

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

**Meeting Date/Location: November 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  
Ms. Pamela Trautner, 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. Paul Lashbrooke, representing the Kentucky Rural Water Association  
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities

**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  
Mr. John Brady, Office of Financial Management  
Ms. Denise Pitts, Office of Financial Management  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Ms. Lisa Wilson-Plajer, Kenvirons  
Mr. Phil Meador, Kenvirons  
Mr. Grondall Potter, Utility Management Group for Mountain Water District  
Mr. Benny Hamilton, Perry County Fiscal Court  
Mr. Mike Sanford, Mercer County Sanitation District  
Mr. Dennis Keene, Kentucky State Representative, District 67  
Ms. Betsy Laski, Bluegrass Area Development District  
Mr. Jim Adams, Lincoln County Judge Executive  
Mr. Ron Johnson, R. M. Johnson Engineering, Inc.  
Mr. Tim Schwendeman, Cumberland Valley Area Development District  
Mr. Les Moses, Cumberland Falls Highway Water District  
Mr. Ken Taylor, Kenvirons, Inc.  
Mr. Bill Payne, Lincoln County Sanitation District  
Ms. Annette Dupont-Ewing, Kentucky Municipal Association

## **PROCEEDINGS**

**Chairman 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 October 1, 2015**

Mr. Jeff Derouen asked for one correction to the Minutes, he wanted it noted that the Executive Committee Session was called to address personnel matters. As previously noted, no action was taken at the time.

***Mr. Jeff Derouen moved to approve the Minutes of the October 1, 2015, regular board meeting. Ms. Linda Bridwell 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 AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A13-020) INCREASING THE AMOUNT TO \$4,365,793 TO THE LINCOLN COUNTY SANITATION DISTRICT, LINCOLN COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA discussed the Lincoln County Sanitation District's request for a \$2,365,793 increase to a Fund A loan that was previously approved on June 19, 2013 for \$2,000,000 for the Phase 1 Sewer Project. After the original project was approved, at the request of Department of Local Government, the District expanded the scope of the project to serve a portion of the City of Hustonville (labeled Hustonville-Phase 1A Sewer Project), including the Hustonville Elementary School. All portions (Phase 1 and Phase 1A) of the project will served a total of 593 unserved customers in the US 127 Corridor. The District has agreements with both the City of Danville for the treatment of wastewater and City of Hustonville for operations and maintenance. The original project description is below:

This project will provide wastewater collection and treatment to approximately 445 unserved residential and commercial customers in the western portion of Lincoln County. The area includes US 127 south of Junction City and proceeding to the Moreland area. Current waste disposal methods consist of septic tanks and straight pipes which results in the discharge of raw sewage and septic tank effluent to the ground surface.

The District was established on May 10, 2011 by the Lincoln County Fiscal Court. The District is governed by five directors who are appointed by the County Judge Executive and approved by the fiscal court. Connection to the public wastewater system is

mandatory within four months of the date that a property owner is notified that service is available.

***Ms. Linda Bridwell made the motion to amend the Fund A loan (A13-020) in the amount of \$4,365,793 to the Lincoln County Sanitation District with the standard conditions. Ms. Lona Brewer 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 (A16-004) IN THE AMOUNT OF \$848,000 TO THE MERCER COUNTY SANITATION DISTRICT, MERCER COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the Mercer County Sanitation District's request for a Fund "A" loan in the amount of \$848,000 for the Kennedy Bridge Road Sanitary Sewer Improvements project. The project will install new sanitary sewer collection mains which will be extended from an existing system in Chimney Rock. The areas to receive new sewer service include 1599 Kennedy Bridge Road, a mobile home park consisting of 25 lots and Maple Hill Subdivision consisting of 9 single family homes currently served by onsite septic systems and an apartment complex located at 1603 Kennedy Bridge Road, consisting of 15 residential apartment units served by an onsite septic system.

The project scope includes the construction of approximately 2,000 linear feet of 8" gravity sewer main and 1,000 linear feet of 3" sewer force main. The existing collection system is connected to a privately owned package treatment plant. The KPDES permit for the plant indicates that capacity is available to provide treatment for additional properties located in the vicinity of the plant. The plant discharge is currently in compliance, but the plant is aging and requires renovation to maintain reliable operation, therefore the scope will include an upgrade to the existing package treatment plant. This upgrade will include new structure and new equipment. The project would eliminate approximately 35 aged and inadequate onsite septic systems, eliminate infiltration of sewage to the Herrington Lake watershed and protect the health of the citizens that reside in the three unserved areas.

The Mercer County Sanitation District provides sewer service to 211 households within Mercer County.

