

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

**Meeting Date/Location: October 1, 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
Ms. 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. 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. Martin T. Ivy, representing the Kentucky Municipal Utilities Association

Members absent:

Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities
Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association of Counties
Mr. Paul Lashbrooke, representing the Kentucky Rural Water Association

Guests:

Mr. Jory Becker, Division of Water
Mr. John Brady, Office of Financial Management
Mr. Edward Bryant, Cave Run Water Commission
Mr. Jeff Fultz, Cave Run Water Commission
Mr. Joseph Kaiser, Crittenden-Livingston Water District
Mr. Jamie Lawrence, Pennyryle Area Development District
Mr. Bryan Lovan, Kentucky Engineering Group
Mr. Phil Meador, Kenvirons, Inc.
Mr. Randell O'Bryan, Crittenden-Livingston Water District
Ms. Denise Pitts, Office of Financial Management
Mr. Roger Recktenwald, Kentucky Association of Counties
Mr. Ronnie Slayden, Crittenden-Livingston Water District

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)

APPROVAL OF MINUTES

For: KIA Regular Board Meeting of September 3, 2015

Ms. Linda Bridwell moved to approve the minutes of the September 3, 2015, regular board meeting. Mr. Jeff Derouen seconded, and the motion carried unanimously.

NEW PROJECTS/ACTION ITEMS

1. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING THE CHAIR TO EXECUTE AGREEMENTS ON BEHALF OF THE AUTHORITY

Commissioner Tony Wilder discussed with the group the departure of Executive Director John Covington. Commissioner Wilder informed the board that Adam Scott would be handling the day-to-day operations of KIA. Mr. Scott and Mr. Russ Salsman, KIA Deputy Director, would need signatory authority for administrative activities until a new Executive Director has been put in place.

Mr. Jeff Derouen moved to approve the motion for the administrative signatory authorization, Ms. Sandy Williams seconded and the motion was unanimously approve.

2. A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B15-001) INCREASING THE AMOUNT TO \$606,700 TO THE CITY OF HUSTONVILLE, LINCOLN COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the City of Hustonville's request for an increase of \$130,300 to an existing \$476,400 Fund "B" loan. The City received seven bids during the bid opening period. After reviewing the lowest bidder, additional funds were required to complete the project. The original project description is below:

The City of Hustonville is requesting a Fund "B" loan in the amount of \$476,400 for the Water System Improvement Project. The project will replace 16,000 linear feet of aged cast iron waterlines with four and six inch PVC lines. The existing lines are undersized and breaking preventing safe reliable drinking water. Frequent boil water advisories cause a significant hardship for the local elementary school. An additional 800 feet of water lines will be installed at the Huston Point Crossing to improve water pressure in the area. Meters that are connected to the aged lines will be replaced from Liberty to Mt Salem Road. The project will save approximately 10% of water consumption upon completion.

The City serves approximately 1,800 water customers and purchases an average of 125 million gallons of water per year from the City of Danville at an average cost of \$1.65 per thousand gallons. Danville has recently announced a 50% rate increase to \$2.47 per

thousand gallons. This increase is to support the water treatment project that Danville has recently undertaken.

Ms. Sandy Williams abstained from voting. Ms. Linda Bridwell moved to approve the increase to the Fund B loan (B15-001) in the amount of \$130,300 to the previously approved \$476,400 Fund B Loan to the City of Hustonville with the standard conditions. Ms. Lona Brewer 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 A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F16-021) IN THE AMOUNT OF \$1,039,500 TO THE CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT, LIVINGSTON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Sarah Aitken, KIA, discussed the Crittenden-Livingston County Water District's request for a Fund F Loan (F16-021) in the amount of \$1,039,500 for the Moore Hill Tank project.

The project will construct a 400,000 gallon elevated water tank on Moore Hill to replace a smaller standpipe tank installed in 1972. The project will increase pressure and relieve a bottle neck in the system allowing more water to be fed into the 600,000 gallon tank in the City of Marion.

The new tank will provide an additional 250,000 gallons of storage. The District provides services for Caldwell, Crittenden, and Livingston counties. Providers that purchase water from this system include Grand Rivers Water System, Ledbetter Water District, Lyon County Water District, Marion Water Department, Salem Municipal Water System and Smithland Water and Sewer System.

