

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: September 1, 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. Erik Dunnigan, Acting Secretary, Cabinet for Economic Development
Mr. Aaron Greenwell, Public Service Commission
(proxy for Executive Director Talina Mathews, Public Service Commission)
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 Snaveley, EEC)
Mr. C. Ronald Lovan, representing the American Water Works Association
Mr. David A. Voegelé, representing Kentucky Association of Counties
Mr. Claude Christensen, representing Kentucky League of Cities

Members absent:

Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association

Guests:

Mr. Matt Baker, Cann-Tech, LLC
Mr. Jory Becker, Division of Water
Mr. Vernon Brown, Department for Local Government
Mr. Larry Cann, Cann-Tech, LLC
Mr. Thomas Clark, Governor's Office for Policy and Management
Mr. Roger Colburn, Calvert City
Mr. Dave Derrick, City of Mount Washington
Ms. Annette DuPont-Ewing, Kentucky Municipal Utilities Association
Mr. John Fischer, Cabinet for Economic Development
Mr. Charles Martin, City of Lexington
Mr. Roger Recktenwald, Kentucky Association of Counties
Mr. Andrew Schnachtner, Department for Local Government
Mr. Don Sexton, Cann-Tech, LLC
Ms. Ruth Webb, First Kentucky Securities
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. 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 August 4, 2016

Ms. Linda Bridwell moved to approve the minutes of the August 4, 2016, regular board meeting. Mr. Bruce Scott 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 HONORING MARTY IVY, JODY JENKINS AND DAVID CARTMELL IN RECOGNITION OF THEIR DEDICATED SERVICE

Ms. Linda Bridwell moved to approve the Resolution for former Board members' dedicated service. Mr. Mark Bunning seconded, and the motion carried unanimously.

Chair Dunahoo advised that the Board would take two projects under consideration for the Lexington-Fayette Urban County Government listed on the agenda as Action Item 2, Fund A Loan (A17-003) in the amount of \$2,355,600 and Fund A Loan (A17-016) in the amount of \$16,888,634.

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 WASTEWATER REVOLVING FUND LOAN (A17-003) OF \$2,355,600 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the Lexington-Fayette Urban Government request for a fund "A" loan in the

amount of \$2,355,600 for the Lower Griffin Gate Trunk project. This project will replace approximately 4,700 linear feet existing gravity sanitary sewer with 30 to 21 inch PVC lines to provide sufficient capacity to meet LFUCG's EPA mandated Capacity Assurance Program and eliminate existing Sanitary Sewer Overflows (SSOs). Currently the system is suffering from a lack of capacity due to excessive inflow and infiltration.

The United States Environmental Protection Agency (EPA) and the Kentucky Environmental and Public Protection Cabinet (KYEPPC) filed suit in federal court against the Government in 2006 alleging various violations of the Clean Water Act. The Government completed negotiations with EPA and KYEPPC to resolve the alleged violations. The resulting Consent Decree agreement was entered in the United States District Court – Eastern District of Kentucky on January 3, 2011. The settlement agreement requires the Government to undertake extensive studies, sewer improvement projects, and management plans to correct the problems that were alleged. The settlement requires Lexington to complete all compliance measures by December 31, 2026. The Government has estimated that the cost of remedial measures would approach \$600 million over the life of the Consent Decree. The Government increased sanitary sewer rates to fund obligations under the Consent Decree and adopted a storm water management fee.

This Project is included in LFUCG's Remedial Measures Plan as approved by U.S. EPA on March 18, 2016.

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 (A17-016) OF \$16,888,634 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. Brandi Norton, KIA, discussed the Lexington-Fayette Urban Government request for a fund "A" loan in the amount of \$16,888,634 for the Expansion Area Three Sanitary Sewer Infrastructure project.

This project includes the design and construction of the Expansion Area 3 Pump Station, 5,252 linear feet of 24" Force Main, and approximately 7,143 linear feet of 30" upstream trunk sewer. The pump station will be rated for 9.5 million gallons per day (MGD) and will discharge to the new force main that will terminate at the Lower Griffin Gate Trunk. The trunk sewer will serve the Expansion Area 3 development and facilitate the future elimination of five sanitary pump station, four of which are identified

in Lexington’s Consent Decree as Priority Sanitary Sewer Overflows (SSOs). These pump stations are Shandon Park Pump Station #1, Shandon Park Pump Station #2, Thoroughbred Acres Pump Station, Winburn Pump Station and Sharon Village Pump Station. This proposed project needs to be constructed prior to taking the five SSO pump stations out of service. The Expansion Area 3 Pump Station is adequately sized to eliminate all five SSO pump stations in near future.

