

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

**Meeting Date/Location: December 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. John Fischer, (proxy for Acting Secretary), Cabinet for Economic Development  
Mr. Aaron Greenwell, Public Service Commission  
(proxy for Executive Director Talina Mathews, 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)  
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

**Guests:**

Ms. Janice Banks, City of Fleming-Neon  
Mr. Ray Bascom, HMB Professional Engineers  
Mr. Jory Becker, Division of Water  
Mr. Dean Behnke, Regional Water Resource Agency  
Ms. Bridget Blake, City of Liberty  
Ms. Chasity Britton, City of Liberty  
Mr. Victor Cernius, Rural Water Resource Agency  
Mr. Thomas Clark, Office of State Budget Director  
Ms. Annette Dupont-Ewing, Kentucky Municipal Utilities Association  
Ms. Jessica Filiatreau, City of Bardstown  
Mr. Mike Gardner, Bowling Green Municipal Utilities  
Mr. Jarrett Haley, Kentuckiana Regional Planning and Development Agency  
Mr. Larry Hamilton, City of Bardstown  
Ms. Felicia Harper, Kentuckiana Regional Planning and Development Agency  
Mr. Joe Henry, GRW Engineers  
Mr. Dustin Horn, Green River Area Development  
Ms. Tracy Hudson, City of Bardstown  
Mr. Brett Jones, Bowling Green Municipal Utilities

Mr. Gary Larimore, Kentucky Rural Water Association  
Mr. Al Mattingly, Daviess County Fiscal Court  
Mr. Paul Nesbitt, Nesbitt Engineering, Inc.  
Ms. Denise Pitts, Office of Financial Management  
Ms. Susan Polis, City of Fleming-Neon  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Mr. Andrew Schachtner, Department for Local Government  
Mr. Joe Schepers, Regional Water Resource Agency  
Ms. Joanna Shake, Green River Area Development District  
Mr. Bob Smallwood, GRW Engineers  
Mr. David Smith, Daviess County Fiscal Court  
Mr. Scot Treece, City of New Castle  
Mr. Kurt Zehnder, GRW Engineers

## **PROCEEDINGS**

Chair Sandra Dunahoo called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Ms. Dunahoo asked guests to introduce themselves. Bill Pauley, DLG Staff Attorney confirmed a quorum. 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 October 27, 2016**

*Mr. Claude Christensen moved to approve the minutes of the October 27, 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 (A15-019) INCREASING THE AMOUNT TO \$4,660,000 TO THE CITY OF LIBERTY, CASEY COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Brandi Norton, KIA, discussed the City of Liberty's request for an additional \$504,000 to a previously approved Fund

“A” loan in the amount of \$4,156,000 for the Wastewater Treatment Plant Upgrade and Improvements project. The original loan was approved on May 7, 2015. The City received four competitive bids for the project that were within 4% of the lowest bid. Approximately 16 items within the bid came in over the original estimate. The original project description is below:

The City of Liberty is requesting a Fund “A” loan in the amount of \$4,156,000 for the Wastewater Treatment Plant Upgrade and Improvements project. The primary focus of this project is to address wet weather flows by adding a 1.5 million gallon wet weather flow equalization basin and a duplex submersible wet weather pump station. The project will also replace and upgrade treatment plant components that have exceeded their useful life. These items include replacement of the raw sewage flow meter, grit removal equipment, adding a third static screen, return sludge pump and controls, sludge pumps and controls, secondary sludge clarifier equipment, and aerobic digester blower equipment. Additionally, a much needed laboratory and office facilities with installation of modern instrumentation and control equipment will be constructed. The City met with the Division of Enforcement in August 2014 and has since been advised that they will receive an Agreed Order by mid-summer 2015 and will incur a fine of approximately \$3,000 for Notices of Violation (NOV). The proposed project will address all issues included in the agreed order.

The wastewater treatment plant has a design capacity of 640,000 gallons per day and services approximately 875 customers.

***Ms. Linda Bridwell moved to approve the increase to Fund “A” Loan, (A15-019) in the amount of \$504,000 to the City of Liberty with the standard conditions and the following special condition: The water and sewer rate ordinance will be amended to increase rates sufficient enough to generate an additional \$50,000 or 6% per year by January 31, 2017 and 2018 and an additional \$65,000 or 7% by July 1, 2018. Mr. Paul Lashbrooke 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 LOAN (A17-014) IN THE AMOUNT OF \$1,169,634 TO THE DAVIESS COUNTY FISCAL COURT, DAVIESS COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Mr. Brandi Norton, KIA, discussed the Daviess County Fiscal Court’s request for a \$1,169,634 fund “A” loan for

the Friendly Park Village Sewer Extension project. This project involves the abandonment an aging package treatment plant that serves the Friendly Park and Green Acres Mobile Home Park subdivisions. The decline of the package treatment plant and two pump stations necessitates an urgent schedule for installation of new sewer service facilities. The project will install a replacement pump station and force main that will redirect the wastewater flow to the Regional Water Resource Agency (RWRA) sewer collection system.

