

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

**Meeting Date/Location: June 7, 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)  
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

**Members absent:**

Ms. Lona Brewer, Energy and Environment Cabinet  
(permanent proxy for Secretary Leonard K. Peters, EEC)  
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky  
Association of Counties

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Mr. Wade Skinner, City of Earlington  
Mr. Jerry Hicks, City of Earlington  
Mr. J. E. Ellis, Nebo Water District  
Mr. David Bowles, Monarch Engineering  
Ms. Cheryl Sullivan, Campbellsville Water and Sewer  
Mayor Tony Young, City of Campbellsville  
Mr. Jim Hilborn, GRW Engineers  
Mr. Steven Jones, Water Management Services  
Mr. Bryan Kirby, CEDA  
Ms. Jennifer Kantner, Office of Financial Management  
Mr. Frank Williams, Ronald Johnson & Associates  
Mr. Horace Harrod, Oldham County Environmental Authority  
Ms. Holly Nicholas, Kentucky Engineering Group  
Mr. Ed Basquill, Oldham County Environmental Authority  
Ms. Kristi Culpepper, Legislative Research Commission  
Mr. George Binder, ACEC-Ky/KSPE  
Ms. Laura Gilkerson, GRW Engineers

Mr. Jim Hagerty, Gresham Smith & Partners  
Mr. Pete Conrad, Green River Area Development District  
Mr. Brad Sullivan, The Corradino Group  
Ms. Sandy Dunahoo, Nesbitt Engineering  
Mr. Bob Amato, EEC, DEDI

## **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 May 3, 2012**

*Mr. Damon Talley moved to approve the minutes of the May 3, 2012 regular board meeting. Ms. Linda Bridwell 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 2020 WATER SERVICE ACCOUNT GRANT OF \$69,262 TO THE CITY OF SEBREE, WEBSTER COUNTY, KENTUCKY**

Ms. Debby Milton, KIA, presented the 2020 Water Service Account project to the Board. The Perry County Fiscal Court requested the approval of a \$69,262 KIA 2020 Grant for the scattered waterlines rehabilitation project. The 2020 grant will fund the initial planning and preliminary engineering design fees associated with the replacement of various water lines throughout the City of Sebree. Sebree is experiencing scattered waterline breaks throughout its system. The City's cast iron lines were primarily built in the 1930's and they are continuing to decay and break leaving the City's population with an unreliable water source. The current water system consists of approximately 33,628 LF of waterlines. The planning and design funds will assist the City in determining the best use of construction dollars. The \$1.7m estimated construction project is expected to begin in mid 2013 and will replace approximately 31,000 linear feet (LF) of 6" and 1,700 of 4" cast iron pipe with PVC at various locations. Funding for the construction phase is expected to come from HB265 Coal Severance Funds, an anticipated CDBG grant and/or an anticipated RD loan/grant and/or an anticipated SRF loan. Replacement will improve the reliability of a clean water supply and reduce water

losses in the system. KIA staff recommended approval of this grant with the standard grant assistance agreement conditions.

***Ms. Linda Bridwell moved to approve the 2020 Water Service Account grant resolution presented to the board with the standard conditions. Mr. Tom Calkins 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 WASTEWATER REVOLVING FUND LOAN (A12-24) IN THE AMOUNT OF \$825,000 TO THE CITY OF EARLINGTON, HOPKINS COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City Earlington requested a \$825,000 Fund A loan for the Earlington Sewer System Improvements project. This project involves making improvements to the existing collection system by finding, repairing and/or replacing damaged sewer mains and manholes. The project will reduce I&I thus reducing the treatment volume by the Madisonville WWTP. The project will concentrate on clay pipe that is known to be located on the north side of town. Approximately 19,000 linear feet will be replaced. The City's wastewater is treated by the City of Madisonville. The amounts treated during the past three years ranged from a low of 61 million gallons in 2011 to a high of 74 million in 2009. The City purchases about 48 million gallons of water per year from the South Hopkins Water District and has sold about 26 million gallons each of the past three years. The project will not be reported for Green Project Reserve funding. The project qualified for additional subsidization in the amount of \$82,500. The unforgiven balance of the loan is \$742,500 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$42,539. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Mr. Damon Talley moved to approve the Fund A (A12-24) resolution with the standard conditions. Ms. Linda Bridwell 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 (A12-26) IN THE AMOUNT OF \$2,000,000 TO THE CITY OF LAWRENCEBURG, ANDERSON COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Lawrenceburg requested a \$2,000,000 Fund A loan for the Collection System Inflow and Infiltration Mitigation project. This project is for a sanitary sewer evaluation survey of the waste water collection system to include smoke testing, manhole inspection, flow monitoring and video inspection. Recommendations from the SSES will result in construction of line and manhole replacement or repair, cured in place pipe lining and a possible wet weather flow storage structure. Wet weather induced flows, which can be significant, will be

reduced thus reducing the I&I that is being transported and treated. The funds requested may not resolve all issues and additional funding may be required in the future. 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 a 3% interest rate and an estimated annual debt service payment of \$137,708. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund A (A12-26) 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 (A12-28) IN THE AMOUNT OF \$875,000 TO THE SANITATION DISTRICT NO. 1 OF PERRY COUNTY, PERRY COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Sanitation District No. 1 of Perry County requested a \$875,000 Fund A loan for the construction of the Chavies Wastewater Treatment Plant project. The District proposes to construct a 112,000 gallon per day (GPD) wastewater treatment plant, approximately 59,500 linear feet of collection lines and 160 grinder pumps near Chavies, KY which is approximately twelve miles north of Hazard. The plant will initially serve 160 customers and will eliminate failing septic systems, straight pipes and three package treatment plants (Chavies Elementary School, Ron's Mobile Home Park and the Chavies Center) that have a combined flow of approximately 12,000 GPD. Existing users rely on individual wastewater disposal systems which are expensive and subject to high rates of failure. The project will not be reported for Green Project Reserve funding. The project qualified for additional subsidization in the amount of \$87,500. The unforgiven balance of the loan is \$787,500 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$45,117. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The sanitation district shall enact a 20% rate increase to be effective no later than October 1, 2012.