***Ms. Linda Bridwell made the motion to approve the Fund A loan (A16-004) in the amount of \$848,000 to the Mercer County Sanitation District with the standard conditions along with the following special condition: The Mercer County Sanitation District shall increase sewer rates sufficient to generate an additional \$30,000 in cash flow effective no later than July 1, 2017. Ms. Pamela Trautner seconded and the motion was unanimously approved.***

The three following resolutions for the Prestonsburg Utility Commission were taken under consideration together:

**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 LOAN (A16-003) IN THE AMOUNT OF \$2,033,200 TO THE CITY OF PRESTONSBURG FOR THE BENEFIT OF PRESTONSBURG UTILITY COMMISSION, FLOYD COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Prestonsburg, for the benefit of the Prestonsburg Utility Commission's request a Fund "A" loan in the amount of \$2,033,200 for the Stephens Branch and Lower Abbott Sewer Line Extension project. The project will provide sanitary sewer service to the Stephens Branch and Lower Abbott Creek communities. Both areas will be served by a pressure sewer system with instillation of nearly 32,000 linear feet of force main pipe ranging in 1.5 to 3 inches. In addition, 180 individual grinder stations will be installed as well as two lift stations and the additional appurtenances to complete both systems. This project will eliminate the failing Music Manor package treatment plant.

The Prestonsburg Utility Commission provides sewer services to 3,571 households within Floyd County.

**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 LOAN (A16-007) IN THE AMOUNT OF \$2,163,000 TO THE CITY OF PRESTONSBURG FOR THE BENEFIT OF PRESTONSBURG UTILITY COMMISSION, FLOYD COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Prestonsburg, for the benefit of the Prestonsburg Utility Commission's request a Fund "A" loan in the amount of \$2,163,000 for the US 23 Banner Community Sewer System project. The project will provide sanitary sewer service to the US 23 corridor and Lower Daniels Creek community. Both areas will be served by a pressure sewer system with instillation of nearly 32,000 linear feet of force main pipe ranging in 1.5 to 3 inches. Additionally, 175 individual grinder stations will be installed as well as an upgrade to the Dwale lift station. This project will eliminate the failing Eastern Heights Motel package treatment plant.

**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 LOAN (A16-028) IN THE AMOUNT OF \$1,952,900 TO THE CITY OF PRESTONSBURG FOR THE BENEFIT OF PRESTONSBURG UTILITY COMMISSION, FLOYD COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Prestonsburg for the benefit of the Prestonsburg Utility Commission's request a Fund "A" loan in the amount of \$1,952,900 for the KY 1428 and Stonecrest project. The

project will provide sanitary sewer service to the KY 1428 and Stonecrest communities. Both areas will be served by a pressure sewer system with instillation of nearly 22,000 linear feet of force main pipe ranging in 1.5 to 6 inches. In addition, 150 individual grinder stations will be installed as well as an 80 GPM lift station and the additional appurtenances to complete both systems. This project will eliminate the failing Allen Elementary package treatment plant.

***Mr. Paul Lashbrooke made the motion to approve the Fund A loan (A16-003) in the amount of \$2,033,200, Fund A Loan (A16-007) in the amount of \$2,163,000 and Fund A Loan (A16-028) in the amount of \$1,952,900 to the City of Prestonsburg with the standard conditions and the following special condition: The City of Prestonsburg for the benefit of the Prestonsburg Utility Commission shall increase sewer rates sufficient to generate an additional \$80,000 in cash flow effective no later than 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 (B16-006) OF \$350,000 TO THE PERRY COUNTY FISCAL COURT, PERRY COUNTY, KENTUCKY**

Ms. Jami Johnson, KIA, discussed the Perry County Fiscal Court's request for a Fund B loan in the amount of \$350,000 for the Vicco Water System Emergency Repair Project. Perry County Fiscal Court recently acquired the Vicco Water & Wastewater System from the City of Vicco and is currently being operated under an emergency contract with Utility Management Group. This project will eliminate several issues in the water system to include installation of two new pump stations, several water meters, replacement of the telemetry at the Acup Tank; replacement of approximately 3,385 linear feet (LF) exposed service line and a chlorine tester kit.

The Perry County Fiscal Court purchases approximately 81 million gallons of water annually from Knott Co Water and Sewer District. A portion of the Fund B loan money will go towards debt to Knott Co Water and Sewer District in the amount of \$158,000.

***Ms. Linda Bridwell made the motion to approve the Fund B loan (B16-006) in the amount of \$350,000 to Perry County Fiscal Court with the standard conditions along with the following special condition: The Perry County Fiscal Court will fund any shortfalls in any of the utility's KIA debt service repayments. Ms. Lona Brewer 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 DRINKING WATER REVOLVING FUND LOAN (F16-002) OF \$1,720,500 TO THE CUMBERLAND FALLS HIGHWAY WATER DISTRICT, WHITLEY COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Sarah Aitken, KIA discussed the Cumberland Falls Highway Water District's request for a Fund "F" loan in the amount of \$1,720,500 for the CFHWD - Line Replacement and Reinforcement project. The project will replace approximately 39,500 LF of waterline due to undersized lines and continuous leak

repairs. In addition, extensions of the distribution system will be made totaling 17,200 LF which will serve approximately 20 additional users. The District will reinforce 3,200 LF of waterline, relocate approximately 500 LF of waterline, and replace the master meter. Lastly, the project includes replacement of the remaining conventional meters with new radio read meters and upgrades to the radio based SCADA system.

