

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

**Meeting Date/Location:**     **March 7, 2013 – 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. Sam Ruth, Finance and Administration Cabinet  
    (proxy for Secretary Lori H. Flanery, FAC)  
Mr. Robert Aldridge, 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  
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky  
    Association of Counties  
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

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Ms. Jennifer Kantner, Office of Financial Management  
Mr. Charlie Martin, LFUCG  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Mr. Jerry Kennedy, Bullitt County Sanitation District  
Mr. Herb LeMaster, Tetra Tech  
Mr. James Simpson, Henry County Water District  
Mr. Tom Green, Tetra Tech  
Mr. Terry Frogue, City of Elkton  
Mr. George Woolwine, HDR Engineering  
Mr. Laura Gilkerson, GRW Engineers  
Ms. Ruthie Ashbaugh, First District Magistrate, Bullitt County  
Ms. Lisa Craddock, Deputy Judge Executive, Bullitt County  
Mr. John Wood, Mayor, City of Barlow  
Mr. Dennis Golem, Wells Fargo

## 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 February 7, 2013

*Mr. Damon Talley moved to approve the minutes of the February 7, 2013 regular board meeting. Mr. Sam Ruth seconded, and the motion carried unanimously.*

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

##### **1. KENTUCKY WATER MANAGEMENT PLAN**

Mr. John Covington, KIA, presented to the Board the Kentucky Water Management Plan for approval. The Plan was presented last month for review, a couple of refinements had been made, and a list of each area development district's utilities had been added. Mr. Covington asked for the Board's action to accept the area development districts' methodology for ranking their projects. The Plan is available on the KIA's website and copies will be sent to the appropriate parties and to the Governor's office.

*Mr. Damon Talley moved to accept the area development districts' methodology for ranking their projects. Mr. Marty Ivy 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 (A13-007) IN THE AMOUNT OF \$4,657,640 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, presented the project to the Board. The Lexington-Fayette Urban County Government requested a \$4,657,640 Fund A loan for the Anniston/Wickland Storm Water Improvements and Various Storm Water Management Projects Phase II. These projects have been grouped together as one loan for administrative purposes due to the close proximity of their estimated completion dates. Engineering costs were evaluated separately for each project.

The United States Environmental Protection Agency (EPA) and the Kentucky Environmental and Public Protection Cabinet (KYEPPC) filed suit in federal court against the Government in 2006 alleging various violations of the Clean Water Act. The Government completed negotiations with EPA and KYEPPC to resolve the alleged violations. The resulting Consent Decree agreement was entered in the United States District Court – Eastern District of Kentucky on January 3, 2011. The settlement agreement requires the Government to undertake extensive studies, sewer improvement projects, and management plans to correct the problems that were alleged. The settlement affords the Government up to 13 years to correct the problems. The Government has estimated that the cost of remedial measures would approach \$500 million over the life of the Consent Decree. The Government increased sanitary sewer rates to fund obligations under the Consent Decree and also adopted a storm water management fee. The Consent Decree requires completion of \$30 million in storm water flood abatement projects over the next ten years. The projects included in this request will reduce peak storm water flows by construction of a detention basin and conveyance system, new storm sewers, and increasing the capacity of existing storm sewers.