***Ms. Linda Bridwell moved to approve the Fund A (A12-28) resolution with the standard conditions and the special condition indicated in the staff recommendations. Mr. Damon Talley seconded, and the motion carried unanimously.***

**5. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A10-04) INCREASING THE AMOUNT TO \$2,846,174 TO THE OLDHAM COUNTY ENVIRONMENTAL AUTHORITY, OLDHAM COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Oldham County Environmental Authority requested a revision to the scope and a \$446,174 increase to the previously approved \$2,400,000 Fund A base loan for a revised total loan amount of \$2,846,174 for the Buckner Interceptor Sewer & Mockingbird Valley WWTP Elimination projects. The increase will fund a design change to the expanded headworks at the Kentucky State Reformatory WWTP. The headworks will be elevated six feet to permit the proposed future system to be entirely gravity fed. This will require the installation of a new lift station for the prison influent stream along with other modifications to allow a grit chamber to be inserted during a future expansion phase. The new design will eliminate the need for a combined lift station which would be needed to lift the entire influent flow within the WWTP to drive the system. If the design change is not implemented, portions if not all of the proposed headworks will have to be removed later to accommodate the system using the combined lift station. The project will not be reported for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan remains the same at 20 years with a 2% interest rate and the estimated annual debt service payment is increased to \$179,056. Both DOW and KIA staff recommended approval of the loan increase with the standard conditions.

Chair Wilder noted that Agenda Item I.B.8 regarding the Oldham County Environmental Authority was stricken from the agenda for today. Ms. Williams informed the Board that the debt service that is included in the credit analyses for this loan increase and the next two Oldham County Environmental Authority proposed loan increases also includes debt service for the project that was removed from the agenda regarding a proposed \$6,500,000 regional wastewater treatment plant. Oldham County Environmental Authority will be doing the project in the future; therefore, leaving the debt service in the analyses enabled KIA staff to give a more complete and conservative analysis to the three proposed projects presented to the Board.

***Ms. Linda Bridwell moved to approve the Fund A (A10-04 Increase) 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 AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A10-07) INCREASING THE AMOUNT TO \$2,601,420 TO THE OLDHAM COUNTY ENVIRONMENTAL AUTHORITY, OLDHAM COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Oldham County Environmental Authority requested a revision to the scope and a \$478,420 increase to the previously approved \$2,123,000 Fund A base loan for a revised total loan amount of \$2,601,420 for the Orchard Grass and Willow Creek WWTP project. This increase will facilitate inclusion of I&I reduction efforts in the Ash Avenue collection area and will allow the improvements to proceed concurrently with existing collection system rehabilitation work in the Orchard Grass and Willow Creek areas. 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 project will not be reported for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan remains the same at 20 years with a 2% interest rate and the estimated annual debt service payment is increased to \$163,658. Both DOW and KIA staff recommended approval of the loan increase with the standard conditions.

***Mr. Damon Talley moved to approve the Fund A (A10-07 Increase) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously.***

**7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND A LOAN (A11-15) INCREASING THE AMOUNT TO \$670,588 TO THE OLDHAM COUNTY ENVIRONMENTAL AUTHORITY, OLDHAM COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Oldham County Environmental Authority requested a \$270,588 increase to the previously approved \$400,000 Fund A base loan for a revised total loan amount of \$670,588 for the Covered Bridge WWTP Decommissioning project. The original request was for a pump station and approximately 2,200 linear feet of force main be constructed to convey waste from the Covered Bridge subdivision to the Ohio River WWTP. Additionally, the Albrecht pump station would be upgraded to handle the increased flow that would result from this project. During the project design, the engineers determined that the existing gravity line between the Albrecht Drive lift station and the Cross Hill Court lift station was not at a grade sufficient to handle the flows from the Covered Bridge area. The proposed solution is to construct approximately 2,200 linear feet of eight inch force main from an existing six inch force main to the Cross Hill Court lift station. The project will not be reported for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan remains the same at 20 years with a 2% interest rate and the estimated annual debt service payment is increased to \$42,187. Both DOW and KIA staff recommended approval of the loan increase with the standard conditions.

***Mr. Tom Calkins moved to approve the Fund A (A11-15 Increase) resolution with the standard conditions. Mayor David Cartmell seconded, and the motion carried unanimously.***

8. Item I.B.8. was removed from the Agenda but a discussion regarding the planned Oldham County Environmental Authority \$6,500,000 Orchard Grass Regional Wastewater Treatment Project took place and the Board requested that a transcript of the discussion be sent to Louisville MSD. Please see Attachment A to this Agenda for the transcript regarding this project.

*Ms. Linda Bridwell moved to have a report submitted to the Board regarding status of the \$6,500,000 Orchard Grass Regional Wastewater Treatment Project in 60 days. 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 (B12-03) LOAN IN THE AMOUNT OF \$92,000 TO THE NEBO WATER DISTRICT, HOPKINS COUNTY, KENTUCKY**

Ms. Sandy Williams, KIA, presented the project to the board. The Nebo Water District requested a \$92,000 Fund B loan for the Tank Upgrade project. The project will add mixing systems to the older rainwater stand pipe and elevated tank in the District's system. The addition will enable the system to meet residual and turnover requirements in 2014. The project ranked sixty-second on the 2012 Drinking Water priority list while the highest ranked project that was invited to apply was thirty-six resulting in the District's decision to pursue a Fund B loan instead. The term of the loan is 20 years with a 2% interest rate and an estimated annual debt service payment of \$5,788. KIA staff recommended approval of the loan with the standard conditions.

*Mr. Damon Talley moved to approve the Fund B (B12-03) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously, with Mr. Jerry Weutcher abstaining due to the fact that the loan will have to come before the PSC for approval.*

10. **RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR ASSUMPTION OF THE GOVERNMENTAL AGENCIES PROGRAM LOAN (C91-12) BY THE CITY OF CITY OF PADUCAH f/b/o PADUCAH WATER WORKS, MCCRACKEN COUNTY, KENTUCKY**

Ms. Sandy Williams, KIA, presented the project to the board. The City of Paducah for the benefit of Paducah Water Works requested to assume \$40,000 (as of June 1, 2012) in outstanding Governmental Agencies debt (C91-12) of the Hendron Water District as a result of the merger of the Hendron system into the Paducah system. The merger agreement between the systems was executed on April 16, 2012. The original assistance agreement dated March 1, 1992 in the amount of \$635,543 was utilized to construct a 300,000 gallon elevated water storage tank and approximately five miles of new waterline. KIA staff recommended approval of the loan assumption with the standard conditions.

