

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: August 4, 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)
Ms. Talina Mathews, Public Service Commission
(Executive Director, PSC)
Mr. Paul Lashbrooke, representing the Kentucky Rural Water Association
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Bruce Scott, Energy and Environment Cabinet
(proxy for Secretary Charles Snavelly, EEC)

Members absent:

Mr. C. Ronald Lovan, representing the American Water Works Association

Guests:

Mr. Matt Baker, Cann-Tech
Mr. Jory Becker, Division of Water
Mr. Bill Bunch, City of Pineville
Ms. Bethany Couch, Office of Financial Management
Ms. Kristie Dodge, Buffalo Trace Area Development District
Ms. Annette DuPont-Ewing, Kentucky Municipal Utilities Association
Mr. Greg Heitzman, Bluewater Kentucky
Mr. Robbie Hume, City of Lawrenceburg
Ms. Laura Jefferson, Buffalo Trace Area Development District
Mr. Bryan Kirby, Community and Economic Development Associates
Mr. Patrick Kirby, Community and Economic Development Associates
Mr. Gary Larimore, Kentucky Rural Water Association
Mr. Phil Meadors, Kenvirons
Mr. Josh Nacey, Legislative Research Commission
Mr. David Peyton, City of Hustonville
Mr. Roger Recktenwald, Kentucky Association of Counties
Mr. Monty Rhody, City of Lawrenceburg
Mr. Roy Sawyers, Mountain Water District
Mr. Gary Vetter, City of Morganfield
Ms. Ruth Webb, First Kentucky Securities

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. Mr. Bill Pauley confirmed that a quorum was present. Chairwoman Dunahoo noted that the press had been notified regarding the meeting.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of June 2, 2016

Ms. Linda Bridwell moved to approve the minutes of the June 2, 2016, regular board meeting. Mr. Bruce Scott seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

- 1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2016 CAPITALIZATION GRANT FOR THE DRINKING WATER REVOLVING FUND**

Ms. Linda Bridwell moved to approve the filing of an application for the 2016 Capitalization Grant for the Drinking Water Revolving Fund. Mr. Paul Lashbrooke seconded, and the motion carried unanimously.

- 2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2016 CAPITALIZATION GRANT FOR THE WASTEWATER REVOLVING FUND**

Ms. Linda Bridwell moved to approve the filing of an application for the 2016 Capitalization Grant for the Wastewater Revolving Fund. Mr. Bruce Scott seconded, and the motion carried unanimously.

- 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 WASTEWATER REVOLVING FUND LOAN (A11-051) IN**

THE AMOUNT OF \$533,485 TO THE CITY OF PINEVILLE ON BEHALF OF PINEVILLE UTILITY COMMISSION, BELL COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Pineville for the benefit of the Pineville Utility Commission's request for a \$533,485 Fund "A" loan for the Phase I of the Virginia Avenue Utility Replacement project. The City operates a combined sewer system (CSS) that contains two permitted combined sewer overflows (CSO) which discharge to the Cumberland River. In 2007, the City entered into a Consent Judgment with the Commonwealth of Kentucky's Environmental and Public Protection Cabinet to reduce and eliminate these CSO's. Phased construction better matches the City's ability to fund the citywide project which is estimated to cost \$8.2 million.

Phase I includes construction of two sewage lift stations and associated force main along with approximately 4,100 LF of sanitary/storm sewer separation in the Virginia Avenue area. A second phase will complete the sewer separation in this area and later project phases will address all other areas in the community. This project was originally approved by the KIA Board on April 4, 2013.

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.

Ms. Linda Bridwell moved to approve the Fund "A" Loan increase, (A11-051) in the amount of \$533,485 to the City of Pineville with the standard conditions Mr. Bruce Scott seconded, and the motion was unanimously approved.

2. 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 (A15-023) INCREASING THE AMOUNT TO \$3,067,200 TO THE CITY OF MORGANFIELD, UNION COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Morganfield's request for an increase of \$425,000 to an existing \$2,642,200 Fund "A" loan. No additional work is necessary; the bids came in higher than budgeted.

