to Lagoon project. The project will improve effluent quality by removing waste from the systems lagoon. The project will install two Parkson Dynasand filters to the existing lagoon in effort to remove the total suspended solids (TSS) contained within the wastewater treatment plant. The project will also include repairs to the levee and various improvements including structural cells within the plant, service road and building improvements and aerator replacement. The City is under an Agreed Order with the Kentucky Division of Enforcement and the filters will allow compliance with the order.

Mr. Marty Ivy moved to approve, Fund A loan (A15-097) in the amount of \$1,139,000, with the standard and the following special conditions: 1.) The City of Fulton shall increase sewer rates sufficient to generate an additional \$70,000 in cash flow effective no later than January 1, 2016. 2.) The City of Fulton shall increase water rates sufficient to generate an additional \$95,000 in cash flow effective no later than January 1, 2016. 3.) The City of Fulton shall increase water rates sufficient to generate an additional \$40,000 in cash flow effective no later than July 1, 2017. Ms. Linda Bridwell seconded, and the motion was unanimously approved.

6. 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 (A15-100) IN THE AMOUNT OF \$2,700,000 TO THE CITY OF OWINGSVILLE, BATH COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, presented the Fund A, (A15-100) project to the Board. The City of Owingsville requested a Fund “A” loan in the amount of \$2,700,000 for the Bath County Industrial Park Wastewater Treatment Plant Expansion project. The project will upgrade an existing Sequencing Bath Reactor (SBR) plant to allow for an increased need for capacity and production of waste in the industrial park. The project will construct an additional SBR basin which would increase the treatment capacity of the plant by 60%. The plant is currently at solids handling capacity treating the level of waste the industrial park is producing and can no longer continue to operate at the increased level. The industrial park has four customers, with one customer contributing over 90% of the waste flow and more than 39% of total revenue.

Ms. Linda Bridwell moved to approve the Fund A loan (A15-100) in the amount of \$2,700,000 to the City of Owingsville with the standard and the following special conditions. 1) The City of Owingsville shall increase utility rates sufficient to generate an additional: a) \$50,000 in cash flow effective no later than January 1, 2016. b) \$33,000 in cash flow effective no later than January 1, 2018. 2) The City of Owingsville shall implement a utility surcharge sufficient to generate an additional \$160,000 in cash flow effective no later than January 1, 2016. All increases must be passed prior to the issuance of an Assistance Agreement. Mr. David Cartmell seconded, and the motion was unanimously approved.

7. 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 (B15-007) OF \$2,300,000 TO THE U.S. 60 WATER DISTRICT, SHELBY COUNTY, KENTUCKY

Ms. Jami Johnson presented the project to the board. The U.S. 60 Water District requested a Fund “B” loan, (B15-007) in the amount of \$2,300,000 for the Transmission Main Project. The project includes construction of approximately 31,000 linear feet (LF) of 12 inch waterline along US 60 from Shelbyville to the new water tank at Peytona as well as a new booster pump station.

The District serves 2,395 customers in Anderson, Franklin, Shelby and Spencer Counties and is regulated by the Public Service Commission. They purchase approximately 180 million gallons of water annually from the Frankfort Plant Board.

Mr. Jeff Derouen indicated that he would be abstaining from a vote on this motion. Ms. Linda Bridwell moved to approve Fund B Loan, (B15-007) in the amount of \$2,300,000 to the U.S. 60 Water District with the standard conditions. Ms. Lona Brewer seconded, and the motion was approved.

Mr. Sandy Broughman addressed the group to discuss his concerns regarding the out-of-date software used for e-Clearinghouse.

Mr. John Covington explained that eClearinghouse is actually operated and maintained by the Department for Local Government, not KIA. He stated that KIA is well aware of the problem, but to date has placed more importance on updating the Project Profile and the WRIS.

8. 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 (B15-008) OF \$2,500,936 TO THE MCLEAN COUNTY REGIONAL WATER COMMISSION, MCLEAN COUNTY, KENTUCKY

Ms. Jami Johnson, KIA, presented the project to the Board. The McLean County Regional Water Commission requested a Fund “B” loan, (B15-008) in the amount of \$2,500,936 for the County Regional Water Commission Water Treatment Plant project. The project will construct a new 2 million gallon per day (MGD) water treatment plant. This plant will be located adjacent to the existing water treatment plant in Calhoun, and is intended to serve the county-wide demands of McLean County. The project will include the purchase of the existing water plant in Calhoun. The McLean County Regional Water Commission will begin operating the plant after the purchase, as well as the new plant after its completion. The purchase of the Calhoun water treatment plant will allow for the reuse of equipment and structures such as the raw water intake and clear well which may be incorporated into the new plant.

Interconnects are proposed to supply Livermore, Sacramento and Island, and will be built using 8 and 10 inch lines. The interconnect line between the cities of Livermore and Island will include a river crossing across the Green River. The interconnect will be a 10 inch line that measures approximately 4,000 linear feet. A pump station will be built at the plant site with a 650 gallons per minute (GPM) pump that will supply Island, Sacramento and Livermore. Five new master meters are included in the project so the entities may be billed as wholesale customers.