***Mr. Tom Calkins moved to approve the Fund C (C91-12) resolution with the standard conditions. Ms. Linda Bridwell seconded, and the motion carried unanimously, with Mr. Jerry Weutcher abstaining due to the fact that the merger is pending before the PSC for approval.***

**6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AN AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F12-03) LOAN IN THE AMOUNT OF \$1,875,000 TO THE CITY OF CAMPBELLSVILLE, TAYLOR COUNTY, KENTUCKY**

Ms. Sandy Williams, KIA, presented the project to the board. The City of Campbellsville requested an amendment to the conditions attached to this loan that was previously approved by the Board on March 1, 2012, based on additional information that KIA staff received after the March board approval. Based on the new information, the City asked KIA staff to reevaluate their financial position. The financial review reflects a reduction in the inflation assumption from 4% to 3% per year and the elimination of the use of debt service reserves to balance previously projected cash flow shortfalls. Ms. Williams read the special conditions that were previously approved by the board as follows: 1) KIA shall receive a copy of a resolution on or before July 1, 2012 restricting \$300,000 in funds for the Debt Service Reserve for the KIA Loan F12-03. These funds will be made available by released reserve funds from a recently repaid KLC loan; 2) No later than July 1, 2012, the City shall provide documentation reflecting the account number and balance of the location where the \$300,000 in debt service reserve funds are being held. This account should be classified as restricted; 3) Prior to February 1, 2013, the City shall have a User Rate Study for water and sewer rates conducted by an independent third party; 4) Prior to February 1, 2013, the City shall provide a copy of a User Rate Study results to KIA; and 5) The City further covenants and agrees that if such rate study results reflect the need for an increased rate adjustment that they will implement any such adjustments no later than May 1, 2013. The special conditions were removed for board approval. The term of the loan remained the same as previously approved as follows: The unforgiven balance of the loan is \$1,218,750 to be repaid in 20 years with a 1% interest rate and an estimated annual debt service payment of \$70,433. KIA staff recommended approval of the loan with the standard conditions.

Mr. Damon Talley presented to the Board, to the City of Campbellsville and to the project engineer, a handout entitled, "Statutory and Regulatory Basis for Cost of Service Rates". He discussed the value of cost-based rates and the authority given to the Board regarding persuading a utility to make what changes that are needed in order for a utility to receive a low interest loan that is offered through the Clean Water and Drinking Water State Revolving Fund. Mr. Talley expressed that he had no problem if KIA staff recommended that the special conditions be removed; but, when the City of Campbellsville revisited their rates in the future, they do a cost of service study at that time. He suggested a deadline of either February 1, 2014 or 2015, for them to conduct the study. Mr. Ron Lovan also noted that because the City of Campbellsville serves other areas and other water districts, and the length of time from the last rate increase, he did

not think it unreasonable to ask for a cost of service study and suggested that the requirement to conduct the study be added back as a special condition. Mr. John Covington stated that since March 1, 2012, when the project was first presented to the Board, KIA staff had come to an agreement with the City that they didn't need a rate increase. The discrepancy of rates in town and out of town was not addressed. The question now was whether or not the City must incur the additional cost of a rate study when KIA staff didn't feel it was needed currently. Mr. Covington also pointed out that, in the standard conditions of the loan that the City has agreed to, it requires maintaining adequate rates to operate the system and make the debt service payments.

Mr. Tony Young, Mayor of the City of Campbellsville, addressed the Board and stated that the City did not currently need a rate increase. He asked that the Board give him time to evaluate the situation. He agreed that the City may be looking at the need for a rate increase in the next three or four years and he would be willing to proceed, if needed at that time, but asked that the Board not require a cost of service study right now.

***Mr. Damon Talley made a motion to adopt the amended Fund F (F12-03) resolution approving the loan with the standard conditions and no special conditions.***

Ms. Linda Bridwell stated that she was disappointed and would have to vote against such motion. She believed that the cost of doing a study would be minimal when weighed against the amount of the \$1,875,000 loan request that will also be receiving subsidization of \$600,000.

***Mr. Damon Talley withdrew his previous motion and moved to approve the amended Fund F (F12-03) resolution with the standard conditions and add the special condition that at such time that the City needs to raise rates, it would undertake a cost of service rate study performed by a qualified rate consultant.***

Chair Wilder asked for a second and the motion failed without a second.

Mr. Jerry Weutcher asked Mr. Talley if he would be willing to modify his motion slightly to put a time limit on it to reflect what has been projected by the KIA staff. He suggested that a cost of service study be performed either when the City deemed one was necessary or that one be started no later than July 1, 2014, so that the Authority could ensure that the City was meeting its conditions under the law.

A discussion between the Board and Mayor Tony Young followed regarding the reason to conduct a cost of service study within a reasonable amount of time and to prevent from placing an undue burden on customers. Members of the Board interjected that to conduct a cost of service study is to ensure that the people who are causing the costs are paying the appropriate amount and that the costs are being properly allocated among the customers. The conclusion of a study may or may not result in a need to raise rates. Mayor Young asked the Board to accept as security for this loan funds that the City already had in debt service reserves but that would be released soon once another loan is paid off.

More discussion followed by the Board and the City of Campbellsville.

Mr. Jamie Link noted to the Board that the state auditor's office is launching an initiative to investigate special taxing districts and wondered how that would apply to KIA. Mr. Weutcher suggested to the Board to consider a study to be conducted by a subset of the board members in consultation with the staff, that would address the issues of whether a new policy be implemented regarding cost of service studies, what is enforceable by the Board, and whether it should be added to KIA's regulations.

***Mr. Damon Talley moved to approve the amended Fund F (F12-03) resolution with the standard conditions and one special condition that at such time as it becomes necessary to adjust water rates, the City of Campbellsville shall engage the services of a qualified rate consultant to conduct a Cost of Service Study and shall utilize the results of the study in adjusting the water rates. Ms. Linda Bridwell 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 DRINKING WATER REVOLVING FUND (F12-07) LOAN IN THE AMOUNT OF \$564,150 TO THE CITY OF HARTFORD, OHIO COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Hartford requested a \$564,150 Fund F loan for the Pretreatment Basin and System Improvements project. The project involves modifications and rehabilitation of an existing settling basin to serve as a pre-oxidation basin for iron and manganese removal. This will limit the interaction of chlorine and organic carbon and provide a reduction in Disinfection Byproduct (DBP) concentrations. The conversion of the basin also requires the installation of baffle walls, mechanical mixers, additional pumping facilities and improvements to facilities for feeding permanganate. Additionally, the project includes the installation of automatic flush hydrants on dead end water mains in the system. Valves and motors for the existing filters will also be replaced. The motorized valves have failed resulting in plant personnel having to manually operate the valves during backwash procedures. This component of the project is a part of the City's corrective action plan that was established to become compliant after entering into an Agreed Order with the Division of Water concerning multiple violations of DBP rules. A second project component involves repainting and repairing the City's one million gallon storage tank. Recent inspections have identified significant damage to the paint and areas that are in need of repairs. The project will not be reported for Green Project Reserve funding. The project did qualify for additional subsidization in the amount of \$76,950. The unforgiven balance of the loan is \$366,698 to be repaid in 20 years with a 1% interest rate and an estimated annual debt service payment of \$21,192. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The City will pass a rate ordinance prior to October 1, 2012, to adjust water rates for fiscal years 2013 and

2014 by an amount that is acceptable to KIA based on the water and sewer rate study that is being conducted (inclusive of proposed KIA debt service).