The Anniston/Wickland Storm Water Improvement project proposes to construct new storm sewers and appurtenances between the Bryan Station High School/Wickland Drive basin area and the Anniston Drive basin area. The new storm sewer will be constructed along Spring Station Drive to Bryan Station road. Various Storm Water Management Projects Phase II includes projects in five locations: 1) The Walhampton project, near the intersection of Nicholasville Road and Man O War Boulevard, will construct storm water detention basins and approximately 1,500 linear feet (LF) of thirty to fifty-four inch pipe with various inlet structures. The detention basins will be constructed on properties that the Government intends to purchase; 2) The Cardinal-Laramie project near Clays Mill Road and Lane Allen Road includes both the addition and replacement of storm sewers, replacement of a box culvert, and stream bank stabilization; 3) The Rogers Road project involves the installation of 900 LF of box culvert, 1,300 LF of thirty-six inch storm pipe and related conveyance infrastructure to mitigate chronic flooding at twelve residential structures near the intersection of Allen Drive and Rogers Road; 4) The Idle Hour project proposes realignment and upsizing of the existing storm sewer system with the installation of 2,200 LF of eighteen to forty-two inch piping; and 5) The Perimeter Park project involves construction of fifteen and eighteen inch storm sewers to connect an upstream detention basin discharge to downstream storm piping near the intersection of Alumni Drive and New Circle Road.

Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$50,000 under the category of Green Infrastructure. The project 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 \$286,331. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund A (A13-007) 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 (A13-002) IN THE AMOUNT OF \$13,674,302 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

**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 (A13-003) IN THE AMOUNT OF \$10,194,421 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

**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 (A13-015) IN THE AMOUNT OF \$21,641,030 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

**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 (A13-018) IN THE AMOUNT OF \$6,000,000 TO THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, FAYETTE COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, presented four Lexington-Fayette Urban County Government loan requests to the Board. The four loan requests will be used to construct nine different projects totaling \$51,509,753.

The Lexington-Fayette Urban County Government requested a \$13,674,302 Fund A loan for the Bob-O-Link Trunk Sewer, Wolf Run Tank and Wolf Run Trunk Sewer Project. The Bob-O-Link Trunk Sewer project will replace approximately 7,600 linear feet (LF) of fifteen inch diameter sewer lines with fifteen to twenty-four inch lines. The Wolf Run Tank project will construct a 1.8 million gallon equalization facility in the vicinity of Kilrush Drive and New Circle Road to manage peak flow periods. The Wolf Run Trunk Sewer project will replace approximately 1,600 LF of thirty inch sewer lines with forty-two inch lines. Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$234,064, with a breakdown to the green categories as follows: \$172,996 - Green Infrastructure, and \$61,068 - Environmentally Innovative. The project 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 \$840,636. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

The Lexington-Fayette Urban County Government requested a \$10,194,421 Fund A loan for the Eastlake Trunk Sewer Replacement, Century Hills Trunk

Sewer Replacement, West Hickman Trunk Sewer Replacement; and Woodhill Trunk Sewer Replacement Projects. The Eastlake Trunk Sewer Replacement project will replace approximately 1,800 linear feet (LF) of fifteen inch diameter sewer lines with eighteen to twenty-one inch lines. The Century Hills Trunk Sewer Replacement project will replace approximately 3,100 LF of twelve to fifteen inch diameter sewer lines with eighteen to twenty-one inch lines. The West Hickman Trunk Sewer Replacement project will replace approximately 800 LF of sewer lines with fifteen to eighteen inch lines. Additionally, a 3,900 LF parallel sanitary sewer with a forty-eight inch diameter will be constructed to eliminate upstream SSOs. The Woodhill Trunk Sewer Replacement project will replace approximately 3,700 linear feet of twelve to eighteen inch diameter sewer lines with fifteen to thirty inch lines. Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$209,042, with a breakdown to the green categories as follows: \$129,042 - Green Infrastructure, and \$80,000 - Environmentally Innovative. The project 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 \$626,708. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

The Lexington-Fayette Urban County Government requested a \$21,641,030 Fund A loan for Phase I of the Town Branch Wastewater Treatment Plant Wet Weather Storage Tanks project. The existing sewer system lacks the capacity to meet LFUCG's EPA mandated Capacity Assurance Program. The project is a component of the Remedial Measures Plan that was submitted to the U.S. Environmental Protection Agency to comply with the Consent Decree. The project involves the design and construction of a multi-phase wet weather storage facility at the Town Branch Wastewater Treatment Plant on Lisle Industrial Avenue. The first phase includes the relocation of existing facilities, environmental assessments, soil remediation and the construction of a 22 million gallon wet weather storage tank. When all phases are complete, total storage volume will be approximately 44 million gallons with a projected cost to exceed \$111 million. Phase I includes some design costs for project components that must be compatible between all phases. Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$405,000, with a breakdown to the green categories as follows: \$50,000 - Green Infrastructure, \$5,000 - Water Efficiency, and \$350,000 - Energy Efficiency. The project 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 \$1,330,395. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

