

Ms. Ruth Webb, First Kentucky Securities
Mr. Clay Kelly, Strand Associates
Ms. Angela Offerman, Legislative Research Commission
Mr. Derrick Watson, Hopkinsville Water Environment Authority
Mr. Roger Recktenwald, Kentucky Association of Counties
Mr. Richard Harrison, Northern Kentucky Water 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 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 April 4, 2013

Mr. Ron Lovan moved to approve the minutes of the April 4, 2013 regular board meeting. Mr. Jerry Wuetcher 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 ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A13-028) IN THE AMOUNT OF \$1,538,750 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, presented the project to the Board. The Regional Water Resource Agency requested a \$1,538,750 Fund A loan for the Masonville Sewer Extension project. The project involves the construction of a lift station, a twelve inch force main near the Owensboro Community College, ten inch gravity sewer mains, eight inch collector sewers, and twelve inch sewer mains. It will add twenty-five immediate customers with the potential of servicing a total of eighty new customers in a new development. The project will also eliminate three package treatment plants which will improve service to existing customers. Under the 2012 Capitalization Grant Equivalencies 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 an interest rate of 1.75% and a total estimated annual debt service payment of \$94,596. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund A (A13-028) resolution with the standard conditions. Ms. Lona Brewer 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 AN INFRASTRUCTURE REVOLVING FUND (B13-004) LOAN IN THE AMOUNT OF \$500,000 TO THE CITY OF BURKESVILLE, CUMBERLAND COUNTY, KENTUCKY

Ms. Sandy Williams, KIA, presented the project to the Board. The City of Burkesville requested a Fund B loan in the amount of \$500,000 to supplement their Fund A loan that was previously approved by the Board on November 10, 2011, for \$1,000,000, for the SSO Remediation project. Several items (portable generator for backup power, aeration equipment, a flow meter for the city hall pump station, fencing at the pump station) were identified as necessary for addition or replacement after the original request was prepared. Geotechnical conditions that could not be identified at the time of the original estimate impacted the location (an additional property had to be purchased) and foundation of the tank. The term of the loan is 20 years with a 0.75% interest rate and an estimated annual debt service payment of \$27,969. KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund B (B13-004) Resolution with the standard conditions. Mayor David Cartmell 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 AN INFRASTRUCTURE REVOLVING FUND (B13-005) LOAN IN THE AMOUNT OF \$1,416,540 TO THE CITY OF SCOTTSVILLE, ALLEN COUNTY, KENTUCKY

Ms. Sandy Williams, KIA, presented the project to the Board. The City of Scottsville requested a Fund B loan in the amount of \$1,416,540 for the Wastewater Treatment Plant Improvements project. The project involves the construction of a waste activated sludge (WAS) pump station and force main, rerouting the drain piping from the chlorine contact basin to the new pump station, and a new flow splitter box and associated piping to distribute flows from the oxidation ditches to the clarifiers. The term of the loan is 20 years with a 0.75% interest rate and an estimated annual debt service payment of \$27,969. KIA staff recommended approval of the loan with the standard conditions.

Mr. Ron Lovan moved to approve the Fund B (B13-005) Resolution with the standard conditions. 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 (F13-007) LOAN IN THE AMOUNT OF \$1,538,817 TO THE CITY OF CARROLLTON f/b/o CARROLLTON UTILITIES, CARROLL COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Carrollton f/b/o Carrollton Utilities requested a \$1,538,817 Fund F loan for the Carroll County Interconnect project. The project will provide interconnections and infrastructure additions for three public water systems in Carroll County. The project will provide two interconnections between Carrollton Utilities (CU) and the Carroll County Water District (CCWD), an interconnection between the CCWD and Gallatin County Water District, and will close a gap between a portion of the West Carroll Water District (WCWD) that is currently served by the City of Milton and the rest of the WCWD system. Infrastructure components that are specific to each utility include: CCWD – 150,000 gallon elevated water tank to support an underserved area and replacement of 2,300 linear feet (LF) of asbestos cement water line; WCWD – booster pump station and 1,700 LF of water line to tie discrete sections of the system together; and CU – new groundwater well and associated piping, emergency generator to support the water treatment plant and interconnections. The 2012 Drinking Water Capitalization Grant did not contain a “green” requirement. The project qualified for additional subsidization in the amount of \$384,704. The unforgiven balance of the loan is \$1,154,113 to be repaid in 30 years with an interest rate of 0.75% and an estimated annual debt service payment of \$45,918. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund F (F13-007) resolution with the standard conditions. Mr. Paul Gannoe seconded, and the motion carried unanimously.

5. 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 (F13-012) LOAN IN THE AMOUNT OF \$4,000,000 TO THE NORTHERN KENTUCKY WATER DISTRICT, KENTON COUNTY, KENTUCKY

Mr. Ron Lovan recused himself from the discussion on this project due to his position as President of the Northern Kentucky Water District and left the room.