***Ms. Linda Bridwell moved to approve the Fund F (F12-07) resolution with the standard conditions and the special condition 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 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 Earlington	A12-24	\$ 825,000
City of Lawrenceburg	A12-26	\$ 2,000,000
Sanitation District No. 1 of Perry Co	A12-28	\$ 875,000
Oldham County Environmental Authority (Increase)	A10-04	\$ 2,846,174
Oldham County Environmental Authority (Increase)	A10-07	\$ 2,601,420
Oldham County Environmental Authority (Increase)	A11-15	\$ 670,588
City of Warsaw (10% Increase)	A2 09-29	\$ 2,146,907
City of Hopkinsville f/b/o Hopkinsville Water Environmental Authority (10% Increase)	A11-09	\$ 7,810,000
Nebo Water District	B12-03	\$ 92,000
City of Hartford	F12-07	\$ 564,150

***Ms. Linda Bridwell moved to approve a revised resolution to remove the Oldham County Environmental Authority's \$6,500,000 project. 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. The Intended Use Plan for 2013 is moving forward and thought it would be out by now. It is anticipated to be finalized in the next two to three weeks.
- B. There will not be a July Board meeting unless something critical were to come up. Resolutions to set interest rates will be presented at the August meeting.

- C. There were no new line item grants in the state budget but there was reauthorization of some existing line item grants. All recipients were notified of changes, paperwork has been sent out and approximately 50% have already been returned.
- D. The Board suggested to create an ad hoc committee to address the issues regarding cost of service studies and the initiative by the state auditor's office regarding special taxing districts. Mr. Ron Lovan suggested this matter might better be brought up during the next meeting, before the creation of an ad hoc committee to discuss concerns and the direction of a committee. The Board agreed to Mr. Lovan's suggestion.

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

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

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

***There being no further business Mr. Ron Lovan moved to adjourn. Mr. Tom Calkins seconded and the motion carried unanimously. The June 7, 2012, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

  
\_\_\_\_\_  
Sandy Williams, Secretary  
Kentucky Infrastructure Authority

7-24-12  
Date

Beginning of discussion started at 01:24:55 (time remaining of recorded meeting)

## **ATTACHMENT A**

### **TRANSCRIPT OF 6/7/12 KIA BOARD MEETING DISCUSSION REGARDING THE OLDHAM COUNTY ENVIRONMENTAL AUTHORITY \$6,500,000 REGIONAL WASTEWATER TREATMENT PLANT PROJECT**

Oldham County Environmental Authority was represented by Mr. Horace Harrod, Chairman of the Oldham County Environmental Authority, Mr. Ed Basquill, Project Manager of Veolia Water, Mr. Jim Hagerty, Engineer from Gresham Smith & Partners, and Ms. Holly Nicholas of Kentucky Engineering Group during the following discussion.

**DAMON TALLEY:** BEFORE WE SKIP OVER THIS SIX MILLION DOLLAR LOAN, ARE WE GOING TO - BY NOT TAKING ANY ACTION ARE WE GOING TO PREJUDICE THE UTILITY AND THE COMMUNITY AND PEOPLE IN OLDHAM COUNTY, OR WHAT'S THE GAME PLAN, I GUESS, IS MY BIG QUESTION?

**JOHN COVINGTON:** I THINK - THE SITUATION THAT AROSE - THERE WAS A MEETING BETWEEN THE DIVISION OF WATER AND OLDHAM COUNTY, TUESDAY?

**ED BASQUILL:** YES, SIR.

**JOHN COVINGTON:** TUESDAY. SOME ISSUES WERE RAISED CONCERNING THE CONSTRUCTION OF THE NEW WASTEWATER TREATMENT PLANT. THE NEW - IT'S EARLY IN THE PROCESS - THEY, AT THIS POINT IN TIME, THEY DO NOT HAVE A FACILITY PLAN, AN APPROVED FACILITY PLAN, FOR THIS PROJECT. IN ORDER FOR THE PROJECT TO MOVE FORWARD THERE HAS TO BE A FACILITY PLAN IN PLACE. GIVEN THE LATE DATE THAT WE FOUND OUT ABOUT THE SITUATION WITH THE FACILITY PLAN AND IT NOT BEING APPROVED - I'VE BEEN IN DISCUSSIONS WITH THE DIVISION OF WATER TRYING TO RESOLVE THE ISSUE. WE WERE NOT ABLE TO RESOLVE THE ISSUE AND I DID NOT FEEL IT WAS FAIR TO OLDHAM COUNTY TO BRING IT TO THE BOARD AT THIS POINT UNTIL WE RESOLVE SOME OF THE OUTSTANDING ISSUES. CONSTRUCTION IS NOT DUE TO START FOR SEVERAL MONTHS?

**ED BASQUILL:** YES, IT NEEDS TO BE DESIGNED FIRST.

**JOHN COVINGTON:** YES, WE'RE STILL EARLY IN THE PROCESS, SO I FELT IT WAS, IT THINK IT WAS FAIR TO OLDHAM COUNTY TO SAY WAIT A MINUTE, LET'S RESOLVE SOME OF THESE ISSUES THAT JUST AROSE IN THE LAST FEW DAYS BEFORE WE BRING IT TO THE BOARD.

