

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY 22 2017

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

JOINT APPLICATION OF COOLBROOK
UTILITIES, LLC AND FARMDALE
SANITATION DISTRICT FOR THE
APPROVAL OF THE TRANSFER OF A
WASTEWATER TREATMENT PLANT TO
FARMDALE SANITATION DISTRICT

CASE NO. 2017- 00215

**JOINT APPLICATION OF COOLBROOK UTILITIES, LLC AND FARMDALE
SANITATION DISTRICT FOR THE APPROVAL OF THE TRANSFER OF A
WASTEWATER TREATMENT PLANT TO FARMDALE SANITATION DISTRICT**

Pursuant to KRS 278.020(4), Coolbrook Utilities, LLC (“Coolbrook”) and Farmdale Sanitation District (“Farmdale Sanitation”) hereby submit to the Public Service Commission of Kentucky (“Commission”) this Application for the transfer of the wastewater treatment plant and collection system serving the Coolbrook Subdivision in Franklin County, Kentucky, to Farmdale Sanitation in accordance with the Assets Purchase Agreement (“Agreement”) executed by the Joint Applicants, a copy of which is attached hereto as Exhibit A. In support of their Application, Coolbrook and Farmdale Sanitation state the following:

1. Coolbrook, the Seller under the Agreement, is a limited liability company in good standing, with its principal place of business at P.O. Box 91588, Louisville, Kentucky 40291. A copy of the Articles of Organization of Coolbrook is attached hereto as Exhibit B. Coolbrook is subject to Commission jurisdiction pursuant to KRS 278.010(3)(f). Martin G. Cogan and Lawrence W. Smither are the Members of Coolbrook, and are duly authorized to execute this Joint Application on behalf of Coolbrook. A copy of the Resolution of the Members of Coolbrook authorizing the execution of the Agreement transferring the assets of Coolbrook,

including the Coolbrook Treatment Plant and related assets, to Farmdale Sanitation is attached hereto as Exhibit C.

2. Farmdale Sanitation is the purchaser of the assets of Coolbrook for the amount of \$1.00, pursuant to the Agreement and its address is 321 West Main Street, Frankfort, Kentucky 40601. Farmdale Sanitation is a sanitation district established in Franklin County by Ordinance No. 4, 2004 Series, duly adopted by the Franklin County Fiscal Court. A copy of said Ordinance is attached hereto as Exhibit D. The territory of Farmdale Sanitation includes an area in Franklin County south of I-64, not to include the City of Frankfort, containing and encompassed by the same boundary as the Farmdale Water District. Allan Alsip is the Chairman of the Board of Farmdale Sanitation and has been duly authorized to execute this Joint Application on behalf of Farmdale Sanitation. A copy of the Resolution of Farmdale Sanitation's Board of Directors authorizing the acquisition and transfer is attached hereto as Exhibit E. A copy of the Statement of Farmdale Sanitation as of January 31, 2017, is attached hereto as Exhibit F.

3. Ordinance No. 4, 2004 Series, creating the Sanitation District, provides that "the District shall have the power stated in KRS Chapter 220, including the power to sue and be sued, contract and be contracted with, incur liabilities and obligations, exercise the right of eminent domain, assess, tax, contract for rentals, issue bonds, and do and perform all acts necessary and proper for the carrying out for the purposes for which the District is created, and for executing the powers for which it is vested as provided in KRS Chapter 220.510. The Sanitary Sewer System owned by Coolbrook serves 437 single family residences and four (4) dual-family residences in Coolbrook Subdivision, Franklin County, Kentucky. There are no commercial connections to the subject wastewater treatment plant.

4. Under the Agreement, Coolbrook will sell to Farmdale Sanitation all of the assets making up the wastewater treatment plant and the collection system currently serving the Coolbrook Subdivision located in Franklin County, Kentucky. The assets purchased by Coolbrook are described more fully in the Agreement, but include the Coolbrook wastewater treatment plant, the wastewater collection system, force main, easements, and the real property upon which the wastewater treatment plant is located. Farmdale Sanitation will have the obligation to provide sanitary sewer services to its customers after the closing. The closing under the Agreement will occur within thirty (30) days after receipt of the approval of this Application for Transfer by the Commission.

5. The Coolbrook wastewater treatment plant is an above-grade package sewage treatment plant. It was constructed from 1972 through 1981 and currently serves 437 single family residences and four (4) dual-family residences in Franklin County, Kentucky. The designed treatment capacity of the Coolbrook wastewater treatment plant is 170,000 gallons per day. The plant is an extended aeration activated sludge plant permitted by the Kentucky Energy and Environment Cabinet, Department for Environmental Protection (see Exhibit G) and serves a collection system composed of gravity sewer lines, force main, manholes and one remote pump station. The treated effluent is discharged into an unnamed tributary of South Benson Creek. The plant currently meets the requirements of its KPDES discharge permit issued by the Kentucky Division of Water.

6. Farmdale Sanitation has the requisite financial, technical and managerial ability to operate the subject wastewater treatment plant and collection system and to provide reasonable service to its customers:

(a) As set forth in Paragraph 6 of the Commission's Order of March 14, 2017, entered in PSC Case No. 2016-000290 (hereinafter "Commission's March 14, 2017 Order"; Exhibit H), Farmdale owns eight acres of land purchased with funds from a U.S. Environmental Protection Agency ("EPA") grant for the location of a new sewage treatment facility.

(b) As set forth in Paragraph 7 of the Commission's March 14, 2017 Order, Farmdale holds approximately \$873,000 in funds from the EPA, which may be used for both the construction and design of a new sewage treatment facility, and had approximately \$84,000 in an operating account on January 31, 2017.

(c) A loan to Farmdale Sanitation by the Kentucky Infrastructure Authority in the amount of \$300,000 has been approved. The funds provided by this loan are to be used for the Ridgelea Investment Inc. Package Treatment Plant Abandonment Project (Exhibit I);

(d) Farmdale Sanitation is currently soliciting proposals from individuals or firms capable of operating and maintaining wastewater treatment facilities within its service area, including but not limited to the Coolbrook wastewater treatment plant. The requirements include: possession of a Class II license or higher, full service operation of the WWTPs; effective and efficient management of the day-to-day operations of the facility; emergency response for treatment plant problems; assuring ongoing regulatory compliance; and establishment of a comprehensive maintenance and asset management program for the facilities. (See attached Exhibit J.)

(e) The customers of Coolbrook are also customers of the Farmdale Water District, and the Farmdale Water District provides billing services to Coolbrook. Farmdale Sanitation will also obtain billing services through Farmdale Water District.

7. The proposed transfer of the assets of Coolbrook to Farmdale Sanitation will be accomplished in accordance with law, for a proper purpose and, consistent with the public interest, as Farmdale Sanitation was formed in 2004 specifically for the purpose of providing sanitation services within its jurisdiction in Franklin County, Kentucky. The public interest would be served by the transfer of the subject assets to Farmdale Sanitation. As stated in paragraph 6 above, Farmdale Sanitation has the requisite abilities to provide adequate sanitation services in Franklin County consistent with the public interest.

8. Farmdale Sanitation is not under the jurisdiction of the Commission and therefore has not filed a Notice of Adoption as described in 807 KAR 5:011.

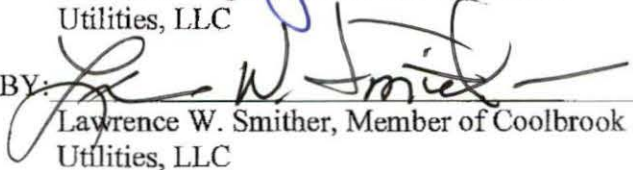
WHEREFORE, the undersigned Applicants respectfully request the Commission to issue an Order finding that Farmdale Sanitation has the financial, technical, and managerial abilities to provide reasonable service to the wastewater customers of Coolbrook; that the proposed transaction is in accordance with law, is for a proper purpose, and is consistent with the public interest; and, that the proposed transfer of the subject assets by Coolbrook to Farmdale Sanitation is authorized and approved.

Respectfully submitted,

COOLBROOK UTILITIES, LLC

BY: 

Martin G. Cogan, Member of Coolbrook
Utilities, LLC

BY: 

Lawrence W. Smither, Member of Coolbrook
Utilities, LLC

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF Franklin)

The foregoing instrument was subscribed, sworn to and acknowledged before me this 11th day of May, 2017, by Martin G. Cogan, Member of Coolbrook Utilities, LLC.

My commission expires: 1/21/2019
[Signature]
NOTARY PUBLIC

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF Franklin)

The foregoing instrument was subscribed, sworn to and acknowledged before me this 11th day of May, 2017, by Lawrence W. Smither, Member of Coolbrook Utilities, LLC.

My commission expires: 1/21/2019
[Signature]
NOTARY PUBLIC

FRANKLIN COUNTY SANITATION DISTRICT

BY: [Signature]
Allan Alsip, Chairman

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF FRANKLIN)

The foregoing instrument was subscribed, sworn to and acknowledged before me this 18th day of MAY, 2017, by Allan Alsip, Chairman, Franklin County Sanitation District.

My commission expires: 2/22/18
[Signature]
NOTARY PUBLIC

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Robert C. Moore", written over a horizontal line.

Robert C. Moore
STITES & HARBISON PLLC
421 West Main Street
P.O. Box 634
Frankfort, KY 40602-0634
Telephone: (502) 223-3477
Email: rmoore@stites.com
COUNSEL FOR DEFENDANT

EXHIBIT A

ASSETS PURCHASE AGREEMENT

This is an Assets Purchase Agreement (“Agreement”) dated as of the 18TH day of MAY, 2017 by and between Coolbrook Utilities, LLC, PO Box 91588, Louisville, Kentucky 40291, Party of the First Part (hereinafter called the “Seller”), and Farmdale Sanitation District, 321 West Main Street, Frankfort, Kentucky 40601, Party of the Second Part (hereinafter called the “Buyer”).

