

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

**Meeting Date/Location: July 2, 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. Scott Aubrey, Finance and Administration Cabinet  
(Proxy for Secretary Lori H. Flanery, FAC)  
Ms. Barbara Pauley, Energy and Environment Cabinet  
(Proxy for Secretary Leonard K. Peters, EEC)  
Mr. John Fischer, 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  
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. Paul Lashbrooke, representing the Kentucky Rural Water Association

**Members absent:**

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

**Guests:**

Mr. Jory Becker, Division of Water  
Ms. Annette DuPont, Ewing KMUA  
Mr. Gene Becker, BRADD  
Mr. Josh Nacey, Legislative Research Commission  
Mr. John Brady, Office of Financial Management  
Ms. Ruth Webb, First Kentucky Securities  
Ms. Donna McNeil, Kentucky Rural Water Association  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Mr. John Steinmetz, Banks Engineering  
Mr. Jerry Kennedy, BCSP  
Mr. Jason Vincent, Pennyryle Area Development District  
Ms. Nancy Slaton, City of Eddyville  
Mr. George Crady, City of Eddyville  
Mr. Damon Talley, Kentucky Rural Water Association  
Ms. Denise Pitts, Office of Financial Management  
Ms. Sandy Williams, Office of Financial Management  
Ms. Tammy McCall, Office of Financial Management

**PROCEEDINGS**

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

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

A. 1. **APPROVAL OF MINUTES**

For: KIA Regular Board Meeting of June 4, 2015

*Ms. Linda Bridwell moved to approve the minutes of the June 4, 2015, regular board meeting. Mr. Ron Lovan seconded, and the motion carried unanimously.*

B. 1. **NEW PROJECTS/ACTION ITEMS**

A. **Introduction of New KIA Employees**

KIA Executive Director John Covington, introduced two new KIA staff members, Ms. Chris Kellogg, Executive Staff Assistant and Ms. Jocelyn Gross, WRIS Resource Analyst

Mr. Jeff Abshire will assume the position recently vacated by Ms. Denise Pitts and Adam Scott has assumed the position Staff Assistant.

B. **Election of Treasurer**

With Ms. Denise Pitt's departure, a new Treasurer needed to be appointed. Mr. Jeff Abshire was recommended.

*Mr. Ron Lovan moved to approve the motion, Mr. David Cartmell seconded and the motion carried unanimously.*

C. **Election of Secretary**

Mr. Adam Scott was recommended to assume the KIA Secretary position.

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

D. **Election of Vice Chair**

Mr. Damon Talley's term has expired with the KIA Board as of June 30, 2015. He held the position of KIA Vice Chair. Ms. Linda Bridwell was recommended to serve as the KIA Vice Chair.

*Mr. Ron Lovan moved to approve the motion, Mayor David Cartmell seconded and the motion carried unanimously.*

E. **Resolution Honoring Mr. Damon Talley**

Mr. Damon Talley was recognized for his years of service to the KIA Board of Directors.

**F. Resolution Honoring Ms. Debby Milton (KIA)**

Ms. Debby Milton was honored for her years of service to KIA.

**G. Resolution Honoring Ms. Jane Gritton (KIA)**

Ms. Jane Gritton was honored for her tenure at KIA.

Chairman Wilder advised the board that staff would present information on interest rates for Fund A, B and F loans, to be considered collectively.

Jami Johnson, KIA discussed the interest rates for the Fund A, B and F loans for the period of July 1, 2015 through June 30, 2016.

**H. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND A INTEREST RATES FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2016**

The interest rate for all Kentucky Infrastructure Authority Fund A loans approved by the Authority during the period July 1, 2015 through June 30, 2016, shall be as follows:

Three rates of interest will be offered for Fund A, one for standard borrowers and two for nonstandard borrowers. The standard rate shall be 2.75% and the nonstandard rates shall be 1.75% and 0.75%, as defined in the 2016 Clean Water State Revolving Fund Intended Use Plan. The Kentucky Infrastructure Authority may on a case by case basis direct staff to establish an interest rate on the Fund A loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority's one or more loans.

