



## **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 December 8, 2011**

*Mr. Joe Kelly moved to approve the minutes of the December 8, 2011 regular board meeting. Mr. Ron Lovan seconded, and the motion carried unanimously.*

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

##### **1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A10-07) INCREASING THE AMOUNT TO \$2,123,000 AND REVISING THE SCOPE AND SPECIAL CONDITION TO THE OLDHAM COUNTY ENVIRONMENTAL AUTHORITY, OLDHAM COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The Oldham County Environmental Authority requested a revision to the scope and an increase of \$193,000 of the approved Fund A base loan in the amount of \$1,930,000 for the Orchard Grass and Willow Creek WWTP project. The Orchard Grass WWTP is in failing condition and the Willow Creek WWTP is extremely undersized for the amount of flow entering the plant. Both plants have had numerous violations in past years. This project will construct a 9,331 LF force main from the Willow Creek WWTP to the Orchard Grass WWTP. The Willow Creek WWTP will be modified into an equalization basin. In addition, correction of I&I in the area will be undertaken to reduce flow into these two plants so that the remaining plant can handle the additional flow from Willow Creek. This will be Phase 1 of this project to ultimately eliminate both WWTPs. There are approximately 1,094 customers connected to the 2 plants. Due to project scope changes, delays and additional financial information made available, the increase and Special Conditions of the loan are being modified. The original scope of the project was to take both plants offline and connect with Louisville MSD. The terms of the loan remains the same to be repaid in 20 years with a 2% interest rate and a revised estimated annual debt service payment of \$133,560. The replacement reserve requirement will be increased to \$5,300 on

an annual basis until the balance reaches \$53,000 and maintained for the life of the loan.

DOW and KIA staff recommended approval of the loan with the standard conditions and the following revised special condition: The Oldham County Environmental Authority shall pass the necessary resolution and/or ordinance no later than October 1, 2011 that will enact rate increases of at least 5% annually effective on July 1, 2012 and July 1, 2013. Due to the scope changes of the project the following three Special Conditions will be deleted: (1) The Oldham County Environmental Authority shall enter into an agreement with the Louisville Metropolitan Sewer District (MSD) showing the Oldham County Environmental Authority's willingness to pay for the treatment of the sewerage and MSD's willingness to accept and treat the sewerage. This agreement shall be to the satisfaction of the Executive Director of the Kentucky Infrastructure Authority and shall be provided to the Authority fully executed prior to the execution of the Assistance Agreement or the release of any funds; (2) MSD shall receive permission from the Energy and Environment Cabinet to accept the flow from the Green Valley Plant. This agreement shall be provided to the Authority fully executed prior to the execution of the Assistance Agreement or the release of any funds; and (3) Another adequately permitted wastewater utility may be substituted for the MSD upon approval by the Executive Director of KIA and the Director of the Division of Water.

***Mr. Hank List moved to approve the Fund A (A10-07) resolution with the standard conditions and the revised special conditions indicated in the staff recommendations. Mr. Tom Calkins seconded, and the motion carried unanimously.***

**2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A10-05) FOR \$1,000,000 REVISING THE SPECIAL CONDITION TO THE OLDHAM COUNTY ENVIRONMENTAL AUTHORITY, OLDHAM COUNTY, KENTUCKY**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A10-06) FOR \$250,000 REVISING THE SPECIAL CONDITION TO THE OLDHAM COUNTY ENVIRONMENTAL AUTHORITY, OLDHAM COUNTY, KENTUCKY**

Ms. Kasi White, KIA, presented the projects to the Board.

