

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

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

**Members present:**

Mr. Tony Wilder, Commissioner, Department for Local Government  
Mr. Jamie Link, Finance and Administration Cabinet  
(permanent proxy for Secretary Lori H. Flanery, FAC)  
Mr. George Burgess, Economic Development Cabinet  
(proxy for Secretary Larry Hayes, EDC)  
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  
Mr. Damon Talley, representing the Kentucky Rural Water Association  
Ms. Linda C. Bridwell, representing for-profit private water companies  
Mr. Marty T. Ivy, representing the Kentucky Municipal Utilities Association

**Members absent:**

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

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Mr. Chris Brewer, Barbourville Utility Commission  
Mr. Josh Nacey, Legislative Research Commission  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Ms. Jennifer Kantner, Office of Financial Management  
Mr. David Bowles, Monarch Engineering  
Mr. Lenny Stone, Columbia Adair Utilities District

**PROCEEDINGS**

**Chair Tony Wilder called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Chair Wilder 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 August 2, 2012**

***Mr. Damon Talley moved to approve the minutes of the August 2, 2012 regular board meeting. Mr. Ron Lovan seconded, and the motion carried unanimously.***

Chair Tony Wilder introduced and welcomed Mr. Marty Ivy as the new board member representing the Kentucky Municipal Utilities Association.

**B. NEW PROJECTS/ACTION ITEMS**

**1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A12-09) INCREASING THE AMOUNT TO \$6,800,000 TO THE CITY OF BARBOURVILLE, KNOX COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Barbourville for the benefit of the Barbourville Utility Commission requested a \$1,148,730 increase to the previously approved Fund A loan of \$5,651,270 for a total revised loan amount of \$6,800,000, for the Wastewater Treatment Plant Upgrade – Phase I project. Design changes resulted in the addition of a new blower, electrical building along with infrastructure, additional costs for removal and installation of clarifier equipment in the existing clarifier tank, thicker concrete walls due to wet soil conditions near the lagoons, and a change to a liquid lime feed system instead of a dry feed system. The project will not be reported for Green Project Reserve funding. The project qualified for additional subsidization in the amount of \$1,200,000. The terms from the original board approval will be retained. The revised unforgiven balance of the loan is \$5,600,000 to be repaid in 20 years with an interest rate of 1% and a revised estimated annual debt service payment of \$320,830. As a part of the original loan approval the City was required to do a series of rate increases and those rate increases were approved in May 2012. The first rate increase was implemented in May 2012, an additional rate increase was implemented in July 2012 and there will be additional required rate increases that will happen at the beginning of each fiscal year, July 2013 and July 2014. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund A (A12-09) increase resolution with the standard conditions. Mr. Damon Talley seconded, and the motion carried unanimously.***

**2. 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 (F12-04) LOAN IN THE AMOUNT OF \$4,000,000 TO THE ADAIR COUNTY WATER DISTRICT d/b/a COLUMBIA/ADAIR UTILITIES DISTRICT, ADAIR COUNTY, KENTUCKY**

Mr. Damon Talley disclosed that he is serving as Special Counsel for the Adair County Water District for the purpose of merging the Columbia/Adair County Water Commission and the Water District. Therefore, he would not be participating in the discussion involving any of the matters concerning the Water District and would be abstaining from voting. He then left the board room and did not return until after the vote was taken.

Mr. Shafiq Amawi, DOW, and Ms Sandy Williams, KIA, presented the project to the Board. The Adair County Water District d/b/a Columbia/Adair Utilities District (District) requested a \$4,000,000 Fund F loan for Phase 1 of the Downtown System Improvements project. The project consists of the installation of approximately 5,400 linear feet (LF) of eight inch and 38,000 LF of six inch waterline to replace existing undersized and asbestos-cement water lines in the Tutt Street Area, the Longhunters Subdivision in the KY Highway 80 East Area and other areas in downtown Columbia. The waterline replacements will affect approximately 1,200 existing customers of which approximately 420 will also have their meters replaced with radio read meters. Under the 2011 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding in the amount of \$4,243,800, under the category of Water Efficiency. The project qualified for additional subsidization in the amount of \$1,400,000. The District is aware and the analysis projected that sewer rates would be increased prior to the beginning of 2014 to offset the existing expense deficit which is estimated at about \$90,000. The unforgiven balance of the loan is \$2,600,000 to be repaid in 30 years with an interest rate of 0.75% and an estimated annual debt service payment of \$103,444. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund F (F12-04) resolution with the standard conditions. Ms. Lona Brewer seconded, and the motion carried unanimously with Mr. Damon Talley and Mr. Jerry Wuetcher abstaining. Mr. Wuetcher abstained due to the fact that the matter will have to come before the PSC for approval.***