RECITALS

WHEREAS, the Seller owns and operates the wastewater treatment plant known as the Coolbrook Wastewater System, a 170,000 gallon per day wastewater treatment plant, and associated sanitary sewer lines, force mains, and pump stations (hereinafter “Coolbrook Wastewater System”), all located within Franklin County, Kentucky.

WHEREAS, the Seller desires to sell and the Buyer desires to purchase the Coolbrook Wastewater System in accordance with and subject to the provisions of this agreement.

SECTION I PURCHASE AND SALE

Section 1.1 Sale of Assets. The Seller hereby agrees to sell to Buyer the Coolbrook Wastewater System for the sum of One Dollar (\$1.00). The Coolbrook Wastewater System, including but not limited to the following assets, will be conveyed and transferred to Buyer at the closing which shall take place within thirty (30) days of the Public Service Commission’s Order approving ownership of Buyer.

- a) Property. The Coolbrook Waste Water Treatment Plant, an above-grade package sewage treatment plant with a design treatment capacity of 170,000 gallons per day, and all of its interest in sanitary sewer lines, force mains, equipment, buildings, and sewer easements. The site upon which the Coolbrook waste water treatment plant is located shall also be conveyed to the Buyer.
- b) Records. Copies of all maps, annual reports, and Discharge Monitoring Reports (DMR) for the last twelve (12) months and other records relating to the operation and maintenance of the plant that may exist.
- c) Governmental Approvals. Any KPDES discharge permit issued to Seller by the Kentucky Department for Environmental Protection, Division of Water, and as amended from time to time, and all other existing approvals, certificates of public convenience and necessity, permits, licenses, orders, tariffs and similar rights obtained from governmental and governmental agencies to the extent Seller’s interest therein is transferrable and related to the ownership or operations of the Coolbrook Wastewater System.

Section 1.2 Term and Conditions of Sale.

- a) The purchase price to be paid by Buyer to Seller for the Coolbrook Wastewater System described in Section 1.1 above shall be the lump sum of One Dollar (\$1.00).
- b) The Buyer shall not assume the liabilities of the Seller.
- c) All revenues are presently collected by Farmdale Water District, and paid to Coolbrook Utilities, LLC by the 10th of the following month. Seller shall receive from Farmdale Water District all revenues paid for service provided up to the day of closing.
- d) Buyer shall transfer all utilities into its name by close of business on date of closing.
- e) All applicable property tax and other taxes and Public Service Commission Assessments due and payable for 2017 shall be pro-rated as of the date of closing.

SECTION II

CLOSING

Section 2.1 Closing. The purchase provided for in this Agreement will take place at the location in Franklin County of the Buyer's choosing within thirty (30) days after the entry of the Kentucky Public Service Commission's Order approving Buyer's ownership.

Section 2.2 Closing Obligations.

- (a) Seller will deliver to Buyer:
 - (i) All documents necessary for the transfer of ownership as prepared by Seller's attorney, which shall include deed, release of mortgage lien and copies of permit(s) and bill of sale.
 - (ii) A resolution of the Seller authorizing the Seller to enter into this agreement.
- (b) Buyer will deliver to Seller:
 - (i) A resolution of the Buyer authorizing the Buyer to enter into this agreement.
 - (ii) The purchase price.

SECTION III

REPRESENTATIONS AND WARRANTIES OF THE SELLER

Section 3.1 Organization and Authority. The Seller is a duly organized and legal company in existence under the laws of the Commonwealth of Kentucky, and has absolute authority to execute and deliver the documents regarding the sale of the Coolbrook Wastewater System. All documents described herein will constitute the legal valid and binding obligations of Seller.

Section 3.2 No Undisclosed Liabilities. The Site is subject to a mortgage in favor of Classic Construction, Inc., and prior to, or at closing, said mortgage will be released. Seller is not aware

of any Company liabilities or obligations of any nature (whether known or unknown and whether absolute, accrued, contingent, or otherwise) except for current liabilities incurred in the ordinary course of business. Seller agrees to sell the Coolbrook Wastewater System to Buyer free and clear of all current liabilities.

Section 3.3 Disclosure. No representation or warranty of Seller in this Agreement omits a material fact necessary to make the statements herein accurate.

Section 3.4 KPDES Permit. Seller agrees that it has a current KPDES Permit for the operation of the Coolbrook Wastewater System, having been issued in 2015.

SECTION IV

COVENANTS OF SELLER

Section 4.1 Operation of Business. Between the date hereof and the Closing Date, Seller will:

- (a) Conduct normal operating business practices. Seller agrees to continue to maintain the normal operations of the Coolbrook Wastewater System through the date of closing.
- (b) Use best effort to maintain the relations and good will with suppliers, customers, and employees and all others with whom it has a business relationship.
- (c) Seller will confer with Buyer regarding any changes or issues which may arise outside normal operating conditions.
- (d) The Buyer has the right to inspect the Coolbrook Wastewater System prior to closing.

SECTION V

COVENANTS OF BUYER

Section 5.1 Approvals of Governmental Bodies.

- (a) Within 30 days of signing this Asset Purchase Agreement, Buyer will make all filings required with the Kentucky Public Service Commission (“Commission”) for the transfer of ownership of the Coolbrook Wastewater System. The Buyer agrees to cooperate and assist Seller in the proceeding before the Commission in order to obtain approval of the Joint Application for the Approval of the Transfer of the Coolbrook WWTP to Buyer.
- (b) Between the date of this agreement and the closing date, Buyer shall keep Seller advised of all stages and time lines regarding approval of transfer of ownership.

SECTION VI

TERMINATION

Section 6.1 Termination Event. This Agreement may, by notice given prior to or at the Closing, be terminated:

- (a) Buyer will have the right to terminate this Asset Purchase Agreement if approval of transfer of ownership is not obtained from the Kentucky Public Service Commission.

SECTION VII

GENERAL PROVISIONS

Section 7.1 Notices. All notices, requests or other communications concerning this Agreement shall be made in writing and will be deemed to have been duly given if mailed through any postage service, Express Mail, or courier service and addressed as follows:

If to the Seller, to:
Robert C. Moore
Stites & Harbison PLLC
421 West Main Street
PO Box 634
Frankfort, KY 40602

If to the Buyer, to:
Allan Alsip
161 Travis Circle
Frankfort, KY 40601

Section 7.2 Construction. The parties have participated jointly in the negotiations and drafting of this Agreement, and, in the event of an ambiguity, or a question of intent, or a need for interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 7.3 Severability. If any provision of this Agreement is declared by any court or other governmental body to be null, void and unenforceable, this Agreement shall be construed so that the provisions at issue shall survive to the extent it is not so declared and that all of the other provisions of this Agreement shall remain in full force and effect.

Section 7.4 Entire Agreement. This Agreement contains the entire understanding between the parties to this Agreement with respect to the transactions contemplated by this Agreement and supersedes and replaces all prior and contemporaneous agreements and understanding, oral or

written, with regard to those transactions.

Section 7.5 Amendments, Waivers. This Agreement may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a written instrument executed by the parties to this Agreement, or in the case of a waiver, by the party waiving compliance.

Section 7.6 Governing Law, Jurisdiction. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Kentucky (without given effect to the principles of conflicts of laws thereof). The parties to this Agreement irrevocably agree and consent to the jurisdiction of the courts of the Commonwealth of Kentucky for the adjudication of any matters arising under or in connection with this Agreement.

Section 7.7 Survival of Representation and Warranties. All representations, warranties and covenants by any party to this Agreement contained in this Agreement or in any certificate or other instrument delivered by or on behalf of any party pursuant to this Agreement shall be continuous and shall survive the closing.

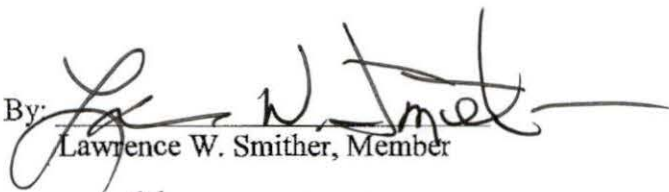
IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement effected as of the date as signed below.

SELLER

Coolbrook Utilities, LLC

By: 
Martin G. Cogan, Member

Date: May 11, 2017

By: 
Lawrence W. Smither, Member

Date: May 11, 2017

BUYER

Farmdale Sanitation District

By: _____

Date: _____

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written, with regard to those transactions.

Section 7.5 Amendments, Waivers. This Agreement may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a written instrument executed by the parties to this Agreement, or in the case of a waiver, by the party waiving compliance.

Section 7.6 Governing Law, Jurisdiction. This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Kentucky (without given effect to the principles of conflicts of laws thereof). The parties to this Agreement irrevocably agree and consent to the jurisdiction of the courts of the Commonwealth of Kentucky for the adjudication of any matters arising under or in connection with this Agreement.

Section 7.7 Survival of Representation and Warranties. All representations, warranties and covenants by any party to this Agreement contained in this Agreement or in any certificate or other instrument delivered by or on behalf of any party pursuant to this Agreement shall be continuous and shall survive the closing.

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement effected as of the date as signed below.

SELLER

Coolbrook Utilities, LLC

By: _____
Martin G. Cogan, Member

Date: _____

By: _____
Lawrence W. Smither, Member

Date: _____

BUYER

Farmdale Sanitation District

By: Allen G. Almy

Date: 5/18/2017

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EXHIBIT B

0708570.06 darmstrong
LAOO

Trey Grayson
Secretary of State
Received and Filed
07/01/2008 2:36:48 PM
Fee Receipt: \$40.00

**ARTICLES OF ORGANIZATION
OF
COOLBROOK UTILITIES, LLC**

The undersigned organizer, desiring to form a Limited Liability Company under the Kentucky Limited Liability Company Act hereby states as follows:

ARTICLE I

The name of the Limited Liability Company is Coolbrook Utilities, LLC.