The Oldham County Environmental Authority requested a revision to the Special Conditions for the Fund A base loan in the amount of \$1,000,000 for construction of the Inflow and Infiltration Corrections & S.R. 1793 Lift Station Replacement Project. Construction will include upgrades to three existing lift stations: Highway 1793, Crosshill Court and Pebble Point. The lift stations are undersized and beyond their useful life but still must be used to pump effluent from lines that are inundated by infiltration and inflows. Overflows are frequent during moderate to

heavy rain events allowing raw sewage to enter the environment either at the lift station or at the WWTPs. In addition, an undersized 6" leaking forcemain off of Hwy 1793 will be replaced with approximately 5200 LF of 12" PVC C900 forcemain. Due to project delays and additional financial information made available, the OCEA requested the Special Condition regarding the rate increase be modified. The term of the loan remained the same as was originally approved. KIA staff recommended approval of the loan with the standard conditions and the following revised special condition: The Oldham County Environmental Authority shall pass the necessary resolution and/or ordinance no later than October 1, 2011 that will enact rate increases of at least 5% annually effective July 1, 2012 and July 1, 2013.

***Mr. Joe Kelly moved to approve the Fund A (A10-05) resolution with the standard conditions and the revised special conditions indicated in the staff recommendations. Mr. Hank List seconded, and the motion carried unanimously.***

The Oldham County Environmental Authority requested a revision to the Special Condition of the Fund A base loan in the amount of \$250,000 for construction of the Green Valley WWTP Elimination & LaGrange Connection Project. The Green Valley wastewater treatment plant (WWTP) serves a residential area and has had numerous (86) violations of the Clean Water Act due to bypasses and overflows. This project involves the elimination of the plant by replacing it with a lift station that will pump wastewater via 2,161 LF of 4" inch force main, a precast manhole, 47 LF of 8" PVC gravity sewer, 1 road bore and 1 air/vacuum valves to the LaGrange Utilities Commission's WWTP. Construction activities will include removal of the WWTP. Due to project delays and additional financial information made available, the OCEA requested the Special Condition regarding the rate increase be modified. The term of the loan remained the same as was originally approved. KIA staff recommended approval of the loan with the standard conditions and the following revised special condition: The Oldham County Environmental Authority shall pass the necessary resolution and/or ordinance no later than October 1, 2011 that will enact rate increases of at least 5% annually effective July 1, 2012 and July 1, 2013. Ms. White noted the remaining special conditions from the original application have been satisfied.

***Mr. Tom Calkins moved to approve the Fund A (A10-06) resolution with the standard conditions and the revised special conditions indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously.***

**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 (A12-01) IN THE AMOUNT OF \$1,161,700 TO THE GRANT COUNTY SANITARY SEWER DISTRICT, GRANT COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Grant County Sanitary Sewer District requested a Fund A Loan in the amount of \$1,161,700 for the Bingham Pump Station Replacement and

Bullock Pen Lake Sewer Extension projects. The extension project involves extending an existing sewer system to serve fifty-three new customers along Violet Road to the crossing of Bullock Pen Lake. It will eliminate septic tanks and possible straight pipes that are in the Bullock Pen watershed which is the sole source of water for the Bullock Pen Water Treatment Plant. Approximately 1.2 miles of pressurized sewer system with individual grinder pumps, 1.22 miles of gravity sewer, a pump station and 1.63 miles of force main will be constructed. The new pump station project is needed to handle the increased capacity generated by the new sewer extensions and will provide capacity for future customers. The project did not qualify for Green Project Reserve and did not qualify for additional subsidization under the 2011 Capitalization Grant Equivalencies. The term of the loan is 20 years with an interest rate of 3% and an estimated annual debt service payment of \$79,988. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Mr. Ron Lovan noted for the record that he would be abstaining from voting because Northern Kentucky Water District is a wholesale provider to the Bullock Pen Water District.

Mr. Jerry Wuetcher noted for the record he would be abstaining from voting because the project and the loan will have to be approved by the Public Service Commission.

