

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

Meeting Date/Location: **April 12, 2012 – 1:00 p.m.**
 Kentucky Infrastructure Authority
 1024 Capital Center Drive, Suite 340, Frankfort

Members present:

Mr. Jamie Link, Finance and Administration Cabinet
 (permanent proxy for Secretary Lori H. Flanery, FAC)
Ms. Lona Brewer, Energy and Environment Cabinet
 (permanent proxy for Secretary Leonard K. Peters, EEC)
Mr. Jerry Wuetcher, Public Service Commission
 (permanent proxy for Executive Director Jeff Derouen, PSC)
Mr. C. Ronald Lovan, representing the American Water Works Association
Ms. Linda C. Bridwell, representing for-profit private water companies
Mr. Thomas P. Calkins, representing the Kentucky Municipal Utilities Association
Mr. Damon Talley, representing the Kentucky Rural Water Association
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky
 Association of Counties

Members absent:

Mr. Tony Wilder, Commissioner, Department for Local Government
Mr. Larry Hayes, Secretary, Economic Development Cabinet

Guests:

Mr. Shafiq Amawi, Division of Water
Mr. Richard Howerton, Howerton Engineering
Mr. Jason Vincent, Pennyriple Area Development District
Mr. Terry Goins, Barkley Lake Water District
Mr. Rick Fletcher, Mount Sterling Water and Sewer
Mr. Michael Brothers, Bracken County Water District
Mr. Jeff Reynolds, HMB Engineers
Mr. Mark Feibes, Nesbitt Engineering
Mayor Rose Wolfe, City of Jackson
Mr. Josh Nacey, Legislative Research Commission
Ms. Jennifer Kantner, Office of Financial Management
Mr. Kevin Howard, Summit Engineering
Mr. Marty Ivy, Mayfield Electric and Water Systems
Mr. Kevin Leonard, Mayfield Electric and Water Systems
Ms. Annette Dupont-Ewing, Kentucky Municipal Utilities Association
Mr. Deron Byrne, Monarch Engineering
Mr. Vernon Shanklin, Kenvirons, Inc.
Mr. Eddie Brown, Kenvirons, Inc.
Mr. Kevin Cornette, Buffalo Trace Area Development District

Mayor Martin Voiers, City of Flemingsburg
Mr. Bryan Kirby, CEDA, Inc.
Mr. Bob Blankenship, HMB Engineers
Mr. Joe Grider, HMB Engineers
Mr. Roger Recktenwald, Kentucky Association of Counties
Mr. Joe Burns, Kentucky Rural Water Association

PROCEEDINGS

Vice Chair Damon Talley called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Vice Chair Talley asked board members and guests to introduce themselves. He noted that a quorum was present and that the press had been notified regarding the meeting.

Mr. Rusty Anderson, KIA, made maps available for viewing via the Water Resource Information System (WRIS) which showed an overview of the water and sewer projects that were to be considered at this board meeting.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of March 1, 2012

Mayor David Cartmell moved to approve the minutes of the March 1, 2012 regular board meeting. Ms. Linda Bridwell seconded, and the motion carried unanimously.

2. APPROVAL OF MINUTES

For: KIA Executive Committee Meeting of March 27, 2012

Ms. Lona Brewer moved to approve the minutes of the March 27, 2012 Executive Committee meeting. Judge Jody Jenkins seconded, and the motion carried unanimously.

B. NEW PROJECTS/ACTION ITEMS

Vice Chair Talley proposed to the Board that the first six items on the agenda regarding proposed 2020 Grants be presented collectively to the board for consideration and approval. Mr. John Covington addressed how the projects were selected. With the passage of Senate Bill 409 and the change in the way KIA was structured, a 2020 Account was created within the Fund B program. A 50 million dollar bond issue was authorized and bonds were sold in 2001. The Board approved grants for the entire 50 million dollars and over the past 10 years the original bond proceeds have been spent. Some of the projects moved rapidly while others moved more slowly. The money was invested and interest earnings have accumulated in the account. The Office of Financial Management, Finance Cabinet, encouraged KIA to expend the remaining balance of approximately \$550,000. The Water Management Coordinators from all fifteen area development districts were contacted and asked to submit projects that were small, ready-to-go projects, and only needed funding of approximately \$100,000 or less. The proposed projects generally fall

within the guidelines of the original Senate Bill 409. Eight projects were selected and six were presented at this board meeting.

