

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

**Meeting Date/Location: May 4, 2017 – 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. Bruce Scott, Energy and Environment Cabinet  
(proxy for Secretary Charles Snaveley, EEC)  
Mr. Jerry Martin, (proxy for Secretary Terry Gill), 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. David A. Voegele, representing Kentucky Association of Counties  
Mr. Claude Christensen, representing Kentucky League of Cities

**Members absent:**

Mr. C. Ronald Lovan, representing the American Water Works Association  
Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association

**Guests:**

Mr. Jory Becker, Division of Water  
Mr. Vernon Brown, Department for Local Government  
Mr. Joe Burns, Kentucky Rural Water Association  
Ms. Bethany Cooper, City of Benton  
Ms. Bethany Couch, Office of Financial Management  
Ms. Rita Dotson, City of Benton  
Ms. Jessica Filiatreau, City of Bardstown  
Mr. Jonathan Hollinger, Lexington-Fayette Urban County Government  
Ms. Tracy Hudson, City of Bardstown  
Mr. Alex Kelly, Office of State Budget Director  
Mr. Bryan Kirby, Community & Economic Development Associates, Inc.  
Mr. Charles McCann, Rivercrest Engineering, Inc.  
Mr. Charles Martin, Lexington-Fayette Urban County Government  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Mr. Vaughn Williams, Kenvirons, Inc.

## **PROCEEDINGS**

Chair Sandra Dunahoo called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order.

Ms. Dunahoo asked Staff Attorney Bill Pauley, to confirm the press notification and the presence of a quorum. Guests were asked to introduce themselves.

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

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

**For: KIA Regular Board Meeting of March 2, 2017**

*Ms. Linda Bridwell moved to approve the minutes of the March 2, 2017, regular board meeting. Ms. Talina Mathews seconded, and the motion carried unanimously.*

#### **B. NEW PROJECTS/ACTION ITEMS**

Chair Dunahoo turned the floor over to Donna McNeil, KIA Executive Director.

Director McNeil addressed the group about two issues. A change has been made in the wording on the Resolutions. Today's resolutions include "for an amount up to" the requested dollar amount. The second matter pertains to the use of residual funds. The EPA has some concerns that need to be addressed.

#### **1. 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 (A17-039) FOR AN AMOUNT UP TO \$1,780,000 TO THE CITY OF BENTON, MARSHALL COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Debbie Landrum, KIA, discussed the City of Benton's request for a Fund A loan for an amount up to \$1,780,000 for the Sewer Collection System SSES & Rehabilitation Phase III project. This is the third phase of an ongoing series of projects to identify and eliminate sources of infiltration and inflow in the City's sewer system. The system is greatly affected by wet weather flows with peak flows ranging five to nine times the average dry weather sanitary flow. The work being done for this project is to directly address an Agreed Order issued by the EPA.

Approximately 20,000 linear feet of sanitary sewer and appurtenances will be evaluated by closed circuit television inspection, manhole inspections, and pre/post construction flow monitoring. The rehabilitation will include open cut

replacement, cured-in-place pipe, cementitious manhole lining, sewer lateral replacement, and lateral lining.

***Ms. Linda Bridwell moved to approve the Fund “A” Loan, (A17-039) up to the amount of \$1,780,000 to the City of Benton with the standard conditions. Mr. Claude Christensen 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 (A17-005) FOR AN AMOUNT UP TO \$9,969,585 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

Mr. Jory Becker, DOW and Mr. Jeff Abshire, KIA, discussed the Lexington-Fayette Urban County Government’s (“LFUCG”) request for a fund “A” loan for an amount up to \$9,969,585 for the Midland / East Main sanitary trunk sewer replacement and the green infrastructure associated with the Town Branch Commons (TBC) project. The TBC project is already in the design phase and is on an accelerated pace in order to construct pedestrian / vehicular transportation improvements currently funded by federal transportation grants. LFUCG is requesting funding to leverage sanitary and storm water management improvements with the transportation improvements thus creating a holistic funding strategy for the TBC project.

LFUCG is required to replace approximately 5,600 linear feet of 12-inch sanitary trunk sewer along Midland Avenue and East Main Street as part of its approved Remedial Measures Plan (RMP). Compliance with the RMP is a requirement of LFUCG’s Consent Decree with the Commonwealth and the United States Environmental Protection Agency (EPA). LFUCG’s original completion schedule for this project was 2023. However, due to the accelerated nature of the broader Town Branch Commons project along the Midland / East main corridor, LFUCG has elected to move the trunk sewer replacement up in the RMP schedule.

The TBC project presented an opportunity to coordinate the RMP project with the TBC project to minimize disruption to the public and achieve beneficial economies of scale. LFUCG has elected to take the economies of scale opportunity to the next level by also designing/constructing green infrastructure within the project corridor to manage storm water runoff and mitigate the heat island effects of an urban hardscape. Green infrastructure will include bio-swales for storm water treatment, pervious pavement to promote infiltration over sheet flow runoff, and trees for water uptake.

LFUCG's wastewater utility serves more than 300,000 residents in Fayette County with approximately 106,000 customers. The utility maintains approximately 1,400 miles of sanitary sewer line, 81 pump stations, and two wastewater treatment plants.

