

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

**Meeting Date/Location:**     **February 2, 2012 – 1:00 p.m.**  
  **Kentucky Infrastructure Authority**  
  **1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Ms. Stacia Peyton, Department for Local Government  
    (proxy for Commissioner Tony Wilder, DLG)  
Mr. Hank List, Energy and Environment Cabinet  
    (permanent proxy for Secretary Leonard K. Peters, EEC)  
Mr. Jamie Link, Finance and Administration Cabinet  
    (permanent proxy for Secretary Lori H. Flanery, FAC)  
Mr. Joe Kelly, 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  
Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky  
    Association of Counties

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Ms. Jennifer Kantner, Officer of Financial Management  
Ms. Ashley Adams, Sanitation District No. 1  
Mr. Michael Flynn, Winchester Municipal Utilities  
Mr. Ron Schmitt, Jr., Sanitation District No. 1  
Mr. John Hodges, Paducah McCracken Joint Sewer Agency  
Ms. Amy Niehoff, Paducah McCracken Joint Sewer Agency  
Mr. Terry Lawless, City of Jamestown  
Mr. Ottis Skaggs, City of Jamestown  
Ms. Laura Gilkerson, GRW Engineers, Inc.  
Mr. Phil Meador, Kenvirons, Inc.  
Mr. Brent Shelton, MuniNet Fiber Agency  
Ms. Annette Dupont-Ewing, Kentucky Municipal Utilities Association  
Mr. Chris Brewer, Barbourville Utility Commission  
Ms. Madison Weakley, Legislative Research Commission  
Mr. Greg Stacey, Sanitation District No. 1  
Mr. Dennis Golem, Wells Fargo

## PROCEEDINGS

Vice Chair Damon Talley called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order. Vice Chair Talley 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.

Mr. John Covington, KIA, introduced Adam Scott, a new employee with KIA. Mr. Scott will be working with the WRIS program and will act as liaison between KIA and the Area Development Districts and other state agencies that use WRIS. He will obtain input and information from users across the state and the area development districts to improve the WRIS portal and database. Mr. Scott has experience as a water planner from the Purchase Area Development District.

### I. BUSINESS (Board Action Required)

#### **A. 1. APPROVAL OF MINUTES**

**For: KIA Regular Board Meeting of January 5, 2012**

*Mr. Joe Kelly moved to approve the minutes of the January 5, 2012 regular board meeting. Mr. Hank List seconded, and the motion carried unanimously.*

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

- 1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-02) IN THE AMOUNT OF \$851,857 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL AND KENTON COUNTIES, 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 (A12-03) IN THE AMOUNT OF \$959,000 TO THE SANITATION DISTRICT NO. 1, BOONE, CAMPBELL AND KENTON COUNTIES, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented both projects to the Board.

The Sanitation District No. 1 requested a Fund A Loan in the amount of \$851,857 for the Wolpert Pump Station Rehabilitation and Force Main project. This project is located in Cold Spring in Campbell County on the west side of Alexandria Pike (US 27) near the Springside neighborhood. The existing force main has experienced multiple failures due to cycle and fatigue resulting in sanitary sewer

overflows into adjacent streams. The project includes the construction of approximately 42,000 linear feet (LF) of eight-inch ductile iron force main to replace an existing six inch plastic line. It also includes the installation of 300 LF of eight inch PVC gravity sewer to realign the existing gravity sewer to follow the proposed force main alignment and allow for easier maintenance operations. Modifications will be completed at the existing Wolpert Pump Station to increase the impeller size, provide a connection for a future surge tank, and alleviate existing slope stability issues. 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 \$53,591. Both KIA and DOW staff recommended approval of the loan with the standard conditions. Mr. Hank List noted on page 26 of the board book that the MHI for the Commonwealth is stated as \$45,916. Ms. Williams confirmed that was an error and the MHI will be corrected to read \$41,197.

The Sanitation District No. 1 also requested a Fund A loan in the amount of \$959,000 for the Wilder Force Main Improvements project. This project involves the replacement of a portion of the Wilder Pump Station force main (12 inch ductile iron) and surge pressure improvements. The existing force main has experienced multiple failures due to the age and type of pipe (cement lined ductile iron) and cycle fatigue caused by surge pressures. The construction of this project will replace the most problematic section of the existing force main. This project did not qualify for Green Project Reserve funding and 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 \$53,591. KIA and DOW staff recommended approval of the loan with the standard conditions.

