

**COMMONWEALTH OF KENTUCKY**

**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**ELECTRONIC APPLICATION OF )  
CANNONSBURG WATER DISTRICT )  
FOR AUTHORIZATION TO EXECUTE ) CASE NO. 2018-00247  
AN ASSISTANCE AGREEMENT WITH )  
THE KENTUCKY INFRASTRUCTURE )  
AUTHORITY )**

**APPLICATION**

Pursuant to KRS 278.300 and 807 KAR 5:001, Cannonsburg Water District (“Cannonsburg District”) applies to the Public Service Commission (“Commission”) for an Order authorizing Cannonsburg District to enter into an Assistance Agreement with the Kentucky Infrastructure Authority (“KIA”) to borrow an amount not to exceed \$85,000 to finance certain water distribution system improvements.

In support of its Application,<sup>1</sup> Cannonsburg District provides the following:

1. The full name and post office address of Cannonsburg District is:

Cannonsburg Water District, 1606 Cannonsburg Road, Ashland, Kentucky 41102.

Its e-mail address is: [tim@cannonsburgwater.com](mailto:tim@cannonsburgwater.com).

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<sup>1</sup> To facilitate the Public Service Commission’s initial review of this Application, Cannonsburg District has attached to this Application a “Filings Requirements List” that consists of two pages, lists each statutory and regulatory requirement for an application for authorization to issue evidence of indebtedness, and identifies the exhibit or paragraph that satisfies the requirement.

2. Copies of all orders, pleadings and other communications related to this proceeding should be directed to:

Tim Webb  
Manager  
1606 Cannonsburg Road  
Ashland, KY 41102  
(606) 928-9808  
tim@cannonsburgwater.com

Damon R. Talley  
Stoll Keenon Ogden PLLC  
P.O. Box 150  
Hodgenville, KY 42748-0150  
(270) 358-3187  
Fax: (270) 358-9560  
damon.talley@skofirm.com

Mary Ellen Wimberly  
Stoll Keenon Ogden PLLC  
300 West Vine Street, Suite 2100  
Lexington, KY 40507-1801  
(859) 231-3047  
Fax: (859) 246-3647  
maryellen.wimberly@skofirm.com<sup>2</sup>

3. Cannonsburg District is not a corporation, limited liability company or limited partnership. It has no articles of incorporation or partnership agreements.

4. Cannonsburg District is a water district created under the provisions of KRS Chapter 74.

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<sup>2</sup> On July 17, 2018 pursuant to 807 KAR 5:001, Section 8, Cannonsburg District notified the Public Service Commission of its election of the use of electronic filing procedures for this proceeding.

5. Boyd County Court created Cannonsburg District pursuant to an order entered June 10, 1966. A copy of this Order and subsequent Orders modifying Cannonsburg District's territory are attached as **Exhibit 1** of this Application.

6. As of December 31, 2017, Cannonsburg District provides retail water service to approximately 3,644 customers in Boyd and Greenup Counties, Kentucky.<sup>3</sup>

7. A description of Cannonsburg District's water system and its property, stated at original cost by accounts, is contained in *Annual Report of Cannonsburg Water District to the Public Service Commission for the Year Ending December 31, 2017* ("2017 Annual Report"), a copy of which Cannonsburg District has previously been filed with the Public Service Commission and which is incorporated by reference into this Application.

8. Cannonsburg District does not propose to issue any stock or bonds.

9. Cannonsburg District proposes to enter into an Assistance Agreement with KIA to borrow an amount not to exceed \$85,000. The proposed loan will bear interest at a rate of 1.75 percent per annum and will be payable over a period not to exceed 20 years from the date of the execution of the Assistance Agreement. The Assistance Agreement will be secured by a pledge of Cannonsburg District's

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<sup>3</sup> *Annual Report of Cannonsburg Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2017* ("2017 Annual Report") at Ref Page 27.

revenues. Additional details regarding the proposed loan are set forth in the Conditional Commitment Letter of July 2, 2018, a copy of which is attached as **Exhibit 2**. The Resolution of the KIA Board of Directors approving the proposed Assistance Agreement and the Minutes of the June 12, 2018 meeting in which the Resolution was adopted are attached as **Exhibit 3** and **Exhibit 4** to this Application.

10. The proceeds from the proposed loan will finance the construction of approximately 2,300 linear feet of six-inch polyvinyl chloride water main and the installation of a fire hydrant and six radio read meters to extend service to six households in Greenup County, Kentucky. The construction of these facilities is necessary to provide potable water to six households whose drinking water wells have been contaminated by effluent from an abandoned oil well. A copy of the newspaper article more fully describing the necessity of constructing the proposed facilities is attached as **Exhibit 5**.<sup>4</sup>

11. A copy of the plans for the facilities as submitted to the Kentucky Division of Water (“KDOW”) is attached as **Exhibit 6** respectively. A copy of the engineering calculations that demonstrate that water pressure of at least 30 pounds

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<sup>4</sup> See Glenn Puit, *Water fix in the works*, The Daily Independent (June 7, 2018), NewsBank at <https://infoweb.newsbank.com/apps/news/document-view?p=NewsBank&docref=news/16C6536C00977570>.

per square inch will be available to households receiving service through the facilities is attached as **Exhibit 7**.

12. The KDOW reviewed the plans for the proposed facilities and approved them with respect to sanitary features of design. A copy of the letter in which the KDOW stated its approval is set forth at **Exhibit 8** of this Application.

13. A copy of the budget for the construction is attached as **Exhibit 9**. All proceeds from the Assistance Agreement will be used in accordance with the Project Budget.

14. No real property will be acquired with proceeds from the Assistance Agreement.

15. No proceeds from the Assistance Agreement will be used to refund outstanding obligations.

16. A copy of Cannonsburg District's written notification to the State Local Debt Officer is attached as **Exhibit 10**.

17. For the 12-month period ending December 31, 2017, Cannonsburg District had less than \$5,000,000 in gross annual revenues.

18. Pursuant to 807 KAR 5:001, Section 18(2)(a), the following information is provided:

a. Cannonsburg District's 2017 Annual Report is incorporated by reference into this Application. Cannonsburg District also incorporates into this

Application its audited financial statements for the years ending December 31, 2017 and December 31, 2016, which have previously been filed with the Commission.

b. No material changes have occurred in Cannonsburg District's financial condition since December 31, 2017.

c. Cannonsburg District is not authorized to issue any stock.

d. There are no trust deeds or mortgages applicable.

19. Plans and a map of the proposed construction are found at **Exhibits 6 and 11** of this Application respectively.

20. A detailed estimate of the acquired property, arranged according to the Uniform System of Accounts for Class A/B Water Districts and Associations, is attached to this Application as **Exhibit 12** of this Application.

21. The proposed loan will not require Cannonsburg District to seek an adjustment of its rates for service.

22. The proposed project does not require a certificate of public convenience and necessity. KRS 278.020(1)(a)(2) exempts the proposed project from the requirement to obtain a Certificate of Public Convenience and Necessity because (a) Cannonsburg District is a Class A Water District;<sup>5</sup> (b) the Proposed

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<sup>5</sup> The Kentucky Public Service Commission's Uniform System of Accounts defines a Class A water utility as a utility "having annual water operating revenues of \$750,000 or more." Uniform System of Accounts for Class A and B Water Districts and Associations at 14 (2002).

Project is a water line improvement project that costs less than \$500,000; and (c) Cannonsburg District does not propose to increase its rates as a result of the proposed project.

23. Cannonsburg District's execution of an Assistance Agreement with KIA to borrow \$85,000 is for a lawful objective within Cannonsburg District's corporate purposes, is necessary, appropriate for, and consistent with Cannonsburg District's proper performance of its service to the public. It will not impair Cannonsburg District's ability to perform that service and is reasonably necessary and appropriate for such purpose.

**WHEREFORE**, Cannonsburg Water District requests that the Commission:

1. Place this Application at the head of the Commission's docket as KRS 278.300(2) requires;

2. Enter an Order authorizing Cannonsburg District to enter into and execute an Assistance Agreement with KIA and to borrow a sum no greater than \$85,000;

3. Enter an Order granting such Authority without holding an evidentiary hearing in this matter and within 30 days of the acceptance of this application; and

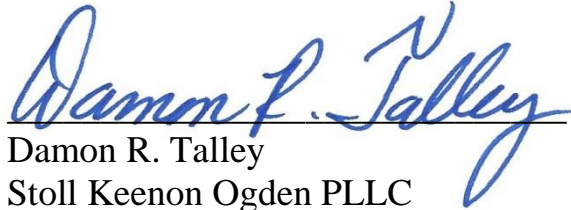
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The average of Cannonsburg District's annual operating revenues for the last three years for which an annual report has been filed with the Kentucky Public Service Commission is \$2,408,308.

4. Grant any and all such other relief to which Cannonsburg District may be entitled.

Dated: August 1, 2018

Respectfully submitted,



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maryellen.wimberly@skofirm.com


*Counsel for Cannonsburg Water District*



COMMONWEALTH OF KENTUCKY )  
 ) SS  
COUNTY OF BOYD )

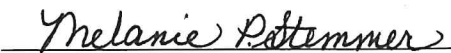
The undersigned, Robert McGuire, being duly sworn, deposes and states that he is the Chairman of Cannonsburg Water District, the Applicant in the above proceedings; that he has read this Application and has noted its contents; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this August 1, 2018.

  
\_\_\_\_\_  
Robert McGuire  
Chairman, Board of Commissioners  
Cannonsburg Water District

Subscribed and sworn to before me by Robert McGuire in his capacity as Chairman of Cannonsburg Water District on this August 1, 2018.

My Commission expires: February 9, 2020.

  
\_\_\_\_\_  
Notary Public  
Notary ID: 550225



## CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Cannonsburg Water District's electronic filing of this Application is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on August 1, 2018; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that on or before August 3, 2018 this Application in paper medium will be delivered to the Public Service Commission.

  
Damon R. Talley

**FILING REQUIREMENTS FOR AN APPLICATION FOR A  
AUTHORITY TO ISSUE SECURITIES OR EVIDENCES OF INDEBTEDNESS**

<b>Source Authority</b>	<b>Requirement</b>	<b>Location</b>
807 KAR 5:001, § 14(1)	Applicant's name, mailing address and e-mail address	Page 1 and 2, Paras 1-2
807 KAR 5:001, § 14(1)	Statutory Reference – KRS 278.300	Page 1
807 KAR 5:001, § 4(3)	Signature of Applicant's Attorney	Page 8
807 KAR 5:001, § 4(3)	Name, Address, Telephone Number, Fax Number, and e-mail address of Applicant's Attorney	Page 8
807 KAR 5:001, § 14(2)	If Applicant is corporation: State and date of incorporation, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Page 2, Para 3 <b>Not Applicable</b>
807 KAR 5:001, § 14(3)	If Applicant is a limited liability company: State and date of organization, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Page 2, Para 3 <b>Not Applicable</b>
807 KAR 5:001, § 14(4)	If the Applicant is a limited partnership: a certified copy of limited partnership agreement and all amendments or statement identifying prior Commission proceedings in which limited partnership agreement and all amendments filed	Page 2, Para 3 <b>Not Applicable</b>
KRS 278.300(2)	Application is made under oath and signed on utility's behalf by its president, or by a vice president, auditor, comptroller or other executive officer having knowledge of the matters set forth and duly designated by the utility	Page S-1
807 KAR 5:001, § 18(1)(a)	Information required by 807 KAR 5:001, § 14	See Above
807 KAR 5:001, § 18(1)(b)	Description of Applicant's property and the field of its operation	Page 3, Paras 6-7
807 KAR 5:001, § 18(1)(b)	Statement of original cost of Applicant's property and the cost to the Applicant, if different	Page 3, Para 7
807 KAR 5:001, § 18(1)(c)	Description of amount and kinds of stock to be issued	Page 3, Para 8 <b>Not Applicable</b>
807 KAR 5:001, § 18(1)(c)	Description of amount, terms and interest rate of bond or note	Pages 3 and 4, Para 9
807 KAR 5:001, § 18(1)(c)	Description of how bond or note will be secured	Page 3 and 4, Para 9
807 KAR 5:001, § 18(1)(d)	Statement of how proceeds are to be used	Page 4, Para 10; Exhibit 2
807 KAR 5:001, § 18(1)(e)	If proceeds will be used to acquire, construct, improve, or extend property: a detailed description of property and all contracts	Page 4, Para 10; Exhibit 2

<b>Source Authority</b>	<b>Requirement</b>	<b>Location</b>
807 KAR 5:001, § 18(1)(f)	Requirements if proceeds are to refund outstanding obligations	Page 5, Para 15 <b>Not Applicable</b>
807 KAR 5:001, § 18(1)(g)	Applicant's written notification to state local debt officer regarding proposed issuance	Page 5, Para 16 Exhibit 10
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(1)	Financial Exhibit	Pages 5 and 6, Para 18
807 KAR 5:001, § 18(2)(b)	Copies of trust deeds or mortgages	Page 6, Para 18(d) <b>Not Applicable</b>
807 KAR 5:001, § 18(2)(c)	If property acquired: maps and plans of property	Page 6, Para 19 Exhibits 6 and 11
807 KAR 5:001, § 18(2)(c)	If property acquired: detailed estimates by USOA account number	Page 6, Para 20 Exhibit 12

# **EXHIBITS**

## **TABLE OF EXHIBITS**

<b><u>Tab No.</u></b>	<b><u>Description</u></b>
1	Orders Establishing Cannonsburg Water District
2	Conditional Commitment Letter (July 2, 2018)
3	Resolution of Board of Directors of KIA (June 12, 2018)
4	Minutes of Kentucky Infrastructure Authority Full Board Meeting of June 12, 2018
5	Glenn Puit, <i>Water Fix in the Works</i> , The Daily Independent (June 7, 2018)
6	Plans for the Proposed Facilities
7	Engineering Calculations
8	DOW Approval Letter (May 30, 2018)
9	Project Budget
10	Notice to State Local Debt Officer
11	Map of Proposed Facilities
12	Detailed Estimate of Acquired Property, Arranged According to the USoA

# **EXHIBIT 1**

FILED

IN RE: CANNONSBURG WATER DISTRICT

JUN 14, 1966

*John L. ...*  
CLERK, BOYD COUNTY COURT  
BY *W. ...* D. C.