**I. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND B INTEREST RATES FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2016**

The interest rate for all Kentucky Infrastructure Authority Fund B loans approved by the Authority during the period July 1, 2015 through June 30, 2016, shall be as follows:

Three rates of interest will be offered for Fund B, one for standard borrowers and two for nonstandard borrowers. The standard rate shall be 2.75% and the nonstandard rates shall be 1.75% and 0.75%.

**J. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND F INTEREST RATES FOR THE PERIOD JULY 1, 2015 THROUGH JUNE 30, 2016**

The interest rate for all Kentucky Infrastructure Authority Fund F loans approved by the Authority during the period July 1, 2015 through June 30, 2016, shall be as follows: Three rates of interest will be offered for Fund F, one for standard borrowers and two for nonstandard borrowers. The standard rate shall be 2.75% and the nonstandard

rates shall be 1.75% and 0.75%, as defined in the 2016 Drinking Water State Revolving Fund Intended Use Plan.

The Kentucky Infrastructure Authority may on a case by case basis direct staff to establish an interest rate on the Fund F loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority's one or more loans.

KIA Executive Director, John Covington noted, these interest rates remain competitive and are at or below market rate.

***Ms. Linda Bridwell moved to approve Fund A, B & F interest rates for July 1, 2015 through June 30, 2016. Mayor David Cartmell seconded, and the motion was unanimously approved.***

**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 (A12-15) INCREASING THE AMOUNT TO \$2,336,875 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY**

Mr. Jory Becker, DOW and Ms. Brandi Norton, KIA discussed The Regional Water Resource Agency's (RWRA) requested a Fund "A" loan increase in the amount of \$750,000 to a previously approved \$1,586,875 loan for the various Slip Lining Improvement and Locust Hills Sewer Expansion project. The agency will perform an emergency repair on the eastern tunnel sewer system located on Hathaway Street. An investigation discovered fine sands were infiltrating the 40 feet deep sewer system which could cause a system collapse. A collapse of a sewer at this depth could produce a large sinkhole, major property damage, interruption of sewer services and upstream flooding.

Ms. Linda Bridwell, asked why an increase was requested. Ms. Brandi Norton explained that there was an emergency repair that had occurred that was not in the original request.

***Mr. Ron Lovan moved to approve Fund A, (A12-15) in the amount of \$2,336,875 to the Regional Water Resource Authority with the standard conditions. Ms. Linda Bridwell seconded, and the motion was unanimously approved.***

**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 (A15-020) IN THE AMOUNT OF \$1,400,000 TO THE CITY OF EDDYVILLE, LYON COUNTY, KENTUCKY**

a Mr. Jory Becker, DOW and Ms. Brandi Norton, KIA, discussed the City of Eddyville requested Fund "A" loan in the amount of \$1,400,000 for the Wastewater System Evaluation and Rehabilitation project. In 2011, the City participated in a Sanitary Sewer Evaluation Study that illustrated system weaknesses. This project will rehabilitate several problem areas including the deteriorated Mulberry lift station, 70 manholes, approximately 25,000 linear feet of four to eight inch collection lines and separate isolated regions where combined sewer networks have

been identified. The project will help reduce backups and overflows while also reducing inflow and infiltration.

***Ms. Linda Bridwell moved to approve Fund A, (A15-020) in the amount of \$1,400,000 to the City of Eddyville with the standard conditions. Ms. Barbara Pauley seconded, and the motion was unanimously approved.***

**3. 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 (B15-006) OF \$87,500 TO THE BULLITT COUNTY SANITATION DISTRICT, BULLITT COUNTY, KENTUCKY**

Ms. Jami Johnson, KIA, discussed the Bullitt County Sanitation District request for a Fund “B” loan in the amount of \$87,500 for the Marvin Avenue Sanitary Sewers project. This project will install 2,500 linear feet (LF) of 8 inch gravity sewer line, 600 LF of force main line and a lift station to correct a failing septic sewer system for the community of Brooks with 32 residential customers.