***Mayor David Cartmell moved to approve both Fund A Loans, A12-02 and A12-03, 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 (A12-04) IN THE AMOUNT OF \$2,500,000 TO THE CITY OF JAMESTOWN, RUSSELL COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Jamestown requested a Fund A Loan in the amount of \$2,500,000 for the Jamestown WWTP Improvements project. The project involves upgrades to the Jamestown WWTP. Phase I will rehabilitate headworks, aeration basins, disinfection systems, ras/was pumping system, yard plumbing and appurtenances, and sludge dewatering equipment and facilities to improve the performance of the plant. Phase II will upgrade and rehabilitate the final clarifiers, sludge thickening and holding basins, decolorization basins aeration and mixing system, electrical and power systems, and miscellaneous improvements to the laboratory and plant office. The proposed improvements will facilitate ongoing compliance with DOW permit requirements by improving the quality of the discharged effluent. The project did not qualify for Green Project Reserve funding. The project did qualify for \$750,000 in additional subsidization under the 2011 Capitalization Grant Equivalencies. The unforgiven

balance of the loan is \$1,750,000 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$100,259. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Mr. Hank List moved to approve the Fund A (A12-04) 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 (A12-05) IN THE AMOUNT OF \$1,000,000 TO THE CITY OF WINCHESTER f/b/o WINCHESTER MUNICIPAL UTILITIES, CLARK COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Sandy Williams, KIA, presented the project to the Board. The City of Winchester f/b/o Winchester Municipal Utilities (WMU) requested a Fund A loan in the amount of \$1,000,000 for the Bel-Air Sanitary Sewer Improvements project. This project involves the construction of an interceptor to eliminate the Bel-Air and Westside pump stations and the overflows associated with each. The project is being initiated to address environmental concerns in the Strodes Creek Sewer Shed located in the northern portion of WMU's service area. It will also address one of the issues identified in the Consent Decree. The project did not qualify for Green Project Reserve funding and it did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 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.

***Mr. Tom Calkins moved to approve the Fund A (A12-05) resolution with the standard conditions. Mr. Hank List 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 (A12-07) IN THE AMOUNT OF \$706,000 TO THE CITY OF HARRODSBURG, MERCER COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Harrodsburg requested a Fund A loan in the amount of \$706,000 for the Western Regional Pump Station Upgrade and New Wausau Force Main and Pump Station Upgrade. The project involves upgrades to the Western Regional Pump Station including two new pumps, new valves and piping, new control panel and electrical components and the installation of site fencing. Additionally, approximately 1600 LF of new force main from the expanded Wausau Paper Company's process water station will be installed, replacement of pumps and upgrades to the City's sanitary pump station. Flows from the County Sanitation District have caused the Western Regional pump station to operate at capacity. Wet weather flows are greater than expected and

an additional pump needs to be added to accommodate these flows to prevent possible overflows. The paper plant is also expanding and requires updated infrastructure to handle the increased sewage flows and the process waste water. The new force main will discharge process water directly to the wastewater treatment plant resulting in improved conditions and increased capacity in the collection system. The project did not qualify for Green Project Reserve funding, but the project did qualify for \$70,600 in additional subsidization. The unforgiven balance of the loan is \$635,400 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$36,403. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The City shall provide a copy of the commitment of \$451,000 in Private Industry Contributions toward the project prior disbursement of any construction funds. If this commitment is not made available, the city may provide a commitment of alternative funds in lieu of the Private Industry.

***Ms. Linda Bridwell moved to approve the Fund A (A12-07) resolution with the standard conditions and the special conditions indicated in the staff recommendations. 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 A FEDERALLY ASSISTED WASTEWATER REVOLVING FUND LOAN (A12-08) IN THE AMOUNT OF \$8,000,000 TO THE PADUCAH MCCRACKEN JOINT SEWER AGENCY, MCCRACKEN COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The Paducah McCracken Joint Sewer Agency requested a Fund A loan in the amount of \$8,000,000 for the I/I, Management and Conveyance project. The project involves 1) I/I reductions, 2) replacement of pump stations, and 3) separation of combined sewers. The project will reduce I/I within the collection system, improve capacity and performance and reduce the amounts and frequencies of sanitary sewer overflows and combined sewer overflows. All of the project components are within the scope of either the Long Term Control Plan or Sanitary Sewer Overflow Plan submitted to the Kentucky Division of Water and will aid on compliance with a Consent Judgment that was entered into with the Kentucky Environmental and Public Protection Cabinet in 2007. The project did not qualify for Green Project Reserve Funding and it did not qualify for additional subsidization. The term of the loan is 20 years with an interest rate of 2% and an estimated annual debt service payment of \$503,290. Both DOW and KIA staff recommended approval of the loan with the standard conditions.