The United States Environmental Protection Agency (EPA) and the Kentucky Environmental and Public Protection Cabinet (KYEPPC) filed suit in federal court against the Government in 2006 alleging various violations of the Clean Water Act. The Government completed negotiations with EPA and KYEPPC to resolve the alleged violations. The resulting Consent Decree agreement was entered in the United States District Court – Eastern District of Kentucky on January 3, 2011. The settlement agreement requires the Government to undertake extensive studies, sewer improvement projects, and management plans to correct the problems that were alleged. The settlement requires Lexington to complete all compliance measures by December 31, 2026. The Government has estimated that the cost of remedial measures would approach \$600 million over the life of the Consent Decree. The Government increased sanitary sewer rates to fund obligations under the Consent Decree and adopted a storm water management fee.

This Project is included in LFUCG’s Remedial Measures Plan as approved by U.S. EPA on March 18, 2016.

Mr. Mark Bunning moved to approve the two loans, Fund “A” Loan (A17-003) in the amount of \$2,355,600 and Fund “A” Loan (A17-016) in the amount of \$16,888,634 to the Lexington-Fayette Urban County Government 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 AN INFRASTRUCTURE REVOLVING FUND LOAN (B17-004) OF \$540,113 TO THE CITY OF CALVERT CITY FOR THE BENEFIT OF CALVERT CITY MUNICIPAL WATER SYSTEM, MARSHALL COUNTY, KENTUCKY

Ms. Sarah Aitken, KIA, discussed the City of Calvert City f/b/o Calvert City Municipal Water System request for a fund “B” loan in the amount of \$540,113 for the Calvert Heights Water Main Replacement Project - Phase III. The project will consist of the installation of approximately 3,700 linear feet (LF) of 6 inch water main and appurtenances to replace aging 2

inch and 4 inch galvanized and lead joint cast iron water mains serving Cypress Street, 6th Avenue, Connifer Lane and Chestnut Street in Calvert City, Kentucky.

The project will also include relocation of approximately 55 service lines and meter settings. The original system was installed in an alley located along rear lot lines. All meters and services are at the rear of the properties have been closed and converted to utility easements. Access to the system and maintenance activities have been impaired due to system location.

The Calvert City Municipal Water System serves approximately 1,600 customers within Marshall County area and has emergency connection points to both North Marshall Water District and Paducah Water Works. These connections are only used in the case of an emergency. Last year, the Utility neither sold nor purchased water from either system.

Ms. Linda Bridwell moved to approve the Fund “B” Loan, (B17-004) in the amount of \$540,113 to the City of Calvert City with the standard conditions Mr. Paul Lashbrooke 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 GOVERNMENTAL AGENCIES PROGRAM FUND C LOAN (C17-002) IN THE AMOUNT OF \$3,437,500 TO THE CITY OF MOUNT WASHINGTON, BULLITT COUNTY, KENTUCKY

Ms. Debbie Landrum, KIA, discussed the City of Mount Washington’s request a Fund “C” loan in the amount of \$3,437,500 for the New Water Tower at Armstrong Lane Project. This project will replace a current undersized 250,000 gallon water tower located near the Highway 44 W/Armstrong Lane intersection with a new 1 million gallon water tower. Due to population growth, the current water tower is inadequate to accommodate the increased demand.

The City serves approximately 7,681 households and purchases water at an average of 628 thousand gallons of water per year from Louisville Water at an average cost of \$2.10 per thousand gallons.

Mr. Ron Lovan moved to approve the Fund “C” Loan, (C17-002) in the amount of \$3,437,500 to the City of Mount Washington with the standard conditions, Ms. Linda Bridwell seconded and the motion was unanimously approved.

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
Lexington-Fayette Urban County Government	A17-003	\$ 2,355,600
Lexington-Fayette Urban County Government	A17-016	\$ 16,888,634
City of Calvert City	B17-004	\$ 540,113
City of Mount Washington	C17-002	\$ 3,437,500

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

Chair Dunahoo asked for opinions on combining the October and November KIA Board meeting to make efficient use of members' time with what appears to be a light agenda for both months. Thursday, October 20th was suggested, but several had conflicts that day. Staff will poll the group with additional dates.

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
To be determined
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business, Ms. Linda Bridwell moved to adjourn. Mr. Bruce Scott seconded and the motion carried unanimously. The September 1, 2016, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



Brandi Norton, Secretary
Kentucky Infrastructure Authority

10/20/16

Date