

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: October 27, 2016 – 1:00 p.m.
Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Mr. Mark Bunning, Finance and Administration Cabinet
(proxy for Secretary William Landrum, FAC)
Mr. John Fischer, (proxy for Acting Secretary Erik Dunnigan), Cabinet for Economic Development
Ms. Talina Mathews, Executive Director, 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
Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association

Members absent:

Ms. Sandra Dunahoo, Commissioner, Department for Local Government

Guests:

Mr. Matt Baker, Cann-Tech, LLC
Mr. Jory Becker, Division of Water
Mr. Larry Cann, Cann-Tech, LLC
Mr. David Cartmell, Mayor, City of Maysville
Mr. Mike Flynn, Winchester Municipal Utilities
Mr. Darren Garrison, City of Maysville
Ms. Laura Jefferson, Buffalo Trace Area Development District
Mr. Bryan Kirby, Community Economic Development Associates, Inc.
Mr. Patrick Kirby, Community Economic Development Associates, Inc.
Mr. Gary Larimore, Kentucky Rural Water
Mr. Phil Meador, Kenvirons, Inc.
Mr. Paul Nesbitt, Nesbitt Engineering, Inc.
Mr. Joe Pfeffer, Mason County Judge Executive
Ms. Denise Pitts, Office of Financial Management
Mr. Roy Sawyers, Mountain Water District
Mr. Andrew Schachtner, Department for Local Government

Ms. Jennifer Sparks, Winchester Municipal Utilities
Ms. Penny Stanfield, City of Maysville
Mr. Matt Wallingford, City of Maysville
Ms. Rose Wolfe, Mayor, City of Jackson

PROCEEDINGS

Vice Chair Linda Bridwell called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Ms. Bridwell asked board members and guests to introduce themselves. A quorum was confirmed. It was also 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 September 1, 2016

Mr. Paul Lashbrooke moved to approve the minutes of the September 1, 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 AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A15-077) INCREASING THE AMOUNT TO \$3,472,921 TO THE MOUNTAIN WATER DISTRICT, PIKE COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Jami Johnson, KIA, discussed the Mountain Water District's (District) request for an increase to a Fund A loan in the amount of \$370,000 to make the total loan requested \$3,472,921 for the Douglas Wastewater Treatment Plant Project. The District initially opened bids June 2016 which resulted in a rejection of all bids due to them coming in excessively higher than estimated. The excessive increase is believed to be attributed to the new membrane technology being the first installed in the Commonwealth.

The District re-bid the project in August 2016 with modifications to the grading and odor control roof which resulted in lower bids. The District decided to add three alternates including Penny Road Lift Station Renovation, Lick Branch Lift Station Renovation and a 400 KW Diesel

Stationary Standby Generator. The original loan amount of \$3,102,921 and project scope, which was approved by the KIA board on April 2, 2015, is as follows:

The project will construct a new wastewater treatment plant to replace its existing plant using membrane technology. The plant will increase capacity from 200,000 gallons per day (GPD) to 300,000 GPD and add headwork designed to expand capacity to 400,000 GPD. The plant is currently at maximum capacity and the expansion will allow more customers to be added to the service.

Another component to this project is rehabilitation to the lift stations to efficiently serve customers and increase reliability of the sewer collection system. The District will install high efficiency pumps and motors in conjunction with advanced electrical controllers for best optimization of the station. Odor and corrosion control systems will be installed at the lift stations upstream of the new treatment plant that will assist in minimizing hydrogen sulfide issues to the more developed area.

The District serves the area of Pike County and has approximately 17,200 water and 2,400 sewer customers. Elkhorn City purchases approximately six million gallons of water annually from the District.

Ms. Talina Mathews abstained from voting. Mr. Mark Bunning moved to approve the Fund "A" Loan, (A15-077) in the amount of \$3,472,921 to the Mountain Water District with the standard conditions. Mr. Ron Lovan 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 (A17-010) IN THE AMOUNT OF \$1,404,000 TO THE CITY OF WINCHESTER, CLARK COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Mr. Brandi Norton, KIA, discussed the City of Winchester's request for a fund "A" loan in the amount of \$1,404,000 for the Hampton Manor Outfall Sewer project. This project will eliminate two sanitary sewer overflows and will include improvements to the sanitary sewer collection system in the upper reaches of the Lower Howards Creek sewer shed. The proposed project scope includes replacement of approximately 3,200 LF of 24-inch aged gravity sanitary sewer, 14 manholes, 300 ft of road bore and other appurtenant structures.

This project is needed to comply with a Consent Decree issued by the US Environmental Protection Agency (EPA Consent Decree #06-102-KSF).

Mr. Mark Bunning moved to approve the Fund “A” Loan, (A17-010) in the amount of \$1,404,000 to the City of Winchester with the standard conditions. Mr. Bruce Scott 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 (A17-011) IN THE AMOUNT OF \$4,000,000 TO THE CITY OF MAYSVILLE, MASON COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Debbie Landrum, KIA, discussed the City of Maysville’s request for a fund “A” loan in the amount of \$4,000,000 for the Wastewater Treatment Plant Upgrade project. This project consists of modifications at the wastewater treatment plant including improvements to the grit chamber, screens, clarifier and influent pumps. These improvements will allow the wastewater treatment facility to better accommodate additional flows generated due to the elimination of sewer overflows throughout the system. The system is currently under federal consent judgment with the EPA to eliminate combined sewer overflows.