The Lexington-Fayette Urban County Government requested a \$6,000,000 Fund A loan for the Expansion Area 2A Wastewater System project. The project is currently under construction and eligible costs will be reimbursed with SRF funds. The project was not specifically identified in the Consent Decree but was initiated by the Government prior to submission of the Remedial Measures Plan to address recurring SSO's. Expansion Area 2A is a planning region in Lexington which was brought into the Urban Service Area in 1996. The area is experiencing rapid development and sanitary sewer improvements are required to service the largely undeveloped area. The system of improvements were identified in the

1999 201 Facilities Plan Update as being constructed in the upper portions of the North Elkhorn watershed. This project will design and build the 201 Plan facilities by providing sanitary sewer to the undeveloped area and reducing demands on the aging North Elkhorn force main. The project involves the construction of a 7,400 gallon per minute pump station, 5,000 linear feet of twenty-four inch force main, 5,500 linear feet of gravity sewers ranging in size from eight to forty-eight inches in diameter, and rehabilitation of an existing pump station. Four existing pump stations will be eliminated. Under the 2012 Capitalization Grant Equivalencies the project qualified for Green Project Reserve funding of \$385,000, with a breakdown to the green categories as follows: \$10,000 - Green Infrastructure, and \$375,000 - Environmentally Innovative. The project 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 \$368,854. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund A13-002 resolution, the Fund A13-003 resolution, the Fund A13-015 resolution and the Fund A13-018 resolution with the standard conditions. Ms. Lona Brewer 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 AN INFRASTRUCTURE REVOLVING FUND (B13-001) LOAN IN THE AMOUNT OF \$320,000 TO THE CITY OF ELKTON, TODD COUNTY, KENTUCKY**

Mr. John LeFevre, KIA, presented the project to the Board. The City of Elkton requested a Fund B loan in the amount of \$320,000 for waterline improvements. The first improvement includes approximately 1,400 linear feet of older four inch cast iron line that will be replaced. A portion of the existing line has been taken out of service due to the inability to ensure safe drinking water due to rust deposits and corrosion. The second improvement includes the construction of approximately 2,800 linear feet of new eight inch PVC waterline. The line will provide water to a new development ready property, fix an inadequate water pressure problem in the area, and allow for the disconnection of shared lines between the City of Elkton and the Todd County Water District. The term of the loan is 20 years with a 1.75% interest rate and an estimated annual debt service payment of \$19,672. KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund B (B13-001) Resolution with the standard conditions. Mr. Ron Lovan 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 AN INFRASTRUCTURE REVOLVING FUND (B13-002) LOAN IN THE AMOUNT OF \$89,225 TO THE BULLITT COUNTY SANITATION DISTRICT, BULLITT COUNTY, KENTUCKY**

