

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

Meeting Date/Location: December 3, 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. Jerry Martin, 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

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. Martin T. Ivy, representing the Kentucky Municipal Utilities Association

Guests:

Mr. Jory Becker, Division of Water
Ms. Bethany Couch, Office of Financial Management
Ms. Denise Pitts, Office of Financial Management
Mr. Roger Recktenwald, Kentucky Association of Counties
Ms. Holly McGrath-Rosas, Morehead Utilities Plant Board
Mr. Rick Wolf, Morehead Utilities Plant Board
Mr. Joshua Farrow, Gateway Area Development District
Ms. Tammy Cooper, Gateway Area Development District
Mr. Billy Winkleman, Morehead Utilities Plant Board
Mr. Alan Robinson, Eclipse Engineers
Mr. Kevin Howard, Summit Engineering
Mr. Laura Gilkerson, GRW, Inc.
Mr. Gary Larimore, Kentucky Rural Water 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 November 5, 2015

Mr. Jeff DeRouen moved to approve the Minutes of the November 5, 2015, regular board meeting. Ms. Linda Bridwell 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 LOAN (A16-033) IN THE AMOUNT OF \$1,566,370 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the City of Harrodsburg's request for Fund "A" loan in the amount of \$1,566,370 for the Sewer Rehabilitation 2015 project. This project was originally two projects that have been combined into one loan. The first portion of the project will include cleaning, and video inspection of approximately 21,500 linear feet (LF) of the sanitary sewer collector lines, rehabilitation of 12,500 LF of sewer line as well as repair of 30 manholes. The second portion of the project will include replacing and relocating approximately 831 LF of 8 inch PVC pipe.

This project will achieve energy efficiency by reducing electricity costs through the decline of wastewater pumped to the equalization basins. This process will reduce pumping times and aeration.

The City's wastewater system has approximately 2,800 customers and also treats wastewater for the Mercer County Sanitation District.

Ms. Linda Bridwell made the motion to amend the Fund A loan (A16-033) in the amount of \$1,566,370 to the City of Harrodsburg 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 (A16-064) IN THE AMOUNT OF \$1,300,000 TO THE CITY OF MOREHEAD FOR THE BENEFIT OF THE MOREHEAD UTILITY PLANT BOARD, ROWAN COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Debbie Landrum, KIA, discussed the City of Morehead for the benefit of the Morehead Utility Plant Board's request for a Fund "A" loan in the amount of \$1,300,000 for the Sunnybrook Development Sewer Line Extension project. The project will provide new sanitary sewer services to 100 unserved households. The project will install nearly 12,000 linear feet (LF) of 8 inch PVC lines, construct a lift station and install 45 manholes.

The added infrastructure to the Sunnybrook Development on state road US-60 will allow the implementation of 100 future jobs within the City.

The Morehead Utility Plant Board serves portions of Rowan, Bath and Fleming Counties and has approximately 6,259 sewer customers.

Ms. Linda Bridwell made the motion to approve the Fund A loan (A16-064) in the amount of \$1,300,000 to the City of Morehead for the benefit of the Morehead Utility Plant Board with the standard conditions. Mr. Ron Lovan 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 A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A16-065) IN THE AMOUNT OF \$1,800,000 TO THE CITY OF MOREHEAD FOR THE BENEFIT OF THE MOREHEAD UTILITY PLANT BOARD, ROWAN COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Debbie Landrum, KIA, discussed the City of Morehead for the Benefit of the Morehead Utility Plant Board's request for Fund "A" loan in the amount of 1,800,000 for the KY-801 and KY-158 Sewer Extension project. The project will provide sanitary sewer service to 55 unserved households in the KY-801 and KY-158 area within the City of Sharkey. The project will install nearly 6,100 linear feet (LF) of 8 inch gravity

PVC lines and 6,500 LF of 3 inch force main PVC lines. An additional 24,000 LF of 1.5 to 3 inch PVC force main lines will be installed off KY-158 as well as installation of 33 grinder pumps and 38 manholes.

The Morehead Utility Plant Board serves portions of Rowan, Bath and Fleming Counties and has approximately 6,259 sewer customers.

Mr. Linda Bridwell made the motion to approve the Fund A loan (A16-065) in the amount of \$1,800,000 with the standard conditions. 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 A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A16-011) IN THE AMOUNT OF \$235,000 TO THE SOUTHERN WATER & SEWER DISTRICT, FLOYD COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Sarah Aitken, KIA, discussed the Southern Water and Sewer District's request for a Fund "A" loan in the amount of \$235,000 for the Harold Sewer- Phase III project. The project includes expansion of the recently constructed wastewater treatment and collection system in the Betsy Layne area of southern Floyd County. Extension of pressure sewer service to additional areas that include Store Hollow, Lower Hollow and Velocity Bottom of Betsy Layne will provide new service and add flow to the current wastewater system. The project consists of a combination of 1.25, 2, 3 and 10 inch sewer pipe, encasements where required, gate valves and grinder pump stations for customers. In addition, a lift station and associated equipment are included in the project.

The District supplies sewer services to a population of 372 within Floyd County.

Mr. Jeff DeRouen recused himself from voting. Mr. Paul Lashbrooke made the motion to approve the Fund F loan (A16-011) in the amount of \$235,000 to the Southern Water & Sewer District with the standard conditions. Mr. Ron Lovan seconded and the motion unanimously carried.

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 \$15,564,332 TO THE MONROE COUNTY WATER DISTRICT, MONROE COUNTY, KENTUCKY

Mr. Jory Becker, DOW and Ms. Brandi Norton, KIA discussed the Monroe County Water District's ("District") request for an increase of \$3,550,694 to a previously approved \$12,013,638 Fund "F" loan for the Regional Water Treatment Plant and System Improvements Project. The project was presented in July 2015 and was competitively bid in three contracts. The lowest bid exceeded the engineer's estimate by \$3,865,694.

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 recused himself from voting. Ms. Linda Bridwell made the motion to approve the increase to Fund F loan (F15-002) in the amount of \$15,564,332 to the Monroe County District with the standard conditions. Ms. Lona Brewer seconded and the motion unanimously carried.

- 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
Southern Water & Sewer District	A16-011	\$ 235,000
City of Harrodsburg	A16-033	\$ 1,566,370
City of Morehead	A16-064	\$ 1,300,000
City of Morehead	A16-065	\$ 1,800,000
Monroe County Water District (Increase)	F16-002	\$ 15,564,332

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 Secretary Adam Scott addressed the group. He has met with Governor Bevin’s Transition Team to discuss KIA and the role it plays. He noted that KIA staff does not consist of any non-merit positions.

The regularly scheduled KIA monthly meeting will not be held in January. If necessary, there could be a specially called meeting. The next monthly meeting will be held on Thursday, February 4, 2016.

He noted that this would be Commissioner Wilder’s final KIA meeting, a Resolution was read and a framed copy was presented.

Ms. Linda Bridwell made the motion to approve the resolution and Jeff DeRouen seconded, the motion unanimously carried.

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

ANNOUNCEMENTS/NOTIFICATIONS

Next scheduled KIA board meeting:

Tentatively set for Thursday, February 4, 2016
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business Commissioner Wilder moved to adjourn. Mr. Jeff DeRouen made the motion to adjourn the December KIA Board meeting. Ms. Lona Brewer seconded and the motion carried unanimously.

The December 3, 2015, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



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

1/19/2016

Date