ARTICLE II

The name and address of the original registered agent is Robert C. Moore, 415 West Main Street, P.O. Box 676, Frankfort, Kentucky 40602-0676.

ARTICLE III

The mailing address of the initial principal place of business of the Limited Liability Company is: 1706 Bardstown Road, Louisville, Kentucky, 40205.

ARTICLE IV

The Limited Liability Company has two members.

ARTICLE V

The Limited Liability Company is to be managed by its members.

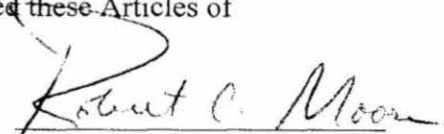
ARTICLE VI

Unless earlier dissolved in accord with the Kentucky Limited Liability Company Act and the operating agreement of the Limited Liability Company, the duration of Coolbrook Utilities, LLC, is perpetual.

ARTICLE VII

Except as otherwise provided by Kentucky law, no member, manager, agent or employee of the Limited Liability Company shall be personally liable for the debts, obligations, or liabilities of the Limited Liability Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, manager, agent or employee of the Limited Liability Company.

IN TESTIMONY WHEREOF, the undersigned has duly executed these Articles of Organization this first day of July, 2008.


Robert C. Moore, Organizer

STATE OF KENTUCKY)
)SS
COUNTY OF FRANKLIN)

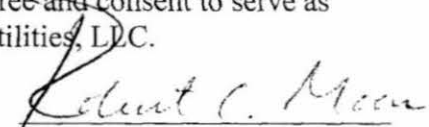
SWORN TO AND ACKNOWLEDGED before me this 18th day of July, 2008, by Robert C. Moore, organizer.

My commission expires 4/9/11.


NOTARY PUBLIC

CONSENT OF INITIAL REGISTERED AGENT FOR SERVICE OF PROCESS

I, Robert C. Moore, registered agent, having a principal place of business of 415 West Main Street, P.O. Box 676, Frankfort, Kentucky 40602-0676, hereby agree and consent to serve as registered officer and agent for service of process of Coolbrook Utilities, LLC.


Robert C. Moore

STATE OF KENTUCKY)
)SS
COUNTY OF FRANKLIN)

SWORN TO AND ACKNOWLEDGED before me this 18th day of July, 2008, by Robert C. Moore.

My commission expires 4/9/11.


NOTARY PUBLIC

This instrument prepared by:

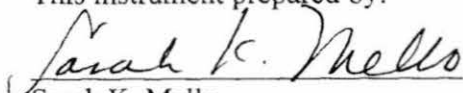

Sarah K. Mello
Hazelrigg & Cox, LLP
415 West Main Street
P.O. Box 676
Frankfort, Kentucky 40602-0676

EXHIBIT C

**MINUTES OF MEETING OF THE MEMBERS OF
COOLBROOK UTILITIES, LLC**

A special meeting of the Members of Coolbrook Utilities, LLC ("Coolbrook") was held at P.O. Box 91588, Louisville, Kentucky, at approximately 9:00 a.m., on ~~March~~ ^{May} 11, 2017. Present were Martin G. Cogan and Lawrence W. Smither, constituting all of the Members of Coolbrook, and the Secretary. All Members of Coolbrook waived formal written notice of said special meeting. By unanimous consent, Martin G. Cogan presided as Chairman of the meeting and acted as Secretary thereof.


The negotiation of the transfer and sale of the assets of Coolbrook to the Farmdale Sanitation District was discussed. On motion duly made, seconded and unanimously carried, the following Resolution was adopted:

RESOLVED, that Coolbrook is hereby authorized to negotiate the sale of the Coolbrook Wastewater Treatment Plant and Collection System, including but not limited to the real property and fixtures, machinery, equipment and other personal property related to same, to the Farmdale Sanitation District for the amount of One Dollar (\$1.00), to enter into and execute the documents necessary to consummate the sale of said wastewater system, including but not limited to the Assets Purchase Agreement by and between Coolbrook and the Farmdale Sanitation District, and deed(s) conveying the treatment plant site to the Farmdale Sanitation District.

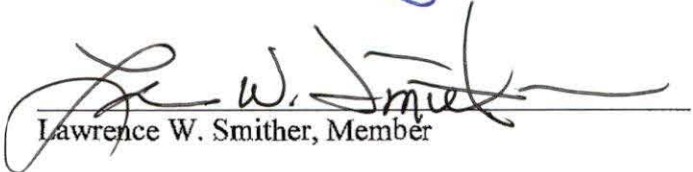
BE IT FURTHER RESOLVED, Martin G. Cogan and Lawrence W. Smither, as all of the Members of Coolbrook, are hereby authorized to enter into and execute any and all documents necessary to consummate the sale of the assets of Coolbrook to the Farmdale Sanitation District, including but not limited to the Assets Purchase Agreement, any deed(s) and the application and other documents to be filed with the Kentucky Public Service Commission.

There being no further business to come before the meeting, the same was adjourned by unanimous consent.

Dated this 11TH day of ~~March~~ ^{May}, 2017.



Martin G. Cogan, Secretary and Member



Lawrence W. Smither, Member

EXHIBIT D

ORDINANCE NO. 4
2004 Series

AN ORDINANCE RELATING TO
THE CREATION OF
A SANITATION DISTRICT IN
FRANKLIN COUNTY

WHEREAS, the Franklin County Fiscal Court recognizes the need for a Sanitation District to provide for the collection and disposal of sewage and other liquid wastes in Franklin County, Kentucky so as to prevent and correct the pollution of streams and provide for the general public health, safety and welfare; and recognizes the necessity that such a special district be empowered to construct sanitation facilities conducted to the public health, safety, comfort, convenience or welfare.

WHEREAS, the Kentucky Revised Statutes Chapter 67.715 as enacted by the Kentucky General Assembly authorizes the County Judge/Executive, with the approval of the Fiscal Court, to create and establish any special district, and KRS 67.083 provides for the establishment of necessary governmental services.

WHEREAS, it is the desire of the Fiscal Court of Franklin County, Kentucky to provide for the establishment of a Sanitation District within the County.

NOW THEREFORE, BE IT ORDAINED BY THE FISCAL COURT OF THE COUNTY OF FRANKLIN, COMMONWEALTH OF KENTUCKY:

In accordance with KRS Chapter 67.083 (2) and 67.083 (3) (c), (h) and (r) and KRS Chapter 67.083 (3) (c), (h) and (r) the Franklin County Fiscal Court grants its approval for the County Judge/Executive to establish a special district shall be known as the Farmdale Sanitation District.

The Farmdale Sanitation District shall be created and formed so that it shall have all powers and duties to reasonably, necessarily and effectively implement the provisions of and carry out the duties prescribed by KRS Chapter 220. The District shall be structured consistent with the provisions of KRS Chapter 220.

The Fiscal Court, Pursuant to KRS Chapter 220.035, reserves the power and authority to: review and approve, amend or disapprove proposed district land acquisitions; review and approve, amend or disapprove proposed district construction of capital improvements; review and approve, amend or disapprove proposed services charges or user fees; and review and approved, amend or disapprove proposed budget.

The District shall submit to the Fiscal Court all plans and documentation for review and approval, amendment or disapproval by tendering any such documents or plans to the Fiscal Court through the County Judge/Executive at least forty-five days prior to the proposed effective date or time for submission to any entity.

The proposed work of the District is necessary and conducive to the public health, safety, comfort, convenience and welfare. The District is established for the purposes of enumerated in KRS Chapter 220.030 which include providing for the collection and disposal of sewage and other liquid wastes produce within the district; and incident to such purposes and to enable their accomplishment, to construct, with all appurtenances thereto, laterals, truck sewers, intercepting sewers, siphons, pumping stations, treatment and disposal works, to maintain, operate and repair same, and do all other things necessary for the fulfillment of the purposes of KRS 220.010 to 220.520.

The District shall include an area in Franklin County, not to include the city of Frankfort, within and described by the following boundary:

The certain area located in Franklin County, Kentucky, containing and encompassed by the same boundary as the Farmdale Water District.

The District shall have the powers stated in KRS Chapter 220 including the power to sue and be sued, contract and be contracted with, incur liabilities and obligations, exercise the right of eminent domain, assess, tax, contract for rentals, issue bonds, and do and perform all acts necessary and proper for the carrying out for the purposes for which the District is created, and for executing the powers for which it is vested as provided in KRS Chapter 220.510.

The District shall have the power of condemnation, as provided and described in KRS Chapter 220.310; and may provide for a sewer service charge to be imposed and collected, as provided in KRS Chapter 220.510.

THIS ORDINANCE NO 4 SHALL BECOME EFFECTIVE ON THE DATE OF THE SECOND READING AND ADOPTION.

INTRODUCED, SECONDED AND GIVEN FIRST READING APPROVAL at a duly convened meeting of the Fiscal Court of Franklin County, Kentucky held on the 15 day of January 2004.

GIVEN SECOND READING AND ADOPTED at a duly convened meeting of the Fiscal Court of Franklin County, Kentucky, held on the 6 day of February 2004, and of record in Fiscal Court Order Book 19, Page 282.



Teresa A. Barton
Franklin County Judge/Executive

ATTESTED TO:

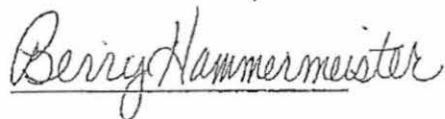


EXHIBIT E

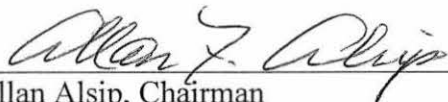
**MINUTES OF THE BOARD OF DIRECTORS OF
FARMDALE SANITATION DISTRICT**

WHEREAS, the Board of Directors of Farmdale Sanitation District, which District was created by Ordinance No. 4, 2004 Series, adopted at a duly convened meeting of the Fiscal Court of Franklin County, Kentucky, and of record in Fiscal Court Order Book 19, page 282, desires to consummate the purchase of the assets of Coolbrook Utilities, LLC in accordance with the Assets Purchase Agreement entered into by and between Coolbrook Utilities, LLC and the Farmdale Sanitation District.