Ms. Sandy Williams, KIA, presented the project to the Board. The Bullitt County Sanitation District requested a Fund B loan in the amount of \$89,225 with 95% principal forgiveness for the Big Valley MHP Lagoon Rehabilitation project. The proposed project will repair and up-grade the existing facilities at the Big Valley collection system and lagoon treatment facility. Action is required to eliminate an immediate jeopardy to human health and curtail documented environmental degradation. The rehabilitation activities are to be conducted by the District conditioned upon prior approval by the Bullitt County Fiscal Court and after the District is designated the receiver of the system based on action of the Kentucky Public Service Commission (PSC) and the Franklin Circuit Court. The PSC filing with the Court requests that the system be declared abandoned and that the District be named receiver. The wastewater system was abandoned due to the death of the former owner. The system is in total disrepair and untreated wastewater is discharging to the creek. Some homeowners may be without service. There also appears to be some broken sewer lines allowing raw sewage to discharge in dry creek beds. The project consists of the following: a) Pump Station rehabilitation, acquisition of two new pumps, rails and related equipment; b) Site preparation and installation of 700LF of chain link fencing; c) Rebuild two aerators and purchase of one existing unit to be held as standby; d) Jet-Vac 1000LF main sewer line; section to be cleaned extends from pump station to Big Valley Road due to improper or no maintenance, and debris entering from unplugged and abandoned laterals restricting flow; e) Purchase and installation of cable, equipment and controls for electrical system; f) Purchase and installation of new concrete lid for chlorine contact chamber; existing lid is badly deteriorated; g) Clean chlorine contact chamber that is half full of debris; h) Install new baffle-fencing in lagoon to replace existing fencing that has rotted; and i) Purchase and install effluent flow meter; a regulatory requirement.

The unforgiven balance of the loan is \$4,461 to be repaid in 5 years with an interest rate of 1.75% and an estimated annual debt service payment of \$945. KIA staff recommended approval of the loan with the standard conditions and the following special conditions: (1) Receipt of a legal opinion that the Bullitt County Sanitation District's expenditure of funds to rehabilitate and operate the Big Valley Sanitation facilities as a court-appointed receiver is for a public purpose and use and is consistent with KRS Chapter 220; and (2) Documentation that the Bullitt County Fiscal Court will provide \$12,000 to the Bullitt County Sanitation District each year for 2 years for the operation and maintenance costs of the Big Valley Sanitation facilities.

Mr. Jerry Wuetcher recommended adding a condition to the loan that the Franklin Circuit Court must issue an order appointing the Bullitt County Sanitation District as Receiver of the Big Valley Collection System. The order shall include that if the Receiver were to transfer the property to a non-governmental third party then the Receiver would be responsible for repaying the loan. The Board members, KIA staff and representatives from the Bullitt County Sanitation District and Bullitt County participated in a discussion on the project.

***Mr. Damon Talley moved to approve the Fund B (B13-002) loan to the Bullitt County Sanitation District (BCSD) in its capacity as Receiver of Big Valley Sanitation, Inc., with the standard conditions, and subject to the following special conditions: (1) No funds be distributed until BCSD provides proof***

*that Franklin Circuit Court has appointed BCSD as receiver and has approved BCSD's entry into a loan agreement with KIA; (2) Should the court-appointed receiver of Big Valley Sanitation, Inc. seek to transfer the assets of Big Valley Sanitation, Inc. to a private, non-public entity, the court-appointed receiver must notify KIA and obtain its approval before making such transfer and, upon such notice and at KIA's option, the loan will become immediately due and payable; and (3) the additional special conditions set forth in the staff recommendations. Ms. Linda Bridwell seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining due to the involvement the PSC has with the project.*

**6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-09) INCREASING THE LOAN AMOUNT TO \$430,000 TO THE CITY OF BARLOW, BALLARD COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, presented the project to the Board. The City of Barlow requested an increase of \$200,000 to their existing \$230,000 Fund F Loan that was previously approved on May 5, 2011, for the New Clearwell Construction & Water Tank Refurbishment project. The new loan amount is \$430,000 and the new total project cost is \$520,000 with \$90,000 to be provided by local funds. The increase stems primarily from a discrepancy between the estimated cost per cubic yard of concrete (\$600 per cu. yd.) and the actual bid price of the concrete (\$1,000 per cu. yd.) to be used in the construction of the clearwell. The original scope of the project remains unchanged. The city will proceed with the construction of a new clearwell and repair and refurbishment of a 100,000 gallon water storage tank. Under the 2010 Capitalization Grant Equivalencies the project did not qualify for Green Project Reserve funding. The project qualified for additional subsidization in the amount of \$172,000. The revised unforgiven balance of the loan is \$258,000 to be repaid in 20 years with an interest rate of 1% and a revised estimated annual debt service payment of \$14,910. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