Kelly Thurman, McLean County Judge Executive, addressed the group. He stated this was a regional project for the entire county. At this point in time, there is one water district that will not be participating due to contractual obligations elsewhere. The project began seven years ago and has had some unexpected cost overruns. John Covington mentioned that KIA initially provided funding for this project.

Ms. Linda Bridwell moved to approve the Fund B Loan, (B15-008) in the amount of \$2,500,936 to the McLean County Regional Water Commission with the standard conditions. Mr. Marty Ivy seconded, and the motion was unanimously approved

9. 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 REVOLVING FUND LOAN (F15-066) IN THE AMOUNT OF \$3,450,000 TO THE CITY OF NICHOLASVILLE, JESSAMINE COUNTY, KENTUCKY

At present time, this project has been withdrawn from consideration. Additional work is required by the City of Nicholasville, including obtaining multiple easements. The City will be presenting a planning and design loan at next month’s meeting for approval by the KIA board.

10. 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 REVOLVING FUND LOAN (F15-069) IN THE AMOUNT OF \$1,630,000 TO OHIO COUNTY WATER DISTRICT, OHIO COUNTY, KENTUCKY

Mr. Jory Becker, DOW and Ms. Jami Johnson presented this project to the Board for consideration. The Ohio County Water District requested a \$1,630,000 Fund “F” loan, (F15-069) for the Water Main Upgrade project. The project will replace approximately 17,500 linear feet (LF) of 8 and 10 inch lines with 16 inch lines. This will eliminate a pump station and reduce utilities and maintenance costs by about \$40,000 annually while improving the ability of the system to effectively deliver water to the northern section of Ohio County and the southern section of Daviess County. The lines will be installed beginning at the Bluegrass Crossing Industrial Park water tank and ending at the Industrial Park East Water Tank and will significantly increase service reliability to the two parks in addition to any growth in these areas.

The District is regulated by the Public Service Commission and serves approximately 7,000 direct customers and provides wholesale service to the Cities of Beaver Dam, Centertown and Fordsville.

Vice Chair Damon Talley asked Mr. Walt Beasley to come to the front to answer questions. Ms. Linda Bridwell asked who the County’s supplier was. Mr. Beasley stated they own their own water. They had previously bought from Perdue Farms. When Perdue Farms came to Ohio County, they had an immediate need for water, so they built their own water plant. An agreement was made with Perdue for them to provide water to the County. That contract expired in 2009 and the County built its own plant. The County has been self-sufficient since 2011. The County wholesales water to Beaver Dam, Centertown and Fordsville. Ms. Bridwell asked if there was any concern about maintaining the disinfecting with upsizing the pipe. Mr. Beasley stated that there is not an issue with it being so close to the plant.

Mr. Jeff Derouen indicated that he would be abstaining from a vote on this motion. Mr. Paul Gannoe moved to approve Fund F loan, (F15-069) in the amount of \$1,630,000 to the Ohio County Water District with the standard conditions. Ms. Linda Bridwell seconded, and the motion was approved.

11. A RESOLUTION OF THE KENTUCKY INFRASTRUCTURE AUTHORITY 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:

APPLICANT	FUND	AMOUNT
City of Murray (Increase)	A12-12	\$61,515,000
Regional Water Resource Agency (RWRA)	A15-002	\$ 7,282,500
Regional Water Resource Agency (RWRA)	A15-027	\$ 1,425,000
Regional Water Resource Agency (RWRA)	A15-099	\$ 3,296,951
City of Fulton	A15-097	\$ 1,139,000
City of Owingsville	A15-100	\$ 2,700,000
U.S. 60 Water District	B15-007	\$ 2,300,000
McLean County Regional Water Commission	B15-008	\$ 2,500,936
Ohio County Water District	F15-069	\$ 1,630,000
Green River Valley Water District <10% Increase	B13-006	\$ 1,292,500

Ms. Linda Bridwell moved to approve the resolution. Mr. David Cartmell seconded, and the motion carried unanimously.

II. EXECUTIVE DIRECTOR’S REPORT

Kentucky Infrastructure Authority Executive Director John Covington

Mr. Covington discussed the Intended Use Plan (IUP) Public Meeting that was held on May 27th. There was light attendance. The public comment period ends on June 15, 2015.

Mr. Covington gave an update on the City of Martin situation discussed at the May Board meeting. He and KIA staff met with the City of Martin regarding their loan repayment. A new mayor has taken office and is being proactive in getting the loan up to date.

Mr. Covington discussed the July KIA Board meeting on Thursday, July 2, 2015. He asked if the date would need to be changed to ensure a quorum would be present. Staff will send out an email regarding attendance. An alternate date of Thursday, July 9th has been suggested.

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

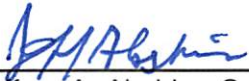
IV. ANNOUNCEMENTS/NOTIFICATIONS

Vice Chair Damon Talley took the floor. This was his last meeting with the group. His term is expiring as of June 30th. He has been on the KIA Board for the past 15 years. He thanked John Covington and the KIA staff for their efforts in making KIA what it is today, a user-friendly organization.


- Next scheduled KIA board meeting:
Tentatively set for Thursday, July 2, 2015
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business Mr. David Cartmell moved to adjourn. Ms. Lona Brewer seconded and the motion carried unanimously. The June 4, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



Jeffrey A. Abshire, Secretary
Kentucky Infrastructure Authority



Date