NOW, THEREFORE, BE IT RESOLVED, that the members of the Board of Directors of the Farmdale Sanitation District hereby approve and authorize the execution and delivery of the Assets Purchase Agreement, the form of which is attached hereto, by Allan Alsip as the Chair of the Farmdale Sanitation District. Mr. Alsip is also authorized to execute any and all other documents necessary to consummate the purchase of the assets of Coolbrook Utilities, LLC, including but not limited to any deed(s) and the Application to be filed with the Kentucky Public Service Commission and all other documents to be filed with the Kentucky Public Service Commission and the Kentucky Division of Water.

This RESOLUTION was adopted by the Board of Directors at its regular monthly meeting on March ~~30~~, 2017.

FARMDALE SANITATION DISTRICT

By: 
Allan Alsip, Chairman

ATTEST:

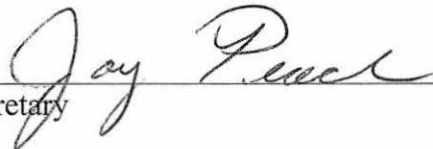

Secretary

EXHIBIT F

Telephone: 502-227-1600

STATEMENT OF ACCOUNT
 Previous Balance 83,399.14
 Current Balance 83,399.14
 Transactions 0

Date 01/31/2017 Page 1
 Account Number XXXXXX0578

FARMDALE SANITATION DISTRICT
 315 W MAIN ST
 FRANKFORT KY 40601-1872



Business Builder ACCOUNT XXXXXX0578			
Beginning Balance	0 Deposits/Credits	0 Withdrawals/Debits	Ending Balance
\$83,399.14	+ \$.00	- \$.00	\$83,399.14

Date	DAILY TRANSACTIONS	Amount	Balance
12/30/16	BALANCE LAST STATEMENT		83,399.14
01/31/17	BALANCE THIS STATEMENT		83,399.14
	Minimum Balance		83,399.14
	Avg Available Balance		83,399.14
	Average Balance		83,399.14

DAILY BALANCE

Date	Balance
12/30/16	83,399.14

INTEREST

Average Ledger Balance	.00	Interest Earned	.00
Interest Paid This Period	.00	Days In Period	
		Annual Percentage Yield Earned	.00%

OVERDRAFT AND RETURNED ITEM FEES

	Total For This Period	Total Year-to-Date	Previous Year Total
Total Overdraft Fees	\$.00	\$.00	\$.00
Total Returned Item Fees	\$.00	\$.00	\$.00

EXHIBIT G



STEVEN L. BESHEAR
GOVERNOR

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

LEONARD K. PETERS
SECRETARY

September 25, 2013

*Permit Expires
10/31/2018*

Mr. Lawrence W. Smither
1706 Bardstown Road
Louisville, Kentucky 40205

Re: Coolbrook Subdivision
KPDES No.: KY0044351
AI No.: 1380
Franklin County, Kentucky

Dear Mr. Smither:

Enclosed is the Kentucky Pollutant Discharge Elimination System (KPDES) permit for the above-referenced facility. This action constitutes a final permit issuance under 401 KAR 5:075, pursuant to KRS 224.16-050.

This permit will become effective on the date indicated in the attached permit provided that no request for adjudication is granted. All provisions of the permit will be effective and enforceable in accordance with 401 KAR 5:075, unless stayed by the Hearing Officer under Sections 11 and 13.

Any demand for a hearing on the permit shall be filed in accordance with the procedures specified in KRS 224.10-420, 224.10-440, 224.10-470 and any regulations promulgated thereto. Any person aggrieved by the issuance of a permit final decision may demand a hearing, pursuant to KRS 224.10-420(2), within thirty (30) days from the date of the issuance of this letter. Two (2) copies of request for hearing should be submitted in writing to the Energy and Environment Cabinet, Office of Administrative Hearings, 35-36 Fountain Place, Frankfort, Kentucky 40601 and the Commonwealth of Kentucky, Energy and Environment Cabinet, Division of Water, 200 Fair Oaks Lane, Frankfort, Kentucky 40601. For your record keeping purposes, it is recommended that these requests be sent by certified mail. The written request must conform to the appropriate statutes referenced above.

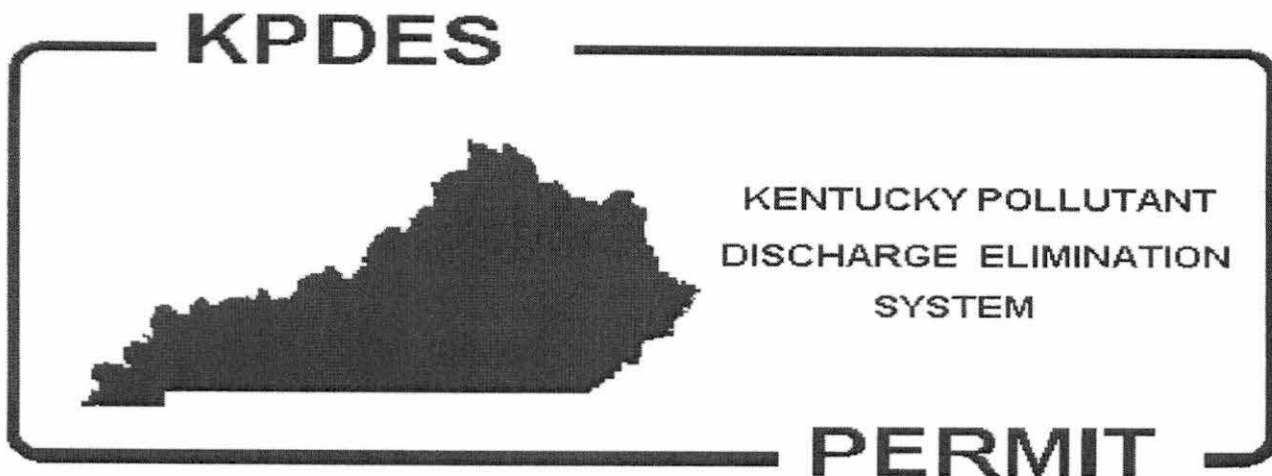
If you have any questions regarding the KPDES decision, please contact Allen Ingram, Operational Permits Section, Surface Water Permits Branch, at (502) 564-3410.

Further information on procedures and legal matters pertaining to the hearing request may be obtained by contacting the Office of Administrative Hearings at (502) 564-7312.

Sincerely,

Peter T. Goodmann, Acting Director
Division of Water

PG:TJB:tjb
Enclosure
c: Division of Water



PERMIT NO.: KY0044351

AI NO.: 1380

**AUTHORIZATION TO DISCHARGE UNDER THE
KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM**

Pursuant to Authority in KRS 224,

Coolbrook Utilities, LLC
P.O. Box 91588
Louisville, KY 40291

is authorized to discharge from a facility located at

Coolbrook Utilities, LLC
Clearwater Court
Frankfort, Franklin County, Kentucky

to receiving waters named

UT at mile point 0.75 to UT at mile point 0.80 to South Benson Creek at mile point 8.9 located at (Latitude/Longitude 38°08'23"N/84°56'02"W).

in accordance with effluent limitations, monitoring requirements and other conditions set forth in this permit.

This permit shall become effective on November 1, 2013.

This permit and the authorization to discharge shall expire at midnight, October 31, 2018.

September 25, 2013

Date Signed

A handwritten signature in black ink, appearing to read 'Peter T. Goodmann', is written over a horizontal line.

**Peter T. Goodmann, Acting Director
Division of Water**

**DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water, 200 Fair Oaks Lane, Frankfort, Kentucky 40601**

THIS KPDES PERMIT CONSISTS OF THE FOLLOWING SECTIONS.

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1. EFFLUENT AND MONITORING REQUIREMENTS

1.1. Monitoring Locations

The following table lists the outfalls authorized by this permit, the latitude and longitude of each and the DOW assigned KPDES outfall number.

MONITORING LOCATIONS					
Number	Type	Latitude (N)	Longitude (W)	Receiving Waters	Description of Outfall
001	Direct	38°08'23"	84°56'02"	UT at mp 0.75 to UT at mp 0.80 to South Benson Creek at mp 8.9	Sanitary

1.2. Effluent Limitations and Monitoring Requirements

Beginning on the effective date and lasting through the term of this permit discharges from Outfall(s) # shall comply with the effluent limitations.

Effluent Characteristic	EFFLUENT LIMITATIONS						MONITORING REQUIREMENTS	
	Loadings (lbs/day)		Concentrations (specify units)				Monitoring Frequency	Sample Type
	Monthly Average	Weekly Average	Minimum	Monthly Average	Weekly Average	Maximum		
Effluent Flow (Design 0.170 MGD)	Report	Report	N/A	N/A	N/A	N/A	1/Week	Instantaneous
pH (Standard Units)	N/A	N/A	6.0	N/A	N/A	9.0	1/Week	Grab
CBOD ₅	28.4	42.5	N/A	20 mg/l	30 mg/l	N/A	1/Week	24-Hr Composite
TSS	42.6	63.8	N/A	30 mg/l	45 mg/l	N/A	1/Week	24-Hr Composite
Ammonia (as NH ₃ N)								
May 1 – October 31	5.7	8.5	N/A	4 mg/l	6 mg/l	N/A	1/Week	24-Hr Composite
November 1 – April 30	14.2	21.3	N/A	10 mg/l	15 mg/l	N/A	1/Week	24-Hr Composite
E. Coli (colonies/100 ml) ¹	N/A	N/A	N/A	130	240	N/A	1/Week	Grab
Dissolved Oxygen	N/A	N/A	7.0 mg/l	N/A	N/A	N/A	1/Week	Grab
Total Residual Chlorine	N/A	N/A	N/A	0.011 mg/l	0.019 mg/l	N/A	1/Week	Grab

¹ The effluent limitations for *Escherichia Coli* are 30 day and 7 day Geometric Means.