RWRA has entered into an agreement with the Daviess County Fiscal Court to fund all debt and reserve requirements for this project. The project will provide improved service to 92 customers.

***Mr. Paul Lashbrooke moved to approve the Fund “A” Loan, (A17-014) in the amount of \$1,169,634 to the Daviess County Fiscal County 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 PLANNING AND DESIGN LOAN (A17-023) IN THE AMOUNT OF \$356,060 TO THE CITY OF LOUISA, LAWRENCE COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Ashley Adams, KIA, discussed the City of Louisa’s request for a Fund “A” planning and design loan in the amount of \$356,060 for the Inflow and Infiltration Rehabilitation project. In 2009, a Sewer Evaluation Study (SSES) was performed on the entire Louisa sewer system that yielded a delineation of three priority zones for rehabilitation. This project will address the downtown area (Zone 1), which is considered to have the oldest infrastructure and is the highest priority for the city. A portion of this loan will pay for camera inspection of approximately 23,250 linear feet of sewer line and will determine exactly what measures are necessary to address both inflow and infiltration concerns as well as some areas of stormwater separation. By separating the storm sewer from the City’s sanitary sewer, the City will be able to reduce the cost of wastewater treatment as well as reduce the risk of sanitary sewer overflow.

The City of Louisa provides sewer services to 1,800 customers within Lawrence County.

***Ms. Linda Bridwell moved to approve the Fund “A” Loan, (A17-023) in the amount of \$356,060 to the City of Louisa with the standard conditions. Mr. Claude Christensen 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 AN INFRASTRUCTURE REVOLVING FUND LOAN (B17-006) OF \$445,000 TO THE CITY OF NEW CASTLE, HENRY COUNTY, KENTUCKY**

Mr. Jeff Abshire, KIA, discussed the City of New Castle’s request for a for a Fund “B” loan in the amount of \$445,000 for the Water Main Replacement - South Main St - KY 421 and Phase 1 Sewer System Rehabilitation Project. This project will be the first of multiple phases to address chronic operational and maintenance problems within the City’s sanitary sewer collection and water distribution systems.

The clean water portion of the project will rehabilitate or replace wastewater lines in areas that are documented to have significant infiltration and inflow issues. Minor rain events can be sufficient to cause overflows and severe treatment issues at the plant. Approximately 5,100 linear feet of 8 inch lines will be affected by the project. The plant has had numerous violations of discharge effluent limitations since 2012 (May 2012, August 2013, and October 2015). In July 2016, the Kentucky Division of Enforcement fined the City \$2,500 for non-compliance. The City is working with the Division to follow all recommendations to remedy problems with their aging system.

The drinking water portion of the project will consist of approximately 960 linear feet of 6 inch and 4 inch water main replacement to upgrade the City's existing water distribution system. The main replacement will reduce water loss and maintenance costs as well as improve hydraulics and redundancy in the system.

The City has a forty year agreement (expires 2042) with Henry County Water District #2 for the purchase of finished treated water. They purchase about 25 million gallons per year at a current cost of \$2.58 per thousand gallons.

***Mr. David Voegele moved to approve the Fund “B” Loan, (B17-006) in the amount of \$445,000 to the City of New Castle with the standard conditions. Mr. Bruce Scott 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 (B17-008) OF \$1,129,000 TO THE CITY OF BARDSTOWN, NELSON COUNTY, KENTUCKY**

Mr. Jeff Abshire, KIA, discussed the City of Bardstown's request for a Fund "B" loan in the amount of \$1,129,000 for the Bardstown WTP Improvements Project. The project includes construction of a new 24 inch backwash supply main and three new vaults. Approximately 700 linear feet of 24 inch and 120 linear feet of 16 inch ductile iron water main will be constructed as the new backwash supply main. In addition, the project will include approximately 515 linear feet of 2 inch schedule 80 PVC pipe to be constructed below grade and along the inner perimeter of the filters (chlorine rings) to serve as the new top-off-filter chlorine disinfection system within filters 2, 3 and 4.

The City regularly experiences issues with backwashing at the existing four filters within the water treatment plant. The 16 inch backwash supply main does not provide the capacity to adequately backwash the filters. This issue is especially present with Filters 3 and 4, which are larger than Filters 1 and 2 and require additional flow. The proposed project will improve water quality by enhancing adequate and efficient backwash of the primary water treatment system filters. The addition of below grade chlorine lines will improve the disinfection process as well as site safety due to the removal of above grade chlorine. All four wholesale water purchasers have received notices of violation from the Division of Water for disinfectant byproduct levels.