***Mayor David Cartmell moved to approve the Fund A (A12-01) resolution with the standard conditions. Mr. Hank List seconded, and the motion carried unanimously, with Mr. Ron Lovan and Mr. Jerry Wuetcher abstaining.***

**4. 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 (F12-01) LOAN IN THE AMOUNT OF \$2,600,000 TO THE CITY OF MOUNT VERNON, ROCKCASTLE COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Mount Vernon requested a Fund F loan in the amount of \$2,600,000 for the Phase #2 Potable Water Storage Tanks and Lines project. This project involves the construction of one 500,000 gallon water storage tank, one million gallon tank, one pump station and removal of some of the existing tanks. Additionally, a pump station will be modified, approximately 11,770 feet of sixteen inch and 3,121 feet of twelve inch ductile iron transmission lines will be constructed for interconnection of the tanks and distribution flows. The water storage system is undersized to meet the demands and some of the tanks are beyond repair. The project did not qualify for Green Project Reserve funding. The project did qualify for additional subsidization in the amount of \$910,000. The unforgiven balance of the loan is \$1,690,000 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$97,667. DOW and KIA staff recommended approval of the loan with the standard conditions and the following special conditions: (1) No later than January 31, 2012, KIA shall receive a copy of the rate review conducted for the City; (2) No later than April 1, 2012, KIA shall receive proof of the passage of a resolution

and/or ordinance by the City implementing a rate increase that will generate sufficient revenue to adequately meet all outstanding bond debt service coverage requirements as well as pay the debt service on the proposed KIA Fund F12-01 loan; and (3) The Division of Water will not give the city authority to advertise for bids until the ordinance affecting the rate increases is received and to KIA's satisfaction.

***Mr. Ron Lovan moved to approve the Fund F (F12-01) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Ms. Linda Bridwell 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 DRINKING WATER REVOLVING FUND (F12-02) LOAN IN THE AMOUNT OF \$2,000,000 TO THE LYON COUNTY WATER DISTRICT, LYON COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Lyon County Water District requested a Fund F loan in the amount of \$2,000,000 for various water system improvements that are scattered throughout the county. Each component will improve water quality and reduce maintenance costs and water loss for the system. The projects include 1) water storage tank rehabilitation, 2) KY 903 Loop, and 3) KY 93 South Loop and are described in detail in the credit analysis. Water loss exceeded 25% for years 2006 through 2010. The project qualified for Green Project Reserve funding for \$312,000 under the category of Water Efficiency. The project did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$126,822. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special conditions: (1) KIA shall receive from the Lyon County Water District by February 28, 2012, proof of the passage of a resolution by the district agreeing to file a rate case with the Public Service Commission (PSC) for a rate increase that will generate sufficient revenue to adequately pay the debt service on the proposed KIA Fund F12-02 loan; and (2) The Division of Water will not give the authority to advertise for bids until the PSC has issued the order for the rate increase and the district has enacted the new rates.

Mr. Jerry Wuetcher noted for the record he would be abstaining from voting because the project and the loan will have to be approved by the Public Service Commission.

***Ms. Linda Bridwell moved to approve the Fund F (F12-02) resolution with the standard conditions and the revised special conditions indicated in the staff recommendations. Mr. Ron Lovan seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining.***

**5. 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:

<b>APPLICANT</b>	<b>FUND</b>	<b>AMOUNT</b>
Oldham County Environmental Authority	A	\$ 2,123,000
Grant County Sanitary Sewer District	A	\$ 1,161,700
City of Mount Vernon	F	\$ 2,600,000
Lyon County Water District	F	\$ 2,000,000

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

**II. EXECUTIVE DIRECTOR'S REPORT**

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

- A. Mr. Covington informed the Board KIA staff is preparing for issuance of leverage bonds. A resolution will be brought before the Board next month to authorize the sale of the bonds. A preliminary date to issue the bonds could be late March or early April.
- B. Rankings by the Area Development Districts are almost complete and this information will be brought before the Board at the next board meeting.
- C. The 2013 Call for Projects for the SRF programs is now closed. The listing of projects is with Division of Water to be ranked in preparation for the IUP and the open meeting for the IUP in the Spring.

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

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Tentatively scheduled for  
Thursday, February 2, 2012  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Ms. Linda Bridwell moved to adjourn. Mayor David Cartmell seconded and the motion carried unanimously. The January 5, 2012,***

***regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

*Sandy Williams*  
Sandy Williams, Secretary  
Kentucky Infrastructure Authority

*1-27-12*  
Date