

KENTUCKY INFRASTRUCTURE AUTHORITY
Minutes of the Full Board

Meeting Date/Location: October 5, 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, (proxy for Secretary William Landrum), Finance and Administration Cabinet
Ms. Gwen Pinson, Executive Director, Public Service Commission
Mr. Jerry Martin, (proxy for Secretary Terry Gill), Cabinet for Economic Development
Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association
Mr. Claude Christensen, representing Kentucky League of Cities
Mr. Paul Lashbrooke, representing the Kentucky Rural Water Association
Mr. C. Ronald Lovan, representing the American Water Works Association
Mr. David A. Voegelé, representing Kentucky Association of Counties

Members absent:

Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Bruce Scott, (proxy for Secretary Charles Snavelly), Energy and Environment Cabinet

Guests:

Ms. Suzanne Arnold, Pennyriple Development District
Mr. Ray Bascom, HMB Engineers
Mr. Jory Becker, Division of Water
Mr. Earl Bush, Bracken County Judge Executive
Ms. Bethany Couch, Office of Financial Management
Mr. Kyle Cunningham, Pennyriple Development District
Ms. Kristie Dodge, Buffalo Trace Area Development District
Mr. Craig Hester, Brooksville Mayor
Ms. Amy Kennedy, Buffalo Trace Area Development District
Mr. Mike McGhee, McGhee Engineering
Mr. Scott Marshall, City of Guthrie
Mr. Steve Mika, Elkhorn Water District
Mr. Jeff Reynolds, HMB Engineers
Mr. Randal Smith, Augusta Regional Sewer Authority
Mr. Chris Stewart, HMB Engineers

PROCEEDINGS

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

Ms. Dunahoo asked DLG Staff Attorney Bill Pauley to confirm the press notification and the presence of a quorum. Guests were asked to introduce themselves. Commissioner Dunahoo noted two new KIA staff members, Meili Sun and Melissa Rife. Ms. Gwen Pinson has recently

been appointed as the new PSC Executive Director and will serve on the KIA Board.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of September 7, 2017

Mr. Claude Christensen moved to approve the minutes of the September 7, 2017, regular board meeting. Mr. Ron Lovan 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 ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A17-001) FOR AN AMOUNT UP TO \$5,697,000 TO THE AUGUSTA REGIONAL SEWER AUTHORITY, BRACKEN COUNTY, KENTUCKY

Mr. Jory Becker, DOW and Ms. Ashley Adams, KIA, addressed the group to present information on The Augusta Regional Sewer Authority (ARSA) request for a Fund A loan in the amount of \$5,697,000 for the Augusta/Brooksville Regional Sewer project. ARSA was established by ordinance in 2014 in an effort to regionalize wastewater treatment in an area of Bracken County which includes the Cities of Augusta and Brooksville and unserved citizens in the County between those cities. ARSA was created as a joint sewer agency pursuant to KRS 76.232. The Authority is comprised of five individuals (directors): one appointed by the Bracken County Judge Executive, two by the Mayor of Augusta, and two by the Mayor of Brooksville.

This project is the construction portion of a prior Planning and Design loan (A114-015) for \$600,000 by KIA which will help fund the creation of a new Single Stage Activated Sludge Wastewater Treatment Plant (WWTP). This regional plant will serve the cities of Augusta, Brooksville, and Northern Bracken County based upon the recommendations of the Facilities Plan approved in 2010. The project will also construct a new outfall and four lift stations.

The existing WWTPs for both Augusta and Brooksville are in severe disrepair and will both be eliminated as a result of this project. In addition, a package treatment plant located at a nursing home in the county will be eliminated. The project will extend service to over 80 new customers in the county who were previously unserved with the potential to pick up more as Bracken County's population continues to grow.

In addition to those new customers, Augusta Regional Sewer Authority will serve approximately 775 existing residential customers as well as 102 commercial and industrial customers in Bracken County. KIA has extended \$1.3 million in principal forgiveness to see this project come to fruition and USDA Rural

Development hopes to be able to extend another \$2 million in grant money (in addition to their loan) in the future (this funding has not yet been secured).