- 3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F06-01) BY THE ADAIR COUNTY WATER DISTRICT d/b/a COLUMBIA/ADAIR UTILITIES DISTRICT, ADAIR COUNTY, KENTUCKY**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND LOAN (F10-02) BY THE ADAIR COUNTY WATER DISTRICT d/b/a COLUMBIA/ADAIR UTILITIES DISTRICT, ADAIR COUNTY, KENTUCKY**

Ms. Sandy Williams, KIA, presented the assumptions to the board. The Adair County Water District d/b/a Columbia Adair Utilities District requested to assume \$5,382,821.66 in outstanding Drinking Water State Revolving Fund debt (F06-01, \$3,688,822; and F10-02, \$1,694,000) of the Columbia/Adair County Water Commission in anticipation of the merger of the Commission's assets into the District. The merger is expected to close in late 2012 or early 2013. KIA staff recommended approval of the loan assumptions with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund F (F06-01) assumption resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously with Mr. Damon Talley and Mr. Jerry Wuetcher abstaining. Mr. Wuetcher abstained due to the fact that the matter will have to come before the PSC for approval.***

***Ms. Linda Bridwell moved to approve the Fund F (F10-02) assumption resolution with the standard conditions. Mr. Jamie Link seconded, and the motion carried unanimously with Mr. Damon Talley and Mr. Jerry Wuetcher abstaining. Mr. Wuetcher abstained due to the fact that the matter will have to come before the PSC for approval.***

At this time, Mr. Damon Talley returned to the board room.

**4. 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>
City of Barbourville (Increase)	A12-09	\$ 6,800,000
City of Flatwoods (10% Increase)	B11-04	\$ 634,500
Bullock Pen Water District (10% Increase)	F11-05	\$ 1,796,300
Adair County Water District d/b/a Columbia/Adair Utilities District	F12-04	\$ 4,000,000

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

Mr. John Covington addressed the importance of the Resolution to Reimburse Capital Expenditures and how it has served the Board well.

## **II. EXECUTIVE DIRECTOR'S REPORT**

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

- A. There was no board meeting in September or October because there were no projects that needed to be presented for board action. That is a result of the funding cycle that KIA operates under in which invitations for new projects had been sent but no applications had yet been received.
- B. Mr. Covington gave an update on the Oldham County Environmental Authority Orchard Grass Regional Wastewater Treatment Plant project. The project was tabled in June and the Board requested that the progress in the project and discussions be reported back to them. Mr. Covington has had conversations with Oldham County, the Division of Water, and Mr. Greg Heitzman. There are continued discussions between all of the parties and there is a scheduled meeting next week with DOW and Oldham County. The project is still on the table and Mr. Covington felt it was premature to bring it back to the Board at this time. As soon as there is additional information, then KIA staff will report back. Mr. Covington stated there are needs in Oldham County and the issue is how to address those needs.
- C. The Call for Projects for the 2014 funding cycle is open. It was opened October 1 and will close December 15, 2012. Once closed, the Division of Water will be given the list of projects and will rank them to be included in the 2014 IUP which should tentatively be out in May or June 2013.
- D. The 2013 IUP is final and is on KIA's website which includes the list of ranked projects. The invitations were sent and meetings with the borrowers were conducted this week to prepare them for the SRF process. Mr. Covington stated there are some complications this year. For the Drinking Water SRF, there are funds leftover from the initial round of invitations so there will be a second round of invitations. For the Clean Water SRF, there are more requests for funds than funds available. KIA staff is looking at other options for funding. KIA did not get authorization to issue leverage bonds in this biennium, but KIA does have the authorization to issue Fund C bonds; therefore staff may be looking at ways of utilizing the Fund C program to fund some of those projects or other ways of raising additional funds in the Fund C program to address the need. KIA staff has contacted the Office of Financial Management and the State Budget Director's Office and discussions are very preliminary at this point.

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

## **IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Tentatively scheduled for  
Thursday, December 6, 2012  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Ms. Linda Bridwell moved to adjourn. Mr. George Burgess seconded and the motion carried unanimously. The November 1, 2012, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

  
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Sandy Williams, Secretary  
Kentucky Infrastructure Authority

  
\_\_\_\_\_  
Date