***Ms. Linda Bridwell moved to approve the Fund A (A12-08) resolution with the standard conditions. Mr. Hank List seconded, and the motion carried unanimously.***

**6. 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 (A12-09) IN THE AMOUNT OF \$5,651,270 TO THE CITY OF BARBOURVILLE, KNOX COUNTY, KENTUCKY**

Mr. Shafiq Amawi, DOW, and Ms. Kasi White, KIA, presented the project to the Board. The City of Barbourville f/b/o Barbourville Utility Commission requested a Fund A loan in the amount of \$5,651,270 for the Wastewater Treatment Plant Upgrade – Phase I. The project involves the expansion of the wastewater treatment plant from 1.0 million gallon per day (MGD) capacity to 1.5 MGD. The upgrade will involve the addition of diffused aeration and baffles inside the existing lagoon system. In addition, the following will be added or replaced: (1) blower and diffused air control system, (2) tertiary nitrification basin with integrated fixed film media, (3) secondary clarifier and flow splitter box, (4) standby generator set, (5) sludge pump station, (6) plant drainage pump station, (7) internal recycle pumps, (8) UV disinfections system (in place of chlorine), (9) post aeration basin, (10) effluent flume and flow meter, (11) emergency effluent pumps, (12) lime silo and feed pumps, (13) chemical feed system (alum and nitrifying bacteria feed) and (14) miscellaneous other improvements to the existing infrastructure and support facilities. The plant is currently operating at 90% capacity during average flows. The project did not qualify for Green Project Reserve Funding. The project did qualify for additional subsidization in the amount of the lesser of (1) 30% or (2) \$1.2 million (maximum for any CWSRF project). The unforgiven balance of the loan is \$4,451,270 to be repaid in 20 years with an interest rate of 1% and an estimated annual debt service payment of \$255,018. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: The Commission shall pass the necessary resolution and/or ordinance no later than April 1, 2012, to increase rates to such levels to provide additional annual revenues per the following schedule: \$105,000 by Fiscal Year End 2012 (approximately 60% increase); \$470,000 by Fiscal Year End 2013 (approximately 15% increase – this includes carry over from 2012 increase); \$253,000 by Fiscal Year End 2014 (approximately 15% increase); and \$230,519 by Fiscal Year End 2015 (approximately 15% increase).

***Mr. Tom Calkins moved to approve the Fund A (A12-09) resolution with the standard conditions and the special conditions indicated in the staff recommendations. Ms. Linda Bridwell seconded, and the motion carried unanimously.***

**7. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING THE ISSUANCE OF A CONDITIONAL COMMITMENT FOR A GOVERNMENTAL AGENCIES PROGRAM LOAN (C11-02) OF \$3,173,049 TO THE MUNINET FIBER AGENCY, MCCRACKEN COUNTY, KENTUCKY**

Ms. Kasi White, KIA, presented the project to the Board. The MuniNet Fiber Agency requested a Fund C loan in the amount of \$3,173,049 for the Fiber Optic Cable Build Project #2. The project is for the construction and acquisition of 144 count fiber that will extend from Paducah to the TVA Paradise Fossil Plant. It will also include the acquisition of Indefeasible Rights to Use (IRUs) from member utilities which include Hopkinsville, Glasgow, Russellville and Princeton to connect and expand their networks. In exchange for the fiber to TVA plants, TVA

will provide MuniNet fiber from the plant to Nashville, Tennessee and from Hopkinsville to Bowling Green. This will allow MuniNet to connect to Level 3 and get access to internet bandwidth at a much lower cost than they are currently paying (from \$35/megabyte to \$1.85/megabyte). This fiber will connect local hospitals, health care providers, emergency services, libraries, and local government agencies allowing them to perform functions not currently possible. In addition, this fiber will be open access and available to anyone. The term of the loan is 20 years with an interest rate of 3% and an estimated annual debt service payment of \$218,478. KIA staff recommended approval of the loan with the standard conditions and the following special conditions: 1) A copy of the Project Participation Agreement relating to the Fiber Build Project 2 will be submitted to KIA prior to final disbursement of funds reflecting each participating member and their contribution to the entity; 2) MuniNet will furnish a copy of any amendments or restatements to the Interlocal Agreement; and 3) Notice will be provided to KIA prior to the addition of any member to MuniNet with a copy of the initial contribution summary of the new member.