1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A 2020 WATER SERVICE ACCOUNT GRANT OF \$120,000 TO THE CITY OF ALBANY, CLINTON COUNTY, KENTUCKY

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A 2020 WATER SERVICE ACCOUNT GRANT OF \$100,000 TO THE BARKLEY LAKE WATER DISTRICT, TRIGG COUNTY, KENTUCKY

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A 2020 WATER SERVICE ACCOUNT GRANT OF \$100,000 TO THE BRACKEN COUNTY WATER DISTRICT, BRACKEN COUNTY, KENTUCKY

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A 2020 WATER SERVICE ACCOUNT GRANT OF \$15,000 TO THE CITY OF CRAB ORCHARD, LINCOLN COUNTY, KENTUCKY

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A 2020 WATER SERVICE ACCOUNT GRANT OF \$60,000 TO THE MOUNT STERLING WATER AND SEWER, MONTGOMERY COUNTY, KENTUCKY

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A 2020 WATER SERVICE ACCOUNT GRANT OF \$90,000 TO THE MAYFIELD ELECTRIC AND WATER SYSTEMS, GRAVES COUNTY, KENTUCKY

Ms. Debby Milton, KIA, presented the six 2020 Water Service Account projects to the Board. All six grants meet the criteria from the 2020 Water Service Account fund. They were all reviewed, approved, and ranked by the Area Water Management Councils.

The City of Albany requested the approval of a \$120,000 KIA 2020 Grant for the KY HWY 90 (Bluegrass Stockyards) Water Relocation & Development project. The project consists of relocating approximately 950 LF of 16-inch water transmission main along Kentucky Highway 90 to accommodate for a new relocated stock yard in Clinton County, Kentucky. The project will also consist of installing a meter service to the new office/restaurant building attached to the stockyard barn. The existing Clinton County stockyards has relocated to a new location and the new location will have a new office with two bathrooms and restaurant which will require potable water and sewer services from the City. Due to the excavation of the existing grade, the existing 16-inch water transmission main will need to be lowered and relocated to avoid being exposed. The existing 16-inch water transmission main is also the main water feed to a major poultry producing industry.

The Barkley Lake Water District requested the approval of a \$100,000 KIA 2020 Grant for the Water System Improvements Phase 2 project. The project will expand the WTP from 2MGD to 3.75MGD, make improvements to the raw water intake, construct a new flocculation basin and tube settlers, install a 3rd high service pump and new chemical feed system. This project will improve water pressure to the South Road area and also allow the water district to sell wholesale water to the City of Cadiz. The project is currently under construction.

The Bracken County Water District requested the approval of a \$100,000 KIA 2020 Grant for the West End Feed to Brooksville project. The project will replace 2,500' of 6" asbestos-cement line with 8" PVC. Project includes the area from the Division 2 Pump Station to the west end of Brooksville. This area serves a school, slaughter house, dollar store and several residences. With completion of project the pressure will be equalized in this area and increased to 75 psi. The new line will also be the supply line to the Brooksville Water Tank.