ORDER ESTABLISHING

A Petition having been filed seeking the creation of the Cannonsburg Water District and the same having been signed by more than seventy-five resident freeholders of the proposed district; and the allegations of the petition that the only water available for the residents within the boundary of the proposed water district as described in the petition is that which is obtained from wells, cisterns or springs and that such is inadequate for the use of said residents being undenied the same are taken as true.

It is therefore ordered that there be, and there is hereby, established "The Cannonsburg Water District" which shall encompass the land lying within the following discription, to-wit:

Beginning at the southwestern intersection of U. S. Route 60 and County Road opposite Check's Garage near Rockdale, Boyd County, Kentucky, thence south  $70^{\circ} 30'$  West 3045 feet; thence south  $35^{\circ} 00'$  west 2900 feet to a point on the east side of Stephens Hollow, thence up Stephens Hollow north  $26^{\circ} 00'$  west 1300 feet; thence south  $64^{\circ} 00'$  west 1000 feet; thence south  $26^{\circ} 00'$  east 2300 feet, thence south  $54^{\circ} 00'$  west 3810 feet to the center of East Fork approximately 900 feet downstream from the East Fork Bridge on the Meade-Springer Road; thence with the center line of East Fork downstream to the Boyd-Greenup County line, thence with the Greenup-Boyd County line southwesterly to the common corner of Boyd, Carter and Greenup Counties, thence with the Carter-Boyd County line southeasterly to the center of Williams Creek near Coalton, thence south  $70^{\circ} 00'$  east 20,150 feet to a point in old U. S. 23 south of Mavity; thence up Bear Creek south  $32^{\circ} 00'$  east 12000 feet; thence north  $31^{\circ} 00'$  east 27,700 feet to a point in Old U. S. 23 near Oakland Church on Chadwick Creek; thence north  $29^{\circ} 00'$  west 13,800

*See Book # 33  
Page # 255*



feet to a point in Catletts Creek Road near top of Bayless Hill; thence north  $64^{\circ} 00'$  west 3100 feet to a point; thence south  $38^{\circ} 00'$  west 2700 feet to a point north of Shopes Creek Road; thence north  $65^{\circ} 30'$  west 8300 feet to a point at the southwesterly intersection of old U. S. 60 and County Road near Johnson Dairy at Rockdale; thence with southerly side of County Road connecting Old U. S. Route 60 and New U. S. Route 60, 900 feet to the point of beginning.

This the <sup>10<sup>th</sup></sup> ~~3<sup>rd</sup>~~ day of June, 1966.

  
\_\_\_\_\_  
JUDGE, BOYD COUNTY COURT.

FILE

A G R E E M E N T

THIS AGREEMENT, made and entered into this the 3<sup>rd</sup> day of July, 1985, by and between the CITY OF ASHLAND, Boyd County, Kentucky, a municipal corporation of the second class under the laws of the Commonwealth of Kentucky, (hereafter "ASHLAND"), and the CANNONSBURG WATER DISTRICT, an independent water district created under the laws of the Commonwealth of Kentucky, (hereafter "CANNONSBURG"), and the BOYD COUNTY FISCAL COURT (hereafter "BOYD COUNTY"),

WITNESSETH:

WHEREAS, the residents of Johnsons Fork, Boyd County are in grave need of water service, and

WHEREAS, BOYD COUNTY has obtained a grant of \$35,000.00 sufficient to purchase necessary pipe to extend lines on Johnsons Fork, and

WHEREAS, CANNONSBURG has existing lines in the vicinity of Johnsons Fork outside its boundaries, and

WHEREAS, ASHLAND is willing to extend its lines to the mouth of Johnsons Fork and provide labor to lay the line in the ground, providing that BOYD COUNTY does the excavation and provides the materials, and CANNONSBURG sells its lines outside its boundaries to ASHLAND at cost on all elevations up to 700 feet in the vicinity,

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

1. BOYD COUNTY has obtained a grant of \$35,000.00 to purchase pipe necessary to extend water lines and serve residents on Johnson's Fork in Boyd County. Additionally, BOYD COUNTY shall furnish the machinery and labor to excavate to necessary ditch to lay the water line

and coordinate with ASHLAND for ASHLAND'S labor to lay the line. The pipe to be furnished by BOYD COUNTY shall meet ASHLAND'S specification.

2. ASHLAND agrees to lay an 8 inch line from its 55th Street intersection with Route 168 up Catletts Creek to Johnson's Fork and then loop with Cannonsburg Pike. ASHLAND shall also provide the labor to lay the line on Johnson's Fork.

3. CANNONSBURG has lines in the vicinity of Johnson's Fork outside its boundaries. CANNONSBURG shall sell all lines which ASHLAND has the ability to serve outside its boundaries up to an elevation of 700 feet. The cost shall be the actual cost which CANNONSBURG incurred in originally providing the service. CANNONSBURG shall obtain the benefit of having a loop on its connection with the ASHLAND District.

IN WITNESS WHEREOF OF WHICH, the City of Ashland, Kentucky, has caused its Corporate Name to be hereunto subscribed by its Mayor, attested by its City Clerk and its Corporate Seal to be hereunto affixed; and the Cannonsburg Water District, has caused its name to be hereunto subscribed by its CHAIRMAN, attested by its Sec/ Treas, and its Corporate Seal to be hereunto affixed; and the Boyd County Fiscal Court, has caused its name to be hereunto subscribed by its Judge Executive, attested by its CLERK, to be hereunto affixed; all in quadruplicate identical copies, on the day and year first above written.

CITY OF ASHLAND, KENTUCKY

BY L. B. K.  
Mayor

ATTEST:

Robert Johnson  
City Clerk

(SEAL)

CANNONSBURG WATER DISTRICT

BY Alvinis Dorta  
TITLE: Chairman

ATTEST:

Harland Thompson  
TITLE: Sec. Treas.

(SEAL)

BOYD COUNTY FISCAL COURT

BY Paul J. Thomas  
TITLE: BOYD COUNTY JUDGE EXEC.

ATTEST:

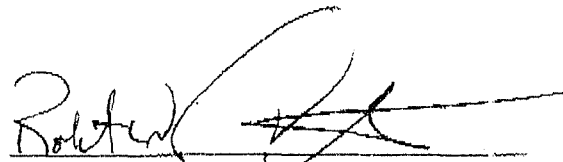
Sharon K. Reed  
TITLE: Clerk, Boyd County Judge Office

**RESOLUTION NO. 144**

A Resolution of the Greenup County Fiscal Court was adopted and approved by the Fiscal Court at its August 19, 2003, meeting, allowing the Cannonsburg Water District to extend its boundary for the purpose of installing water lines to certain areas in Greenup County.

NOW, THEREFORE, BE IT RESOLVED by the Fiscal Court of Greenup County, Kentucky, that the Cannonsburg Water District is permitted to extend its boundary up Lost Lick Road approximately one-half mile (which includes a portion of Happy Ridge), up Sand Gap Road and up Logtown Road to supply water to these areas.

This the 19<sup>th</sup> day of August, 2003.



ROBERT W. CARPENTER  
COUNTY JUDGE/EXECUTIVE  
GREENUP COUNTY, KENTUCKY

4 Yeas

0 Nays

ATTEST:

  
FISCAL COURT CLERK

# **EXHIBIT 2**



## 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

**Donna McNeil**  
Executive Director

July 2, 2018

Cannonsburg Water District  
Robert McGuire, Chairman  
1606 Cannonsburg Road  
Ashland, KY 41102

### KENTUCKY INFRASTRUCTURE AUTHORITY INFRASTRUCTURE REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (B18-011)

Dear Chairman McGuire:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On June 12, 2018, the Authority approved your loan for the Culp Creek Road Emergency Waterline Extension project subject to the conditions stated below. The total cost of the project shall not exceed \$85,000 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 Cannonsburg Water 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 July 2, 2019 (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 \$85,000.
2. The loan shall bear interest at the rate of 1.75 per annum commencing with the first draw of funds.
3. The loan shall be repaid over a period not to exceed 20 years from the date of the last draw of funds.
4. Interest shall be payable on the 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 June 1, or December 1, immediately succeeding the date of the last draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the last draw of funds, then the first principal payment date shall be the June 1, or December 1, which is at least six months from the date of the last draw of funds. Full payments will be due each six months thereafter until the loan is repaid.
6. 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.
7. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
8. The Authority requires that an annual financial audit be provided for the life of the loan.
9. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.
10. The borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

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. Upon completion of final design of the facilities in the attached project description, favorable approval shall be obtained of such design by all appropriate parties as



required by Kentucky statute or administrative regulation.

2. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state 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 state and local procurement laws.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the Attachment A description shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding, or any new funding sources not reflected in Attachment A shall be immediately reported and may cause this loan to be subject to further consideration.
4. Upon receipt of construction bids a tabulation of such bids and engineer's recommendations on compliance with bid specifications and recommendation for award, shall be forwarded to the Authority for final approval and sizing of this loan and the project.
5. 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.
6. 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.
7. 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 your consultant engineer.
8. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Authority.
9. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
10. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.

Chairman McGuire  
July 2, 2018  
Page 4

11. 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.
12. Final Design Plans in an AutoCAD Drawing File Format (DWG), referenced to the appropriate (North, South or Single) Kentucky State Plane Coordinate System (NAD83-Survey Feet) on a Compact Disc (CD). The recipient shall provide the Authority a digital copy (pdf) of the record drawings from the project within three months of construction completion.

Any special conditions listed below and/or stated in Attachment A must be resolved.

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,



Donna McNeil, Executive Director  
Kentucky Infrastructure Authority

Attachments

cc: Duane Spears, FIVCO Area Development District  
EN Engineering, David Gibson

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

7-9-18

Date

**ATTACHMENT A**

**Cannonsburg Water District  
B18-011**

<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>FUND B, INFRASTRUCTURE</b> <b>REVOLVING LOAN FUND</b>		Reviewer	Ashley Adams	
		Date	June 12, 2018	
		KIA Loan Number	B18-011	
		WRIS Number	WX21089035	
<b>BORROWER</b>	<b>CANNONSBURG WATER DISTRICT</b> <b>BOYD COUNTY</b>			
<b>BRIEF DESCRIPTION</b>				
This project will construct approximately 2,400 LF of 6 inch PVC to extend service to six households on Culp Creek Road in Greenup County. The project also includes installation of one fire hydrant, six waterline taps, and six radio read meters. The project will address a public health emergency in which an abandoned oil well is seeping out of a hillside and impacting drinking water wells for the project households.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>		<b>RD Fee %</b> <b>Actual %</b>
Fund B Loan	\$85,000	Administrative Expenses		\$1,100
		Legal Expenses		10,000
		Eng - Design / Const	15.0%	21.2%
		Construction		40,000
		Equipment		19,500
		Contingency		4,900
<b>TOTAL</b>	<b>\$85,000</b>	<b>TOTAL</b>		<b>\$85,000</b>
<b>REPAYMENT</b>	<b>Rate</b>	1.75%	<b>Est. Annual Payment</b> \$5,225	
	<b>Term</b>	20 Years	<b>1st Payment</b>	6 Mo. after first draw
<b>PROFESSIONAL SERVICES</b>	Engineer	EN Engineering		
	Bond Counsel	Dinsmore & Shohl, LLP		
<b>PROJECT SCHEDULE</b>	Bid Opening	N/A - Emergency Project		
	Construction Start	Jun-18		
	Construction Stop	Jun-18		
<b>DEBT PER CUSTOMER</b>	Existing	\$544		
	Proposed	\$552		
<b>OTHER DEBT</b>	See Attached			
<b>OTHER STATE-FUNDED PROJECTS LAST 5 YRS</b>	See Attached			
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>	
	Current	3,532	\$42.68 (for 4,000 gallons)	
	Additional	6	\$42.68 (for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.			
<b>CASHFLOW</b>	<b>Cash Flow Before Debt Service</b>	<b>Debt Service</b>	<b>Cash Flow After Debt Service</b>	<b>Coverage Ratio</b>
Audited 2014	259,904	54,541	205,363	4.8
Audited 2015	246,927	83,872	163,055	2.9
Audited 2016	235,331	78,757	156,574	3.0
Projected 2017	253,048	83,211	169,837	3.0
Projected 2018	231,224	106,299	124,925	2.2
Projected 2019	208,964	109,837	99,127	1.9
Projected 2020	186,259	111,062	75,197	1.7
Projected 2021	163,099	114,165	48,934	1.4

Reviewer: Ashley Adams  
Date: June 12, 2018  
Loan Number: B18-011

**KENTUCKY INFRASTRUCTURE AUTHORITY  
INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)  
CANNONSBURG WATER DISTRICT, BOYD COUNTY  
PROJECT REVIEW  
WX21089035**

**I. PROJECT DESCRIPTION**

The Cannonsburg Water District is requesting a Fund B loan in the amount of \$85,000 for the Culp Creek Road Emergency Waterline Extension project. This project will construct approximately 2,400 linear feet (LF) of 6 inch PVC line to extend service from Cannonsburg Water District to serve six households on Culp Creek Road in Greenup County. The project will also include installation of one fire hydrant, six waterline taps, and six radio read meters. This project is needed to address a public health emergency. On March 6, 2018 the Energy and Environment Cabinet's Environmental Response Branch was made aware of an abandoned oil well seeping out of a hillside and impacting drinking water wells in Greenup County. Kentucky Division of Water notified Cannonsburg Water District that the rupture permanently contaminated the ground water that supplies the wells the residents use as their only water source. This project is needed to supply safe, potable water to those households.

In addition to addressing a public health emergency, this project will also improve the service for twelve existing customers by adding an additional flushing point in the system. Cannonsburg Water District is currently under an agreed order with Kentucky Division of Water for disinfection byproducts and the additional flushing point will address water quality concerns in a low usage area of Cannonsburg's distribution system.