1.3. Standard Effluent Requirements

The discharges to waters of the Commonwealth shall not produce floating solids, visible foam or a visible sheen on the surface of the receiving waters.

Samples and measurements taken in accordance with the requirements of specified Section 1.2 shall be representative of the volume and nature of the monitored discharge and shall be taken at nearest accessible point after final treatment, but prior to actual discharge to or mixing with the receiving waters or wastestreams from other outfalls.

SECTION 2
ADDITIONAL REQUIREMENTS

2. ADDITIONAL REQUIREMENTS

2.1. Schedule of Compliance

The permittee shall attain compliance with all requirements of this permit on the effective date of this permit unless otherwise stated.

2.2. Other Permits

This permit has been issued under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits or licenses required by this Cabinet and other state, federal, and local agencies.

2.3. Sufficiently Sensitive Analytical Methods

Analytical methods utilized to demonstrate compliance with the effluent limitations established in this permit shall be sufficiently sensitive to detect pollutant levels at or below the required effluent limit, i.e. the Method Detection Limit (MDL) shall be at or below the effluent limit. In that instance where an EPA-approved method does not exist that has an MDL at or below the established effluent limitation, the permit shall: (1) use the method specified in the permit; or (2) the EPA-approved method with an MDL that is nearest to the established effluent limit.

2.4. Antidegradation

For those discharges subject to the provisions of 401 KAR 10:030 Section 1(3)(b)5, the permittee shall install, operate, and maintain wastewater treatment facilities consistent with those identified below.

2.5. Reporting of Monitoring Results

Monitoring results obtained during each monitoring period must be reported. The completed Discharge Monitoring Report (DMR) for each monitoring period must be submitted no later than the 28th day of the month following the monitoring period for which monitoring results were obtained.

2.5.1. Electronic Submittal

The completed DMR for each monitoring period must be entered into the Division of Water approved electronic system no later than midnight on the 28th day of the month following the monitoring period for which monitoring results were obtained. The use of mailed (hardcopy) DMRs has ceased and electronic DMR submittal shall begin with the initial DMR submittal.

For information regarding electronic submittal of DMRs please visit the Division's website at <http://water.ky.gov/permitting/Pages/netDMRInformation.aspx> or contact the DMR Coordinator at (502) 564-3410.

2.6. Reopener Clause

This permit shall be modified, or alternatively revoked and reissued, to comply with any applicable effluent standard or limitation issued or approved in accordance with 401 KAR 5:050 through 5:080, if the effluent standard or limitation so issued or approved:

1. Contains different conditions or is otherwise more stringent than any effluent limitation in the permit; or
2. Controls any pollutant not limited in the permit.

This permit may be reopened to implement the findings of a reasonable potential analysis performed by the Division of Water.

This permit shall be reopened if Division of Water determines surface waters are aesthetically or otherwise degraded by substances that:

- (a) Settle to form objectionable deposits;
- (b) Float as debris, scum, oil, or other matter to form a nuisance;
- (c) Produce objectionable color, odor, taste, or turbidity;
- (d) Injure, are chronically or acutely toxic to or produce adverse physiological or behavioral responses in humans, animals, fish, and other aquatic life;
- (e) Produce undesirable aquatic life or result in the dominance of nuisance species; or
- (f) Cause fish flesh tainting.

The permit as modified or reissued under this paragraph shall also contain any other requirements of KRS Chapter 224 when applicable.

2.7. Outfall Signage

The KPDES permit establishes monitoring points, effluent limitations, and other conditions to address discharges from the permitted facility. In an effort to better document and clarify these locations the permittee should place and maintain a permanent marker at each of the monitoring locations.

2.8. Discharge and Monitoring Point Accessibility

As previously stated in Section 3.9, the permittee shall allow authorized agency representatives to inspect the facility and collect samples to determine compliance. In order for such monitoring to be conducted either by the permittee or authorized agency personnel all monitoring and discharge points required by this permit shall be readily and safely accessible in all weather conditions.

2.9. Disposal of Non-Domestic Wastes

The pass through or non-treatment by the wastewater treatment plant of chemicals or compounds which may injure, be chronically or acutely toxic to or produce adverse physiological or behavioral responses in humans, animals, fish and other aquatic life is not desirable. Materials such as acids, caustics, herbicides, household chemicals or cleansers, insecticides, lawn chemicals, non-biodegradable products, paints, pesticides, pharmaceuticals, and petroleum based products may not be treatable by the wastewater treatment plant and should not be introduced and other environmentally sound methods for disposal should be utilized. The permittee should educate users of its system that introduction of such chemicals or compounds could result in an adverse environmental impact and provide the users with alternative disposal measures.

2.10. Certified Operators

Pursuant to 401 KAR 5:010, Section 1 a treatment plant with a design capacity of more than 50,000 gallons per day, but less than or equal to two (2) million gallons per day shall be under the primary responsibility of a certified operator holding an active Class II, III, or IV treatment certificate.

2.11. Connection to Regional Sewer System

This treatment unit is temporary and in no way supersedes the need of a regional sewer system. The permittee will eliminate the discharge and treatment unit by connection to a regional sewer system when it becomes available as defined in 401 KAR 5:002.

SECTION 3
STANDARD CONDITIONS

3. STANDARD CONDITIONS

The following conditions apply to all KPDES permits.

3.1. Duty to Comply

The permittee must comply with all conditions of this permit. Any permit noncompliance constitutes a violation of KRS Chapter 224 and is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or denial of a permit renewal application. Any person who violates applicable statutes or who fails to perform any duty imposed, or who violates any determination, permit, administrative regulation, or order of the cabinet promulgated pursuant thereto shall be liable for a civil penalty as provided at KRS 224.99.010.

3.2. Duty to Reapply

If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit.

3.3. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit.

3.4. Duty to Mitigate

The permittee shall take all reasonable steps to minimize or prevent any discharge or sludge use or disposal in violation of this permit which has a reasonable likelihood of adversely affecting human health or the environment.

3.5. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls and appropriate quality assurance procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems which are installed by a permittee only when the operation is necessary to achieve compliance with the conditions of the permit.

3.6. Permit Actions

This permit may be modified, revoked and reissued, or terminated for cause. The filing of a request by the permittee for a permit modification, revocation and reissuance, or termination, or a notification of planned changes or anticipated noncompliance does not stay any permit condition.

3.7. Property Rights

This permit does not convey any property rights of any sort, or any exclusive privilege.

3.8. Duty to Provide Information

The permittee shall furnish to the Director, within a reasonable time, any information which the Director may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this permit or to determine compliance with this permit. The permittee shall also furnish to the Director upon request, copies of records required to be kept by this permit.

3.9. Inspection and Entry

The permittee shall allow the Director, or an authorized representative (including an authorized contractor acting as a representative of the Administrator), upon presentation of credentials and other documents as may be required by law, to:

- (1) Enter upon the permittee's premises where a regulated facility or activity is located or conducted, or where records must be kept under the conditions of this permit;
- (2) Have access to and copy, at reasonable times, any records that must be kept under the conditions of this permit;
- (3) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
- (4) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the Clean Water Act, any substances or parameters at any location.

3.10. Monitoring and Records

- (1) Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.
- (2) Except for records of monitoring information required by this permit related to the permittee's sewage sludge use and disposal activities, which shall be retained for a period of at least five (5) years (or longer as required by 401 KAR 5:065 Section 2(10) [40 CFR 503]), the permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for this permit, for a period of at least three (3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Director at any time.
- (3) Records of monitoring information shall include:
 - (i) The date, exact place, and time of sampling or measurements;
 - (ii) The individual(s) who performed the sampling or measurements;
 - (iii) The date(s) analyses were performed;
 - (iv) The individual(s) who performed the analyses;
 - (v) The analytical techniques or methods used; and
 - (vi) The results of such analyses.
- (4) Monitoring must be conducted according to test procedures approved under 401 KAR 5:065 Section 2(8) [40 CFR 136] unless another method is required under 401 KAR 5:065 Section 2(9) or (10) [40 CFR subchapters N or O].
- (5) KRS 224.99-010 provides that any person who knowingly violates KRS 224.70-110 or other enumerated statutes, or who knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall be guilty of a Class D felony and, upon conviction, shall be punished by a fine of not more than \$25,000, or by imprisonment for not more than one (1) year, or both. Each day upon which a violation occurs shall constitute a separate violation.

3.11. Signatory Requirement

- (1) All applications, reports, or information submitted to the Director shall be signed and certified pursuant to 401 KAR 5:060, Section 4 [40 CFR 122.22].
- (2) KRS 224.99-010 provides that any person who knowingly provides false information in any document filed or required to be maintained under KRS Chapter 224 shall be guilty of a Class D felony and upon conviction thereof, shall be punished by a fine not to exceed twenty-five thousand dollars (\$25,000), or by imprisonment, or by fine and imprisonment, for each separate violation. Each day upon which a violation occurs shall constitute a separate violation.

3.12. Reporting Requirements

3.12.1. Planned Changes

The permittee shall give notice to the Director as soon as possible of any planned physical alterations or additions to the permitted facility. Notice is required only when:

- (i) The alteration or addition to a permitted facility may meet one (1) of the criteria for determining whether a facility is a new source in KRS 224.16-050 [40 CFR 122.29(b)]; or
- (ii) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under KRS 224.16-050 [40 CFR 122.42(a)(1)].
- (iii) The alteration or addition results in a significant change in the permittee's sludge use or disposal practices, and such alteration, addition, or change may justify the application of permit conditions that are different from or absent in the existing permit, including notification of additional use or disposal sites not reported during the permit application process or not reported pursuant to an approved land application plan.