The City of Crab Orchard requested the approval of a \$15,000 KIA 2020 Grant for the Detailed GIS Water System Map project. The City of Crab Orchard is in desperate need to capture the location of their utility's water infrastructure. In December of 2011, their long-time water/wastewater superintendent John Kuhn retired. Mr. Kuhn takes with him over 30-years of system knowledge that has never been mapped or captured in a data dictionary or asset management system. Mr. Kuhn has agreed to come back and assist with locating waterlines, valves, meters, fire hydrants, flush hydrants and other critical system information. This data collection is needed for the continued proper maintenance of their system. The data will be collected with GIS equipment providing sub-meter accuracy and will be mapped with ESRI software compatible with the KIA portal. The effort will exceed the required data collection captured by KIA which is used only for planning purposes. The level of detailed captured in this effort will allow for immediate pinpointing the location of lines either for the purpose of marking lines, or for initiating emergency repairs when required. With the loss of Mr. Kuhn, Crab Orchard has lost all of the corporate knowledge of their system. Unless that knowledge is captured and passed along to the next utility operator, the system is likely to suffer. Long term maintenance of an asset management database should be the goal of all utilities, but the cost is often prohibited or the technology unavailable for small utilities. The Bluegrass ADD will use their GIS equipment and deliver to the City of Crab Orchard a hard copy and an electronic version of the mapping info.

Mount Sterling Water and Sewer requested the approval of a \$60,000 KIA 2020 Grant for the Valve Stem Replacement project. The project will involve the replacement of six existing settling basin valves and stems that are currently difficult to operate. These valves allow for the draining of settling basins located at the water treatment plant during routine cleaning operations. The completion of this project will allow for easier use of settling basin valves and stems. This aids in improving customer service, water delivery, and water quality.

The Mayfield Electric and Water Systems requested the approval of a \$90,000 KIA 2020 Grant for the Elevated Water Storage Tank, Generator and Security Fence project. The project will include constructing a perimeter fence around the

storage tank and the installation of a generator. This project is a portion of a project that was completed 2/17/2012 for the addition of a new 1,000,000 gallon water storage tank, associated pumping facilities, and a tie in to the Mayfield distribution system to improve system reliability and capacity.

KIA staff recommended approval of these grants with the standard grant assistance agreement conditions.

Regarding the City of Albany's Bluegrass Stockyards project, Mr. Jerry Wuetcher asked if the entity that was moving to a new location was a public or private entity. He stated that if it were a private owned entity that was doing the relocation then normally the cost relating to putting in a new line would be the responsibility of the private entity as opposed to the city utility. He also asked if the purpose of the project was considered to be an economic development service as opposed to improving the quality of water service. Mr. Deron Byrne of Monarch Engineering stated that the stockyards is a public entity and the line is publicly owned. Mr. John Covington stated a portion of the project has a water component and a portion of the project has a wastewater component that KIA is not involved with. He also stated there is an economic development component to the project and it is not viewed as a limitation to what the funds can be used for.

Mr. Tom Calkins moved to approve the six 2020 Water Service Account grant resolutions presented to the board with the standard conditions. Ms. Linda Bridwell seconded, and, upon a majority vote of 8 approving and 1 opposing, the six 2020 Water Service Account grant resolutions were approved.

2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT OF THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A11-16) INCREASING THE AMOUNT TO \$1,094,143 TO THE SOUTHERN WATER AND SEWER DISTRICT, FLOYD COUNTY, KENTUCKY

Ms. Kasi White, KIA, presented the project to the Board. The Southern Water and Sewer District requested an increase of \$244,143 for the Fund A loan that was previously approved for \$850,000 (August 2011) for a new Fund A loan amount of \$1,094,143 for the Harold Sewer project due to higher than estimated costs upon bid opening. The project is an effort to provide public wastewater service to southern Floyd County along the US 23 corridor. There are currently no public wastewater collection or treatment facilities in the area. Large water users operate their own package wastewater treatment plants but most other residences and small business utilize septic systems and straight pipe discharges. The project was planned as two stand alone phases but has been combined to facilitate a more cost effective design, bid and construction process. Phase 1 of the project involves the construction of a 100,000 GPD expandable regional wastewater treatment plant and installation of approximately 20,000 feet of trunk force. Phase 2 will involve the installation of 30,000 feet of force mains and approximately 150 grinder pumping units. This will provide service to the five largest water users along with other small businesses and approximately 150