**LINDA BRIDWELL:** SO IS THERE AN ISSUE WITH THE FACILITY PLAN ITSELF THEN?

**JOHN COVINGTON:** WELL, WE DON'T KNOW BECAUSE IT HAS NOT BEEN SUBMITTED.

**RON LOVAN:** WELL IS IT UNDERWAY?

**TOM CALKINS:** THERE'S AN EXISTING ONE BUT IT DOESN'T HAVE THE TREATMENT PLANT PROJECT IN IT? IS THAT IT?

**ED BASQUILL:** OLDHAM COUNTY SUBMITTED A FACILITY PLAN IN 2007 THAT'S BEEN UNDER REVIEW, AND IN MARCH THERE WAS A MEETING. I DIDN'T ATTEND BUT I WAS TOLD - I GUESS SANDY WAS THERE - WHERE THEY TALKED ABOUT THIS PROJECT AND THEY TALKED ABOUT SUBMITTING A NEW FACILITY PLAN IN TANDEM WITH THE NEW PLANT AND THAT THEY MENTIONED THAT THEY THOUGHT THE FACILITY PLAN WE SUBMITTED IN 2007 WAS UNAPPROVABLE, WHICH WAS THE FIRST WE HEARD ABOUT THAT. AND WHAT WE WANT IS AN ALTERNATIVE ANALYSIS IN THE FACILITY PLAN LOOKING AT WHAT MSD'S COSTS ARE TO GO TO MSD VERSUS THE COST OF BUILDING THE NEW PLANT. WE'VE BEEN IN DISCUSSION WITH MSD, WE'VE GOT A LOT OF VERBAL DISCUSSIONS, BUT NOTHING FIRM, BUT THEY'VE GIVEN US TREAT RATES THAT ARE SIGNIFICANTLY HIGHER THAN WHAT IT COSTS TO BUILD A NEW PLANT AND WOULD BE A REAL BURDEN ON THE RESIDENTS OF OLDHAM COUNTY. AND A REAL PROBLEM FINANCING BECAUSE THEY ARE NOT BUILT - THEY ARE NOT TIED TO AN ASSET, THEY'D JUST BE CREATING A CAPACITY TO PAY THEM. SO, I GUESS, THE CONTROLLING THING - THERE WAS NOT ANYTHING FIRM WE COULD PUT INTO A FACILITY PLAN FROM THAT, SO, OUR CONCERN IS THAT IF WE DON'T GET A GUARANTEED RESPONSE FROM MSD ON A FIRM NUMBER THAT WE CAN PUT INTO A FACILITY PLAN THEN WE COULD BE WAITING ON THAT FACILITY PLAN ALTERNATIVE ANALYSIS FOR A LONG TIME BEFORE IT CAN BE DOCUMENTATED.

**HORACE HARROD:** ORIGINALLY THIS FLOW WAS SUPPOSED TO GO TO MSD'S HITE CREEK PLANT AND THAT WAS IN THEIR FACILITY PLAN AND OUR APPROVED EXISTING FACILITY PLAN. THOSE THINGS HAVE CHANGED NOW SINCE THEY'VE GONE UNDER A CONSENT DECREE. THEY'RE BRINGING FLOW NOW FROM THE OHIO RIVER FACILITIES THAT THEY HAVE THAT HAVE USED SUBSTANTIALLY ALL THE CAPACITY OF HITE CREEK.

**DAMON TALLEY:** SO THERE'S NO CAPACITY THERE FOR YOU TO GO TO.

**HORACE HARROD:** THAT'S RIGHT. SO WE HAVE APPROACHED THEM ABOUT TAKING THE CAPACITY, BUT THEIR RESPONSE IS, WE'VE BASICALLY GOT TO BUILD A NEW PLANT FOR, ON YOUR BEHALF. SO THEY GAVE US CAPACITY FEE NUMBERS IN THE \$7.84 PER GALLON RANGE, WHICH WE ARE TALKING ABOUT A MILLION GALLON PLANT HERE, WHICH IS 7.8 MILLION DOLLARS OF COST TO US AND WE DON'T EVEN OWN THE PLANT. WE BELIEVE, BASED ON PRELIMINARY INFORMATION THAT IS SUPPORTED BY OTHER PLANTS THAT ARE SIMILAR IN DESIGN TO THE SAME STANDARDS, WE CAN BUILD A PLANT FOR SIX AND A HALF MILLION DOLLARS.

**TOM CALKINS:** FOR HOW BIG A PLANT?

**HORACE HARROD:** A MILLION.

**TOM CALKINS:** FOR ONE MILLION?

**HORACE HARROD:** RIGHT.

**TOM CALKINS:** YOU SHOULD BE ABLE TO FOR THAT.

**HORACE HARROD:** AND WE'VE BEEN IN DISCUSSIONS WITH MSD SINCE LAST FALL, PROBABLY MET WITH THEM A DOZEN TIMES. WE'RE JUST - I'M NOT SAYING WE CAN'T GET THERE, BUT WE'RE NOT THERE, AND WE'RE GETTING TO THE POINT WHERE WE FEEL LIKE WE'VE GOT TO MOVE ON GETTING SOME OF THESE PLANTS, PACKAGE PLANTS DECOMMISSIONED.

**JOHN COVINGTON:** AND I THINK THAT'S SOMETHING WE'RE AWARE OF. WE UNDERSTAND THE COMPLICATIONS WITH THE NEGOTIATIONS WITH MSD, HOWEVER, STATUTORILY WE ARE REQUIRED TO ENCOURAGE REGIONALIZATION. I DON'T - THE PROBLEM WAS WE FOUND OUT ABOUT THIS AT -

**DAMON TALLY:** AT THE LAST HOUR

**JOHN COVINGTON:** AT THE ELEVENTH HOUR. WE DIDN'T HAVE TIME TO HAVE THOROUGH DISCUSSIONS WITH DIVISION OF WATER AND WITH OLDHAM COUNTY TO SIT DOWN AND SAY OK, IS THIS THE ONLY OPTION OR IS THE HITE CREEK OPTION TOTALLY OUT OF THE PICTURE. THESE ARE ISSUES WE JUST FELT THAT WE STILL HAD ENOUGH TIME TO RESOLVE BEFORE

WE COMMIT A LOAN. I MEAN, THEY CAN PROCEED WITH DOING THE FACILITY PLAN, THEY CAN PROCEED WITH WORKING ON THE PLANT. ANY EXPENSES INCURRED IN ASSOCIATION WITH THE PLANT, IF THEY CHOOSE TO GO THAT ROUTE, WOULD BE REIMBURSABLE AFTER THE LOAN IS APPROVED BECAUSE WE DO DO THAT. SO, WE JUST FELT THAT IT WAS PREMATURE TO BRING IT GIVEN THE LATE HOUR THAT WE FOUND OUT ABOUT SOME OF THE ISSUES WITH THE FACILITY PLAN.

**TOM CALKINS:** SO WOULD YOU RECOMMEND THAT WE THEN TABLE THIS INDEFINITELY UNTIL YOU AND THE CHAIRMAN PUT IT BACK ON THE AGENDA?

**JOHN COVINGTON:** WELL, IT HAS NOT BEEN BROUGHT – IT'S ON THE AGENDA BUT IT HAS NOT BEEN BROUGHT FORWARD YET. NO MOTION'S BEEN MADE SO IT WOULD BE INAPPROPRIATE TO TABLE A MOTION THAT HASN'T BEEN BROUGHT.

**TOM CALKINS:** NO, NOT THE MOTION, I'M TALKING ABOUT THE AGENDA ITEM.

**JOHN COVINGTON:** OH, YES. WE WILL RE-ADDRESS THIS ISSUE IN THE FUTURE, WHETHER IT'S THIS PLANT OR, I ASSUME, WHETHER IT GOES TO MSD. ONE WAY OR THE OTHER, THIS IS A PROJECT THAT HAS TO BE DONE ONE WAY OR THE OTHER, AND THEY ARE TALKING TO US ABOUT THE PLANT. IF THEY CHOOSE TO COME TO US FOR THE INTERCONNECT THEN WE WOULD BE DISCUSSING IT THAT WAY TOO. BUT, YES, THIS IS A PROJECT THAT IS NOT GOING AWAY BECAUSE IT HAS TO BE DONE.