Mr. Paul Lashbrooke moved to approve the Fund “A” Loan, (A17-011) in the amount of \$4,000,000 to the City of Maysville with the standard conditions. Ms. Talina Mathews 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 (A17-015) IN THE AMOUNT OF \$593,000 TO THE CITY OF JACKSON, BREATHITT COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Ashley Adams, KIA, discussed the City of Jackson’s request for a Fund “A” loan in the amount of \$593,000 for the Lift Station Rehabilitation Project Phase II. This project will rehabilitate seven duplex lift stations, replace four residential grinder stations, and replace three influent pumps at the wastewater treatment plant that are in frequent need of repair due to age. In addition, approximately 2,500 linear feet of 4 inch force main will be upsized and replaced with 6 inch in order

to reduce friction loss and increase flow in the area. The project will reduce the likelihood that wastewater contaminants are released directly into the raw water source for the City's Water Treatment plant.

The system serves approximately 1,456 households in Breathitt County.

Mr. Claude Christensen moved to approve the Fund "A" Loan, (A17-015) in the amount of \$593,000 to the City of Jackson with the standard conditions. Mr. Paul Lashbrooke 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 (B17-007) OF \$400,000 TO THE NORTHEAST WOODFORD COUNTY WATER DISTRICT, WOODFORD COUNTY, KENTUCKY

Ms. Brandi Norton, KIA, discussed the Northeast Woodford County Water District's request a Fund "B" loan in the amount of \$400,000 for the Northeast Woodford County Improvement project. This project will replace a 35 year old aging booster pump station with a new booster pump station containing SCADA. This project also consists of a one mile waterline extension along Sugar Hill Road that will add an additional 2 customers as well as the replacement of 5,000 linear feet of water main along Old Frankfort Pike. This improvement will affect 50 underserved customers.

The Northeast Woodford County Water District serves approximately 983 homes within Woodford and Fayette counties. The District purchases approximately 124 million gallons of water annually from Versailles Municipal Water System and is subject to the Public Service Commission jurisdiction.

Ms. Talina Mathews abstained from voting. Mr. Ron Lovan moved to approve the Fund "B" Loan, (B17-007) in the amount of \$400,000 to the Northeast Woodford County Water District with the standard conditions. Mr. John Fischer 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 (F17-007) IN

THE AMOUNT OF \$883,000 TO THE CITY OF OLIVE HILL, CARTER COUNTY, KENTUCKY

Mr. Jory Becker, DOW, and Ms. Ashley Adams, KIA, discussed the City of Olive Hill’s request for a Fund “F” loan in the amount of \$883,000 for the Olive Hill Downtown Area Waterline Replacement Project. This project will replace approximately 5,900 linear feet of failing cast iron water lines in the downtown area of Olive Hill with new PVC lines. The area covered in this project has been determined by water loss studies to have an estimated 50% loss and is also the oldest part of the system. In addition to the line replacement, the project will replace twelve hydrants as well as facilitate the inspection, rehabilitation, and recommission of the Tick Ridge standpipe water tank. The recommission of the existing tank will add 250,000 gallons to the current storage capacity of the City’s water system as well as stabilize the available volume and pressure for the downtown area.

The system serves approximately 2,338 households in Carter County.

Mr. Mark Bunning moved to approve the Fund “F” Loan, (F17-007) in the amount of \$883,000 to the City of Olive Hill with the standard conditions and the following special condition: The City of Olive Hill will increase rates 2.5% effective July 1, 2018 and another 2.5% by July 1, 2019. The City must pass the rate ordinance by January 31, 2017. Mr. Claude Christensen seconded, and the motion was unanimously approved.

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:

APPLICANT	FUND	AMOUNT
Mountain Water District (Increase)	A15-077	\$ 3,472,921
City of Winchester	A17-010	\$ 1,404,000
City of Maysville	A17-011	\$ 4,000,000
City of Jackson	A17-015	\$ 593,000

Northeast Woodford County Water District	B17-007	\$ 400,000
City of Olive Hill	F17-007	\$ 883,000

Mr. John Fischer moved to approve the resolution. Mr. Bruce Scott seconded, and the motion carried unanimously.

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

I. DISCUSSION

DLG Staff Attorney, Bill Pauley had no updates to provide.


Mark Bunning inquired about staff providing a periodic update on loans and their draw down amounts. Jeff Abshire confirmed that would be no problem and could be provided on a monthly basis.

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Thursday, December 1, 2016, 1:00 p.m.
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business, Ms. Talina Mathews moved to adjourn. Mr. Paul Lashbrooke seconded and the motion carried unanimously. The October 27 2016, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



Brandi Norton, Secretary
Kentucky Infrastructure Authority

November 21, 2016
Date