3.12.2. Anticipated Noncompliance

The permittee shall give advance notice to the Director of any planned changes in the permitted facility or activity which may result in noncompliance with permit requirements.

3.12.3. Transfers

This permit is not transferable to any person except after notice to the Director. The Director may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary under KRS 224 [CWA; see 40 CFR 122.61; in some cases, modification or revocation and reissuance is mandatory].

3.12.4. Monitoring Reports

Monitoring results shall be reported at the intervals specified elsewhere in this permit.

- (i) Monitoring results must be reported on a Discharge Monitoring Report (DMR) or forms provided or specified by the Director for reporting results of monitoring of sludge use or disposal practices.
- (ii) If the permittee monitors any pollutant more frequently than required by the permit using test procedures approved under 401 KAR 5:065 Section 2(8) [40 CFR 136], or another method required for an industry-specific waste stream under 401 KAR 5:065 Section 2(9) or (10) [40 CFR subchapters N or O], the results of such monitoring shall be included in the calculation and reporting of the data submitted in the DMR or sludge reporting form specified by the Director.
- (iii) Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified by the Director in the permit.

3.12.5. Compliance Schedules

Reports of compliance or noncompliance with, or any progress reports on, interim and final requirements contained in any compliance schedule of this permit shall be submitted no later than fourteen (14) days following each schedule date.

3.12.6. Twenty-four-Hour Reporting

- (i) The permittee shall report any noncompliance which may endanger health or the environment. Any information shall be provided orally within twenty-four (24) hours from the time the permittee becomes aware of the circumstances. A written submission shall also be provided within 5 days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the

noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the noncompliance.

(ii) The following shall be included as information which must be reported within twenty-four (24) hours under this paragraph.

(A) Any unanticipated bypass which exceeds any effluent limitation in the permit. (See §122.41(g))

(B) Any upset which exceeds any effluent limitation in the permit.

(C) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Director in the permit to be reported within twenty-four (24) hours.

(iii) The Director may waive the written report on a case-by-case basis for reports under paragraph (1)(6)(ii) of this section if the oral report has been received within twenty-four (24) hours.

3.12.7. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under Sections 3.12.1, 3.12.4, 3.12.5, and 3.12.6, at the time monitoring reports are submitted. The reports shall contain the information listed in Section 3.12.6.

3.12.8. Other Information

Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Director, it shall promptly submit such facts or information.

3.13. Bypass

3.13.1. Definitions

(i) Bypass means the intentional diversion of waste streams from any portion of a treatment facility.

(ii) Severe property damage means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

3.13.2. Bypass Not Exceeding Limitations

The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provisions of Section 3.13.1.

3.13.3. Notice

(i) Anticipated bypass. If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass.

(ii) Unanticipated bypass. The permittee shall submit notice of an unanticipated bypass as required in Section 3.12.6.

3.13.4. Prohibition of Bypass

(i) Bypass is prohibited, and the Director may take enforcement action against a permittee for bypass, unless:

(A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;

(B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate back-up equipment should have been installed in the exercise of

reasonable engineering judgment to prevent a bypass which occurred during normal periods of equipment downtime or preventive maintenance; and

(C) The permittee submitted notices as required under Section 3.13.3.

(ii) The Director may approve an anticipated bypass, after considering its adverse effects, if the Director determines that it will meet the three (3) conditions listed above in Section 3.13.3.

3.14. Upset

3.14.1. Definition

Upset means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventive maintenance, or careless or improper operation.

3.14.2. Effect of an Upset

An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitations if the requirements of Section 3.14.3 are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

3.14.3. Conditions Necessary for a Demonstration of Upset

A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:

- (i) An upset occurred and that the permittee can identify the cause(s) of the upset;
- (ii) The permitted facility was at the time being properly operated; and
- (iii) The permittee submitted notice of the upset as required in Section 3.12.6; and
- (iv) The permittee complied with any remedial measures required under Section 3.4.

3.14.4. Burden of Proof

In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

SECTION 4
ABBREVIATIONS, ACRONYMS AND DEFINITIONS

4. ABBREVIATIONS, ACRONYMS AND DEFINITIONS

Abbreviation or Acronym	Full Phrase	Definition
MGD	Million Gallons Per Day	A measure of flow
cfs	cubic feet per second	A measure of flow
SU	Standard Units	A measure of pH
mg/l	milligrams per liter	A measure of pollutant concentration (1000 milligrams = 1 gram)
µg/l	micrograms per liter	A measure of pollutant concentration (1000 micrograms = 1 milligram)
°F	Degrees Fahrenheit	A measure of temperature
°C	Degrees Centigrade or Celsius	A measure of temperature
N/A	Not Applicable	
lbs/day	pounds per day	A measure of pollutant loading
Grab	Grab Sample	A sample taken from a wastestream on a one-time basis without consideration of the flow rate of the wastestream and without consideration of time.
24-Hr Composite	24-hour Composite Sample	Sample composed of discrete equal volume aliquots (100 ml minimum) collected every 15 minutes over a 24-hour period and aggregated by an automated sampling device. The aggregate sample will reflect the average water quality of the compositing or sample period.

EXHIBIT H

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EVERGREEN SEWAGE)	
DISPOSAL, INC. FOR APPROVAL OF)	
TRANSFER OF EVERGREEN SEWAGE)	CASE NO.
DISPOSAL SYSTEM TO FARMDALE)	2016-000290
SANITATION DISTRICT)	

ORDER

Evergreen Sewage Disposal, Inc. ("Evergreen") has applied for approval of the transfer of its sewage disposal system ("Evergreen System") in Franklin County, Kentucky, to Farmdale Sanitation District ("Farmdale").¹ In support of the request, Evergreen submitted a written agreement ("Agreement") between Evergreen and Farmdale containing the terms of the transfer. Evergreen and Farmdale have responded to a discovery request regarding the proposed transfer. No person has sought to intervene in this proceeding. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Evergreen is a Kentucky Corporation that owns facilities used for the collection, transmission, or treatment of sewage for the public for compensation through the Evergreen System and is subject to the Commission's jurisdiction pursuant to KRS 278.010(3)(f) and KRS 278.040.

¹ Evergreen initially tendered a notice of surrender and abandonment of utility property, and the Commission, by an Order entered on September 9, 2016, initiated this case to investigate Evergreen's request to abandon its utility service and facilities. During the pendency of the case, Evergreen entered into the Agreement with Farmdale for the transfer of Evergreen's facilities to Farmdale, and, thereafter, moved to amend the case from a request for authorization to abandon to a request for authorization for a transfer. On January 10, 2017, the Commission entered an Order that, among other things, granted Evergreen's request to amend.

2. The Evergreen System serves approximately 42 customers in the Evergreen subdivision in Franklin County, Kentucky.²

3. Evergreen does not operate any facilities other than those used to provide wastewater service to the Evergreen subdivision.

4. Pursuant to the Agreement, for \$1.00 and other good and valuable consideration, Evergreen agrees to sell to Farmdale the Evergreen System, which includes certain real property in Franklin County, Kentucky, a wastewater treatment plant ("WWTP"), all Evergreen's bank accounts, business records, and any personal property used in the operation of the WWTP.³

5. Farmdale is a sanitation district created on February 6, 2004, pursuant to KRS Chapter 67, and by Ordinance No. 4, 2004 Series, of the Franklin County Fiscal Court.⁴

6. Farmdale owns eight acres of land purchased with funds from a U. S. Environmental Protection Agency ("EPA") grant for the location of a new sewage treatment facility.⁵

7. Farmdale holds approximately \$873,000 in funds from the EPA, which may be used for both the construction and design of a new sewage treatment facility,

² Notice (filed Aug. 12, 2016) at 1.

³ Motion to Continue Hearing and to Amend This Case to a Petition for a Certificate of Convenience and Necessity to Transfer Ownership ("Motion to Amend") (filed Jan. 6, 2017) at attachment pages 1-2. Per the Agreement, Evergreen may use so much of its cash on hand as may be necessary to pay off and satisfy any of its debts.

⁴ Answers to Commission Staff's First Request for Information ("Staff's First Request") (filed Mar. 1, 2017) at 1.

⁵ *Id.* at 3.

and had approximately \$84,000 in an operating account on January 31, 2017.⁶

8. Farmdale has published requests for proposals (“RFPs”) for a certified operator and laboratory services and states that it will have qualified personnel prior to the proposed transfer of ownership of the Evergreen System.⁷

9. Evergreen states that it will continue to operate the WWTP until the Commission approves the transfer, Evergreen's assets are transferred to Farmdale, and Farmdale notifies Evergreen that it has a certified operator ready to continue operations.⁸

10. Farmdale does not operate a facility and it does not have any customers at this time.⁹

11. Evergreen charges a flat monthly rate of \$40 per customer and Farmdale states that it anticipates that it will charge a flat monthly rate of \$40 per customers upon completion of the transfer.¹⁰

12. Evergreen does not hold any customer deposits.¹¹

Based upon these findings, the Commission makes the following conclusions of law:

1. Evergreen is a utility subject to Commission jurisdiction.

⁶ *Id.*

⁷ *Id.* at 4.

⁸ *Id.* at 6 and Motion to Amend (filed Jan. 6, 2017) at attachment page 2.

⁹ *Id.* at 5.

¹⁰ *Id.*

¹¹ *Id.*

2. Farmdale is a "corporation" and a "person" for purposes of KRS Chapter 278.¹²

3. KRS 278.020(6) provides that "[n]o person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission ... without prior approval by the commission. The commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service."

4. KRS 278.020(7) provides that "[n]o individual, group, syndicate, general or limited partnership, association, corporation, joint stock company, trust, or other entity (an 'acquirer'), whether or not organized under the laws of this state, shall acquire control, either directory or indirectly, of any utility furnishing utility service in this state without having first obtained the approval of the commission." KRS 278.020(7) further provides that the "commission shall approve any proposed acquisition when it finds that the same is to be made in accordance with law, for a proper purpose and is consistent with the public interest."