**II. PROJECT BUDGET**

Administrative Expenses	\$	1,100
Legal Expenses		10,000
Engineering Fees - Design		9,500
Construction		40,000
Equipment		19,500
Contingency		4,900
<b>Total</b>	<b>\$</b>	<b>85,000</b>

### III. PROJECT FUNDING

	Amount	%
Fund B Loan	\$ 85,000	100%
<b>Total</b>	<b>\$ 85,000</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Amortized Loan Amount	\$ 85,000
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 5,055
Administrative Fee (0.20%)	170
<b>Total Estimated Annual Debt Service</b>	<b>\$ 5,225</b>

### V. PROJECT SCHEDULE

Construction Start	June 2018
Construction Stop	June 2018

### VI. RATE STRUCTURE

#### A. Customers

Customers	Current	Proposed	Total
Residential	3,241	6	3,247
Commercial	288		288
Industrial	3		3
<b>Total</b>	<b>3,532</b>	<b>6</b>	<b>3,538</b>

#### B. Rates

	Current	Prior
Date of Last Rate Increase	01/01/17	07/08/15
Minimum (2,000 gallons)	\$ 24.34	\$ 24.00
Next 3,000 Gallons	9.17	9.00
Next 15,000 Gallons	8.42	8.25
<b>Cost for 4,000 gallons</b>	<b>\$ 42.68</b>	<b>\$ 42.00</b>
Increase %	1.6%	
Affordability Index (Rate/MHI)	1.0%	

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2012-2016, the Utility's service area population was 8,953 with a Median Household Income (MHI) of \$52,920. The median household income for the Commonwealth is \$43,740. The project will qualify for a 1.75% interest rate because the District has an Agreed Order against the system and the project will help to address it.

Year	Population		County Unemployment	
	County	% Change	Date	Rate
1980	55,513		June 2005	5.4%
1990	51,150	-7.9%	June 2010	14.4%
2000	49,752	-2.7%	June 2015	5.8%
2010	49,542	-0.4%	June 2017	5.1%
Current	48,716	-1.7%		
Cumulative %		-12.2%		

## VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended December 31, 2014 through December 31, 2016. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2015 and 2016 operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented

### HISTORY

Revenues decreased 2% from \$2.6 million to \$2.5 million from 2014 to 2016. Operating expenses decreased 1.5% from \$2.3 million to \$2.27 million during the same time period. The debt coverage ratio was 4.8, 2.9, and 3.0 from 2014-2016.

The 2016 balance sheet reflects a current ratio of 3.0, a debt to equity ratio of 0.7, and 40.6 days sales in accounts receivable.

### PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues increased 1.6% in 2017 based on a prior rate increase and will then remain flat.
- 2) Expenses will increase 2% yearly for inflation.
- 3) Debt service coverage is 1.9 in 2019 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund B loan.

REPLACEMENT RESERVE

There will be no replacement reserve requirement for this loan. The District maintains a depreciation reserve fund that held \$16,867 as of December 31, 2016.

**IX. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
KRWFC	\$ 255,000	2025
USDA	1,668,000	2055
<b>Total</b>	<b>\$ 1,923,000</b>	

**X. CONTACTS**

<b>Legal Applicant</b>	
Entity Name	Cannonsburg Water District
Authorized Official	Robert McGuire (Chairman)
County	Boyd
Email	tim@cannonsburg.com
Phone	606-928-9808
Address	1606 Cannonsburg Road Ashland, KY 41102

<b>Applicant Contact</b>	
Name	Tim Webb
Organization	Cannonsburg Water District
Email	tim@cannonsburgwater.com
Phone	606-232-6054
Address	1606 Cannonsburg Road Ashland, KY 41102



**Project Administrator**

Name	Duane Spears
Organization	FIVCO Area Development District
Email	duane@fivco.org
Phone	606-929-1366
Address	32 FIVCO Court Grayson, KY 41143

**Consulting Engineer**

PE Name	David Gibson
Firm Name	EN Engineering
Email	dgibson@enengineering.com
Phone	606-653-1400
Address	8308 Lake Bonita Rd #300 Catlettsburg, KY 41129

**XI. RECOMMENDATIONS**

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

CANNONSBURG WATER DISTRICT  
FINANCIAL SUMMARY (DECEMBER YEAR END)

	Audited 2014	Audited 2015	Audited 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected 2021
<b>Balance Sheet</b>								
<b>Assets</b>								
Current Assets	729,342	699,880	787,144	825,483	850,466	870,294	885,333	895,120
Other Assets	4,053,971	5,470,803	6,310,003	6,082,967	6,114,524	6,038,317	5,942,967	5,826,606
<b>Total</b>	<b>4,783,313</b>	<b>6,170,683</b>	<b>7,097,147</b>	<b>6,908,450</b>	<b>6,964,992</b>	<b>6,908,611</b>	<b>6,828,300</b>	<b>6,721,726</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	322,431	297,786	266,716	295,191	300,791	307,491	317,291	327,191
Long Term Liabilities	271,000	2,103,251	2,765,552	2,725,552	2,769,552	2,726,552	2,678,552	2,625,552
<b>Total Liabilities</b>	<b>593,431</b>	<b>2,401,037</b>	<b>3,032,268</b>	<b>3,020,743</b>	<b>3,070,343</b>	<b>3,034,043</b>	<b>2,995,843</b>	<b>2,952,743</b>
<b>Net Assets</b>	<b>4,189,882</b>	<b>3,769,646</b>	<b>4,064,879</b>	<b>3,887,707</b>	<b>3,894,649</b>	<b>3,874,568</b>	<b>3,832,457</b>	<b>3,768,983</b>
<b>Cash Flow</b>								
Revenues	2,565,796	2,525,413	2,508,250	2,547,363	2,547,363	2,547,363	2,547,363	2,547,363
Operating Expenses	2,309,795	2,281,319	2,275,941	2,297,337	2,319,161	2,341,421	2,364,126	2,387,286
Other Income	3,903	2,833	3,022	3,022	3,022	3,022	3,022	3,022
<b>Cash Flow Before Debt Service</b>	<b>259,904</b>	<b>246,927</b>	<b>235,331</b>	<b>253,048</b>	<b>231,224</b>	<b>208,964</b>	<b>186,259</b>	<b>163,099</b>
<b>Debt Service</b>								
Existing Debt Service	54,541	83,872	78,757	83,211	106,299	104,612	105,837	108,940
Proposed KIA Loan	0	0	0	0	0	5,225	5,225	5,225
<b>Total Debt Service</b>	<b>54,541</b>	<b>83,872</b>	<b>78,757</b>	<b>83,211</b>	<b>106,299</b>	<b>109,837</b>	<b>111,062</b>	<b>114,165</b>
<b>Cash Flow After Debt Service</b>	<b>205,363</b>	<b>163,055</b>	<b>156,574</b>	<b>169,837</b>	<b>124,925</b>	<b>99,127</b>	<b>75,197</b>	<b>48,934</b>
<b>Ratios</b>								
Current Ratio	2.3	2.4	3.0	2.8	2.8	2.8	2.8	2.7
Debt to Equity	0.1	0.6	0.7	0.8	0.8	0.8	0.8	0.8
Days Sales in Accounts Receivable	37.2	41.7	40.6	40.6	40.6	40.6	40.6	40.6
Months Operating Expenses in Unrestricted Cash	1.9	1.8	2.0	2.2	2.3	2.4	2.4	2.5
Debt Coverage Ratio	4.8	2.9	3.0	3.0	2.2	1.9	1.7	1.4

# **EXHIBIT 3**

**A RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B18-011) FOR AN AMOUNT UP TO \$85,000 TO CANNONBURG WATER DISTRICT, BOYD COUNTY, KENTUCKY**

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

**WHEREAS**, pursuant to the Act, the Authority is duly and legally authorized to make loans to Governmental Agencies for the purpose of providing funds for the construction and acquisition of sanitary sewer facilities, water facilities or other types of infrastructure, and in that regard, to enter into Assistance Agreements with such Governmental Agencies governing the provisions in respect of which such loans are to be made, the amounts thereof and the repayment provisions in respect thereto; and

**WHEREAS**, the Authority anticipates entering into an Assistance Agreement for a loan from the Authority's Infrastructure Revolving Loan Program with the Cannonsburg Water District, subject to final determination of amount when the factors involving such financing have been determined; and

**WHEREAS**, the Authority intends to utilize money in the Infrastructure Revolving Fund to make the loan to the governmental agency for the aforementioned purposes; and

**WHEREAS**, the Authority wishes to establish terms and conditions on said Infrastructure Revolving Fund loans.

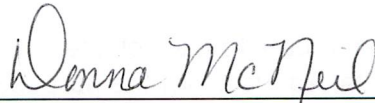
**NOW, THEREFORE, THE KENTUCKY INFRASTRUCTURE AUTHORITY, ACTING BY AND THROUGH ITS BOARD OF DIRECTORS AS ITS DULY AUTHORIZED AND EMPOWERED GOVERNING BODY, DOES HEREBY RESOLVE AND ORDER, AS FOLLOWS:**

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

Section 2. The Authority hereby authorizes the issuance of a conditional Infrastructure Revolving Fund loan commitment for an amount up to \$85,000 of project expense, to the Cannonsburg Water District for the Emergency Waterline Extension project. Such amounts are subject to adjustment by further action of the Authority or may be adjusted by action of the Executive Director based on adjustment in project costs of not more than (10%) ten percent of the loan amount authorized by this resolution. Upon satisfaction of all conditions of the commitment, execution of an assistance agreement for this loan is authorized.

Section 3. The loan shall be repayable over 20 years at an annual interest rate of 1.75%. In addition to debt service, a 0.2% annual administration fee on the unpaid, principal balance will be charged. These terms are subject to adjustment upon execution of the loan agreement, upon changes in the project conditions or determination that the project will require authority financing to be done on a taxable basis.

Section 4. This Resolution and Order shall be in full force and effect from and after its adoption at a properly held meeting of the Kentucky Infrastructure Authority this 12<sup>th</sup> day of June, 2018.




\_\_\_\_\_  
DONNA MCNEIL, EXECUTIVE DIRECTOR  
KENTUCKY INFRASTRUCTURE AUTHORITY

ATTEST:



\_\_\_\_\_  
MARGARET F. LINK, SECRETARY  
KENTUCKY INFRASTRUCTURE AUTHORITY

REVIEWED BY:



\_\_\_\_\_  
GREG B. LADD, GENERAL COUNSEL  
DEPARTMENT FOR LOCAL GOVERNMENT

# **EXHIBIT 4**

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

**Meeting Date/Location: June 12, 2018– 1:00 p.m.**  
**Kentucky Infrastructure Authority**  
**1024 Capital Center Drive, Suite 340, Frankfort**

**Members present:**

Commissioner Sandra Dunahoo, Department for Local Government  
Ms. Linda C. Bridwell, representing for-profit private water companies  
Ms. Melinda Hill, (proxy for Secretary William Landrum), Finance and Administration Cabinet  
Mr. John Lyons, (proxy for Gwen Pinson, Executive Director), Public Service Commission  
Mr. Bruce Scott, (proxy for Secretary Charles Snaveley), Energy and Environment Cabinet  
Mr. Jerry Martin, (proxy for Secretary Terry Gill), Cabinet for Economic Development  
Mr. Paul Lashbrooke, representing the Kentucky Rural Water Association  
Mr. David A. Voegelé, representing Kentucky Association of Counties

**Members absent:**

Mr. Robert A. Amato, representing Kentucky Municipal Utilities Association  
Mr. Claude Christensen, representing Kentucky League of Cities  
Mr. C. Ronald Lovan, representing the American Water Works Association

**DLG Staff:**

Ms. Kirsten Delamarter, Communications Specialist  
Mr. Ryan Helfenbein, Public Information Officer  
Mr. Darren Sammons, Staff Attorney

**KIA Staff:**

Ms. Donna McNeil, Executive Director  
Mr. Jeff Abshire, Fiscal Officer and KIA Treasurer  
Ms. Ashley Adams, Financial Analyst  
Mr. Kelly Cunnagin, Executive Staff Advisor  
Mr. Dustin Horn, WRIS Geoprocessing Specialist  
Ms. Meg Link, Administrative Specialist III and KIA Secretary  
Ms. Debbie Landrum, Financial Analyst  
Mr. James Nelson, Accountant  
Ms. Melissa Rife, Financial Analyst  
Ms. Meili Sun, Financial Analyst  
Ms. Amanda Yeary, SRF Contractor

**Guests:**

Mr. Brad Alley, Green River Area Development District  
Mr. Jory Becker, Division of Water  
Ms. Bethany Couch, Office of Financial Management

Mr. Charles Ledford, City of Marion  
Mr. Deron Byrne, Monarch Engineering  
Mr. Jimmy Mudd, Marion County Water District  
Mr. Cody Noffsinger, Hopkinsville Electric System  
Mr. Sean O'Bryan, Regional Water Resource Agency  
Mr. Alan Robinson, Eclipse Engineers  
Mr. Joe Scheppers, Regional Water Resource Agency  
Mr. Richard Shaw, Hopkinsville Electric System  
Mr. Tim Webb, Cannonsburg Water District

## **PROCEEDINGS**

Commissioner Dunahoo called the meeting of the Kentucky Infrastructure Authority (KIA) Board to order.

Mr. Darren Sammons, DLG General Counsel, was asked to confirm the press notification and the presence of a quorum. Guests were asked to introduce themselves.

### **I. BUSINESS (Board Action Required)**

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

**For: KIA Regular Board Meeting of May 8, 2018**

*Ms. Linda Bridwell moved to approve the minutes of the May 8, 2018, regular board meeting. Mr. Bruce Scott seconded, and the motion carried unanimously.*

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

### **1. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND LOAN (A18-003) FOR AN AMOUNT UP TO \$4,801,590 TO THE CITY OF MARION, CRITTENDEN COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Meili Sun, KIA, addressed the group to present information on the City of Marion's request for \$4,801,590 in loan funding to construct a new 1.5 million gallon per day (MGD) Continuously Sequencing Reactor (CSR) wastewater treatment plant and collection system rehabilitation. The new treatment facility will be located approximately half a mile from the existing treatment plant and will also include a new administration building and maintenance garage. The existing 0.66 MGD treatment facility was constructed in the 1970s and can no longer handle wet weather flows during moderate to heavy rains. The City considered alternatives for reducing flow and optimizing treatment as part of the Facility Plan, under review by the KY Division of Water, and has selected this project as the best alternative. The collection work will consist of the rehabilitation of approximately 43,336 linear feet of existing gravity sewer to reduce and eliminate inflow and infiltration.



