

Mr. Josh Nacey, Legislative Research Commission
Mr. Jason Vincent, Pennyryle Area Development 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.

Chair Wilder recognized the representatives from the United States Environmental Protection Agency that were in attendance. Ms. Sheryl Parsons, EPA, addressed the Board and stated that EPA was conducting their review of KIA's CWSRF and DWSRF program files. She commended the staff of KIA and DOW for a very well run program both environmentally and financially and they were pleased to be able to attend the board meeting.

I. BUSINESS (Board Action Required)

A. 1. APPROVAL OF MINUTES

For: KIA Regular Board Meeting of April 12, 2012

Mr. Damon Talley moved to approve the minutes of the April 12, 2012 regular board meeting. Mr. Jamie Link 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 \$30,000 TO THE PERRY COUNTY FISCAL COURT, PERRY COUNTY, KENTUCKY

Mr. Lane Gould, KIA, presented the 2020 Water Service Account project to the Board. The Perry County Fiscal Court requested the approval of a \$30,000 KIA 2020 Grant for the Perry County Independent Feasibility Water Study project. The water study will evaluate two options for supplying Perry County and surrounding areas with a reliable source of drinking water. The two options would include a water treatment plant using Buckhorn Lake as a primary supply and purchasing water from the Knott County Water District. Secondary water supplies for the Village of Buckhorn, Breathitt County Water District and the City of Hazard would also be researched. The project meets the criteria for the 2020 Water Service Account and has been reviewed and ranked by the Area Water Management Council. KIA staff recommended approval of this grant with the standard grant assistance agreement conditions.

Mr. Jerry Wuetcher noted a typo in the prepared resolution in the board book on page 24. Section 4 should be changed to read Section 3. Mr. Wuetcher also recommended that on page 23 of the board book, in Section 2 of the resolution, more descriptive language in regards to the Independent Feasibility Study be added to include the alternative water supplies for the Village of Buckhorn and other areas in order to be more specific.

Mr. Joe Kelly moved to approve the amended 2020 Water Service Account grant resolution presented to the board with the standard conditions. Mr. Ron Lovan 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 (A12-17) IN THE AMOUNT OF \$785,000 TO THE CITY OF GRAYSON, CARTER COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Grayson f/b/o Grayson Utility Commission requested a \$785,000 Fund A loan for the Sludge Press Replacement and Sewer Rehabilitation project. The project consists of 1) the replacement of a 25 year old sludge press, and 2) selective rehab of the sanitary sewer collection system including relining and manhole rehab. The sludge press replacement will aid the utility in maintaining compliance with the KPDES permit and the rehab project components will help to eliminate sanitary sewer overflows and to reduce I&I flows to the wastewater treatment plant. The project did not qualify for Green Project Reserve funding. The project qualified for additional subsidization in the amount of \$78,500. The unforgiven balance of the loan is \$706,500 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$40,476. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Mr. Tom Calkins moved to approve the Fund A (A12-17) resolution with the standard conditions. Mr. Damon Talley 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 (A12-21) IN THE AMOUNT OF \$400,000 TO THE CITY OF FLATWOODS, GREENUP COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Flatwoods requested a \$400,000 Fund A loan for the Sanitary Sewer Collection System Improvements project. The project involves the extension of sanitary sewer service to three unserved areas of the City and will support twenty-seven customers that use septic systems. The Marsha Drive extension includes approximately 700 linear feet of eight inch gravity sewer to serve five customers. The Randall Lane extension includes approximately 400 linear feet of eight inch gravity sewer and one grinder pump station to serve two customers. The England Lane extension includes approximately 1,700 linear feet

of eight inch gravity sewer and one submersible pump station to serve to serve approximately twenty customers. Wastewater treatment services are provided by the Greenup County Environmental Regional WWTP. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with a 2% interest rate and an estimated annual debt service payment of \$25,164. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Mr. Ron Lovan moved to approve the Fund A (A12-21) 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 WASTEWATER REVOLVING FUND LOAN (A12-22) IN THE AMOUNT OF \$1,000,000 TO THE CITY OF OAK GROVE, CHRISTIAN COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Oak Grove requested a \$1,000,000 Fund A loan for the Oak Grove Storm Water project. The project involves the creation of a GIS model of the existing storm water system for Oak Grove and the repair of any problems that are identified during the process. Remaining funds, if any, will be used to upgrade the system to reduce I&I within the sanitary sewer system. Forty percent of existing homes are located within a flood plain. With better information on system capabilities the City will be able to manage the existing runoff and plan for future growth to minimize the impact on existing flood hazard areas and riparian boundaries. The City plans on implementing current EPA guidelines and mandates for run off reduction through the use of infiltration to reduce storm water flows and concentrations. It is unlikely that the funds requested in this application will remedy all of the City's storm water issues and that additional funding will be required in the future. The project will not be reported for Green Project Reserve funding. 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 \$62,911. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The City, prior to execution of the Assistance Agreement, will enact a storm water fee by ordinance with an effective date on or before May 1, 2013. Mr. Paul Amburgey, E. L. Robinson Engineering, informed the Board that the first reading of the ordinance was passed during the City Council meeting on Tuesday, May 1, 2012.

