

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

**Meeting Date/Location: June 19, 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. Steve Rucker, Finance and Administration Cabinet  
(permanent 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. Damon Talley, representing the Kentucky Rural Water Association  
Mr. C. Ronald Lovan, representing the American Water Works Association  
Mr. David W. Cartmell, Mayor, City of Maysville, representing the Kentucky League of Cities  
Ms. Linda C. Bridwell, representing for-profit private water companies

**Members absent:**

Mr. Jody Jenkins, Union County Judge/Executive, representing the Kentucky  
Association of Counties  
Mr. Marty T. Ivy, representing the Kentucky Municipal Utilities Association

**Guests:**

Mr. Shafiq Amawi, Division of Water  
Ms. Jennifer Kantner, Office of Financial Management  
Mr. Josh Nacey, Legislative Research Commission  
Judge/Executive Jim Adams, Lincoln County Fiscal Court  
Mr. Dennis Golem, Wells Fargo  
Mr. Craig Heinkenich, Wells Fargo  
Mr. Bill Payne, Lincoln County Sanitation District  
Mr. Luther Galloway, AGE Engineering  
Mr. Bob Sturdivant, HDR Engineering  
Mr. Brent Tippey, HDR Engineering  
Mayor Rick Skinner, City of Williamstown  
Mr. Charlie Scroggin, HDR Engineering  
Mr. Roger Recktenwald, Kentucky Association of Counties  
Ms. Ruth Webb, First Kentucky Securities  
Mr. David Duttlinger, Bluegrass Area Development District  
Ms. Betsy Laski, Bluegrass Area Development District  
Mr. Brian Gatewood, City of Williamstown

## **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 May, 2013**

*Ms. Linda Bridwell moved to approve the minutes of the May 2, 2013 regular board meeting. Ms. Lona Brewer 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 THE APPOINTMENT OF SECRETARY OF THE KENTUCKY INFRASTRUCTURE AUTHORITY**

Mr. Damon Talley nominated Jeff Abshire to be appointed as Secretary of the Kentucky Infrastructure Authority.

*Mr. Damon Talley moved to nominate Jeff Abshire as Secretary of the Kentucky Infrastructure Authority. Ms. Linda Bridwell seconded the nomination. There were no further nominations, 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 (A13-020) IN THE AMOUNT OF \$2,000,000 TO THE LINCOLN COUNTY SANITATION DISTRICT, LINCOLN COUNTY, KENTUCKY**

The Regional Water Resource Agency requested a \$2,000,000 Fund A loan for the Phase I Sewer project. Mr. Shafiq Amawi, DOW, and Mr. Jeff Abshire, presented the project to the Board. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: Prior to the award of the construction contracts the District shall approve a Rate Ordinance which specifies user rates and the date that billings will commence. Rates will be sufficient to cover anticipated operating expenses, debt service and reserve funding for the system.

Mr. Jerry Wuetcher questioned if it was implied in the special condition that the District will have to also get approval from the Fiscal Court for any rates and rate ordinance. Mr. Abshire confirmed that it was implied. Ms. Linda Bridwell asked if there was a reason why there was no connection charge quoted as part of the rate structure. Mr. Abshire answered that the District stated they would not have one for the initial customer base. Mr. Damon Talley asked County Judge/Executive Jim Adams if the county mandatory sewer connection ordinance was in place. Judge/Executive Adams answered that it was in place.

***Ms. Linda Bridwell moved to approve the Fund A (A13-020) resolution with the standard conditions and the special condition indicated in the staff recommendation. Mr. Damon Talley seconded, and the motion carried unanimously.***

**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED DRINKING WATER REVOLVING FUND (F13-013) LOAN IN THE AMOUNT OF \$2,000,000 TO THE CITY OF WILLIAMSTOWN, GRANT COUNTY, KENTUCKY**

The City of Williamstown requested a \$2,000,000 Fund F loan for the Water Systems Improvements Phase I project. Mr. Shafiq Amawi, DOW, and Mr. Jeff Abshire, KIA, presented the project to the Board. Both DOW and KIA staff recommended approval of the loan with the standard conditions and the following special condition: Prior to issuance of an Assistance Agreement, the City will adjust rates to generate additional revenues as follows: incremental revenue of \$78,400 effective by August 1, 2013 and incremental revenue of \$190,000 effective by July 1, 2014.