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Northern Kentucky Water District requested a \$4,000,000 Fund F loan for the Kenton and Campbell County Water Main projects. The projects include the installation of new raw and finished water transmission mains along with equipment upgrades at the Taylor Mill treatment plant; will provide a more reliable water supply to wholesale customers; and give the District flexibility in conveying raw water between reservoirs, which will facilitate the temporary removal of the north reservoir from service for maintenance and provide a more even distribution of water storage between the north and south reservoirs. The 2012 Drinking Water Capitalization Grant did not contain a “green” requirement.

The project did not qualify for additional subsidization. The term of the loan is 20 years with a 1.75% interest rate and an estimated annual debt service payment of \$247,902. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund F (F13-012) resolution with the standard conditions. Ms. Lona Brewer seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining because the District will have to apply to PSC for approval to enter into the loan agreement.

Mr. Ron Lovan returned to the room.

5. 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 (F13-020) LOAN IN THE AMOUNT OF \$4,000,000 TO THE CITY OF HOPKINSVILLE f/b/o HOPKINSVILLE WATER ENFIRONMENT AUTHORITY, CHRISTIAN COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Hopkinsville f/b/o the Hopkinsville Water Environment Authority requested a \$4,000,000 Fund F loan for the Westside Two Million Gallon Tank and Water Main Extension project. The project is for 1) the construction of a two million gallon elevated storage tank, and 2) approximately 19,000 linear feet of sixteen inch ductile iron pressure pipe to service the tank and areas along the Eagle Way Bypass that are presently underserved. It will also permit business and residential expansion on the west side of Hopkinsville. Current customers will benefit from improved water pressure. The 2012 Drinking Water Capitalization Grant did not contain a "green" requirement. The project qualified for additional subsidization in the amount of \$400,000. The unforgiven balance of the loan is \$3,600,000 to be repaid in 20 years with a 1.75% interest rate and an estimated annual debt service payment of \$223,112. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund F (F13-020) resolution with the standard conditions. Mr. Robert Aldridge seconded, and the motion carried unanimously.

C. OLD BUSINESS

1. 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 (A12-029) IN THE AMOUNT OF \$6,500,000 TO THE OLDHAM COUNTY ENVIRONMENTAL AUTHORITY, OLDHAM COUNTY, KENTUCKY

The project was removed from the agenda for the June 7, 2012, KIA Board Meeting, but a discussion of the project took place at that meeting and a motion was passed for a report to be submitted to the Board regarding the status of the

project in 60 days. On August 2, 2012, Mr. John Covington, KIA, reported back to the Board that discussions had taken place between Oldham County Environmental Authority, Louisville MSD and Division of Water, and the project was not ready to be presented to the Board at that time.

Mr. Covington introduced the project and explained that a year ago the Oldham County Environmental Authority applied for a Fund A loan for a wastewater treatment plant. At the time, KIA staff performed the financial review and staff recommended the project. However, Division of Water had some concerns regarding the technical aspects of the project. He also explained that the loan amount of \$6,500,000 has been held for almost two years now and therefore is not available for commitment to other projects. Currently, KIA has more projects requesting funding than the amount of funding available, and EPA expects projects to be awarded in a timely manner. Mr. Covington asked the Board to either make the decision to commit the funds to the Oldham County Environmental Authority for this project, in which they would have the standard 12 months to get the project moving forward and an additional six months, if needed; or, should the Board feel this was not a project that was appropriate for approval at this time, deny the loan commitment. If the loan commitment was denied then the Oldham County Environmental Authority could apply again in the future.

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Oldham County Environmental Authority (OCEA) requested a \$6,500,000 Fund F loan for the Orchard Grass Regional Wastewater Treatment Plant project. The project is for the construction of a 1.25 MGD regional wastewater treatment plant and related transmission to decommission the existing Orchard Grass and Willow Creek wastewater treatment plants in compliance with a pending agreed order. Additionally, the project will provide additional treatment capacity to further decommission the Ash Avenue wastewater treatment plant owned by OCEA and an existing 140,000 MGD plant owned by the Kentucky Correctional Institute for Women (KCIW). Separate additional funding for the transmission and decommissioning costs will be required in a second project phase. A .75 MGD facility was originally proposed, however the addition of flow from the KCIW and restrictions by the Division of Water on new treated flow to Floyds Fork Creek necessitated a capacity increase. OCEA is finalizing their 201 Regional Facilities Plan (RFP). As part of the RFP's alternatives analysis, OCEA is in negotiation with Louisville MSD for agreement with the assumptions to be used to calculate the present worth analysis for two regional treatment alternatives. The alternatives consider (1) the construction of a new 1.25 MGD regional treatment plant by OCEA, and (2) the conveyance of OCEA's sewage to MSD's Hite Creek Water Quality Treatment Center. The draft present worth analysis shows the most economical solution to be construction of a new WWTP by OCEA. After determining the most cost effective treatment solution, OCEA will be in a position to submit the recommended course of action to the Division of Water and await approval of the RFP. Under the 2012 Capitalization Grant Equivalencies the project will not be reported for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 1.75% and a total estimated annual debt service payment of \$399,591. KIA staff recommended approval of the loan with the standard conditions and the following

special condition: OCEA will provide documentation of debt compliance for fiscal 2012.