The Bullitt County Sanitation District serves approximately 3,975 households throughout Bullitt and Jefferson County.

***Mr. Jeff Derouen moved to approve Fund B, (B15-006) in the amount of \$87,500 1 to the Bullitt County Sanitation District with the standard conditions. Ms. Linda Bridwell 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 (B16-001) OF \$250,000 TO THE MUHLENBERG COUNTY WATER DISTRICT #3, MUHLENBERG COUNTY, KENTUCKY**

Ms. Jami Johnson, KIA, discussed the Muhlenberg County Water District #3 request for a \$250,000 Fund B Loan for the new Administrative Building Project. The District plans to build a 2,700 square foot office building which will house the administrative staff and the superintendent. It will also provide a meeting place for the board of directors as well as providing a location for bill payment and customer interaction. The District has undertaken this project because their current building is quickly becoming a hazard to employees and customers.

The District purchases approximately 275 million gallons (MG) of water annually from Central City Municipal Water and Sewer System and provides approximately 66 MG of water to Sacramento Water Works. The District is regulated by the Public Service Commission.

Mr. Jeff Derouen abstained from voting, but asked if building construction was eligible for KIA funding. Mr. John Covington stated that funding was available for buildings under the Fund B loan program.

***Ms. Linda Bridwell moved to approve Fund B, (B16-001) in the amount of \$250,000 to the Muhlenberg County Water District #3 with the standard conditions. Mr. Ron Lovan seconded, and the motion was unanimously approved.***

**5. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT OF THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F15-002) INCREASING THE AMOUNT TO \$12,013,638 TO THE MONROE COUNTY WATER DISTRICT, MONROE COUNTY, KENTUCKY**

Mr. Jory Becker, DOW and Ms. Brandi Norton, KIA discussed the Monroe County Water District (“District”) request for an increase of \$4,013,638 to a previously approved \$8,000,000 Fund “F” loan for the Regional Water Treatment Plant and System Improvements Project. The project presented in December 2014 anticipated a \$4,013,638 bond finance and has since been adjusted to remove the bond funding and replaced with additional KIA funding.

The project will construct a new raw water intake on the Cumberland River, a 600,000 gallon water storage tank, one pump station, transmission lines and a two million gallon per day water treatment plant. Plans and specifications for the water treatment plant are substantially complete and were grant funded as a component of other water system improvements projects. The final plant design will permit a one million gallon per day expansion if demand increases. The District has secured a water withdrawal permit through the Division of Water (DOW) and the Army Corps of Engineers. The project ranked second out of sixty-seven projects by the DOW for the 2015 funding cycle and has consistently ranked high in previous funding cycles.

The District purchases about 275 million gallons of water per year from the City of Tompkinsville (“the “City”) to support 3,400 customers and is subject to Public Service Commission jurisdiction. The City sources water from Mill Creek Lake and has frequently been unable to provide required water demand during peak or drought periods. Additionally, the City has been subject to periodic Notices of Violation (NOV) from the Division of Water. Upgrades to the City’s water treatment plant would not remedy the ongoing supply constraint. The District has made numerous attempts over several years to partner with the City on a regional solution to jointly address these issues but has been unsuccessful.

The District also serves residents of the City of Gamaliel and provides an emergency connection to the Fountain Run Water District #1.

Mr. Jeff Derouen abstained from voting.

***Ms. Linda Bridwell moved to approve Fund F, (F15-002) in the amount of \$12,013,638 to the Monroe County Water District with the standard conditions. Mayor David Cartmell 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 DRINKING WATER REVOLVING FUND LOAN (F115-066) IN THE AMOUNT OF \$416,120 TO THE CITY OF NICHOLASVILLE, JESSAMINE COUNTY, KENTUCKY**

The City of Nicholasville requested a \$416,120 in Drinking Water SRF (Fund F1) funds for a Planning and Design loan for the 24 inch Parallel Transmission Main, Water System Improvements project. This project will develop plans and specifications for the project discussed below. The construction project will receive a priority funding position in the funding cycle that is subsequent to Division of Water approval of the plans.