Mr. Damon Talley asked Mr. Amawi if the second phase of the project, the construction of a new water treatment plant, does not actually happen as anticipated, would the phase one project still be needed or be considered viable as a stand alone project. Mr. Amawi assured the Board that the project presented at this meeting is needed, whether the new water treatment plant is built or not. The construction of the new lagoon system is necessary to meet the KPDES permits.

Mr. Talley asked Mr. Abshire what the wholesale rates were and would the wholesale customers be affected by the requirement to generate additional revenues. Mr. Abshire stated that the rate charged to the Bullock Pen Water District and Corinth Water District is \$2.75 per 1,000 gallons and the rate charged to the City of Dry Ridge is \$3.85 per 1,000 gallons. He didn't know if they would be affected during phase one. Mayor Rick Skinner answered that the wholesale customers would be affected in some way. Currently, a rate study survey is being conducted and the City is also in negotiations with Bullock Pen Water District to extend their contract. Mr. Talley asked the Mayor if the condition to generate the additional revenue was going to be a problem for the City Council to accept. The Mayor said that would not be a problem for the City Council.

Mr. Steve Rucker commented that the \$620,200 in engineering fees and the \$1,052,200 in construction fees that were listed in the Project Budget seemed to be a little out of line. Mr. Talley replied that those fees included the construction of the two new sludge lagoons along with the planning and design for both phases of the entire project.

***Mr. Ron Lovan moved to approve the Fund F (F13-013) resolution with the standard conditions and the special condition indicated in the staff recommendation. Mayor David Cartmell seconded, and the motion carried unanimously.***

**1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING AND APPROVING THE ISSUANCE OF OBLIGATIONS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY TO REIMBURSE CAPITAL EXPENDITURES MADE BY GOVERNMENTAL AGENCIES PURSUANT TO LOANS MADE BY THE KENTUCKY INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES**

This is a routine resolution allowing KIA to reimburse expenses that are paid out of the Authority's funds with bond proceeds. The projects listed below are covered under this resolution:

APPLICANT	FUND	AMOUNT
Lincoln County Sanitation District	A13-020	\$ 2,000,000
Cit of Williamstown	F13-013	\$ 2,000,000
≤10% Increases		
Regional Water Resource Agency	A10-13	\$ 6,037,387
City of Carrollton f/b/o Carrollton Utilities	F11-15	\$ 2,035,297

***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. Mr. Covington informed the Board that the Oldham County Environmental Authority project for Orchard Grass Regional Wastewater Treatment Plant went before the Capital Projects and Bond Oversight Committee on May 21, 2013, where it was deferred to the June 18, 2013 meeting. KIA received a letter from LRC with a list of questions. All board members should have received the letter with KIA's responses. At the CPBOC's meeting on June 18<sup>th</sup>, the project was resubmitted for approval. After discussion, the Committee approved the project and it would now be moving forward. Ms. Bridwell expressed her surprise at the tone of the letter from the Committee and asked if it was unusual. Mr. Covington replied that KIA does not normally receive letters from the Committee and KIA strived to willing work with the Committee to

thoroughly answer all their questions and to provide information on how the KIA Board worked and its process for funding loans.

- B. Mr. Covington informed the Board of the final 2014 Capitalization Grant allotments for the CWSRF and the DWSRF. The CWSRF amount is \$17,164,000 and DWSRF amount is \$12,156,000. There will be four CWSRF projects invited and eight DWSRF projects invited to apply for funding in the 2014 funding cycle. The letters of invitations were expected to go out in a week. KIA is in the process of submitting the applications for the 2014 Capitalization Grants for CW and DW. KIA staff chose to wait to apply until the final numbers were received from U.S. EPA., therefore there would be no need to do any corrections or amendments to the applications. Ms. Bridwell asked if this was an increase or reduction in funding. Mr. Covington answered that the capitalization grant amounts had been diminishing over the years until 2008 at which time there was a significant bump. But now they are decreasing again. He also mentioned that the total number of dollars available was less given the fact that there were no leveraged bonds.
- C. Mr. Covington reminded the Board that the next board meeting would have been July 4, 2013, but KIA staff chose to move this meeting later in June and not have the July meeting, so the next scheduled board meeting would be August 1, 2013.

### 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 1, 2013  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business Mr. Ron Lovan moved to adjourn. Ms. Linda Bridwell seconded and the motion carried unanimously. The June 19, 2013, regular meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***

Submitted by:

  
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Jeffrey A. Abshire, Secretary  
Kentucky Infrastructure Authority

8/27/13  
Date