**LINDA BRIDWELL:** JOHN, WOULD IT BE APPROPRIATE TO ENCOURAGE THEM TO BRING BACK A REVISED SCOPE THAT INCLUDES THE COMPLETION OF THE FACILITIES PLAN AS PART OF THE PROJECT? BECAUSE OBVIOUSLY, THAT'S WHAT'S NEEDING TO BE DONE AS PART OF THE DESIGN PHASE?

**DAMON TALLY:** (talking over Linda) I THOUGHT YOU SAID YOU DID IT IN 2007?

**JOHN COVINGTON:** I THINK THE PROBLEM IS

**TOM CALKINS:** (talking over John) NOT THE PLANS THOUGH

(many talking at the same time)

**JOHN COVINGTON:** IS, COMPLETING THE ALTERNATIVE ANALYSIS THAT IS A PART OF THAT - YES. WE CAN GO A COUPLE OF DIFFERENT WAYS. WE COULD ACTUALLY, THE BOARD

WOULD HAVE THE AUTHORITY TO APPROVE THE PROJECT WITHOUT THE FACILITIES PLAN. BUT THE FACILITIES PLAN WOULD THEN BECOME A CONDITION OF THE LOAN THAT THEY COMPLETE THE FACILITY PLAN TO DO THAT. SO THE BOARD HAS THE AUTHORITY TO DO THAT. AND THE FACILITY PLAN, PAYING FOR THAT, IS AN ELIGIBLE EXPENSE OF THE SRF PROGRAM. BUT AT THIS POINT IN TIME, I DON'T THINK WE UNDERSTAND THE PROJECT WELL ENOUGH TO TAKE THAT LEAP AND SAY OK WE ARE GOING TO APPROVE THE LOAN WITH THE FACILITY PLAN CONDITION. WE JUST NEED MORE INFORMATION.

**ED BASQUILL:** I JUST WANT TO ADDRESS THE FACILITY PLAN - WE HAVE NO CONTROL OVER THE TIME WE CAN START THE FACILITY PLAN, BUT IT MAY TAKE AS LITTLE AS THREE MONTHS TO COMPLETE THE FACILITY PLAN WITH THE LAST, WITH WHAT INFORMATION WE HAVE ALREADY, BUT DIVISION OF WATER HAD SIX TO NINE MONTHS TO APPROVE IT AND, PRACTICAL REALITY IS, WITH EVERYTHING THEY HAVE ON THEIR PLATE, WE'VE HAD THE FACILITY PLAN FROM 2007 THAT WE JUST FOUND WAS UNAPPROVABLE THIS YEAR. THERE HAVE BEEN A LOT OF DISCUSSIONS BACK FORTH TO GET TO THAT POINT SO, WE'RE JUST AFRAID WITH THE NEW FACILITY PLAN THAT: ONE, WE'RE NOT GOING TO HAVE CONTROL OVER THEIR APPROVAL AND, TWO, WE DON'T HAVE CONTROL OVER WHAT MSD GIVES US FOR THE ALTERNATIVE ANALYSIS.

**TOM CALKINS:** YOU HAVE NOT DONE, FOR YOUR PLANT, NOT SENDING IT TO HITE CREEK, BUT FOR YOUR PLANT – YOU HAVE NO SHEET DRAWINGS OR ANYTHING EVEN STARTED YET, RIGHT?

**ED BASQUILL:** NO.

**TOM CALKINS:** OK. AND THERE WAS NO SPEAR PROMULGATED BY DIVISION OF WATER IN RESPONSE TO THE 2007 201 PLAN?

**ED BASQUILL:** NOT THAT I KNOW OF, NO.

**TOM CALKINS:** OK.

**SHAFIQ AMAWI:** TOM, THERE WAS A HYPOTHETICAL FACILITY PLAN. THAT FACILITY PLAN DID NOT HAVE ANY CONCRETE PROJECTS IN IT THAT WE CAN APPROVE. WE CAN SAY, IF MSD AGREES ON THEM MOVING THE PARTICULAR FLOWS TO MSD, IF THEY DON'T THEN WE WILL

GO AHEAD WITH THE PLANS. THERE WERE A LOT OF UNCERTAINTIES IN THE 2007 FACILITY PLAN THAT WAS SUBMITTED TO ME. SO THEY'RE ALSO IN NEGOTIATION WITH OLDHAM COUNTY AND HAVE BEEN AT IT FOR TWO OR THREE YEARS. THEY HAVEN'T SIGNED AN AGREED ORDER YET. AND THEY COME IN HERE AND THEY SAY, OK, NOW WE WANT A 5 OR 6 AND A HALF MILLION DOLLAR SEWAGE (not clear) FACILITY. AND I SAID, OK, WELL WE'RE LESS THAN HALF A MILE FROM HITE CREEK. HITE CREEK IS WORKING ON A FACILITY PLAN WITH STRAND ENGINEERS. IN FACT WITH IT WE HAVE WASTELOAD ALLOCATION AND HITE CREEK AND MSD ARE WORKING ON A PLANT EXPANSION. PETE GOODMAN, THE ASSISTANT DIRECTOR OF THE DIVISION OF WATER, HAS BEEN IN TALKS WITH BRYAN BINGHAM AT MSD AND THEY HAVE BROUGHT THE RATES DOWN FROM \$7.90 TO SOMEWHERE THAT'S VERY APPEALING AND SHARED THAT INFORMATION WITH YOU (Oldham County). BUT THE DIVISION OF WATER FEELS LIKE IF YOU DO A FACILITY PLAN AND YOU COMPARE THE MSD ALTERNATIVE TO WHAT THEY'RE PROPOSING, THE MSD ALTERNATIVE WILL WIN. IF THAT'S THE CASE, YOU'RE TYING UP 6 AND A HALF MILLION DOLLARS FOR TWO OR THREE YEARS DEPENDING ON HOW LONG IT TAKES TO RESOLVE THIS. SO THERE ARE JUST A LOT OF THINGS IN THE BACKGROUND AND A LOT OF NOISE THAT WE CANNOT SHARE HERE WITH YOU. AND WE'D RATHER JUST PUT IT ASIDE FOR NOW UNTIL WE FINALIZE OUR NEGOTIATION AND TALKS WITH MSD AND SEE IF WE CAN BRING THIS REQUEST TO THE - .FROM A WATER QUALITY PERSPECTIVE WE ARE IN FAVOR OF HAVING FEWER WASTEWATER TREATMENT PLANTS. WATER QUALITY IS A MAJOR CONCERN IN THAT AREA BECAUSE WE HAVE A TMDL AND WE'D RATHER HAVE ONE PLANT INSTEAD OF MULTIPLE PLANTS ESPECIALLY WHEN THERE IS ONE (not clear) PLANT LESS THAN HALF A MILE WHEN YOU LOOK AT THE MAP.

