



SPECIAL CALLED BOARD MEETING BOOKLET

JULY 1, 2024

VIA ZOOM

KENTUCKY INFRASTRUCTURE AUTHORITY

**100 Airport Road, Third Floor
Frankfort, Kentucky 40601-3646
502-573-0260**

**TEAM 
KENTUCKY**

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A G E N D A

KENTUCKY INFRASTRUCTURE AUTHORITY SPECIAL CALLED BOARD MEETING

ZOOM: [KIA Special Called Board Meeting - July 1, 2024 - ZOOM](#)
YouTube Live Stream: [KIA Special Called Board Meeting - July 1st YouTube](#)
www.kia.ky.gov
July 1, 2024, 10:00 A.M.

VIA ZOOM

Call to Order:

Mr. Matt Sawyers, Chair

- Confirmation of Press Notice
- Confirmation of Quorum
- Recognition of Members/Guests

I. BUSINESS (Board Action Required)

A. NEW PROJECTS/ACTION ITEMS

1. Resolution and Order of the Board of Directors of the Kentucky Infrastructure Authority Authorizing a **Conditional Commitment Letter** for Financing from the **Emergency Kentucky WWaters Fund, (W25-001E)** for an amount up to **\$354,899 to the City of Salyersville, f/b/o Salyersville Water Works, Magoffin County, Kentucky**
(Attachment I.A.1.) Ms. Sandy Sanders, KIA 7
2. Resolution and Order of the Board of Directors Authorizing and Approving the Issuance of Obligations of the Kentucky Infrastructure Authority to **Reimburse Capital Expenditures** made by Governmental Agencies Pursuant to Grants or Loans made by the Kentucky Infrastructure Authority to such Governmental Agencies
(Attachment I.A.2.) Ms. Sandy Sanders, KIA 17

II. ANNOUCEMENTS/NOTIFICATIONS

Mr. Matt Sawyers, Chair

1. Next KIA Board Meeting:
Tentatively: Thursday, July 11, 2024, 1:00 p.m.

III. ADJOURN

Mr. Matt Sawyers, Chair

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A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING A CONDITIONAL COMMITMENT FOR FINANCING FROM THE EMERGENCY KENTUCKY WWATERS FUND (W25-001E) FOR AN AMOUNT UP TO \$354,899 TO THE CITY OF SALYERSVILLE, KENTUCKY F/B/O SALYERSVILLE WATER WORKS

WHEREAS, the Kentucky Infrastructure Authority (the "Authority") has been duly created as a body corporate and politic constituting a public corporation and a governmental agency of the Commonwealth of Kentucky pursuant to Chapter 224A of the Kentucky Revised Statutes (the "Act"); and

WHEREAS, House Bill 563 (the "Bill") of the 2024 General Assembly amended the Act to create the Kentucky Water and Wastewater Assistance for Troubled or Economically Restrained Systems (WWATERS) Program (the "Fund") in order to fund capital and non-capital expenses of public water or wastewater systems that meet the eligibility requirements set forth therein; and

WHEREAS, pursuant to the Act, the Authority is duly and legally authorized to make loans and grants to public water or wastewater systems for the purpose of providing funds for capital and non-capital expenses, and in that regard, to enter into Assistance Agreements with such public water or wastewater systems governing the provisions in respect of which such loans and grants are to be made, the amounts thereof and, if applicable, the repayment provisions in respect thereto; and

WHEREAS, the Authority anticipates entering into an Assistance Agreement for financing from the Kentucky WWATERS Program with the City of Salyersville f/b/o Salyersville Water Works; and

NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:

Section 1. All statements of fact set forth in the preambles to this Resolution and Order are incorporated herein by reference, the same as if set forth verbatim. All such statements of fact are hereby declared to be true and accurate in all material respects.

Section 2. The Authority hereby determines that the Salyersville Water Works (a) provides public drinking water or wastewater services to ratepayers in the Commonwealth; (b) meets one or more of the eligibility criteria set forth in the Bill; and (c) has expenses relating solely to restoring or avoiding imminent interruption or sewer services after a local state of emergency was declared on June 12, 2024.

Section 3. The Authority hereby authorizes an Emergency Kentucky WWATERS Fund grant in the amount of \$354,899, to the City of Salyersville f/b/o Salyersville Water Works. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this grant is authorized.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 1st day of July, 2024.