Mr. Claude Christensen moved to approve the Fund “A” Loan (A17-001) up to the amount of \$5,697,000 to the Augusta Regional Sewer Authority with the standard conditions and the following special conditions: The borrower must secure full project funding for the balance of the project since the proposed funding with Rural Development has not been approved yet; and Augusta Regional Sewer Authority shall approve a Rate Ordinance which specifies user rates and the date that billings will commence. Rates will be sufficient to cover anticipated operating expenses, debt service, reserve requirements, and a minimum 1.1 debt coverage ratio for the system. 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 AN INFRASTRUCTURE REVOLVING FUND LOAN (B18-001) FOR AN AMOUNT UP TO \$1,163,825 TO THE CITY OF GUTHRIE, TODD COUNTY, KENTUCKY

Ms. Melissa Rife, KIA, discussed the City of Guthrie’s request for a Fund B loan in the amount of \$1,163,825 for the Water/Sewer System Rehabilitation Project. The projects will involve sewer system improvements to address infiltration and inflow (I/I) issues, related Notices of Violation, and a pending Agreed Order. A Sewer System Evaluation Survey (SSES) will be conducted to identify necessary repairs. Water system improvements will include rehabilitation and painting an elevated water storage tank, replacement of approximately 17,000 linear feet of cast iron and galvanized steel pipelines with PVC, replacement of non-functional and/or obsolete fire hydrants, and insertion/replacement of main line valves. The project will enhance public safety, improve service and reliability, decrease water loss, decrease maintenance costs, and allow for more efficient repairs.

The City serves approximately 700 customers.

Mr. Ron Lovan moved to approve the Fund “B” Loan, (B18-001) up to the amount of \$1,163,825 to the City of Guthrie with the standard conditions and the following special condition: The City of Guthrie will increase rates by April 1, 2018 in an amount sufficient to generate a minimum of \$60,000 in additional annual revenue (approximately 10% of overall revenues. Mr. Mark Bunning 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 (B18-003) FOR AN AMOUNT UP TO \$850,000 TO THE ELKHORN WATER DISTRICT, FRANKLIN COUNTY, KENTUCKY

Ms. Meili Sun, KIA, discussed the Elkhorn Water District’s request for a Fund B loan, (B18-003), in the amount of \$850,000 for their Capital Improvements Project. This project will elevate and rebuild the booster pump station for flood protection and replace 6,600 linear feet of 4 inch asbestos concrete distribution pipeline located on Jones Lane with 8 inch PVC line. It will also paint and refurbish both interior and exterior of an over 40 year old elevated water storage tank, replace a master meter as requested by the Frankfort Plant Board, as well as install approximately 500 automatic radio read water meters and associated equipment.

Elkhorn Water District provides services to approximately 562 customers. They purchase their water exclusively from the Frankfort Plant Board. Their rates are regulated by the Kentucky Public Service Commission.

Ms. Gwen Pinson recused herself from voting. Mr. Claude Christensen moved to approve the Fund “B” Loan, (B18-003) up to the amount of \$850,000 to the Elkhorn Water District with the standard conditions. Mr. Paul Lashbrooke seconded, and the motion was unanimously approved.

4. 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 UP TO
Augusta Regional Sewer Agency	A17-001	\$ 5,697,000
Elkhorn Water District	B18-003	\$ 850,000
City of Guthrie	B18-001	\$ 1,163,825

Mr. Ron Lovan moved to approve the resolution. Mr. Robert Amato seconded, and the motion carried unanimously.

5. BYLAWS DISCUSSION

Director McNeil and Staff Attorney Bill Pauley talked to the group about updating the KIA Bylaws. Upon initial review, they thought it there were a couple of areas that needed to be updated, but upon further review more time and attention is needed for a more thorough update. An email will be sent to

members by the end of October with suggested edits for discussion at the December meeting.

6. SURPLUS PROPERTY

Director McNeil addressed the group with an update on using KIA funding to purchase Surplus Property. The first requirement will be for the entity to complete necessary paperwork and meet eligibility requirements to be a member of the Surplus Property buying group. Ms. McNeil has talked to several individuals that are members of the Surplus Property program and discussed what items would be of interest to purchase through Surplus Property. Approved entities would need to state their specific purpose for the item as well as reasonable cost. Lines of credit minimum and maximum will need to be established, between \$5,000 and \$50,000 possibly a 2 year limit on line of credit. She hopes to have this up and going by January 1st if final details can be worked out. Mr. Lashbrooke noted he had used Surplus Property and it worked well for them. Board members are welcome and encouraged to send feedback and suggestions via email to Director McNeil.

II. STATUS REPORTS FOR FUNDS A, A2, B, B1, C, F, F2

III. EXECUTIVE DIRECTOR'S 'REPORT

Director McNeil addressed the group. As mentioned in previous Board meetings, KIA has six vacant positions that need to be filled. She is working three registers and selecting candidates to interview.

Mr. Mark Bunning made the motion move to Executive Session. Mr. Claude Christensen seconded, and the motion was unanimously approved.

After a brief Executive Session discussion, there was no official action taken.

Mr. Mark Bunning made the motion to adjourn the Executive Session. Ms. Gwen Pinson seconded and the Executive Session was adjourned.

ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Wednesday, December 6, 2017, 10:00 a.m.
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business, Mr. Mark Bunning moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The October 5, 2017, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:

Margaret F. Link

Margaret F. Link, Acting Secretary
Kentucky Infrastructure Authority

November 27, 2017

Date