The original project description is below:

The City of Morganfield is requesting a Fund "A" loan in the amount of \$2,642,200 for the Morganfield Combined Sewer Separation Project,

Phase II project. The project will construct storm drainage and sanitary sewers along Main Street and the intersection of Morgan and Morton Street. Two small sewer lines will be rehabilitated at the intersection of Vinson Alley and Unnamed Street. The project will relocate traffic during construction and will require replacing city streets and sidewalks to replace and relocate other utilities. This project is a part of the City's combined sewer separation program mandated by the Division of Water.

The City serves 1,935 customers and treats their own wastewater. Additionally, Morganfield services the City of Waverly which has 149 customers.

Mr. Paul Lashbrooke moved to approve the Fund "A" Loan increase, (A15-023) in the amount of \$425,000 to the City of Morganfield with the standard conditions 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 AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-096) INCREASING THE AMOUNT TO \$1,100,000 TO THE CITY OF HAZARD, PERRY COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Hazard's request for an increase of \$100,000 to an existing \$1,000,000 Fund "A" loan. The original project design had to be adjusted to allow for an alternate route which caused a bid overage. The original project description is below:

The City of Hazard is requesting 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.

Ms. Linda Bridwell moved to approve the Fund “A” Loan increase, (A15-096) in the amount of \$100,000 to the City of Hazard with the standard conditions. Mr. Bruce Scott seconded, and the motion was unanimously approved.

Chairwoman Dunahoo advised that the Board would take Agenda Items 4 and 5 for the Mountain Water District under consideration together.

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 A LOAN (A16-073) IN THE AMOUNT OF \$1,046,699 TO THE MOUNTAIN WATER DISTRICT, PIKE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the Mountain Water District’s request for a Fund “A” loan in the amount of \$1,046,699 for the Forrest Hills Phase III project. This project will extend the existing sewer collection system to serve Forest Hills. The new construction will be the final phase to complete the Forest Hills wastewater project. The new extension will allow the District to continue the reduction of environmental health issues related to the excess numbers of straight pipes or failing septic systems within the project area.

The District serves the area of Pike County and has approximately 17,200 water and 2,400 sewer customers.

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 CLEAN WATER REVOLVING FUND A LOAN (A16-079) IN THE AMOUNT OF \$300,000 TO THE MOUNTAIN WATER DISTRICT, PIKE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the Mountain Water District's request for a Fund "A" loan in the amount of \$300,000 for the Residential Grinder Unit Upgrade project. This project will upgrade and replace 222 aging and failing out-of-warranty residential grinder units with the newer technological high efficiency grinder units compatible with the force main system.

The District serves the area of Pike County and has approximately 17,200 water and 2,400 sewer customers.

Ms. Talina Mathews abstained from voting. Ms. Linda Bridwell moved to approve the Fund "A" Loan, (A16-073) in the amount of \$1,046,699 and Fund "A" Loan, (A16-079) in the amount of \$300,000 to the Mountain Water District with the standard conditions. Mr. Bruce Scott 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 (B17-001) OF \$1,300,000 TO THE CITY OF MOUNT OLIVET, ROBERTSON COUNTY, KENTUCKY

Ms. Jami Johnson, KIA, discussed the City of Mount Olivet's request for a Fund "B" loan in the amount of \$1,300,000 for the Phase 2 Wastewater Treatment Plant Upgrade project. Phase 1 includes installing a new influent flow measurement device, installing throttling type valves and magnetic flow meters on the 3 inch EQ pump discharge lines to better control the rate of flow pumped into the treatment plant which will adjust floats in the EQ basin to maximize pumping times at a minimum flow rate and cleaning existing clarifiers and fine tune return sludge rate. Phase 2 includes constructing a third train of a precast package plant on site. This would include a new influent flow meter and fine screening equipment, construction of new influent and effluent automatic samplers, new peracetic acid disinfection system, new effluent flow meter, conversion of existing aeration systems to fine bubble system, new cloth effluent filters, miscellaneous site improvements, cleaning and refurbishing existing package plant.

The City's existing wastewater treatment plant does not have sufficient capacity and is not capable of meeting the existing or any future requirements of the Kentucky Pollutant Discharge Elimination System permit. An agreed order is being negotiated between DOW and the City.