The District provides services for Whitley County. The District purchases water from Corbin Utilities Commission, West Laurel Water Association, and Williamsburg Municipal WTP.

***Mr. Jeff Derouen recused himself from voting. Ms. Linda Bridwell made the motion to approve the Fund F loan (F16-002) in the amount of \$1,720,500 to the Cumberland Falls Highway 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 (F16-003) IN THE AMOUNT OF \$3,304,000 TO THE WESTERN PULASKI COUNTY WATER DISTRICT, PULASKI COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Sarah Aitken, KIA discussed the Western Pulaski County Water District's request for a Fund "F" loan in the amount of \$3,304,000 for the Water System Improvements and Replacement project. The project consists of approximately 1,800 LF of 3 inch water line replacement and 650 LF 3 inch water line extensions; 8,200 LF of 4 inch water line replacement; 21,000 LF of 6 inch water line replacement and 1,800 LF of 6 inch water line relocation; and 7,500 LF of new 12 inch water transmission main. The project also includes the installation of a 300,000 gallon elevated water storage tank to replace an existing 100,000 gallon ground storage tank, as well as the renovation of an existing 300,000 gallon water storage tank. Lastly, the project will include the installation of two new pressure reducing stations and one hundred radio read meter systems.

This project will provide major improvements to the District's water distribution system, eliminate several dilapidated /undersized water lines, provide additional water storage by replacing an undersized water storage tank, and provide pressure reduction to areas experiencing high pressures. The project will also improve the quality of water by renovating an existing water storage tank that is experiencing large scale paint loss on both the interior and exterior surfaces. Additionally, there are certain structural and safety components which will require repair in order to ensure continued operation.

The District purchases water from the City of Somerset and the City of Russell Springs. Counties directly serviceable by the District include Casey, Pulaski, Russell and Wayne. The Public Service Commission has jurisdiction over this project.

***Mr. Jeff Derouen recused himself from voting. Ms. Linda Bridwell made the motion to approve the Fund F loan (F16-003) in the amount of \$3,304,000 to the Western Pulaski County Water District with the standard conditions. Mr. Ron Lovan seconded and the motion unanimously carried.***

**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>Lincoln County Sanitation District</b>	<b>A13-020 (Increase)</b>	<b>\$4,365,793</b>
<b>Mercer County Sanitation District</b>	<b>A16-004</b>	<b>\$ 848,000</b>
<b>City of Prestonsburg fbo Prestonsburg Utility Commission</b>	<b>A16-003</b>	<b>\$2,033,200</b>
<b>City of Prestonsburg fbo Prestonsburg Utility Commission</b>	<b>A16-007</b>	<b>\$2,163,000</b>
<b>City of Prestonsburg fbo Prestonsburg Utility Commission</b>	<b>A16-28</b>	<b>\$1,952,900</b>
<b>Perry County Sanitation District</b>	<b>B16-006</b>	<b>\$ 350,000</b>
<b>Cumberland Falls Highway Water District</b>	<b>F16-002</b>	<b>\$1,720,500</b>
<b>Western Pulaski County Water District</b>	<b>F16-003</b>	<b>\$3,304,000</b>

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

**EXECUTIVE DIRECTOR'S REPORT**

Kentucky Infrastructure Authority Secretary Adam Scott addressed the group. He noted two contracts from the Office of Financial Management for Dinsmore & Shohl and Morgan Stanley. Mr. Scott along with Jeff Derouen met regarding the abandonment of several Package Treatment Plants, representatives from KIA, DOW, PSC and other organizations have resurrected the KSWIG group and will meet regularly.

Several KIA staff attended the CIFA Conference in Tampa, Florida. Mr. Scott informed the board that his presentation on Small System Regionalization was well attended.

Also, Mr. Scott discussed the possibility of refinancing a system's water and/or wastewater debt to other lenders. Mr. Scott explained that several systems have had discussions with him and that future borrowers have constrained financial capacity to borrow from KIA.

***Commissioner Tony Wilder made the motion to adjourn to an Executive Session to discuss personnel matters. Ms. Linda Bridwell 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.**

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

#### **ANNOUNCEMENTS/NOTIFICATIONS**

**Next scheduled KIA board meeting:**

Tentatively set for Thursday, December 3, 2015  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Commissioner Wilder moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The November 5, 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**

11/30/2015

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**Date**