

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: August 6, 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. Sandy Williams, Finance and Administration Cabinet
(Proxy for Secretary Lori H. Flanery, FAC)
Ms. Lona Brewer, Energy and Environment Cabinet
(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
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
Mr. Martin T. Ivy, representing the Kentucky Municipal Utilities Association

Members absent:

Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association
of Counties

Guests:

Mr. Jory Becker, Division of Water
Mr. John Brady, Office of Financial Management
Mr. Bill Bunch, City of Pikeville
Mr. Ronnie Cash, City of Brodhead
Mr. Bob Casher, Bluegrass Area Development District
Ms. Annette DuPont-Ewing, Kentucky Municipal Utilities Association
Mr. Mike Jacobs, GRW Engineering
Rep. Dennis Keene, House District 67
Mr. Brian Kirby, Community and Economic Development Associates
Mr. Bryan Mullins, City of Brodhead
Mr. Kerry Odle, HMB Engineers

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. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of July 2, 2015

Mayor David Cartmell moved to approve the minutes of the July 2, 2015, regular board meeting. Mr. Ron Lovan 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 ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-010) IN THE AMOUNT OF \$1,275,000 TO THE CITY OF BRODHEAD, ROCKCASTLE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. Jeff Abshire, KIA, discussed the City of Brodhead's project. The City of Brodhead requested a Fund "A" loan in the amount of \$1,275,000 for the Sewer Rehabilitation Project. This project will include sanitary sewer evaluation and rehabilitation including investigation field services, manhole and line repair of approximately 10,523 linear feet of 8 inch gravity sewer lines, and facilities planning.

Ms. Linda Bridwell inquired about the current and proposed 6% increases listed in the Project Schedule. Jeff Abshire stated that was an error; there is not a second 6% increase. There is a 1% increase in 2018 and the 6% is split between 2015 and 2016.

Mr. Mike Jacobs, GRW Engineers, addressed the group to mention the initial project description included two projects, one rehabilitation project and an equalization basin. That has been revised and the funds are to be used only for the rehabilitation project.

Ms. Linda Bridwell moved to approve Fund A loan (A15-010) in the amount of \$1,275,000 to the City of Brodhead with the standard conditions. Ms. Lona Brewer seconded and the motion was unanimously approve.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-096) IN THE AMOUNT OF \$1,000,000 TO THE CITY OF HAZARD, PERRY COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. Jeff Abshire, KIA, discussed the City of Hazard's request for a Fund "A" loan in the amount of \$1,000,000 for the Sanitary Trunk Rehabilitation Project. The project consists of four elements: Sewer Trunk Line - Portions of the principal sanitary sewer trunk line that serve the majority of residential, commercial and industrial customers are corroding and have a history of bypasses and overflows during minor rain events. Moderate to heavy rain events lead to disruptive backups into residences and businesses. The City will replace

12,600 linear feet of 30 inch PVC and ductile iron lines in the areas of most concern. Coalfields Industrial Park Force Main – A 12 mile gravity line and force main serves the Industrial park, which has three odor control stations. The major control station is in very poor condition and will be replaced to eliminate foul odors in a major Commercial area of the City. Lift Stations - The project will replace a failing lift station at the Perry County Park and eliminate the station at the CSX rail yard. The Perry County park station will be replaced with an inverted gravity station. Treatment Plant – The 18 year old outdated screening system will be renovated to remain in compliance with Division of Water parameters. The City's wastewater system has about 3,600 customers and also treats wastewater for the Perry County Sanitation District #1, which has 563 customers.

A special condition has been placed on the City of Hazard. The City shall increase utility rates sufficient to generate an additional \$195,000 in cash flow effective no later than January 1, 2016.

Mr. Ron Lovan asked representatives if they have issues with lack of flow. They confirmed the water becomes septic due to topographical issues as well as two of the industries in the Industrial Park have closed.

Mr. Ron Lovan moved to approve Fund A loan (A15-96) in the amount of \$1,000,000 to the City of Hazard with the standard conditions along with one special condition. Mayor David Cartmell seconded and the motion was unanimously approve.

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 B LOAN (B16-002) OF \$309,000 TO THE CITY OF JEFFERSONVILLE, MONTGOMERY COUNTY, KENTUCKY**

Mr. Jeff Abshire, KIA, discussed the City of Jeffersonville's request for a \$309,000 Fund "B" loan for the Radio Read Meter Installation Project. The project will replace 1,727 traditional meters with new brass radio read meters. The new meters are compatible with current system software and will allow increased system accuracy. The project will utilize Utility employees to install the meters over a two month period. The City purchases approximately 93 million gallons (MG) of water annually from Cave Run Water Commission and approximately 8 million gallons (MG) of water from Mount Sterling Water and Sewer System.