residences in the service area. The increased costs were mainly attributed to the WWTP site which is a previously disturbed mine land. The project did not qualify for Green Project Reserve funding. The project did qualify for additional subsidization in the amount of \$328,243. The new unforgiven balance of the loan is \$765,900 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$43,879. Both DOW and KIA staff recommended approval of the loan increase with the standard conditions and the following special conditions: 1) The district must increase sewer rates by at least 15% to be effective no later than December 1, 2012 (This was a change from October 1, 2012, that was in the Credit Analysis in the Board Book); and 2) Notice should be provided to KIA in the event that the proposed 20% increase to water rates is not implemented by December 2, 2012 (This was a change from October 1, 2012, that was in the Credit Analysis in the Board Book). The original approval required proof of commitments from the Appalachian Regional Commission, Rural Development and Floyd County Fiscal Court. These commitments have been secured.

Mr. Jerry Wuetcher noted for the record that since the loan and the construction project will have to obtain approval from the Public Service Commission he would abstain from voting.

Ms. Linda Bridwell moved to approve the Fund A (A11-16) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Tom Calkins seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining.

3. 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 (A12-06) IN THE AMOUNT OF \$3,006,000 TO THE CITY OF SOUTH SHORE, GREENUP COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of South Shore requested a \$3,006,000 Fund A loan for the Sewer System and Wastewater Treatment Plant Rehabilitation project. The project contains two components. First, the City will replace or slip line approximately 18,958 linear feet of eight inch line, CCTV up to 40,000 LF of line and prepare a CCTV report and update the Facilities Plan. It will reduce I&I and sewer overflows that occur during significant rainfalls. Second, a one million gallon equalization basin with diffuser and pump station will be constructed to stabilize flows in the WWTP. This will reduce overload situations at the plant during heavy or prolonged periods of rain. Outdated system components will also be replaced as part of this project. The project did not qualify for Green Project Reserve funding. The project qualified for additional subsidization in the amount of \$300,060. The unforgiven balance of the loan is \$2,705,400 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$154,995. The total required replacement reserve of \$75,000 will be funded in June 2013 from existing reserve funds on KIA loan A91-06 which matures at the same time. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund A (A12-06) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously.

4. 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 (A12-19) IN THE AMOUNT OF \$500,000 TO THE CITY OF FLEMINGSBURG, FLEMING COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Flemingsburg requested \$500,000 in Clean Water SRF funds for the Ewing School Sewer Project. This project will provide sanitary sewer service to the new Ewing Elementary School that is currently under construction. Sanitary sewer service will be conveyed via a low pressure collection system. The project consists of approximately 38,000 linear feet (6.5 miles) of force main and one pump station and will also provide service to approximately 85 residences in addition to the new school. The project did not qualify for Green Project Reserve funding. The project qualified for additional subsidization of 10%. The unforgiven balance of the loan is \$450,000 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$25,781. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special conditions: 1)The City must obtain a commitment for an EPA Special Appropriations Grant in the amount of \$600,000 and the Appalachian Regional Commission in the amount of \$500,000 or other funding sources and provide verification of such commitments to KIA; and 2) A copy of the fully executed interlocal agreement between the Fleming County Board of Education and the City of Flemingsburg reflecting the commitment of \$400,000 in funds to utilize for project related expenses must be received prior to bidding the project. If the Board of Education commitment is not obtained, the City must provide verification of an alternative commitment to KIA prior to bidding.

Mayor David Cartmell noted for the record that since the City of Maysville sells water to the City of Flemingsburg he would abstain from voting.

Mr. Tom Calkins moved to approve the Fund A (A12-19) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Ms. Linda Bridwell seconded, and the motion carried unanimously, with Mayor David Cartmell abstaining.

5. 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 (A12-20) IN THE AMOUNT OF \$719,000 TO THE CITY OF RUSSELL SPRINGS, RUSSELL COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Russell Springs requested a \$719,000 Fund A loan for the Manhole Replacement project. Seventy-five to eighty manholes that are approximately fifty years old and of brick construction will be replaced. This will substantially reduce the high volume of inflow and infiltration decreasing the likelihood of a sanitary sewer overflow event. The project did not qualify for the Green Project Reserve funding. The project qualified for additional subsidization of 10%. The unforgiven balance of the loan is \$647,100 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$37,073. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund A (A12-20) resolution with the standard conditions. Mr. Tom Calkins seconded, and the motion carried unanimously.