The City provides water service to approximately 11,000 in Hardin, Nelson and Washington counties. They sell approximately 350 million gallons of water annually to the Bloomfield Water and Sewer Department, Larue County Water District #1, New Haven Municipal Water Works, and North Nelson Water District (PSC regulated) at a rate of \$2.00 per thousand gallons.

***Mr. Mark Bunning moved to approve the Fund "B" Loan, (B17-008) in the amount of \$1,129,000 to the City of Bardstown with the standard conditions. Mr. John Fischer seconded, and the motion was unanimously approved.***

**Commissioner Dunahoo advised the Board members two projects would be presented and considered together for the City of Bowling f/b/o Bowling Green Municipal Utilities.**

**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 (B17-009) OF \$2,000,000 TO THE CITY OF BOWLING GREEN f/b/o BOWLING GREEN MUNICIPAL UTILITIES, WARREN COUNTY, KENTUCKY**

**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 (C17-003) IN THE AMOUNT OF \$4,800,000 TO THE CITY OF BOWLING GREEN f/b/o BOWLING GREEN MUNICIPAL UTILITIES, WARREN COUNTY, KENTUCKY**

Ms. Ashley Adams, KIA, discussed the City of Bowling Green for the benefit of Bowling Green Municipal Utilities' (BGMU) request for a Fund "B" loan in the amount of \$2,000,000 and a Fund "C" loan for \$4,800,000 for the Water Treatment Plant Disinfection System Project. The existing disinfection system has exceeded its useful life and presents safety risks that require mitigation. The proposed project will enhance safety for the community by eliminating chlorine gas storage and transport. BGMU obtained proposals for alternative systems, a standard hypochlorite generation system and a mixed oxidant system, which ultimately resulted in the selection of a mixed oxidant generation system. Both cost and non-cost factors were considered in the analysis. The proposed system provides the following quantifiable benefits:

1. Decreases in disinfection byproduct (DBP) formation in distribution systems
2. More persistent residual disinfectant in the distribution system which allows:
  - a. a lower applied disinfectant dosage at the water treatment plant,
  - b. reduced biofilm activity in the distribution system, and
  - c. reduced coagulant and oxidant dosages

The proposed system provides a lower life cycle operating cost than the alternatives.

BGMU serves approximately 22,000 residential and commercial retail customers in Warren County.

***Ms. Linda Bridwell moved to approve the Fund "B" Loan, (B17-009) in the amount of \$2,000,000 and Fund "C" Loan (C17-003) in the amount of \$4,800,000 to the City of Bowling Green f/b/o Bowling***

***Green Municipal Utilities with the standard conditions. Mr. Mark Bunning 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 A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F17-003) OF \$1,500,000 TO THE CITY OF FLEMING-NEON, LETCHER COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Ashley Adams, KIA discussed the City of Fleming-Neon's request for a Fund "F" loan in the amount of \$1,500,000 for the Water Treatment Plant Upgrade Project. This project is the product of a prior Planning and Design project funded by KIA and will be an upgrade to the existing water treatment plant. It will include the replacement of the water process equipment, chemical feed system, electrical supply and system, a backup generator, lagoon, building roof and windows, and will also replace one well pump in the raw water supply.

The current equipment has reached the end of its normal service life and is in extreme disrepair with significant corrosion and numerous safety hazards. The project will improve water quality by eliminating dilapidated equipment, address safety concerns, as well as reduce energy cost for the plant through energy efficient upgrades. There will not be an increase in the rated capacity of the water treatment plant.

The City treats approximately 120 million gallons of water per year from a mine water source and serves approximately 1,300 customers in Letcher County. They also have an emergency connection with the Letcher County Water and Sewer Board. Fleming-Neon does not provide service to any other communities.

***Ms. Linda Bridwell moved to approve the Fund "F" Loan, (F17-003) in the amount of \$1,500,000 to the City of Fleming-Neon with the standard conditions and the following special condition: (1) The City of Fleming-Neon will increase water rates 14% to be effective no later than April 1, 2017. Mr. Ron Lovan 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 Liberty (Increase)	A15-019	\$ 4,660,000
Daviess County Fiscal Court	A17-014	\$ 1,169,634
City of Louisa	A17-023	\$ 356,060
City of New Castle	B17-006	\$ 445,000
City of Bardstown	B17-008	\$ 1,129,000
City of Bowling Green	B17-009	\$ 2,000,000
City of Bowling Green	C17-003	\$ 4,800,000
City of Fleming Neon	F17-003	\$ 1,500,000

***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**

***Ms. Linda Bridwell moved to adjourn into closed Executive Session to discuss personnel matters. Mr. Mark Bunning seconded, and the motion carried unanimously.***

Upon return, Bill Pauley, DLG Staff Attorney, noted there was no action taken during the Executive Session.

#### **ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Thursday, February 2, 2017, 1:00 p.m.  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

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

Submitted by:

Brandi Norton

Brandi Norton, Secretary  
Kentucky Infrastructure Authority

12/19/14  
Date