*Ms. Linda Bridwell moved to approve the Fund F (F11-09) 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 AMENDMENT TO THE CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F11-17) INCREASING THE LOAN AMOUNT TO \$518,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, presented the project to the Board. The City of Harrodsburg requested an increase of \$80,000 to their existing \$438,000 Fund F Loan that was previously approved on December 8, 2011, for the Water Main Improvements project. The new revised loan amount is

\$518,000. The increase is required to complete the Bellows Mill Road Section of the project. When the entire project was originally bid, costs were higher due to two road bores and cost increases from the original estimate for some items. Because of this, the City did not pursue the Bellows Mill component until they were certain that there would be no additional cost overages on the other original project components. Under the 2011 Capitalization Grant Equivalencies the project did not qualify for Green Project Reserve funding. The project qualified for additional subsidization in the amount of \$181,300. The revised unforgiven balance of the loan is \$336,700 to be repaid in 20 years with an interest rate of 1% and a revised estimated annual debt service payment of \$19,458. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Mr. Damon Talley moved to approve the Fund F (F11-17) Resolution with the standard conditions. Ms. Lona Brewer seconded, and the motion carried unanimously.***

**8. 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 (F13-002) LOAN IN THE AMOUNT OF \$1,688,950 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Harrodsburg requested a \$1,688,950 Fund F loan for the Water Distribution Improvements and North Main Water Storage Tank projects. The first project involves replacement of approximately 24,000 linear feet of water lines in older sections of the system with eight inch PVC. Valves and fire hydrants will also be replaced. The water supply is affected when lines break and the risk of public health danger exists. The second project will refurbish a storage tank by removing the existing lead based interior and exterior paint, repainting the tank, and proper disposal of the lead based residue. The 2012 Drinking Water Capitalization Grant did not contain a “green” requirement. The project qualified for additional subsidization in the amount of \$168,895. The unforgiven balance of the loan is \$1,520,055 to be repaid in 20 years with an interest rate of 1.75% and an estimated annual debt service payment of \$94,206. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund F (F13-002) resolution with the standard conditions. Mr. Robert Aldridge 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 A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F13-021) LOAN IN THE AMOUNT OF \$4,000,000 TO THE FRANKFORT ELECTRIC AND WATER PLANT BOARD, FRANKLIN COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The Frankfort Electric and Water Plant Board requested a \$4,000,000

Fund F loan for the Alternate Power Generation project. The project involves the design and construction of a 2,800 KW diesel power generation facility for the water treatment plant which currently has no back-up power source. The proposed facility will permit the plant to run at full capacity during a major outage. It will provide power to a distribution pump station that serves east Frankfort and will be capable of supplying power to maintain water service to downtown Frankfort in the event of a city wide outage. The proposed facility will also provide emergency power to the security system at the water treatment plant, which will maintain the existing video surveillance system, alarms, automated gate locks, and radio intercom system. The Water Utility directly serves customers both within and outside the Frankfort City limits and in part of northern Woodford County that was previously serviced by the North Woodford Water District which was acquired by the Plant Board in 1989. Wholesale service is provided to the Elkhorn, Farmdale, Northeast Woodford County, Peaks Mill, US 60 and South Anderson Water Districts, which are PSC regulated. Additionally, service is provided to the North Shelby Water Company and the City of Georgetown. Wholesale sales represent about 23% total sales. The Water Utility will undergo a cost of service study later this year and anticipates raising rates every two years in conjunction with future cost of service studies. 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 an interest rate of 1.75% and an estimated annual debt service payment of \$223,112. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Mr. Marty Ivy moved to approve the Fund F (F13-021) resolution with the standard conditions. Mr. Sam Ruth seconded, and the motion carried unanimously.***