Mr. Tom Calkins moved to approve the Fund A (A12-22) resolution with the standard conditions. Mr. Damon Talley 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 WASTEWATER REVOLVING FUND LOAN (A12-25) IN THE AMOUNT OF \$970,000 TO THE CITY OF RUSSELL, GREENUP COUNTY, KENTUCKY

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Russell requested a \$970,000 Fund A loan for the Filter Backwash Wastewater Treatment Improvements project. The project involves the construction of facilities adjacent to the existing water treatment plant to treat filter backwash wastewater and water treatment bio-solids that are generated by the plants flocculation basins. The Kentucky Division of Water has issued notices of violations for the lack of treatment for the backwash. The project components include demolition of existing onsite structures, construction of filter beds, improvements to existing flocculation basis, installation of one wastewater pump station, site piping and electrical work, and site restoration. Existing Outfall #1, which is located in the backwater slew of the Ohio River, will be eliminated as it is located above the water treatment plant raw water intakes. The City provides water service to the Cities of Flatwoods and Raceland. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with a 3% interest rate and an estimated annual debt service payment of \$66,789. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

Ms. Linda Bridwell moved to approve the Fund A (A12-25) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously.

6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2012 CAPITALIZATION GRANT FOR THE WASTEWATER REVOLVING FUND

RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2012 CAPITALIZATION GRANT FOR THE DRINKING WATER REVOLVING FUND

Ms. Sandy Williams, KIA, presented the requests to the board for permission to apply with the United States Environmental Protection Agency for the Federal Fiscal Year 2012 Federal Capitalization Grants for the Wastewater Revolving Fund and the Drinking Water Revolving Fund. The 2012 Wastewater Capitalization Grant appropriation amount for Wastewater is a little less than \$18,000,000. The 2012 Drinking Water Capitalization Grant appropriation amount for Drinking Water is almost \$13,000,000.

Ms. Linda Bridwell moved to approve both resolutions to submit applications for the 2012 Wastewater Capitalization Grant and the 2012 Drinking Water Capitalization Grant. Ms. Lona Brewer 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:

APPLICANT	FUND	AMOUNT
City of Grayson	A12-17	\$ 785,000
City of Flatwoods	A12-21	\$ 400,000
City of Oak Grove	A12-22	\$ 1,000,000
City of Russell	A12-25	\$ 970,000

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

8. Review of the Standard Conditions for the Conditional Commitment Letter in SRF Loan Funds A and F

Ms. Sandy Williams presented to the board a review of the standard conditions for the conditional commitment letter that is required for execution by all borrowers of SRF loans issued by KIA. The Board was given a copy of the template for the Fund A Conditional Commitment Letter as an example.

II. EXECUTIVE DIRECTOR'S REPORT

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

- A. The United States Environmental Protection Agency (US EPA) Region IV representatives were at KIA the week of the board meeting conducting their annual review of files. Representatives from US EPA Headquarters in Washington, D.C. met with KIA staff to conduct a review of KIA's CWSRF procedures and processes as a fact finding mission. Kentucky was one of 10 states selected this year to visit and find out how each state ran the SRF program.
- B. The Intended Use Plan for 2013 is anticipated to be completed in May 2012. Anticipated funding for the 2013 IUP is \$78 million for CWSRF and \$32 million for DWSRF. There will be no leverage funds.

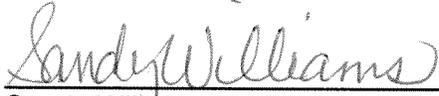
III. STATUS REPORT FOR FUNDS A, A2, B, B1, C, F, F2

IV. ANNOUNCEMENTS/NOTIFICATIONS

- Next scheduled KIA board meeting:
Tentatively scheduled for
Thursday, June 7, 2012
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky

There being no further business Ms. Linda Bridwell moved to adjourn. Mr. Jamie Link seconded and the motion carried unanimously. The May 3, 2012, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.

Submitted by:



Sandy Williams, Secretary
Kentucky Infrastructure Authority



Date