



DATE: July 26, 2022
TO: Mayor Greg Fischer
David James, Metro Council President
FROM: Greg Mayes, Senior Assistant General Counsel for MSD
SUBJECT: Term Sheet for Interlocal Agreement between MSD and the City of Hillview

The purpose of this Term Sheet is to provide a summary of the Interlocal Agreement (“ILA”) between MSD and the City of Hillview, Kentucky (“Hillview”). The ILA provides for the transfer of wastewater collection and treatment services in the Prologis Service Area to MSD, and the acquisition of the Prologis Wastewater Treatment Plant (the “Prologis WWTP”) by MSD, which are located within Hillview’s city boundaries.

Background:

Hillview owns a .150 MGD (million/gallons/day) wastewater treatment plant and associated collection system located at 285 Brooks Way in Hillview, Bullitt County, Kentucky, commonly referred to as the Prologis WWTP. In 2010, the Bullitt County Sanitation District (“BCSD”) assumed operation and maintenance of the Prologis WWTP. MSD subsequently assumed operation and maintenance of the Prologis WWTP upon its acquisition of BCSD in November of 2021. However, Hillview still owns the wastewater system and facilities.

Purchase Price

\$225,000.00 cash at closing with no assumptions. The parties agree that the Amended Agreed Order between MSD and Kentucky Energy and Environment Cabinet, Division of Enforcement, Case No. DOW-21-3-0178 will serve as additional consideration.

Term

Fifty (50) years, which automatically renews for same term unless notice is given to terminate two (2) years in advance.

Due Diligence Period

The ILA provides a sixty (60) day due diligence period for MSD to investigate, evaluate, inspect, and review the assets related to the transaction. The due diligence period begins on the day the ILA is executed.

Rates

The ILA provides that wastewater charges will remain the same from the date of closing until December 31, 2022. Beginning on January 1, 2023, and each year thereafter through January 1, 2026, MSD will increase wastewater charges by 12% each calendar year. Starting January 1, 2027, and years thereafter, MSD will increase wastewater charges by no more than 3% annually until charges equalize with charges of MSD’s Jefferson County customers. Once charges equalize, MSD’s Rates, Rentals, and Charges for all customer classes will be applied. MSD will maintain current capacity charges until December 31, 2024, at which time MSD will evaluate those charges and fees for consistency with others in the region and the need to develop facilities to accommodate projected growth. Billing and collection will be subject to the same requirements and shall have the same accommodations as MSD’s Jefferson County customers.

Closing Date

September 30, 2022, subject to all statutory approvals.