

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

**Meeting Date/Location: June 2, 2016 – 1:00 p.m.**  
**Kentucky Infrastructure Authority**  
**1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Ms. Sandra Dunahoo, Commissioner, Department for Local Government  
Mr. Mark Bunning, Finance and Administration Cabinet  
(proxy for Secretary William Landrum, FAC)  
Mr. John Fischer, Proxy for (Erik Dunnigan, Acting Secretary, EDC)  
Mr. Aaron Greenwell, Public Service Commission  
(Acting Executive Director, PSC)  
Mr. Marty T. Ivy, representing the Kentucky Municipal Utilities Association  
Mr. Jody Jenkins, Union County Judge Executive, representing the Kentucky Association  
of Counties, (KACO)  
Mr. C. Ronald Lovan, representing the American Water Works Association  
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:**

Ms. Linda C. Bridwell, representing for-profit private water companies  
Mr. Bruce Scott, Energy and Environment Cabinet  
(proxy for Secretary Charles Snavelly, EEC)

**Guests:**

Mr. Brad Alley, Green River Area Development District  
Mr. Alan Alsip, Farmdale Sanitation District  
Mr. Ray Bascom, HMB Engineers  
Mr. Vernon Brown, Department for Local Government  
Mr. Mark Bryant, City of Marion  
Mr. Jeff Burt, Northern Kentucky Area Development District  
Mr. Herb Clark, City of Butler  
Ms. Bethany Couch, Office of Financial Management  
Ms. Annette Dupont-Ewing, Kentucky Municipal Utilities Association  
Mr. Robert Hewitt, Franklin County Planning and Building Codes  
Mr. Kevin Howard, Summit Engineering  
Mr. Jamie Lawrence, Pennyriple Area Development District  
Mr. Greg McElfresh, City of Butler  
Mr. John Martin, GRW Engineers  
Ms. Ann Northcutt, Franklin County Fiscal Court  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Mr. Alan Robinson, Eclipse Engineers  
Mr. Bill Scalf, Farmdale Sanitation District  
Mr. Huston Wells, Franklin County Judge Executive  
Ms. Sandy Williams, Office of Financial Management

## **PROCEEDINGS**

Chairwoman Sandra Dunahoo called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Ms. Dunahoo asked board members and guests to introduce themselves. Chairwoman Dunahoo confirmed that a quorum was present and that the press had been notified regarding the meeting.

Chairwoman Dunahoo noted that Agenda Item I, regarding a lawsuit involving Sanitation District #1 of Northern Kentucky would be moved to the end of the meeting and would be a closed door session.

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

#### **A. 1. APPROVAL OF MINUTES**

**For: KIA Regular Board Meeting of May 5, 2016**

*Mr. Jody Jenkins moved to approve the minutes of the May 5, 2016, regular board meeting. Mr. Bunning 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 THE APPOINTMENT OF SECRETARY OF THE KENTUCKY INFRASTRUCTURE AUTHORITY**

With the departure of Mr. Adam Scott, a new Secretary needed to be appointed. Ms. Brandi Norton was recommended.

*Mr. Ron Lovan moved to approve. Mr. Mark Bunning 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 (A16-039) IN THE AMOUNT OF \$987,243 TO THE CITY OF BUTLER, PENDLETON COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the City of Butler's request a Fund "A" loan in the amount of \$987,243 for the Sewer System Rehabilitation Project. This project will correct serious and ongoing Infiltration and Inflow (I&I) issues with its collector system by rehabilitating one lift station, replacing 13,315 LF of 8 inch PVC gravity lines and install a new plant flow meter and generator.

The City of Butler serves approximately 741 sewer customers

***Mr. Paul Lashbrooke moved to approve the Fund “A” Loan, (A16-039) in the amount of \$987,243 to the City of Butler with the standard conditions and the following special condition: The City shall increase sewer revenues by \$15,000 by July 1, 2019 and must be passed by August 1, 2016. Mr. John Fischer 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 (A16-074) IN THE AMOUNT OF \$587,200 TO THE CITY OF MARION, CRITTENDEN COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Marion’s request a Fund “A” planning and design loan in the amount of \$587,200 for the New Wastewater Treatment Plant project.

The existing plant was constructed in the early 1970’s and has exceeded its useful life. During moderate to heavy rain events, the influent pump station cannot keep up with the flow and a portion of the influent sewer bypasses. The aeration basins are also unable to keep up with hydraulic demand. The City is in the preliminary stages of enforcement from the Division of Water to correct significant sewer issues. The construction portion of the loan is estimated to be \$11 million dollars. This project will also include a facility plan to determine alternative corrective methods and future projects for the City.

The City of Marion serves approximately 1,428 sewer customers

***Mr. Jody Jenkins moved to approve the Fund “A” Loan, (A16-074) in the amount of \$587,200 to the City of Marion with the standard conditions along with the following special conditions: The City shall increase sewer revenues by \$230,000 by July 1, 2017; and the City shall increase sewer revenues by \$120,000 by July 1, 2018. Mr. Mark Bunning 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 (A16-084) IN THE AMOUNT OF \$300,000 TO THE FARMDALE SANITATION DISTRICT, FRANKLIN COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the Farmdale Sanitation District’s request for a \$300,000 Fund “A” loan for the Ridgelea Investments Inc. Package Treatment Plant Abandonment project. This project will provide improvements to three package treatment plants along with collection system repairs to mitigate excessive infiltration and inflow (I/I) which cause sanitary sewer overflows and treatment plant violations.