**TOM CALKINS:** WELL YOU WERE PART OF APPROVING NICHOLASVILLE'S LAST 201 WHEN IT WAS DONE AND DOING THE SPEAR AND WE HAD TO GO THROUGH ALL THAT TO GET OUR LOAN TO BUILD OUR NEW PLANT.

**SHAFIQ AMAWI:** IF WE KNEW THAT WE WERE GOING AHEAD WITH THIS PROJECT, WE CAN GO AHEAD AND PRESENT THIS PROJECT. BUT THE PROBLEM IS, IF WE GO WITH A FACILITY PLAN, THEN WE HAVE ALTERNATIVE ANALYSIS, AND DIVISION OF WATER LOOKS AT THE

ALTERNATIVE ANALYSIS AND SAYS TO GO TO MSD IS CHEAPER THAN BUILDING. IF THAT'S THE CASE, THEN WE CANNOT, I CANNOT COME IN HERE AND ENDORSE 6 AND A HALF MILLION DOLLARS TO BUILD THE PLANT KNOWING THAT THERE IS A CHEAPER ALTERNATIVE AND WOULD BE CHEAPER FOR THEIR RATE PAYERS.

**LINDA BRIDWELL:** AND, WITH ALL DUE RESPECT, SHAFIQ, I GUESS WHAT'S ANNOYING ME, I'LL SAY AS DIPLOMATICALLY AS I CAN, IS YOU HAVE INFORMATION THAT THESE PEOPLE DON'T HAVE FROM MSD AND THAT'S REALLY PISSING ME OFF.

**SHAFIQ AMAWI:** THEY DO HAVE (many people talking at once) NOT TELLING YOU THE WHOLE STORY

**DAMON TALLEY:** (talking over Shafiq) YOU DIDN'T SEE THEIR FACES.

**LINDA BRIDWELL:** WELL AND THAT'S...

**SHAFIQ AMAWI:** AND THERE IS NO REASON TO TALK ABOUT THESE ISSUES HERE. THEY ARE A PARTY TO THAT DISCUSSION. PETE GOODMAN AND THEIR CHAIRMAN AND BRYAN BINGHAM AND -

**HORACE HARROD:** WE HAVE ABSOLUTELY NOTHING IN WRITING FROM MSD. NOTHING. IT'S STRICTLY BEEN VERBAL CONVERSATIONS AND THE ONLY NUMBER THAT'S BEEN PUT DOWN IN WRITING HAS BEEN \$7.84 CAPACITY CHARGE THAT THEY SENT TO PETE GOODMAN IN AN EMAIL, THAT HE FORWARDED TO US. THAT'S ALL WE HAVE.

**DAMON TALLEY:** AND NO PER THOUSAND GALLON CHARGE.

**HORACE HARROD:** NO, ONLY VERBAL DISCUSSIONS ABOUT A RANGE.

**DAMON TALLEY:** I BROUGHT THE SUBJECT UP...

**TOM CALKINS:** (talking over Damon and Shafiq)THE O&M IS IN THE RANGE

**SHAFIQ AMAWI:** (many talking at once, not clear) ...CHEAPER THAN \$7.90

**DAMON TALLEY:** I BROUGHT THE SUBJECT UP BECAUSE I DIDN'T THINK WE WERE GETTING ANYWHERE AND WE NEED...

**TOM CALKINS:** (not clear) WANT YOU TO DO THAT...

(laughter, many talking at once)

**DAMON TALLEY:** WE NEED A MEDIATOR PERHAPS, TO GET THEM ALL IN THE SAME ROOM.

**LINDA BRIDWELL:** (talking over Damon) I APPRECIATE THE POSITION YOU'RE IN SHAFIQ, BUT, I GUESS IN MY MIND, THE FOLKS IN OLDHAM COUNTY NEED MSD AT THE TABLE AND I DON'T KNOW WHAT WE NEED TO DO TO TRY AND ENCOURAGE THAT. WHETHER WE TAKE A VOTE TO TABLE THIS FOR TWO MONTHS AND WE WANT A REPORT BACK? AND MSD'S GOT TO GET ON THE STICK AND TALK TO THESE PEOPLE. I MEAN THIS IS, YES, I UNDERSTAND, WE WANT FEWER PLANTS. WE WANT REGIONALIZATION. BUT THEY CAN'T JUST HOLD THESE PEOPLE HOSTAGE AND NOT DO ANYTHING.

**JOHN COVINGTON:** WE CAN'T FORCE MSD...

**TOM CALKINS:** TO COME HERE

(many talking at once)

**LINDA BRIDWELL:** WELL, IF THEY WON'T, THEN WE APPROVE THE PROJECT GOING FORWARD.

**JOHN COVINGTON:** EXACTLY, AND I THINK THE CONVERSATION WE'VE JUST HAD, THE CONFUSION, IS WHY WE CHOSE NOT TO BRING IT. AND THIS JUST KIND OF ALL CAME TO OUR ATTENTION TWO DAYS AGO. WE 'VE BEEN MEETING WITH DOW - WE DID NOT KNOW THIS ISSUE WAS THERE, SO.

**CHAIR TONY WILDER:** IS MSD ENTITLED TO RECEIVE THE MINUTES OF THIS MEETING?

**JOHN COVINGTON:** IT'S PUBLIC RECORD

(many talking at once)

**ED BASQUILL:** I'M SORRY, UNFORTUNATELY, THAT KIA DIDN'T GET INVITED TWO DAYS AGO. I INSISTED WHEN WE HAD OUR MEETING IN MARCH, WE MENTIONED THAT WE WERE GOING TO HAVE IT - WE TOLD SANDY I THINK THAT WE HAD A DATE OF APRIL 30<sup>TH</sup> - THAT WE WERE GOING TO - IT MIGHT HAVE BEEN KASI - WE WERE GOING TO MAKE A DECISION ON THE NEW PLANT ON THE 30<sup>TH</sup>. WE PLANNED THIS AND WE DIDN'T REALLY DO IT IN VACUUM. WE THOUGHT WE HAD PEOPLE INVOLVED IN THE DISCUSSION. AND THAT'S WHY YOUR PEOPLE WENT TO THE EFFORT AND TIME TO DO THE FINANCIAL ANALYSIS FOR THE AGENDA. IT WAS TWO DAYS AGO THAT I GOT WIND FROM A CONVERSATION FROM OUR STAFF THAT THERE MIGHT BE A PROBLEM WITH THIS. SO I SET UP AN EMERGENCY MEETING WITH SHAFIQ AND

HE PLANNED TO MEET WITH ME AND OUR ENGINEER AND SIT DOWN AND TALK ABOUT IT. SO, I'M SORRY ABOUT THE LATE NOTICE, BUT PART OF OUR TIMING, TOO, IS WE HAVE A WASTELOAD ALLOCATION THAT WE HAD APPROVED BY DIVISION OF WATER TO BUILD A NEW PLANT LAST OCTOBER 28<sup>TH</sup>. AND THERE'S ENGINEERING THAT NEEDS TO BE DONE TO GET THE FACILITY PLAN DONE AND THE CONSTRUCTION PERMIT DONE, SO WE KIND OF FEEL LIKE WE'RE ON A TIMELINE THERE TOO BECAUSE, IF THAT WASTELOAD ALLOCATION EXPIRES WE'D HAVE TO APPLY FOR ANOTHER ONE OR APPLY FOR AN EXTENSION, AND NONE OF THESE THINGS ARE CERTAIN.