Ms. Sandy Williams moved to approve Fund B loan (B16-002) in the amount of \$309,000 to the City of Jeffersonville with the standard conditions. Ms. Linda Bridwell seconded and the motion was unanimously approve.

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 B LOAN (B16-003) OF \$323,313 TO THE CITY OF PINEVILLE FOR THE BENEFIT OF PINEVILLE UTILITY COMMISSION, BELL COUNTY, KENTUCKY**

Mr. Jeff Abshire, KIA, discussed the City of Pineville's for the benefit of the Pineville Utility Commission request for a Fund "B" loan in the amount of \$323,313 for the Wastewater Treatment Plant Lagoon Failure Project. This project will provide emergency replacement of a 36 inch storm drain that collapsed under the Plant's biological lagoon. The repairs will include removal of the existing drain, sludge removal, a new survey and geotechnical analysis and all design and construction work needed to install the new drain.

The utility provides sewer service to the City of Pineville and water service to the City of Pineville, Black Mountain Utility District (Green Hills), Cawood Utility District, and Knox County Utility Commission.

Mr. Ron Lovan asked for further explanation on the situation. Representatives explained that the earth collapsed and tore the lining in several different places, within 15 minutes, 1.2 million gallons (MG) of raw sewage was released into the Cumberland River. An insurance claim was filed and denied. The City has filed an appeal, but it does not look favorable at this point in time.

Mr. Ron Lovan moved to approve Fund B loan (B16-003) in the amount of \$323,313 to the City of Pineville for the Benefit of Pineville Utility Commission with the standard conditions. Ms. Linda Bridwell seconded and the motion was unanimously approve.

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 DRINKING WATER REVOLVING FUND F LOAN (F15-036) IN THE AMOUNT OF \$265,000 TO THE CITY OF CRAB ORCHARD, LINCOLN COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. Jeff Abshire, KIA, discussed the City of Crab Orchard's request for a Fund "F" loan in the amount of \$265,000 for the Radio Read Conversion Project. This project will install 550 new radio read meters with half of the existing meters receiving a new setter and meter box. A vehicle base station and software for the City office will also be installed as well as replacement of an outdated meter and check value at the base of the tank.

The City services both Garrard and Lincoln counties and purchases approximately 32 million gallons (MG) of water annually Lancaster Water Works.

Mr. Marty Ivy moved to approve the Fund F loan (F15-036) in the amount of \$265,000 to the City of Crab Orchard with the standard conditions. Mr. Paul Lashbrooke seconded and the motion was unanimously approve.

6. 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 Brodhead	A15-010	\$1,275,000
City of Hazard	A15-096	\$1,000,000
City of Jeffersonville	B16-002	\$ 309,000
City of Pineville f/b/o Pineville Utility Commissioner	B16-003	\$ 323,313
City of Crab Orchard	F15-036	\$ 265,000

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 Brandi Norton’s absence. Brandi’s little girl, Liberty arrived weighing in at 5 pounds, 9 ounces. Jeff Abshire stepped in to present today’s projects.

Clean water SRF Update - 32 borrowers accepted Intended Use Plan (IUP) invitations; there is a balance of almost \$47 million available. The second round of invitations went out. Everyone on the priority list has been invited.

Drinking water SRF Update - there is not as much money available; there are 15 projects that have been accepted. We have more funds available with loan payments coming in better than expected. KIA staff will monitor the situation closely to see if there are funds for additional projects. Generally, a cushion is available for projects that may come in over budget.

KIA was invited to testify at the July Appropriations and Revenue Committee. Staff did a presentation on KIA funding and projects. It was well received by the group.

Mr. Ron Lovan asked Executive Director Covington if he had any information on the Water Infrastructure Finance Innovation Authority (WIFIA). Mr. Covington stated he doubts funding will be available. He discussed the issue with John Hicks in the State Budget Director’s office, inquiring if funds can be used, if available, without legislative action.

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

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
 Tentatively set for Thursday, September 3, 2015
 1024 Capital Center Drive, Suite 340
 Frankfort, Kentucky

There being no further business Mayor David Cartmell moved to adjourn. Mr. Jeff Derouen seconded and the motion carried unanimously. The August 6, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



Adam J. Scott, Secretary
Kentucky Infrastructure Authority

August 28, 2015

Date