Ridgelea Investment, Inc. has filed an application with the Public Service Commission (PSC Case No. 2016-00106) for the abandonment of three (3) privately owned package wastewater treatment plants (PTP's) serving subdivisions in southwestern Franklin County. The subdivisions include Edgewood, Meadowbrook and Farmgate which serve a combined 394 Franklin County families. The Franklin County Circuit Court is in the process of appointing a receiver for these PTP's and their respective collection systems which will be the Farmdale Sanitation District (District).

All three of these facilities and their collection systems have been cited numerous times in recent years by the Division of Water (DOW) for alleged water pollution violations. Additionally, all three of the PTP's require upgrades to the treatment plants and collection systems due to years of neglect.

This project is being funded out of an Emergency Project CWSRF account. This account allows projects that do not appear on the Project Priority List and result from unanticipated failures of wastewater infrastructure that have a direct adverse effect on public health and the quality of surface and groundwater, to receive funding and potential loan principal forgiveness.

***Mr. Aaron Greenwell recused himself from voting. Mr. Ron Lovan moved to approve the Fund "A" Loan, (A16-084) in the amount of \$300,000 to the Farmdale Sanitation District with the standard conditions. Mr. Mark Bunning 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 AN INFRASTRUCTURE REVOLVING FUND LOAN (B16-011) OF \$115,000 TO THE CITY OF LEWISPORT, HANCOCK COUNTY, KENTUCKY**

Ms. Debbie Landrum, KIA, discussed the City of Lewisport's request for a \$115,000 Fund "B" loan for the Lewisport Water Tank Rehab project. This will consist of sandblasting, re-coating, chlorinating and painting the interior of a 200,000 gallon water tank in Lewisport. Additionally, the outside of the water tank and stand will be sandblasted and repainted.

The City currently serves approximately 1,170 households.

***Mr. John Fischer moved to approve the Fund "B" Loan, (B16-011) in the amount of \$115,000 to the City of Lewisport with the standard conditions. Mr. Jody Jenkins 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 AN INFRASTRUCTURE REVOLVING FUND LOAN (B16-012) OF \$402,061 TO THE CITY OF ELKHORN CITY, PIKE COUNTY, KENTUCKY**

Ms. Jami Johnson, KIA, discussed the City of Elkhorn City's request for a \$402,061 Fund "B" loan for their Wastewater Treatment Plant Project. This loan will restructure the City's existing KIA loan that is scheduled to mature in 2019. The City has been making monthly payments towards the KIA loan, however, they have not been able to meet the annual debt service payments and have fallen increasingly behind.

The City serves approximately 1,050 of sewer customers.

***Mr. John Fischer moved to approve the Fund "B" Loan, (B16-012) in the amount of \$402,061 to the City of Elkhorn City with the standard conditions. Mr. Jody Jenkins seconded and the motion was unanimously approved.***

Mr. Mark Bunning inquired about how many KIA loans have had to be restructured. Ms. Johnson noted this is the second one. Mr. Bunning asked if there were other loans in danger of default. Ms. Johnson estimated 6 in the 600 plus loans through KIA. Mr. Bunning stated the Board should be proactive, rather than reactive in these incidences and asked if KIA staff would provide Board members with a "watch list" of potential defaults.

**7. 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 (B16-013) OF \$406,868 TO THE CITY OF LANCASTER CITY, GARRARD COUNTY, KENTUCKY**

Ms. Debbie Landrum, KIA, discussed the City of Lancaster's request for a Fund "B" loan in the amount of \$406,868 for the Wastewater Treatment Plant Sand Filter Replacement project. This project will replace a failing sand filter at the wastewater treatment plant. The original filter was replaced with a refurbished piece of equipment which has recently failed. This project will remove the failing sand filter and replace it with a brand new filter.

The City serves approximately 1,854 households.

***Mr. Ron Lovan moved to approve the Fund "B" Loan, (B16-013) in the amount of \$406,868 to the City of Lancaster with the standard conditions. Mr. John Fischer seconded and the motion was unanimously approved.***

**8. 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>
City of Butler	A16-039	\$ 987,243
City of Marion	A16-074	\$ 587,200
Farmdale Sanitation District	A16-084	\$ 300,000
City of Lewisport	B16-011	\$ 115,000
City of Elkhorn City	B16-012	\$ 402,061
City of Lancaster	B16-013	\$ 406,868

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

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

***A motion was made by Mr. Mark Bunning to adjourn into Executive Session to discuss Agenda Item I. Mr. Ron Lovan seconded and the motion unanimously was approved.***

#### I. DISCUSSION

Mr. Darren Sammons, DLG Staff Attorney addressed the group to discuss a lawsuit in Franklin District Court regarding Sanitation District #1 of Northern Kentucky.

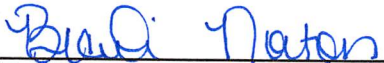
***After completion of discussion, Mayor David Cartmell made the motion to adjourn the Executive Session. Mr. Mark Bunning seconded and the motion was unanimously approved. Attendees were invited back in.***


### IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:  
Tentatively set for Thursday, August 4, 2016  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business, Mr. Mark Bunning moved to adjourn. Mr. Mark Fischer seconded and the motion carried unanimously. The June 2, 2016, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

  
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Brandi Norton, Secretary  
Kentucky Infrastructure Authority

  
\_\_\_\_\_  
Date