6. 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 (A12-23) IN THE AMOUNT OF \$700,000 TO THE CITY OF JACKSON, BREATHITT COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Jackson requested a \$700,000 Fund A loan for the Wastewater Lift Station Rehabilitation project. The project will rehabilitate ten lift stations throughout the city's system that currently have to be repaired due to age. Three of the lift stations are in the direct flow of the water treatment plant's intake system. The project will reduce the likelihood that wastewater contaminants are released directly in the raw water source for the City's water treatment plant. This project will assist in compliance with the Agreed Order to remediate numerous operation and maintenance issues. The project did not qualify for Green Project Reserve funding. The project qualified for additional subsidization of 10%. The unforgiven balance of the loan is \$630,000 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$36,093. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special conditions: 1) The City must obtain a commitment for an Appalachian Regional Commission (ARC) grant (or other funding source) in the amount of \$500,000 and provide verification of such commitment to KIA; and 2) Prior to July 1, 2012, the City will provide to KIA a copy of the revised rate ordinance which requires an automatic 3% rate increase each July 1. The City satisfied this condition prior to the start of the board meeting.

Ms. Linda Bridwell moved to approve the Fund A (A12-23) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously.

7. 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 (A12-18) IN THE AMOUNT OF \$500,000 TO THE CITY OF WORTHINGTON, GREENUP COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Worthington requested a Fund A loan in the amount of \$500,000 for the Surge Basin project. This project includes the construction of a surge basin which will help eliminate CSO's that currently occur during rain events and will help to bring the city into compliance with the Consent Decree. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with a 2% interest rate and an estimated annual debt service payment of \$31,456. Both KIA and DOW staff recommended approval of the loan with the standard conditions and the following special condition: On or before the bid opening for the proposed project, the City shall pass an ordinance and/or resolution to increase sewer rates which will generate an additional 23% (47,204) in additional revenues to be effective on or before July 1, 2012.

Mr. Tom Calkins moved to approve the Fund A (A12-18) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously.

8. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING THE ISSUANCE OF A CONDITIONAL COMMITMENT FOR A GOVERNMENTAL AGENCIES PROGRAM LOAN (C12-02) OF \$600,000 TO THE CITY OF WORTHINGTON, GREENUP COUNTY, KENTUCKY

Ms. Kasi White, KIA, presented the project to the Board. The City of Worthington requested a Fund C loan in the amount of \$600,000 for the Water Treatment Filters Upgrade project. This project will upgrade the existing water plant filtration system which was constructed in 1970. The filters are in a constant state of repair with the filter vessels and media in dire need of replacement. High service and backwash pumps are experiencing end of life breakdowns and are also in need of replacement. The project will replace the existing 3 tank system to a high efficiency two tank system which will reduce treatment processing time in half. The term of the loan is 20 years with a 3% interest rate and an estimated annual debt service payment of \$41,313. KIA staff recommended approval of the loan with the standard conditions and the following special condition: On or before the bid opening for the proposed project, the City shall pass an ordinance and/or resolution to increase water rates and/or establish a project surcharge which will generate an additional 30% (57,000) in additional revenues to be effective on or before July 1, 2012.

Ms. Linda Bridwell moved to approve the Fund C (C12-02) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Tom Calkins seconded, and the motion carried unanimously.

9. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND (B12-04) LOAN IN THE AMOUNT OF \$350,000 TO THE CITY OF MT. OLIVET, ROBERTSON COUNTY, KENTUCKY

Ms. Kasi White, KIA, presented the project to the board. The City of Mt. Olivet requested a \$350,000 Fund B loan for the Elevated Tank project. The project will replace an existing 100,000 gallon standpipe tank that has been in place since 1955 with a 100,000 gallon elevated tank. The new elevated tank, to be filled by a new booster pump station, will be 130 feet in height, will provide the City with improved pressure, additional water storage as required by the Division of Water and much needed additional storage for fire protection. Due to its design the maximum water usage of the existing tank is limited to 25% of the tank's capacity. This does not provide adequate water pressure to supply water to the upper floors of the school and there are also problems providing adequate water to the recently constructed courthouse in Mt. Olivet. The construction of an elevated tank will allow adequate turnover of water to service these areas as well as the residents of the system. In addition, approximately 1,200 feet of 1.5 and 2.0 inch water lines will be replaced with 3 and 4 inch lines. These are located in the center of Mt. Olivet near the courthouse and City Hall. The term of the loan is 20 years with a 1% interest rate and an estimated annual debt service payment of \$20,052. KIA staff recommended approval of the loan with the standard conditions and the following special conditions: 1) No later than July 1, 2012, the City shall provide KIA a copy of the ordinance and/or resolution passed to implement a surcharge of \$5 per customer per month which will be added to each water customer effective July 1, 2012; 2) No later than July 1, 2012, the City shall provide KIA a copy of the ordinance and/or resolution passed to implement a sewer rate increase which will generate additional annual revenues of approximately \$28,000; and 3) The City must obtain commitments from the Rural Development grant program in the amount of \$100,000 and the Appalachian Regional Commission in the amount of \$150,000 or other funding sources and provide verification of such commitments to KIA prior to bidding.

Mr. Ron Lovan moved to approve the Fund B (B12-04) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Mr. Tom Calkins seconded, and the motion carried unanimously.

10. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS 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
Southern Water and Sewer District	A11-16	\$ 1,094,143
City of South Shore	A12-06	\$ 3,006,000
City of Worthington	A12-18	\$ 500,000
City of Flemingsburg	A12-19	\$ 500,000
City of Russell Springs	A12-20	\$ 719,000
City of Jackson	A12-23	\$ 700,000
City of Mt. Olivet	B12-04	\$ 350,000
City of Worthington	C12-02	\$ 600,000

Ms. Linda Bridwell moved to approve the resolution. Mr. Jamie Link seconded, and the motion carried unanimously.

At this time, Vice Chair Talley asked Kasi White, KIA, to say a few words regarding her leaving the employment of KIA. Ms. White stated that she had enjoyed her time at KIA and was extremely appreciative of all the guidance and information that the board members shared with her and it was a very worthwhile learning experience. Vice Chair Talley stated that on behalf of the board, they are indebted to Ms. White for her loyalty and dedicated service. He invited everyone in attendance to stay after the meeting for a reception to honor Ms. White.

II. EXECUTIVE DIRECTOR’S REPORT

Mr. John Covington, KIA, reported on the following items to the Board:

- A. Mr. Covington stated that the budget signed by the Governor contained no leveraging provisions. This will reduce the amount of funds available in the next biennium by approximately \$100,000,000. The only line item grants for wastewater projects contained in the budget are single county coal projects.
- B. The bond sale went forward. Each board member was handed a copy of the Official Statement and a copy of the AAA rating given to KIA from all three rating agencies.
- C. John Covington and Sandy Williams of KIA attended the CIFA Conference in Washington, D.C. during the week of March 26, 2012. One issue that was presented was the proposal of a new federal program called Water Infrastructure Finance Innovation Authority (WIFIA). This would be designed to fund larger projects starting at approximately \$20 million and above. The question of whether this new program would compete with the current SRF program was a concern.

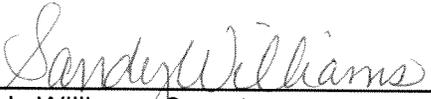
III. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
 Tentatively scheduled for
 Thursday, May 3, 2012
 1024 Capital Center Drive, Suite 340
 Frankfort, Kentucky

There being no further business Judge Jody Jenkins moved to adjourn. Mr. Jerry Wuetcher seconded and the motion carried unanimously. The April 12, 2012, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:


Sandy Williams, Secretary
Kentucky Infrastructure Authority

4-30-12
Date