***Ms. Linda Bridwell moved to approve the Fund C (C11-02) resolution with the standard conditions and the special conditions 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>
Sanitation District No. 1	A	\$ 851,857
Sanitation District No. 1	A	\$ 959,000
City of Jamestown	A	\$ 2,500,000
City of Winchester f/b/o Winchester Municipal Utilities	A	\$ 1,000,000
City of Harrodsburg	A	\$ 706,000
Paducah McCracken Joint Sewer Agency	A	\$ 8,000,000
City of Barbourville	A	\$ 5,651,270
MuniNet Fiber Agency	C	\$ 3,173,049

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

**8. RESOLUTION (THE PRELIMINARY BOND RESOLUTION) OF THE BOARD OF THE KENTUCKY INFRASTRUCTURE AUTHORITY (AUTHORITY) AUTHORIZING THE EXECUTION OF A GENERAL TRUST INDENTURE DATED AS OF MARCH 2, 2012 BY AND BETWEEN THE KENTUCKY INFRASTRUCTURE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION, LOUISVILLE, KENTUCKY; PROVIDING FOR THE ISSUANCE OF KENTUCKY INFRASTRUCTURE AUTHORITY WASTEWATER AND DRINKING WATER REVOLVING FUND PROGRAM REVENUE BONDS, SERIES 2012A IN A PRINCIPAL AMOUNT NOT TO EXCEED \$135,000,000 UNDER THE TERMS OF THE SERIES TRUST INDENTURE AND THE GENERAL TRUST INDENTURE DATED AS OF MARCH 2, 2010 BETWEEN THE AUTHORITY AND U.S. BANK NATIONAL ASSOCIATION; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS, AUTHORIZING THE SALE OF SAID BONDS, AND REPEALING ALL RESOLUTIONS OR PARTS THEREOF IN CONFLICT WITH THE PROVISIONS HEREOF.**

Ms. Sandy Williams, KIA, presented the handout Preliminary Bond Resolution. The handout included the Resolution, Exhibit A – General Trust Indenture, Exhibit B – Series 2012A Trust Indenture, and Exhibit C – Continuing Disclosure Agreement. KIA staff met with the Financing Team about two weeks ago via conference call to start the process for the issuance of the leverage bonds. The Financing Team consists of the Office of Financial Management in the Finance Administration Cabinet, Peck Shaffer and Williams as Bond Counsel, First Southwest as Financial Advisor, Morgan Stanley as Senior Underwriter, and Bass Berry and Sims as Underwriter’s Counsel. KIA staff anticipates pricing the bonds at the end of March with a mid-April bond closing. This Resolution allows the Board to authorize the Executive Committee to approve the execution, delivery and performance of the purchase contract for the bonds and authorizes the Officers of the Authority to execute and deliver that purchase agreement. Through this resolution the Board will direct KIA staff to prepare the preliminary official statement and will give the Executive Director approval authority of that preliminary statement and official statement for the sale of the bonds. Lastly, it will approve the execution of the Continuing Disclosure Statement. The amount of bonds to be sold is \$100,000,000 from the Clean Water Revolving Fund Program and \$25,000,000 from the Drinking Water Revolving Fund Program.

***Mr. Tom Calkins moved to approve the resolution. Mr. Hank List seconded, and the motion carried unanimously.***

**II. EXECUTIVE DIRECTOR’S REPORT**

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

- A. KIA staff has invited all projects that were on the 2012 priority list for the Clean Water SRF Program to apply for funding. The deadline for responses has passed and there is still approximately \$25 million available to fund. Applications for other projects that have a qualifying clean water project will be considered. There are still projects remaining on the 2012 priority list for the Drinking Water SRF Program.

- B. Mr. Covington asked the Board to approve moving the April board meeting to the second Thursday of the month, April 12, 2012, because staff will be attending the CIFA Conference in Washington, D.C. during the first week of April. The Board agreed to tentatively move the April meeting to April 12, 2012.

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

**IV. ANNOUNCEMENTS/NOTIFICATIONS**

- Next scheduled KIA board meeting:  
Tentatively scheduled for  
Thursday, March 1, 2012  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Mr. Jamie Link moved to adjourn. Mr. Ron Lovan seconded and the motion carried unanimously. The February 2, 2012, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

*Sandy Williams*  
Sandy Williams, Secretary  
Kentucky Infrastructure Authority

*2-28-12*  
Date