The City is currently under an Agreed Order with the KY Division of Water, mandating the completion of a Facility Plan and proper operation and maintenance of the wastewater treatment facilities and collection system. This project will partially satisfy requirements of this order.

KIA has established a multi-year funding strategy with the City to provide incremental funding through 2021. The City obtained a KIA planning and design loan in the amount of \$587,200 in 2016, to complete the Facility Plan and subsequent design on the treatment plant, and received priority funding for the construction loan. The loan outlay is as follow:

<b>FY 2016</b>	<b>\$587,200</b>	<b>Planning &amp; Design</b>
<b>FY 2018</b>	<b>\$4,801,590</b>	<b>Construction</b>
<b>FY 2020</b>	<b>\$4,455,000</b>	<b>Construction</b>
<b>FY 2021</b>	<b>\$2,562,000</b>	<b>Construction</b>

***Ms. Linda Bridwell moved to approve the Fund A Loan, (A18-003) for an amount up to \$4,801,590 to the City of Marion with the standard conditions. Ms. Melinda Hill seconded and the motion was unanimously approved.***

**2. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR A FEDERALLY ASSISTED CLEAN WATER REVOLVING FUND A LOAN (A18-007) FOR AN AMOUNT UP TO \$2,047,000 TO THE REGIONAL WATER RESOURCE AGENCY, DAVIESS COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Melissa Rife, KIA, discussed the Regional Water Resource Agency’s (RWRA) request Fund A loan in an Amount up to \$2,047,000 for the Cedar Hills Subdivision Sewer Extension project.

This project involves the extension of sewer service to the Cedar Hills neighborhood in eastern Daviess County via gravity sewers extending from the existing Countryside Pump Station. The sewer extension will require a combination of gravity sewers varying in size up to 15’, a pump station, and a force main. This project will eliminate one failing package plant that presently serves 122 households and one church. As proposed, these 122 homes and church will be connected into the Regional Water Resource Agency sewer system.

In addition, this project also involves the rehabilitation of the existing collection system within the Cedar Hills neighborhood. The level of decline of the package plant and collection system has accelerated in recent years, necessitating the development of an alternative to the existing package plant and substantial rehabilitation efforts (manhole rehabilitation, manholes adjusted to grade, main repairs, lateral repairs and pipe lining.

***Ms. Linda Bridwell moved to approve the Fund A Loan, (A18-007) up to the amount of \$2,047,000 to the Regional Water Resource Agency with the standard conditions. Mr. Bruce Scott seconded and the motion was unanimously approved.***

**3. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B18-010) FOR AN AMOUNT UP TO \$950,000 TO THE MARION COUNTY WATER DISTRICT, MARION COUNTY, KENTUCKY**

Mr. Jory Becker, DOW, and Ms. Meili Sun, KIA, discussed with the group the Marion County Water District's request for a loan in an amount up to \$950,000 to replace approximately 5 miles of 3 and 4 inch waterline along McElroy Pike and Hwy 289 with 4 inch PVC. The existing PVC waterline was installed in the 1970s and has a history of leaks, splits, and breaks, most likely due to improper installation. The proposed project will directly improve water quality and reliability within the distribution system.

The Marion County Water District purchases water primarily from the Lebanon Water Works. The water purchase and retail rates are regulated by the Kentucky Public Service Commission.

*Mr. John Lyons abstained from voting. Ms. Linda Bridwell moved to approve the Fund B Loan, (B18-010) up to the amount of \$950,000 to the Marion County Water District with the standard conditions and Ms. Melinda Hilll seconded and the motion was unanimously approved.*

**4. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B18-011) FOR AN AMOUNT UP TO \$85,000 TO CANNONSBURG WATER DISTRICT, BOYD COUNTY, KENTUCKY**

Ms. Ashley Adams, KIA, discussed the Cannonsburg Water District's request for a Fund B loan in the amount of \$85,000 for the Culp Creek Road Emergency Waterline Extension project. This project will construct approximately 2,400 linear feet (LF) of 6 inch PVC line to extend service from Cannonsburg Water District to serve six households on Culp Creek Road in Greenup County. The project will also include installation of one fire hydrant, six waterline taps, and six radio read meters. This project is needed to address a public health emergency. On March 6, 2018 the Energy and Environment Cabinet's Environmental Response Branch was made aware of an abandoned oil well seeping out of a hillside and impacting drinking water wells in Greenup County. Kentucky Division of Water notified Cannonsburg Water District that the rupture permanently contaminated the ground water that supplies the wells the residents use as their only water source. This project is needed to supply safe, potable water to those households.

In addition to addressing a public health emergency, this project will also improve the service for twelve existing customers by adding an additional flushing point in the system. Cannonsburg Water District is currently under an agreed order with Kentucky Division of Water for disinfection byproducts and the additional flushing point will address water quality concerns in a low usage area of Cannonsburg's distribution system.

*Mr. John Lyons abstained from voting. Ms. Linda Bridwell made the motion to approve a Fund B (B18-011) loan in an amount up to \$85,000 with the standard conditions. Mr. Jerry Martin seconded and the motion was unanimously approved.*

Chair Dunahoo advised the board that two projects for City of Hopkinsville Electric Board would be taken under consideration together, a Fund B (B18-009) for an amount up to \$2,500,000 and Fund C (C18-008) in an amount up to \$1,800,000.

**5. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (B18-009) FOR AN AMOUNT UP TO \$2,500,000 TO THE ELECTRIC PLANT BOARD OF THE CITY OF HOPKINSVILLE, CHRISTIAN COUNTY, KENTUCKY**

**RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (C18-008) FOR AN AMOUNT UP TO \$1,800,000 TO THE ELECTRIC PLANT BOARD OF THE CITY OF HOPKINSVILLE, CHRISTIAN COUNTY, KENTUCKY**

Mr. Jeff Abhire, KIA discussed the Hopkinsville Electric System (HES) Telecom Division's request for a Fund B loan of \$2.5 million and a Fund C loan of \$1.8 million for a of \$4.3 million for Phase 2 of the Fiber to Home project. This project will install fifty miles of aerial and fifteen miles of underground fiber to provide high speed internet with gigabit speed capability and voice services to 3,600 homes within the Hopkinsville city limits. The Division has about 3,500 customers with the expectation of adding an additional 900 as a result of this project.

Existing right of ways and utility easements will be used for installation which will significantly reduce the cost and time required to execute the project. Two additional phases with an estimated cost of \$8 - \$10 million are anticipated with Phase 3 beginning in 2020. Timing will ultimately depend on HES' success with Phase 2 as Phases 3 and 4 will be funded from free cash flow.

Phase 1 began in 2007 when HES needed more internet capacity and better pricing than was available from the larger providers. HES determined the best way to lower bandwidth cost and guarantee availability was to build fiber to a Tier 1 provider. Nashville and Bowling Green were evaluated with Bowling Green being selected for the \$3.0 million KIA funded (B07-06) project. The project benefitted both cities as well as other areas along the route as it permits HES to provide internet service to Clifty, Elkton and Russellville. HES also provides connections for other businesses including MuniNet.

HES has about a 30% market share with two primary national competitors who use a mix of copper, coax (Cable TV line) and limited fiber. The primary residential connections are copper and coax. Phase 2 is an underserved area with the expectation that HES will take share as a result of fiber availability. Limitations in competitors' service capacity and customer service will be contributing factors to share increase also. Pricing capacity is sensitive to competition and customers' willingness to pay for premium services.

There are not currently any technologies on the horizon that are being promoted as a replacement or close competitor for fiber connectivity and wireless networks have limitations and require more hands on management than fiber. Areas are deemed 76 covered by wireless (cellular) service when in reality the service is not capable of supporting video streaming or gaming for one or more devices in a home. Today's home

may have ten or more devices connected to the internet including multiple gaming systems, TV's streaming video, tablets, smart phones and an increasing number of smart home devices.

HES is a member of MuniNet Fiber Agency who is also a KIA borrower. The ability to reach Tier 1 internet providers in Nashville and Bowling Green via MuniNet significantly reduced HES' cost of backbone internet connectivity. Each member is able to avoid costly local loop charges from larger national providers for delivering services directly to members. By combining member bandwidth purchases MuniNet is able to buy at 'bulk' pricing. Another benefit that is rarely mentioned is access to a Netflix caching server directly on MuniNet's network. The caching server reduces the amount of traffic going to Netflix and reduces congestion on HES internet connections.

Mr. Bruce Scott inquired about the 900 additional residential customers noted on the credit analysis, the assumption is they will all sign up for service. Mr. Abshire answered that the area that will be served is about 3,600 homes and 900 would amount to 25% of expected participation, which would amount to significant additional revenue.

Commissioner Dunahoo asked representatives from HES if they are receiving many calls for service. Mr. Richard Shaw, Telecom Manager, said they receive calls daily. HES serves the City of Hopkinsville, as well as some residents in the county and areas of Todd and Trigg County as well.

Judge Voegele asked if there was any connection with KentuckyWired. Mr. Shaw stated no, not at this time, but possibly in the future. They have looked at ways to work with the group.

***Ms. Linda Bridwell made the motion to approve a Fund B (B18-009) loan in an amount up to \$2,500,000 and a Fund C (C18-008) in an amount up to \$1,800,000 to the Electric Plant Board of the City of Hopkinsville with the standard conditions. Mr. Jerry Martin seconded and the motion was unanimously approved.***

**6. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING ISSUANCE OF A CONDITIONAL COMMITMENT FOR AN INFRASTRUCTURE REVOLVING FUND LOAN (C12-01) INCREASE FOR AN AMOUNT UP TO \$514,000 TO MUNINET FIBER AGENCY, MCCRACKEN COUNTY, KENTUCKY**

Mr. Jeff Abshire discussed the MuniNet Fiber Agency's request for an increase of \$514,000 to a previously approved Fund C loan in the amount of \$3,173,049 for the fiber optic cable build project #2. The project was originally planned to be an aerial construction. However, the cost of the pole setups was significantly less at the time the project was planned resulting in a decision to change to buried fiber construction which is more expensive than aerial.

The original project scope was for the construction and acquisition of 144 count fiber that will extend from Paducah to the TVA Paradise Fossil Plant. It will also include the acquisition of Indefeasible Rights to Use (IRUs) from member utilities which include Hopkinsville, Glasgow, Russellville and Princeton to connect and expand their networks. In exchange for the fiber to TVA plants, TVA will provide MuniNet fiber from the plant to Nashville, Tennessee and from Hopkinsville to Bowling Green. This will allow MuniNet to

connect to Level 3 and get access to internet bandwidth at a much lower cost than they are currently paying (from \$35/megabyte to \$1.85/megabyte). The fiber will connect local hospitals, health care providers, emergency services, libraries, and local government agencies allowing them to perform functions not currently possible. In addition, it will be open access and available to anyone.

The original project reflected significantly more customers and revenue than are projected today. The ability to reach Tier 1 internet providers in Nashville and Bowling Green via MuniNet significantly reduced members' cost of backbone internet connectivity which enabled them to avoid costly local loop charges from larger national providers. By combining member bandwidth purchases MuniNet is able to buy at 'bulk' pricing. Another benefit that is rarely mentioned is access to a Netflix caching server directly on MuniNet's network. The caching server reduces the amount of traffic going to Netflix and reduces congestion on members' internet connections.

MuniNet Fiber Agency was formed as a joint agency pursuant to Section 65.210 to 65.300 of the Kentucky Revised Statutes, as amended, known as the Interlocal Cooperation Act. An Interlocal Agreement dated October 25, 2010 was executed 88 between the Electric Plant Board of the City of Paducah and Electric Plant Board of the City of Murray to form the agency. MuniNet is governed by a Board of Directors composed of two Directors designated by each member of the Agency (one designee must be the Chief Executive Officer). Current members are Murray Electric System, Mayfield Electric and Water System, Paducah Power System, Princeton Electric Plant Board, Hopkinsville Electric System, Russellville Electric Plant Board, and Glasgow Electric Plant Board.

Ms. Melinda Hill asked what the risk to the members would be if they cannot make their payments should there be a cash flow shortfall, as noted in the credit analysis. Mr. Abshire said they are legally obligated to make the payment. At the present time, KIA does not see anything of concern.

Ms. Hill also asked why the debt coverage ratio is a 1.0, when there is a 1.1 requirement. Mr. Abshire noted that when the original loan was obtained in 2012 that the requirement at that time was a 1.0 debt coverage ratio. The 1.1 ratio was put in place a couple of years ago for new projects. This was grandfathered in under the 2012 requirements.

***Ms. Linda Bridwell made the motion to approve an increase in Fund C (C12-001) loan in an amount up to \$514,000 with the standard conditions. Mr. Jerry Martin seconded and the motion was unanimously approved.***

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

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

**AGENCIES**

<b>APPLICANT</b>	<b>FUND</b>	<b>AMOUNT UP TO</b>
City of Marion	A18-003	\$4,801,590
Regional Water Resource Agency	A18-007	\$2,047,000
Hopkinsville Electric System	B18-009	\$2,500,000
Marion County Water District	B18-010	\$ 950,000
Cannonsburg Water District	B18-011	\$ 85,000
Hopkinsville Electric System	B18-009	\$2,500,000
Hopkinsville Electric System	C18-008	\$1,800,000
MuniNet Fiber Agency (Increase)	C12-001	\$ 514,000
Monroe County Water District (Director Level Increase)	F15-002	\$ 111,347

*Ms. Linda Bridwell moved to approve the reimbursement resolution. Mr. Paul Lashbrooke seconded and the motion carried unanimously.*

- RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2018 CAPITALIZATION GRANT FOR THE DRINKING WATER REVOLVING FUND**

*Ms. Linda Bridwell moved to approve the filing of the 2018 Capitalization Grant for the Drinking Water Revolving Fund. Mr. David Voegel seconded and the motion carried unanimously.*

- RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY AUTHORIZING APPROVAL FOR THE FILING OF AN APPLICATION WITH THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY FOR THE FEDERAL FISCAL YEAR 2018 CAPITALIZATION GRANT FOR THE WASTEWATER REVOLVING FUND**

*Ms. Linda Bridwell moved to approve the filing of the 2018 Capitalization Grant for the Wastewater Revolving Fund. Ms. Melinda Hill seconded and the motion carried unanimously.*

Commissioner Dunahoo noted that agenda items 10-13 regarding the July 1, 2018 through June 30, 2019 interest rates would be taken into consideration together for approval.

- RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND A INTEREST RATES FOR THE PERIOD JULY 1, 2018 THROUGH JUNE 30, 2019**

Mr. Jeff Abshire, KIA, discussed the interest rate for all Kentucky Infrastructure Authority Fund A loans approved by the Authority during the period July 1, 2018 through June 30, 2019, shall be as follows:

One standard interest rate and two nonstandard interest rates will be offered to borrowers. The standard rate shall be 3.0% and the nonstandard rates shall be 2.0% and 0.50%

based on the income parameters defined in the 2019 Clean Water State Revolving Fund Intended Use Plan.

The Kentucky Infrastructure Authority may on a case by case basis direct staff to establish an interest rate on the Fund A loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority in cases where Fund C, Governmental Agencies Program, funding is provided as supplemental funding to the Fund A loan.

**11. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND F INTEREST RATES FOR THE PERIOD JULY 1, 2018 THROUGH JUNE 30, 2019**

Mr. Jeff Abshire, KIA, discussed the interest rate for all Kentucky Infrastructure Authority Fund F loans approved by the Authority during the period July 1, 2018 through June 30, 2019, shall be as follows:

One standard interest rate and two nonstandard interest rates will be offered to borrowers. The standard rate shall be 3.00% and the nonstandard rates shall be 2.00% and 0.50% based on the income parameters defined in the 2019 Drinking Water State Revolving Fund Intended Use Plan.

The Kentucky Infrastructure Authority may on a case by case basis direct staff to establish an interest rate on the Fund F loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority in cases where Fund C, Governmental Agencies Program, funding is provided as supplemental funding to the Fund F loan.

**12. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND B INTEREST RATES FOR THE PERIOD JULY 1, 2018 THROUGH JUNE 30, 2019**

Mr. Jeff Abshire, KIA, discussed the interest rate for all Kentucky Infrastructure Authority Fund B loans approved by the Authority during the period July 1, 2018 through June 30, 2019, shall be as follows:

One standard interest rate and two nonstandard interest rates will be offered to borrowers. The standard rate shall be 3.00% and the nonstandard rates shall be 2.00% and 0.50% based on the income parameters defined in the 2019 Clean Water and Drinking Water State Revolving Fund Intended Use Plans.

The Kentucky Infrastructure Authority may on a case by case basis direct staff to establish an interest rate on the Fund B loan that would in effect create an effective interest rate equal to the appropriate standard rate or the nonstandard rate for the entire funding provided by the Authority in cases where Fund C, Governmental Agencies Program, funding is provided as supplemental funding to the Fund B loan.

**13. RESOLUTION AND ORDER OF THE BOARD OF DIRECTORS OF THE KENTUCKY INFRASTRUCTURE AUTHORITY ESTABLISHING FUND C INTEREST RATES FOR THE PERIOD JULY 1, 2018 THROUGH JUNE 30, 2019**

Mr. Jeff Abshire, KIA, discussed the interest rate for all Kentucky Infrastructure Authority Fund C loans approved by the Authority during the period July 1, 2018 through June 30, 2019, shall be as follows:

**Term Rate**

1 - 5 Years	2.50%
6 - 10 Years	2.75%
11 - 20 Years	3.00%

***Ms. Linda Bridwell made the motion to approve the interest rates as presented for Fund A, F, B, and C for the period of July 1, 2018 through June 30, 2019. Ms. Melinda Hill seconded and the motion unanimously carried.***

**II. EXECUTIVE DIRECTOR'S REPORT**

Director McNeil noted the reimbursement resolution included an increase for the Monroe County Water District, in the amount of \$111,347, which is under 10% of the total loan amount of \$15,675,679, which the Executive Director can approve without Board approval. The reason the District needed the increase was the Division of Water placed them under an Agreed Order for redundancy for treatment of raw water from the Cumberland River. This change order has been approved by the Division of Water and based on their financial analysis, KIA approved the increase.

On June 6<sup>th</sup>, KIA had a public hearing for the 2019 Intended Use Plan (IUP) for the Clean Water and Drinking Water SRF plan. Four people were in attendance. The public comment period ends on June 15<sup>th</sup>. KIA anticipates funding at least 50 projects for these two programs.

The Second Annual H2O Awards application submission deadline is Friday, June 15<sup>th</sup>. Some projects have been submitted for consideration and we expect more before the deadline. We hope to take some of the submissions to EPA for consideration of their Pisces Award in Region IV. If so, they could be considered for a national award.

**ANNOUNCEMENTS/NOTIFICATIONS**

Commissioner Dunahoo invited member of the Board to the 43<sup>rd</sup> Governor's Local Issues Conference in Louisville on August 14-16<sup>th</sup>. She noted if anyone would be interested in serving as a presenter in a session to please let her know.

- Next scheduled KIA board meeting:  
Tuesday, July 10, 2018, 1:00 p.m.  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky

***There being no further business, Ms. Paul Lashbrooke moved to adjourn. Ms. Linda Bridwell seconded and the motion carried unanimously. The June 12, 2018 meeting of the Board of the Kentucky Infrastructure Authority was adjourned.***



Submitted by:

Margaret F Link  
Margaret F Link, Acting Secretary  
Kentucky Infrastructure Authority

June 21, 2018  
Date

# **EXHIBIT 5**

## Water fix in the works - Daily Independent, The (Ashland, KY) - June 7, 2018

June 7, 2018 | Daily Independent, The (Ashland, KY) | Glenn Puit Editor

The **Cannonsburg Water District** is working to help six families get clean drinking water after their water wells were contaminated by old, abandoned oil wells.

The six residences are located on Culp Creek Road. The residences are in an area which can be accessed through either the EastPark Industrial Center or from Route 503. Tim Webb, district manager of the **Cannonsburg Water District**, said the families in the six residences no longer have clean drinking water.

"They actually had oil coming through their spigots," he said.

Greenup County Fiscal Court Judge Executive Bobby Carpenter said the county recently declared a water emergency. This in turn will allow the **Cannonsburg Water District** to pursue a low-interest loan to help the families.

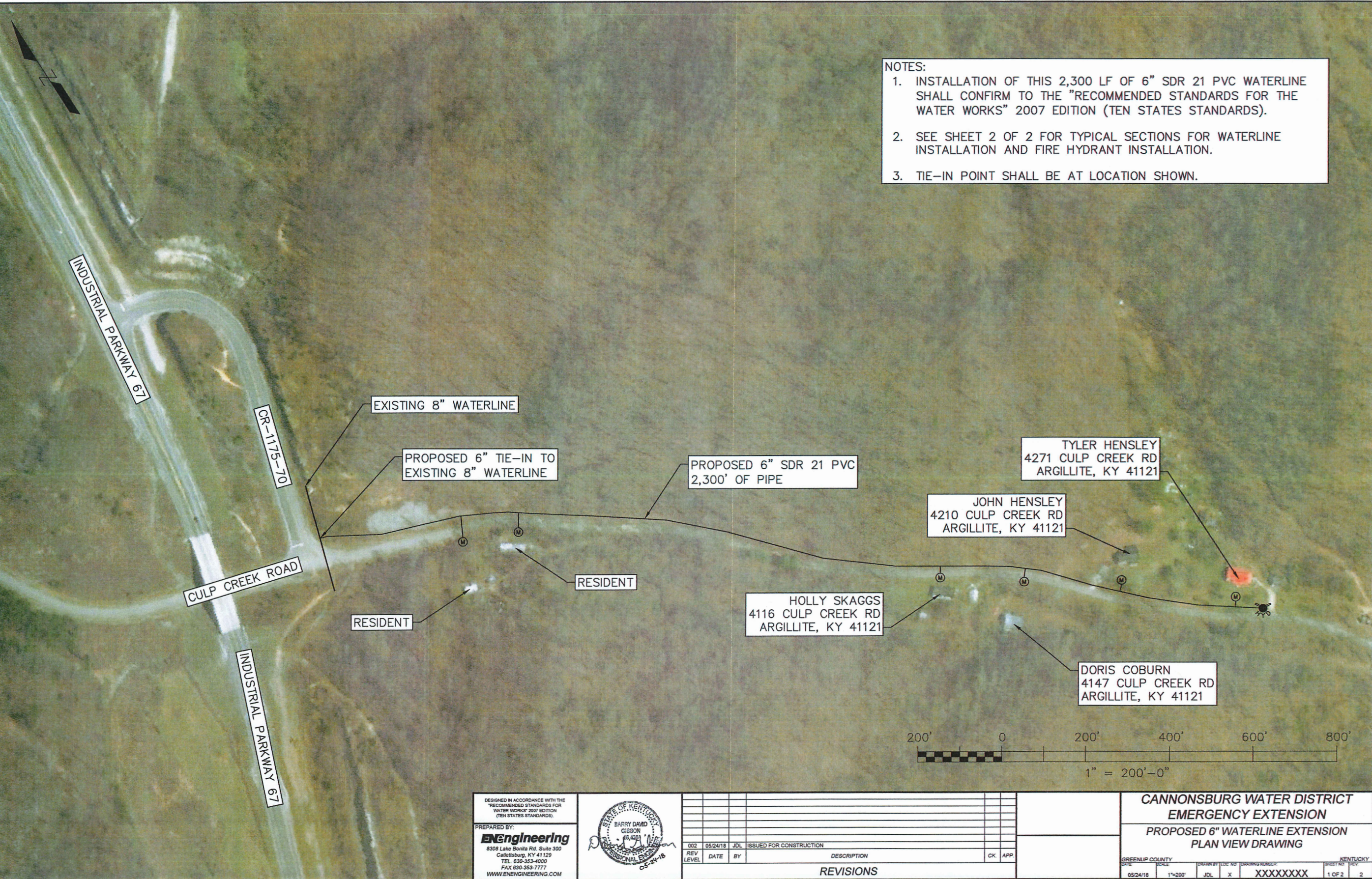
"What we are going to do is Cannonsburg Water is going to file for an emergency grant to get water to them," Carpenter said, adding "they are not quite sure when the wells were capped but they had some problems that ruined the ground water."

Webb said the water district was contacted by the Kentucky Division of Water to see if the water district could help. The residential water wells were contaminated from the private wells that were not bonded or insured. The best guess is the wells date back to the 1950s. Assistance will involve installing 2,400 feet of water main from Industrial Parkway to tie the customers in.

"Estimated construction cost will be \$65,000," Webb said. "We will have to do Kentucky Infrastructure Authority funding. It's a low interest loan."

Webb said the contamination is believed to be contained to the immediate area."

# **EXHIBIT 6**



- NOTES:
1. INSTALLATION OF THIS 2,300 LF OF 6" SDR 21 PVC WATERLINE SHALL CONFIRM TO THE "RECOMMENDED STANDARDS FOR THE WATER WORKS" 2007 EDITION (TEN STATES STANDARDS).
  2. SEE SHEET 2 OF 2 FOR TYPICAL SECTIONS FOR WATERLINE INSTALLATION AND FIRE HYDRANT INSTALLATION.
  3. TIE-IN POINT SHALL BE AT LOCATION SHOWN.

EXISTING 8" WATERLINE

PROPOSED 6" TIE-IN TO EXISTING 8" WATERLINE

PROPOSED 6" SDR 21 PVC 2,300' OF PIPE

TYLER HENSLEY  
4271 CULP CREEK RD  
ARGILLITE, KY 41121

JOHN HENSLEY  
4210 CULP CREEK RD  
ARGILLITE, KY 41121

HOLLY SKAGGS  
4116 CULP CREEK RD  
ARGILLITE, KY 41121

DORIS COBURN  
4147 CULP CREEK RD  
ARGILLITE, KY 41121

CULP CREEK ROAD

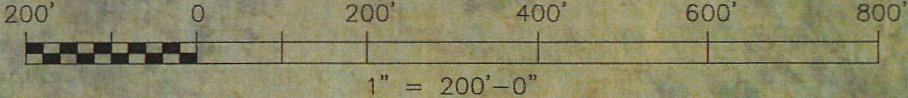
INDUSTRIAL PARKWAY 67

CR-1175-70

INDUSTRIAL PARKWAY 67

RESIDENT

RESIDENT



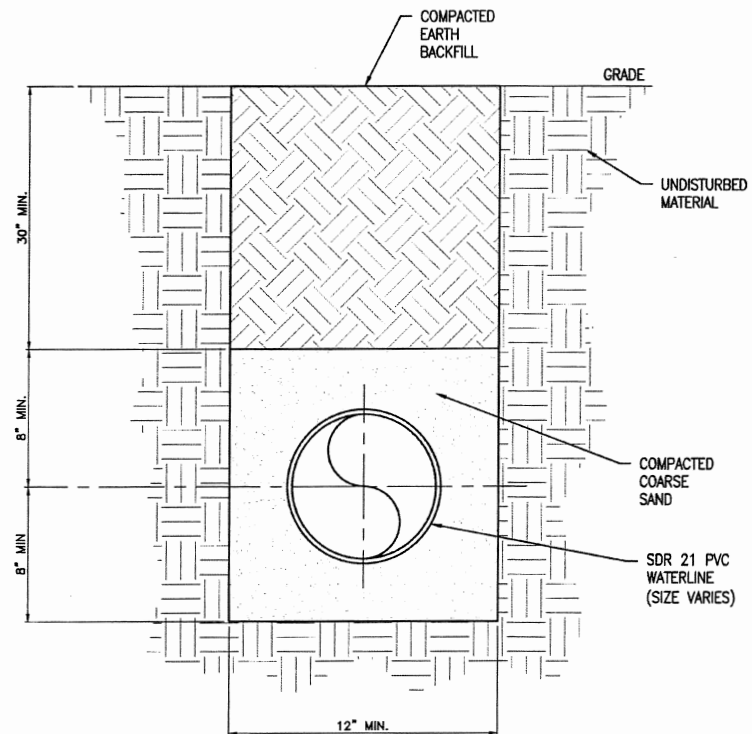
DESIGNED IN ACCORDANCE WITH THE "RECOMMENDED STANDARDS FOR WATER WORKS" 2007 EDITION (TEN STATES STANDARDS).  
 PREPARED BY:  
**ENEngineering**  
 8308 Lake Bonita Rd, Suite 300  
 Calllettsburg, KY 41129  
 TEL. 630-353-4000  
 FAX 630-353-7777  
 WWW.ENENGINEERING.COM