5. The transfer of the ownership of the Evergreen System from Evergreen to Farmdale is a transaction subject to the jurisdiction of the Public Service Commission and requires Commission approval.

6. Farmdale has the legal authority to provide wastewater service in the territory served by the Evergreen System.

7. In view of its financial assets and its status as a sanitation district, Farmdale has sufficient financial integrity to ensure the continuity of service.

¹² KRS 278.010.

8. Upon Farmdale obtaining the services of a certified operator, Farmdale will have the financial, technical, and managerial abilities to provide reasonable service to those persons located in the Evergreen subdivision.

9. KRS 224A.300(1) provides that the regionalization and consolidation of water and wastewater systems should be encouraged, and the transfer of ownership and control of the Evergreen System to Farmdale is consistent with regionalization.

10. The transfer of the Evergreen System from Evergreen to Farmdale is in accordance with the law, for a proper purpose, and is consistent with the public interest.

11. As a sanitation district, Farmdale is not subject to the Commission's jurisdiction over rates or service.¹³

12. Upon Farmdale's acquisition of the Evergreen System serving the Evergreen subdivision, the Evergreen System and its customers will no longer be subject to the Commission's jurisdiction.

IT IS THEREFORE ORDERED that:

1. The proposed transfer of ownership and control of the Evergreen System, pursuant to the terms of the Agreement, is approved, subject to the conditions set forth in ordering paragraphs 2 through 9, as of the date of this Order.

2. Evergreen shall notify the Commission in writing of the closing of the transaction within ten days of the closing.

3. If the transaction does not close within 90 days of the date of this Order, Evergreen shall file with the Commission a report on the status of the efforts to complete the transfer.

¹³ See *Boone County Water & Sewer Dist. V Public Service Comm'n*, 949 S.W.2d 588 (Ky. 1997).

4. Any material revision to the proposed transaction shall be approved by the Commission in order for the amendment to be effective.

5. Evergreen shall continue to operate the WWTP serving the Evergreen System until Farmdale provides notice that it has a certified operator ready to continue operations.

6. Evergreen shall file with the Commission the copy of any notice provided by Farmdale concerning Farmdale's certified operator.

7. No later than March 31, 2017, Evergreen shall submit its Gross Report and an Annual Report for the calendar year ending December 31, 2016.

8. No later than June 30, 2017, Evergreen shall submit its Gross Report and an Annual Report for the period January 1, 2017, through the date of the transfer.

9. Any documents filed pursuant to ordering paragraphs 2, 3, and 6 shall reference this case number and shall be retained in Evergreen's general correspondence file.

10. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon a showing of good cause for such extension.

11. A copy of this Order shall be served on the Kentucky Division of Water, the Franklin County Judge/Executive, and the Farmdale Sanitation District.

12. The case shall be closed and removed from the Commission's docket.

By the Commission

ENTERED
MAR 14 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

David D. Greenwald
Executive Director *for*

*John B Baughman
Baughman Harp, PLLC Attorneys at Law
401 West Main Street, Suite 1
Frankfort, KENTUCKY 40601

*Evergreen Sewage Disposal System, Inc.
4125 Lawrenceburg Road
Frankfort, KY 40601

EXHIBIT I



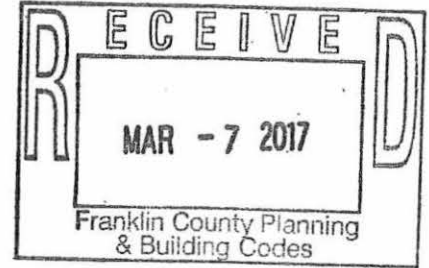
KENTUCKY INFRASTRUCTURE AUTHORITY

Matthew G. Bevin
Governor

Capital Center Complex
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
(502) 573-0260
(502) 573-0157 (fax)
kia.ky.gov

June 3, 2016

Farmdale Sanitation District
Allan Alsip, Chairman
161 Travis Circle
Frankfort, KY 40601



KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (A16-084)

Dear Chairman Alsip:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On June 2, 2016, the Authority approved your loan for the Ridglea Investments Inc. Package Treatment Plant Abandonment project, subject to the conditions stated below. The total cost of the project shall not exceed \$300,000 of which the Authority loan is the sole source of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Farmdale Sanitation District upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by June 3, 2017 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$300,000.
2. The loan shall contain principal forgiveness in the amount of 95% but not to exceed \$285,000. Amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.

3. The loan shall bear interest at the rate of 1.75 percent per annum commencing with the first draw of funds.
4. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed one year from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", requires that all recipients and subrecipients **expending \$750,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements has changed for fiscal or calendar year 2016 audits. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.
11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment A must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.
7. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving CWSRF funds.
9. Technical plans and specifications and a complete CWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.

11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the CWSRF loan project.
12. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.
17. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.
18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions listed in Attachment A must be resolved.

Chairman Alsip
June 2, 2016
Page 5

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,

Amanda Yeary
Kentucky Infrastructure Authority

Attachments

cc: Ray Bascom, HMB Professional Engineers
Ann Northcutt, Franklin Co. Fiscal Court
State and Local Debt Office, DLG

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization for Electronic Deposit of Vendor Payment" Form.

Accepted

Date

AUTHORIZATION FOR ELECTRONIC DEPOSIT
OF BORROWER PAYMENT
KENTUCKY INFRASTRUCTURE AUTHORITY
(FUND A16-084)

Borrower Information:

Name: _____

Address: _____

City: _____ State: KY Zip: _____

Federal I.D. # _____

Contact Name: _____ Telephone: _____

Email: _____

Financial Institution Information:

Bank Name: _____

Branch: _____ Phone No: _____

City: _____ State: _____ Zip: _____

Transit / ABA No.: _____

Account Name: _____

Account Number: _____

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: _____ Date: _____

Name Printed: _____ Job Title: _____

Please return completed form to:

Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601
phone: 502-573-0260
fax: 502-573-0157

ATTACHMENT A

**Farmdale Sanitation District
A16-084**

EXECUTIVE SUMMARY		Reviewer	Brandi Norton	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	June 2, 2016	
FUND A, FEDERALLY ASSISTED WASTEWATER		KIA Loan Number	A16-084	
REVOLVING LOAN FUND		WRIS Number	SX21073082	
BORROWER	FARMDALE SANITATION DISTRICT FRANKLIN COUNTY			
BRIEF DESCRIPTION				
This project will provide improvements to three package treatment plants along with collection system repairs to mitigate excessive infiltration and inflow (I/I) which cause sanitary sewer overflows and treatment plant violations. Ridgelea Investment, Inc. has filed an application with the Public Service Commission for the abandonment of the three privately owned package wastewater treatment plants (PTP's) serving subdivisions in southwestern Franklin County. The Franklin County Circuit Court is in the process of appointing a receiver for these PTP's and their respective collection systems which will be the Farmdale Sanitation District.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$300,000	RD Fee %	Actual %	
		Administrative Expenses		\$10,000
		Eng - Design / Const	11.8% 11.2%	26,910
		Eng - Insp	9.8% 9.4%	22,500
		Construction		225,000
		Contingency		15,590
TOTAL	\$300,000	TOTAL		\$300,000
REPAYMENT	Rate	1.75%	Est. Annual Payment \$15,227	
	Term	1 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Ray Bascom		
	Bond Counsel	Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening	Oct-16		
	Construction Start	Dec-16		
	Construction Stop	May-17		
DEBT PER CUSTOMER	Existing	\$0		
	Proposed	\$43		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES	Current	Users	Avg. Bill	
		349	\$34.50 (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
PSC Report 2012	5,986	0	5,986	n/a
PSC Report 2013	15,544	0	15,544	n/a
PSC Report 2014	661	0	661	n/a
Projected 2015	(12,335)	0	(12,335)	n/a
Projected 2016	(15,307)	0	(15,307)	n/a
Projected 2017	21,661	7,614	14,047	2.8
Projected 2018	19,369	7,614	11,755	2.5
Projected 2019	17,031	0	17,031	n/a

Reviewer: Brandi Norton
Date: June 2, 2016
Loan Number: A16-084

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
FARMDALE SANITATION DISTRICT, FRANKLIN COUNTY
PROJECT REVIEW
SX21073082**

I. PROJECT DESCRIPTION

The Farmdale Sanitation District is requesting a \$300,000 Fund "A" loan for the Ridgelea Investments Inc. Package Treatment Plant Abandonment project. This project will provide improvements to three package treatment plants along with collection system repairs to mitigate excessive infiltration and inflow (I/I) which cause sanitary sewer overflows and treatment plant violations.

Ridgelea Investment, Inc. has filed an application with the Public Service Commission (PSC Case No. 2016-00106) for the abandonment of three (3) privately owned package wastewater treatment plants (PTP's) serving subdivisions in southwestern Franklin County. The subdivisions include Edgewood, Meadowbrook and Farmgate which serve a combined 394 Franklin County families. The Franklin County Circuit Court is in the process of appointing a receiver for these PTP's and their respective collection systems which will be the Farmdale Sanitation District (District). All three of these facilities and their collection systems have been cited numerous times in recent years by the Division of Water (DOW) for alleged water pollution violations. Additionally, all three of the PTP's require upgrades to the treatment plants and collection systems due to years of neglect.