The proposed project will construct approximately 19,800 linear feet (LF) of ductile iron transmission main from the water treatment plant to the City. The transmission main will allow increased pumping capacity from 7 million gallons per day (MGD) to 15 MGD and will decrease head loss in the transmission system. The project is part of a 1990 master plan of improvements for the distribution system.

The City provides water to approximately 13,500 customers and wastewater services to approximately 11,000 customers. The City annually purchases approximately 35 million gallons (MG) of water from Kentucky American Water Company and sells 191 MG to Jessamine County Water District #1 and 23.25 MG to South Elkhorn Water District in Jessamine County.

Ms. Linda Bridwell abstained from voting.

***Mr. Ron Lovan moved to approve Fund F, (F115-066) in the amount of \$416,120 to the City of Nicholasville with the standard conditions. Mayor David Cartmell seconded, and the motion was unanimously approved.***

**7. 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:

<b>APPLICANT</b>	<b>FUND</b>	<b>AMOUNT</b>
<b>Regional Water Resource Agency</b>	<b>A12-15</b>	<b>\$ 2,336,875</b>
<b>City of Eddyville</b>	<b>A15-020</b>	<b>\$ 1,400,000</b>
<b>Bullitt County Sanitation District</b>	<b>B15-006</b>	<b>\$ 87,500</b>
<b>Muhlenberg County Water District #3</b>	<b>B16-001</b>	<b>\$ 250,000</b>
<b>Monroe County Water District (Adjustment)</b>	<b>F15-002</b>	<b>\$ 12,013,638</b>
<b>City of Nicholasville (Planning &amp; Design)</b>	<b>F115-066</b>	<b>\$ 416,120</b>
<b>City of Owensboro (&lt;10% increase)</b>	<b>A15-036</b>	<b>\$ 4,372,500</b>

***Ms. Linda Bridwell moved to approve the resolution. Mr. Ron Lovan seconded,***

***and the motion carried unanimously.***

## **II. EXECUTIVE DIRECTOR'S REPORT**

Kentucky Infrastructure Authority Executive Director John Covington discussed the annual Capitalization Grants. Both the Clean Water and Drinking Water grants have been submitted to the Environmental Protection Agency (EPA). The Clean Water Cap Grant and State Match application was for \$21,500,000 and the Drinking Water was \$18,000,000. The Intended Use Plan (IUP) will be finalized and submitted the week of July 6<sup>th</sup>.

KIA staff is going through the first round of invitations for the upcoming funding cycle. The second round of invitations will be sent out on July 3<sup>rd</sup>, through an automated processing system. We have 47 projects invited in the first round, with 23 accepted. In the second round, we will invite 19 additional projects; that is the balance of the projects on the priority list. Staff has been in contact with many of the borrowers and we anticipate that there will be funds left in the Clean Water Grant. There is also the possibility of funds being left in Drinking Water as well. The IUP allows us to transfer monies from Clean Water to Drinking Water, if necessary. KIA has never done this before, but it could be, if necessary. For Drinking Water, we have invited 22 projects, with 9 accepted. During the second round of invitations, we anticipate inviting three projects and it is anticipated all three will accept.

In regards to debt collection, KIA has never had significant problems with projects meeting their obligations, but there have been a handful of incidents with some late payments. Jami Johnson has been working diligently with those organizations to get everyone on a payment plan. This is a major accomplishment for KIA to have so many outstanding loans with the dollar volume and everyone being on schedule.

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

## **IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Tentatively set for Thursday, August 6, 2015  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Mr. Ron Lovan moved to adjourn. Mayor David Cartmell seconded and the motion carried unanimously. The July 2, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:



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Adam J. Scott, Secretary  
Kentucky Infrastructure Authority

07/30/2015

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Date