The Board had concerns over the lack of financial documentation. Mr. Bruce Scott moved to table the Fund "B" Loan, (B17-001) in the

amount of \$1,300,000 to the City of Mount Olivet until further documentation becomes available. Ms. Linda Bridwell seconded, and the motion was unanimously approved.

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 (B17-002) OF \$75,639 TO THE CITY OF HUSTONVILLE, LINCOLN COUNTY, KENTUCKY

Ms. Debbie Landrum, KIA, discussed the City of Hustonville's request a Fund "B" loan in the amount of \$75,639 for the Water System Improvements Phase II Project. The project will replace aging and undersized four and six inch water lines with six and eight inch looped water lines. This will provide adequate pressure and volume for existing services, as well as fire protection for more customers in the North Hustonville community service area. This will also include three inch line for tie-ins.

The City serves approximately 1,875 water customers and purchases an average of 138 million gallons of water per year from the City of Danville at an average cost of \$2.47 per thousand gallons.

Mr. John Fischer moved to approve the Fund "B" Loan, (B17-002) in the amount of \$75,639 to the City of Hustonville with the standard conditions. Mr. Mark Bunning seconded and the motion was unanimously approved.

8. 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 (B17-003) OF \$1,985,000 TO THE CITY OF LAWRENCEBURG, ANDERSON COUNTY, KENTUCKY

Ms. Brandi Norton, KIA, discussed the City of Lawrenceburg's request for a \$1,985,000 Fund "B" loan for the Alton Vacuum Sewer System Replacement Phase 4 project. This project phase consists of replacing an existing failed vacuum sewer system with a conventional gravity and a low pressure sewer system. There will be approximately 38,060 linear feet of 1.5 to 8 inch PVC force main, 100 residential gravity sewer reconnects, 48 manholes, 101 residential simplex grinder stations and one lift station.

The Environmental Protection Agency recognized the system as a failed technology and previously awarded the community a grant in the amount

of \$2 million, which was used to construct phase 2 and phase 3 replacement projects. Currently the City is experiencing failures due to the system’s age and limitation of system design. The constant vacuum combined with aging pipe has also created a substantial I&I problem.

This final phase of the project will serve 201 households within the project area.

Mr. John Fischer moved to approve the Fund “B” Loan, (B17-003) in the amount of \$1,985,000 to the City of Lawrenceburg with the standard conditions and the following special condition:

(1) The City of Lawrenceburg will generate \$450,000 or 8.4% of additional revenue effective July 1, 2017 through July 1, 2020.

Ms. Linda Bridwell seconded and the motion was unanimously approved.

9. 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:

<u>APPLICANT</u>	<u>FUND</u>	<u>AMOUNT</u>
City of Pineville	A11-051	\$ 533,485
City of Morganfield (Increase)	A15-023	\$ 3,067,200
City of Hazard (Increase)	A15-096	\$ 1,100,000
Mountain Water District	A15-073	\$ 1,046,699
Mountain Water District	A16-079	\$ 300,000
City of Mount Olivet	B17-001	TABLED
City of Hustonville	B17-002	\$ 75,639
City of Lawrenceburg	B17-003	\$ 1,985,000

Ms. Linda Bridwell moved to approve the resolution. Mr. Mark Bunning seconded, and the motion carried unanimously.

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

I. DISCUSSION

Mr. Mark Bunning made the motion to move into Executive Session. Ms. Linda Bridwell seconded and motion unanimously carried. KIA staff and guests left the room.

No action was taken during the Executive Session.

Mr. Mark Bunning made the motion to adjourn the Executive Session. Mr. John Fischer seconded and the motion unanimously carried. Staff and guests returned.

IV. ANNOUNCEMENTS/NOTIFICATIONS

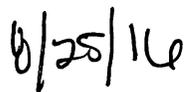
- Next scheduled KIA board meeting:
Tentatively set for Thursday, September 1, 2016
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business, Mr. Mark Bunning moved to adjourn. Mr. John Fischer seconded and the motion carried unanimously. The August 4, 2016, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



Brandi Norton, Secretary
Kentucky Infrastructure Authority



Date