



July 26, 2022

Hon. Mayor Greg Fischer
Metro Hall – 4th Floor
527 West Jefferson Street
Louisville, Kentucky 40202

Hon. David James, President Louisville Metro Council
City Hall
601 West Jefferson Street
Louisville, Kentucky 40202

Re: Local Government Approval of MSD's Interlocal Agreement with the City of Hillview, Kentucky

Dear Mayor Fischer and President James:

As you may recall, the Kentucky State Legislature passed a bill in 2018 allowing utilities, such as MSD, to own assets outside their original chartered borders. Accordingly, MSD developed a long-range regional wastewater initiative, through which MSD previously negotiated the transfer and purchase of the City of Crestwood and Oldham County wastewater systems; and more recently, the Bullitt County Sanitation District's ("BCSD") wastewater system.

The City of Hillview ("Hillview") owns a .150 MGD (million/gallons/day) wastewater treatment plant and associated collection system located at 285 Brooks Way in Bullitt County, Kentucky, commonly referred to as the Prologis Wastewater Treatment Plant (the "Prologis WWTP"). In 2010, 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.

In a continued effort to develop a long-range regional wastewater system that will be cost-effective, improve water quality, add capacity, and provide mutual benefits to MSD and Hillview, Hillview desires to sell and MSD desires to purchase the Prologis WWTP, including all rights, title and interest to the system, service area, and related facilities for \$225,000. This transaction will be effectuated by an Interlocal Agreement ("ILA") between MSD and Hillview, a copy of which is enclosed for your review.

ILAs are governed by Kentucky Revised Statute 65. In 2020, the Kentucky State Legislature amended KRS 65 to include KRS 65.241, which provides that a public agency must notify the establishing local government of its intent to enter into an ILA. The statute also requires that the agency provide a written description and purpose of the proposed agreement. Therefore, a term sheet is included with this letter summarizing the significant provisions of the ILA between MSD and Hillview.

Finally, KRS 65.241 directs MSD to provide a statement that the establishing local government "may either approve or disapprove the public agency's entry into the proposed agreement by sending a written response of its approval or disapproval within thirty (30) days of the receipt of the notification from the public agency. The statement shall also note that if an establishing local government does not respond within that thirty (30) day period, the establishing local government shall be deemed to have approved the proposed entry into the agreement."

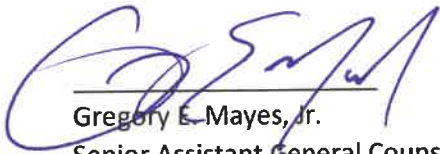
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Once you have the opportunity to review the term sheet and ILA, please let me know if you have any questions or need any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read 'GEM', is written over a horizontal line.

Gregory E. Mayes, Jr.

Senior Assistant General Counsel

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502-540-6321

/Enclosures