This project is being funded out of an Emergency Project CWSRF account. This account allows projects that do not appear on the Project Priority List and result from unanticipated failures of wastewater infrastructure that have a direct adverse effect on public health and the quality of surface and groundwater, to receive funding and potential loan principal forgiveness.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 10,000
Engineering Fees - Design / Const	26,910
Engineering Fees - Inspection	22,500
Construction	225,000
Contingency	15,590
Total	\$ 300,000

III. PROJECT FUNDING

	Amount	%
Fund A Loan	\$ 300,000	100%
Total	\$ 300,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 300,000
Less: Principal Forgiveness	285,000
Amortized Loan Amount	\$ 15,000
Interest Rate	1.75%
Loan Term (Years)	1
Estimated Annual Debt Service	\$ 15,197
Administrative Fee (0.20%)	30
Total Estimated Annual Debt Service	\$ 15,227

V. PROJECT SCHEDULE

Bid Opening	October 2016
Construction Start	December 2016
Construction Stop	May 2017

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Current
Residential	349
Commercial	0
Industrial	0
Total	349

B) Rates

	Current	Prior
Date of Last Rate Increase	04/08/11	04/01/03
Flat Rate	\$34.50	\$22.10
Cost for 4,000 gallons	\$34.50	\$22.10
Increase %	56.1%	
Affordability Index (Rate/MHI)	0.9%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2009-2013, the Districts service area population was 349 with the City of Frankfort's Median Household Income (MHI) of \$44,256. The median household income for the Commonwealth is \$43,036. The project will qualify for a 1.75% interest rate.

Year	Population				Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	25,973		41,830		June 2004	4.6%
1990	25,968	0.0%	43,781	4.7%	June 2009	9.5%
2000	27,741	6.8%	47,687	8.9%	June 2013	7.4%
2010	25,527	-8.0%	49,285	3.4%	June 2014	6.5%
Current	26,745	4.8%	49,399	0.2%		
Cumulative %		3.0%		18.1%		

VIII. 2014 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project qualifies for additional subsidization (in the amount of \$285,000).

IX. FINANCIAL ANALYSIS

Financial information was obtained from the Public Service Commission reports for the years ended December 31, 2012 through 2014 for Ridgelea Investments, Inc. Amounts for 2015 are estimated.

HISTORY

Revenues increased 9% from \$133,815 in 2012 to \$146,357 in 2014 due to a previously approved rate surcharge. Operating expenses increased 14% from \$127,829 to \$145,696 during the same period. Cash available for debt service is historically below \$6,000 as the area does not carry loan debt. The debt coverage ratio was 0 from 2012 to 2013 from the absence of any debt service.

The balance sheet reflects a current ratio of -0.1 and a debt to equity ratio of -1.6.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues remain flat for growth and inflation.
- 2) Expenses will increase 2% annually for inflation.
- 3) Debt service coverage is 2.8 in 2017 when principal and interest repayments begin.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

There is no replacement reserve requirement.

X. DEBT OBLIGATIONS

None.

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

None.

XII. CONTACTS

Legal Applicant

Entity Name	Farmdale Sanitation District
Authorized Official	Allan Alsip (Chairman)
County	Franklin
Email	afalsip@gmail.com
Phone	(502) 330-0077
Address	161 Travis Circle Frankfort, KY 40601

Project Contact - Applicant

Name	Ann Northcutt
Organization	Franklin County Fiscal Court
Email	anorthcutt@franklincountyky.com
Phone	(502) 875-8751
Address	313 W Main St Frankfort, KY 40601

Project Administrator & Consulting Engineer

Name	Ray Bascom
Organization	HMB Professional Engineers
Email	rbascom@hmbpe.com
Phone	(502) 695-9800
Address	3 HMB Circle Frankfort, KY 40601

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

FARMDALE SANITATION DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)

	PSC Report <u>2012</u>	PSC Report <u>2013</u>	PSC Report <u>2014</u>	Projected <u>2015</u>	Projected <u>2016</u>	Projected <u>2017</u>	Projected <u>2018</u>	Projected <u>2019</u>	Projected <u>2020</u>
Balance Sheet									
<i>Assets</i>									
Current Assets	1,152	6,259	(1,349)	(13,684)	(28,991)	(14,944)	(3,189)	13,842	28,488
Other Assets	95,616	87,899	56,803	50,066	43,329	326,592	309,855	293,118	276,381
Total	96,768	94,158	55,454	36,382	14,338	311,648	306,666	306,960	304,869
<i>Liabilities & Equity</i>									
Current Liabilities	97,548	93,180	95,660	95,660	95,660	95,660	95,660	95,660	95,660
Long Term Liabilities	19,430	27,000	5,693	5,693	5,693	20,693	5,693	5,693	5,693
Total Liabilities	116,978	120,180	101,353	101,353	101,353	116,353	101,353	101,353	101,353
Net Assets	(20,210)	(26,022)	(45,899)	(64,971)	(87,015)	195,295	205,313	205,607	203,516
Cash Flow									
Revenues	133,815	133,976	146,357	136,275	136,275	136,275	136,275	136,275	136,275
Operating Expenses	127,829	118,432	145,696	148,610	151,582	114,614	116,906	119,244	121,629
Other Income	0	0	0	0	0	0	0	0	0
Cash Flow Before Debt Service	5,986	15,544	661	(12,335)	(15,307)	21,661	19,369	17,031	14,646
Debt Service									
Existing Debt Service	0	0	0	0	0	0	0	0	0
Proposed KIA Loan	0	0	0	0	0	7,614	7,614	0	0
Total Debt Service	0	0	0	0	0	7,614	7,614	0	0
Cash Flow After Debt Service	5,986	15,544	661	(12,335)	(15,307)	14,047	11,755	17,031	14,646
Ratios									
Current Ratio	0.0	0.1	(0.0)	(0.1)	(0.3)	(0.2)	(0.0)	0.1	0.3
Debt to Equity	(5.8)	(4.6)	(2.2)	(1.6)	(1.2)	0.6	0.5	0.5	0.5
Days Sales in Accounts Receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Months Operating Expenses in Unrestricted Cash	0.1	0.6	(0.1)	(1.1)	(2.3)	(1.6)	(0.3)	1.4	2.8
Debt Coverage Ratio	0.0	0.0	0.0	0.0	0.0	2.8	2.5	0.0	0.0

EXHIBIT J

Registration starts at 2 p.m., and the competition begins at 2:30. Winners advance to district competition.

For more information call Alan Hamilton at 502-95-7290.

YOUTH SPORTS FYFL signups start Feb. 18

The Frankfort Youth Football League will have early bird signups Saturday, Feb. 18, from noon-3 p.m. at DaVinci's Pizza, 305 Louisville Road.

The league is open to children grades K-6 for football and cheerleading.

7 p.m. - TCU at Oklahoma State (ESPN)

9 p.m. - Oklahoma at Texas (ESPN)

9 p.m. - Texas Southern at WVU (ESPN)

NBA

8 p.m. - New York at Indiana (TNT)

8 p.m. - Cleveland at New Orleans (FS Ohio)

Women's college basketball

7 p.m. - Miss. State at South Carolina (ESPN2)

7 p.m. - Missouri at Arkansas (SEC)

Tennis

9 p.m. - Australian Open (ESPN2)

NHL

8 p.m. - San Jose at Colorado (NBCSN)

Golf

Noon - Web.com Tour - The Bahamas Great Abaco Classic (Golf)

guard was in foul trouble next three games on the road, beginning Wednesday against Georgia Tech.

Legal Notice

PUBLIC NOTICE REQUEST FOR PROPOSALS

The Farmdale Sanitation District is soliciting proposals from individuals or firms capable of providing operations, maintenance and management of wastewater treatment facilities (package plants) within the Sanitation District's service area of southwest Franklin County.

Services required by the Farmdale Sanitation District will include, but are not limited to, the following:

- > Must possess a Class II license or higher
- > Full service operation of the wastewater treatment plant(s)
- > Effective and efficient management of the day-to-day operations of the facilities
- > Emergency response for treatment plant problems
- > Assuring ongoing regulatory compliance
- > Establishment of a comprehensive maintenance and asset management program for the facilities
- > Other services as assigned by the Farmdale Sanitation District.

Five bound copies of the Proposal, not to exceed 30 pages, must be submitted to the Farmdale Sanitation District, 321 West Main Street, Frankfort, KY 40601, Attention: Allan Alsip, Chairman, no later than 4:00 p.m. local time, on February 10, 2017. All submittals shall be clearly marked "Farmdale Sanitation District Operator Proposal". Submittal of proposals after the specified date will be rejected as not conforming to the advertisement request. Questions regarding this Request for Proposals should be directed to Allan Alsip, Chairman, by telephone at 502-330-0077 or via email at afalsip@gmail.com.

Facilities to be serviced under this Request for Proposals shall be as follows:

- | | |
|--------------------|-------------------------|
| • Coolbrook WWTP | DOW Permit ID-KY0044351 |
| • Edgewood WWTP | DOW Permit ID-KY0074977 |
| • Meadowbrook WWTP | DOW Permit ID-KY0074951 |
| • Farmgate WWTP | DOW Permit ID-KY0074969 |
| • Farmdale WWTP | DOW Permit ID-KY0054780 |
| • Evergreen WWTP | DOW Permit ID-KY0078298 |

Statements should include a description of the individual's or firm's capabilities and experience in the field of operations, maintenance and management of wastewater treatment facilities (20 pts.), the individual's or firm's location (20 pts.), ability to provide responsive service to the Farmdale Sanitation District (20 pts.), Monthly fee for normal/routine operation per facility as well as an hourly rate for emergency response (20 pts.). Respondents to the request will be ranked according to the written information submitted. The Farmdale Sanitation District will enter into negotiations with the highest ranked individual or firm to execute a service agreement. If the parties are unable to negotiate a satisfactory agreement, the second ranked individual or firm will be promptly notified.

Proposals may be submitted for any individual facility, all facilities or any combination thereof. The Farmdale Sanitation District will incur the cost of utility usage, chemicals, sampling & testing, grounds maintenance as well as any other items not considered to be routine or normal maintenance of the facility.

All interested parties shall be aware that the Farmdale Sanitation District is an Equal Opportunity Employer. No person, firm, or corporation shall be excluded from participation in or subject to discrimination in providing the indicated services on the basis of race, color, sex, national origin, disability, or sexual orientation.

The Farmdale Sanitation District reserves the right to reject any or all proposals that may result from this advertisement.
01/22/17