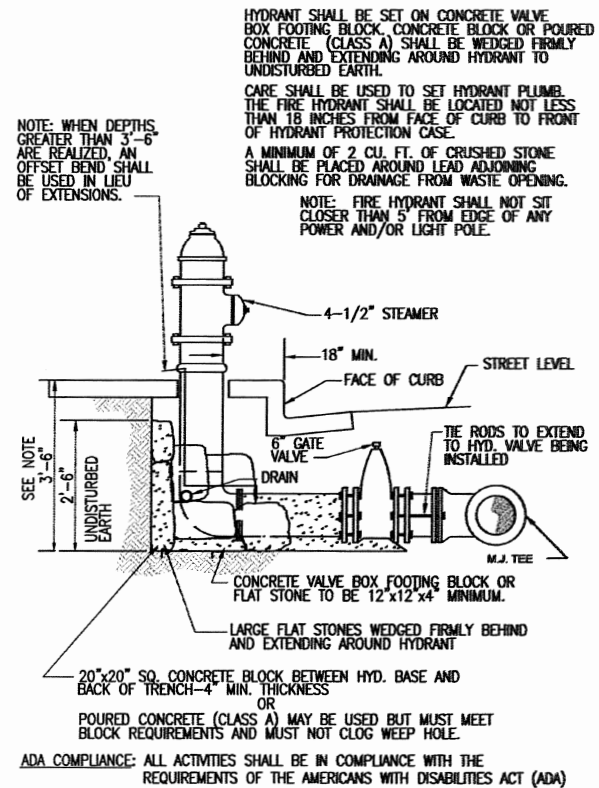
REV. LEVEL	DATE	BY	DESCRIPTION	CK.	APP.
002	05/24/18	JDL	ISSUED FOR CONSTRUCTION		
REVISIONS					

**CANNONBURG WATER DISTRICT  
 EMERGENCY EXTENSION  
 PROPOSED 6" WATERLINE EXTENSION  
 PLAN VIEW DRAWING**

GREENUP COUNTY	DATE	SCALE	DRAWN BY	LOC. NO.	CHECKING NUMBER	SHEET NO.	TOTAL SHEETS
KENTUCKY	05/24/18	1"=200'	JDL	X	XXXXXXXX	1 OF 2	2



TYPICAL POTABLE WATER  
CROSS-SECTION DETAIL  
NOT TO SCALE



FIRE HYDRANT INSTALLATION DETAIL  
NOT TO SCALE

DESIGNED IN ACCORDANCE WITH THE  
"RECOMMENDED STANDARDS FOR  
WATER WORKS" 2007 EDITION  
(TEN STATES STANDARDS).

PREPARED BY:  
**ENEngineering**  
8306 Lake Bonita Rd. Suite 300  
Caffertonsburg, KY 41129  
TEL. 630-353-4000  
FAX 630-353-7777  
WWW.ENENGINEERING.COM



REV. LEVEL	DATE	BY	DESCRIPTION	CK	APP.
001	05/18/18	JDL	ISSUED FOR CONSTRUCTION		

REVISIONS

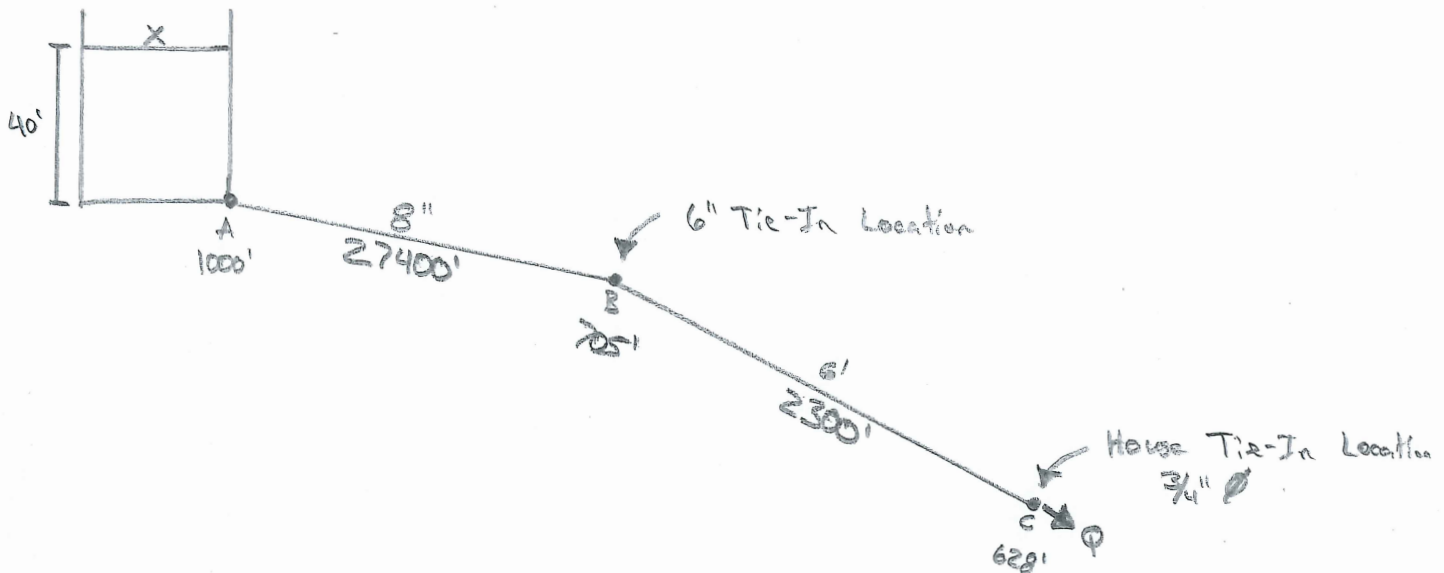
**CANNONSBURG WATER DISTRICT  
EMERGENCY EXTENSION  
WATERLINE TRENCH DETAIL  
AND FIRE HYDRANT DETAIL**

GREENUP COUNTY KENTUCKY  
DATE: 05/18/18 SCALE: NTS DRAWN BY: JDL CHECKED BY: X DRAWING NUMBER: XXXXXXXX SHEET NO.: 2 OF 2 REV: 1

# **EXHIBIT 7**

Average Flow Rate = 15gpm # of hours on extension = 6

$$Q_{\text{Total}} = 6 \times 15 \text{gpm} = 90 \text{gpm} = 0.201 \text{ cfs}$$



$$V_C = \frac{Q}{A} = \frac{90 \text{gpm}}{6 \times \frac{\pi}{4} \times \left(\frac{3}{4}\right)^2} = \frac{0.201 \text{cfs}}{0.0184 \text{ft}^2} = 10.89 \text{ fps}$$

$$V_B = \frac{Q}{A} = \frac{90 \text{gpm}}{\frac{\pi}{4} \times \left(\frac{6}{12}\right)^2} = \frac{0.201 \text{cfs}}{0.1964 \text{ft}^2} = 1.02 \text{ fps}$$

$$V_A = \frac{Q}{A} = \frac{90 \text{gpm}}{\frac{\pi}{4} \times \left(\frac{8}{12}\right)^2} = \frac{0.201 \text{cfs}}{0.349 \text{ft}^2} = 0.575 \text{ fps}$$

$$\frac{P_x}{\gamma} + z_x + \frac{V_x^2}{2g} = \frac{P_A}{\gamma} + z_A + \frac{V_A^2}{2g}$$

$$0 + 1040' + 0 = \frac{P_A}{62.4} + 1000' + \frac{0.575^2}{2(32.2)} \rightarrow 1040' - 1000' - 0.0051' = \frac{P_A}{62.4}$$

$$P_A = (39.995)(62.4) = P_A = 2495.69 \text{ psf} = 17.33 \text{ psi}$$



# ENEngineering

SHEET 2/2

PHONE 606-653-1400 8308 LAKE BONITA ROAD • CATLETTSBURG, KY 41129 FAX 630-353-7777

CLIENT Cannonsburg Water

SUBJECT Waterline Extension Hand Calculations

PROJECT F880019

DRAWING Rev 1

BY JDL CHECKED BY *Jam 5/24/18* APPROVED BY

DATE 5/24

$$\frac{P_A}{\gamma} + z_A + \frac{V_A^2}{2g} = \frac{P_C}{\gamma} + z_C + \frac{V_C^2}{2g}$$

$$\frac{2495.69}{62.4} + 1000' + \frac{0.575^2}{2(32.2)} = \frac{P_C}{62.4} + 628' + \frac{10.89^2}{2(32.2)}$$

$$1040' = \frac{P_C}{62.4} + 628' + 1.841$$

$$\rightarrow P_C = 25593.92 \text{ psf} \\ = 177.7 \text{ psi}$$

Head loss  $f = 0.015$  PVC  $f \left( \frac{L}{D} \right) \left( \frac{V^2}{2g} \right)$

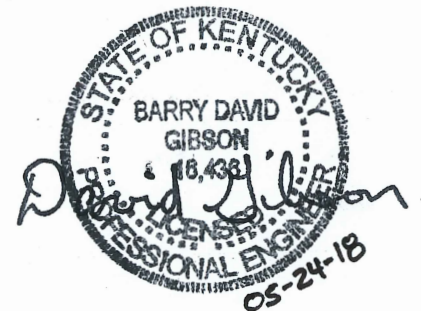
$$E_x = h_{LAB} = h_{LBC} = E_c$$

$$1040' = 0.015 \left( \frac{27400'}{8/12} \right) \left( \frac{0.575^2}{2(32.2)} \right) - 0.015 \left( \frac{2300'}{6/12} \right) \left( \frac{1.02^2}{2(32.2)} \right) = \frac{P_C}{62.4} + 628' + \left( \frac{10.89^2}{2(32.2)} \right)$$

$$1040' - 3.165' - 1.115' = \frac{P_C}{62.4} + 628' + 1.841'$$

$$(1035.72' - 628' - 1.841') (62.4) = P_C = 25326.85 \text{ psf} = \underline{175.88 \text{ psi}}$$

$$175.88 \text{ psi} \geq 35 \text{ psi} \quad \underline{OK}$$



# **EXHIBIT 8**



MATTHEW G. BEVIN  
GOVERNOR

CHARLES G. SNAVELY  
SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

AARON B. KEATLEY  
COMMISSIONER

300 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40601

May 30, 2018

Tim Webb  
Cannonsburg Water District  
1606 Cannonsburg Rd  
Ashland, KY 41102

RE: Cannonsburg Water Emergency Extension  
Boyd County, KY  
Cannonsburg Water District  
AI #: 33800, APE20180001  
PWSID #: 0100064-18-001

Dear Mr. Webb:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 2,300 LF of 6-inch PVC waterline. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit and the following stipulations:

- A pressure reducing device shall be installed on the meter setting wherever the static pressure exceeds 150 psi.
- Installation of the waterline shall conform to the "Recommended Standards for Water Works" 2012 Edition.

If you have any questions concerning this project, please contact Mr. Terry Humphries at 502-782-6983.