Mr. Jeff Derouen abstained from voting. Ms. Linda Bridwell made the motion to approve the Fund F loan (F16-021)) in the amount of \$1,039,500 to the Crittenden-Livingston County Water District with the standard conditions. Mr. Ron Lovan 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 A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F16-032) IN THE AMOUNT OF \$700,000 TO THE CAVE RUN WATER COMMISSION, MENIFEE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the Cave Run Water Commission's request for a Fund F Loan (F16-032) in the amount of \$700,000. The project will install and replace various items at the water treatment plant and raw water intake. Improvements include instillation of a variable frequency drive, tube settlers and launders and replacing a filter media. The improvements at the raw water intake will allow continued service in the event of a flooding situation. The improvements at the water treatment plant will allow for more effective water treatment with the removal of pollutants.

The Cave Run Water Commission provides water services the City of Frenchburg, the City of Jeffersonville and the Morgan County Water District.

Ms. Lona Brewer moved to approve the Fund F loan (F16-032) to the amount of \$700,000 to the Cave Run Water Commission with the standard conditions along with the following special conditions. The Cave Run Water Commission shall increase utility rates sufficient to generate an additional \$40,000 in cash flow effective no later than July 1, 2017, and \$40,000 in cash flow effective no later than July 1, 2018. Both increases must be passed within the same ordinance prior to the issuance of an Assistance Agreement. Mr. Linda Bridwell seconded and the motion was unanimously approve.

5. 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 Hustonville (Increase) | B15-001 | \$ 606,700 |
| Crittenden-Livingston Water District | F16-021 | \$1,039,500 |
| Cave Run Water Commission | F16-032 | \$ 700,000 |

Ms. Linda Bridwell moved to approve the resolution. Mr. Ron Lovan seconded and the motion carried unanimously.

Ms. Linda Bridwell made the motion to adjourn to an Executive Session. Mr. John Fischer seconded and the motion carried unanimously.

After a brief Executive Session, Ms. Linda Bridwell made the motion to reconvene the KIA Board meeting. Mr. Ron Lovan seconded and the motion carried unanimously. No actions were taken by the Executive Committee at this time.

EXECUTIVE DIRECTOR’S REPORT

Kentucky Infrastructure Authority Secretary Adam Scott addressed the group updating them on information previously reported by Mr. John Covington. At the August meeting, Mr. Covington mentioned the Call for Projects. The process begins today, October 1st and ends on December 11th. KIA staff will work with DOW to rank the projects accordingly. This is now a streamlined automated process. At this point in time, everyone understands the system and it is much less cumbersome.

Mr. Covington had also mentioned in a previous meeting a surplus of funds available for Clean Water projects. This is the first year to have a surplus of funds. KIA staff has

reviewed the projects and 21 additional projects have been invited from the Drinking Water IUP. The Area Development Districts were polled and they submitted 8 additional projects totaling \$8,000,000, leaving around \$35,000,000. The KIA staff has been working with the EPA Region 4 to ensure the money is transitioned appropriately. KIA is allowed to transfer funds through language in the Intended Use Plan (IUP). Mr. Scott said this is a great opportunity to eliminate some projects that have been bottlenecked due to the lack of funding.

Mr. Scott reminded the Board of previous discussions on abandonment of Package Treatment Plants (PTP). This is a growing concern; the Public Service Commission (PSC) has 37 that are utilities with a process in place for abandonment. There are over 400 in the state that are not utilities and could shut down at a moment's notice. KIA staff has been generating a list of potential abandonments. At one time, there was KSWIG, Kentucky Sewer Water Interagency Group. Mr. Scott and others from the Division of Water (DOW) and the Public Service Commission (PSC) are interested in resurrecting the group to discuss and possibly avert future problems with abandonments as well as other pertinent issues.

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

ANNOUNCEMENTS/NOTIFICATIONS

Next scheduled KIA board meeting:

Tentatively set for Thursday, November 5, 2015
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business Mr. Marty Ivy moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The October 1, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



**Adam J. Scott, Secretary
Kentucky Infrastructure Authority**

10/27/2015

Date