MATT SAWYERS, CHAIR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

MARGARET F. LINK, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

NATALIE LILE, ASST. GENERAL COUNSEL
KENTUCKY INFRASTRUCTURE AUTHORITY

EXECUTIVE SUMMARY		Reviewer	Sandy Sanders	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	July 1, 2024	
EMERGENCY KY WWATERS FUND		KIA Loan Number	W25-001E	
REVOLVING LOAN / GRANT FUND				
BORROWER	CITY OF SALYERSVILLE F/B/O SALYERSVILLE WATER WORKS MAGOFFIN COUNTY			
BRIEF DESCRIPTION				
<p>The Emergency Kentucky Water and Wastewater Assistance Fund was established to provide funding for troubled or economically restrained systems. The funding is dedicated to capital and non-capital expenses relating to restoring or avoiding imminent interruption of utility service provided by a public water or wastewater system after a declaration of emergency has been declared. The City of Salyersville f/b/o Salyersville Water Works has declared an emergency due to a 14-inch sewer line collapse which allowed raw sewage to run atop the surface and is requesting a grant in the amount of \$354,899 for related expenses. A temporary line has been installed on top of the surface for the sewage to be transported to the WWTP. The City will install 673 LF of 14 inch PVC piping and other appurtenances to replace the line. A notice of the need to revise and resubmit the Corrective Action Plan was sent from the Energy and Environment Cabinet to the City on June 14, 2024.</p>				
PROJECT FINANCING		PROJECT BUDGET		
Fund EKYWWATERS Grant	\$354,899	Administrative Expenses	\$4,386	
		Eng - Design / Const	22,172	
		Eng - Insp	19,313	
		Construction	159,460	
		Contingency	15,946	
		PECCO	133,622	
TOTAL	<u>\$354,899</u>	TOTAL	<u>\$354,899</u>	
PROFESSIONAL SERVICES	Engineer	Summit Engineering		
	Bond Counsel	Dinsmore & Shohl, LLP		
DEBT PER CUSTOMER	Existing	\$535		
	Proposed	\$0		
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	3,037	\$35.65	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2020	297,149	293,925	3,224	1.0
Audited 2021	412,231	244,000	168,231	1.7

Reviewer: Sandy Sanders
 Date: July 11, 2024
 Loan Number: W25-001E

**KENTUCKY INFRASTRUCTURE AUTHORITY
 KY WWATERS FUND
 CITY OF SALYERSVILLE f/b/o SALYERSVILLE WATER WORKS,
 MAGOFFIN COUNTY
 PROJECT REVIEW**

I. PROJECT DESCRIPTION

The Emergency Kentucky Water and Wastewater Assistance Fund was established to provide funding for troubled or economically restrained systems. The funding is dedicated to capital and non-capital expenses relating to restoring or avoiding imminent interruption of utility service provided by a public water or wastewater system after a declaration of emergency has been declared. The City of Salyersville f/b/o Salyersville Water Works has declared an emergency due to a 14-inch sewer line collapse which allowed raw sewage to run atop the surface and is requesting a grant in the amount of \$354,899 for related expenses. A temporary line has been installed on top of the surface for the sewage to be transported to the WWTP. The City will install 673 LF of 14 inch PVC piping and other appurtenances to replace the line. A notice of the need to revise and resubmit the Corrective Action Plan was sent from the Energy and Environment Cabinet to the City on June 14, 2024.

II. PROJECT BUDGET

	Total
Administrative Expenses	\$ 4,386
Engineering Fees - Construction	22,172
Engineering Fees - Inspection	19,313
Construction	159,460
Contingency	15,946
Other	133,622
Total	\$ 354,899

III. PROJECT FUNDING

	Amount	%
Fund EKYWWATERS Grant	\$ 354,899	100%
Total	\$ 354,899	100%

IV. RATE STRUCTURE

A. Customers

Customers	Current
Total	3,037

B. Rates

SEWER - Inside City Limits	Current
Date of Last Rate Increase	01/01/20

Cost for 4,000 Gallons \$35.65

V. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2018-2022, the Utility's service area population was 3,037 with a Median Household Income (MHI) of \$31,578. The MHI for the Commonwealth is \$60,183.

VI. CONTACTS

Legal Applicant	
Entity Name	City of Salyersville f/b/o Salyersville Water Works
Authorized Official	Stanley Howard (Mayor)
County	Magoffin
Email	mayorstanleyhoward@gmail.com
Phone	606-349-2709
Address	444 Maple Street Salyersville, KY 41645

Project Administrator	
Name	Eric Ratliff
Organization	Big Sandy Development District
Email	Eric.Ratliff@bigsandy.org
Phone	606-886-2374
Address	110 Resource Court Prestonsburg, KY 41653

Consulting Engineer

PE Name	Matt Jolly
Firm Name	Summit Engineering
Email	mjolly@summit-ae.com
Phone	859-264-9860
Address	PO Box 3087 Pikeville, KY 41502

VII. RECOMMENDATIONS

KIA staff recommends approval of the grant.