Sincerely,

Terry Humphries, P.E.  
Supervisor, Engineering Section  
Water Infrastructure Branch  
Division of Water

Enclosures

c: EN Engineering  
Boyd County Health Department  
Division of Plumbing



## Distribution-Water Line Extension

Cannonsburg Water District

Facility Requirements

Activity ID No.:APE20180001

Page 1 of 4

### PORT000000019 (Cannonsburg Water Emergency Extension) 2,300 LF of 6-inch PVC waterline:

#### Narrative Requirements:

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Condition No.	Condition
T-1	Construction of this project shall not result in the water system's inability to supply consistent water service in compliance with 401 KAR 8:010 through 8:600. [401 KAR 8:100 Section 5]
T-2	The public water system shall not implement a change to the approved plans without the prior written approval of the cabinet. [401 KAR 8:100 Section 4(3)]
T-3	A proposed change to the approved plans affecting sanitary features of design shall be submitted to the cabinet for approval in accordance with Section 2 of this administrative regulation. [401 KAR 8:100 Section 4(2)]
T-4	During construction, a set of approved plans and specifications shall be available at the job site. Construction shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 3(1)]
T-5	Unless construction begins within two (2) years from the date of approval of the final plans and specifications, the approval shall expire. [401 KAR 8:100 Section 3(3)]
T-6	Upon completion of construction, a professional engineer shall certify in writing that the project has been completed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 4(1)]
T-7	The system shall be designed to maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow. [Recommended Standards for Water Works 8.2.1, Drinking Water General Design Criteria IV.1.a]
T-8	Water lines should be hydraulically capable of a flow velocity of 2.5 ft/s while maintaining a pressure of at least 20 psi. [Drinking Water General Design Criteria IV.1.b]
T-9	The normal working pressure in the distribution system at the service connection shall not be less than 30 psi under peak demand flow conditions. Peak demand is defined as the maximum customer water usage rate, expressed in gallons per minute (gpm), in the pressure zone of interest during a 24 hour (diurnal) time period. [Drinking Water General Design Criteria IV.1.d]
T-10	When static pressure exceeds 150 psi, pressure reducing devices shall be provided on mains or as part of the meter setting on individual service lines in the distribution system. [Drinking Water General Design Criteria IV.1.c]
T-11	The minimum size of water main in the distribution system where fire protection is not to be provided should be a minimum of three (3) inch diameter. Any departure from minimum requirements shall be justified by hydraulic analysis and future water use, and can be considered only in special circumstances. [Recommended Standards for Water Works 8.2.2, Drinking Water General Design Criteria IV.2.b]

## Distribution-Water Line Extension

Cannonsburg Water District

Facility Requirements

Activity ID No.:APE20180001

Page 2 of 4

### PORT000000019 (Cannonsburg Water Emergency Extension) 2,300 LF of 6-inch PVC waterline:

#### Narrative Requirements:

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Condition No.	Condition
T-12	Water mains not designed to carry fire-flows shall not have fire hydrants connected to them. [Recommended Standards for Water Works 8.4.1.b]
T-13	Flushing devices should be sized to provide flows which will give a velocity of at least 2.5 feet per second in the water main being flushed. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-14	No flushing device shall be directly connected to any sewer. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-15	Pipe shall be constructed to a depth providing a minimum cover of 30 inches to top of pipe. [Drinking Water General Design Criteria IV.3.a]
T-16	Water mains shall be covered with sufficient earth or other insulation to prevent freezing. [Recommended Standards for Water Works 8.7]
T-17	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a depth of at least six inches below the bottom of the pipe. [Recommended Standards for Water Works 8.7]
T-18	Water line installation shall incorporate the provisions of the AWWA standards and/or manufacturer's recommended installation procedures. [Recommended Standards for Water Works 8.7]
T-19	All materials used for the rehabilitation of water mains shall meet ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-20	Packing and jointing materials used in the joints of pipe shall meet the standards of AWWA and the reviewing authority. [Recommended Standards for Water Works 8.1]
T-21	All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.7]
T-22	All materials including pipe, fittings, valves and fire hydrants shall conform to the latest standards issued by the ASTM, AWWA and ANSI/NSF, where such standards exist, and be acceptable to the Division of Water. [Recommended Standards for Water Works 8.1]
T-23	Water mains which have been used previously for conveying potable water may be reused provided they meet the above standards and have been restored practically to their original condition. [Recommended Standards for Water Works 8.1]

## Distribution-Water Line Extension

Cannonsburg Water District

Facility Requirements

Activity ID No.:APE20180001

Page 3 of 4

### PORT000000019 (Cannonsburg Water Emergency Extension) 2,300 LF of 6-inch PVC waterline:

#### Narrative Requirements:

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Condition No.	Condition
T-24	Manufacturer approved transition joints shall be used between dissimilar piping materials. [Recommended Standards for Water Works 8.1]
T-25	Pipes and pipe fittings containing more than 8% lead shall not be used. All products shall comply with ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-26	The minimum size of water main which provides for fire protection and serving fire hydrants shall be six-inch diameter. [Recommended Standards for Water Works 8.2, Drinking Water General Design Criteria IV.2.a]
T-27	Gaskets containing lead shall not be used. Repairs to lead-joint pipe shall be made using alternative methods. [Recommended Standards for Water Works 8.1]
T-28	Pipe materials shall be selected to protect against both internal and external pipe corrosion. [Recommended Standards for Water Works 8.1]
T-29	Dead end mains shall be equipped with a means to provide adequate flushing. [Recommended Standards for Water Works 8.2]
T-30	The hydrant lead shall be a minimum of six inches in diameter. Auxiliary valves shall be installed on all hydrant leads. [Recommended Standards for Water Works 8.4.3]
T-31	A sufficient number of valves shall be provided on water mains to minimize inconvenience and sanitary hazards during repairs. [Recommended Standards for Water Works 8.3]
T-32	Wherever possible, chambers, pits or manholes containing valves, blow-offs, meters, or other such appurtenances to a distribution system, shall not be located in areas subject to flooding or in areas of high groundwater. Such chambers or pits should drain to the ground surface, or to absorption pits underground. The chambers, pits and manholes shall not connect directly to any storm drain or sanitary sewer. Blow-offs shall not connect directly to any storm drain or sanitary sewer. [Recommended Standards for Water Works 8.6]
T-33	At high points in water mains where air can accumulate provisions shall be made to remove the air by means of air relief valves. [Recommended Standards for Water Works 8.5.1]
T-34	Automatic air relief valves shall not be used in situations where flooding of the manhole or chamber may occur. [Recommended Standards for Water Works 8.5.1]
T-35	The open end of an air relief pipe from automatic valves shall be extended to at least one foot above grade and provided with a screened, downward-facing elbow. [Recommended Standards for Water Works 8.5.2.c]

## Distribution-Water Line Extension

Cannonsburg Water District

Facility Requirements

Activity ID No.:APE20180001

Page 4 of 4

### PORT000000019 (Cannonsburg Water Emergency Extension) 2,300 LF of 6-inch PVC waterline:

#### Narrative Requirements:

---

Condition No.	Condition
T-36	Discharge piping from air relief valves shall not connect directly to any storm drain, storm sewer, or sanitary sewer. [Recommended Standards for Water Works 8.5.2.d]
T-37	Water pipe shall be constructed with a lateral separation of 10 feet or more from any gravity sanitary or combined sewer measured edge to edge where practical. If not practical a variance may be requested to allow the water pipe to be installed closer to the gravity sanitary or combined sewer provided the water pipe is laid in a separate trench or undisturbed shelf located on one side of the sewer with the bottom of the pipe at least 18 inches above the top of the gravity sanitary or combined sewer pipe. [Drinking Water General Design Criteria IV.3.b]
T-38	Water lines crossing sanitary, combined or storm sewers shall be laid to provide a minimum vertical distance of 18 inches between the outside of the water main and the outside of the sanitary, combined or storm sewer with preference to the water main located above the sanitary, combined or storm sewer. [Drinking Water General Design Criteria IV.3.c]
T-39	At crossings, one full length of water pipe shall be located so both joints will be as far from the sewer as possible. [Recommended Standards for Water Works 8.8.3.b]
T-40	There shall be no connection between the distribution system and any pipes, pumps, hydrants, or tanks whereby unsafe water or other contaminating materials may be discharged or drawn into the system. [Recommended Standards for Water Works 8.10.1]
T-41	Water utilities shall have a cross connection program conforming to 401 KAR 8. [Recommended Standards for Water Works 8.10.1]
T-42	Installed pipe shall be pressure tested and leakage tested in accordance with the appropriate AWWA Standards. [Recommended Standards for Water Works 8.7.6]
T-43	New, cleaned and repaired water mains shall be disinfected in accordance with AWWA Standard C651. The specifications shall include detailed procedures for the adequate flushing, disinfection, and microbiological testing of all water mains. In an emergency or unusual situation, the disinfection procedure shall be discussed with the Division of Water. [Recommended Standards for Water Works 8.7.7]
T-44	A minimum cover of five feet shall be provided over pipe crossing underwater. [Recommended Standards for Water Works 8.9.2]
T-45	Valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair; the valves shall be easily accessible, and not subject to flooding for pipes crossing underwater. [Recommended Standards for Water Works 8.9.2.b]
T-46	Permanent taps or other provisions to allow insertion of a small meter to determine leakage and obtain water samples on each side of the valve closest to the supply source for pipes crossing. [Recommended Standards for Water Works 8.9.2.c]

# **EXHIBIT 9**



### PROJECT BUDGET

Administrative Expenses	\$ 1,100
Legal Expenses	10,000
Engineering – Design and Construction	9,500
Construction (Installation Only)	40,000
Equipment (Materials)	19,500
Contingency	4,900
<b>TOTAL</b>	<b>\$85,000</b>

# **EXHIBIT 10**



**GERALD WUETCHER**  
DIRECT DIAL: (859) 231-3017  
DIRECT FAX: (859) 258-3517  
gerald.wuetcher@skofirm.com

500 WEST JEFFERSON STREET  
SUITE 2000  
LOUISVILLE, KY 40202-2828  
MAIN: (502) 333-6000  
FAX: (502) 333-6099

July 25, 2018

**VIA ELECTRONIC MAIL AND REGULAR MAIL**

Department of Local Government  
Attn: State Local Debt Officer  
1024 Capital Center Drive, Suite 340  
Frankfort, KY 40601

Re: Notification of Intent to Finance

To Whom It May Concern:

Enclosed is Cannonsburg Water District's Notification of Intent to Finance. Cannonsburg Water District intends to enter an assistance agreement with the Kentucky Infrastructure Authority to finance the construction of a water main extension. Total amount of the loan will be expected to be \$85,000.

Please direct any questions regarding the proposed transaction to me.

Very truly yours,

Stoll Keenon Ogden PLLC

A handwritten signature in blue ink that reads "Gerald Wuetcher".

Gerald Wuetcher

GEW  
Enclosure

Page 1

## NOTIFICATION OF INTENT TO FINANCE AND APPLICATION FOR DEBT APPROVAL

Form # SLDO-1  
Revised 1/1/2011

For DLG staff use only:

File # \_\_\_\_\_  
Received \_\_\_\_\_

Completion and delivery of this form to the address below shall satisfy the requirements of KRS 65.117, which prohibits any city, county, urban-county, consolidated local government, charter county, special district, or taxing district from entering into any financing obligation of any nature, except leases under \$200,000, without first notifying the state local debt officer in writing. This form shall also serve as application for approval of debt issuance when applicable. An electronic version of the form is available at [www.dlg.ky.gov](http://www.dlg.ky.gov).

✓ **Type of debt to be issued (must check one):**                      **SLDO Approval Required**                      **Complete Sections**

<input type="checkbox"/> Short Term Borrowing - KRS 65.7701 et seq.	No	A, B, C
<input type="checkbox"/> Lease from \$200,000 - \$500,000 - KRS 65.940 et seq.	No	A, B, D
<input type="checkbox"/> Lease exceeding \$500,000 - KRS 65.940 et seq.	Yes (Counties only)	A, B, D
<input type="checkbox"/> General Obligation Bond - KRS Chapter 66	Yes (Counties only)	A, B, E
<input type="checkbox"/> Public Project Rev. Bond - KRS Chapter 58	No	A, B, E
<input type="checkbox"/> Public Project Rev. Bond w/Lease - KRS 66.310(2)	Yes (Counties only)	A, B, D, E
<input type="checkbox"/> Industrial Revenue Bond - KRS Chapter 103	Yes (All Borrowers)	A, B, F
<input type="checkbox"/> Other Bonds (True Revenue, Utility Assessment, TIF)	No	A, B, E

**X Assistance Agreement - Kentucky Infrastructure Authority**

### Section A - Borrower Information

Agency Name	Cannonsburg Water District		
Governing Body	Board of Commissioners		
Street Address	1606 Cannonsburg Road		
P.O. Box #	City	Ashland	
County	Boyd	Zip	41102
Authorized Official	Tim Webb (General Manager)		

### Section B - Terms of Financial Obligation

Please provide all relevant information. Fields in **bold** are mandatory.

<b>Principle Amount:</b>	85,000	<b>Date of Issue:</b>	08/31/2018
<b>Maturity Date(s):</b>	08/31/2038	<b>Payment Schedule:</b> (must attach schedule)	
<b>Term:</b>	20 Years	<b>Number of Renewal Periods:</b>	0
<b>Interest Rate(s):</b>	1.75	<b>Type of Interest (fixed or variable):</b>	Fixed
<b>Retirement Method:</b>	Semi-Annual Principal and Interest Payments from Water Revenues		
Lender's Name:	Kentucky Infrastructure Authority		
Lender's Address:	1024 Capital Center Drive, Ste 340, Frankfort, KY		
Right of Termination:	None		
Termination Penalties:	None		
Prepayment Provisions:	None		
Trustee or Paying Agent:	None		
AOC Funded Percentage:	0.00		

Page 2

**NOTIFICATION OF INTENT TO FINANCE AND APPLICATION FOR DEBT APPROVAL**

Form # SLDO-1  
Revised 1/1/2011

**Section C - Note (Loan) Information/Documentation**

Purpose - Briefly explain the documented need that necessitates this note (loan) and the public purpose it is intended to address. (Attach additional information if necessary):

Proceeds of Loan will be used to finance the construction of a six-inch water main to serve an area whose water wells have been contaminated by a leaking abandoned oil well

Pledge of Taxes/Description: None

Pledge of Revenue/Description: Revenues from System Water Sales Pledged to Secure Loan

Pledge of Project Revenues (Attach documentation which substantiates the revenue projections):

See attached excerpt from KIA Board of Directors Proceeding re: Cannonsburg Water District's ability to meet projected payments.

Have bids been sought by the local governments to determine the financial and programmatic competitiveness of the note (loan) proposal?  Yes  No

If No, explain what steps were taken to ensure adequate competition.  
Loan secured from Kentucky Infrastructure Authority at below market rates

**Required Attachments**

- 1. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the note and statement as to taxes and revenues to be collected during the term of the note.

**Section D - Lease Information/Documentation**

Describe the real or personal property to be acquired or constructed:

Not Applicable

Type of Lease :  General Obligation  Revenue

Is Lease Annually Renewable?  Yes  No

Does Agency seek approval without a hearing?  Yes  No Justification:  Revenue  Refunding

If yes, must attach certification from counsel regarding county obligation.

Does this lease refund a prior lease?  Yes  No

If yes, please state the name, date and principal amount of original issue(s) being refunded:

**Required Attachments (If lease requires SLDO approval)**

- 1. Minutes from the local public hearing
- 2. Affidavit of publication of SLDO hearing (if hearing is required) and newspaper advertisement tear sheet
- 3. Copy of lease
- 4. Executed copy of ordinance/resolution of fiscal court authorizing the lease
- 5. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the lease and statement as to taxes and revenues to be collected during the term of the lease.