**SHAFIQ AMAWI:** YOU'VE HAD THE WASTELOAD ALLOCATION FROM OCTOBER, BUT SIX MONTHS LATER WE STILL DON'T HAVE A FACILITY PLAN SKELETON IN PLACE. AND IF YOU'RE SERIOUS ABOUT MOVING AHEAD WITH THE CONSTRUCTION, YOU WOULD THINK - YOU GOT WASTELOAD, INCIDENTAL TO ENGINEER, SAY, OK, GIVE ME A DRAFT FACILITY PLAN SO I CAN SUBMIT TO THE DIVISION OF WATER AND MOVE ON. WE DON'T HAVE ANYTHING.

**HOLLY NICHOLAS:** BUT THEY WEREN'T TOLD...

(many talking at once)

**TOM CALKINS:** BUT THE VERBAL IN THE 2007, KIND OF THE VERBAL 201 PLAN, OK, WASN'T REAL SPECIFIC. DID, ON THE CONVERSATION FOR THAT, WAS THERE - IF THAT HAD BEEN - LET'S SAY YOU HAD THE SPECIFICS - WOULD THAT HAVE BEEN APPROVED BY DIVISION OF WATER OR WOULD THAT HAVE BEEN CONSIDERED A 201 PLAN AND HAVE TO GO TO REGION IV AND BE APPROVED AS WELL?

**SHAFIQ AMAWI:** NO, IT WOULDN'T HAVE BEEN APPROVED AT (not clear)..

**TOM CALKINS:** IT WOULD BE APPROVED, RIGHT? OK.

**SHAFIQ AMAWI:** WE WILL SIGN OFF ON IT AND (not clear)...

**LINDA BRIDWELL:** FOR THE SAKE OF MOVING FORWARD...

(many talking at once)

**CHAIR TONY WILDER:** YEAH, THAT'S WHAT WE NEED TO DO.

**RON LOVAN:** WELL, THAT'S WHAT I WAS GETTING, PER LINDA'S COMMENT, WHAT COULD WE DO TO ENCOURAGE THEM TO ....

**LINDA BRIDWELL:** (talking over Ron) CAN WE MAKE A MOTION ASKING FOR A REPORT IN SIXTY DAYS OF THE STATUS OF WHERE THIS IS? OR 30 DAYS - THE NEXT MEETING? OR SOMETHING, I DON'T WANT TO KEEP BOGGING US DOWN, BUT I THINK WE NEED TO LET MSD KNOW WE'RE SERIOUS ABOUT HELPING OLDHAM COUNTY IF THEY ARE NOT GOING TO SIT WITH THEM.

**JOHN COVINGTON:** SIXTY DAYS WOULD BE MORE APPROPRIATE, BECAUSE WE DO NOT ANTICIPATE HAVING A JULY MEETING RIGHT NOW UNLESS SOMETHING CHANGES.

**LINDA BRIDWELL:** *THEN WOULD IT BE APPROPRIATE IF I MAKE A MOTION ASKING THEM TO REPORT BACK FROM THE DIVISION OF WATER AND OLDHAM COUNTY WITHIN SIXTY DAYS? I WOULD LIKE TO MAKE THAT MOTION THEN.*

**CHAIR TONY WILDER:** DO I HEAR A SECOND?

**TOM CALKINS:** **SECOND**

**CHAIR TONY WILDER:** ANY OTHER QUESTIONS? (many talking very low, not clear) IT'S BEEN INTERESTING.

**CHAIR TONY WILDER:** ALL IN FAVOR SAY AYE

**BOARD MEMBERS:** **AYE**

**CHAIR TONY WILDER:** ALL OPPOSED (no response from board members)

**TOM CALKINS:** MR CHAIRMAN, I HATE TO SAY THIS, IT'S KIND OF LIKE A LAKE CARNICO/CARLISLE THING AND THAT WENT ON, FOR WHAT, TWENTY SOME ODD YEARS, THIRTY YEARS, BEFORE...

**CHAIR TONY WILDER:** WE MAY RESOLVE THAT THIS YEAR, I DON'T KNOW. SHAFIQ, YOU HANDLED YOURSELF PRETTY GOOD ON YOUR FEET THERE, YOUR ALRIGHT, OK. (many talking at once very low)

**RON LOVAN:** AND, WHERE WILL THESE MINUTES GO?

**CHAIR TONY WILDER:** WELL, THAT'S A GOOD POINT.

**RON LOVAN:** WHY DON'T WE REAFFIRM THAT WE DIRECT JOHN TO SEND A COVER LETTER AND THESE MINUTES TO BOTH CABINETS, THE CABINET AND MSD, OR SOMETHING TO THAT EFFECT? OTHERWISE, THE MOTION...

(many talking at once, not clear)

**JOHN COVINGTON:** IN CONVERSATIONS THAT I'VE HAD WITH DOW - IN THE LAST COUPLE OF DAYS - I THINK THERE IS GOING TO BE A CONCENTRATED EFFORT TO WORK WITH MSD TO ADDRESS THIS ISSUE.

(many talking at once)

**RON LOVAN:** A LETTER SAYING, FOR YOUR INFORMATION ATTACHED ARE THE MINUTES...

(many talking at once)

**CHAIR TONY WILDER:** I THINK THEY NEED TO HEAR WHAT WAS DISCUSSED HERE TODAY.

**RON LOVAN:** I DO TOO.

**CHAIR TONY WILDER:** I THINK THAT WOULD BE APPROPRIATE FOR THIS PROFESSIONAL AUTHORITY. ALRIGHT, ***THE MOTION HAS BEEN APPROVED TO DO THE SIXTY DAY REPORT.*** WE'LL HANDLE THIS - ON THE ADMINISTRATIVE END WE'LL HANDLE THE MINUTES ISSUE. OK? ALRIGHT.

Discussion ended at 01:07:16 (time remaining of recorded meeting)