**CITY OF SALYERSVILLE F/B/O SALYERSVILLE WATER WORKS
FINANCIAL SUMMARY (JUNE YEAR END)**

	Audited	Audited
	<u>2020</u>	<u>2021</u>
Balance Sheet		
Assets		
Current Assets	227,527	285,825
Other Assets	7,138,104	7,062,803
Total	<u>7,365,631</u>	<u>7,348,628</u>
Liabilities & Equity		
Current Liabilities	254,009	333,655
Long Term Liabilities	3,226,269	3,106,088
Total Liabilities	<u>3,480,278</u>	<u>3,439,743</u>
Net Assets	<u>3,885,353</u>	<u>3,908,885</u>
Cash Flow		
Revenues	1,733,891	1,839,700
Operating Expenses	1,437,191	1,446,637
Other Income	449	19,168
Cash Flow Before Debt Service	<u>297,149</u>	<u>412,231</u>
Debt Service		
Existing Debt Service	293,925	244,000
Proposed KIA Loan	0	0
Total Debt Service	<u>293,925</u>	<u>244,000</u>
Cash Flow After Debt Service	<u>3,224</u>	<u>168,231</u>
Ratios		
Current Ratio	0.9	0.9
Debt to Equity	0.9	0.9
Days Sales in Accounts Receivable	21.8	37.9
Months Operating Expenses in Unrestricted Cash	0.3	0.2
Debt Coverage Ratio	1.0	1.7

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**A RESOLUTION 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 GRANTS OR LOANS MADE BY THE KENTUCKY
INFRASTRUCTURE AUTHORITY TO SUCH GOVERNMENTAL AGENCIES**

WHEREAS, the Board of Directors of the Kentucky Infrastructure Authority (the "Authority") has heretofore approved the undertaking of the projects described in further detail in Exhibit A (collectively, the "Project"); and

WHEREAS, the Authority anticipates making loans and grants to governmental agencies pursuant to the provisions of Chapter 224A of the Kentucky Revised Statutes (the "Act") for the Project and the governmental agencies may be expected to pay and/or incur costs with respect to the Project ("Prior Capital Expenditures") on or after the date of this resolution and prior to the issuance of the obligations (the "Obligations") which will finance the Project.

NOW, THEREFORE BE IT RESOLVED by the Board of Directors of the Kentucky Infrastructure Authority as follows:

Section 1. The Board of Directors hereby approves the use of the Obligations to finance the costs of the Project in the maximum principal amount set forth in Exhibit A plus costs of issuance related thereto and amounts required to fund a debt service reserve, if any, and declares its intent that any Prior Capital Expenditures made by the governmental agencies pursuant to loans made by the Authority will be made in anticipation of the issuance of such Obligations to reimburse said Prior Capital Expenditures. This declaration is made pursuant to Treas. Reg. §1.150-2.

Section 2. The Executive Director and Treasurer of the Authority are hereby authorized and directed to reimburse, not later than eighteen months after the later of (i) the date of the expenditure or (ii) the date the item was placed in service, but in any event not later than three years after the original expenditure, only those Prior Capital Expenditures made with respect to assets having a reasonably expected economic life of at least one year, and in addition, eligible preliminary expenditures paid and incurred prior to commencement of the Project.

Section 3. The Authority finds and determines that, consistent with the Authority's budgetary and financial circumstances, it does not have funds currently available and does not expect to have funds available in the future that may be allocated on a long-term basis, other than the proceeds of the Obligations, to finance the Prior Capital Expenditures.

Section 4. The Authority hereby directs the Executive Director, Secretary, and Treasurer to take the following action at the time the Prior Capital Expenditures are reimbursed from proceeds of the Obligations: (i) evidence the reimbursement on the books and records maintained with respect to the Obligations, and (ii) identify either the actual prior expenditure to be reimbursed or, in the case of reimbursement of a fund or account, the fund or account from which the expenditure was paid.

Section 5. The books, records and proceedings of the Authority with respect to this resolution shall be made reasonably available by the Authority for its inspection by the general public at the Authority's administrative office every business day during normal business hours commencing no later than 30 days after the passage of this resolution. Said books, record and proceedings of the Authority with respect to this resolution will continue to be reasonably available to the general public until the date of issuance of the Obligations.

Section 6. This Resolution shall be in full force and effect from and after its adoption. Passed and adopted this 1st day of July, 2024.

SANDY WILLIAMS, EXECUTIVE DIRECTOR
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:

MARGARET F. LINK, SECRETARY
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:

NATALIE LILE, ASSISTANT GENERAL COUNSEL
KENTUCKY INFRASTRUCTURE AUTHORITY

EXHIBIT A

<u>APPLICANT</u>	<u>LOAN#</u>	<u>AMOUNT</u>	<u>LOAN TOTAL</u>
City of Salyersville f/b/o Salyersville Water Works	W25-001E	\$ 354,899	\$ 354,899