***Ms. Linda Bridwell moved to approve the Fund "A" Loan, (A17-005) for an amount up to \$9,969,585 to the Lexington-Fayette Urban County Government 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 AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A14-013) INCREASE FOR AN AMOUNT UP TO \$470,000 TO THE CITY OF CATLETTSBURG, BOYD COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Mr. Jeff Abshire, KIA, discussed the City of Catlettsburg's request for an amount up to \$470,000 increase to a loan that was originally approved for \$2,485,000 on September 4, 2014 for the Wastewater Treatment Plant (WWTP) and Sanitary Sewer Collection System Rehabilitation and Expansion Project. The project will rehabilitate two 250,000 gallon per day clarifiers and add one 150,000 gallon per day clarifier. It will also replace a 25 year old sludge press, headworks screen and grit chamber, rehab three pump stations, raise four manholes, and rehabilitate approximately 2,000 linear feet of the collection system to address the most critical inflow and infiltration (I&I) areas.

The overage is primarily due to the wastewater treatment plant rehab and expansion component. There was only one identified supplier that could support the rehab of the old treatment units due to their age. Additionally, site excavation and piping rehab was more complex than originally anticipated. While there were six bids, there were no local area bidders for the proposed contract. The plant was constructed in 1964 and expanded in 1997 while approximately 96% of the collection lines are in excess of twenty years old.

***Ms. Linda Bridwell moved to approve the increase to Fund "A" Loan, (A14-013) in the amount up to \$470,000 to the City of Catlettsburg with the standard conditions and the following special conditions: 1.) Sewer rates will be increased to increase annual revenues by approximately \$20,000 no later than August 1, 2017 and 2.) The City will implement an annual CPI adjustment no later than August 1, 2017 in their sewer rate ordinance to be effective no later than July 1, 2018. Mr. Talina Mathews seconded, and the motion was unanimously approved.***

Mr. Jeff Abshire noted that both Agenda items 4 and 5 would be presented together for the City of Bardstown.

**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMMENDEMENT TO THE CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B17-008) INCREASE FOR AN AMOUNT UP TO \$152,000 TO THE CITY OF BARDSTOWN, NELSON COUNTY, KENTUCKY**

Mr. Jeff Abshire, KIA, discussed the City of Bardstown's request for an up to \$152,000 increase to a Fund "B" loan that was originally approved for \$1,129,000 for the Bardstown Water Treatment Plant Improvements Project. The low bid was higher than the original budget. 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.

**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 (B17-012) FOR AN AMOUNT UP TO \$1,000,000 TO THE CITY OF BARDSTOWN, NELSON COUNTY, KENTUCKY**

The City of Bardstown requested a Fund “B” loan in the amount of up to \$1,000,000 for the Water Treatment Plant Disinfection Conversion project. The project includes the addition of ammonia chemical feed and monitoring equipment to convert from chlorine to chloramines at the plant. This will reduce disinfection byproducts (DBPs) in the distribution system and provide compatible treatment with Louisville Water who also services the North Nelson Water District. All four wholesale customers have received notices of violation and enforcement actions for DBPs.

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. Paul Lashbrooke moved to approve the Fund “B” Loan, (B17-008) for an increase in an amount up to \$152,000 and a Fund “B” Loan (B17-012) for an amount up to \$1,000,000 to the City of Bardstown with the standard conditions. Ms. Linda Bridwell seconded, and the motion was unanimously approved.***

**6. 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 UP TO</b>
City of Benton	A17-039	\$ 1,780,000
Lexington-Fayette Urban County Government	A17-005	\$ 9,969,585
City of Catlettsburg (Increase)	A14-012	\$ 470,000
City of Bardstown (Increase)	B17-008	\$ 152,000
City of Bardstown	B17-012	\$ 1,000,000

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

Commissioner Dunahoo thanked Donna McNeil and Bill Pauley, DLG Staff Attorney, for their efforts in researching policy and resolutions and establishing a plan on the best way for KIA to move forward.

## II. EXECUTIVE DIRECTOR'S REPORT

Director McNeil addressed the group. She thanked Mark Bunning, Ron Lovan and Linda Bridwell for serving on an Ad Hoc Committee. This group is discussing ways to improve KIA in establishing a more streamlined Board Book, Board presentations and various other areas that have issues of concern.

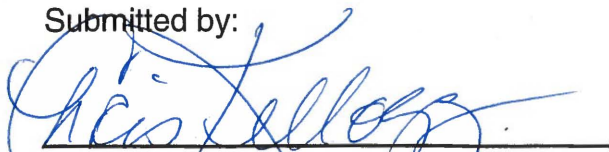
Ms. McNeil began a PowerPoint presentation giving general information and the history of KIA, including the make-up of the 11 person Board. There are five Ex-Officio members and six At-Large members which are appointed by the Governor. Each member has equal voting rights. Also discussed were the four Loan Programs administered through the Authority. Loan Funds A and F are annual grants through the Environmental Protection Agency (EPA), both require a 20% state match. Loan Fund B, if authorized, are from state bond proceeds and Fund C are from bonds issued as needed. A brief overview of the loan process was also discussed; noting the number of loans to date for each Fund. KIA has no loans that are in delinquency. One was questionable, but staff has worked with the entity to begin repayment starting on June 1<sup>st</sup>. The PowerPoint presentation is available upon request.

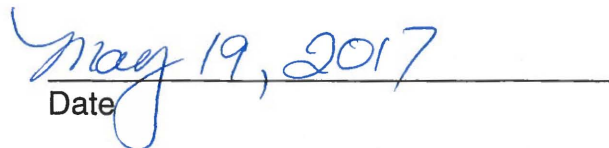
## ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:  
Thursday, June 1, 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. Mark Bunning seconded and the motion carried unanimously. The May 4, 2017, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

  
Chris Kellogg, Acting Secretary  
Kentucky Infrastructure Authority

  
Date