Page 3

**NOTIFICATION OF INTENT TO FINANCE AND APPLICATION FOR DEBT APPROVAL**

Form # SLDO-1  
Revised 1/1/2011

**Section E - Bond Information/Documentation**

Please provide all relevant information. Fields in **bold** are mandatory

**Describe the purpose of the bond:**

Not Applicable

Bond Counsel:

Counsel Address:

Financial Advisor:

Advisor Address:

**Bond Series:**

**Call Date:**

Does this bond refund a prior bond?  Yes  No

If yes, please state the name, date and principal amount of original issue(s) being refunded:

**Required Attachments (If SLDO Approval is Required)**


1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing and newspaper advertisement tear sheet
3. Executed copy of ordinance/resolution of fiscal court authorizing financial plan for the issuance of the bonds
4. Proposed plan of financing
5. Preliminary official statement (if applicable)
6. Sources and uses table

**Additional Required Attachments for KRS Chapter 103 Bonds**

1. Documentation in an appropriate form substantiating the project's eligibility under KRS 103.2101(1)(a)-(e).
2. If the project requires approval of the reduction in property taxes, attach any documentation provided to agency responsible for approval.

\*\*\*\*\*

By signing below, the Authorized Official certifies that the foregoing is true and accurate to the best of his or her knowledge.

Name (please print)Tim Webb	Date: 07/25/2018
Title: General Manager	Signature: 

Mail to:  
Department for Local Government  
Attn: State Local Debt Officer  
1024 Capital Center Drive, Suite 340  
Frankfort, KY 40601

Fax to: 502-573-3712

<b>EXECUTIVE SUMMARY</b> <b>KENTUCKY INFRASTRUCTURE AUTHORITY</b> <b>FUND B, INFRASTRUCTURE</b> <b>REVOLVING LOAN FUND</b>		Reviewer Date KIA Loan Number WRIS Number	Ashley Adams June 12, 2018 B18-011 WX21089035	
BORROWER	CANNONSBURG WATER DISTRICT BOYD COUNTY			
BRIEF DESCRIPTION				
This project will construct approximately 2,400 LF of 6 inch PVC to extend service to six households on Culp Creek Road in Greenup County. The project also includes installation of one fire hydrant, six waterline taps, and six radio read meters. The project will address a public health emergency in which an abandoned oil well is seeping out of a hillside and impacting drinking water wells for the project households.				
PROJECT FINANCING		PROJECT BUDGET		
Fund B Loan	\$85,000	RD Fee %	Actual %	
		Administrative Expenses	\$1,100	
		Legal Expenses	10,000	
		Eng - Design / Const	15.0% 21.2% 9,500	
		Construction	40,000	
		Equipment	19,500	
		Contingency	4,900	
TOTAL	\$85,000	TOTAL	\$85,000	
REPAYMENT	Rate Term	1.75% 20 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw \$5,225	
PROFESSIONAL SERVICES	Engineer Bond Counsel	EN Engineering Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	N/A - Emergency Project Jun-18 Jun-18		
DEBT PER CUSTOMER	Existing Proposed	\$544 \$552		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES	Current Additional	Users 3,532 6	Avg. Bill \$42.68 (for 4,000 gallons) \$42.68 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2014	259,904	54,541	205,363	4.8
Audited 2015	246,927	83,872	163,055	2.9
Audited 2016	235,331	78,757	156,574	3.0
Projected 2017	253,048	83,211	169,837	3.0
Projected 2018	231,224	106,299	124,925	2.2
Projected 2019	208,964	109,837	99,127	1.9
Projected 2020	186,259	111,062	75,197	1.7
Projected 2021	163,099	114,165	48,934	1.4

Reviewer: Ashley Adams  
Date: June 12, 2018  
Loan Number: B18-011

**KENTUCKY INFRASTRUCTURE AUTHORITY  
INFRASTRUCTURE REVOLVING LOAN FUND (FUND B)  
CANNONSBURG WATER DISTRICT, BOYD COUNTY  
PROJECT REVIEW  
WX21089035**

**I. PROJECT DESCRIPTION**

The Cannonsburg Water District is requesting a Fund B loan in the amount of \$85,000 for the Culp Creek Road Emergency Waterline Extension project. This project will construct approximately 2,400 linear feet (LF) of 6 inch PVC line to extend service from Cannonsburg Water District to serve six households on Culp Creek Road in Greenup County. The project will also include installation of one fire hydrant, six waterline taps, and six radio read meters. This project is needed to address a public health emergency. On March 6, 2018 the Energy and Environment Cabinet's Environmental Response Branch was made aware of an abandoned oil well seeping out of a hillside and impacting drinking water wells in Greenup County. Kentucky Division of Water notified Cannonsburg Water District that the rupture permanently contaminated the ground water that supplies the wells the residents use as their only water source. This project is needed to supply safe, potable water to those households.

In addition to addressing a public health emergency, this project will also improve the service for twelve existing customers by adding an additional flushing point in the system. Cannonsburg Water District is currently under an agreed order with Kentucky Division of Water for disinfection byproducts and the additional flushing point will address water quality concerns in a low usage area of Cannonsburg's distribution system.

**II. PROJECT BUDGET**

Administrative Expenses	\$	1,100
Legal Expenses		10,000
Engineering Fees - Design		9,500
Construction		40,000
Equipment		19,500
Contingency		4,900
<b>Total</b>	<b>\$</b>	<b>85,000</b>



### III. PROJECT FUNDING

	Amount	%
Fund B Loan	\$ 85,000	100%
<b>Total</b>	<b>\$ 85,000</b>	<b>100%</b>

### IV. KIA DEBT SERVICE

Amortized Loan Amount	\$ 85,000
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 5,055
Administrative Fee (0.20%)	170
<b>Total Estimated Annual Debt Service</b>	<b>\$ 5,225</b>

### V. PROJECT SCHEDULE

Construction Start	June 2018
Construction Stop	June 2018

### VI. RATE STRUCTURE

#### A. Customers

Customers	Current	Proposed	Total
Residential	3,241	6	3,247
Commercial	288		288
Industrial	3		3
<b>Total</b>	<b>3,532</b>	<b>6</b>	<b>3,538</b>

#### B. Rates

	Current	Prior
Date of Last Rate Increase	01/01/17	07/08/15
Minimum (2,000 gallons)	\$ 24.34	\$ 24.00
Next 3,000 Gallons	9.17	9.00
Next 15,000 Gallons	8.42	8.25
<b>Cost for 4,000 gallons</b>	<b>\$ 42.68</b>	<b>\$ 42.00</b>
Increase %	1.6%	
Affordability Index (Rate/MHI)	1.0%	

## VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2012-2016, the Utility's service area population was 8,953 with a Median Household Income (MHI) of \$52,920. The median household income for the Commonwealth is \$43,740. The project will qualify for a 1.75% interest rate because the District has an Agreed Order against the system and the project will help to address it.

Year	Population		County Unemployment	
	County	% Change	Date	Rate
1980	55,513		June 2005	5.4%
1990	51,150	-7.9%	June 2010	14.4%
2000	49,752	-2.7%	June 2015	5.8%
2010	49,542	-0.4%	June 2017	5.1%
Current	48,716	-1.7%		
Cumulative %		-12.2%		

## VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended December 31, 2014 through December 31, 2016. The non-cash impact of GASB 68, Accounting and Financial Reporting for Pensions, has been removed from fiscal 2015 and 2016 operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented

### HISTORY

Revenues decreased 2% from \$2.6 million to \$2.5 million from 2014 to 2016. Operating expenses decreased 1.5% from \$2.3 million to \$2.27 million during the same time period. The debt coverage ratio was 4.8, 2.9, and 3.0 from 2014-2016.

The 2016 balance sheet reflects a current ratio of 3.0, a debt to equity ratio of 0.7, and 40.6 days sales in accounts receivable.

### PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues increased 1.6% in 2017 based on a prior rate increase and will then remain flat.
- 2) Expenses will increase 2% yearly for inflation.
- 3) Debt service coverage is 1.9 in 2019 when principal and interest repayments begin.

Based on the pro forma assumptions, the utility shows adequate cash flow to repay the KIA Fund B loan.

**REPLACEMENT RESERVE**

There will be no replacement reserve requirement for this loan. The District maintains a depreciation reserve fund that held \$16,867 as of December 31, 2016.

**IX. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
KRWFC	\$ 255,000	2025
USDA	1,668,000	2055
<b>Total</b>	<b>\$ 1,923,000</b>	

**X. CONTACTS**

<b>Legal Applicant</b>	
Entity Name	Cannonsburg Water District
Authorized Official	Robert McGuire (Chairman)
County	Boyd
Email	tim@cannonsburg.com
Phone	606-928-9808
Address	1606 Cannonsburg Road Ashland, KY 41102

<b>Applicant Contact</b>	
Name	Tim Webb
Organization	Cannonsburg Water District
Email	tim@cannonsburgwater.com
Phone	606-232-6054
Address	1606 Cannonsburg Road Ashland, KY 41102

**Project Administrator**

Name	Duane Spears
Organization	FIVCO Area Development District
Email	duane@fivco.org
Phone	606-929-1366
Address	32 FIVCO Court Grayson, KY 41143

**Consulting Engineer**

PE Name	David Gibson
Firm Name	EN Engineering
Email	dgibson@enengineering.com
Phone	606-653-1400
Address	8308 Lake Bonita Rd #300 Catlettsburg, KY 41129

**XI. RECOMMENDATIONS**

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

**CANNONSBURG WATER DISTRICT  
FINANCIAL SUMMARY (DECEMBER YEAR END)**

**Balance Sheet**

	<u>Audited</u> <u>2014</u>	<u>Audited</u> <u>2015</u>	<u>Audited</u> <u>2016</u>	<u>Projected</u> <u>2017</u>	<u>Projected</u> <u>2018</u>	<u>Projected</u> <u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Projected</u> <u>2021</u>
<b>Assets</b>								
Current Assets	729,342	699,880	787,144	825,483	850,468	870,294	885,333	895,120
Other Assets	4,053,971	5,470,803	6,310,003	6,082,967	6,114,524	6,038,317	5,942,967	5,826,606
<b>Total</b>	<b>4,783,313</b>	<b>6,170,683</b>	<b>7,097,147</b>	<b>6,908,450</b>	<b>6,964,992</b>	<b>6,908,611</b>	<b>6,828,300</b>	<b>6,721,726</b>
<b>Liabilities &amp; Equity</b>								
Current Liabilities	322,431	297,786	266,716	295,191	300,791	307,491	317,291	327,191
Long Term Liabilities	271,000	2,103,251	2,765,552	2,725,552	2,769,552	2,726,552	2,678,552	2,625,552
<b>Total Liabilities</b>	<b>593,431</b>	<b>2,401,037</b>	<b>3,032,268</b>	<b>3,020,743</b>	<b>3,070,343</b>	<b>3,034,043</b>	<b>2,995,843</b>	<b>2,952,743</b>
<b>Net Assets</b>	<b>4,189,882</b>	<b>3,769,646</b>	<b>4,064,879</b>	<b>3,887,707</b>	<b>3,894,649</b>	<b>3,874,568</b>	<b>3,832,457</b>	<b>3,768,983</b>

**Cash Flow**

Revenues	2,565,796	2,525,413	2,508,250	2,547,363	2,547,363	2,547,363	2,547,363	2,547,363
Operating Expenses	2,309,795	2,281,319	2,275,941	2,297,337	2,319,161	2,341,421	2,364,126	2,387,286
Other Income	3,903	2,833	3,022	3,022	3,022	3,022	3,022	3,022
<b>Cash Flow Before Debt Service</b>	<b>259,904</b>	<b>246,927</b>	<b>235,331</b>	<b>253,048</b>	<b>231,224</b>	<b>208,964</b>	<b>186,259</b>	<b>163,099</b>

**Debt Service**

Existing Debt Service	54,541	83,872	78,757	83,211	106,299	104,612	105,837	108,940
Proposed KIA Loan	0	0	0	0	0	5,225	5,225	5,225
<b>Total Debt Service</b>	<b>54,541</b>	<b>83,872</b>	<b>78,757</b>	<b>83,211</b>	<b>106,299</b>	<b>109,837</b>	<b>111,062</b>	<b>114,165</b>
<b>Cash Flow After Debt Service</b>	<b>205,363</b>	<b>163,055</b>	<b>156,574</b>	<b>169,837</b>	<b>124,925</b>	<b>99,127</b>	<b>75,197</b>	<b>48,934</b>

**Ratios**

Current Ratio	2.3	2.4	3.0	2.8	2.8	2.8	2.8	2.7
Debt to Equity	0.1	0.6	0.7	0.8	0.8	0.8	0.8	0.8
Days Sales in Accounts Receivable	37.2	41.7	40.6	40.6	40.6	40.6	40.6	40.6
Months Operating Expenses in Unrestricted Cash	1.9	1.8	2.0	2.2	2.3	2.4	2.4	2.5
Debt Coverage Ratio	4.8	2.9	3.0	3.0	2.2	1.9	1.7	1.4

# **EXHIBIT 11**

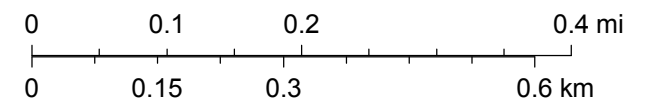
# Culp Creek Road Emergency Waterline Extension Project



July 20, 2018

1:9,028

- ⊕ Proposed Water Improvements
- Non-Community Points
- ⊕ Water Pumps
- ☐ Purchase Sources
- ⊕ Surface and Spring Sources
- Water Meters
- Pump Stations
- ⊕ Water Tanks
- ☐ Water Treatment Plants
- ⊕ Well Sources
- Proposed Water Extensions
- Water Lines



Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, © OpenStreetMap contributors, and the GIS User Community

# **EXHIBIT 12**



**Detailed Estimate of Acquired Property Classified According  
To The Uniform System of Accounts For  
Class A/B Water Districts and Associations**

<b>Account No.</b>	<b>Account Description</b>	<b>Estimate</b>
331	Transmission and Distribution Mains	\$72,000
333	Services	\$ 1,710
334	Meters and Meter Installations	\$ 5,582
335	Hydrants	\$ 5,708
	<b>TOTAL</b>	<b>\$85,000</b>