

200 KAR 17:090. Guidelines; Kentucky Infrastructure Authority Grants from Unobligated Bond Pool Funds.

RELATES TO: KRS 224A.011, 224A.035, 224A.040, 224A.050, 224A.050 -224A.314

STATUTORY AUTHORITY: KRS 224A.040, 224A.070(1), 224A.113, 224A.300

NECESSITY, FUNCTION, AND CONFORMITY: KRS 224A.040 authorizes the Kentucky Infrastructure Authority to make grants as funds are available, and KRS 224A.070(1) authorizes the Kentucky Infrastructure Authority to promulgate administrative regulations that shall define with specificity conditions precedent under which applications for loans or grants may be made and the order of priority upon which applications shall be acted upon. KRS 224A.300 requires the authority to promulgate administrative regulations requiring a government agency, as defined by KRS 224A.011(4), or a water association administering a water or wastewater system. This administrative regulation establishes procedures for the application for and provision of financial assistance to governmental agencies for the construction of infrastructure projects from funds available to the Kentucky Infrastructure Authority.

Section 1. Definitions.

- (1) "Applicant" means a governmental agency that has submitted an application to the authority for a loan or grant from authority funds.
- (2) "Application" means an application submitted by an applicant for grant from the authority funds.
- (3) "Conditional commitment letter" means a letter delivered to the applicant stating the authority's commitment to provide a grant under specifications and subject to the satisfaction of certain conditions by the applicant.
- (4) "Kentucky State Clearinghouse" means the project review mechanism, attached to the Department for Local Government, established in KRS 45.031
- (5) "Kentucky Uniform System of Accounting" means the elements of a basic accounting system, including a standardized format for an annual budget, a chart of accounts with definitions, and a monthly operating report to system managers established by the authority, which is used by a water or wastewater system seeking or using funds of the authority if an alternative accounting system has not been approved by the authority.
- (6) "Project" means an infrastructure project related to drinking water or wastewater.

Section 2. Eligible Projects.

- (1) Funds available to the authority shall be used to fund projects.
- (2) Only projects addressing one (1) or more of the following conditions shall be eligible for funding:
 - (a) The proposed project to be funded shall be water or sewer related;
 - (b) The proposed project shall address the provisions of KRS 224A.300-224.314;
 - (c) The proposed project shall address an emergency situation;
 - (d) The proposed project shall alleviate existing conditions that pose a serious and immediate threat to the health and welfare of the community;
 - (e) The proposed project shall promote economic development;
 - (f) Funds for economic development projects shall not be used for creation of industrial sites without committed occupants;
 - (g) Funds are needed to complete funding package;
 - (h) Funds are needed to cover cost overrun for funding package;
 - (i) All proposed projects shall be subject to availability of funds; and
 - (j) Project applications meeting the guidelines established in paragraphs (a) through (i) of this subsection shall be funded in the order received.
- (3) Grants shall be limited to not more than \$500,000 per project.

Section 3. Applications.

- (1) Each applicant shall submit one (1) original application to the authority at the address specified in the application.
- (2)
 - (a) An application shall be submitted on Form KIA-08-01, Unobligated Bond Pool Fund Uniform Grant Application, posted on the following Web site: <http://wris.state.ky.us/kia/>.
 - (b) Only a completed application, including all supporting documentation, shall be considered for financial assistance from the Unobligated Bond Pool.

Section 4. Project Priority. Eligible projects shall be funded in the order received subject to the availability of funds.

Section 5. Additional Conditions to Project Funding.

- (1) A water supply and distribution system seeking funding for a project shall:
 - (a) Submit with the application current information regarding the financial, managerial, and technical aspects of its system;
 - (b) Update the information provided pursuant to paragraph (a) of this subsection, at least once each year; and
 - (c) Agree, in writing, to adopt and utilize the Kentucky Uniform System of Accounting and to charge rates for services based on the actual cost of that service.
- (2) Before funds shall be disbursed to an applicant whose project has been approved for funding, the applicant shall demonstrate to the authority that the project:
 - (a) Has been reviewed through the Kentucky State Clearinghouse process; and
 - (b) Is in compliance with applicable state and federal requirements.

Section 6. Terms of Financial Assistance.

- (1) An application for funding shall be:
 - (a) Subject to financial viability review by authority staff; and
 - (b) Referred to the board of directors of the authority for final action.
- (2) A project shall be funded if approved by the board of directors of the authority and the Capital Projects and Bond Oversight Committee.
- (3) Upon approval of an application for funding of a project, the authority shall issue a conditional commitment letter to the applicant establishing the requirements to be satisfied by the applicant prior to execution of an assistance agreement, including:
 - (a) Accounting standards or financial reporting conditions;
 - (b) Rate covenants;
 - (c) Other federal or state legal requirements relating to the project or the applicant;
 - (d) Engineering or technical requirements; and
 - (e) Receipt of additional funding commitments from other sources.
- (4) Financial assistance by the authority shall be made available only upon:
 - (a) Execution of an assistance agreement; and
 - (b) Satisfaction by the applicant of the conditions established in the conditional commitment letter.
- (5) A grant amount may be adjusted by up to ten (10) percent from the principal amount approved by the board of directors without the need for further action by the board if:
 - (a) Requested by an applicant; and
 - (b) The staff of the authority finds that:
 1. The additional requested amount is needed for the project; and
 2. Adequate funds are available up to \$500,000 total per grant.
- (6) The Authority shall monitor the assistance agreements and require that financial reports be made available to the authority by the governmental agency.

(7) The Authority shall monitor the cash flows of the project and perform all actions that shall be required to assure that the agreements continuously meet the program standards established by this administrative regulation.

(8)

(a) The authority shall collect an annual administrative fee of one-half(1/2) of one (1) percent charged on the principal grant amount.

(b) This fee shall be applied to the administrative processing servicing costs of the grants and necessary operating expenses of the program.

Section 7. Incorporation by Reference.

(1) "Form KIA-08-01 Unobligated Bond Pool Fund Uniform Grant Application", is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Infrastructure Authority, 1024 Capital Center Drive, Suite 340, Frankfort, Kentucky 40602, (502) 573-0260, Monday through Friday, 8 a.m. to 4:30 p.m.

(35 Ky.R. 453; 778; eff. 10-31-2008; Crt eff. 2-28-2020.)