The project was discussed by the Board, Oldham County representatives, Louisville MSD representatives, DOW staff and KIA staff. Mr. Peter Goodman, Assistant Director at DOW, stated that OCEA had done everything that was asked of them by DOW and, because timeliness was an issue, DOW encouraged the Board to consider the project.

Ms. Linda Bridwell wished to commend Oldham County Environmental Authority and Louisville MSD on their efforts to work together to meet infrastructure needs and to guarantee that funding will be used in a most efficient manner.

Ms. Linda Bridwell moved to approve the Fund A (A12-029) resolution with the standard conditions and the special condition indicated in the staff recommendations. Ms. Lona Brewer seconded based on the recommendations of the Division of Water, and the motion carried unanimously.

Chair Tony Wilder announced the upcoming resignation of Ms. Sandy Williams from KIA. Chair Wilder stated there was not a more competent professional person associated with KIA than Sandy Williams. He affirmed it had been a pleasure working with Sandy and she would be sorely missed. He thanked her for all that she had done for KIA and wished her good luck in the future.

Chair Tony Wilder left the meeting at this time and turned over the chair to Ms. Lona Brewer to continue the board meeting.

D. REIMBURSE CAPITAL EXPENDITURES

1. 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
Oldham County Environmental Authority	A12-029	\$ 6,500,000
Regional Water Resource Agency	A13-028	\$ 1,538,750
City of Burkesville	B13-004	\$ 500,000
City of Scottsville	B13-005	\$ 1,416,540
City of Carrollton f/b/o Carrollton Utilities	F12-007	\$ 1,538,817

Northern Kentucky Water District	F13-012	\$ 4,000,000
City of Hopkinsville f/b/o Hopkinsville Water Environment Authority	F13-020	\$ 4,000,000

Ms. Linda Bridwell moved to approve the resolution. Mayor David Cartmell 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 added that Sandy William's leaving was both a happy and sad occasion because she will be greatly missed but truly understands her desire to further her career. He stated that KIA staff will really have to step up their game in order to cover the hole that she leaves. Ms. Williams thanked everyone and stated she had learned a lot and had grown a lot during her time at KIA. She will miss everyone. Ms. Williams informed the board that she is going to the Finance Cabinet in the Office of Financial Management as the Deputy Executive Director.
- B. The public comment period for the 2014 draft IUP is now closed and staff is preparing responses. Staff hopes to have the Capitalization Grant Application, which includes the IUP, to EPA fairly soon. The application was prepared based on estimates for funding but the final amounts are still not available for the SRF program. Once the amount of funding is finalized we will be sending out invitation letters to those projects that ranked high on the priority list. The IUP can be found on KIA's website and the priority list will be placed on the website once those projects are identified.
- C. Mr. Covington addressed the upcoming board meeting schedule dates. The regularly scheduled date for the July meeting is July 4th and a meeting will not be held on that date. Because the current funding cycle is nearing the end there may not have been a reason to meet in July anyway. Mr. Covington asked if the Board would entertain the idea of moving the June meeting to late in the month of June so that the meeting would be somewhat halfway between the June and July meetings. This would help in preparing projects for the meeting just in case extra time was needed. If this proposal conflicts with the Board Members' calendars, then the regularly scheduled date of June 6th would stand. KIA staff will poll Board Members in the next few weeks if the proposal met with the Board's approval. The Board concurred.
- D. At the next board meeting, the Board will need to elect a new Secretary for the KIA Board.
- E. Mr. Ron Lovan asked if KIA had heard any updates regarding possible proposed cuts to the SRF budget from EPA. Mr. Covington stated that there will be cuts. He stated that in next year's appropriation the President requested a reduction and it is a significant amount. Mr. Covington stated that he wouldn't be surprised, though, if the amount changed higher or lower.

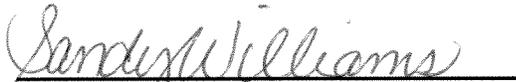
III. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Tentatively scheduled for
Thursday, June 6, 2013
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business Ms. Linda Bridwell moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The May 2, 2013, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:


Sandy Williams, Secretary
Kentucky Infrastructure Authority

5-15-13
Date