**10. 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 (F13-039) LOAN IN THE AMOUNT OF \$2,855,000 TO THE HENRY COUNTY WATER DISTRICT #2, HENRY COUNTY, KENTUCKY**

Ms. Anshu Singh, DOW, and Mr. John LeFevre, KIA, presented the project to the Board. The Henry County Water District #2 requested a \$2,855,000 Fund F loan for the Morton Ridge Main Upgrade project. The project involves the installation of approximately 24,000 linear feet of twenty inch ductile iron water main from the treatment plant to the District's first storage tank. It will replace twelve inch line that is a source of continuous breaks and leaks. The project will also provide the capacity to supply water to a neighboring district. The District is in the process of installing new variable frequency drives (VFD's) on the three pumps that send water from the treatment plant into the distribution system. Completion of the two projects will reduce pump run times and thus energy usage. The District is a rural water company serving approximately 6,300 customers in Henry, Trimble, Carroll, Oldham and Shelby counties and is regulated by the Public Service Commission. Wholesale service is provided to the West Carroll Water District and both Eminence and New Castle Water Works. Approximately 20% of water sold is to wholesale customers. 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 an interest rate of 1.75% and an estimated annual debt service payment of \$176,940. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Mr. Damon Talley moved to approve the Fund F (F13-039) resolution with the standard conditions. Mr. Ron Lovan seconded, and the motion carried unanimously, with Mr. Jerry Wuetcher abstaining. Mr. Wuetcher abstained due to the fact the loan and the construction project will have to be approved by the PSC.***

**11. 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>
Lexington-Fayette Urban Co Govt	A13-002	\$ 13,674,302
Lexington-Fayette Urban Co Govt	A13-003	\$ 10,194,421
Lexington-Fayette Urban Co Govt	A13-007	\$ 4,657,640
Lexington-Fayette Urban Co Govt	A13-015	\$ 21,641,030
Lexington-Fayette Urban Co Govt	A13-018	\$ 6,000,000
City of Elkton	B13-001	\$ 320,000
Bullitt County Sanitation District	B13-002	\$ 89,225
City of Barlow (Increase)	F11-09	\$ 430,000
City of Harrodsburg (Increase)	F11-17	\$ 518,000
City of Harrodsburg	F13-002	\$ 1,688,950
Frankfort Electric & Water Plant Bd	F13-021	\$ 4,000,000
Henry County Water District #2	F13-039	\$ 2,855,000

***Ms. Linda Bridwell moved to approve the resolution. Mr. Damon Talley 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 resolutions for the filing of the 2013 Capitalization Grants were approved last month and KIA is in the process of completing the filing. The process was started earlier than in previous years due to the fiscal situation and uncertainty in Washington, D.C., and before the Continuing Resolution expired to ensure funding. Funding under the Continuing Resolution is for only half of the year and the numbers in the Intended Use Plan (IUP) reflect that. Funding for the second half of the year is still uncertain.

The IUP will be posted on the websites by the end of this week or next. The narrative part of the IUP is close to completion; however the priority list provided by the Division of Water will not be complete. EPA needs to see that there is sufficient demand for the funding so the list will be of projects that have requested SRF funding. The project list will be alphabetized but will not be ranked. The ranking of the projects will be updated and posted in the IUP at a later date.

- B. The April meeting was discussed and the Board determined that the next monthly meeting will be held at the regular scheduled time. Ms. Linda Bridwell noted that she will not be able to attend.

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

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Tentatively scheduled for  
Thursday, April 4, 2013  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Mr. Sam Ruth moved to adjourn. Ms. Linda Bridwell seconded and the motion carried unanimously. The March 7, 2013, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

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

  
\_\_\_\_\_  
Date